

AN EXAMINATION OF CANADIAN SPENDING HABITS OVER THE LAST DECADE



Conducted by

greedyrate\$

INTRODUCTION

Table of Contents

An examination of Canadian spending habits in the midst of the Covid-19 pandemic	1
Introduction	1
Canadians and Household Debt	2
Over the last decade, Canada's favourite type of debt has become riskier	2
A decade after a major economic downturn, insolvencies are once again rising—increasingly in the form of consumer proposals	4
How might Covid-19 affect these trends?	6
A shift in the food market	7
Food staples are increasing in price	7
Canadians are spending more money than ever on eating out, particularly the younger generations	8
Prepared meal kits are having a moment	9
How might Covid-19 affect these trends?	9
The Rising Cost of Housing	11
The cost of home ownership has risen steeply in Canada's biggest cities	12
There's a growing disparity between owners and renters	12
High home prices are incentivizing some young families to leave big cities ..	13
How might Covid-19 affect these trends?.....	14
The true costs of child care	15
The cost of daycare varies wildly across the country	16
Women's careers disproportionately bear the impact of raising children	17
Are Canadian families having fewer children because of the expense?	18
How might Covid-19 affect these trends?.....	19
Travel	20
Canadians are seeing more of both the world and their own country	22
Conclusion	23



Introduction

The Covid-19 crisis has had a huge impact on every single Canadian, from their daily routines to shopping habits to job security. Canadians are struggling with unprecedented economic uncertainty as they try to cope with a constantly changing financial landscape. While the pandemic has pulled some financial habits and trends into the spotlight, the truth is that Canadians' financial lives have never been uncomplicated. This white paper aims to examine some of the key ways Canadians spend their money in the face of steeply rising costs. It will explore how they approach debt, food, housing, child care, and travel. While each of those spending categories includes a wide number of variables, this much is clear: Even before the pandemic, life in Canada was getting more and more expensive.



Canadians and Household Debt

First up, debt. While Canada is admired around the world for its economic stability and seemingly reasonable fiscal policies, we actually carry a dirty little secret. In fact, it's a dirty big secret: Over the last decade, Canadians have racked up record-setting rates of household debt—and the cost of servicing that debt is increasing and making life more precarious for many.

According to research, the key measure of household debt to disposable income now stands at more than 155 per cent in Canada—though in 2010, coming out of a massive global economic correction, that number was around 150 per cent.¹

As Canadians try to juggle their debts, a significant number are dropping at least one ball. This means that Canadians are increasingly forced to choose between servicing their debt and adding to savings or covering the cost of increasingly expensive necessities such as housing and education. Some Canadians have even been forced to sell assets or withdraw from their RR-SPs in order to keep their finances afloat.

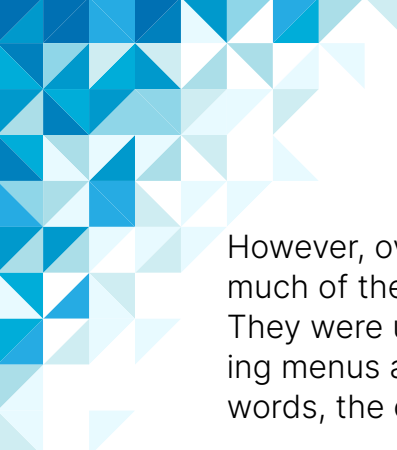
Our research has turned up two particularly worrying debt-related trends that emerged in the last decade: an increasing dependence on home equity lines of credit (HELOCs), and a rate of insolvencies that's starting to rival the 2008/2009 downturn.

CANADA'S FAVOURITE TYPE OF DEBT HAS BECOME RISKIER

According to the Bank of Canada, over the last decade the main driver of the rise in household debt was home equity extraction. Borrowing through HELOCs has grown even faster than residential mortgages since 2017 and, as of January 2020, **stood at \$268 billion.**

HELOCs are tied to the strength of the Canadian housing market—as some Canadians watched the value of their property double, triple, or more, they started borrowing against a reassessed value. These kinds of loans became increasingly popular from 2000-2010, and they were used primarily for the purposes of loan consolidation, home improvements, or emergencies.

