

## Non-metro incidence of low income

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### Highlights

- The share of non-metro individuals living in low income families is lower than for metro individuals, when the income threshold is adjusted for the lower cost of rural living.
- However, the incidence of low income is higher when the threshold is not adjusted for the cost of living, because non-metro incomes are lower, on average.

### Why look at the incidence of low income?

The incidence of low income families is a way to understand relative levels of poverty, it is an indicator of overall quality of life and it indicates the need for various support services. Generally, the proportion of income spent on shelter increases as household incomes decline leaving less for spending on other needs. Often, members of low income families have difficulty accessing better jobs – either due to lower education or health issues. Then, in a self-reinforcing cycle, poorer education and health outcomes are exacerbated by low income, especially for children in low income families.

This FactSheet presents the share of individuals living in low income families using three alternative low income thresholds<sup>1</sup>:

- the low income cut-off (LICO) is based on 1992 expenditure patterns, adjusted for the rural-urban differences in the cost of living and adjusted for family size, and updated since 1992 using the rate of inflation;
- the low income measure (LIM) is one-half of the national median income, adjusted for family size; and,
- the market basket measure (MBM) is an estimate of the income required to purchase a fixed set of essential goods and services, which is adjusted for rural-urban differences and family size.

### Findings

<sup>1</sup> For a detailed description of these measures, see Rupnik *et al.* (2001) "Measuring Economic Well-Being of Rural Canadians Using Income Indicators." **Rural and Small Town Canada Analysis Bulletin** Vol. 2, No. 5 (Ottawa: Statistics Canada, Catalogue no. 21-006-XIE) ([www.statcan.gc.ca/bsolc/english/bsolc?catno=21-006-X&CHROPG=1](http://www.statcan.gc.ca/bsolc/english/bsolc?catno=21-006-X&CHROPG=1)) and Statistics Canada. (2015) **Low Income Lines, 2013-2014** (Ottawa: Statistics Canada, Income Statistics Division, Income Research Paper Series, Catalogue no. 75F0002M — No. 001) (<http://www.statcan.gc.ca/pub/75f0002m/75f0002m2015001-eng.pdf>).

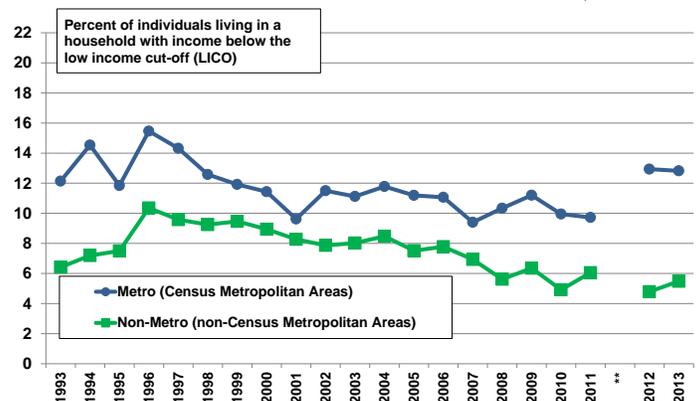
In 2013, the share of the non-metro population residing in family units with an income<sup>2</sup> below the low income threshold was:

- 6% for the LICO measure (Figure 1);
- 14% for the LIM measure (Figure 2); and
- 10% for the MBM measure (Figure 3).

Note that the incidence of low income in non-metro areas is shown to be lower than in metro areas when the low income threshold is adjusted for the cost of living (LICO in Figure 1 and MBM in Figure 3). When the threshold is not adjusted for the cost of living (LIM in Figure 2), the incidence of low income in non-metro areas is shown to be higher than in metro areas.

### Figure 1

In 2013, 6% of the non-metro population was living in a household with income below the low income cut-off, Ontario



\*\*Source: Statistics Canada, Survey of Labour & Income Dynamics, 1993-2011 & Canada Income Survey, 2012-2013.

When we look at the trends over time, we see the LICO is showing a decline in the non-metro incidence of low income since the mid-1990s. This may be due,

<sup>2</sup> There is a break in the data series. The Survey of Labour and Income Dynamics (SLID) provided the estimates for 1993 to 2011 and the Canada Income Survey (CIS) is now providing the annual income estimates.

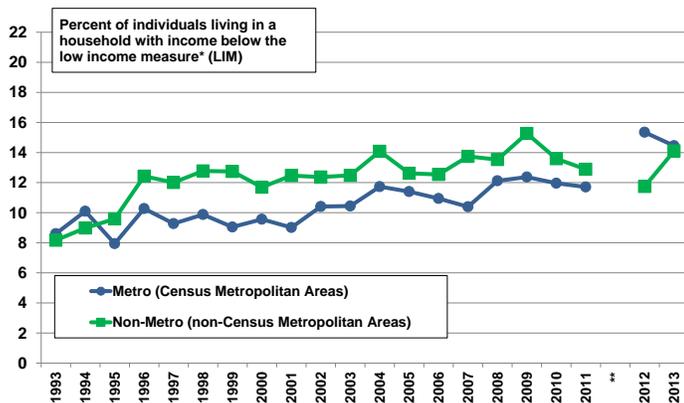
in part, to the fact that the expenditure patterns for the cost of living adjustment have not been updated since 1992 – the only adjustment to LICO since 1992 has been an adjustment for inflation.

