



The Daily

Statistics Canada

Monday, May 12, 1997

For release at 8:30 a.m.

MAJOR RELEASES

- **Family income after tax, 1995**

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 - **New Housing Price Index, March 1997**

The New Housing Price Index was up 0.2% in March compared with the same period a year earlier. This was the first time since June 1994 that the annual change has been positive.

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MAJOR RELEASES

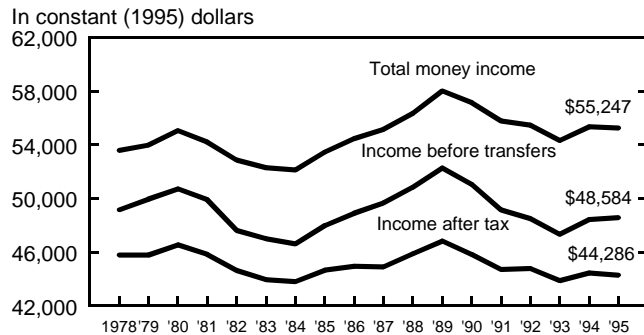
Family income after tax

1995

Family after-tax income was essentially unchanged in 1995 from 1994, after adjusting for inflation (as measured by changes in the Consumer Price Index). This followed a modest increase in 1994 that ended a four year declining trend.

Average after-tax family income in 1995, based on estimates derived from the annual Survey of Consumer Finances, was \$44,286, about 5% less than in 1989, the peak year for income.

Average total money income, income before transfers and income after tax for families



Family income after tax stalled in 1995 due to offsetting movements. Income, excluding government transfer payments, was up marginally from the 1994 level while transfer payments were down. Since income taxes were basically the same, the net result was that average family income after tax was essentially unchanged.

Transfers and taxes reduce income inequality among income classes, family types

The combination of personal income taxes and government transfer payments narrows the after-tax income gap between those at the top and those at the bottom of the income scale. Before taxes and transfers, the families in the highest quintile (the 20% of families with highest incomes) had \$21 for every \$1 received by those in the bottom quintile. After taxes and transfers, the gap was \$5 for every \$1.

Note to readers

Low income data and cut-offs on an after-tax basis for 1995 were also released today in Low income after tax (13-592-XPB, \$30). This report contains estimates based on two alternate measures to the traditional "low income cut-off" (LICO).

After-tax income is calculated by adding government transfer payments (such as Old Age Security, Canada/Quebec Pension Plan benefits, Child Tax Benefits, Social Assistance and Employment Insurance benefits) to income before transfers (mainly from work and investment) and then by subtracting income taxes paid. The "clawback" of Employment Insurance and Old Age Security benefits is treated as an increase in taxes rather than a reduction in transfers.

Transfer payments and personal taxes are two important mechanisms by which income redistribution occurs, but the income redistribution effects described in this report do not reflect the entire government expenditure/revenue process. For example, health and education expenditures, and sales tax revenues are excluded. Transfers are 24% of total expenditures and personal income taxes 34% of total revenues of governments. Because the survey data refer only to family income, users are cautioned against drawing conclusions about "net benefits" of taxes and transfers based on the data presented in this report.

Dollar amounts and percentages in this report are calculated by using averages and constant (1995) dollars. Other measures, such as medians, are also available for analysis.

These estimates were prepared from data collected by the Survey of Consumer Finances, a supplement to the April 1996 Labour Force Survey (approximately 38,000 households). The sample excludes the institutional population and households in the Yukon and Northwest Territories and on Indian reserves.

Families in the lowest quintile saw their average income rise to \$17,058 after taxes and transfers from \$5,182 before transfers. The highest income families, on the other hand, saw their average incomes fall to \$82,646 after taxes from a pre-tax, pre-transfer average of \$108,309.

Differences in average family size affect comparisons among quintiles. Families in upper income quintiles are larger, on average, than those in the lower quintiles. While families in the top quintile had \$5 in after-tax income for each \$1 received by those in the bottom quintile, this was reduced to \$3.50 to \$1 on a per capita basis.