¹ <https://globalnews.ca/news/7328674/canada-household-debt-ratio-drops-1-58-per-dollar-disposable-income/>; <https://www.bankofcanada.ca/wp-content/uploads/2012/02/boc-review-winter11-12-crawford.pdf>



However, over the last decade, HELOCs were increasingly used to drive much of the same consumption that also boosted credit card balances. They were used for purchases such as hockey equipment for the kids, tasting menus at hot new restaurants, university tuition, and new cars—in other words, the costs of daily life.

Some borrowers, particularly younger Canadians, are already struggling to keep up. The Bank of Canada found that, more than any other age group, 25-34-year-olds make interest-only payments on their HELOC, use HELOCs to meet payments on other debt, and would struggle if their payment increased by even \$100 per month. Four in 10 HELOC borrowers aged 25-34 pay only the interest on their HELOC most or every month, versus 24 per cent of borrowers over the age of 65. ²

Canada's increasing addiction to this particular type of debt has been encouraged by the banking sector. A number of banks now offer to bundle HELOCs with mortgages in an interesting symbiotic relationship.

In the last decade, the number of Canadians who have a stand-alone HELOC (i.e., without also having a mortgage) has declined by 40 per cent, and, over the same period, the number of households that have both a HELOC and mortgage has increased by almost 40 per cent.

As one pays down the mortgage, the credit available in the form of a HELOC increases in direct proportion—so, pay down \$5,000 on your mortgage and you now have \$5,000 available in a line of credit.


While that might sound like a great tool, many Canadians have found the temptation to simply add to their overall debt levels by tapping into this easy-to-access credit too powerful. [The Bank of Canada warned that HELOCs “may increase consumers’ vulnerability to over-borrowing, debt persistence, and wealth erosion.”³](#)

In the short term it might seem to make sense to borrow through a HELOC secured by an asset in an expensive market like Toronto or Vancouver. Thanks to rising house prices, Canadian households have seen a 70 per cent increase in aggregate net worth since 2010. The average value of a Canadian home in 2010 was \$339,000. By 2019, that number rose to \$479,000.

But HELOCs played a supporting role in the disastrous U.S. housing bubble, as Americans tapped the rising equity in their homes for cash. A crash

² <https://www.canada.ca/content/dam/fcac-acfc/documents/programs/research-surveys-studies-reports/home-equity-lines-credit-consumer-knowledge-behaviour.pdf>

³ <https://www.canada.ca/content/dam/fcac-acfc/documents/programs/research-surveys-studies-reports/home-equity-lines-credit-trends-issues.pdf>



could happen here, too, if borrowers—particularly younger borrowers with less equity in their homes—aren't careful. [On a per capita basis, HELOC balances in Canada were \\$4,849 in October 2019, more than quadruple the \\$1,080 per person in the U.S.⁴](#)

In 2019, some credit rating agencies warned that if real estate prices fall, homeowners might find themselves with debt loads that exceed the value of their homes. In other words, they would be underwater, maxed out, and on the verge of financial ruin.

INSOLVENCIES ARE ONCE AGAIN RISING-INCREASINGLY IN THE FORM OF CONSUMER PROPOSALS

This is exactly the scenario for a growing number of Canadians who find that decades of cheap and easy debt are starting to catch up with them as the cost of living rises and salaries don't keep pace.

In 2009, at the height of the economic downturn, almost 160,000 Canadians filed for insolvency in the form of either personal bankruptcy or a consumer proposal. That number inched down over the intervening years to pre-recession levels as the global economy rallied, however that number rose significantly once again to more than 127,000 Canadians in 2019.

According to the Office of the Superintendent of Bankruptcy, October 2019 was the highest monthly reading of insolvencies since September 2009—a 13 per cent jump over October 2018.

