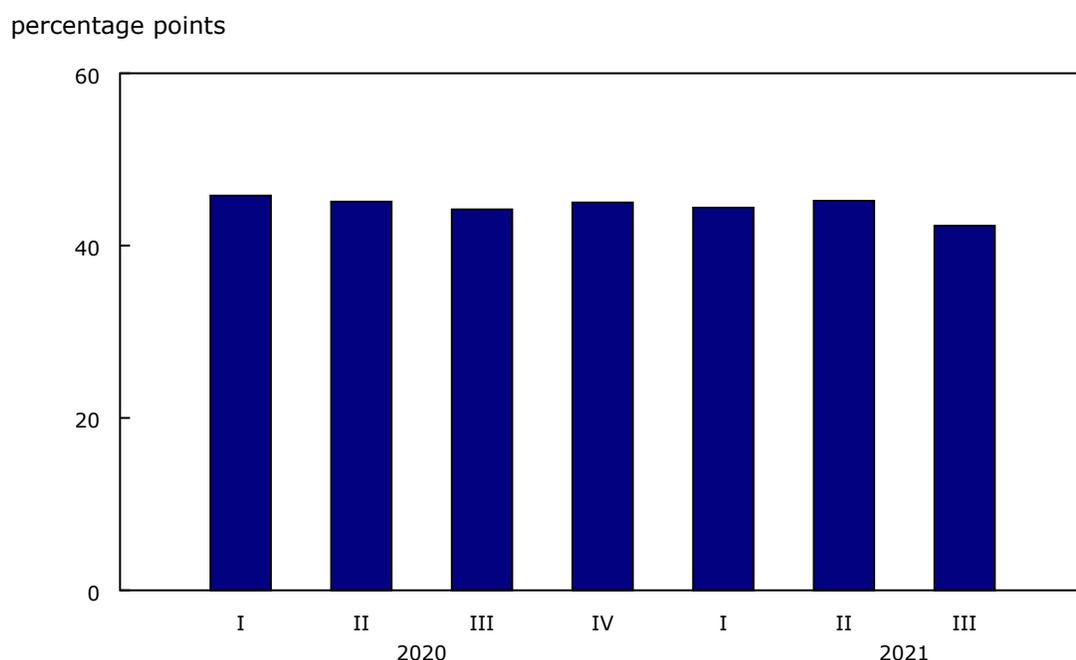


Distributions of household economic accounts for income, consumption and saving of Canadian households, third quarter 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, January 28, 2022

Household disposable income increased more for lower income households than higher income households in the third quarter. As a result, the gap between the top two and bottom two income quintiles' share of total disposable income declined to its lowest level ever recorded since the beginning of this data series in 1999.

Chart 1
Gap between top two and bottom two quintiles' share of disposable income



Source(s): Table 36-10-0662-01.

While the distributions of household economic accounts provide important insight into the trends in household economic well-being and income inequality in Canada, the results in this release focus on the changes in income, consumption and saving for groups or an average household with specific socioeconomic characteristics. It is important to recognize that not all households, even those with similar characteristics, necessarily experience the same economic or financial situations.

Higher wages drive growth in disposable income for lowest income households in the third quarter of 2021

Since the beginning of the COVID-19 pandemic, lower income households consistently recorded higher growth in their disposable income compared with other income quintiles. This trend was also true in the third quarter of 2021, as disposable income for the lowest income households rose 17.5%, while income for the highest income households rose 3.9%.



