Income. Money income received from all sources before payment of taxes and such deductions as pension contributions and insurance premiums. This income may be composed of: wages and salaries; net income of self-employment such as partnership in unincorporated businesses, professional practice and farming; investment income including interest, dividends and rents; government transfer payments, such as family allowances and old age security; and alimony. It does not include the value of farm products produced and consumed on the farm. The survey income concept differs from that used in the calculation of income tax since it includes such non-taxable money income as the Guaranteed Income Supplement and social assistance payments.

Low income cut-offs are used to delineate low income family units from other family units. These cut-offs were determined separately for families of different sizes and living in areas of different degrees of urbanization, based on 1978 family expenditure data. The cut-offs were selected on the basis that families with incomes below these limits usually spent 58.5% or more of their income on food, shelter and clothing and were considered to be in straitened circumstances. The cut-offs were reviewed in light of more recent family expenditure data and a revision was not warranted. Although Statistics Canada low income cut-offs are popularly referred to as "poverty lines", they have no official status and are not promoted as such by Statistics Canada.

5.8.2 Income trends, 1975-86

Tables 5.26 and 5.27 present family incomes in Canada over a period of years. The first part of Table 5.26 shows that the average income (in current dollars) rose from $16,604 in 1975 to $40,356 in 1986, but these changes do not reflect the decrease in the purchasing power of the dollar. The second part of Table 5.26 and Table 5.27 take this into account and give the average income in constant 1986 dollars.

In 1986, average family incomes ranged from approximately $30,000 (Newfoundland, $29,446) to over $45,000 (Ontario, $45,078). Both Ontario and Alberta had average family incomes above the national average.

Table 5.29 presents historical quintile data for families, unattached individuals and all units (families and unattached individuals combined). In 1986, the upper 20% of all families (those with incomes in excess of $56,703) received 39.4% of income, while the lowest 20% (incomes below $18,977) received 6.3%. The median or mid-point income was $36,042.

Table 5.30 indicates the incidence of low income among families and unattached individuals and compares selected characteristics of families and unattached individuals with low income vis-à-vis those with higher incomes. In 1986, the incidence of low income among families (or the percentage of families below the low income cut-offs) was 12.3% and among unattached individuals it was 34.3%.

By age and sex of head, families headed by females under 65 years of age (the majority of them single-parent families) had the highest incidence of low income at 42.0% among all families; for unattached individuals, females over 65 years of age had the highest rate at 46.1%.

5.9 Family spending

Household surveys of family spending provide consumer information that can be related to characteristics such as geographic location, family size and income level. A primary use of such surveys is to provide information for constructing, reviewing and revising the weights of the Consumer Price Index. Initially these small-scale sample expenditure surveys, carried out in selected Canadian urban centres since 1953, were designed to follow changes in the patterns of a well-defined group of middle-income urban families known as the "target group" of the Consumer Price Index. Demand for expenditure statistics to serve other needs of government, business, welfare organizations and academic research has resulted in a widening in the scope and size of the surveys.

The most recent survey, carried out in February and March 1987, refers to calendar year 1986.

5.9.1 Family (spending unit) concept

In the family expenditure surveys, the family or spending unit is defined as a group of persons dependent on a common or pooled income for major items of expense and living in the same dwelling, or one financially independent individual living alone. In most cases, the spending units of two or more are persons related by blood, marriage or adoption, and are thus consistent with the economic family definition used in surveys of family income. However, there are far fewer unattached individuals on the spending unit basis, since many unrelated persons form multi-person spending units. In fact, overall, the spending unit is much closer to a household. For 1986 only about 1% of households had more than one spending unit.

5.9.2 Family expenditure patterns

Income is the most influential of all factors bearing on most items of family spending.