

Economic Security: Spending Patterns

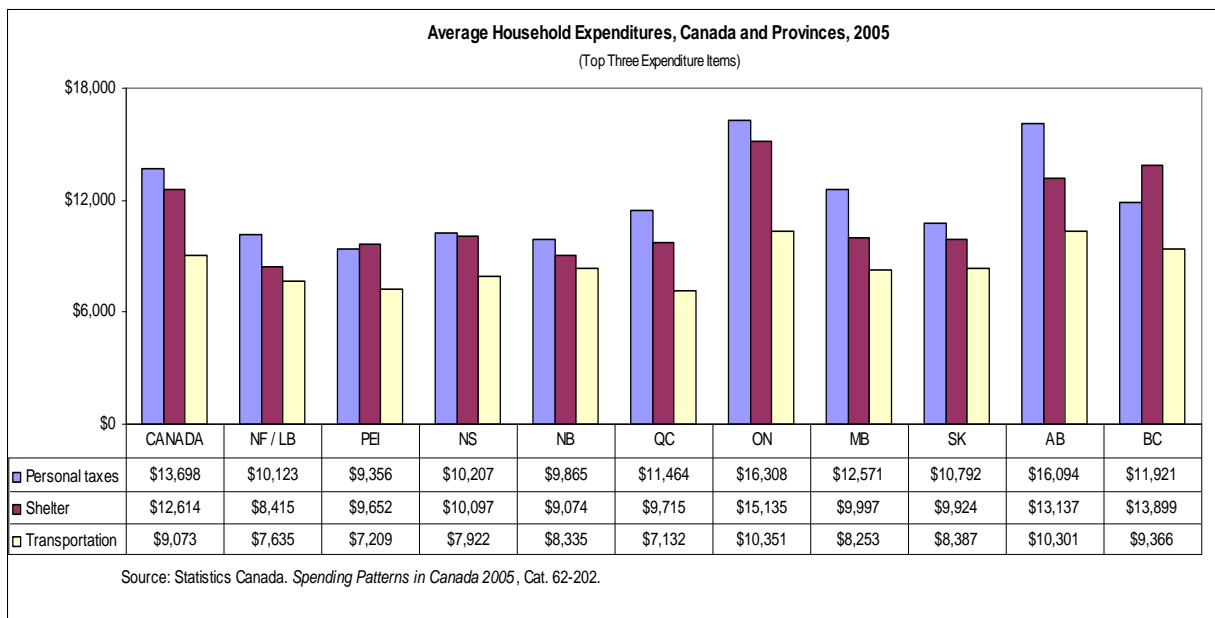
This economic security fact sheet analyzes spending patterns in Canada, examining the following aspects:

- Household expenditures
- Housing affordability
- Food security

Other economic security fact sheets examine incomes for different family types and levels of geography, as well as trends in poverty among different Canadian households and regions.

Household Expenditures

- In 2005, expenditures among Canadian households varied by the type of household. On average, Canadian households had annual expenditures totalling \$66,857, up 2.8% from the previous year after accounting for inflation. Expenditures were highest among couples with children (\$92,733).
- Personal taxes, shelter and transportation costs were the top three expenditures in 2005. This was true across all households except for female-led lone-parent households. In those households, the top expenditures were for shelter, food and transportation, which accounted for nearly half their total expenditures. Shelter costs alone constituted 21.3% of total household costs.
- Across Canada, household expenditures did not vary significantly. In most provinces, the top three household expenditures were personal taxes, shelter and transportation. In British Columbia and Prince Edward Island, however, shelter costs topped the expenditures, accounting for 20.4% of total costs in British Columbia and 18.2% in Prince Edward Island.