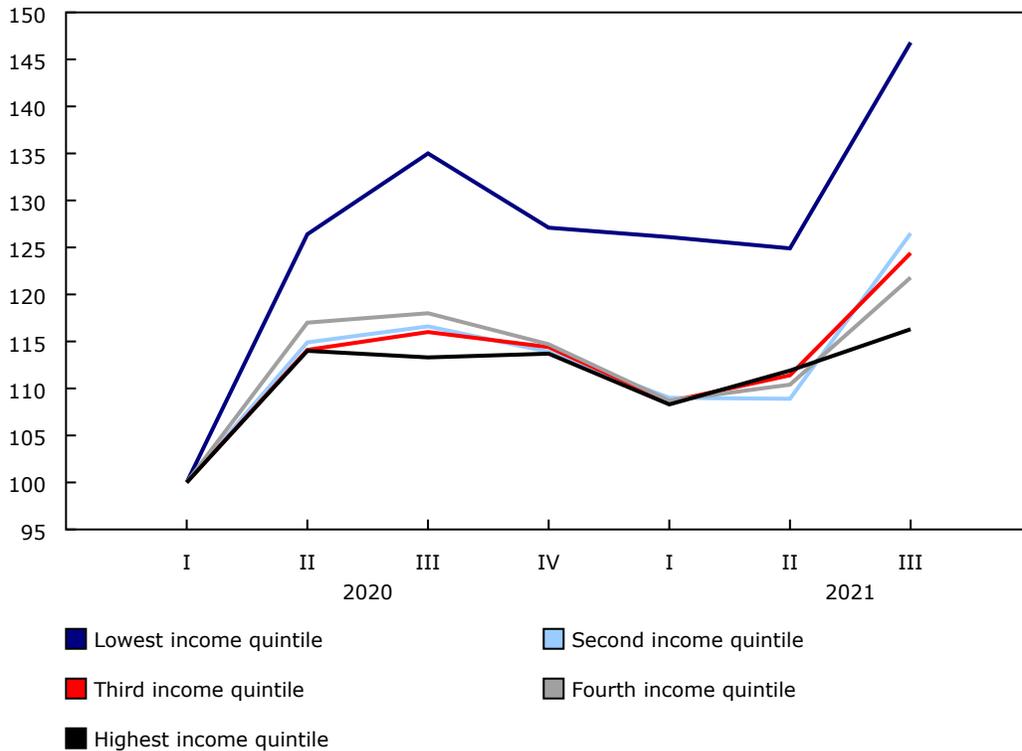
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The primary contribution to the differences between the low- and high- income quintiles in the third quarter was compensation of employees. The bottom two income quintiles had higher growth in their wages, rising 8.4% and 9.8% respectively in the third quarter. Meanwhile, over the same time period, wages rose 1.0% for the top income quintile. During this time, lower wage earners saw stronger gains in employment relative to higher wage earners, as many parts of the country lifted remaining pandemic-related restrictions, particularly in the restaurant, recreation and accommodation industries, where more lower wage earners are employed.

Chart 2
Change in household disposable income, by income quintile

index (first quarter 2020=100)



Source(s): Table 36-10-0662-01.

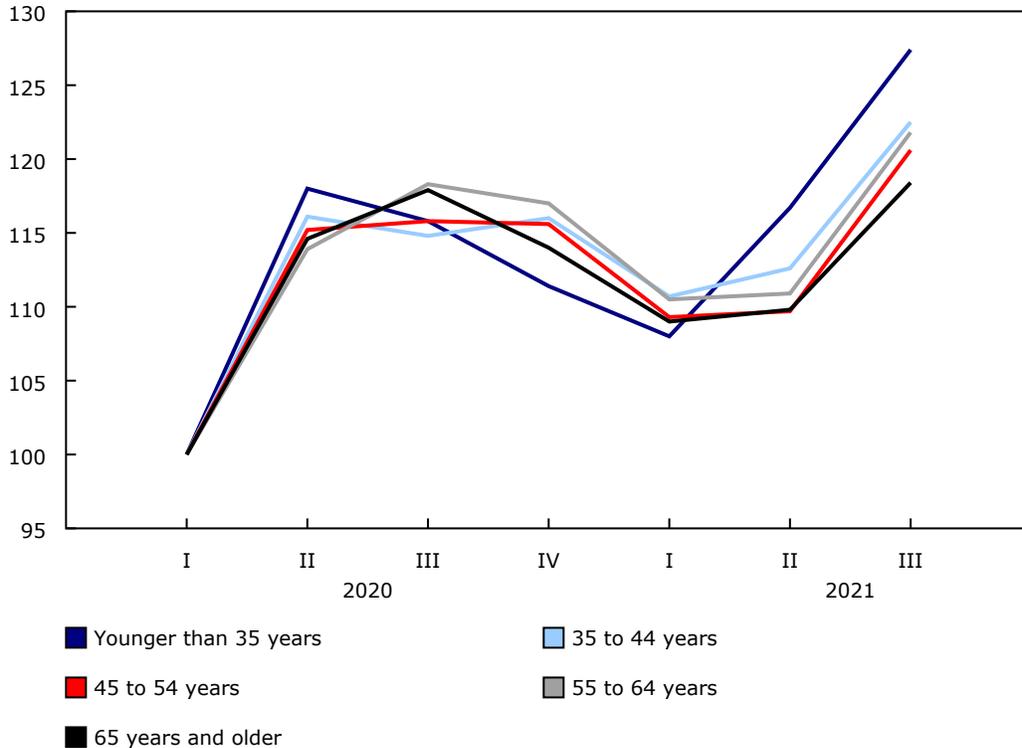
Another contributing factor to the stronger growth in disposable income for the lowest quintile relative to the highest quintile was net mixed (self-employment) income. In the third quarter of 2021, self-employment income rose 90.1% for households in the lowest income quintile, while it increased 10.5% for those in the highest income quintile. Much of the increase in self-employment income for lower income earners in the third quarter was due to the re-opening of various businesses in the services sector, as well as regular seasonal effects related to peak farm production in the Prairies, as farmers in Canada tend to harvest during the third quarter of each year.