Alternatively, the non-metro incidence of low income according to the LIM has increased from 10% in the 1990s to about 12% since 2008.

The pattern for each Economic Region (ER) is shown in an on-line [Appendix](#). Most Economic Regions have a similar incidence of low incomes, compared to the overall Ontario pattern (Table 1).

**Figure 2**

In 2013, 14% of the non-metro population was living in a household with income below the low income measure (LIM), Ontario



\*The LIM is one-half of the national median income, adjusted for family size.  
\*\*Source: Statistics Canada, Survey of Labour & Income Dynamics, 1993-2011 & Canada Income Survey, 2012-2013.

The incidence of low income was higher in the Northeast ER from 1995 to 2010 according to both the LICO and LIM measures. The MBM measure

**Table 1**

Share of economic family units with low income, compared to the overall Ontario average			
Economic Region (by % non-metro)	LICO*	LIM*	MBM* (2002-2013)
<b>Metro (1% non-metro) Economic Regions</b>			
3530 Toronto (and area)	Similar	Similar	Higher
<b>Mostly metro (9-26% non-metro) Economic Regions</b>			
3510 Ottawa (and area)	Similar	Similar	Similar
3540 Kitchener - Waterloo - Barrie	Similar (lower since 2006)	Similar (lower since 2005)	Lower
3550 Hamilton - Niagara Peninsula	Similar	Similar (lower 2004-2010)	Lower
3560 London (and area)	Similar	Similar	Similar
<b>Mostly non-metro (46-71% non-metro) Economic Regions</b>			
3515 Kingston - Pembroke	Similar	Similar	Similar
3520 Muskoka - Kawarthas	Sample size too small	Similar	Similar
3570 Windsor - Sarnia	Similar	Similar (higher since 2008)	Similar
3590 Northeast	Higher (1995-2010)	Higher (1995-2010)	Similar
3595 Northwest	Similar (lower 1996-2003)	Similar (lower 1996-2003)	Similar
<b>Non-metro (100% non-metro) Economic Regions</b>			
3580 Stratford - Bruce Peninsula	Sample size too small	Similar	Similar

\* "Similar" indicates that during the period from 1999 to 2013, the share with low income has varied above and below the overall Ontario level.

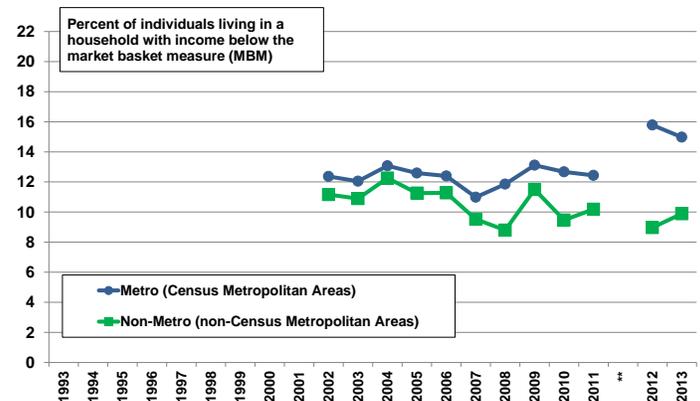
Source: Statistics Canada, Survey of Labour & Income Dynamics, 1999-2011 & Canada Income Survey, 2012-2013.

Rural Ontario Institute gratefully acknowledges the work of Ray Bollman in preparing this edition of [Focus on Rural Ontario](#). Questions on data sources can be directed to [RayD.Bollman@sasktel.net](mailto:RayD.Bollman@sasktel.net). Any comments or discussions can be directed to [NRagette@RuralOntarioInstitute.ca](mailto:NRagette@RuralOntarioInstitute.ca).

shows the incidence of low income was higher in the Toronto (and area) Economic Region, compared to the overall Ontario pattern and lower in the ERs of Kitchener-Waterloo-Barrie and Hamilton-Niagara Peninsula

**Figure 3**

In 2013, 10% of the non-metro population was living in a household with income below the "market basket measure" (MBM), Ontario



\*\*Source: Statistics Canada, Survey of Labour & Income Dynamics, 1993-2011 & Canada Income Survey, 2012-2013.

**Summary**

The share of non-metro individuals living in low income families is lower than for metro individuals, when the income threshold is adjusted for the lower cost of rural living.

However, the incidence of low income is higher when the threshold is not adjusted for the cost of living, because non-metro incomes are lower, on average