The Prevalence of Low Income in Saskatoon: An Exploration of the Data

[1] Introduction

Over the past year, Statistics Canada's 2021 Census of the Population (Census) released several data sets on the demographic, housing, and income characteristics of Canadians, and particularly, those living in Saskatoon. Importantly, the Census also offers data on the size of the population considered to be in low-income. Thus, we can use this information, combined with data from other Statistics Canada sources, such as the Canadian Income Survey (CIS) and the Survey of Household Spending (SHS) and supporting data from the Canada Mortgage and Housing Corporation (CMHC) to paint a statistical picture of low-income persons and households in Saskatoon. This is not a complete picture, since some important data sets are not available or out of date (e.g., disabled persons) at the city (or provincial) level but the information is robust enough to assist policymakers in making decisions on potential ways to support low-income households, if they so choose.

While low income and poverty are often used interchangeably, poverty is complex and multi-faceted and moves beyond a simple lack of income[1]. That is, income is a single aspect of poverty. However, governments generally examine poverty by looking at income (or the lack of it) and have set their poverty targets accordingly.[2]

As such, this document addresses the following questions: How is low-income determined? Who are low-income households? Are they predominately homeowners or renters? Are they young, middle aged, or older? How do they spend? By answering these questions, we hope that the reader has a better understanding of the dimensions low-income and/or poverty in Saskatoon.

To help answer the questions, the document begins by defining Canada's poverty line and other low-income measures and subsequently applies them in the Saskatoon context in various ways. Specifically, it provides tables, charts, and analysis on the various demographic, income, housing tenure (homeowners or renters) and household spending patterns.

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[1] National Advisory Council in Poverty, "Transforming Our Systems, The 2022 Report of the National Advisory Council on Poverty. (Ottawa: Employment and Social Development Canada) 2022. https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/national-advisory-council/reports/2022-annual.html

[2] Petit, Gillian and Tedds, Lindsay M., Poverty in British Columbia: Income Thresholds, Trends, Rates, and Depths of Poverty (December 1, 2020). Research paper commissioned by the Expert Panel on Basic Income, British Columbia, Available at SSRN: https://ssrn.com/abstract=3726708 or http://dx.doi.org/10.2139/ssrn.3726708

2. Determining Low Income

To determine who is in low-income, a low-income line (LIL) must first be established. A LIL represents an income value below which the population (or subset of it) is deemed to be in low income.[3] A LIL is based on a cut-off or threshold. In Canada, there are three primary LILs: (1) the Market Basket Measure (MBM); (2) the Low-Income Measure (LIM); and (3) the Low-Income Cut Offs (LICO). The MBM is Canada's official poverty line as declared in *The Poverty Reduction Act* passed in June 2019.

Table 2.1 defines each LIL according to Statistics Canada.[4] A point of distinction is that both the LIM and the LICO measures are reported as before tax (BT) or after tax (AT). The BT includes all compulsory federal and provincial income taxes paid, whereas the AT deducts federal and provincial income taxes from the measure. AT versions offers a better picture of household disposable income. This definitions in the table and the remaining analysis uses the LIM-AT and LICO-AT versions of those lines, although later in this section, we display both BT and AT thresholds for each.