Distribution of Average Household Expenditures, by Province, 2005										
	NF/LB	PEI	NS	NB	QC	ON	MB	SK	AB	BC
Food	11.9%	11.8%	11.4%	11.4%	12.5%	9.8%	10.6%	10.1%	9.8%	11.0%
Shelter	16.0%	18.2%	18.0%	16.9%	17.6%	19.9%	16.6%	17.2%	17.4%	20.4%
Household operations	5.2%	5.4%	5.5%	5.5%	4.4%	4.5%	4.7%	5.0%	4.7%	4.7%
Household furnishings and equipment	3.4%	3.1%	2.9%	3.0%	2.9%	2.8%	2.8%	3.1%	3.2%	2.3%
Clothing	4.4%	3.9%	3.7%	3.8%	4.0%	3.9%	3.6%	3.9%	3.8%	3.8%
Transportation	14.5%	13.6%	14.1%	15.5%	12.9%	13.6%	13.7%	14.5%	13.7%	13.7%
Health care	2.9%	3.4%	3.0%	3.3%	3.4%	2.1%	2.6%	3.0%	2.8%	3.2%
Personal care	1.9%	1.8%	1.7%	1.7%	1.8%	1.5%	1.6%	1.7%	1.6%	1.6%
Recreation	6.2%	5.3%	5.7%	6.1%	5.8%	5.4%	6.4%	6.9%	6.8%	6.2%
Reading materials, other printed matter	0.4%	0.5%	0.5%	0.4%	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%
Education	1.6%	1.9%	1.8%	1.4%	1.2%	2.1%	1.6%	1.5%	1.8%	2.1%
Tobacco products/alcoholic beverages	2.5%	2.7%	2.6%	2.5%	2.5%	1.7%	2.2%	2.3%	2.3%	2.5%
Games of chance (net)	0.5%	0.5%	0.6%	0.4%	0.4%	0.4%	0.6%	0.4%	0.4%	0.4%
Miscellaneous expenditures	1.1%	1.3%	1.6%	1.3%	1.5%	1.4%	1.6%	1.6%	1.5%	1.7%
Personal taxes	19.2%	17.7%	18.2%	18.4%	20.7%	21.5%	20.9%	18.7%	21.4%	17.5%
Personal insurance/pension contributions	5.9%	6.3%	6.0%	6.2%	6.6%	5.8%	6.3%	6.5%	5.4%	5.1%
Gifts of money and contributions	2.2%	2.7%	2.6%	2.2%	1.5%	3.0%	3.7%	3.2%	2.9%	2.7%
Total expenditures	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.3%

Source: Statistics Canada. *Spending Patterns in Canada 2005*, Cat. 62-202.

Expenditures, by Type of Household, 2005

Average Expenditures (\$)	Canada	Couple with Children	Female Lone-parent	Single person	Senior couple, both aged 65+	Home owner	Renter
Food	\$7,135	\$9,630	\$6,517	\$3,940	\$6,226	\$7,985	\$6,465
Shelter	\$12,614	\$16,604	\$10,180	\$8,577	\$8,757	\$14,177	\$9,656
Household operations	\$3,091	\$4,420	\$2,918	\$1,695	\$2,230	\$3,572	\$2,976
Household furnishings & equipment	\$1,969	\$2,707	\$1,246	\$1,026	\$1,251	\$2,330	\$1,808
Clothing	\$2,588	\$3,759	\$2,371	\$1,185	\$1,599	\$3,004	\$2,031
Transportation	\$9,073	\$12,803	\$6,364	\$4,229	\$6,526	\$10,834	\$8,900
Health care	\$1,799	\$2,069	\$1,364	\$1,059	\$2,633	\$2,128	\$1,898
Personal care	\$1,094	\$1,509	\$1,048	\$579	\$830	\$1,232	\$895
Recreation	\$3,918	\$5,745	\$2,821	\$1,813	\$2,364	\$4,765	\$4,127
Reading materials & other printed matter	\$284	\$325	\$196	\$201	\$305	\$327	\$244
Education	\$1,219	\$2,417	\$1,587	\$331	\$153	\$1,423	\$617
Tobacco & alcohol products	\$1,422	\$1,495	\$1,164	\$1,033	\$818	\$1,432	\$1,484
Games of chance (net)	\$278	\$225	\$122	\$231	\$407	\$301	\$258
Miscellaneous expenditures	\$1,001	\$1,185	\$809	\$588	\$892	\$1,182	\$839
Personal taxes	\$13,698	\$20,696	\$5,836	\$6,389	\$7,219	\$17,325	\$9,019
Personal insurance payments & pension contributions	\$3,921	\$5,869	\$2,388	\$1,706	\$968	\$4,730	\$3,386
Gifts of money & contributions	\$1,753	\$1,276	\$968	\$1,485	\$4,429	\$2,141	\$1,529
TOTAL expenditures	\$66,857	\$92,733	\$47,898	\$36,067	\$47,609	\$78,888	\$56,135