The 1995 income disparity among family types was also reduced by transfers and income taxes. On a pre-transfer basis, two-parent families with two earners received an average of \$25 for each \$1 received by female lone-parent families with no earnings. This was reduced to \$3 for each \$1 on an after-tax basis. Two-

parent families had relatively high pre-transfer income, but received comparatively low transfers and paid relatively high taxes.

Average income and tax paid by family type 1995

	Average income before transfers	Plus average transfer payments	Minus average income tax	Equals average income after tax
Elderly couples	21,337	17,524	5,317	33,544
Non-elderly couples	52,328	3,318	12,001	43,645
Two-parent families	57,541	4,542	13,209	48,874
One earner	37,963	6,285	8,674	35,574
Two earners	60,874	3,671	14,250	50,296
Female lone-parent families	17,346	7,740	2,798	22,288
Total families	48,584	6,663	10,961	44,286
Elderly unattached	8,583	11,422	2,295	17,711
Non-elderly unattached	23,228	2,476	5,179	20,525
Total unattached	19,275	4,891	4,401	19,765

Weak labour market limits growth in pre-transfer income

In 1995, declines in earnings largely offset gains in investment and retirement pensions. A weak labour market saw little employment growth in 1995, and average weekly earnings were lower on an inflation-adjusted basis than in 1994. With average family earnings decreasing \$366 and investment and retirement income rising \$530, average income before transfers only grew \$164 in 1995 to \$48,584. This contrasts with 1994, when pre-transfer income gained \$1,088, mainly due to earnings growth from a labour market that had shown renewed strength.

More recent developments suggest that pre-transfer income likely stalled in 1996 since labour market conditions were mixed. While employment growth was concentrated in full-time jobs, increases in average weekly earnings barely outpaced inflation. Gains in investment income were also likely restrained due to low interest rates throughout the year.

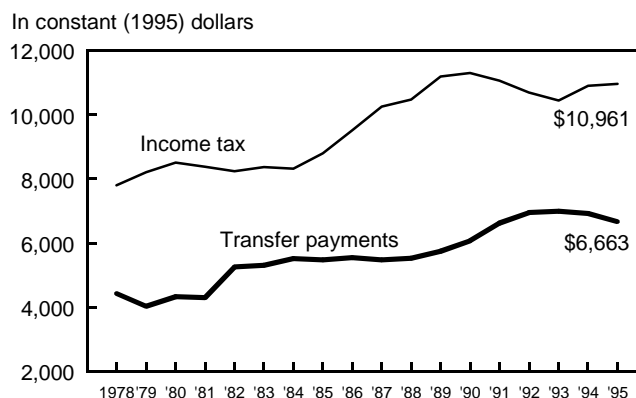
Transfer payments down, reflecting program reductions

Average transfer payments were \$6,663 in 1995, down 3.8% from 1994, as families increasingly felt the impact of government program restructuring. Social assistance payments declined and Employment

Insurance payments were down again. The historical high-point for average transfers was reached in 1993, when social program payments were still increasing in response to unfavorable labour market conditions during the early 1990s.

Transfer payments represented a smaller proportion of family total income in 1995 at 12.1%, down from the peak of 12.9% in 1993. These reductions followed five years of increases.

Average transfer payments and income tax for families



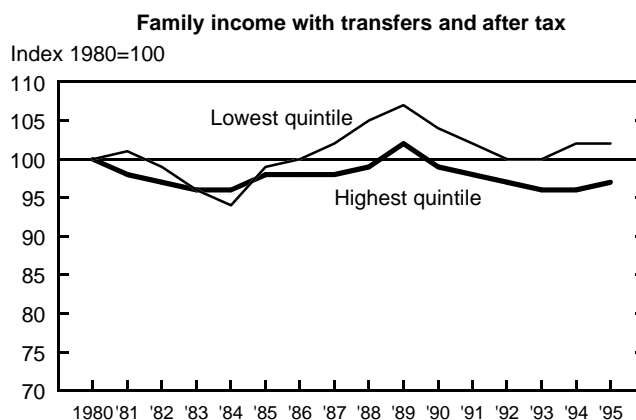
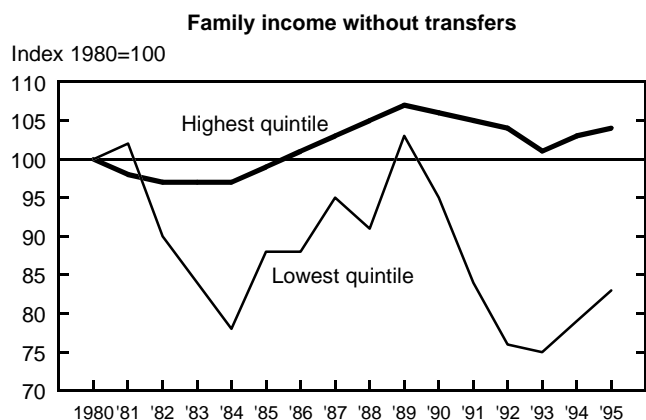
Proportion of income paid in taxes unchanged