Wages increase more in younger households, while older households gain more from self-employment

Households of all ages recorded notable growth in their disposable income in the third quarter of 2021. However, the factors that drove their higher income were slightly different. For example, younger households saw stronger increases in their compensation of employees, which is income from their jobs, while older households recorded bigger gains in self-employment income, as well from net total transfers received.

Chart 3
Change in household disposable income, by age of major income earner

index (first quarter 2020=100)



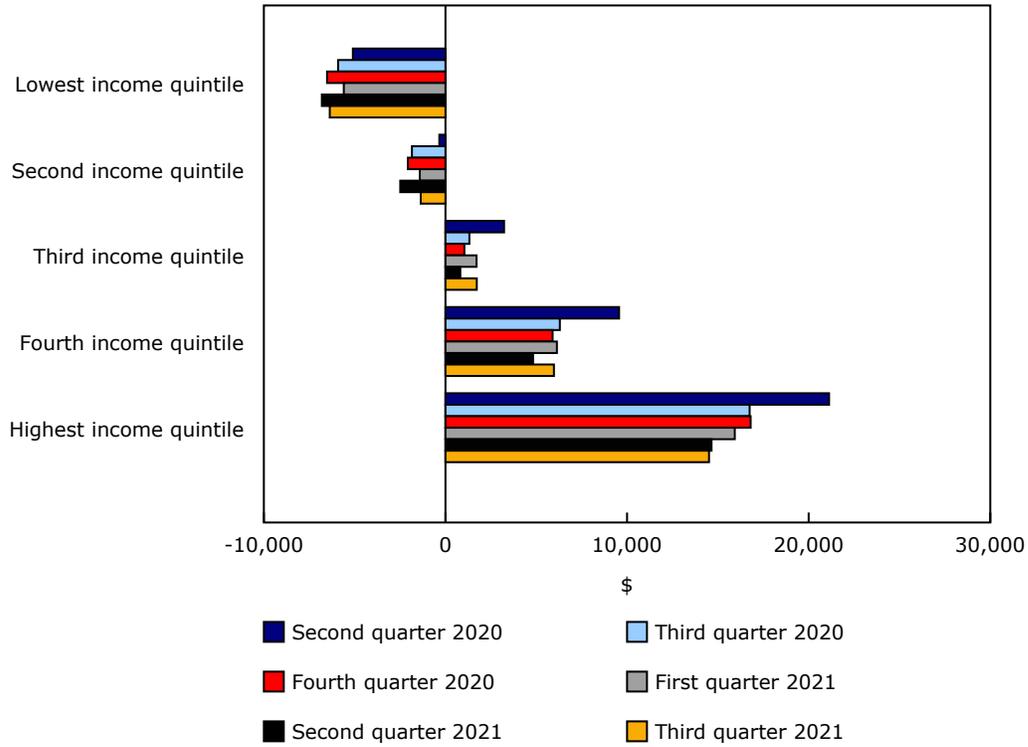
Source(s): Table 36-10-0662-01.

Average net saving improves the most for middle-income households in the third quarter of 2021

Except for those in the highest quintile, households in every quintile saw an improvement in their average net saving in the third quarter of 2021 compared with the previous quarter, as growth in their disposable income outpaced growth in their spending. Growth in average net saving was the strongest for middle-income households, who more than doubled their net saving in the third quarter of 2021.