As more Canadians look for a way out of their muddy financial situations, consumer proposals (which typically allow consumers to retain assets and settle with creditors) are rising over bankruptcy. This trend might account for why some consumers have shed their reluctance to enter insolvency over the last decade. In 2007, bankruptcies accounted for 79 per cent of total insolvencies, but by 2016 that number dropped to 51 per cent. By 2019, consumer proposals represented almost 60 per cent of insolvencies. Any number of issues contribute to insolvency—including job loss, unexpected major expenditures, divorce, and the rising cost of living.

⁴ <https://www.bloomberg.com/news/articles/2019-03-26/canadians-are-feeling-the-debt-burn>

According to CIBC, insolvencies are rising for all age groups. While Generation X has the highest overall debt load, trailed by Millennials by a fairly wide margin, the share of insolvencies is increasing for those over age 55—from less than 10 per cent in 2009 to almost 20 per cent in 2019 .⁵

Surveys show that the majority of Canadians are living paycheque to paycheque, meaning they don't have any wiggle room to make debt repayments if something unanticipated happens.

This problem has remained relatively consistent over the last decade. According to a 2010 survey from the Canadian Payroll Association, 59 per cent of Canadian workers said they would have financial difficulties if their paycheque was delayed by even a week. In 2019, that number was 53 per cent which seems like an improvement, but a higher proportion of Canadians reported being overwhelmed by their debt.



An increasing number of Canadians are also declaring insolvency not just once, but two, three, four, or even five times.

In a January 2020 announcement, the Bank of Canada left its policy interest rate at 1.75 per cent, where it has stayed steady since October 2018, and acknowledged a slowing economy. Previously, the interest rate rose from 0.5 to 1.75 per cent from July 2017 to October 2018, so an interest rate increase isn't out of the question. With extremely high rates of household debt, concerns about economic growth, and the persistent threat of rising interest rates, more and more Canadians may soon be acquainting themselves with consumer proposals.

⁵ <https://www.cbc.ca/news/business/millennials-top-boomers-in-debt-1.5253255>; https://economics.cibccm.com/economicsweb/cds?TYPE=EC_PDF&ID=9052



HOW MIGHT COVID-19 AFFECT THESE TRENDS?

While the longer-term impacts of Covid-19 are still to be determined, the most obvious potential threat to Canadians who carry a lot of debt is job loss. Suddenly, a robust global economy is precarious, and few industries have proven immune to the downturn. As of early August 2020, Canada had only recouped 55 per cent of [Covid-19-related job losses](#) from the first wave. The second wave of the disease will have ongoing repercussions on employment and the Canadian economy into 2021 and beyond, even with the glimmer of promising vaccines on the horizon.

On the other hand, the relationship between Covid-19 and personal debt is a bit counterintuitive. By August 2020, Canadians actually reported that they shrank personal debt—including credit cards and lines of credit—[thanks to massive government aid and loan deferral programs](#). At the end of January 2020, credit card balances in Canada totalled more than \$100 billion; by the end of July, they had dropped to \$89 billion. As the government winds down many of these programs, however, Canadians may find themselves once again feeling strapped for cash and turning to debt.

Spending is another factor that will determine personal debt moving through this crisis. Almost half of Canadians reported that [cutting back on spending](#) is a priority. As we move through the uncertainty of Covid-19, many Canadians are aware that they may soon be out of work. Increasingly, consumers may focus on saving rather than spending.

A SHIFT IN THE FOOD MARKET

In Canada, as in much of the world, food is much more than simple sustenance. Food can be an expression of love or a continuance of family traditions; it can be a hobby furnished by expensive or niche ingredients; it can be entertainment, often in the form of dining with cherished friends; and it can represent status—a way to “check off” some of the finer experiences in life.

And so it makes sense that Canadians consistently reported spending more and more money on food over the previous decade.

In 2009, Canadian households dedicated 10.2 per cent of their spending to food, while in 2017 that figure rose to 13.4 per cent.

