

---

## Contemporary Family Trends

---

### **The Current State of Canadian Family Finances 2005 Report**

**Roger Sauvé**

**(February 2006)**

94 PROM. CENTREPOINTE DR. OTTAWA, ONTARIO, CANADA K2G 6B1 TEL: (613) 228-8500 FAX/TÉLÉC : (613) 228-8007  
[WWW.VIFAMILY.CA](http://WWW.VIFAMILY.CA)

---

Patron  
Her Excellency The Right Honourable  
*Michaëlle Jean, C.C., C.M.M., C.O.M., C.D.*  
Governor General of Canada

Founded by the late  
Right Honourable *Georges P. Vanier*  
and the late Honourable *Pauline*  
*Vanier*

Présidente d'Honneur  
Son Excellence la très honorable  
*Michaëlle Jean, C.C., C.M.M., C.O.M., C.D.*  
*Gouverneure Générale du Canada*

Fondé par feu le très  
Honorable *Georges P. Vanier*  
et l'Honorable *Pauline Vanier*

President/Président  
*Allan D. MacKay*

Chair, Executive Committee  
Président, Comité Exécutif  
*Jean T. Fournier*

*About the author...*

Roger Sauvé is President of People Patterns Consulting. He is the author of *Canadian People Patterns* (1990) and *Borderlines* (1994) and *Profiling Canada's Families III* (2004). He has written numerous client reports on social, economic and demographic trends. He produces an annual *Canada Jobs Trends Update* report and other trends related publications. Roger Sauvé can be reached at [roger@peoplepatternsconsulting.com](mailto:roger@peoplepatternsconsulting.com) or (250) 642-2771 or visit his website [www.peoplepatternsconsulting.com](http://www.peoplepatternsconsulting.com).



The Vanier Institute of the Family was established in 1965 under the patronage of Their Excellencies Governor General Georges P. Vanier and Madame Pauline Vanier. It is a national voluntary organization dedicated to promoting the well-being of Canada's families through research, publications, public education and advocacy. The Institute regularly works with businesses, legislators, policy-makers and program specialists, researchers, educators, family service professionals, the media and members of the general public.



*Contemporary Family Trends* is a series of occasional papers authored by leading Canadian experts in the field of family studies.

*Aussi disponible en français*

# TABLE OF CONTENTS

INTRODUCTION AND TECHNICAL NOTE.....	5
HIGHLIGHTS OF THE 2005 REPORT – “Cash-strapped” families face reality	6
<b>GET READY – More interest rate hikes ahead.....</b>	<b>7</b>
Cash-strapped families enter strong job market.....	7
Record employment rates among young mothers and more dual-income families.....	8
One key result ... a rapid increase in the contribution of women to family incomes.....	9
<b>CAN YOU SPARE A DIME? Yes, that is the increase in hourly earnings over 15 years...</b>	<b>10</b>
No growth in average household incomes since 2001.....	11
Income taxes continue to move down.....	12
Inequality improves just a bit.....	12
<b>WOW! Poverty almost non-existent among married seniors.....</b>	<b>12</b>
But more poverty among adults 18-64 than in 1990.....	13
Child poverty now steady following the recovery from the 1990s recession.....	13
Massive cuts to Social Assistance worsens child poverty in two provinces.....	14
Flat incomes, rising spending equals zero savings – a first since the 1930s.....	15
Savings dip into negative territory.....	16
The “annual debt rate” continues to climb.....	16
Up and up and up ... an accumulating debt load.....	17
Ring the debt alarm bells! .....	18
Insolvencies hit a new high.....	19
Asset growth driven by the stock market and real estate.....	19
<b>SPECIAL FEATURE – Insights into “The Middle-Class Family”.....</b>	<b>21</b>
A short report defines and presents the current situation for the often mentioned but little measured “Middle-Class Family”.	
<b>APPENDIX A - Average incomes of families and unattached individuals, low-income gap and share of incomes after income taxes.....</b>	<b>25</b>
<b>APPENDIX B - Families and unattached individuals with low-incomes (poverty) after income taxes.....</b>	<b>26</b>
Endnotes and additional details on sources.....	27



## INTRODUCTION AND TECHNICAL NOTE

We are back again. This seventh annual report updates the current state of family and household finances up to the year 2005. The report examines incomes, spending, savings and net worth across family and household types. The positive response to previous annual reports suggests that individuals, families, governments, business, unions, the media and many other organizations want and need to know the whole picture about how families are doing financially. This report has become a source document for both the general public and researchers. Some of our findings are now being included in textbooks.

Families are the main focus of this report but the latest Statistics Canada family income indicators only go to the year 2003. More timely information is available for the total personal sector and this data is used to provide many of the estimates for all households up to the year 2005. Most of the 2005 estimates are based on the first 9 to 10 months of the year. Households include both families and unattached individuals. About two-thirds of households are family households and thus the recent trends for households provide a good “directional” guide to what is happening for families. Estimates for personal disposable incomes and family incomes are after government transfers and after income taxes.

For ease of understanding and to make the results more relevant, all measures have been converted to a per household or per family basis. In this report, all dollar estimates are in 2003 dollars and thus variations over several years represent changes in real purchasing power after inflation. The term “real” indicates what would have happened if there had been no inflation. Inflation is measured using the consumer price index. The measures incorporate updates and any recent revisions by Statistics Canada.

This year, most of the analysis relates to the period 1990 to 2005, with special emphasis on the time period that is labeled “so far this decade” and the latest year available depending on the data series. The year 1990 was chosen as the beginning year in order to highlight longer term changes over the last 15 years. All charts cover each year from 1990 to the latest year available. Chart 5 is the exception because comparable data is only available back to 1991. The text tables and the appendices provide the percentage change over the entire period, for the period from 2000 to 2003 and for 2003. Shaded areas in all the tables represent deterioration or declines for the selected indicators. Readers are urged to examine the Appendix Tables A and B at the back to get a more detailed perspective of the changes experienced by different types of families and households.

Almost all of the background data comes from Statistics Canada. The author did many additional calculations. Any errors and omissions are the responsibility of the author.

Roger Sauvé, People Patterns Consulting, can be reached at 250-642-2771, Email ([roger@peoplepatternsconsulting.com](mailto:roger@peoplepatternsconsulting.com)), or at his Website ([www.peoplepatternsconsulting.com](http://www.peoplepatternsconsulting.com)).

## HIGHLIGHTS OF THE 2005 REPORT – February 2006

### *“Cash-strapped” families face reality*

**“CASH-STRAPPED” (definition)** – Being short of money, not having enough money, lacking funds, etc. This term has been applied to governments and to business firms. This term must now also be applied to Canadian families and households.

**WHAT THIS MEANS?** - This suggests that many families need to cut back, need to borrow less and need to pay off debt. The alarm bells are ringing louder than ever. It rang for governments and for many businesses and they did something about it... it is now time for families to do something about their own situations.

### The “cash-strapped” realities

- **INTEREST RATE HOLIDAY IS OVER** - Families have been living off low interest rates, more borrowing, reduced savings and a booming real estate market. This is now ending as interest rates will continue to increase over the near-term.
- **ONE MORE DIME FOR YOUR TIME** - That is the real increase in average hourly earnings over the last 15-years. This has been accompanied by fewer hours of work. As such, more members of “cash-strapped” families are stepping into the growing paid labour market. This had produced record levels of employment and a record-number of dual-income families. Even so, disposable incomes after government transfers and income taxes have stagnated over the last five years.
- **RING THE DEBT ALARM BELLS** – Total debt per household is now equal to 125% of disposable incomes compared to 91% some fifteen years ago. This has helped push insolvencies to record levels and this will continue.
- **SOME OF THE GOOD NEWS**
  - The job market is at its strongest level in over three decades.
  - Statistically speaking, poverty has been virtually wiped out among senior married couples.
  - Child poverty is down and stable, but still too high. In contrast, the massive cutbacks to social assistance in two provinces have pushed child poverty rates in those provinces up and not down.
  - Income taxes are down from their peaks.
  - Asset growth has been driven by rising real estate and the stock market.
- **MORE AND MORE WIVES NOW EARN AS MUCH AS THEIR HUSBANDS** – Among wives aged 55 to 64, about one-third of wives now earn as much as their husbands. This is up from about one-quarter in 1990. This ratio is up among all age groups and for parents with children of all ages.

### SPECIAL FEATURE REPORT – Insights into “The Middle-Class Family”

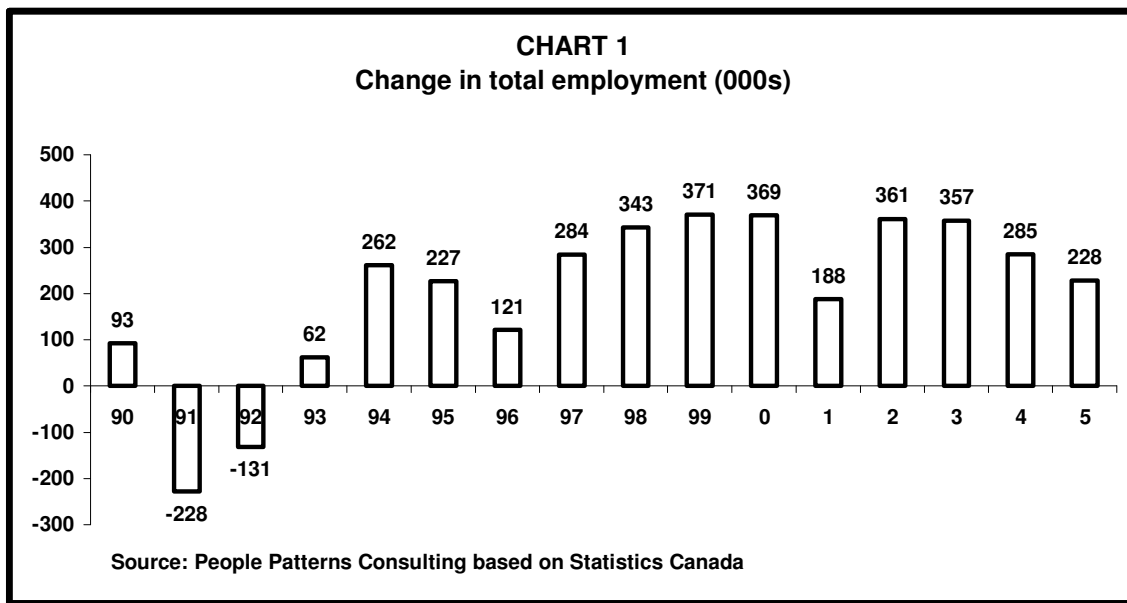
This short report defines and presents the current situation for the often mentioned but little measured “Middle-Class Family”. Is this where you fit in?