Table 2.1

DEFINITION OF LOW INCOME LINES	
Low Income Line	**Definition and Summary**
Market Basket Measure (MBM)	refers to Canada's official measure of poverty based on the cost of a specific basket of goods and services representing a modest, basic standard of living developed by Employment and Social Development Canada. The MBM thresholds represent the costs of specified qualities and quantities of food, clothing, shelter, transportation, and other necessities for a reference family of two adults and two children. When the disposable income for the MBM of an economic family or a person not in economic family falls below the threshold applicable to the family or the person, the person, or every member in the case of an economic family is considered to be in poverty according to MBM.
Low Income Measure (LIM)	refers to a fixed percentage (50%) of median adjusted after-tax income of private households. The household after-tax income is adjusted by an equivalence scale to take economies of scale into account. This adjustment for different household sizes reflects the fact that a household's needs increase, but at a decreasing rate, as the number of members increases. When the unadjusted after tax income of household pertaining to a person falls below the threshold applicable to the person based on household size, the person is considered to be in low income using this line.
Low Income Cut-Off (LICO)	refers to come thresholds, defined using 1992 expenditure data, below which economic families or persons not in economic families would likely have devoted a larger share of their after-tax income than average to the necessities of food, shelter and clothing. The thresholds represented income levels at which these families or persons were expected to spend 20 percentage points or more of their after-tax income than average on food, shelter and clothing. These thresholds have been adjusted to current dollars using the all-items Consumer Price Index (CPI). When the after-tax income of an economic family or a person not in an economic family falls below the threshold applicable to the person, the person, or every member in the case of an economic family is considered to be in low income according to LICO-AT.

Table 2.2 summarizes each of these LILs measure to show how they have different components, use different thresholds, and cover different geographic areas. None of these lines is considered definitive and all have their strengths and limitations. However, together they allow a more complete examination of the low-income population in Canada and elsewhere.

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[3] Obtained from https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2016002-eng.htm
[4] These definitions are taken from Statistics Canada's Dictionary, Census of Population, 2021, found at https://census.gc.ca/census-recensement/2021/ref/dict/index-eng.cfm

Table 2.2

	Low-income line (or concept)		
Dimensions	**Market basket measure (MBM)**	**Low-income measure (LIM)**	**Low-income cut-off (LICO)**
Geography	53 regions	One level across Canada	Size of area of residence
Unit for income	Economic families and persons not in economic families	Households	Economic families and persons not in economic families
Adjustment factor	Square root of economic family size	Square root of household size	Different lines based on size of economic family up to the 7 or more members category
Income	Disposable income for MBM for economic families and persons not in economic families	After-tax (AT) income of households	After-tax (AT) income of economic families and persons not in economic families
		Total, Before-tax (BT) income of households	Total, Before-tax (BT) income of economic families and persons not in economic families
Line	Price of the basket of goods and services for the reference family	Half the median of adjusted income	Income level at which families usually spend 20 percentage points more than the average family on shelter, food and clothing

Summary of Low Income Lines
Source: Statistics Canada Census of Population Dictionary, 2021

Some key points to note from the tables are as follows:

- the MBM is priced for 53 different geographic areas (including 19 specific communities and 34 population centre size and province combinations).
- It is reported for economic families and persons not in economic families aged 15 years and over in private households where low‑income concepts are applicable.[5]
- The LICO is like the MBM in that it uses the economic families, but it differs in geographic coverage, instead of being set a regional level, they are set by community size.
- The LIM, by contrast, applies to households[6] and does not vary by geography as it has one national line. That is, the LIM thresholds are applied Canada-wide.

These distinctions matter because they will have different income thresholds and will generate different poverty and low-incomes rates for a jurisdiction. Tables 2.3 to 2.5 provide the income thresholds for each line, based on household or economic family size. LICO has the lowest thresholds, which explains why it also has lower rates.

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[5] According to Statistics Canada, an economic family refers to a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common‑law union, adoption, or a foster relationship. By definition, all persons who are members of a census family are also members of an economic family. For more see, https://census.gc.ca/census-recensement/2021/ref/dict/az/definition-eng.cfm?ID=fam011

[6] According to Statistics Canada, a household refers to a person or group of persons who occupy the same dwelling and do not have a usual place of residence elsewhere in Canada or abroad. For more, see https://census.gc.ca/census-recensement/2021/ref/dict/az/Definition-eng.cfm?ID=households-menage007

Table 2.3

MBM Threshold for Saskatoon (2018 base)
Source: Statistics Canada Table 11-10-0066-01