Distribution of Expenditures (%)	Canada	Couple with Children	Female Lone-parent	Single person	Senior couple, both aged 65+	Home owner	Renter
Food	10.7%	10.4%	13.6%	10.9%	13.1%	10.1%	11.5%
Shelter	18.9%	17.9%	21.3%	23.8%	18.4%	18.0%	17.2%
Household operations	4.6%	4.8%	6.1%	4.7%	4.7%	4.5%	5.3%
Household furnishings & equipment	2.9%	2.9%	2.6%	2.8%	2.6%	3.0%	3.2%
Clothing	3.9%	4.1%	5.0%	3.3%	3.4%	3.8%	3.6%
Transportation	13.6%	13.8%	13.3%	11.7%	13.7%	13.7%	15.9%
Health care	2.7%	2.2%	2.8%	2.9%	5.5%	2.7%	3.4%
Personal care	1.6%	1.6%	2.2%	1.6%	1.7%	1.6%	1.6%
Recreation	5.9%	6.2%	5.9%	5.0%	5.0%	6.0%	7.4%
Reading materials & other printed matter	0.4%	0.4%	0.4%	0.6%	0.6%	0.4%	0.4%
Education	1.8%	2.6%	3.3%	0.9%	0.3%	1.8%	1.1%
Tobacco & alcohol products	2.1%	1.6%	2.4%	2.9%	1.7%	1.8%	2.6%
Games of chance (net)	0.4%	0.2%	0.3%	0.6%	0.9%	0.4%	0.5%
Miscellaneous expenditures	1.5%	1.3%	1.7%	1.6%	1.9%	1.5%	1.5%
Personal taxes	20.5%	22.3%	12.2%	17.7%	15.2%	22.0%	16.1%
Personal insurance payments & pension contributions	5.9%	6.3%	5.0%	4.7%	2.0%	6.0%	6.0%
Gifts of money & contributions	2.6%	1.4%	2.0%	4.1%	9.3%	2.7%	2.7%
TOTAL expenditures	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Statistics Canada. *Spending Patterns in Canada 2005*, Cat. 62-202.

Housing Affordability

Traditionally, the concept of housing affordability has been calculated as a ratio of housing costs to total household income. A household that pays 30% or more of its pre-tax income on housing is considered to have affordability problems. In this section, we examine the issue of housing affordability using Census data and information from the Royal Bank of Canada's housing affordability index.

- According to data from the 2001 Census, 24% of Canadian households spent more than 30% of their household income on housing costs.
- Across Canada, British Columbia had the highest percentage of households spending more than 30% of their income on housing costs (28.6%). Manitoba had the lowest proportion (19.4%), although several Atlantic Provinces reported similar rates.

Housing Affordability, Canada and Provinces, 2001		
	Proportion spending less than 30% of income on housing costs	Proportion spending 30% or more of income on housing costs
All Households		
Canada	75.9%	24.1%
Newfoundland and Labrador	80.5%	19.5%
Prince Edward Island	80.1%	19.9%
Nova Scotia	77.1%	22.9%
New Brunswick	80.5%	19.5%
Quebec	76.7%	23.3%
Ontario	74.7%	25.3%
Manitoba	80.6%	19.4%
Saskatchewan	80.4%	19.6%
Alberta	78.4%	21.6%
British Columbia	71.4%	28.6%

Source: Statistics Canada. 2001 Census.