**GET READY ... More interest rate hikes ahead**

According to the Bank of Canada<sup>i</sup>, “The Canadian economy seems to be operating at full capacity”. Because of this full-capacity situation, the Bank of Canada has begun to raise interest rates in an attempt to slow the pace of growth and hold off inflation. As such, more increases are in the cards in the near-term. It is no longer “if” interest rates will rise... but by how much? This will boost the cost of supporting the already large and growing amount of debt held by many cash-strapped households and families.

**Cash-strapped families enter strong job market**

More and more members of cash-strapped families are entering the paid job market in order to make ends meet. A December survey suggested that “86 percent of Canadians saw themselves as making no progress or falling behind against the cost of living”.<sup>ii</sup> Luckily, the job market is the strongest it has been in many years. Total employment advanced by another 228,000 in 2005. Professional forecasters expect approximately 200,000 additional new jobs to be created in 2006. During eight of the last nine years, the number of jobs has increased by over 200,000 and sometimes by over 350,000. This is in sharp contrast to the actual job losses during the deep recession of the early 1990s. In 2005, employment growth was strongest in the Western-most provinces and Prince Edward Island. Full-time jobs increased the most during the year.



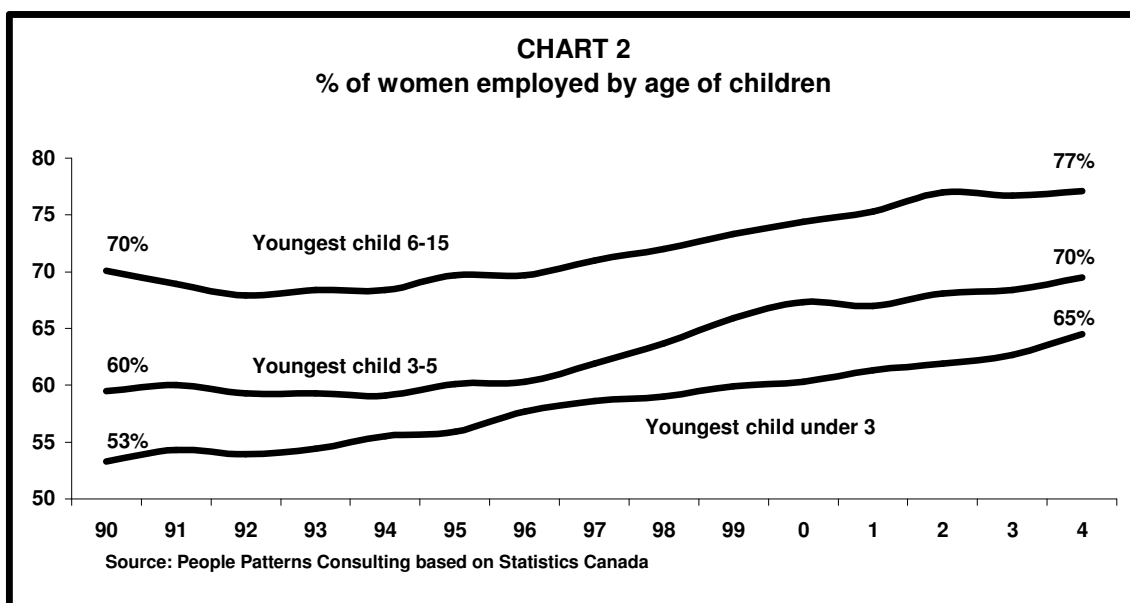
The unemployment rate hovered near the 6.5% level in late 2005. This is the lowest monthly rate in over three decades. The rate fell below or near the 5% level in each of the four Western Provinces. The rate remains in the 15% area in Newfoundland but this is still the lowest unemployment rate for this province in over two decades.

The labour tightness is evident in shortages in numerous occupational groups. There are Canada-wide shortages in many health care professions, in professional occupations in business and finance and in numerous construction trades<sup>iii</sup>. This is especially so in British Columbia and

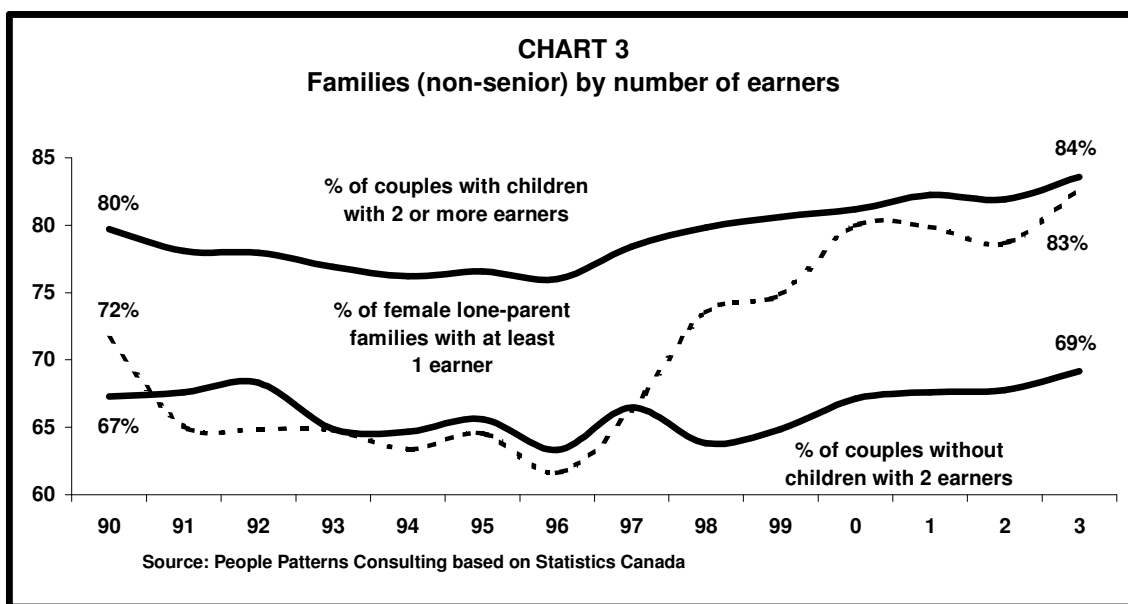
Alberta, which are pulling in people from all other provinces. As in the past, families and individuals are moving to where employment conditions and wages are the strongest.

*Record employment rates among young mothers and more dual-income families*

The employment rate amongst mothers with young children continues to move up. In 1990, just over half (53%) of women with a child under the age of three were working at a paid job ... this has now risen to about two-thirds. The percentage of women with children aged three to six years of age with a paid job also jumped from 60% in 1990 to about 70% currently.



In addition, the percentage of dual-income couples with children is now nearing 85%, up from about 80% in 1990. The percentage of dual-income couples without children is also at a record level.

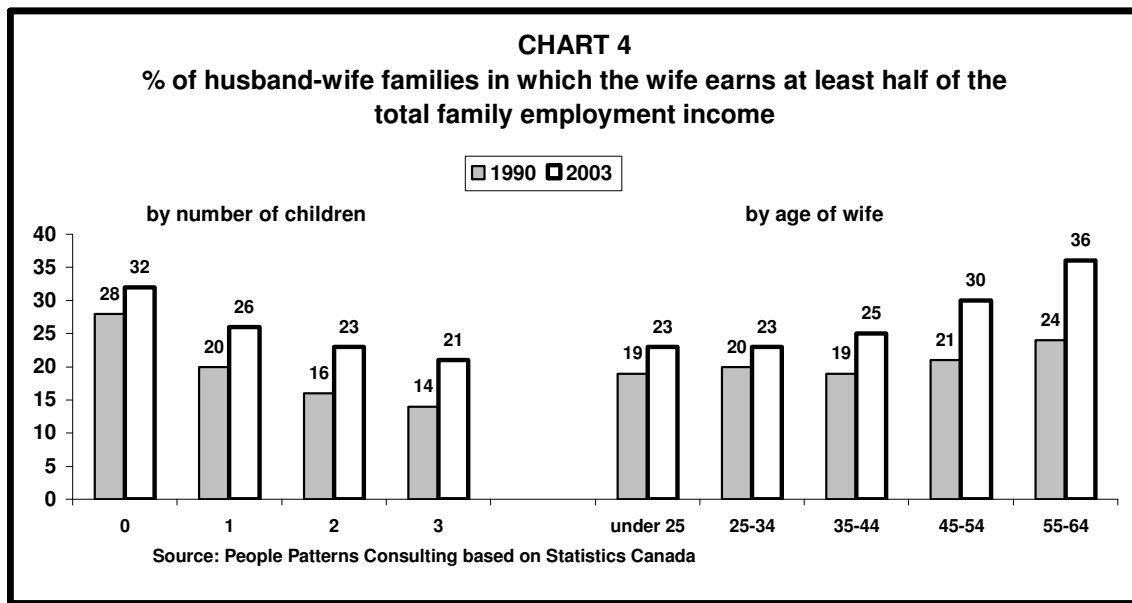


The increase in the paid employment rate has been the most rapid amongst lone-parent families, where the employment rate jumped from 63% in the mid-1990s to about 83% currently. This reflects job opportunities and the significant pullback in provincial government social support and welfare programs. This may have had the negative effect of increasing the rate of child poverty in some provinces. (See Table 2)

Most of the employed are in the job market because they want to be ... but a growing number are working because they really need more money ... and they need it now.

