

**THE BUDGETARY BURDEN OF TAXES,  
CHILD CARE AND HOUSING**

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## THE BUDGETARY BURDEN OF TAXES, CHILD CARE AND HOUSING

This document sets out an estimation of the budgetary burden of taxes, child care and housing for 1988 and 2003 for dual-earner middle-class families with young children.

### MAIN FINDINGS

- Taxes, child care and housing represent a large portion of the budget of dual-earner families with young children. In 2003, a typical dual-earner family with two young children and an annual income of \$40,000 would, on average, allocate about 56-74% of its income (depending on the city of residency) to cover the cost of taxes,<sup>(1)</sup> provincially regulated child care and housing (Figure 8). Assuming a family income of \$80,000 in 2003, Toronto was the most expensive city for such families, with two-thirds of income required for taxes, licensed child care and housing; Montréal was the least expensive city, with 55% of income, on average, required for those same items (Figure 8).
- The estimated burden of taxes, average housing expenditures and average regulated child care costs on the budget of dual-earner middle-class families saw no significant improvement from 1988 to 2003 (in real terms), although it did improve slightly for families residing in the largest metropolitan areas (Figure 8).
- For a typical dual-earner family with two young children, net total taxes paid<sup>(2)</sup> as a proportion of income varied from 30% to 36% in 2003 for family income of \$80,000 (Figure 2), from 26% to 32% for family income of \$60,000 (Figure 3) and from 18% to 25% for family income of \$40,000 (Figure 4). Families residing in Alberta, Ontario and British Columbia generally paid lower taxes. In Quebec, families earning \$40,000 were among the least taxed in Canada, while at \$80,000 they were among the most taxed.
- The average overall tax burden for dual-earner Canadian families with young children remained essentially the same (in real terms) from 1988 to 2003 (Figures 5, 6 and 7) for family incomes ranging from \$40,000 to \$80,000 (in constant 2003 dollars).

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(1) Estimated provincial and federal income taxes, commodity taxes and payroll taxes, net of federal and provincial government transfer payments.

(2) *Ibid.*

- Although dual-earner families with young children paid less federal income tax in 2003 (Figures 5, 6 and 7), Canada Pension Plan (CPP) contributions<sup>(3)</sup> increased substantially (in real terms) from 1988 to 2003, mitigating the net effect of reductions in federal income tax.
- Families with one partner who stays at home and one supporting income save on the cost of child care that must be paid by families with both spouses working full-time. Although the average market income<sup>(4)</sup> differed between those two types of families in 2002 by more than \$23,000, this difference was reduced to about \$5,000 after taking into consideration the average cost of licensed child care for two young children and differences in taxes paid (Table 1). The greater the number of young children in a family, the more financially advantageous it is for one of the spouses to stay at home.

## **MEDIAN FAMILY INCOME IN CANADA**

In reviewing the taxes paid by families in different regions of the country, it is crucial to keep in mind that there are regional differences in family income across in Canada. Fluctuations in the price of some goods and services, such as housing, tend to be particularly sensitive to variations in income and economic conditions in different regions. Also, variations in actual average taxes paid by families in different provinces/territories depend, more than anything else, on the difference in provincial/territorial average income (as opposed to marginal tax rates, for example).

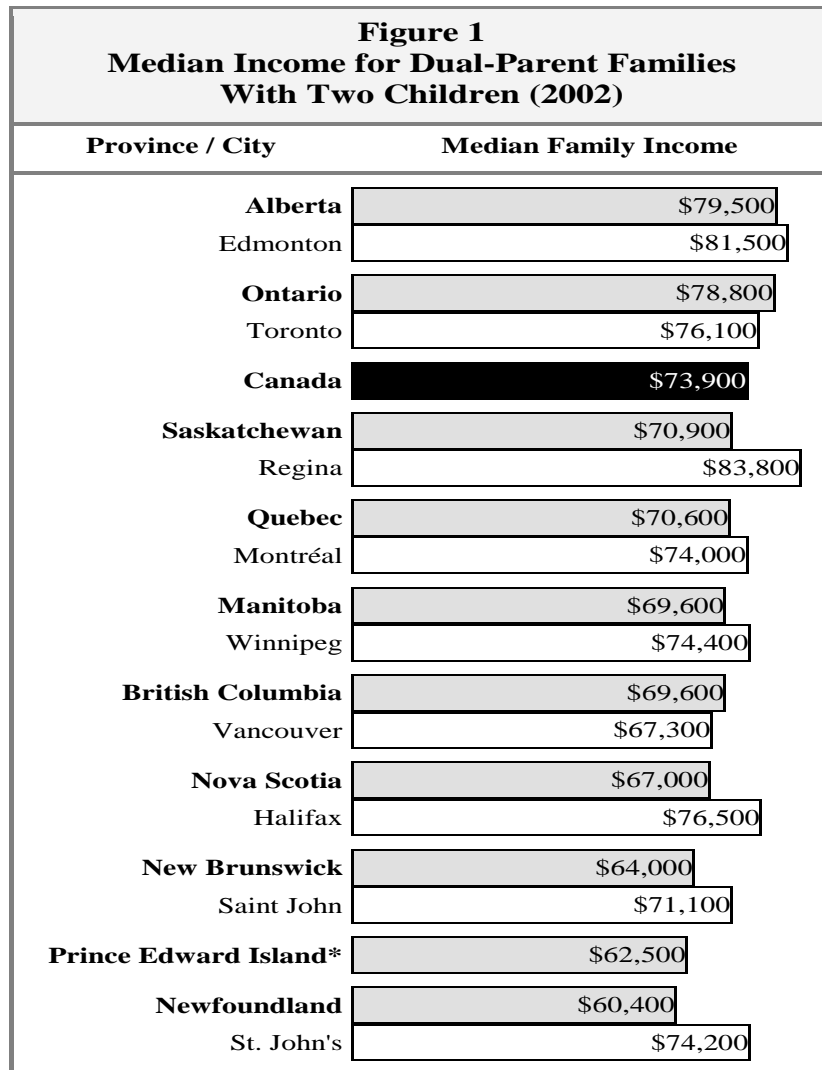
Figure 1 shows the median income, in 2002, by province, for dual-parent families with two children. Median income represents the middle income (i.e., one-half of the families earn more than the median and one-half earn less). For the purposes of this paper, median income is used as a measure, rather than average income, because calculations of average income are heavily weighted by extreme values,<sup>(5)</sup> and thus less effectively indicate the distribution of income among families.

