

## How Canadians Spend Their Money

The popularity of personal finance columns, magazines, and television shows dealing with how Canadians make and spend their money reveals an enduring human fascination with how everyone else is doing – about how you “measure up” by comparison.

While anecdotal evidence of Canadians’ spending habits is interesting, Statistics Canada has gathered the actual numbers. When those numbers were tallied and analyzed, they showed that Canadian households, across all expenditure brackets and all provinces and territories, spent an average of \$71,364 in 2008. It won’t surprise anyone to learn that, on average, the single largest expenditure for a Canadian household was for personal taxes – an average of just under \$15,000, or about 21% of all expenses. The cost of shelter – whether in the form of rent or mortgage payments – ran a close second, at just over \$14,000, or just under 20%. The cost of transportation was the third-largest expense for the average Canadian household, at just under \$10,000. That amount breaks down, on average, to almost \$9,000 on private transportation and just over \$1,000 on public transit. The cost of food for the average household stood at almost \$7,500 for the year, and all other categories of expenditures came in, on average, at less than \$5,000 for the year.

Averages can, of course, be misleading, and an examination of expenditure patterns by income level discloses some very different allocations of household resources. For purposes of their analysis, StatsCan divided the population into five income brackets, or quintiles. Those in the lowest quintile, whose total expenditure for the year was just under \$23,000, used nearly 60% of that total expenditure to pay for food, shelter, and transportation. By contrast, households in the highest quintile, which spent just over \$146,000 during the year, used about 37% of that amount to pay for such necessities. However, owing to the progressive nature of our tax system, for those in the highest income quintile, personal taxes amounted to almost 30% of their costs for the year, compared to 2.8% for those in the lowest quintile.

A more detailed analysis of StatsCan’s figures discloses some interesting quirks in the spending habits of Canadians. For instance, the difficulties currently being experienced by publishers of print media might be explained at least in part by the fact that Canadian households spent, on average, just \$250 on reading materials and “other printed matter” during the year – \$10 less than they spent on lottery tickets and other “games of chance”.

Whatever one may think of the way in which Canadians allocate their resources and the choices they make, we do seem to be a consistent lot. As part of the study, StatsCan provided equivalent numbers for the 2004 through 2007 years. Overall expenditures have risen, of course, from an average of \$62,464 in 2004 to \$71,364 in 2008, but the pattern of expenditures hasn’t changed much at all. For 2004, as in 2008, personal taxes, food, shelter, and transportation consumed the largest percentage of household expenditures. Despite the fact that the expenditure figures had increased in all categories, for both 2004 and 2008 such costs amounted, on average, to about 64% of total household expenditures.

The StatsCan analysis, which also includes breakdowns of household expenditures by province and household type, is available free of charge on the Agency’s Web site at <http://www.statcan.gc.ca/pub/62-202-x/62-202-x2007000-eng.pdf>.