According to a 2019 study conducted by Dalhousie University, a majority of Canadians believe that rising food prices are outpacing their income and plan to change their spending habits to help cope—including eating out less, consuming less meat, and buying in bulk.⁶



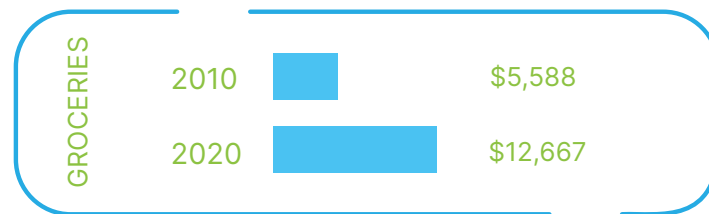
FOOD STAPLES ARE INCREASING IN PRICE

The price of food, whether it be home cooked or from an external vendor, keeps climbing for Canadians—especially when it comes to the staples they depend on day to day.

Every year, Canada’s Food Price Report, a joint report from Dalhousie University and the University of Guelph, offers projections into the year ahead. The 2020 report anticipates that meat, produce, and seafood will all become more expensive, with year-over-year prices forecast to increase by two to four per cent. Meat prices are anticipated to rise by up to six per cent, and fresh fruit by up to 3.5 per cent.

⁶ <https://www.cbc.ca/news/canada/food-eats-up-less-of-our-spending-but-costs-us-more-1.1054574>;
<https://www150.statcan.gc.ca/n1/daily-quotidien/181212/dq181212a-eng.htm>

As a result, the average Canadian family can expect to spend \$12,667 on groceries this year—compared to \$5,588 in 2010.



In 2020, Canada's Food Price Report undertook a 10-year review, and here's what they learned about the preceding decade when it comes to spending on staples: Bakery, meat and dairy prices had noteworthy increases during this period. For example, between 2001 and 2015, the Consumer Price Index for bread rose 96 per cent.

CANADIANS ARE SPENDING MORE ON DINING OUT, PARTICULARLY THE YOUNGER GENERATIONS

One of the largest increases in food-related spending over the last decade has been dining out. In 2011, Canadians spent an average of \$2,207 on restaurants, while in 2017 they spent almost \$2,600 .



A Dalhousie University survey from 2017 found that nearly 42 per cent of Canadians are getting takeout or eating in a restaurant once or twice a week. Another survey done the same year found that eating out is the number one “guilty pleasure” for Canadians—with 72 per cent dining out more than a few times in a typical month. ⁷

According to research from Restaurants Canada, in 2018 consumers under 30 years old spent 44 per cent of their total food expenditures on food and alcohol from restaurants versus 35 per cent for those between ages 30-39 and 27 per cent for those over 65. ⁸ Dalhousie University researcher Sylvain Charlebois thinks we could be spending as much money on food purchased outside the home as we do on groceries by 2030. ⁹

⁷ <https://globalnews.ca/news/3465075/canadians-eating-out-over-cooking-at-home/>; <https://www.newswire.ca/news-releases/canadians-are-spending-big-on-their-financial-guilty-pleasures-650395473.html>

⁸ <https://www.manitobacooperator.ca/news-opinion/opinion/where-food-consumers-are-spending-more-of-their-income-is-shrinking-the-farmers-share/>

⁹ <https://www.manitobacooperator.ca/news-opinion/opinion/where-food-consumers-are-spending-more-of-their-income-is-shrinking-the-farmers-share/>



PREPARED MEAL KITS ARE HAVING A MOMENT

Many Canadians report being short on time, which may be driving some of that increase in spending on restaurants and takeout. But the desire for convenience might be driving another growing spending category, too: meal kit services that provide pre-portioned ingredients and semi-prepared dishes.

These meal kits—offered by services such as Goodfood, HelloFresh, and Chefs Plate—offer a bit of a compromise: It's a form of home cooking that doesn't require a trip to the grocery store, and most of the prep work (including the portioning and sometimes even some of the chopping) has already been done. This also squares with research that found that 60 per cent of Canadians intended to eat less often in restaurants in 2020 than in previous years.