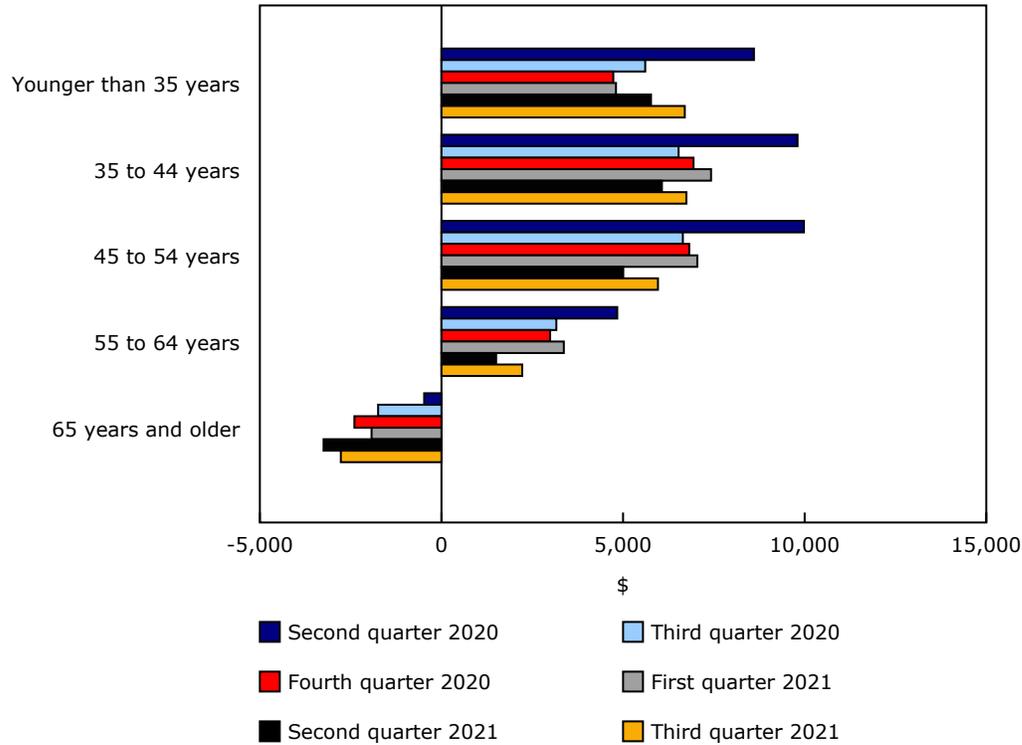
Households in every age group category recorded an increase in their average net saving in the third quarter of 2021 compared with the previous quarter. However, only the youngest households—those in which the major income earner is younger than 35—have consistently improved their average net saving since the last quarter of 2020, fueled by a combination of government support measures and improving employment conditions in businesses that tend to hire younger workers.

Chart 4
Average household net saving, by income quintile



Source(s): Table 36-10-0662-01.

Chart 5
Average household net saving, by age of major income earner



Source(s): Table 36-10-0662-01.

However, with the recent spread of the Omicron variant and the imposition of new restrictions across the country, it is possible that some reversal of the trends in household economic well-being described above may occur in later periods.

Sustainable Development Goals

On January 1, 2016, the world officially began implementation of the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the next 15 years. The plan is based on 17 specific sustainable development goals.

The distributions of household economic accounts for income, consumption and saving are an example of how Statistics Canada supports the reporting on the Global Goals for Sustainable Development. This release will be used in helping to measure the following goal:



Note to readers

Statistics Canada regularly publishes macroeconomic indicators on household disposable income, final consumption expenditure and net saving as part of the Canadian System of Macroeconomic Accounts (CSMA). These accounts are aligned with the most recent international standards and are compiled for all sectors of the economy, including households, non-profit institutions, governments and corporations along with Canada's financial position vis-à-vis the rest of the world. While the CSMA provide high quality information on the overall position of households relative to other economic sectors, the distributions of household economic accounts (DHEA) provide additional granularity to address questions such as vulnerabilities of specific groups and the resulting implications for economic well-being and financial stability, and are an important complement to standard quarterly outputs related to the economy.

The DHEA estimates released today provide estimates of income, consumption and saving and their sub-components by various household distributions for the third quarter of 2021. The data were also revised back to 2018 in order to incorporate new annual and quarterly benchmarks from the CSMA released in the fall of 2021. Revisions also incorporated new microdata estimates for various current transfers from governments to households.

As with all data, the DHEA estimates are not without their limitations. While some distributions are estimated using timely microdata or micromodels, such as wages and salaries, others, including household final consumption expenditures and social transfers in kind rely on assumptions or use data from prior reference periods. Users should keep these limitations in mind when analyzing the estimates included in this release.

All values are expressed in quarterly nominal unadjusted rates, unless otherwise specified. As a result, the estimates presented in this release are not adjusted for variations over time that may occur due to seasonal patterns and/or price inflation.

Available tables: [36-10-0101-01](#), [36-10-0587-01](#), [36-10-0588-01](#), [36-10-0662-01](#), [36-10-0663-01](#) and [36-10-0667-01](#).

Definitions, data sources and methods: survey number [5370](#).

Details on the sources and methods behind these estimates can be found in the publication *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)). See the section "[Distributions of Household Economic Accounts](#)" under Satellite Accounts and Special Studies.

The [Economic Accounts Statistics](#) portal, accessible from the *Subjects* module of the Statistics Canada website, features an up-to-date portrait of national and provincial economies and their structure.

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).