
Non-metro low income gap

Vol. 3, No. 18, 2015

Highlights

- For family units with low income in non-metro Ontario, the income boost (or “gap”) to attain the low income threshold in 2013 was \$8,600 or \$9,400 per family, depending upon the measure of low income.
- The non-metro LICO gap has fallen, somewhat, over time but the non-metro LIM gap has not changed substantially over time.

Why look at the gap in low income?

The incidence of low income families is an indicator of poverty levels and an over-all indicator of quality of life. Significant efforts are being directed at poverty alleviation and one aspect of that is the difficulty for families and individuals to climb out of poverty in order to “break the cycle” of lower education and poorer health outcomes.

This FactSheet presents an estimate of the distance of that “climb” in terms of the additional income needed for the average low income family to raise their income to the low income threshold. We present an estimate of this low income gap for two alternative low income thresholds:

- the low income cut-off (LICO) threshold¹; and
- the threshold for the low income measure² (LIM)³.

¹ 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.

² The low income measure (LIM) is one-half of the national median income, adjusted for family size.

³ 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) 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>).

These data present an estimate of the “depth” of low income, relative to two alternative low income thresholds.

Findings

In 2013, the average non-metro family with income below the low income cut-off (LICO) would need an income boost of \$6,800 to attain the LICO threshold (Figure 1). This “gap” has ranged between a high of \$8,600 (calculated in constant dollars) in 1995 to a low of \$5,100 in 2011⁴.

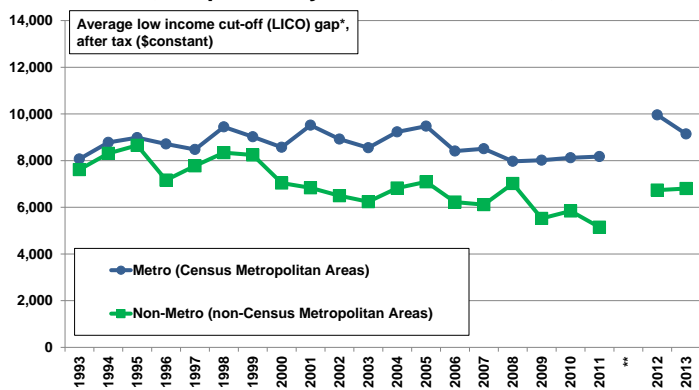
This LICO gap has shown a downward trend in non-metro areas but no discernable trend in metro areas during the 1993 to 2013 period.

The pattern for each Economic Region (ER) is shown in an on-line [Appendix](#). The general pattern is non-metro regions have a lower LICO gap, compared to the LICO gap for Ontario as a whole (Table 1). In other words, the average family in low income in non-metro Ontario needs a smaller income boost to attain the LICO threshold, compared to the all families in Ontario with incomes below LICO.

⁴ 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.

Figure 1

In 2013, the income gap to meet the LICO level was \$6,800 per family in non-metro areas, Ontario

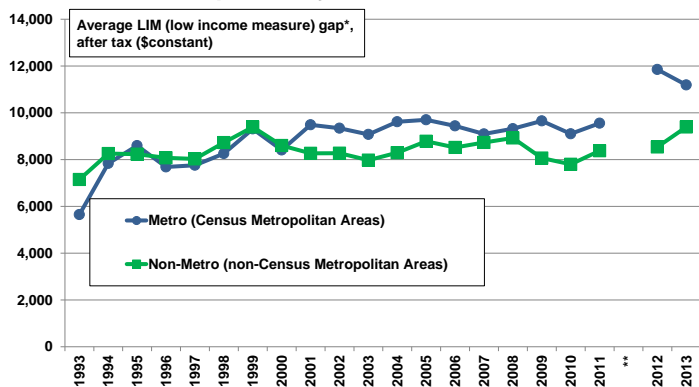


*For individuals living in an economic family unit (i.e. a 2+ economic family or an unattached individual) with income below the low income cut-off (LICO), the income per family unit needed to raise income to the LICO level.
 **Source: Statistics Canada, Survey of Labour & Income Dynamics, 1993-2011 (\$2011) & Canada Income Survey, 2012-2013 (\$2013).

For individuals living in family units with income below the low income measure (LIM), the gap in family income to attain the LIM threshold was \$9,400 in non-metro areas in 2013 (Figure 2). This gap has ranged between \$7,100 and \$9,400 (in constant dollars) over the 1993 to 2013 period. Since 2001, the gap for metro family units has been higher than for non-metro family units.

Figure 2

In 2013, the income gap to meet the LIM level was \$9,400 per family in non-metro areas, Ontario



*For individuals living in an economic family unit (i.e. a 2+ economic family or an unattached individual) with income below the low income measure (LIM), the income per family unit needed to raise income to the LIM.
 **Source: Statistics Canada, Survey of Labour & Income Dynamics, 1993-2011 (\$2011) & Canada Income Survey, 2012-2013 (\$2013).

The pattern for each Economic Region (ER) is shown in an on-line [Appendix](#). Most regions have a LIM gap that is similar to the Ontario average – there are two economic regions (Kingston-Pembroke and Muskoka-Kawarthas) which have had a lower LIM gap over this period (Table 1).

Table 1

Gap in income per family between the average income of low income family units and the low income threshold, compared to the gap at the Ontario level

Economic Region (by % non-metro)	LICO*	LIM*
Metro (1% non-metro) Economic Regions		
3530 Toronto (and area)	Higher	Similar
Mostly metro (9-26% non-metro) Economic Regions		
3510 Ottawa (and area)	Similar	Similar
3540 Kitchener - Waterloo - Barrie	Similar (lower since 2005)	Similar
3550 Hamilton - Niagara Peninsula	Similar	Similar
3560 London (and area)	Lower (most years)	Similar
Mostly non-metro (46-71% non-metro) Economic Regions		
3515 Kingston - Pembroke	Lower (most years)	Lower (most years)
3520 Muskoka - Kawarthas	Sample size too small	Lower (most years)
3570 Windsor - Samia	Lower (most years)	Similar (higher 2004-2011)
3590 Northeast	Lower (most years)	Similar
3595 Northwest	Lower (most years)	Similar
Non-metro (100% non-metro) Economic Regions		
3580 Stratford - Bruce Peninsula	Sample size too small	Similar (lower 2000-2006)

* "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.

Summary

For family units with low income in non-metro Ontario, the income boost (or “gap”) to attain the low income threshold in 2013 was \$8,600 or \$9,400 per family, depending upon the measure of low income.

The LICO gap has fallen, somewhat, over time but the LIM gap has not changed (much) over time.

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. Any comments or discussions can be directed to NRagetlie@RuralOntarioInstitute.ca.