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(3) Quebec Pension Plan (QPP) contributions in the Province of Quebec.

(4) Market income is defined as “total income minus income from government programs, such as Old Age Security pension and Guaranteed Income Supplement, Canada or Quebec Pension Plan and Employment Insurance.” Source: Statistics Canada, 2001 Census Dictionary.

(5) In the calculation of average income, there is a minimum income (zero) but there is no maximum income. Therefore, the very large incomes of a few individuals disproportionately affect the average, meaning that average incomes do not always realistically represent the “middle point.” In the calculation of median income, however, every family receives the same weight.



\* Data for Charlottetown are unavailable.  
Source: Statistics Canada, CANSIM Table 111-0013.

In 2002, the provincial median income of dual-parent families with two children was highest in Alberta (\$79,500) and Ontario (\$78,800), and lowest in the Atlantic provinces. The gap between the highest and the lowest provincial median family income was almost \$20,000, which shows that provincial income variations can be quite substantial.

There were also significant differences in income between urban and rural areas. For example, in St. John's, Halifax and Regina, median family income exceeded the provincial median by about \$10,000 to \$14,000. Also, there were fewer fluctuations among urban median family incomes than among provincial median family incomes. In most metropolitan areas, the median income for dual-parent families with two children was within \$3,000 of the Canadian median of \$73,900.

Throughout this paper, taxes and other expenses are estimated for three levels of family income: \$40,000, \$60,000 and \$80,000. About one-half of Canadian dual-parent families with two children had a median family income of about \$80,000 in 2002 (Ontario and Alberta in Figure 1).<sup>(6)</sup> For the remaining dual-parent families with two children in other provinces, median incomes were between \$80,000 and \$60,000.

## **BURDEN OF TAXES, CHILD CARE AND HOUSING ON DUAL-EARNER FAMILIES WITH TWO YOUNG CHILDREN**

### **A. Estimated Total Tax Burden (2003 Tax Year)**

In this section, total taxes paid are estimated for families in each of the provinces, in order to obtain a broad picture of the total tax burden on families with children. In reviewing the results, which are shown in Figure 2, it is important that the reader *not* compare tax levels among provinces as if this were a “report card” on provincial governments’ fiscal policies. Taxes are collected to pay for public goods and services; therefore, any assessment of tax levels must take into account the public expenditures that are paid for by those taxes. Also, the cost of similar public goods and services may vary by region, as well as by the taxation power of governments (which is greater in regions with higher incomes).

Total taxes paid include federal and provincial income taxes, commodity taxes (e.g., the goods and services tax, sales taxes, fuel taxes and excise taxes), employment insurance (EI) premiums, CPP contributions<sup>(7)</sup> and government transfer payments, such as the Canada Child Tax Benefit.<sup>(8)</sup> The total tax burden varies by province: for a typical dual-earner family with two young children, effective tax rates<sup>(9)</sup> varied in 2003 from 30% to 36% for family income of \$80,000 (see Figure 2), from 26% to 32% for family income of \$60,000 (Figure 3) and from 18% to 25% for family income of \$40,000 (Figure 4). Families residing in Alberta, Ontario and British Columbia generally paid lower taxes. In Quebec, families earning \$40,000 were among the least taxed in Canada, while at \$80,000 they were among the most taxed.

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(6) In 2002, the number of dual-parent families with two children in Ontario and Alberta represented 50.1% of the total number of Canadian dual-parent families with two children (1.7 million families in 2002). Source: Statistics Canada, CANSIM Table 111-0013.

(7) Quebec Pension Plan (QPP) contributions in the Province of Quebec.

(8) Excluded are municipal property taxes, which are part of the housing cost discussed later in this section.

(9) The effective tax rate is calculated as total taxes divided by total income, thereby giving the proportion of a family’s income spent on taxes of all kinds.

**Figure 2**  
**Estimated Total Taxes Paid<sup>(1)</sup>**  
**(2003)**  
**\$80,000 family income<sup>(2)</sup>**

Province	Estimated Total Taxes Paid	Effective Tax Rate <sup>(3)</sup>
Newfoundland	\$28,581	36%
Quebec	\$28,247	35%
New Brunswick	\$28,055	35%
Prince Edward Island	\$27,916	35%
Nova Scotia	\$27,739	35%
Manitoba	\$27,474	34%
Saskatchewan	\$26,793	33%
Ontario	\$24,720	31%
British Columbia	\$24,468	31%
Alberta	\$24,083	30%

- (1) The sum of provincial and federal income taxes, commodity taxes and payroll taxes, net of government transfer payments.  
 (2) Dual-earner family with two young children.  
 (3) Total taxes as a proportion of total income.

Source: For more details and methodology, please see the Appendix.