*One key result ... a rapid increase in the contribution of women to family incomes*

Over one quarter of all wives now earn at least half of the total family earnings on a pre-income tax basis<sup>iv</sup>. Among couples with no children, about one-third of wives now earn more than their husbands.



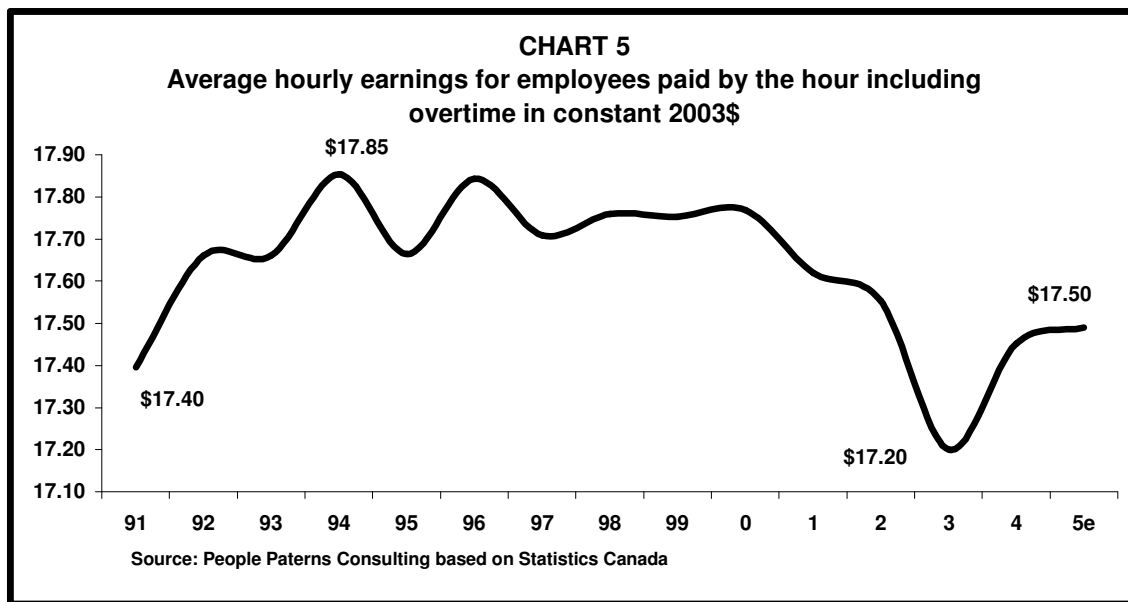
The biggest increase in the contribution of wives has been among families with children at home. For couples with one child, about 20% earned as much as did their husbands in 1990 ... this ratio increased to 26% according to the latest numbers. A similar upward movement occurred in families with two children and among those with three or more children.

A fascinating feature of Chart 4 is the trend in the income contribution of wives by age group. In 1990, about 19% to 24% of wives earned as much as their husbands. This ratio jumped for all age groups to the latest year available. Generally, the older the couple, the larger is the “increase” in the contribution level of the wife. Among those aged 55 to 64, about one-quarter of wives earned at least as much as their husbands in 1990 ... this rose to over one-third by 2003. These are dramatic shifts in such a short period of time. These trends are due to the increasing labour force participation of older women in contrast to the flat or declining participation rate among men. In addition, women have experienced real increases in average earnings over the period while men have suffered real earning declines.

In recent years, the reality remains that this increasing contribution has generally just been enough to maintain family and household incomes rather than create major increases.

**CAN YOU SPARE A DIME? Yes, that is the increase in hourly earnings over 15 years**

One of the reasons behind the push to dual-income families is the 15-year trend in real (adjusted for impact of inflation) average hourly earnings. Chart 5 reveals that real average hourly earnings have increased by about a dime (that is 10 cents Canadian, eh!) from 1991 to the estimate for 2005. In addition, on average, the time worked per week declined by about an hour and a half over the same period. Flat earnings and fewer hours mean less money.



A review of the reasons for these flat earnings is not within the scope of this report, but do include global competition, slow productivity gains, the restructuring of industries, the emergence of low-paying service jobs, the rapid growth of small firms, the rising Canadian dollar, and declines in unionization rates for men. And, there is also the lag in minimum wages increases.

- The minimum wage in Ontario was \$7.15 per hour at the end of 2005 ... in real terms this is 8% less than in 1991. Even when the increase slated for February 2006 is taken into account, the minimum wage in Ontario will still be 4% less, in terms of purchasing power, than what it was in 1991.
- The minimum wage in Alberta stood at \$5.90 in August 2005 or up by less than 2% in real terms from 1991. The Alberta rate rose to \$7.00 in September.
- British Columbia has the highest minimum wage (\$8.00) among the provinces, up by 24% in real terms since 1991.
- Three other provinces (Prince Edward Island, Manitoba and Saskatchewan) increased their minimum wages by about 10% in real terms during the period.

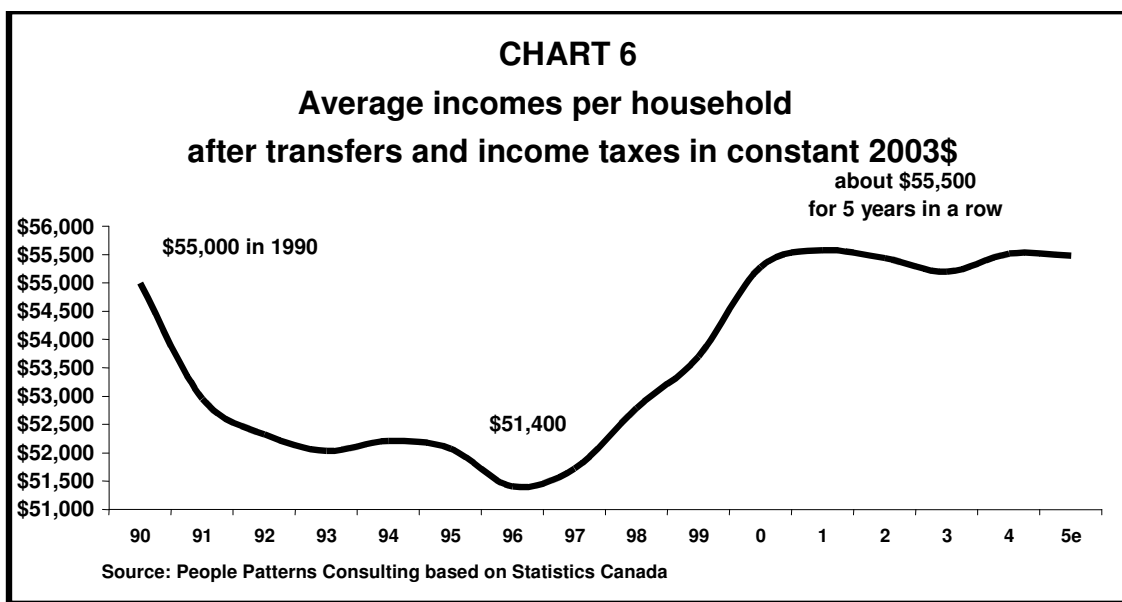
A recent study by Statistics Canada<sup>v</sup> found that about 16% of all full-time wage earners (excludes students) in Canada were “low-paid” (earned less than \$375 per week) in 2000. This

was a slight improvement from a decade earlier. Certain groups experienced an increasing incidence of “low-pay”, including persons under the age of 45, those with less than high school education, lone-parents and visible minorities (especially men).

*No growth in average household incomes since 2001*

Over the last five years, rising employment rates, flat earnings and declining hours have combined to merely sustain the average income per household. Average incomes are now near the \$55,500 mark, or at roughly the same level as in 2001.

This average is up by about \$500 (+1%) from 1990 but is significantly above the levels realized during the severe recession of the early 1990s.



This is the timeliest measure available and is compiled as part of the *National Income and Expenditure Accounts*, which are released every three months. Another aggregate measure produced by Statistics Canada is the *Income In Canada* series. This paints a more positive picture with respect to the long-term trend in average household incomes. Using the *Income In Canada* series, the average income per household grew by 9.5% from 1990 to 2003 compared to 1% according to the *National Income and Expenditure Accounts* series shown in Chart 6. The level of income using the *Income in Canada* series also peaked in 2001, remained there in 2002 and declined a bit in 2003. As such, the near-term pattern is very similar for both series. Table 1 and Appendix Tables A and B are based on the more detailed but less timely data from the *Income In Canada* series.

The estimates are different due to slightly different definitions and methodologies. In addition, the *Income in Canada* series had a major change in data collection procedures in 1996 and as such the historical series are not totally compatible. Both series use the consumer price index to adjust for inflation.

*Income taxes continue to move down*

The amount of income taxes paid by families of two or more persons actually dipped (not a typo) during the first few years of the decade. In 2000, the average income tax burden was \$14,400 and this declined to \$12,800 by 2003, a decline of \$1,600 or by over 11% during this short three-year period. Income taxes as a percent of total money incomes declined from 19.9% in 2000 to 17.6% in 2003. Income taxes were down by only \$400 when compared with 1990.

Government transfers to families increased to \$7,800 in 2003 from \$7,400 in 2000. The ratio of transfers to total money incomes increased slightly from 10.2% in 2000 to 10.7% in 2003.