According to market research company NPD Group, the meal kit industry has more than doubled since 2014. The trend is part of what NPD has termed “digital-door spending”—which also includes traditional food delivery options and newer alternatives like UberEats. This ties into research by Nielson in 2017, which found that Canadian consumers were making fewer grocery shopping trips in general—2.3 billion in 2017, down seven per cent from 2012. And Millennials are making the fewest trips when compared with other generations.

HOW MIGHT COVID-19 AFFECT THESE TRENDS?

While Canadians love eating out, it will come as no surprise that the pandemic has forced Canadians to stay home. Even as some restrictions ease, many Canadians remain wary about the things they used to take for granted—including enjoying meals at restaurants. A new report from researchers at the University of Guelph and Dalhousie University predicts that restaurant spending will be slashed by about half in 2020, dramatically reversing a decades-long trend towards greater and greater food consumption outside the home. And when Canadians do enjoy food from restaurants, research predicts that they will likely gravitate towards the cheaper end of the market—in particular, fast food, pizza, and other delivery/takeout options.

Preparing more food at home might not translate to the big savings some might expect. While buying groceries is still generally cheaper than eating out, the prices of certain staples could increase significantly as Covid-19 wreaks havoc on international, and even domestic, supply chains.

A report from August 2020 found that almost all food categories have increased in price since the beginning of the pandemic, attributing the change to the costs associated with enhanced cleaning, and production and distribution challenges.¹⁰



The cost of staple crops like rice and wheat have risen since the start of the pandemic, and Covid-19 outbreaks at meat processing plants have driven concerns about shortages.

Consumers paid 7.8 per cent more for meat in May 2020 than just a year before, and they also paid 9.4 per cent more for flour.

Furthermore, because Canada buys much of its fruits and vegetables from the United States (and, by extension, Mexico), a weaker Canadian dollar and supply chain complications or slowdowns could result in even higher prices for Canadians.

Finally, prepared meal kits appear to be increasing even further in popularity. HelloFresh recently reported that they expect first quarter sales to be almost 40 per cent over last year. And Loblaws is presently trying to expedite the launch of their own meal kit delivery service. In addition to avoiding a trip to the grocery store, the convenience of these kits means less prep time for families struggling to keep up with the demands (and anxiety) of managing work, health, and homeschooling.

¹⁰ <https://www.ctvnews.ca/canada/no-food-category-is-immune-how-the-pandemic-is-causing-rising-grocery-prices-1.5076282>



THE RISING COST OF HOUSING

Spending on housing—whether in the form of mortgage or rent—has increased significantly over the past 10 years in major cities across Canada. In 2009, shelter represented just 19.8 per cent of household spending in Canada. In 2017, that share rose to 29.2 per cent.¹¹ While it is important to keep in mind the 2008/2009 temporary downturn in housing prices as a result of the financial crisis—this still represents a considerable increase. Of all of the indicators of the rising costs of living, housing is a particularly acute example—one that drives much conversation and, at times, resentment.

Those who got into the housing market at the right time have seen a significant increase in net worth, but what about those who didn't? In expensive cities like Vancouver and Toronto, owning a home has become a threshold for personal and family success that is available to fewer and fewer people as time goes on.

This issue has transformed major parts of the country and, with prices rising even during a global pandemic, is the topic of much policy debate on municipal, provincial, and federal levels.

Housing has an impact on everyone's lives, and the cost of housing has major spillover effects. But, in the last decade three particular trends have emerged: the cost of homeownership rose steeply in Canada's biggest cities; the economic disparities between renters and owners increased; and some Canadians fled certain cities in pursuit of more affordable housing.

¹¹ <https://www.cbc.ca/news/canada/food-eats-up-less-of-our-spending-but-costs-us-more-1.1054574>; <https://www150.statcan.gc.ca/n1/daily-quotidien/181212/t001a-eng.htm>



A STEEP RISE IN CANADA'S BIGGEST CITIES

According to the Canadian Real Estate Association, the cost of housing in Canada rose by 80 per cent since the winter of 2009; in large cities like Vancouver and Toronto, prices more than doubled. Prices have also increased rapidly in a handful of smaller cities, including Victoria and Ottawa.