Economic Family Size	Threshold (2020)
Persons not in an economic family	$23,513
2 persons	$33,252
3 persons	$40,725
4 persons (reference family)	$47,025
5 persons	$52,576
6 persons	$57,595
7 persons	$62,210

Table 2.4

Low Income Measure Thresholds
Source: Statistics Canada Table 11-10-0232-01

Household Size	LIM-AT (2020)	LIM-BT (2020)
1 Person	$26,570	$30,356
2 Persons	$37,576	$42,930
3 Persons	$46,021	$52,578
4 Persons	$53,140	$60,712
5 Persons	$59,412	$67,878
6 Persons	$65,083	$74,357
7 Persons	$70,298	$80,314

Table 2.3

**Low Income Cut Offs by Community Size
(100,000-499,000)**
Source: Statistics Canada Table 11-10-0241-01

Economic Family Size	LICO-AT (2020)	LICO-BT (2020)
1 Person	$18,656	$22,926
2 Persons	$22,706	$28,540
3 Persons	$28,274	$35,087
4 Persons	$35,274	$42,600
5 Persons	$40,167	$48,315
6 Persons	$44,546	$54,493
7 Persons or more	$48,925	$60,670

3. The Prevalence of Low-Income in Saskatoon

Given these LILs, how do they apply to the Saskatoon population? The 2021 Census of the Population provides the poverty (MBM) and low-income measures (LIM and LICO) for Saskatoon by age, gender, and family structure, based on 2020 incomes. Table 3.1 shows the number and percentage of the population in poverty or low-income based on each of the three LILs.

Table 3.1

Low-Income Lines for Saskatoon (2020)

Age Cohort	MBM Counts	MBM Rates (%)	LIM-AT Counts	LIM-AT Rates (%)	LICO-AT Counts	LICO-AT Rates (%)
Total (all ages)	27,780	10.7	30,675	11.8	13,685	5.2
0-17years	7,445	13	9,000	15.7	3,285	5.7
18-64 years	18,535	11.2	17,205	10.4	9,775	5.9
65 years & over	1,885	5	4,470	11.9	625	1.7

Sources: Statistics Canada Census Profile, Tables 98-10-0113-01, 98-10-0103-01

As the table shows, the counts and rates differ among the three lines. For example, those aged 65 and older have a lower prevalence (rate) under the MBM and LICO-AT lines than all other age cohorts. The poverty rate for persons over 65 in Saskatoon is 5 percent, 5.7 percentage points lower than the overall poverty rate of 10.7 percent.

For the LICO-AT line, 13,685 persons or 5.2 percent of the population fall under that line. For persons over 65 years, 625 or 1.7 percent are said to be in low-income under this line. LICO-AT rates are, on average, about half of that of the other lines and are considerably low for persons 65 and over.

However, for the LIM-AT, the low-income rate for persons 65 plus is 1.5 percentage points above the 18-64 cohort. As explained in the previous section, these differences are due to the geographic application and income units applicable to each line.