**Figure 3**  
**Estimated Total Taxes Paid<sup>(1)</sup>**  
**(2003)**  
**\$60,000 family income<sup>(2)</sup>**

Province	Estimated Total Taxes Paid	Effective Tax Rate <sup>(3)</sup>
Newfoundland	\$19,100	32%
New Brunswick	\$18,843	31%
Nova Scotia	\$18,464	31%
Prince Edward Island	\$18,426	31%
Manitoba	\$18,163	30%
Quebec	\$17,952	30%
Saskatchewan	\$17,804	30%
Ontario	\$16,523	28%
British Columbia	\$16,329	27%
Alberta	\$15,807	26%

- (1) The sum of provincial and federal income taxes, commodity taxes and payroll taxes, net of government transfer payments.  
 (2) Dual-earner family with two young children.  
 (3) Total taxes as a proportion of total income.

Source: For more details and methodology, please see the Appendix.



**Figure 4**  
**Estimated Total Taxes Paid<sup>(1)</sup>**  
**(2003)**  
**\$40,000 family income<sup>(2)</sup>**

Province	Estimated Total Taxes Paid	Effective Tax Rate <sup>(3)</sup>
Newfoundland	\$9,960	25%
New Brunswick	\$9,940	25%
Nova Scotia	\$9,495	24%
Prince Edward Island	\$9,155	23%
Manitoba	\$8,994	22%
Saskatchewan	\$8,953	22%
British Columbia	\$8,330	21%
Quebec	\$7,513	19%
Ontario	\$7,173	18%
Alberta	\$7,085	18%

- (1) The sum of provincial and federal income taxes, commodity taxes and payroll taxes, net of government transfer payments.  
 (2) Dual-earner family with two young children.  
 (3) Total taxes as a proportion of total income.

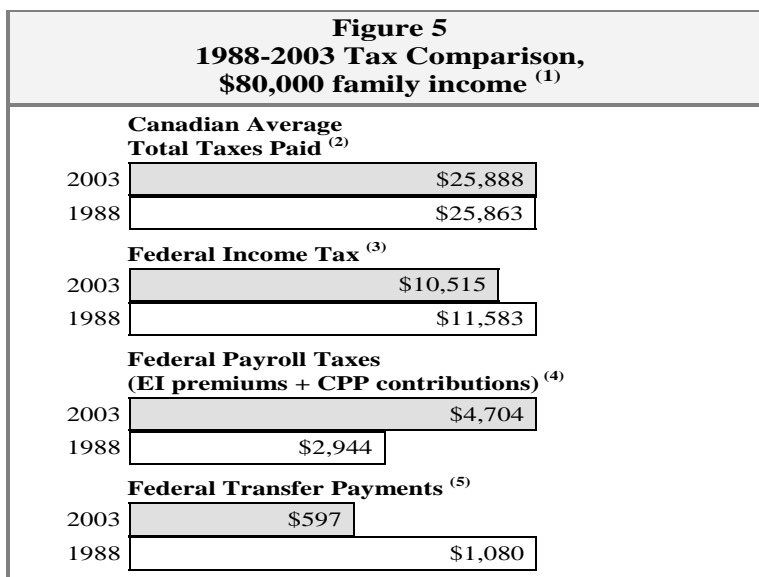
Source: For more details and methodology, please see the Appendix.

By comparing taxes paid on family income of \$40,000 (Figure 4) and on family income of \$80,000 (Figure 2), it can be concluded that the effective tax rate on family income earned from \$40,000 to \$80,000 is more than double the effective tax rate on the first \$40,000 earned, which reflects the progressivity of the tax system. The largest difference arises in Quebec where, on the first \$40,000 earned in 2003, only 19% was allocated to taxes, while on the next \$40,000 earned (from \$40,000 to \$80,000), 52% of income was paid in taxes (see Table A.1 in the Appendix). In British Columbia, Alberta and Ontario, 40%, 42% and 44% respectively of the additional \$40,000 in family income earned (from \$40,000 to \$80,000), was effectively paid in taxes (Table A.1).

### **B. Estimated 2003 Tax Burden Compared to 1988 Tax Burden**

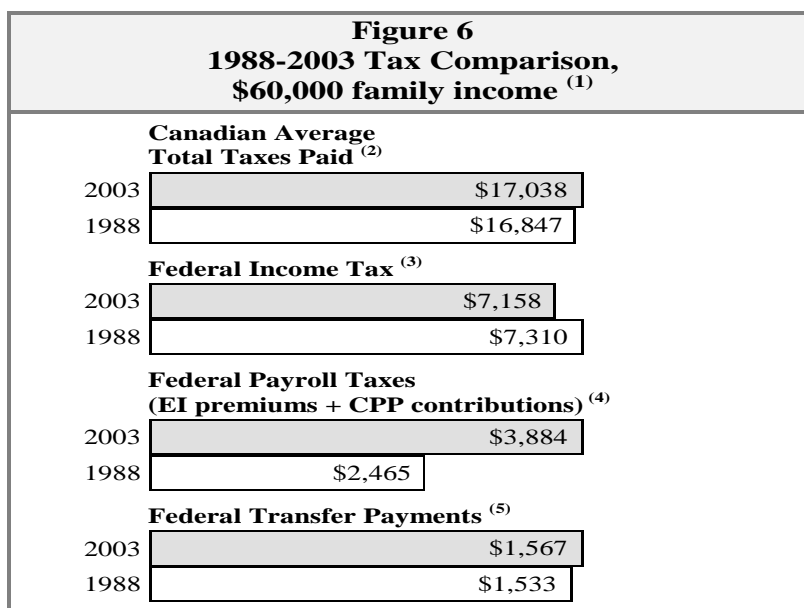
Figures 5, 6 and 7 compare taxes paid by dual-earner families with two young children in 2003 to estimated taxes those families would have paid 15 years earlier. Taxes for 1988 are calculated on the estimated level of income that those families would have needed to afford the same quantity of the same goods and services that they were able to afford in 2003 with their current income.<sup>(10)</sup>

(10) See the Appendix for more information on the methodology used to estimate 1988 taxes.



