Income Distributions by Size in Canada

Preliminary data indicate that average family income in Canada in 1982 was $32,435; after adjustment for inflation, this represents a decline of 4% from 1981 (although final estimates are expected to show a slightly smaller decline). This marks the first time that inflation-adjusted average income has declined for two consecutive years since the early 1970s when the Survey of Consumer Finances became annual.

Average family income in 1982 by province was as follows:

- Alberta, $37,645
- British Columbia, $35,293
- Ontario, $34,021
- New Brunswick, $25,880
- Prince Edward Island, $25,134
- Nunavut, $24,765
- Nova Scotia, $26,789
- Quebec, $29,555
- Saskatchewan, $31,730
- Newfoundland, $26,789
- Manitoba, $30,447
- Yukon, $31,730
- Northwest Territories, $29,555
- Alberta, $37,645
- British Columbia, $35,293
- Ontario, $34,021
- New Brunswick, $25,860
- Prince Edward Island, $25,134

None of the provinces experienced an increase in average family income in 1982.

(continued on next page)

Unemployment Insurance

Benefits paid to unemployment insurance claimants in July 1983 amounted to $679 million, down 14% from the June total but 11% more than the $611 million disbursed in July 1982. For the January-July 1983 period, payments totalled $6.53 billion, up 39% from the first seven months of 1982.

Persons applying for unemployment insurance benefits filed 257,000 claims in July, up 6% from the previous month (the number of claims generally increases from June to July). However, claims in July were 21% less than the July 1982 total of 326,000. For the first seven months of 1983, claims declined by 11% to 1,881,000 from 2,117,000 in the 1982 period.

The preliminary count of persons receiving benefits for the week ended July 16 was 1,074 million, down 5% from June but 3% more than the 1,038 million beneficiaries recorded in July 1982.

For further information, order the July-September 1983 issue of Statistical Report on the Operation of the Unemployment Insurance Act (73-001. $6.35/$25.40), or contact George Fincham (613-995-8445), Labour Division, Statistics Canada, Ottawa K1A 0S1.
...Income Distributions

increase in 1982 in inflation-adjusted family income. Average incomes of elderly families (heads 65 years of age and over), at $23,753 in 1982, kept pace with inflation. These families are, for the most part, no longer in the labour force and therefore were less affected by high unemployment and lower wage increases.

But incomes of younger families (heads under 25 years of age) did not keep pace with inflation in 1982. At $20,861, their average income dropped 12% on an inflation-adjusted basis.

Families headed by females (mostly single-parent families) fared much worse than those headed by males (mostly husband-wife families), at $17,923. Their inflation-adjusted average income dropped 11%, while the $34,230 average income of families headed by males represented a decrease of 3%.

Statistics on low income indicate that there was a significant increase in the incidence of low income for families between 1981 and 1982:

- The percentage of families whose incomes were below the low income cut-offs was estimated at 13.9% in 1982, up from 12.0% in 1981.
- The increase in low income incidence was largest among families (heads under 25 years of age) — to 29.7% from 22.7%. However, for elderly families, there was no increase in the incidence, with 11.7% having incomes below the low income cut-offs.
- The incidence of low income in 1982 for families headed by females moved up to 45.4% from 38.1% in 1981.
- The percentage of unattached individuals with incomes below the low income cut-offs in 1982 was 38.2%, virtually unchanged from 1981.
- Among the elderly unattached, the incidence of low income was little changed compared to 1981, but at 57.7% remained the highest of any age group.

For further information, order Income Distributions by Size in Canada, Preliminary Estimates, 1982 (13-206, Canada, $4.75), or contact the Data Dissemination Unit (613-996-5294), Consumer Offs was estimated at 13.9% in 1982, up 3.6% over the 1981 period.

...Inflation-Adjusted Average Income

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For further information, order Income Distributions by Size in Canada, Preliminary Estimates, 1982 (13-206, Canada, $4.75), or contact the Data Dissemination Unit (613-996-5294), Consumer Income and Expenditure Division, Statistics Canada, Ottawa K1A 0T6.

...Telecommunications Statistics

Telegloba Canada and CNCP Telecommunications reported revenues of $127.1 million in the second quarter of 1983, up 7.6% from the second quarter of 1982. Operating expenses increased 14.8% over the same period to $93.3 million. Net operating revenue at $33.8 million was down from $36.8 million in the second quarter of 1982.