To supplement this data, we also obtain incomes by individuals and households. First, Chart 3.1 offers income statistics for individuals by age in Saskatoon. The median-after tax income of all ages in Saskatoon is $38,800. As the chart indicates, the highest median after-tax incomes are in the 35 to 44 cohort and the 45 to 54 cohorts and the lowest in the 15-24 cohort.
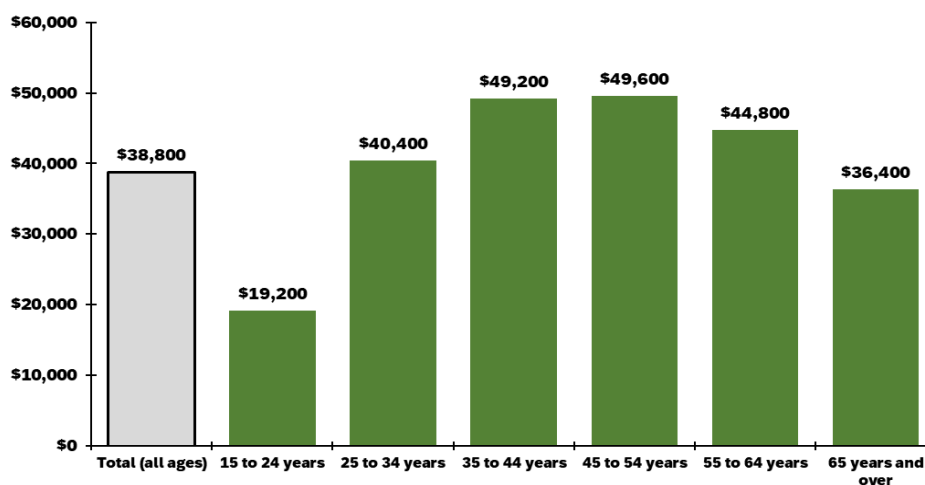
Table 3.2 shows median after-tax household incomes by size. The median after-tax income for all households in Saskatoon was $74,500 in 2020 constant dollars, which is about seven percent less than that for two persons households. Note that the median after-tax income for one person households is slightly higher than that of the median after-tax income for individuals, due to the differences in the sample universe.

Table 3.3 shows the number and share of households for income bands. The bands below $100,000 are set at $20,000 intervals. The largest share of households (20.3 percent) are in the $100,000 to $149,000 band.

Chart 3.1

**Saskatoon CSD- Median After-tax income in 2020
By Individual and Age Cohort**
Source: Statistics Canada Table 98-10-0073-01

Table 3.2

Saskatoon CSD: Median After-Tax Household Incomes
Source: Statistics Canada Table 98-10-0057-01

Household Size	# of Households	Income ($2020 constant)
All Sizes	107,050	74,500
1 Persons	31,670	39,600
2 Persons	35,800	80,000
3 Persons	15,770	95,000
4 Persons	14,395	116,000
5 or More Persons	9,420	118,000

Table 3.3

Saskatoon CSD: Household Incomes By Income Bands
Source: Census Of The Population (2021)

Income Bands	# of Households	Percent Share
$0 to $19,999	5,085	4.75
$20,000 to $39,999	16,900	15.79
$40,000 to $59,999	18,660	17.43
$60,000 to $79,999	17,260	16.12
$80,000 to $99,999	14,125	13.20
$100,000 to $149,999	21,745	20.31
$150,000 and over	13,270	12.40

4. Low Income and Housing Tenure in Saskatoon

The low-income statistics offered in the previous section are for the entire population of Saskatoon, but they do not consider the housing tenure of the population. That is, are low-income persons more likely to be homeowners or renters? According to research from Statistics Canada, "the proportion of people in poverty living in rented dwellings (62.6%) was more than double that of the total population (26.6%), and people in poverty (9.8%) were nearly three times more likely to live in subsidized rental housing than the total population (3.3%)."[7] While these are national results, similar observations can be made for Saskatoon. This section focuses on income and housing tenure for Saskatoon.

Chart 4.1 shows time series data for the median after-tax incomes of homeowners and renters in Saskatoon to 2019. As the chart illustrates, the median after-tax income of homeowner households (green line) is over double that of renter households (grey line). This gap has stayed relatively consistent since 2006.