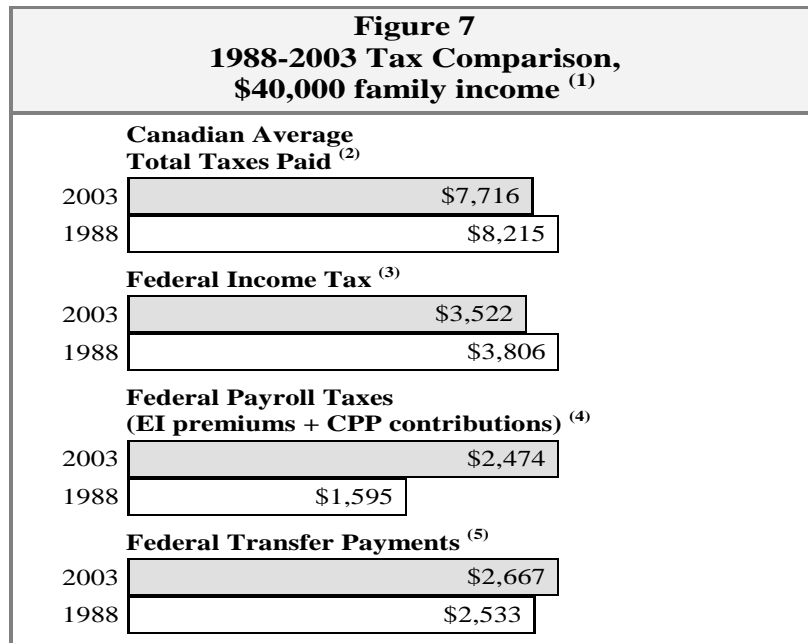
- (1) Dual-earner family with two young children.  
 (2) Total taxes paid is the sum of provincial and federal income, commodity and payroll taxes, net of government transfer payments.  
 (3) In all provinces except Quebec (16.5% tax abatement).  
 (4) QPP contributions in Quebec rather than CPP contributions.  
 (5) In all provinces except Alberta and Quebec (1988 only).

Source: For details and methodology, please see the Appendix.



- (1) Dual-earner family with two young children.  
 (2) Total taxes paid is the sum of provincial and federal income, commodity and payroll taxes, net of government transfer payments.  
 (3) In all provinces except Quebec (16.5% tax abatement).  
 (4) QPP contributions in Quebec rather than CPP contributions.  
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- (1) Dual-earner family with two young children.  
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 (3) In all provinces except Quebec (16.5% tax abatement).  
 (4) QPP contributions in Quebec rather than CPP contributions.  
 (5) In all provinces except Alberta and Quebec (1988 only).

Source: For details and methodology, please see the Appendix.

On average, the overall tax burden<sup>(11)</sup> of dual-earner families with two young children remained essentially the same from 1988 to 2003 (in constant 2003 dollars), although there were some variations from province to province.<sup>(12)</sup> The exception is families with income of \$40,000, which on average would have paid less in taxes in 2003. Although families paid less federal income tax in 2003 (Figures 5, 6 and 7), EI premiums and CPP contributions increased substantially (in real terms) from 1988 to 2003. Also, for families with income of \$80,000,<sup>(13)</sup> the value (in real terms) of federal transfer payments<sup>(14)</sup> in 1988 was almost double that in 2003 (Figure 5). At lower levels of income (Figures 6 and 7), the value of federal transfers was similar. Finally, differences in provincial income tax and commodity taxes (generally small) explain the remaining discrepancy in the tax burden of families.

- (11) Note that government transfer payments, such as the Canada Child Tax Benefit and provincial and federal family allowances, are deducted in the calculations.  
 (12) For a more detailed examination of individual provinces, see the Appendix.  
 (13) Constant 2003 dollars.  
 (14) At a family income of \$80,000 (constant 2003 dollars), a family would be eligible for the federal Family Allowance in 1988 and for the Canada Child Tax Benefit in 2003.

### **C. Estimated Taxes, Average Spending on Housing and Average Cost of Regulated Child Care**

Families with two full-time working parents likely need child care arrangements for their young children. According to a recent study by Statistics Canada, almost three-quarters of mothers of children between three and five years of age were working in 2001, up from less than one-half in 1981.<sup>(15)</sup>

The choice of child care arrangements may depend on a range of factors, such as work schedules, personal preferences, family budget and child care availability. In this paper, the average cost of child care in provincially licensed child care centres is used as an indicator of the cost of child care arrangements in each of the provinces.<sup>(16)</sup> The average fee charged by regulated child care centres is used because the data are somewhat comparable across provinces, and because working parents of young children in regulated child care centres may be eligible for a provincial child care subsidy. Spaces are limited in licensed child care facilities, however, and many families may not have a regulated child care space available for their children.<sup>(17)</sup> Regulated child care space was available for 4% to 21% of Canadian children in 2001, depending on the province of residency.<sup>(18)</sup>

Housing is another necessary expense incurred by families. Because the cost of housing varies by province and by region, average expenditures on housing by Canadian dual-earner families with children are adjusted, in this study, to reflect the inter-city price differentials reported by Statistics Canada<sup>(19)</sup> (see Table A.2).

By adding the estimated cost of child care and the estimated cost of housing to the tax burden of families, the amount of income remaining for basic necessities such as food and clothing, and for other expenses such as transportation, entertainment and communication services, can be estimated. Taxes, child care and housing represent a large portion of the budget of working families with young children. Figure 8 shows the proportion of family income spent, on average, on those three items for selected metropolitan areas.

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(15) Statistics Canada. "Child Care Arrangements," *Perspectives on Labour and Income*, Summer 2004, Vol. 16, No. 2, p. 54.