For further information, order the Communications Service Bulletin, Telecommunications Statistics, Second Quarter 1983 (56-001, $1.55/$15.50), or contact J.R. Stafly (613-996-9271), Transportation and Communications Division, Statistics Canada, Ottawa K1A 0V1.

...Electric Power Statistics

Net generation of electricity in Canada increased by 10.5% in June 1983 to 29,066 gigawatt-hours, up from 26,314 a year earlier. Exports of electric power climbed 61.9% to 2,996 GW h from 1,850 while imports declined by 42.1% to 338 GW h from 584. For the first six months of 1983, net generation of electricity totalled 195,256 GW h, up 0.08% from the January-June 1982 level of 195,105. Exports of electricity were up 22.4% to 17,975 GW h from 14,687 and imports increased by 6.0% to 1,980 GW h from 1,867.

For further information, order the June 1983 issue of Electric Power Statistics (57-001, $2.65/$26.50).

...Energy Statistics

Preliminary figures for July 1983 show that Canadian production of crude oil and equivalent hydrocarbons rose to 7.405 million barrels, up 10% from the level recorded during July 1982. Exports, which posted a 43% increase during the first six months of 1983, reached 1,449 ML in July (+18%). Imports, which dropped by 50% in the first six months of 1983, fell by 20% in July to 1,587 ML. Cumulative figures for 1983 to date show that exports have surpassed imports by 2,245 ML.

In July 1983, both production and exports of natural gas followed the downward trends posted since the beginning of the year. Production decreased by 7% in July and was down by 8% for the first seven months of 1983. Exports dropped by 20% in July and by 11% during the January-July 1983 period.

For further information, contact Richard Godin or Mike Valiquette (613-996-3139).

...Financial Statistics/Education

Spending on education in Canada rose by 11.7% from the preceding year to $22.6 billion in 1980-81. These expenditures accounted for 7.7% of the Gross National Product — the same percentage as in the previous year — and represented an amount of $1.963 ($1.807 in 1979-80) for each member of the labour force.

The three levels of government in Canada financed 92.4% of the total education budget in 1980-81, while tuition fees supplied 3.9% and other sources 3.7%.

A breakdown of total education spending in 1980-81 by level was as follows: elementary and secondary, 66.5%; college, 8.1%; university, 19.6% and vocational training, 5.8%.

In 1980, school board expenditures amounted to $12.4 billion, an increase of 10.6% over the previous year's figure. Of the total amount, $7.4 billion (about 60%) went to teachers' salaries. Spending per pupil in current dollars rose to $2,781 in 1980 from $2,460 in 1979, a 13% increase.

At the postsecondary level, university spending was $4 billion in 1980-81, up 13.3% over 1979-80, while college spending increased by 16% to $2.4 billion, or 14% more than in 1979-80. As well, various scholarships and student aid programs required some $155 million from the federal government and $283 million from the provinces.

University operating expenditures were mainly designated for instruction (57%), sponsored research (13%), physical plant (11%) and administration (7%). From another point of view, 76% of the university operating budget went to employee salaries and fringe benefits; 41% for academic staff, 28% for other occupational groups and 6.9% to fringe benefits.

For more detailed information, order the publication Financial Statistics of Education, 1980-81 (catalogue 81-208, $8.45), or contact François Gendron (613-995-9813).
Current Economic Analysis

The recovery of the Canadian economy accelerated slightly in the second quarter of 1983, as the growth of domestic output rose from 1.5% in the first quarter to 1.9% in the second. The upturn of the economy in the first two quarters has exceeded the expectations of most analysts, as it was widely believed that the high level of real interest rates early in the recovery would lead to a weaker-than-normal upturn coming out of recession. Instead, the first-half year of recovery in output has been about average for the post-war era. What has been unusual about the recovery is the sectoral contribution to aggregate demand. In particular, the recovery has been driven more by external demand — relative to household demand — than has been typical in the past, reflecting the weakening of real disposable incomes in Canada and improved international competitiveness as domestic inflation has slowed noticeably.