Chart 4.1

Saskatoon CMA:
Median After-Tax Household Incomes By Housing Tenure
Source: Canada Mortgage and Housing Corporation, Statisitcs Canada, Canadian Income Survey
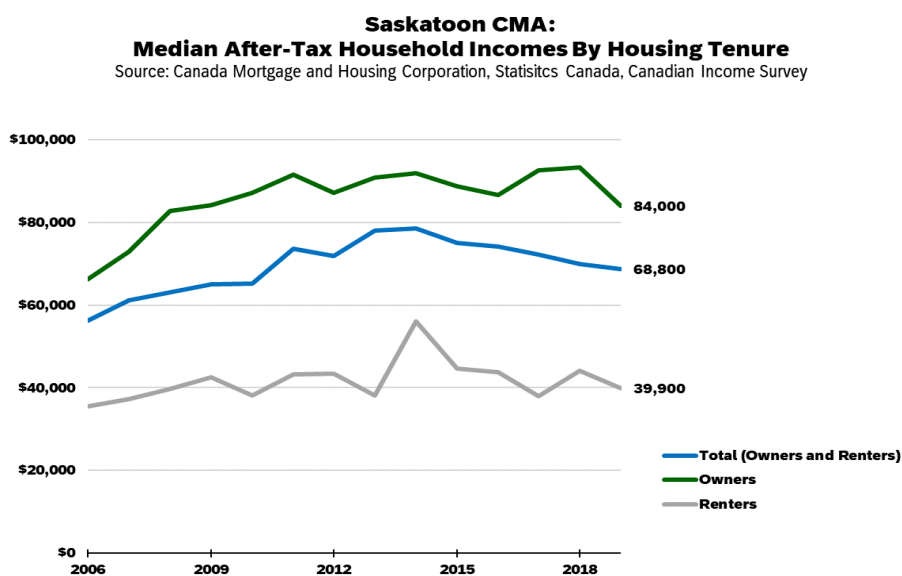
Building off this data, we can also offer a picture of household shelter costs relative to incomes. Table 4.1 shows the percentage of owner and renter households who spend less than 30 percent or more than 30 percent of their incomes on shelter costs. The table shows the data for homeowners with a mortgage and those without one. For renters, the data is shown for those in subsidized and non-subsidized housing. The differences are stark as renters

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[7] See Randle, J. with Zachary Thruston, and Thierry Kubwimana, "Housing Experiences in Canada: People in poverty" in Housing Statistics in Canada, released October 12, 2022. Obtained from https://www150.statcan.gc.ca/n1/pub/46-28-0001/2021001/article/00017-eng.htm

Table 4.1

Saskatoon CSD – Shelter Cost to Income Ratio by Housing Tenure
*Source: Statistics Canada Table 98-10-0255-01*

Housing Tenure	Spending Less Than 30% of Income on Shelter Costs	Spending 30% plus of Income on Shelter Costs
Owner	**85.71%**	**14.08%**
With Mortgage	*80.85%*	*18.93%*
Without Mortgage	*94.38%*	*5.40%*
Renter	**62.30%**	**36.71%**
Subsidized Housing	*52.23%*	*47.43%*
Not Subsidized Housing	*63.68%*	*35.28%*

The results in the table show that about 14 percent of homeowners spend 30 percent or more of their incomes on shelter costs. The number falls substantially for those households without a mortgage, at 5.4 percent. Conversely, almost 37 percent of renters spend 30 percent or more of their incomes on costs, with higher rates for those in subsidized housing.

Looking at housing tenure by age and dwelling type, households under the age of 24 are more likely to live in a rental property, including a single family detached home. Charts 4.2 through 4.4 show the shares of homeownership and renters by age cohort of the primary maintainer for Saskatoon. Chart 4.2 is for all properties, while chart 4.3 shows similar data for single detached homes. Chart 4.4 does the same for apartment-style dwellings.
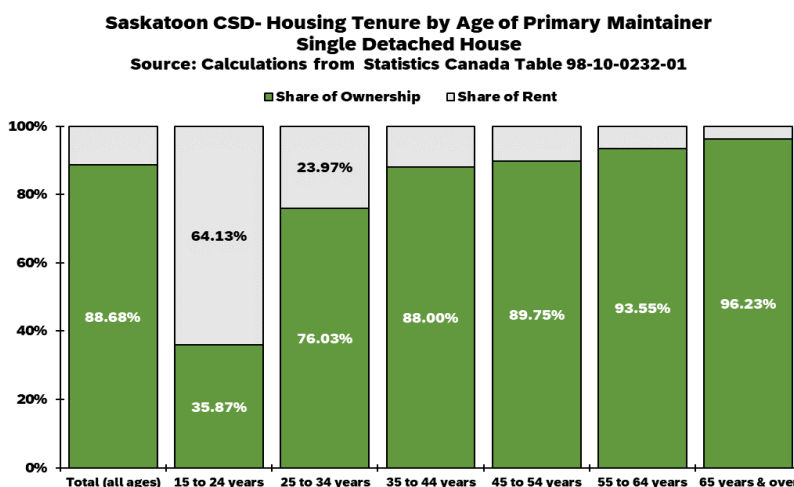
Chart 4.2