Average family income tax in 1995 was \$10,961, essentially unchanged from 1994, but still \$339 lower than in 1990, the peak year for income tax. This represented 19.8% of family total income, the same as the high point reached in 1990.

Transfers and taxes have maintained overall income shares

Transfers and taxes have tended to keep income inequality in check over time. Since 1980, economic downturns saw the income gap grow significantly between high- and low-income families before transfers and taxes. During the recovery of the late 1980s, this gap was reduced. However, the improvement was not enough to counter the inequality increases associated with the 1981-82 recession. The recession of the early 1990s saw another increase in inequality. The result over this 15-year period was a trend to increased pre-transfer, pre-tax income inequality. After transfers and taxes, however, there was virtually no increase.

Transfers and income taxes counter trend to increased inequality



Before transfers and taxes, during both recessions and recoveries, low-income families were affected relatively more than others. Between 1980 and 1984, when families experienced declining pre-transfer income due to reduced earnings from job losses, the evidence shows that lower income families were hit the hardest. The recession of the early 1990s produced similar results. The outcome of these downward trends was greater pre-transfer income inequality.

The recovery of the late 1980s produced income growth, with earnings as the driving force. This time, lower income families recorded the largest percentage increases. As a result, pre-transfer inequality actually dropped between 1984 and 1989.

After transfers and taxes are factored in, though, inequality has remained relatively constant. It increased only slightly during recessionary periods, since losses in after-tax income affected all families. During the growth period of the late 1980s, after-tax inequality decreased, even though transfer payments were down. In fact, only the lowest quintile families had higher after-tax incomes in 1995 than in 1980.

When the losses and gains of economic swings during the 1980s and 1990s are taken into consideration, real average income after tax for families in 1995 was nearly 5% lower than in 1980.

However, on a per capita basis, it increased by over 2% since the size of the average family declined over the same period.

Income after tax, distribution by size in Canada, 1995 (13-210-XPB, \$30) is now available. See How to order publications.

Microdata files on the 1995 incomes of economic families and individuals aged 15 years and over, along with socio-demographic characteristics, will be released later. These files have been carefully reviewed to ensure that they do not contain information that would identify specific households, families or individuals. These files can be ordered by contacting the Household Surveys Division. Custom tabulations of the data are also available on request.

The Survey of Consumer Finances was weighted to population estimates that incorporate an adjustment for undercounting in the census. The data from 1980 to 1993 have been reweighted to this base. The analysis in this release is based on the new estimates.

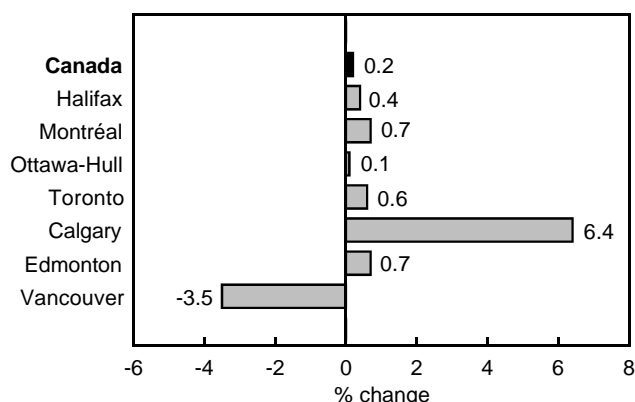
For further information on this release, or to order custom tabulations, contact Réjean Lasnier (613-951-5266) or Donald Dubreuil (613-951-4633), Household Surveys Division (Internet: income@statcan.ca). ■

New Housing Price Index

March 1997

The New Housing Price Index was up 0.2% in March compared with the same period a year earlier. This was the first time since June 1994 that the annual change has been positive.