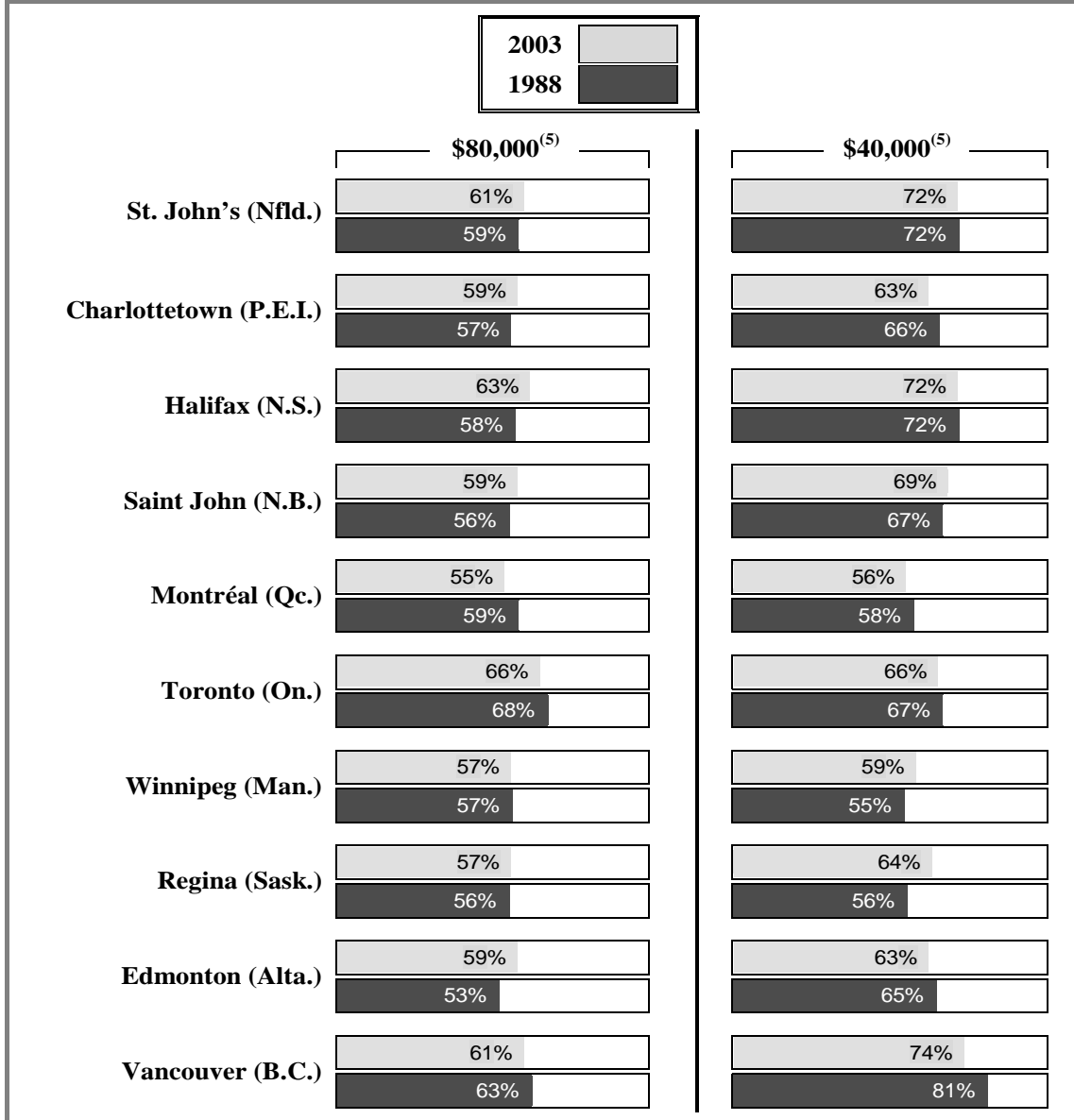
(16) See the Appendix for additional information on sources and methodology. The average cost of regulated child care used in this study is presented in Table A.4.

(17) For example, the waiting list for subsidized child care in Toronto historically averages 15,000 children. (Source: City of Toronto, *Preserving Child Care in Toronto: The Case for New Ontario Government Funding*, May 2003, p. 3.)

(18) *Diversity or Disparity? Early Childhood Education and Care in Canada (ECEC)*, Campaign 2000, Community Indicators Project, Second Report, November 2003, p. 10.

(19) See the Appendix for additional information on sources and methodology.

**Figure 8**  
**Average Family<sup>(1)</sup> Expenditures on Child Care,<sup>(2)</sup> Housing<sup>(3)</sup> and Taxes,<sup>(4)</sup>**  
**as a Proportion of Family Income**



- (1) Dual-earner family with two young children.
- (2) Average cost of provincially regulated child care for two preschool children, net of provincial child care assistance (where eligible).
- (3) Average spending on rent, mortgage, property taxes, homeowner insurance and energy.
- (4) The sum of provincial and federal income, commodity and payroll taxes, net of government transfer payments.
- (5) Family employment income, in 2003 constant dollars.

Source: For details and methodology, please see the Appendix.

In Vancouver, in 2003, almost three-quarters of a \$40,000 income for a dual-earner family with two young children would, on average, be allocated to cover the cost of taxes, housing and licensed child care. This figure can be compared with 66% in Toronto and 56% in Montréal (Figure 8). For a similar family with an \$80,000 income in 2003, Toronto was the most expensive city with two-thirds of income going to taxes, licensed child care and housing, while Montréal was the least expensive city, with 55% spent, on average, on those same items (Figure 8). Figure 8 also indicates that in Montréal, Toronto and Vancouver, dual-earner families with two young children spent slightly less, on average, on regulated child care, housing and taxes in 2003 than they did in 1988 (in constant 2003 dollars); in most other cities, they would have spent slightly more. In fact, as shown in Figure 8, the average burden of taxes, housing costs and child care costs on the budget of dual-earner Canadian families with an annual income of \$40,00 to \$80,000 was not significantly improved from 1988 to 2003 (although it did improve slightly in the largest metropolitan areas).