Thanks to prohibitively high prices, the rate of home ownership has remained stagnant at just under 70 per cent. In much the same way, wages have also remained stagnant, locking new generations of Canadians into limited, increasingly expensive choices. In Vancouver, for example, **2019 research by RBC shows** that an average household would need to spend an extra 60 per cent of their income to buy a single detached home. To own a condo, they would have to spend an extra 49.2 per cent. This is, however, down from a peak of 74 per cent in 2016. Housing in other parts of the country—including Calgary, Edmonton, and Saskatoon—has remained relatively stable over the last decade.

Part of the problem is a growing population and diminishing housing stock—at least when it comes to single-family dwellings. The National Bank of Canada noted in 2020 that the “national active listings to sales ratio is at its lowest since 2007Q2, a level generally associated with worsening affordability.”

Tepid wage growth also contributes to housing unaffordability as Canadians struggle to cover growing expenses. Between 2008 and 2017, the nominal median wage in Canada rose just 22 per cent, and in Ontario and British Columbia (where housing prices doubled in that time) it went up just 20 per cent.

A GROWING DISPARITY BETWEEN OWNERS AND RENTERS

According to the Canadian Centre for Policy Alternatives (CCPA), **one third** of Canadian households—almost five million families—rent rather than own their homes. While many Canadians prefer the flexibility and lack of maintenance associated with renting, many others are simply priced out of Canada's increasingly expensive housing market. However, renting in Canada's

major cities has become less affordable over the last decade. Data from the Canada Mortgage and Housing Corporation (CMHC) show that between 2010 and 2018, rents for bachelor, and one-, two-, and three-bedroom apartments in Toronto rose by an average of more than 30 per cent, while the inflation rate over the same period was 13.62 per cent.

According to 2019 research,¹² 44 per cent of Canadians spend more than a third of their income on rent, and 15 per cent spend almost half of their income on rent—which is higher than the recommended proportion of 30 per cent.



While many have broad perceptions of overstretched homeowners with escalating down payment and mortgage costs, in reality only 20 per cent of homeowners are spending more than a third of their income on their home. Statistics like these underline the increasingly stark divide between Canada's renters and homeowners—a trend that has been exacerbated over the last decade. While homes have gained significant value, a 2019 report from the CCPA found that there are no neighbourhoods in either Toronto or Vancouver—the country's two largest cities—where a full-time minimum wage worker could afford a one- or two-bedroom rental apartment unless he or she was willing to spend more than 30 per cent of their earnings. In fact, a minimum wage worker would need to work a minimum of 84 hours a week to afford a modest one-bedroom rental.


As a result of this growing unaffordability, a recent report from Social Planning Toronto¹³ found that the waitlist for social or subsidized housing in the city has grown by more than 50 per cent in the last decade.

YOUNG FAMILIES ARE LEAVING BIG CITIES

With the rising cost of urban housing, many Canadians are looking for alternatives. Prices in places like Toronto, Vancouver, and Victoria are skewing the average; some communities in Canada still offer somewhat affordable housing. This disparity has encouraged many Canadians to leave major cities like Toronto, Vancouver, and Montreal. While many love the hustle and bustle of the big city, it's very hard to raise a family in a pricey two-bedroom condo.

¹² <https://www.newswire.ca/news-releases/four-in-ten-renters-are-overspending-on-housing-in-canada-survey-816818392.html>

¹³ https://d3n8a8pro7vhmx.cloudfront.net/socialplanningtoronto/pages/2279/attachments/original/1578438814/Good_Bad_Ugly_Toronto_After_Austerity-min.pdf?1578438814



And so some are migrating to lower-density locations, often in the pursuit of a home with a backyard where they can stretch their legs.