**TABLE 1 Determinants of average family (two or more persons) incomes in constant 2003\$**  
(See appendix A and B for more details)

<b>(shaded areas indicate periods when incomes fell, transfers shrank or income taxes increased)</b>						
	<b>Incomes in constant 2003\$</b>			<b>Percent change over selected periods</b>		
	1990	2000	2003	<i>Entire period</i>	<i>So far this decade</i>	<i>Latest year available</i>
				2003 /1990	2003 /2000	2003/ 2002
MARKET income (earnings, etc.)	\$59,400	\$65,100	\$64,900	9.3	-0.3	-1.1
PLUS Gov't transfers to families	\$7,300	\$7,400	\$7,800	6.8	5.4	0.0
EQUALS total money incomes	\$66,700	\$72,500	\$72,700	9.0	0.3	-1.0
MINUS Income taxes	\$13,200	\$14,400	\$12,800	-3.0	-11.1	-1.5
EQUALS Income after income taxes	\$53,500	\$58,100	\$59,900	12.0	3.1	-0.8
<b>Ratios of transfers to families and income taxes as % of total money incomes - change is in percentage points (pp)</b>						
Gov't transfers as % of total income	10.4%	10.2%	10.7%	+0.3	+0.5 pp	+0.1 pp
Income taxes as % of total income	19.8%	19.9%	17.6%	-2.2	-2.3 pp	-0.1 pp

Source: People Patterns Consulting based on Statistics Canada, Income in Canada 2003

*Inequality improves just a bit*

The above suggests that there is an ongoing redistribution of incomes. Whether this redistribution is reducing income inequality is less certain. Using a statistical measure called the “Gini index”, the degree of inequality, on an after income tax basis, deteriorated during the 1990s but has improved just a bit so far this decade. The latter is also evident in Appendix A, which indicates that the share of the after-tax income pie going to the poorest 20% of families increased just a bit from 6.9% in 2000 to 7.2% in 2003. The share going to the richest 20% of families decreased just a bit from 39.8% in 2000 to 39.4% in 2003. Even so, the trends so far this decade have not offset the negative inequality trends evident during the 1990s.

*WOW! Poverty now almost non-existent among married seniors*

The poverty rate (low-income after transfers and income taxes) for all persons stood at 11.5% in 2003. While this is still high, it is the fourth lowest rate over the last quarter century. The poverty rate was just a bit lower in 2001 (11.2%), in 1989 (10.2%) and in 1988 (10.8%).

In terms of numbers, there were some 3.6 million Canadians living in poverty in both 2002 and 2003 or about one million less than at the peak in 1996 and 1997.

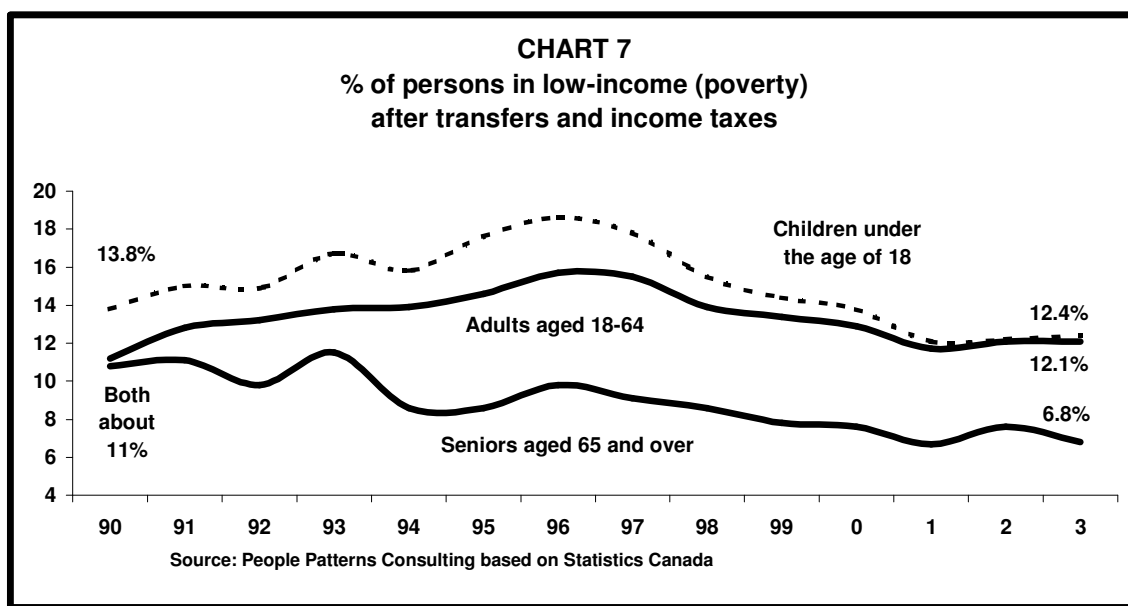
The improvement in the poverty rate has been most pronounced among the senior population. Among seniors, the rate fell steadily from about 11% in 1990 to 6.8% in 2003. The senior population escaped the worst ravages of the early 1990s recession. Among seniors, the lowest poverty rate is now among married couples with “only” 1.7% now living in poverty. On the negative side, the poverty rate among senior unattached females (18.9%) and unattached males (14.7%) still remains significantly higher.

***But more poverty among adults 18-64 than in 1990***

Adults aged 18-64 did not do as well as seniors during the recession. For these adults, the poverty rate stood at about 11% in 1990, soared to almost 16% in both 1996 and 1997 and is now down to 12.1%. This is the only one of three groups in Chart 7 where the current poverty rate is still above the level in 1990.

***Child poverty now steady following the recovery from the 1990s recession***

The poverty rate among children under the age of 18 also increased sharply during the recession of the 1990s. For this group, the slogan “Get a Job” could not apply. The poverty rate for children jumped from 13.8% in 1990 to 18.6% (almost one-in-every-five children) in 1996 and has now improved to 12.4%. The hardest hit are children being raised by female lone-parents, with about 40% of their children living in poverty ... at the peak of the recession in 1996, about 56% of these children were living in poverty. In contrast, “only” 7.7% of children in two-parent families are now living in poverty.



*Massive cuts to Social Assistance worsens child poverty in two provinces*

The reasons behind poverty are complex. For some people, poverty is temporary while for others it may last many years or nearly forever. Covering the six-year period from 1996 to 2001, about 25% of Canadians experienced at least one year of poverty. This is much higher than the number who experience poverty in any single year.

Looking specifically at children under the age of 18, about 30% experienced at least one year of poverty over the 1996 to 2001 period. About 10% experienced “only” a single year of poverty during the period, another 10% lived in poverty for two to three years, about 6% were in poverty during four or five years and 3% were in poverty during each and every year during the period. Child poverty is based on the income situation of the parents. Among parents, permanent or temporary poverty may be due to low levels of education, a change in marital status, the birth of a child, the loss of a job, discrimination or to changes in government programs.

Child poverty rates may result from government cutbacks or a restructuring of social assistance programs. Table 2 provides an overview of the number of Social Assistance recipients by province during the 2000 to 2004 period. The table also provides the poverty rate for children over the 2000 to 2003 period.

<b>TABLE 2 - Social assistance and child poverty (after transfers and income taxes)</b>							
	Recipients of Social Assistance (The programs vary by province)				Low-income (poverty rate) for children under 18		
	2000	2004	% change 2000 to 2004	% of recipients who are children	2000	2003	Change In percentage points
NL	59,100	49,800	-16%	30%	17.7%	15.5%	-2.2 pp
PEI	8,500	7,100	-17	35	7.7	4.9	-2.8 pp
NS	73,700	56,300	-24	32	12.5	13.9	+1.4 pp
NB	56,000	47,100	-16	34	10.5	10.7	+0.2 pp
QC	618,900	532,200	-14	25	16.0	10.8	-5.2 pp
ON	802,100	672,000	-16	30	12.8	11.3	-1.5 pp
MB	60,900	58,400	-4	42	16.7	16.7	0 pp
SK	63,800	51,800	-19	38	13.0	12.5	-0.5 pp
AB	89,900	91,400	+3	30	12.3	11.2	-1.1 pp
BC	262,400	165,000	-37	26	14.1	18.5	+4.4 pp
CAN	2,095,300	1,731,100	-17	29	13.8	12.4	-1.4 pp

Source: People Patterns Consulting based on *Social Assistance Statistical Report 2004* SD10-2/2004E-PDF and Statistics Canada 75-202-XIE

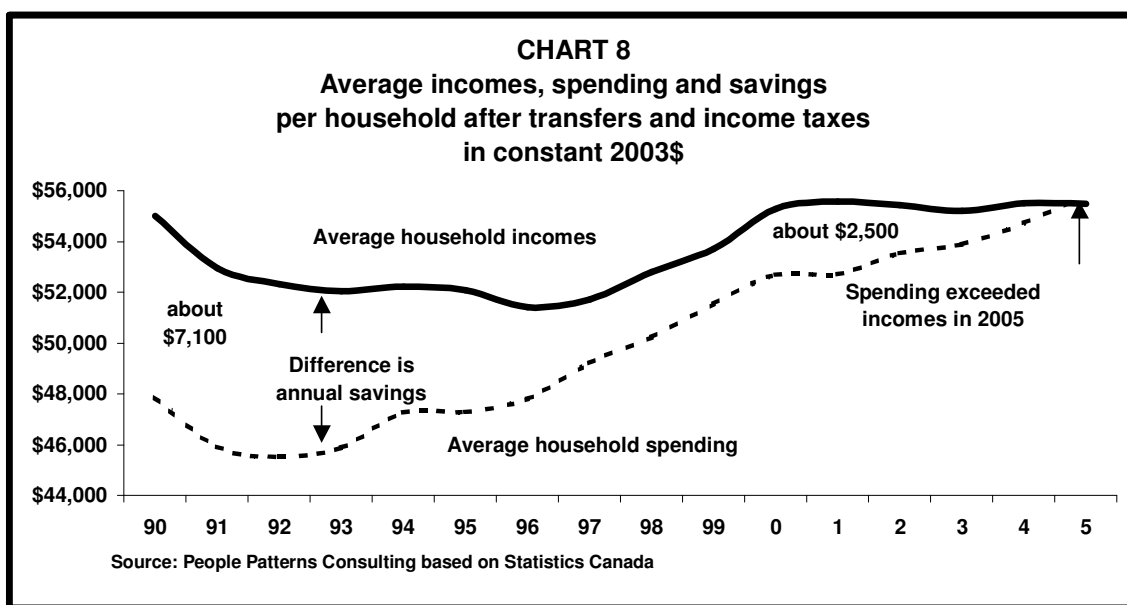
While the relationship between the two indicators is far from being conclusive, a few trends are evident.