#### **D. Tax Burden on Average Single-Earner vs. Dual-Earner Families with Children**

About 20% of Canadian dual-parent families are single-earner families; i.e., one spouse earns a supporting income.<sup>(20)</sup> As shown in Table 1, the average income of single-earner families is lower than the average income of dual-earner families. In single-earner families with young children, however, child care is usually provided by the spouse who stays at home. Families with a spouse who stays at home thus save on the costs of child care that other families with both spouses working full-time have to pay. Table 1 compares the average income in 2003 of single-earner and dual-earner families with two children, net of estimated taxes paid and average after-tax costs of child care. Although the average market income of the two types of families differed by more than \$23,000, this difference was reduced to about \$5,000 after subtracting the average costs of child care for two young children and the estimated net taxes paid. The greater the number of young children in a family, the more financially advantageous it is for one of the spouses to stay at home.

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(20) Source: Statistics Canada, CANSIM Table 202-0105 (2002).

**Table 1**

**Average Canadian Families with Children: One Income vs. Two Incomes, 2003**

	<b>Dual-Earner Families with Two Children</b>	<b>Single-Earner Families with Two Children</b>
Average Income (2003) <sup>(1)</sup>	\$78,300	\$55,200
<b>Less:</b> Estimated Total Taxes Paid <sup>(2)</sup>	(\$25,158)	(\$16,189)
<b>Less:</b> Average After-Tax Cost of Regulated Child Care (excluding Quebec) <sup>(3)</sup>	(\$9,172)	0
<b>Net Income (After Taxes and Child Care Costs)</b>	<b>\$43,970</b>	<b>\$39,011</b>

Source: For details and methodology, please see the Appendix.

- (1) Source: Statistics Canada, CANSIM Table 202-0202, average market income for two-parent families with children.
- (2) Canadian average of estimated provincial and federal income, commodity and payroll taxes, net of government transfer payments.
- (3) Average cost of provincially regulated child care for two preschool children, net of all tax savings. Quebec is excluded from the average because of its \$5/day (now \$7/day) universal child care program. In Quebec, in 2003, the after-tax cost of two young children in a regulated child care centre would total about \$2,591 per year.

## CONCLUSION

Taxes, child care and housing represent a large portion of the budget of working families with young children. In 2003, for example, a dual-earner family with two young children living in Toronto and earning \$80,000 per year spent, on average, two-thirds of its income on those items. In Vancouver, a similar family earning \$40,000 per year spent, on average, almost three-quarters of its income on those items. The portion of income available for basic necessities such as food, clothing, transportation and communication services is correspondingly reduced. In the case of families earning \$40,000 per year, the amount remaining for leisure activities such as entertainment, sports or vacations is likely to be small indeed.

Moreover, the estimated burden of taxes, average housing expenditures and average regulated child care costs on the budget of dual-earner middle-class families did not significantly improve from 1988 to 2003 in real terms. Although the burden was slightly reduced for families residing in Toronto, Montréal and Vancouver, it remained the same or even increased slightly for families in most other provincial capitals.

## **APPENDIX**



## APPENDIX

### TECHNICAL NOTES AND DETAILED TABLES

#### A. Method for Computing Taxes Paid

Federal taxes, provincial taxes and personal government transfer payments were calculated using Statistics Canada's Social Policy Simulation Database and Model (SPSD/M), version 9.2. The SPSPD/M is a micro-simulation model used by the Parliamentary Information and Research Service and several other organizations across Canada to assess the implications of changes in the tax system. For the purposes of this paper, the model was set to compute actual income taxes paid, and estimated government transfers received, by a typical Canadian family of four, including two children aged between three and six years of age. Commodity taxes were modelled using the SPSPD/M ability to simulate provincial and federal commodity tax systems.

From 1988 to 2003, the price of consumer goods and services increased substantially. This difference is factored into the estimation of income and calculation of taxes for 1988; i.e., it is necessary to estimate approximately how much income a family living in 1988 would have needed in order to purchase the same amount of the same goods and services that it could with the income earned in 2003. Using the Consumer Price Index (CPI),<sup>(1)</sup> it can be estimated that a family earning \$80,000, \$60,000 or \$40,000 in 2003 would have enjoyed approximately the same purchasing power in 1988 with an income of \$57,545, \$43,159 or \$28,773 respectively. Taxes calculated under the 1988 tax system are expressed in constant 2003 dollars to enable comparisons of after-tax purchasing power.

For the purpose of computing taxes paid by dual-earner families, it is assumed that one spouse earns 60% of the family income while the other spouse earns the remaining 40%. In this family, it is assumed that both spouses work full-time and their only source of income is employment. Table A.1 shows estimated total taxes paid, net of government transfer payments received, at various levels of family income for each province. Total taxes paid, net of government transfer payments received, is the sum of:

- federal income tax;
- provincial income tax;
- payroll taxes (EI premiums and contributions to the CPP or QPP);

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(1) Since commodity taxes are simulated for 1988 (as well as for 2003), the CPI excluding the effect of indirect taxes was used (Statistics Canada, CANSIM Table 176-0003).

- federal commodity taxes (simulated);
- provincial commodity taxes (simulated);

less:

- federal government transfer payments (i.e., Canada Child Tax Benefit and GST tax credit); and
- provincial government transfer payments (i.e., family allowances and sales tax credit).

