

Fewer young kids, more seniors in low-income households: census ^[1]

2015 financial data show income inequality mostly flat over the preceding decade, as growth for top 1% slowed

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EXCERPTS

Canadians earned more in 2015 than they did in the previous 10 years, and fewer young children are living in low-income households, according to 2016 census data released by Statistics Canada on Wednesday.

The numbers also indicate most Canadian households are saving for their retirement, more couples are contributing equally to their earnings, and the rate of inequality has been largely flat over the last decade.

The median household income in Canada rose 10.8 per cent between 2005 and 2015, to \$70,336 from \$63,457, measured in 2015 dollars - representing a slightly higher rate of increase than between 1995 and 2005, when median incomes were up 9.2 per cent.

Nunavut and Saskatchewan experienced the fastest rates of growth, 36.7 and 36.5 per cent, respectively. Median income was the highest in the Northwest Territories, at \$117,688, while Alberta had the highest median household income at \$93,835.

Income grew most slowly in Quebec and Ontario, at 8.9 and 3.8 per cent, respectively, while New Brunswick had the lowest median household income at \$59,347.

But the 2015 figures - which matched census responses with tax filings with the Canada Revenue Agency for the first time - reveal the financial situation of Canadians before the steep drop in oil prices took its toll on the economy.

Accordingly, the Prairies, and Newfoundland and Labrador experienced the greatest rate of income growth in the country in 2015.

But the recent downturn, while having a "moderating influence on growth, should not reverse the long-term trends that have been recorded over the last 10 years," says Brian Murphy, special adviser in the income statistics division at Statistics Canada.

The growth in the Prairies as well as Newfoundland and Labrador was spurred by the resource sector, as well as related growth in the construction industry.

That contrasted with the hollowing out of manufacturing in Ontario and Quebec, which was behind the lower income growth levels in those two provinces. In Ontario, Windsor, for instance, suffered a 6.4 per cent decline in household incomes, while Oshawa, home to the province's auto industry, saw incomes grow by just 0.1 per cent.

Percentage of low-income households steady

The share of Canadians living in low-income households - defined as a household taking in less than half of the after-tax median income - increased slightly, to 14.2 per cent from 14 per cent in 2005.

But there was a decline in the number of young children (under six years old) living in these situations, dropping to 17.8 from 18.8 per cent. Instead, seniors were behind the growth in the share of Canadians living in low income households, largely due to the aging population, increasing to 14.5 per cent from 12 per cent.

Still, children were more likely to be living in a low-income household than adults, at 17 per cent to 13.4 per cent. The only province where that was not the case was Quebec, attributed to the greater benefits available to families in that province.

In all, some 1.2 million children are living in low-income households in Canada - and that is more likely to be the case in single-parent households. Just under two-fifths of single-parent households are low income, compared to 11.2 per cent of households with two parents.

The figures also pre-date the introduction of the Liberal government's enhanced monthly Canada Child Benefit, aimed at reducing the number of children living in low-income households.

Inequality flat, but 1% holding gains

According to Statistics Canada, individuals earning over \$234,130 annually make up the country's one per cent.

Their income has grown significantly over the years. In 1985, they earned \$158,148 in 2015 constant dollars. That has grown by about 48 per cent since then. By comparison, the incomes of Canadians in the 70th to 80th percentile, earning about \$53,000 to \$68,000, have grown by about 17 per cent over that time.

But the one per cent's growth has moderated over the last 10 years. Between 1995 and 2005, the income of the one per cent grew four times faster than that of the 70th to 80th percentile. Since 2005, however, the one per cent's income has grown by 14 per cent, just three points more quickly than the 70th to 80th percentile.

"The 1990s were behind the shift in inequality," says Murphy. "It hasn't really been growing since then and has been flat since 2008-09."

Statistics Canada will have a more detailed release on the wealthiest Canadians in the fall.

More couples earning equal amounts

But while inequality might be flat among Canadians as a whole, it is declining among couples.

Virtually all couples report income from both individuals, at about 96 per cent. That's up from roughly two-thirds in the 1970s.

More are also dividing those earnings more equally. In 32 per cent of couples, each member earned between 40 and 60 per cent of the total income. That was just 20.6 per cent in 1985. The increase can be attributed to a number of factors, including a narrowing gender wage gap, more participation in the workforce by women and increased government transfers.

Nevertheless, 50.7 per cent of men in a couple were the main breadwinners. Women were the primary income earners in only 17.3 per cent of couples. That disparity has become smaller, however. The number of couples involving a woman earning much more than a man has more than doubled since 1985.

The census figures also show that same-sex couples earned more than opposite-sex couples. Male same-sex couples earned \$100,707 combined, compared to \$92,857 in female same-sex couples, and \$87,688 in opposite-sex couples.

Most households investing in retirement

Just under two-thirds of households have contributed to either a Registered Pension Plan, a Registered Retirement Savings Plan (RRSP) or a Tax-Free Savings Account (TFSA). Over a third have contributed to more than one of these.

"The decision to make investments in your retirement are made in the household context," says Murphy. "We know that less than half of individuals contribute, but it is interesting to see how that breaks down when we look at how households are planning for their retirement."

Statistics Canada has been releasing results from the 2016 census throughout the year.

The next set of data, on immigration, ethnocultural diversity, housing and Indigenous peoples, is set for release in October.

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[income](#) ^[5]

[poverty](#) ^[6]

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