Saskatoon CSD- Housing Tenure By Age of Primary Household Maintainer
Source: Calculations from Statistics Canada Table 98-10-0232-01
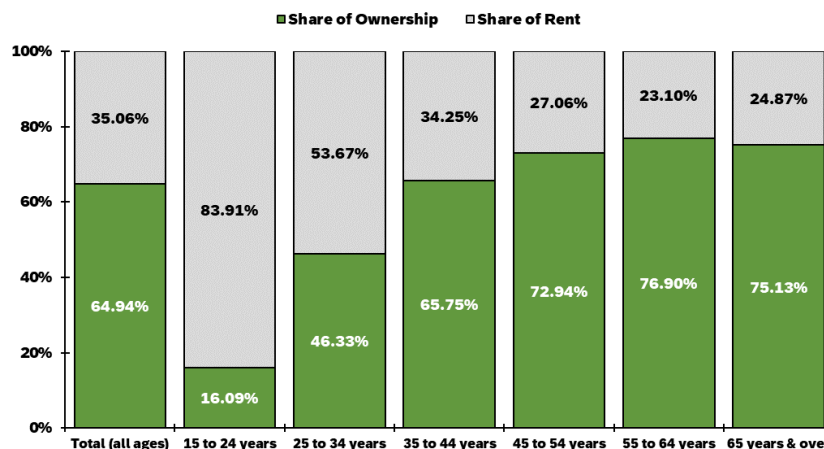
Saskatoon's overall homeownership rate is about 65 percent, with over 69,500 households owning their own home (all types). All age cohorts except for the 15-24 and 25-34 cohorts, are close to or above to the overall rate. Homeownership rates are highest in the 55-64 years age cohort.
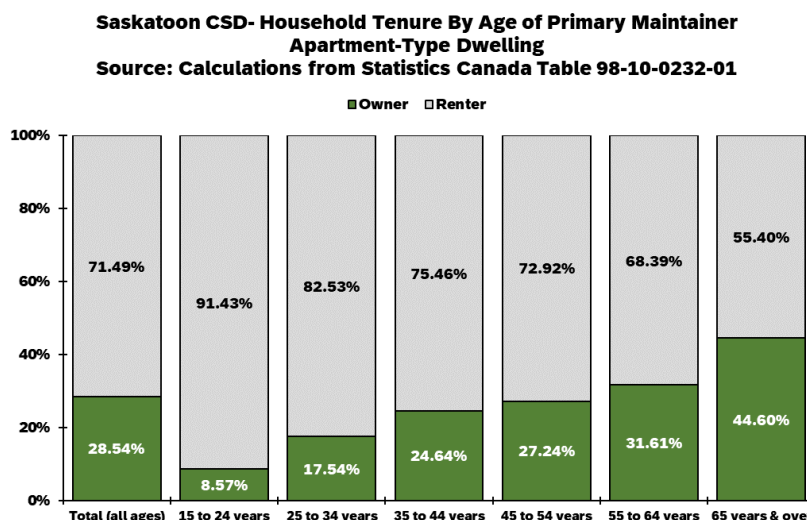
Looking at single detached homes, there are 58,325 households in this universe. Almost 89 percent of households in this category own these properties, with the highest rates in the 65 years & over cohort. There are 6,600 households who rent a single detached home in Saskatoon, with over half of them in the youngest two cohorts.