**Table A.1**

**Estimated Total Taxes Paid<sup>(1)</sup>  
for Different Levels of Family Income,<sup>(2)</sup> 1988 and 2003  
(Constant 2003 Dollars)**

	<b>\$40,000</b>		<b>\$60,000</b>		<b>\$80,000</b>	
	<b>2003</b>	<b>1988</b>	<b>2003</b>	<b>1988</b>	<b>2003</b>	<b>1988</b>
Newfoundland	\$9,960	\$9,344	\$19,100	\$17,744	\$28,581	\$26,824
Prince Edward Island	\$9,155	\$9,099	\$18,426	\$17,349	\$27,916	\$26,242
Nova Scotia	\$9,495	\$8,748	\$18,464	\$16,907	\$27,739	\$25,719
New Brunswick	\$9,940	\$9,338	\$18,843	\$17,737	\$28,055	\$26,815
Quebec	\$7,513	\$7,658	\$17,952	\$18,094	\$28,247	\$28,429
Ontario	\$7,173	\$8,471	\$16,523	\$16,439	\$24,720	\$25,009
Manitoba	\$8,994	\$8,897	\$18,163	\$17,916	\$27,474	\$27,209
Saskatchewan	\$8,953	\$8,631	\$17,804	\$17,308	\$26,793	\$26,167
Alberta	\$7,085	\$7,373	\$15,807	\$15,256	\$24,083	\$23,438
British Columbia	\$8,330	\$8,311	\$16,329	\$16,243	\$24,468	\$24,785

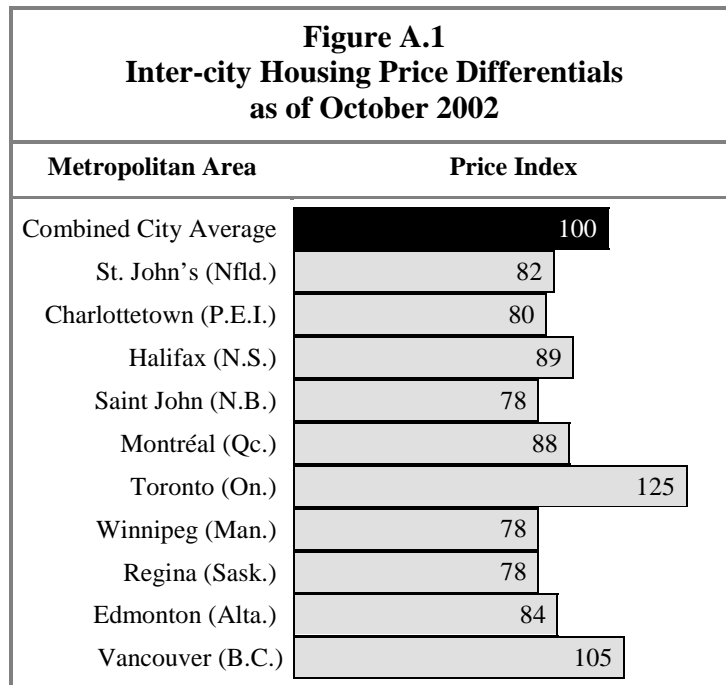
(1) The sum of provincial and federal income taxes, estimated commodity taxes and payroll taxes, net of government transfer payments. Taxes for 1988 are calculated using constant 2003 dollar income.

(2) Dual-earner family with two young children. Employment is the only source of income for this family.

Source: This analysis is based on Statistics Canada's SPSD/M, version 9.2. The assumptions and calculations underlying the simulation results were specified by the author, and responsibility for the use and interpretation of this model is entirely that of the author.

## B. Average Cost of Housing

The average cost of housing is estimated using data from Statistics Canada's *Survey of Household Spending*<sup>(2)</sup> and *Inter-city Indexes of Retail Price Differentials*.<sup>(3)</sup> There are large regional differences in the price of housing in Canada, as shown in Figure A.1.



Source: Statistics Canada, *The Consumer Price Index*, Cat. No. 62-001-XIB, March 2004.

The average spending on housing (comprising regular mortgage payments, property taxes, homeowners' insurance premiums, rent, water, fuel and electricity) for Canadian dual-parent families with children, from Statistics Canada's *Survey of Household Spending*, is adjusted to reflect the price differentials in each city shown in Figure A.1. The average cost of housing shown in Table A.2 is a weighted average of ownership costs and rental costs, plus the average cost of water, fuel and electricity.

The average cost of housing for 1988 is derived using the housing components of the CPI. It is a gross estimation of how much it would have cost for this family to live in the same housing in 1988.

(2) Statistics Canada, *Survey of Household Spending in 2002*, Cat. No. 62F0034, 17 December 2003. The 2002 spending levels were adjusted to 2003 levels using their respective components of the CPI.

(3) Statistics Canada, *The Consumer Price Index*, Catalogue No. 62-001-XIB, March 2004.

**Table A.2**

**Estimated Average Housing Expenditures<sup>(1)</sup>  
for Different Levels of Family<sup>(2)</sup> Income, 1988 and 2003**

	\$40,000 <sup>(2)</sup>		\$80,000 <sup>(2)</sup>	
	2003	1988	2003	1988
St. John's (Nfld.)	\$11,507	\$8,666	\$12,304	\$9,220
Charlottetown (P.E.I.)	\$11,429	\$8,593	\$12,191	\$9,161
Halifax (N.S.)	\$12,702	\$9,002	\$13,554	\$9,577
Saint John (N.B.)	\$10,952	\$8,103	\$11,684	\$8,680
Montréal (Qc.)	\$12,384	\$8,503	\$13,285	\$9,110
Toronto (On.)	\$17,434	\$12,298	\$18,504	\$13,447
Winnipeg (Man.)	\$10,632	\$7,546	\$11,431	\$8,146
Regina (Sask.)	\$11,113	\$7,224	\$11,849	\$7,650
Edmonton (Alta.)	\$13,137	\$8,039	\$13,911	\$8,631
Vancouver (B.C.)	\$14,408	\$11,692	\$15,321	\$12,794

(1) Comprising regular mortgage payments, property taxes, homeowners' insurance premiums, rent, water, fuel and electricity. Net of the value of estimated provincial property tax credits (or rental payments tax credits) where and when applicable.