RBC Affordability Index

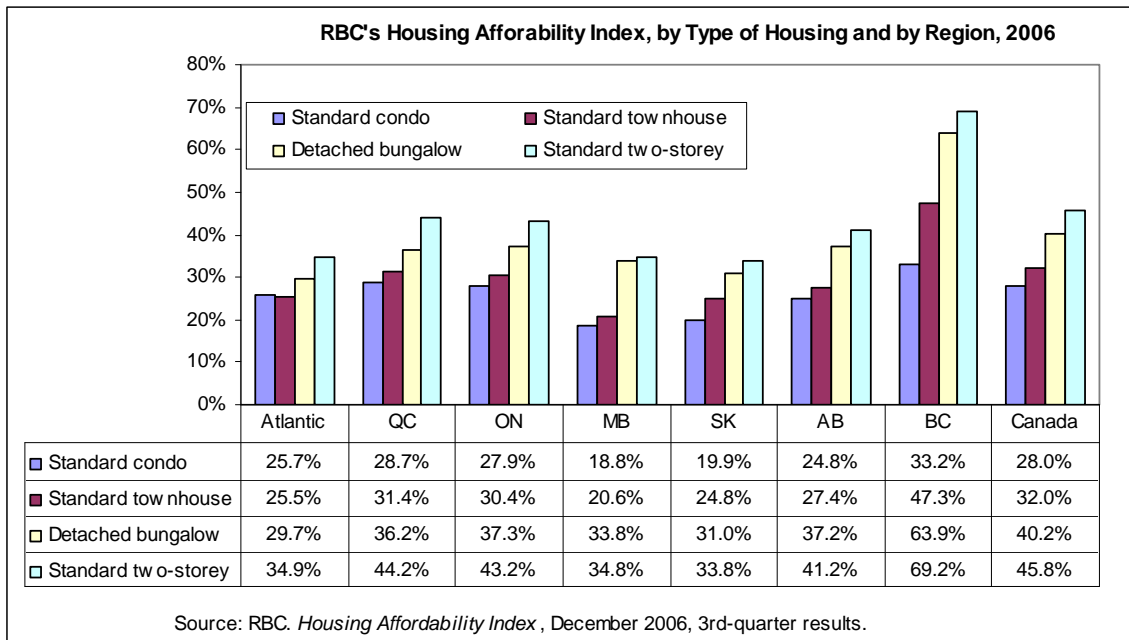
The Affordability Index developed by the Royal Bank of Canada measures the proportion of pre-tax household income needed to service the costs of owning a home. The Index, which RBC has compiled since 1985, is based on the costs of owning a detached bungalow, a reasonable property benchmark for the housing market. Alternative housing types are also presented, including a standard two-storey home, a standard townhouse, and a standard condo. An Affordability Index of 50%, for example, indicates that the costs of home ownership, including mortgage payments, utilities and property taxes, take up 50% of a typical household's monthly pre-tax income.

- According to RBC, the most affordable class of housing in Canada in 2006 was the standard condo, with an affordability index of 28%. A standard townhouse had an affordability index of 32%, and for a detached bungalow, 40.2%. The standard two-storey home remained the least affordable housing type, with an affordability index of 45.8%.
- Affordability index rates for detached bungalows were highest in British Columbia (63.9%) and lowest in Atlantic Canada (29.7%). For two-storey homes – among the most expensive housing options – the affordability index was again highest in British Columbia (69.2%) and lowest in Saskatchewan (33.8%).

- Across Canadian cities, the affordability index for a detached bungalow was highest in Vancouver (70.1%), followed by Toronto (43.8%), Calgary (40.9%), Edmonton (33.4%), Montreal (36%), and Ottawa (30.8%).