Chart 4.3

Saskatoon CSD- Housing Tenure by Age of Primary Maintainer
Single Detached House
Source: Calculations from Statistics Canada Table 98-10-0232-01

■ Share of Ownership   □ Share of Rent

Cohort	Share of Ownership	Share of Rent
Total (all ages)	88.68%	
15 to 24 years	35.87%	64.13%
25 to 34 years	76.03%	23.97%
35 to 44 years	88.00%	
45 to 54 years	89.75%	
55 to 64 years	93.55%	
65 years & over	96.23%	

In terms of apartment-style dwellings, 30,345 households are in this universe, with almost 72 percent of them who rent. As chart 4.4 shows, over 91 percent of households in the 15-24 age cohort rent this type of dwelling, while there is a more equal split among those in the 65 years & over cohort.

Chart 4.4

Saskatoon CSD- Household Tenure By Age of Primary Maintainer
Apartment-Type Dwelling
Source: Calculations from Statistics Canada Table 98-10-0232-01

■ Owner   □ Renter

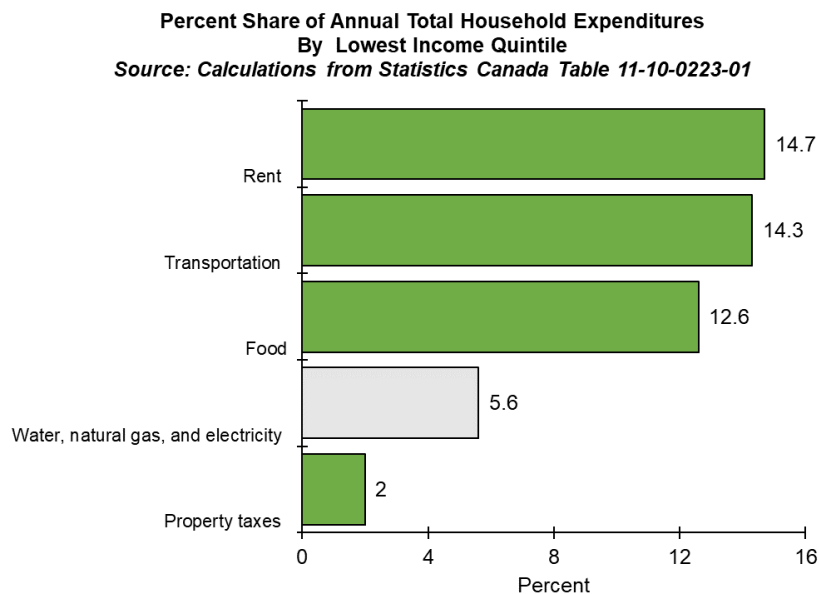| Cohort	Owner	Renter
Total (all ages)	28.54%	71.49%
15 to 24 years	8.57%	91.43%
25 to 34 years	17.54%	82.53%
35 to 44 years	24.64%	75.46%
45 to 54 years	27.24%	72.92%
55 to 64 years	31.61%	68.39%
65 years & over	44.60%	55.40%

[5] Household Spending

Given the information on incomes and housing tenure, the next logical question to ask is how do households spend? Information for this is obtained from the SHS.[8] Its purpose is to collect detailed information about household expenditures for consumer goods and services by conducting an electronic questionnaire or a follow-up telephone interview with a representative sample of the population. The SHS is reported at the national and provincial/territorial levels every two years, with the most recent data up to the 2019 year. Although the data is not published at the CMA or CSD level, we can use provincial data as a proxy for Saskatoon.

Table 5.1 (on the following page) shows how households spend by income quintiles for Saskatchewan. The columns represent income quintiles while the rows are detailed expenditure categories.[9] The data has been converted to percent shares of total expenditures to see how different expenditure categories impact overall household expenditures.