- For Canada as a whole, the 17% dip in social assistance recipients was more than offset by positive effects (probably more paid employment) as the child poverty rate fell from 13.8% in the year 2000 to 12.4% in the year 2003.
- Alberta was the only province to experience an increase in the number of recipients and it also had an improvement in its child poverty rate.
- The two provinces with the largest decreases (Nova Scotia and British Columbia) in social assistance recipients were also the provinces with the largest increases in child poverty.
- The situation in British Columbia is startling. The number of social assistance recipients plummeted by 37% over the 2000 to 2004 period while the child poverty rate jumped from 14.1% in 2000 to 18.5% in 2003. The child poverty rate in British Columbia soared from the fourth best in Canada in 2000 to the highest rate in both 2002 and 2003. British Columbia now has the second lowest percentage of recipient families where children are present.

*Flat incomes, rising spending equals zero savings ... a first since the 1930s*

Chart 6 revealed that average household incomes have been flat over the last five years and are up by very little since 1990. In sharp contrast, the level of household spending has continued to rise. So far this decade, spending has gone up by 5.3% in real terms and has increased by almost 17% since 1990.

According to the latest estimates for 2005, spending is now above the actual level of disposable income. On average, households are now putting nothing away for a rainy day, for a bout of unemployment or for retirement. This is in contrast to the early 1990s, when households managed to put away over \$7,000 per year ... it was minus \$500 in 2005. Some forecasters suggest it will dip even more in 2006.



*Savings dip into negative territory*

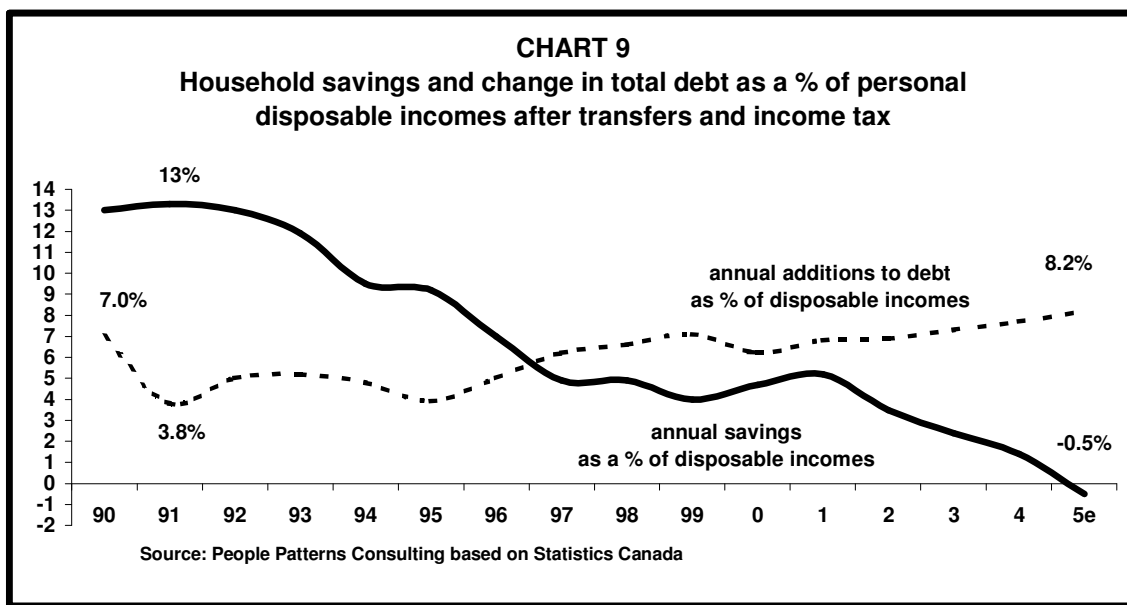
As evident in Chart 9, the size of the annual addition to personal savings has declined over the last 15 years and is now negative. Coincidentally, the annual additions to the total debt load have been moving up.

The annual addition to savings as a percentage of disposable incomes is called the personal savings rate. This savings rate dipped from a high of 20% in 1982, to about 13% during the early 1990s, to about 5% in 2000 and is now down to less than nothing in 2005. As such, part of the additional spending by households has been paid for by reductions in annual savings.

Based on a somewhat different measure<sup>vi</sup> (net money flows) it seems that the households comprising the bottom 60% of all households (on an income basis) spent more than they took in 2003. The upper middle 20% took in a bit more than they spent while the richest 20% were able to save over 10% of their incomes.

*The “annual debt rate” continues to climb*

As the personal savings rate has moved down, the ratio of additional debt incurred each year as a percent of disposable incomes has been trending upwards. In 1991, this “annual debt rate<sup>vii</sup>” was equal to just under 4% of disposable incomes. This “annual debt rate” now stands at just over 8% ... a doubling in just 15 years. It is clear that a large part of the additional spending has come via more borrowing and bigger debt loads. Much of this borrowing was backed by the increasing value of equity holdings due to escalating house prices and the stock market.



A recent CIBC World Markets report<sup>viii</sup> states, “Never before have we seen the housing market contributing so much to overall economic growth.” The report estimates that borrowing against home equity led to \$10 billion dollars in extra spending in 2004 alone.

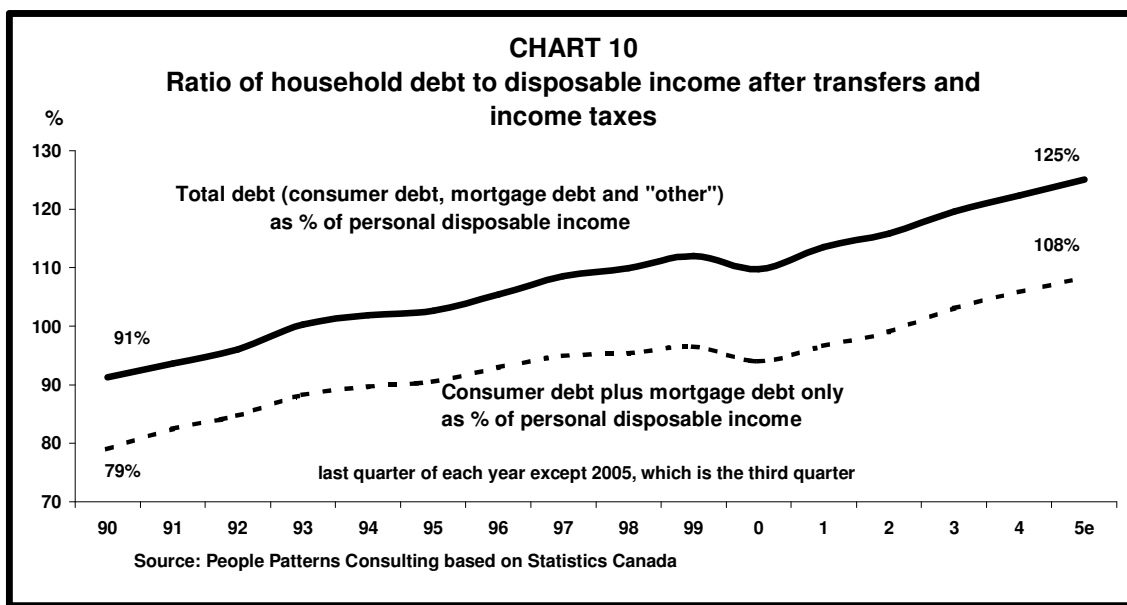
In 2004, total consumer debt rose by \$33 billion ... and it is not a coincidence that total consumer outlays increased by exactly the same amount in that year. It just makes sense, that in a period of flat income levels, (See Chart 6) that any increase in spending has to come from either more debt or from reduced savings or a combination of both of these factors. That is what happened and what is still happening.

*Up and up and up ... an accumulating debt load*

Currently, the average debt per household stands at about \$70,920. In real terms, this is up by over 16% from 2000 and up about 42% from 1990. (See Table 3) So far this decade, the outstanding value of consumer credit in real terms is up by almost 30%. Mortgage debt is up by about 13% and "other debt" is up by about 8%.

This accumulated debt is now (as of the end of the third quarter of 2005) equal to about 125% of personal disposable income compared to 91% in 1990 and 110% in 2000 ... and the upward spiral is projected to continue into the foreseeable future.

A narrower measure of household debt (consumer credit plus mortgage debt only) jumped from 79% of disposable income in 1990 to 94% in 2000 and to 108% at the end of the third quarter of 2005.



There are other debt ratios. As they should, lenders like to highlight the most positive ratios. The key positive is that in spite of all this growth in debt, the ratio of total debt to total assets is lower now (at about 17%) than it was in 1990. Another positive is the ratio of total debt to net worth, which is also lower now (at 21%) than it was in 1990. In an aggregate sense, it seems that the loans given by the lending institutions in Canada are still well covered by the borrowers' personal assets. More recently (from 2000 to 2005) both of these ratios have deteriorated. Even so, mortgage arrears remain at very low levels.

On the negative side, the ratio of consumer credit debt to the value of consumer durables has jumped from 47% in 1990, to 59% in 2000 and to 70% currently.

***Ring the debt alarm bells!***

The fall in savings and the increasing debt loads have raised some concern among many analysts even though, for some, this worry has been labeled as a “false alarmism” or a myth.

It is time to ring the alarm bell even louder than in our previous reports. The cumulative danger of the increasing burden of debt is not a myth ... it is a reality for a growing number of households and families. According to the Ontario Association of Credit Counselling Services<sup>ix</sup>, the pain is increasing “We have seen an increase in clients of about 60% since the year 2000 ... over one decade, the family income of clients has increased only 15%, while the average debt increased by almost 60%.”

The soaring ratio of debt to disposable income is clearly an indicator of increasing financial stress. In an aggregate sense, it portrays an inability of a growing number of households and families to keep up financially. The rising debt to income ratio means that many households are cash-strapped and are unable to pay for their everyday or special purchases... and so they borrow. They borrow more and save less. (See Chart 9) This is in spite of a growing number of dual-income families. The degree of financial stress is climbing. Rising interest rates will certainly increase this stress.