	Standard condo	Standard townhouse	Detached bungalow	Standard two-storey
Montreal	29.8%	31.9%	36.0%	46.1%
Ottawa	21.8%	25.7%	30.8%	36.3%
Toronto	29.5%	33.7%	43.8%	50.4%
Calgary	25.6%	30.7%	40.9%	42.5%
Vancouver	35.2%	51.1%	70.1%	75.0%

Source: Royal Bank of Canada. *Housing Affordability Index*, December 2006, 3rd-quarter results.

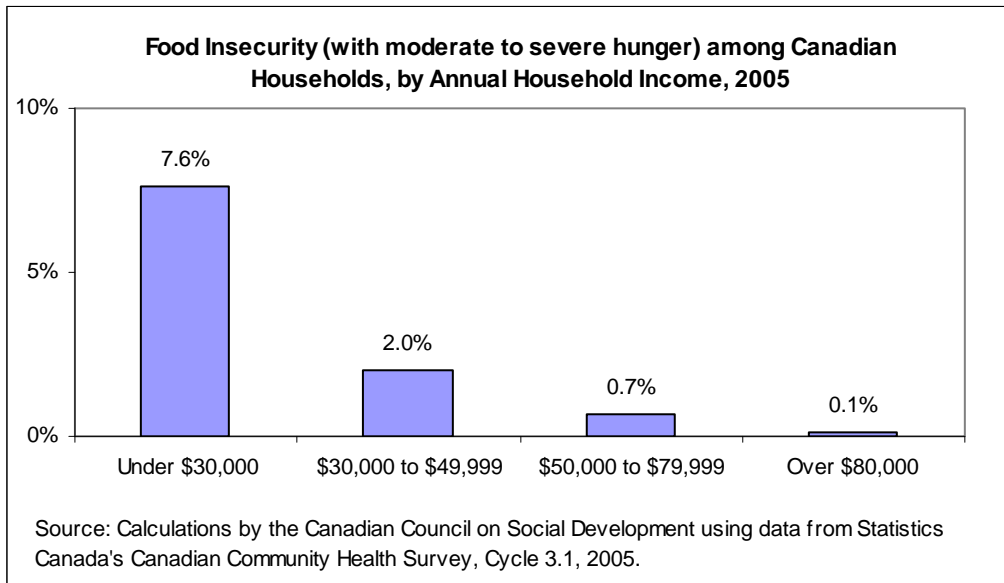


Food Security

The Canadian Community Health Survey tracks food security over time. A series of questions are used to determine whether households were able to afford the food they needed over the previous 12 months. Questions on food security apply to all members of the household, not just the survey respondent. A household is considered to be “food insecure” if any one member was unable to purchase the food they needed.

- In 2005, 95% of Canadian households reported that they were food secure, 3.3% were food insecure without hunger, and 1.8% were food insecure and experienced moderate to severe levels of hunger. Levels of food insecurity with hunger were highest in the Atlantic Provinces (2.9%) and lowest in Quebec and the Prairies (1.7%).

- Not surprisingly, households with incomes below \$30,000 per year had much higher levels of food insecurity with hunger than higher income households – 7.6% of the lower income households said they were food insecure and lived with moderate to severe hunger. Predictably, the rate of food insecurity decreased as household income rose.



- In 2005, 2.8% of Canadian households with children reported that the children often did not have enough to eat because the household could not afford enough food; another 11.1% said this was sometimes true, and 86% reported that this was not the case in their household.

The **Canadian Council on Social Development** (CCSD) is Canada's oldest non-profit research group. The Council works with partners and our membership base across the country to measure, monitor and report on issues of social and economic security and well-being. A national, membership-based organization, the CCSD facilitates forums that encourage innovative and pro-active sharing, discussion and debate.

This and other fact sheets are available for download free of charge on our **Stats & Facts** subsite at www.ccsd.ca/factsheets/.