Chart 5.1 uses the SHS data from table 5.1 to graphically illustrate how Saskatchewan households in the lowest income quintile spend in key areas. Water, natural gas, and electricity expenditures for low-income quintiles are about two percentage points higher than the all-quintiles average and over three percentage points higher than the . The share of property tax expenditures is roughly equivalent across all quintiles.

Chart 5.1

Percent Share of Annual Total Household Expenditures
By Lowest Income Quintile
Source: Calculations from Statistics Canada Table 11-10-0223-01

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[8] To learn more about the SHS, please consult https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3508

[9] According to Statistics Canada, all the units of the population, whether individuals or families, are ranked from lowest to highest by the value of their income of a specified type, such as after-tax income. Then, the ranked population is divided into five groups of equal numbers of units, called quintiles. https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610010101

Table 5.1

Household Spending by Major Categories and Subcategories
By Income Quintile in Saskatchewan 2019, Percent Share of Total Expenditures
Source: Statistics Canada Table 11-10-0223-01

Household Expenditure Categories	All quintiles	Lowest quintile	Second quintile	Third quintile	Fourth quintile	Highest quintile
Total expenditure	100	100	100	100	100	100
Total current consumption	74.3	95.6	86.4	79.7	75.3	63.1
Food expenditures	10.9	12.6	13.3	11.6	10.8	9.4
Shelter	20.3	32.4	24.0	21.9	20.5	15.7
Principal accommodation	17.8	31.0	22.6	19.4	17.7	13.1
Rented living quarters	3.7	14.7	9.1	3.7	2.0	N/A
Rent	3.5	14.4	8.7	3.6	2.0	N/A
Owned living quarters	10.7	10.7	8.7	11.4	12.3	10.0
Mortgage paid for owned living quarters	5.8	N/A	3.4	5.9	7.6	5.9
Property and school taxes for owned living quarters	1.9	2.0	2.2	2.3	2.0	1.7
Water, fuel and electricity	**3.5**	**5.6**	**4.8**	**4.3**	**3.4**	**2.4**
Water and sewage	**0.9**	**1.0**	**1.1**	**1.0**	**0.9**	**0.7**
Electricity	**1.7**	**3.1**	**2.4**	**2.2**	**1.5**	**1.0**
Natural gas	**0.9**	**1.2**	**1.1**	**1.0**	**0.9**	**0.6**
Household operations	6.4	9.0	7.7	7.3	7.1	4.6
Household furnishings and equipment	2.6	2.6	3.8	2.9	2.5	2.0
Clothing and accessories	3.1	4.3	3.1	3.4	3.1	2.7
Transportation	14.6	14.3	14.5	14.6	16.0	13.9
Gas and other fuels (all vehicles and tools)	3.3	3.7	3.7	3.6	3.3	2.9
Health care	3.0	5.2	4.1	3.8	3.0	1.9
Personal care	1.3	1.7	1.1	1.3	1.6	1.2
Recreation	5.7	4.5	4.6	5.9	5.4	6.4
Education	1.5	N/A	N/A	1.3	0.8	1.3
Tobacco products, alcoholic beverages and cannabis for non-medical use	2.3	3.7	2.6	2.6	2.4	1.7
Games of chance	0.3	N/A	0.4	N/A	0.2	N/A
Miscellaneous expenditures	2.2	2.1	3.7	2.3	1.9	2.0
Income taxes	17.5	1.3	6.9	11.9	15.9	27.8
Personal insurance payments and pension contributions	5.6	1.5	3.5	5.9	6.2	6.8
Gifts of money, support payments and charitable contributions	2.5	1.7	3.1	2.5	2.6	2.3

Given the information and data in this and previous sections of this document, policies aimed at supporting low-income households should focus on assisting renters. Also, use of the appropriate low-income line, such as the MBM or LIM-AT, ensure subsidies are available to sufficient levels of the population experiencing low income or poverty.