New housing price indexes
March 1996 to March 1997



From February to March 1997, the composite index increased 0.1%. This is the fifth consecutive month the index has registered a gain.

The improvement in housing markets in recent months has been attributable to higher consumer confidence coupled with favourable interest rates.

Generally, builders reported higher construction costs in March. However, the competitive nature of housing markets continued to moderate price increases in a number of surveyed cities.

The outlook for future housing construction seems encouraging. Annual housing construction intentions, as measured by Statistics Canada's data relating to the value of residential building permits, were up 23.2% in the first quarter of 1997 compared with 1996. Furthermore, according to Canada Mortgage and Housing, the annual pace of housing starts was also up 37.6% for the first quarter of 1997 compared with the same period a year earlier. The Canadian Real Estate Association reported that the resale market was up 25.7% from the same period last year.

New housing price indexes (1986=100)

	Mar. 1996	Feb. 1997	Mar. 1997	Mar. 1996 to Mar. 1997	Feb. to Mar. 1997
	% change				
Canada	132.2	132.4	132.5	0.2	0.1
House only	121.9	122.4	122.6	0.6	0.2
Land only	165.8	165.4	165.3	-0.3	-0.1
St. John's	126.4	125.7	125.7	-0.6	-
Halifax	120.5	121.0	121.0	0.4	-
Charlottetown	116.9	116.7	116.7	-0.2	-
St. John-Moncton-Fredericton	114.5	113.3	113.6	-0.8	0.3
Québec	134.1	133.4	133.4	-0.5	-
Montréal	136.8	137.8	137.8	0.7	-
Ottawa-Hull	119.6	119.6	119.7	0.1	0.1
Toronto	136.5	137.2	137.3	0.6	0.1
Hamilton	124.3	127.6	128.8	3.6	0.9
St. Catharines-Niagara	121.8	123.9	125.6	3.1	1.4
Kitchener-Waterloo	122.5	121.6	121.7	-0.7	0.1
London	140.8	142.4	142.4	1.1	-
Windsor	128.3	133.3	133.4	4.0	0.1
Sudbury-Thunder Bay	137.3	137.4	137.4	0.1	-
Winnipeg	118.4	120.2	120.3	1.6	0.1
Regina	133.0	135.6	136.0	2.3	0.3
Saskatoon	114.8	116.5	117.2	2.1	0.6
Calgary	141.2	149.4	150.2	6.4	0.5
Edmonton	145.8	146.6	146.8	0.7	0.1
Vancouver	131.2	127.0	126.6	-3.5	-0.3
Victoria	112.1	107.8	107.8	-3.8	-

- Nil or zero.

Available on CANSIM: matrix 2032.

The first quarter 1997 issue of *Construction price statistics* (62-007-XPB, \$24/\$79) will be available in June. See *How to order publications*.

For further information on this release contact Paul-Roméo Danis (613-951-3350; fax: 613-951-2848; Internet: danipau@statcan.ca), Client Services Unit, Prices Division. ■

OTHER RELEASES

Low income after tax

1995

Low income data and cut-offs on an after-tax basis for 1995 are now available in *Low income after tax, 1995* (13-592-XPB, \$30). This report presents data using two alternative measures to the traditional "low income cut-off" (LICO), which is based on pre-tax income. Low income cut-off data for 1995 were previously released in *Income distributions by size in Canada* (13-207-XPB) and *Low income persons, 1980 to 1984* (13-569-XPB).

