



# Non-employment Income in Rural Canadian Communities

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# Overview

- » Introduction
- » Data and Methods
- » Results
- » Conclusion



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# Introduction



- ▶▶ CFS has studied forest dependent communities since 1981.
- ▶▶ Seen as vulnerable to economic shocks.
- ▶▶ Sometimes seen as indicator of the well-being of the forest sector.
- ▶▶ Re-measured with each census (every 5 years)





# Data and Methods



- ▶▶ Method has evolved over the years
  - ▶▶ % of employment
  - ▶▶ % of income
  - ▶▶ LQ based on labour force and income
  - ▶▶ Discretionary expenditures
  - ▶▶ Including non-employment income as a base sector
  - ▶▶ Stedman et al 2007
- ▶▶ Income based LQ our method of choice
  - ▶▶ Recognise shortcomings and make adjustments where possible.
  - ▶▶ > 50% base labour force income in forest sector
- ▶▶ Identified number of FDCs and looked at economic indicators for 2001 and 2006





# Non-employment Income

- ▶▶ What is non-employment income
  - ▶▶ Private income: private pensions, investment income, interest etc.
  - ▶▶ Government transfer income: pensions, welfare, old age security, employment insurance, etc.
- ▶▶ In recent RDC studies we have included non-employment income.
- ▶▶ Treated as a base sector i.e. money from outside the community.
  - ▶▶ The additional sector lowers the dependency numbers of all other sectors.
- ▶▶ This presentation looks at non-employment income dependence on it own.





# Goal



- ▶ How prevalent is non-employment income dependence in rural Canada?
- ▶ Is socio-economic status higher in resource dependent communities compared to non-employment dependent communities?





# Data and Methods

- ▶▶ Two data sets
  - ▶▶ 2006 Census labour force and income by census subdivision (CSD) and 4 digit NAICS.
  - ▶▶ Full set of census community profile variables by CSD
- ▶▶ Included two constructed measures
  - ▶▶ Measure of sector dependence
    - > 49.5% called highly dependent
  - ▶▶ Measure of economic diversity using Shannon-Weaver entropy index.
- ▶▶ Variables for Aboriginal identity and CMA were also used





# Results

- ▶ Mean rural CSD dependence levels
  - ▶ Non-employment 14.7%; Ag. 11.2%; Forestry 9.71%
- ▶ Highly dependent rural CSDs
  - ▶ Ag, Non-employment, Forestry







# Provincial Breakdown



| Region                | Highly Non-Employment Dependent Non-Aboriginal Non-CMA CSDs | Total Non-Aboriginal Non-CMA CSDs | Percent of Total |
|-----------------------|---|-----------------------------------|------------------|
| Newfoundland          | 49  | 313                               | 15.7             |
| Prince Edward Island  | 3   | 88                                | 3.4              |
| Nova Scotia           | 12  | 60                                | 20.0             |
| New Brunswick         | 1   | 194                               | 0.5              |
| Quebec                | 53  | 904                               | 5.9              |
| Ontario               | 38  | 288                               | 13.2             |
| Manitoba              | 12  | 178                               | 6.7              |
| Saskatchewan          | 20  | 647                               | 3.1              |
| Alberta               | 2   | 259                               | 0.8              |
| British Columbia      | 15  | 193                               | 7.8              |
| Yukon Territories     | 0   | 9                                 | 0.0              |
| Northwest Territories | 0   | 4                                 | 0.0              |
| Nunavut               | 0   | 0                                 | 0.0              |
| <b>Canada</b>         | <b>205</b>  | <b>3137</b>                       | <b>6.5</b>       |





# Difference by Community Type



- ▶ Labour force participation rate and employment rates significantly lower than the other community types.
- ▶ Higher unemployment rate and poverty rate than most community types.
  - ▶ Consistent with intuition





# Difference by Community Type



- ▶ Income
  - ▶ Mean level of median household income in non-employment dependent communities is only significantly **lower** than forest dependent communities.
- ▶ This, combined with the results on the previous slide show the dichotomy of non-employment places in Canada.
  - ▶ Poor places and yet high incomes.
  - ▶ High pensions versus social assistance
  - ▶ Data does not allow deeper investigation
- ▶ Economic diversity is greater in non-employment dependent communities than all categories except mining and forestry to which it is comparable.





# Conclusions

- ▶ Non-employment income needs to be part of rural policy
- ▶ Prevalence of non-employment income is high compared to other sectors
- ▶ Not uniform across Canada
  - ▶ Higher in Atlantic provinces
- ▶ High unemployment, low participation but high incomes
- ▶ Well-off pensions versus social assistance





# Results



- ▶ Forest Dependent in 2001 and 2006
  - ▶▶ 11.7% decline in forest sector labour force
  - ▶▶ 77.6% in energy and mining
  - ▶▶ 26.7% increase in non-resource, non-government sectors
  - ▶▶ Increase in median income and decrease in poverty rate
  - ▶▶ No declines in key indicators of well being