The rising financial stress is evident in terms of charitable giving. About 30% of all taxfilers made a tax-deductible donation to a charity in 1990. This ratio of giving declined to 26% by 2000 and to 25% in 2004.

From a savings perspective, the percentage of taxfilers who contributed to an RRSP (Registered Retirement Savings Plan) increased from 23% in 1990 to 29% in 2000 but has now slid back to 26% in 2004. The effect of the flat trend in disposable incomes is measurable.

Why is financial stress a problem? It can lead to personal bankruptcy. It can also lead to marital problems, depression, and even suicide. A recent poll<sup>x</sup> suggests that “fights about money are hurting Canadian couples” and that 47% of those polled consider their disagreements about money to be “serious”.

Is there really any solid proof that the increasing debt load is a significant factor in the rising rate of personal bankruptcies? Is the relationship a reality or is it a myth?

According to new research findings by the Office of the Superintendent of Bankruptcy<sup>xi</sup> one key conclusion is clear.

*“The determinant having the greatest effect on the increase in the number of consumer insolvencies during the 1987-2003 period is the total debt-to-income ratio. According to our calculations, this variable accounted for 88% of the increase in consumer insolvency during this period.”*

The same study found that the second biggest determinant was the level of interest rates ... these are now rising.

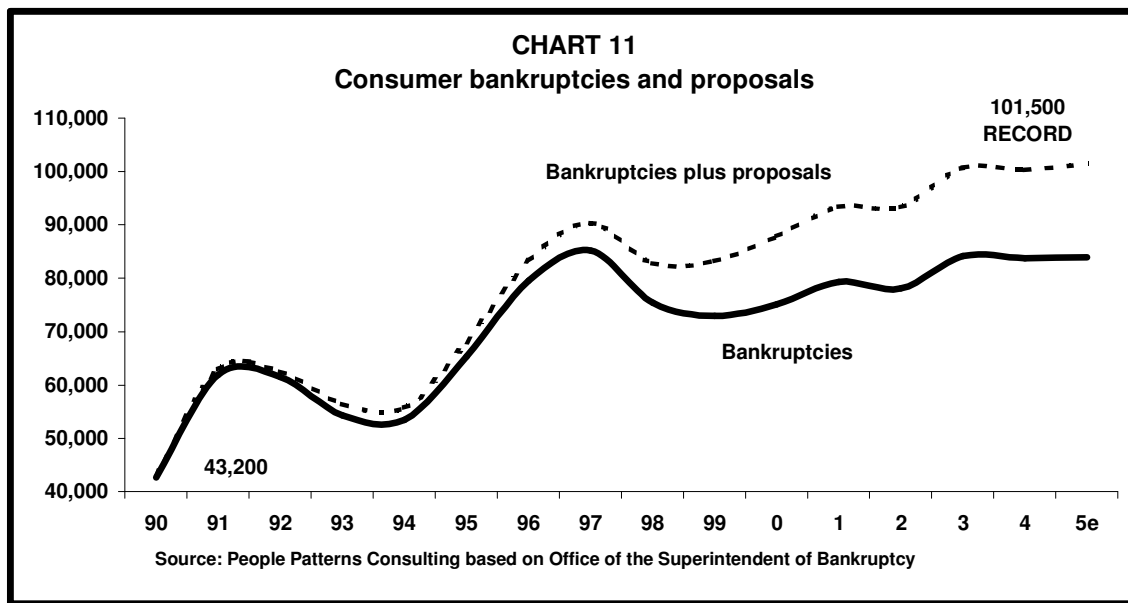
On the positive side, the increasing employment rate was found to be a factor in holding back the number of insolvencies. Employment rates have been improving (See Charts 2 and 3).

*Insolvencies hit a new high*

Technically speaking, a bankruptcy occurs when the assets of an individual are liquidated and the remaining proceeds are given to those that are owed the money. In order to avert actual bankruptcy, a person may also make an offer to his or her creditors in an effort to settle the debt. The latter is called a proposal. Together, bankruptcies and proposals are a truer measure of insolvency.

The number of personal bankruptcies continues to be near record levels with about 84,000 during each of the last three years to 2005. In contrast, the number of consumer proposals is increasing rapidly. Proposals have soared from 3,000 in 1995 to about 17,500 currently. In combination, the total number of insolvencies is now at record levels.

The continued rise in the debt to income ratio combined with the projected rise in interest rates suggests that insolvencies will rise further over the next year or so.



*Asset growth driven by the stock market and real estate*

On average, Canadian households now have about \$412,000 in assets. This is up by about 50% from 1990 and up by about 10% since 2000.

So far this decade, the biggest increase has been in the value of real estate, which is up by about one-quarter in real terms. The value of shares held outside pension funds is up by about 11% since 2000, while the value of life insurance and pensions is up 3%.

Net worth (total assets minus total debt) rose to about \$340,000 in 2005. This is the highest on record. Readers may want to review the previous 2004 report in this series. *The Special Feature – Generational Reality Check* in our 2004 report found that the changing distribution of assets and net worth tended to greatly favour older households while younger households had fallen back.

**TABLE 3 - Major components of average net worth per household based on market value in constant 2003\$**

(shaded areas indicate periods when assets shrank or debt increased)

	Value in 2003\$			percent change over selected periods		
	1990	2000	2005 end of 3Q	Entire period	So far this decade	Latest year available
				2005(3Q) /1990	2005(3Q) /2000	2005(3Q) /2004
<b>Total assets</b>	\$275,246	\$375,200	\$410,700	49.2	9.5	2.6
Financial assets	\$147,412	\$233,239	\$240,700	63.3	3.2	3.3
of which shares	\$24,542	\$81,639	\$90,800	270.0	11.2	8.4
of which life insurance/ pensions	\$47,561	\$84,288	\$86,896	82.7	3.1	3.1
of which "all other" **	\$75,309	\$67,312	\$62,984	-16.4	-6.4	-3.0
Real (non-financial) assets	\$127,834	\$141,961	\$170,000	33.0	19.8	1.5
of which real estate holdings	\$100,579	\$114,328	\$140,826	40.0	23.2	1.8
of which consumer durables	\$24,425	\$24,759	\$26,837	9.9	8.4	-0.1
of which "all other" ***	\$2,831	\$2,874	\$2,342	-17.3	-18.5	6.8
<b>MINUS Total debt</b>	\$49,993	\$60,997	\$70,920	41.9	16.3	2.6
of which consumer credit	\$11,434	\$14,566	\$18,836	64.7	29.3	3.5
of which mortgages	\$31,827	\$37,686	\$40,229	33.9	13.1	2.4
of which "other debt"	\$6,732	\$8,745	\$9,476	40.8	8.4	1.5
<b>EQUALS Net worth</b>	\$225,253	\$314,203	\$339,776	50.8	8.1	2.6
<b>Selected ratios (end of year)</b>						
Total debt as % of disposable income	91%	110%	125%	+34 pp	+15 pp	+3pp
Consumer and mortgage debt as % of disposable income	79%	94%	108%	+29 pp	+14 pp	+3pp
Total debt as % of total assets	18.2%	16.3%	17.3%	-0.9 pp	+1.0 pp	NC
Total debt as % of net worth	22.2%	19.4%	20.9%	-1.3 pp	+1.5 pp	NC
* 2005 is the value as of the end of the third quarter of the year. The percentage changes are from the end of the years shown to the end of the third quarter of 2005.						
** Bonds, cash, loans to others, etc.						
*** Machinery and equipment of unincorporated small business owners, etc.						
Source: People Patterns Consulting based on Statistics Canada						

*SPECIAL FEATURE – Insights into “The Middle-Class Family”*

*Defining the middle-class family*

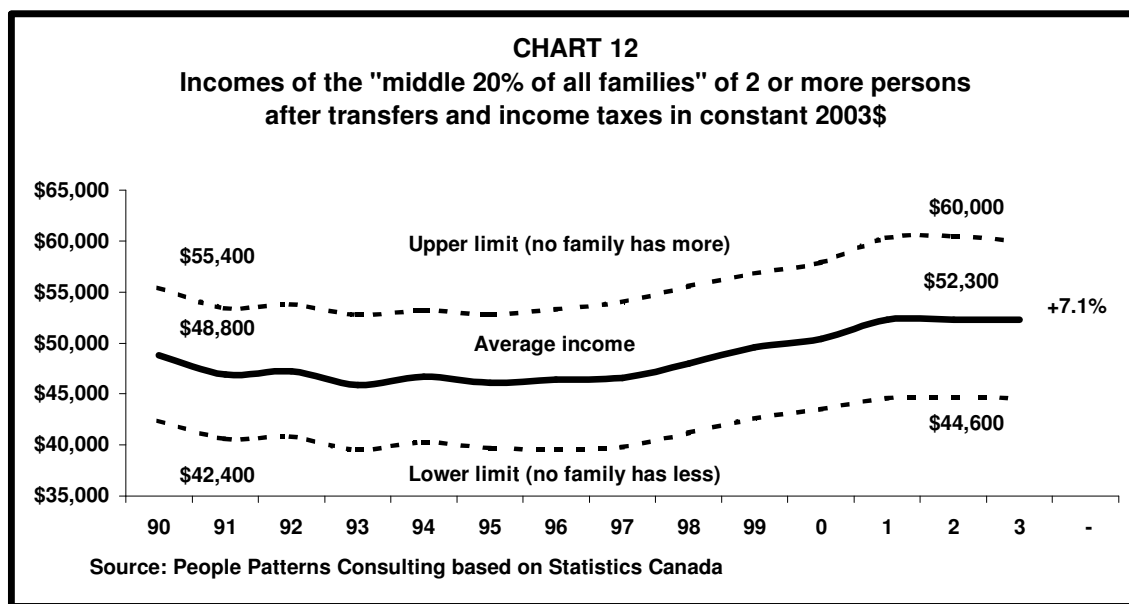
There is no generally accepted way of defining the middle-class in terms of incomes. This is so, even if this group is often cited as a target of concern by governments and business. In this Special Feature, the middle-class is defined as those families that comprise, in terms of their incomes, the middle 20% of all Canadian families of two or more persons.

