Study: Income of Canadian Households, 1981 to 2010

Released at 8:30 a.m. Eastern time in The Daily, Monday, October 1, 2012

In the three decades between 1981 and 2010, primary household income in Canada more than quadrupled from $253.7 billion to nearly $1.1 trillion.

Primary household income, a new aggregate for assessing household income, was developed as part of the historical revisions to the Canadian System of National Accounts. This article in the *Economic Insights* series examines the components of household income.

The term is defined as "incomes that accrue to households as a consequence of their involvement in processes of production or ownership of assets that may be needed for purposes of production".

There are three underlying components to primary household income: employee compensation, net mixed income and net property income. Their shares have remained largely stable over time.

Between 1981 and 2010, the largest component of primary income, compensation of employees, remained relatively constant at around 76%. Employee compensation consists of wages and salaries and includes employers' social contribution to benefits such as health plans, life insurance plans and pension plans.

The relative importance of this employer's contribution has changed over time. During the three decades, these benefits increased at an annual rate of 6.7%, while the annual growth in nominal wages and salaries was 4.9%. Consequently, the share of employee compensation accounted for by employers' social contributions increased from 8.7% in 1981 to 13.3% in 2010.

The second main component, net mixed income, accounted for around 14% of primary income. Net mixed income includes gross operating income from unincorporated businesses, farms and rentals, less the consumption of fixed capital by unincorporated businesses.

Net property income, the net income (receipts less payments) that households accrue from their ownership of financial assets/liabilities or natural resources, accounted for less than 10% of primary household income during 2010.

Dividend income represented an increasing proportion of the property income received by households. Its share rose from 18% in 2000 to 36% in 2010. On the other hand, interest income, as a proportion of property income received, has decreased. Its share fell from 90% of property income received by households in 1991 to 63% in 2010.

This study also examined changes in the composition of transfer income received by households. Social security benefits have eclipsed Employment Insurance benefits as the primary source of government transfers to households.

In 1991, social security benefits accounted for 24% of transfers received by households, while Employment Insurance benefits accounted for 22%. In 2010, social security benefits amounted to 29% of transfers received by households, while Employment Insurance benefits accounted for 11%.

In terms of the transfers paid by households to governments, social insurance contributions have increased in relation to personal income taxes paid.

Of every $100 in transfers paid by households to governments in 1991, $23 went to social insurance and $73 to personal income taxes. By 2010, social insurance contributions accounted for $28 of every $100 of household transfers to governments, while personal income taxes accounted for $67.

The revised national accounts also present data on the transfers between households and the volunteer sector. In 2010, close to 5% of transfers paid by Canadian households went to the non-profit institutions serving households.

Available without charge in CANSIM: tables 380-0072 to 380-0074.

The study "Income of Canadian Households: 1981-2010", part of the *Economic Insights* series (11-626-X, free), is now available from the *Key resource* module of our website under *Publications*.

Similar studies from the Economic Analysis Division are available online (*www.statcan.gc.ca/economicanalysis*).

For further information, contact Statistics Canada's National Contact Centre (613-951-8116; toll-free 1-800-263-1136; infostats@statcan.gc.ca).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Guy Gellatly (613-951-3758) or Karim Moussaly (613-951-2140), Economic Analysis Division.