The first after-tax concept, called the "low income after tax cut-off" (LICO-IAT) is calculated using the same methodology as for LICOs, but on an after-tax rather than a pre-tax income basis. These cut-offs are set where families spend 20 percentage points more of their after-tax income than the average percentage spent on food, shelter and clothing, as determined by the 1992 Family Expenditure Survey. The second concept, called the "low income after tax measure" (LIM-IAT), is set at one-half the median (or mid-point) adjusted family income, where "adjusted" indicates a consideration of different needs for families of varying size.

The report presents rates, estimated numbers and distributions of low income after tax persons and families for 1995 as well as selected historical tables.

For further information on this release, or to order this publication, contact Réjean Lasnier (613-951-5266) or Donald Dubreuil (613-951-4633), Household Surveys Division (Internet: income@statcan.ca). ■

Railway carloadings

March 1997

Carload freight (excluding intermodal traffic) loaded by railways in Canada totalled 21.0 million tonnes in March, an increase of 4.8% from March 1996. The carriers received an additional 2.1 million tonnes from United States connections during March.

Intermodal (piggyback) tonnage of 1.6 million tonnes represented a 13.0% increase from March 1996. The year-to-date figures show a 14.9% increase.

Total traffic, consisting of carload freight and intermodal traffic, increased by 5.3% during the reference month bringing the year-to-date total to 60.7 million tonnes, up 1.6% from the previous year. Receipts from United States connections increased 12.5% during the same period.

Cumulative data for 1997 and 1996 have been revised.

Available on CANSIM: matrix 1431.

The March 1997 issue of *Railway carloadings* (52-001-XPB, \$11/\$103) will be released shortly. See *How to order publications*.

For further information, contact Angus MacLean (613-951-2528; fax: 613-951-0579), Railway Transport Unit, Transportation Division. ■

Railway carloadings

Nine-day period ending April 30, 1997

Carloadings of freight (excluding intermodal traffic) during the nine-day period ending April 30, 1997, increased 6.6% to 6.5 million tonnes from the same period of last year. The number of cars loaded increased 4.4%.

Intermodal traffic (piggyback) tonnage totalled 492 000 tonnes, a 21.8% increase from the same period of last year. The year-to-date figures show an increase of 17.1%.

Total traffic (carloadings of freight and intermodal traffic) increased 7.6% during the period. This brought the year-to-date total to 81.6 million tonnes, a 0.3% decrease from the previous year.

All year-to-date figures have been revised.

For further information on this release, contact Angus MacLean (613-951-2528; fax: 613-951-0579), Railway Transport Unit, Transportation Division. ■

Oil pipeline transport

February 1997

Net receipts of crude oil and equivalent hydrocarbons totalled 11 503 057 cubic metres in February, up 4.9% from February 1996. Year-to-date receipts to the end of February 1997 (24 170 184 cubic metres) rose 7.3% over the same period a year earlier. Net receipts of liquefied petroleum gases and refined petroleum products (5 918 685 cubic metres) were down 2.2% from February 1996. Year-to-date receipts decreased 1.8% to 12 484 851 cubic metres.

Pipeline exports of crude oil (5 068 888 cubic metres) increased 9.3% from February 1996; pipeline imports (1 066 810 cubic metres) dropped 0.7%. Year-to-date exports (10 821 603 cubic metres) were up 5.9% from 1996; year-to-date imports (2 487 736 cubic metres) increased 21.8%. Canadian crude oil

has found a ready market in the United States, where indigenous production has been declining in recent years.

February deliveries of crude oil by pipeline to Canadian refineries totalled 5 116 732 cubic metres, down 1.9% from 1996. February deliveries of liquified petroleum gases and refined petroleum products fell 25.8% to 528 698 cubic metres. Year-to-date deliveries of crude oil to refineries at the end of February 1997 totalled 11 035 436 cubic metres, up 4.9% from the same period in 1996.

Available on CANSIM: matrices 181 and 591-595.

The February 1997 issue of *Oil pipeline transport* (55-001-XPB, \$12/\$114) will be available shortly. See *How to order publications*.

For further information on this release, contact Gérard O'Connor (613-951-3562), Manufacturing, Construction and Energy Division. ■

Steel primary forms

March 1997

Steel primary forms production for March 1997 totalled 1 320 597 tonnes, a 0.3% increase from 1 316 892 metric tonnes a year earlier.