In 2003, this middle-class family had an after income tax and transfer income of \$52,300, with an upper limit of \$60,000 and a lower limit of \$44,600. The average income of this middle-class family compares to average incomes of \$21,500 for the poorest 20% of families and to \$118,100 for the richest 20% of families.

*Incomes improve from recession declines ... until recently*

This middle-class family suffered through the recession of the 1990s with the average middle-class income falling from \$48,800 in 1990 to \$45,900 by 1993. The \$2,900 drop in real terms was very significant. Average incomes remained relatively flat until 1998 when they began to improve again. The improving trend continued until 2001 when incomes hit \$52,300. Average incomes stagnated near that level during the next two years and probably remain near this level currently.

The middle-class family has seen their average incomes increase by about 7% from 1990 to 2003. This compares to a 12% advance for all families of two or more persons. (See Appendix A)

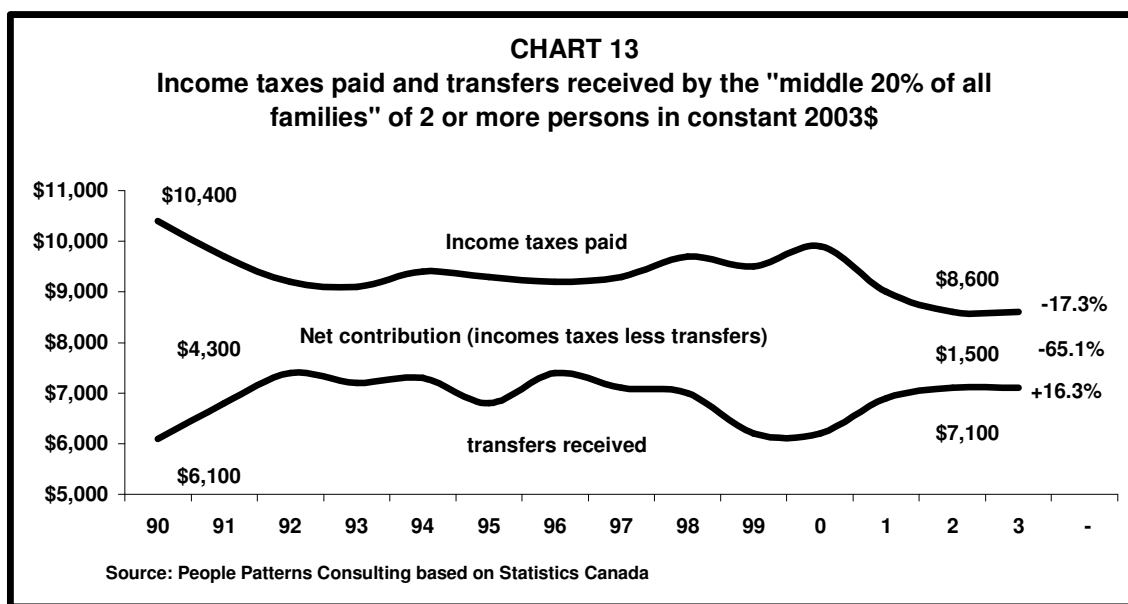


*Believe it ... income taxes are shrinking for the middle-class*

In 1990, the middle-class family paid, on average, about \$10,400 in income taxes. This fell during the recession as incomes fell, remained relatively flat for several years and fell sharply in 2001 as tax cuts accelerated. Taking the entire 1990 to 2003 period as a whole, income tax payments by the middle-class have fallen by over 17%.

Transfer receipts have been more volatile over the period, but in 2003 the average total transfers equaled about \$7,100 and were up by over 16% from 1990.

In 1990, the average middle-class family paid out \$4,300 more in income taxes than it received in transfers. This can be considered as their net contribution to society through the government mechanisms. The net contribution shrank to “only” \$1,500 by 2003. The net contribution declined by almost two-thirds over the period.



*And so, how much of the total income pie is the middle-class getting?*

As of 2003, the middle-class family got 17.5% of all the incomes, after transfers and income taxes, generated by all families of two or more persons. According to our definition, the middle 20% of families received less than an equal share of the pie. This share compares to a 7.2% share for the poorest 20% of all families and a 39.4% share for the richest 20% of all families. (See Appendix A)

There is little variation by province. In 2003, the middle-class family in Newfoundland had access to 17.4% of the total family income pie in that province. The biggest piece (18%) of the pie was achieved by families in Nova Scotia and Saskatchewan.

**TABLE 4 Key income share indicators for  
“Middle 20% of all families” of 2 or more persons for Canada and Provinces**

(Shaded areas indicate periods when income shares fell, transfers shrank or income taxes increased)					
	% share			Percent change over selected periods	
	1990	2000	2003	Entire period	So far this decade
				2003 /1990	2003 /2000
% share of various income concepts, transfers and income taxes					
MARKET incomes (earnings, etc.)	17.9%	16.6%	16.6%	-1.5 pp	No change
Gov't transfers to families	17.8%	18.4%	19.8%	+2.0 pp	+1.4 pp
Total money incomes	17.8%	16.6%	16.7%	-1.1 pp	+0.1 pp
Income taxes	16.3%	13.9%	13.9%	-2.4 pp	No change
Income after income taxes	18.2%	17.4%	17.5%	-0.7 pp	+0.1 pp
% share of incomes, after transfer and income taxes, by province					
Newfoundland	18.1%	17.1%	17.4%	-1.1	+0.4
Prince Edward Island	18.1%	17.5%	17.6%	-0.5	+0.1
Nova Scotia	18.3%	18.0%	18.0%	-0.3	No change
New Brunswick	18.6%	17.7%	17.9%	-0.7	+0.2
Quebec	18.3%	17.6%	17.5%	-0.8	-0.1
Ontario	18.2%	17.3%	17.5%	-0.7	+0.2
Manitoba	18.7%	18.3%	17.9%	-0.8	-0.4
Saskatchewan	18.1%	18.1%	18.0%	-0.1	-0.1
Alberta	18.5%	17.4%	17.7%	-0.8	+0.3
British Columbia	18.6%	18.2%	17.6%	-1.0	-0.6

Source: People Patterns Consulting based on Statistics Canada, Income in Canada 2003

### *Selected characteristics of the middle-class*

Based on total income (before income taxes) data<sup>xii</sup>, approximately 12% of all couple middle-class families have the oldest partner being under the age of 35, about 27% are aged 35-44, about 31% are aged 45-54, about 19% are aged 55-64 and with the remaining 11% aged 65 and over.

The same data indicates that about one-third of all couple middle-class families have no children living at home, about one-quarter have one child, about 30% have two children, with the remaining couples having three or more children at home.

Table 5 provides insights based on all households (families and unattached individuals). A few characteristics are highlighted below.

- The average age of those in the middle-class is 48 years. This compares to an average age of 58 for the poorest 20% of households and 47 years for the richest 20% of households.
- Over two-thirds of middle-class households have a least one full-time wage earner, virtually all pay income taxes, about nine-out-of-ten contribute to insurance or pension plans and about three-quarters make gifts or charitable donations.
- About seven-out-of-ten middle-class households are homeowners with over half of these homeowners still carrying a mortgage.

- The middle-class household is more likely (10%) to live in a residence in need of major repair compared to both the poorest and the richest households.
- The majority of middle-class households has a computer and has access to the Internet at home.
- About nine-out-of-ten middle class households own at least one motor vehicle and half of all middle-class households moved during the previous six-year period.
- In 2003, the typical household spent \$700 more than they brought in.
- Check the table for other characteristics.

<b>TABLE 5 - SELECTED INDICATORS COMPARING "THE MIDDLE-CLASS" HOUSEHOLDS TO POOREST AND RICHEST HOUSEHOLDS, 2003</b>			
	Poorest 20% of households	Middle 20% of households	Richest 20% of households
Average age	58 years	48 years	47 years
% with at least one full-time earner	8%	69%	92%
% who pay income taxes	65%	99%	100%
% who make insurance and pension contributions	43%	91%	99%
% who give gifts or make contributions	55%	74%	89%
% who are homeowners	38%	69%	93%
% of homeowners who have a mortgage	22%	54%	64%
% who live in a single-family home	40%	68%	91%
% who live in a residence that is need of major repairs	9%	10%	7%
% who have a dwelling with 6 or more rooms	24%	55%	85%
% who have a dwelling with 2 or more bathrooms	13%	37%	70%
% who have a dishwasher	21%	54%	85%
% who have a microwave oven	83%	95%	99%
% who have central air conditioning	10%	20%	46%
% with a telephone	95%	100%	100%
% with a cellular telephone	27%	54%	80%
% with 2 or more colour TVs	31%	64%	83%
% with a home computer	37%	70%	92%
% with internet at home	27%	59%	87%
% with a motor vehicle	48%	91%	98%
% who moved during the last 6 years	53%	50%	42%
Estimated savings in 2003 (based on net money flow)	-\$3,300	-\$700	+\$14,700
Source: People Patterns Consulting based on Statistics Canada, <i>Spending Patterns in Canada</i> , 2003			

Thanks for reading this report. Pass it on to others.

For previous year's reports, please visit [www.vifamily.ca](http://www.vifamily.ca)  
We will be back next year.