The slowing of household demand was also evident in the regional distribution of economic activity entering the third quarter. Whereas the growth of employment during the second quarter was fairly evenly distributed, employment between June and August declined in Quebec and British Columbia compared to increases in other regions, notably Ontario. The weakness in Quebec originated in public administration and in manufacturing (reflecting the orientation of manufacturing in this province to industries such as clothing, textiles, and furniture), while the decline in B.C. was most evident in construction, services, and public administration. The drop in employment in these two provinces coincides with the weakness of nominal retail sales in Quebec and B.C. compared to the national average in June and July. Employment and retail sales accelerated in Ontario, reflecting the temporary removal of the sales tax on furniture and appliances and the greater orientation of manufacturing in this province to industries where demand has increased recently, such as machinery and transportation equipment. Employment conditions also have improved steadily in the Atlantic provinces, while an upturn in Alberta accounts for most of the recent improvement in the Prairies provinces.

The economy appears to be entering a slower phase in the second half of the year, as the leading indicators for household and external demand have slowed and as employment growth has moderated entering the third quarter. The economy remains on an upward growth path, however, effected largely by the external sector, with business investment in machinery and equipment and consumer spending also contributing to growth. The prospect of a moderation of output growth, and continuing emphasis by firms on raising output per employee, does imply an ongoing high rate of unemployment for the near-term future.

- Real domestic product accelerated to a 1.5% gain in June, driven by higher construction, trade, and manufacturing output. Revised data confirm December 1982 as the trough of the recession which began in July 1981. Output declined by a cumulative 7.6% in the recession, and has recovered 4.8% in the first six months of 1983.
- Personal disposable incomes relative to the implicit price index for personal expenditure declined by 5.8% at annual rates in the first half of the year, compared to the average increase of 6.6% in the first two quarters of recovery in the post-war era. The decline in real disposable incomes is the product of a number of factors, notably the weak recovery of labour income and increased taxes. The increase in taxes is partly technical, as there were delays in the issuance of tax refunds in the second quarter, although most levels of government also have raised direct tax collections to help reduce budgetary deficits.
- Negotiated wage settlements continued to decelerate in the second quarter, as the average annual increase in base rates rose only 3.7%, the smallest gain in over a decade. Contracts negotiated with a cost-of-living index factor provided no increase in base rates for the second consecutive quarter. Contracts without a COLA clause provided for increases of 5.9%, the lowest increase since the beginning of published data in 1967.
- Retail sales jumped by 4.2% in volume in June, raising the quarterly gain to 1.3%. Much of the upward momentum of retail sales appears to have dissipated in July and August, aside from furniture and appliance sales in Ontario where consumers accelerated purchases to take advantage of a temporary removal of the sales tax. By the end of the second quarter many retailers curtailed orders placed with manufacturers.
- The indicators of housing activity continued to sag due to the short-term effect of the end of the CHOSP stimulus. Housing starts declined by 27.0% in July after a similar drop in June, with 87% of the reduction occurring in Ontario and the Prairie provinces.
- The manufacturing sector slowed down in June, as new orders declined 0.2% in volume, and shipments slowed to a 1.1% gain. The easing originated largely in a number of industry-oriented household and export demand, notably clothing, house-building materials and transportation equipment. A strong pickup in machinery investment and an upturn in refined petroleum activity partly offset this sluggishness. Inventories declined by $73 million in real terms, reducing the ratio of stocks to shipments to 1.89, the lowest level in two years.
- A slowing of external demand was evident in the short-term trend for exports, which eased to a 1.25% gain due to lower shipments of motor vehicles and parts to the United States. Import growth decelerated to 1.34% despite the inclusion of July data.
- Labour market conditions remained weak, as employment posted a marginal (+0.1%) gain in August, and the labour force declined marginally due to lower youth participation, leaving the unemployment rate at 11.8%. This is down only slightly from 12.8% at the trough of the recession in December 1982, despite the substantial gain in output in the current recovery.
- The industry selling price index and the consumer price index both rose by an unadjusted 0.4% in June. Despite a short-term supply shortfall for some of the food and energy components, the underlying course of inflation remains moderate, particularly as wage settlements decelerated further and as import costs have trended downwards in 1983.

For further information, order the April-June 1983 issue of Capacity Utilization Rates in Canadian Manufacturing (31-009-ES), Construction Division, Statistics Canada, Ottawa K1A 0T6.
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