Year-to-date production reached 3 654 040 metric tonnes, up 0.3% from 3 642 301 tonnes a year earlier.

Available on CANSIM: matrix 58 (level 2, series 3).

The March 1997 issue of *Primary iron and steel* (41-001-XPB, \$7/\$62) will be available shortly. See *How to order publications*.

For further information on this release, contact Andy Shinnan (613-951-3515; Internet: ashinny@statcan.ca), Manufacturing, Construction and Energy Division. ■

Particleboard, oriented strandboard and fibreboard

March 1997

Oriented strandboard production totalled 442 906 cubic metres in March, a 29.2% increase from 342 745 (revised) cubic metres in March 1996. Particleboard production reached 184 324 cubic metres, up 7.6% from 171 231 cubic metres in March 1996. Fibreboard production was 50 431 cubic

metres in March, up 45.8% from 34 601 cubic metres a year earlier.

For January to March 1997, year-to-date oriented strandboard production totalled 1 299 671 cubic metres, up 35.2% from 961 089 (revised) cubic metres produced a year earlier. Year-to-date particleboard production was 516 531 cubic metres, up 5.0% from the 492 120 cubic metres from a year earlier. Year-to-date fibreboard production reached 140 214 cubic metres, up 54.8% from 90 552 cubic metres during the same period in 1996.

Available on CANSIM: matrices 31 (series 2, 3, 5) and 122 (series 8).

The March 1997 issue of *Particleboard, oriented strandboard and fibreboard* (36-003-XPB, \$7/\$62), will be available shortly. See *How to order publications*.

For further information on this release, contact Gilles Simard (613-951-3516; Internet: simales@statcan.ca), Manufacturing, Construction and Energy Division. ■

Trends in the business population

First quarter 1997

The first quarter of 1997 saw a sizeable increase in the number of employer businesses (+6,828 or +0.74%) from the fourth quarter of 1996 to total 935,635.

The seasonally adjusted number of remitting payroll deduction accounts recorded gains in all provinces and territories except for Newfoundland. The largest gains were recorded in Prince Edward Island and Alberta (both at +1.11%) and the Yukon (+1.65%).

For further information on this release, please contact Des Beckstead (613-951-6199), Business Register Division. ■

Farm debt outstanding

December 31, 1996

Farm debt totalled \$27.2 billion on December 31, 1996, a 5.6% increase from \$25.8 billion in 1995.

Agriculture economic statistics supplement (21-603-UPE, \$25/\$50) will be released in July. See *How to order publications*.

For further information on this release, contact Bernie Rosien (613-951-2441; fax: 613-951-3868), Farm Income and Prices Section, Agriculture Division. ■

PUBLICATIONS RELEASED

Income after tax, distributions by size in Canada, 1995
Catalogue number 13-210-XPB
 (Canada: \$31; outside Canada: US\$31).

Oils and fats, March 1997
Catalogue number 32-006-XPB
 (Canada: \$7/\$62; outside Canada: US\$7/US\$62).

Steel wire and specified wire products, March 1997
Catalogue number 41-006-XPB
 (Canada: \$7/\$62; outside Canada: US\$7/US\$62).

Building permits, March 1997 (microfiche version)
Catalogue number 64-001-XMB
 (Canada: \$25/\$140; outside Canada: US\$25/US\$140).

Building permits, March 1997 (paper version)
Catalogue number 64-001-XPB
 (Canada: \$25/\$248; outside Canada: US\$25/US\$248).

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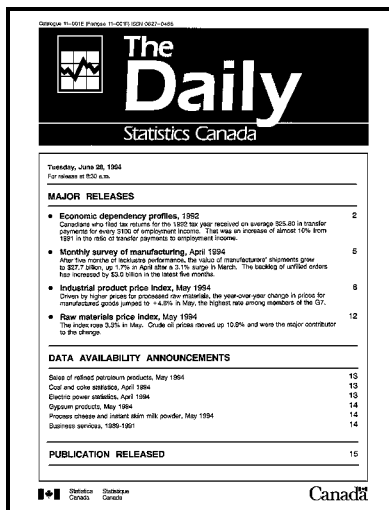
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