<b>APPENDIX A - Average incomes of families and unattached individuals, low-income gap and share of incomes after transfers and income taxes</b>						
(Shaded areas indicate periods of deterioration)	Incomes in constant 2003\$			percent change over selected periods		
				Entire period 2003/1990	So far this decade 2003/2000	Latest year available 2003/2002
	1990	2000	2003			
All households	\$44,200	\$46,800	\$48,400	9.5	3.4	-0.8
All families of 2 persons or more	\$53,500	\$58,100	\$59,900	12.0	3.1	-0.8
Senior families of 2 persons or more (65 and over)						
Senior married couples	\$39,800	\$40,600	\$42,800	7.5	5.4	0.7
Other senior families	\$53,100	\$46,300	\$47,500	-10.5	2.6	-2.9
Non-senior families of 2 persons or more (under 65)						
Married couples without children	\$50,700	\$55,200	\$57,000	12.4	3.3	-3.2
One earner	\$43,100	\$44,700	\$45,700	6.0	2.2	-0.9
two earners	\$56,600	\$62,500	\$63,800	12.7	2.1	-4.9
Married couples with children	\$58,700	\$65,900	\$69,400	18.2	5.3	0.9
One earner	\$42,900	\$48,000	\$53,200	24.0	10.8	1.5
two earners	\$58,200	\$66,500	\$68,900	18.4	3.6	0.1
Female lone-parent	\$25,200	\$30,300	\$30,000	19.0	-1.0	1.0
Male lone-parent	\$37,700	\$43,400	\$45,000	19.4	3.7	5.1
All families of 2 persons or more by province						
Newfoundland	\$43,900	\$45,500	\$47,100	7.3	3.5	0.6
Prince Edward Island	\$45,500	\$47,500	\$49,300	8.4	3.8	-1.2
Nova Scotia	\$47,600	\$49,900	\$51,000	7.1	2.2	-2.1
New Brunswick	\$45,200	\$48,800	\$49,500	9.5	1.4	-0.6
Quebec	\$47,700	\$50,900	\$53,000	11.1	4.1	-0.9
Ontario	\$59,700	\$66,100	\$66,500	11.4	0.6	-0.9
Manitoba	\$49,400	\$51,500	\$54,400	10.1	5.6	-2.2
Saskatchewan	\$46,600	\$49,900	\$54,000	15.9	8.2	1.9
Alberta	\$55,000	\$61,900	\$64,900	18.0	4.8	0.0
British Columbia	\$54,600	\$54,800	\$58,200	6.6	6.2	-2.2
Unattached individuals (living alone or with someone who is not related)						
Total	\$23,500	\$23,600	\$25,600	8.9	8.5	1.2
Senior males (65 and over)	\$22,500	\$23,200	\$25,500	13.3	9.9	2.8
Senior females (65 and over)	\$19,700	\$20,700	\$22,000	11.7	6.3	-2.2
Non-senior males (under 65)	\$26,700	\$26,500	\$28,000	4.9	5.7	0.7
Non-senior females (under 65)	\$22,300	\$21,500	\$24,600	10.3	14.4	3.4
<b>Average low-income gap - dollars needed to reach low-income (poverty) cutoff</b>						
All families of 2 persons or more	\$7,300	\$7,300	\$7,000	-4.1	-4.1	-4.1
Unattached individuals	\$5,200	\$6,000	\$5,900	13.5	-1.7	1.7
<b>% share of incomes, after transfer and income taxes - all families of 2 persons or more by income groups (Change is in percentage points (pp))</b>						
Poorest 20% of families	7.5	6.9	7.2	-0.3	0.3	0.2
Lower-middle 20% of families	13.4	12.6	12.6	-0.8	0.0	0.1
Middle 20% of families	18.2	17.4	17.5	-0.7	0.1	0.2
Upper-middle 20% of families	23.8	23.3	23.3	-0.5	0.0	0.0
Richest 20% of families	37.1	39.8	39.4	2.3	-0.4	-0.5
Source: People Patterns Consulting based on Statistics Canada, <i>Income in Canada</i> , 2003						

APPENDIX B - Families and unattached individuals with low-incomes (poverty) after income taxes						
(Shaded areas indicate periods when low-income rates worsened)	% with low incomes			change in percentage points		
				Entire period	So far this decade	Latest year available
	1990	2000	2003	2003/1990	2003/2000	2003/2002
All households	15.9	16.8	15.4	-0.5	-1.4	-0.1
All families of 2 persons or more	9.1	9.0	8.4	-0.7	-0.6	-0.2
Senior families (65 and over)						
Senior married couples	2.4	1.2	1.7	-0.7	0.5	-0.2
Other senior families	3.1	10.1	6.2	3.1	-3.9	-0.7
Non-senior families (under 65)						
Married couples without children	6.9	6.9	6.5	-0.4	-0.4	-0.6
One earner	9.9	10.2	10.0	0.1	-0.2	-0.2
two earners	2.7	2.2	2.9	0.2	0.7	-0.1
Married couples with children	7.2	8.3	6.6	-0.6	-1.7	0.1
One earner	16.5	22.2	16.8	0.3	-5.4	0.8
two earners	4.4	4.1	3.6	-0.8	-0.5	-0.2
Female lone-parent	48.6	36.3	38.4	-10.2	2.1	-1.0
Male lone-parent	18.1	12.3	12.6	-5.5	0.3	0.4
All households by age of major income earner						
Under 25	48.1	48.2	48.1	0.0	-0.1	-0.6
25-34	15.8	17.7	15.6	-0.2	-2.1	1.0
35-44	12.6	13.1	13.1	0.5	0.0	1.0
45-54	10.0	13.3	12.2	2.2	-1.1	0.1
55-64	15.6	21.1	16.5	0.5	-4.6	-1.8
65 and over	14.5	11.5	9.8	-4.7	-1.7	-1.2
All persons by province						
Canada	11.8	12.5	11.5	-0.3	-1.0	-0.1
Newfoundland	13.1	13.2	11.9	-1.2	-1.3	0.5
Prince Edward Island	6.1	9.1	6.7	0.6	-2.4	-0.6
Nova Scotia	9.1	11.6	10.7	1.6	-0.9	0.8
New Brunswick	10.6	9.2	9.4	-1.2	0.2	-0.3
Quebec	14.8	14.8	12.2	-2.6	-2.6	-0.1
Ontario	9.2	10.8	10.3	1.1	-0.5	-0.4
Manitoba	14.6	13.4	12.4	-2.2	-1.0	0.2
Saskatchewan	13.2	10.9	9.5	-3.7	-1.4	0.9
Alberta	12.6	11.1	11.0	-1.6	-0.1	1.7
British Columbia	12.5	15.1	15.1	2.6	0.0	-0.9
Unattached individuals						
Total	31.3	32.9	29.4	-1.9	-3.5	-0.1
Senior males (65 and over)	20.6	17.6	14.7	-5.9	-2.9	-1.2
Senior females (65 and over)	30.5	21.6	18.9	-11.6	-2.7	-1.8
Non-senior males (under 65)	29.5	32.1	30.7	1.2	-1.4	1.7
Non-senior females (under 65)	36.8	44.3	37.5	0.7	-6.8	-1.5

Note: A 4-person family living in a city of 500,000 or more with less than \$31,277 (\$7,819 per person) and a 4-person rural family with less than \$20,460 (\$5,115 per person) annually is classified as being low income.

Source: People Patterns Consulting based on Statistics Canada, *Income in Canada*, 2003

*Endnotes and additional details on Sources*

---

<sup>i</sup> Bank of Canada, *Monetary Policy Report*, October 2005.

<sup>ii</sup> Pollara Inc, reported at  
[http://www.mytelus.com/money/news/article.do?pageID=ex\\_business/home&articleID=2134920](http://www.mytelus.com/money/news/article.do?pageID=ex_business/home&articleID=2134920)

<sup>iii</sup> People Patterns Consulting, *Canada Job Trends Update 2005 - National and Provincial Labour Markets*, March 2005 ([www.peoplepatternsconsulting.com](http://www.peoplepatternsconsulting.com))

<sup>iv</sup> Statistics Canada, Small Area and Administrative Data Division. (Note: This data is derived from Income Tax data and is available for free at the National and Provincial levels and on a fee basis for local neighbourhoods. Search the Statistics Canada *Daily* for the latest release and how to obtain additional data.)

<sup>v</sup> René Morissette and Garnett Picot, *Low-paid Work and Economically Vulnerable Families over the Last Two Decades*, Statistics Canada 11F0019 No. 248

<sup>vi</sup> Statistics Canada, *Spending Patterns in Canada, 2003* catalogue 62-202-XIE

<sup>vii</sup> Created by the author. The “annual debt rate” is the ratio of the increase in total debt by the personal sector divided by the personal disposable income of the personal sector in the same year. Conceptually, it is similar to the personal savings rate but it measures the annual additions of debt rather than the annual additions to personal savings.

<sup>viii</sup> CIBC World Markets, *Household Credit Analysis*, November 21, 2005

<sup>ix</sup> Henrietta Ross, The Ontario Association of Credit Counselling Services, in a presentation to the Standing Senate Committee on Banking, Trade and Commerce, Thursday February 3, 2005.

<sup>x</sup> Results of a Decima Survey commissioned by the Investors Group. Reported in the *Globe and Mail* July 23, 2005.

<sup>xi</sup> Richard Archambault and Dominic Laverdiere, *A Macroeconomic Model for Analysing and Forecasting Levels of Business and Consumer Insolvency in Canada*, Economic Information and Analysis, Office of the Superintendent of Bankruptcy, Industry Canada <http://strategis.ic.gc.ca/epic/internet/inbsf-osb.nsf/en/br01499e.html>

<sup>xii</sup> Estimated using data from Statistics Canada, Small Area and Administrative Division. Tables 04 and 05. (Note: See endnote iii for more details on this data.)

---

**Key Statistics Canada data sources used in the report**

- *Income in Canada 2003, 75-202-XIE.*
- *Income Trends in Canada 1980-2003, 13F0022XIE.*
- *Spending Patterns in Canada, 2003, 62-202-XIE*
- *National Income and Expenditure Accounts and National Balance Sheet Accounts*
- Various electronic sources and *Cansim* tables

**Note:** Household numbers for the years 1990 to 2003 are derived from Statistics Canada, *Income in Canada, 2003*. Household numbers for 2004 and 2005 are assumed to grow at the same percentage rate as in 2003.