(2) Dual-parent family with two young children.

Source: Statistics Canada, *Survey of Household Spending in 2002*, and Statistics Canada, *The Consumer Price Index*, March 2004.

**C. Average Cost of Regulated Child Care**

The average cost of regulated child care by province in 2003 is taken from a November 2003 report<sup>(4)</sup> published by Campaign 2000, a non-partisan cross-Canada coalition of 90 national and community organizations. In this paper, the average cost reflects the cost for two preschool children in full-time regulated child care centres. It should be noted that each province subsidizes the cost of child care for the children in some lower-income families, usually through child care fee subsidy programs. To be eligible for child care assistance, families must meet income and/or other eligibility criteria, which vary considerably across provinces. In all provinces except Ontario and Quebec,<sup>(5)</sup> however, families must pass an income test to determine their eligibility and the amount of assistance they could be eligible to receive. Table A.3 shows the level of child care assistance a typical family of four with two preschool children in full-time regulated child care centres would have been eligible to receive in 2003.

(4) *Diversity or Disparity? Early Childhood Education and Care in Canada (ECEC)*, Campaign 2000, Community Indicators Project, Second Report, November 2003.

(5) The Province of Quebec has taken a different approach, and introduced a universal \$5/day fee for all children up to four years. The fee has recently been increased to \$7/day.

**Table A.3**

**Estimated Provincial Monthly Child Care Subsidy in 2003,  
\$40,000 Gross Family<sup>(1)</sup> Income**

Province	Estimated Monthly Subsidy	Source
Newfoundland	\$0	Government official
Prince Edward Island	\$265	Government official
Nova Scotia	\$111	Government official
New Brunswick	\$0	Government official
Quebec	total fee of \$10 per day	Universal provincial daycare program
Ontario (Toronto)	total fee of \$9 per day <sup>(2)</sup>	Toronto Children's Services, Ombudsperson
Manitoba	\$318	On-line estimator <sup>(3)</sup>
Saskatchewan	\$112	Web publication <sup>(4)</sup>
Alberta	\$413	On-line estimator <sup>(5)</sup>
British Columbia	\$138	On-line estimator <sup>(6)</sup>

Note: These estimates assume that, in each province, this family would meet all eligibility criteria other than income. Many eligible families may not be subsidized, however, because of limited regulated child care spaces.

- (1) Eligible family of two parents working full-time and two preschool children.
- (2) Ontario uses a "needs test" rather than an "income test" to determine eligibility for a subsidy. This "needs test" is different for each municipality. The figure for Toronto is, therefore, a gross estimate based on a hypothetical assessment of typical legitimate expenses and other factors entering into the test.
- (3) <https://direct.gov.mb.ca/cdhtml/html/internet/en/about.html>.
- (4) <http://www.dcre.gov.sk.ca/publications/pdfs/CDC8.pdf>.
- (5) [https://www.childcaresubsidy.gov.ab.ca/ccs/ccs\\_public.nsf/Menu?OpenFrameSet](https://www.childcaresubsidy.gov.ab.ca/ccs/ccs_public.nsf/Menu?OpenFrameSet).
- (6) <http://www.childcareestimator.gov.bc.ca>.

The average cost of regulated child care shown in Table A.4 includes any child care subsidy that a family might have been eligible to receive.

The estimated average cost of child care for 1988 is an average of the data obtained from two different sources.<sup>(6)</sup> Provincial child care fee subsidies for 1988 are estimated using the information contained in a study prepared in 1989 for the House of Commons Special Committee on Child Care, "Provincial Day Care Subsidy Systems in Canada, 1987."

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(6) The "Review of Child Care Fees" (1986) prepared for the House of Commons Special Committee on Child Care reports average child care centre fees in 1984. Another study, "Caring for a Living" (1993), prepared by The Canadian Child Day Care Federation and The Canadian Day Care Advocacy Association, shows average child care centre fees for 1991.

**Table A.4**

**Average Cost for Two Preschool Children  
in Full-time Regulated Child Care Centres, 1988 and 2003  
(includes estimated provincial child care assistance, where eligible)**

	<b>\$40,000<sup>(1)</sup></b>				<b>\$80,000<sup>(1)</sup></b>			
	<b>2003</b>		<b>1988</b>		<b>2003</b>		<b>1988</b>	
Newfoundland	\$10,920		\$7,281		\$10,920		\$7,281	
Prince Edward Island	\$6,708	☑	\$5,332	☑	\$9,888		\$6,651	
Nova Scotia	\$9,753	☑	\$7,421		\$11,712		\$7,421	
New Brunswick	\$10,032		\$6,128		\$10,032		\$6,128	
Quebec	\$2,599	☑	\$4,416	☑	\$2,599	☑	\$7,555	
Ontario (Toronto)	\$2,340	☑	\$1,040	☑	\$12,336		\$9,594	
Manitoba	\$5,208	☑	\$2,761	☑	\$9,024		\$7,018	
Saskatchewan	\$8,236	☑	\$4,005	☑	\$9,576		\$7,672	
Alberta	\$7,236	☑	\$6,926		\$12,192		\$6,926	
British Columbia	\$10,195	☑	\$7,254	☑	\$11,856		\$7,737	

☑ = Might be eligible to receive provincial child care assistance (the estimated amount of the child care fee subsidy has been deducted from the average fee in the numbers presented in this table).

(1) Gross income (in constant 2003 dollars) for a dual-earner family with two children. Real income is used to test eligibility for provincial subsidy programs in 1988.

Source: Sources are discussed above in part C of this Appendix.