From mid-2018 to mid-2019, Toronto, Vancouver, and Montreal saw a net loss of 76,000 people—largely young families who could not find adequate and affordable housing in those areas. In 2019, RBC found that the net outflow from Vancouver, Toronto, and Montreal has more than tripled since 2015.¹⁴ In Vancouver alone the increase was almost eightfold. Most of these housing-related migrants are heading to smaller cities and suburbs surrounding Canada's biggest cities, says RBC, noting that buying a home is up to 50 per cent cheaper in the smaller southern Ontario and British Columbia communities.

HOW MIGHT COVID-19 AFFECT THESE TRENDS?

Early on in the Covid-19 crisis there was some speculation that the pandemic would depress housing prices in Canada's urban centres. In May 2020, the CMHC suggested that they expect real estate prices to be somewhat depressed until late 2022 at the earliest. But the reality is that both housing prices and housing sales have remained robust, despite the fact that, according to the CMHC, preliminary figures indicated that approximately 10 per cent of homeowners opted to defer mortgage payments at some point during the first few months of the pandemic.

Conversely, preliminary reports also suggest that rents in Canada's biggest cities are becoming more affordable. With the short-to medium-term decimation of the travel industry, there are some indications that Airbnb units are returning to the long-term rental pool, which is driving down overall rents. The price of a two-bedroom apartment in Toronto, for example, was down 4.1 per cent since the beginning of the pandemic. Some of this may be attributed to falling demand, which could develop into a longer-term trend as there will likely be a dip in the number of new immigrants and non-permanent residents arriving in Canada.

The temporary emphasis on remote work could lead to a longer-term trend of remote work. Many Canadians are learning that they do not need to work from an office to be productive, and many business owners are now aware that office space rental, one of their biggest expenses, may not be a necessity. There is some speculation that this trend could drive relocation to smaller cities and more affordable areas such as Halifax, Nova Scotia, suburban Ontario, and Abbotsford, British Columbia.

¹⁴ <http://www.rbc.com/economics/economic-reports/pdf/canadian-housing/housing-millennials-apr2019.pdf>

THE TRUE COSTS OF CHILD CARE

One of the biggest social and economic shifts in Canada over the past generation is the rise of two-income households. In 2016, StatsCan research demonstrated that the percentage of families with two parents working outside the home had **doubled in the 40 years between 1976 to 2015**.

Many consider this development a boon, thanks to a broad rise in economic productivity and purchasing power, along with giving women the opportunity for independence and fulfillment as they pursue their professional goals.

With both parents working, who is taking care of Canada's children? As dual-income families have become the norm, child care has only become more expensive—particularly over the last decade. In some cities, including Toronto and Edmonton, child care rose as much as 20 per cent between 2014 and 2017.¹⁵

According to [a 2016 report](#) from the Organization for Economic Co-operation and Development (OECD), Canadian families spend almost one quarter of their income on child care—a much higher ratio than other OECD members. The Canadian Centre for Policy Alternatives (CCPA) has found that the cost of child care in Canada is rising faster than inflation. Between 2014 and 2017, it rose as much as [20 per cent](#) in some Canadian cities. The CCPA also found that, in 19 of 25 cities, [for-profit child care centres](#) charged at least 10 per cent more than not-for-profit centres.



Child care is important to Canadians. In 2011, [46 per cent](#) of Canadians surveyed reported using child care for children aged 14 and under; by 2019, [the majority](#) of children between six months and five years old were in some form of child care.

Childcare costs may finally even out or decline across the country, as the federal government commits to additional spending. In a series of [deals with the provinces](#), an additional \$7.5 billion over the next decade is expected to help subsidize costs and free up spaces in daycares.

In the last decade, three particular trends have emerged: the cost of day-care varies significantly from province to province; women's careers are disproportionately affected by child care; and Canadian families may choose to have fewer children because of concerns about the expense.

¹⁵ <https://www.cbc.ca/news/business/child-care-costs-1.4443290>

VARIED DAYCARE COSTS ACROSS CANADA


The economic burden of child care varies from place to place. Spaces for preschool-age children are most expensive in Iqaluit, where they cost more than \$1,200 a month. According to the CCPA, southern Ontario has the most expensive child care; in Toronto, infant care costs over \$21,000 a year, which means that a couple with an infant and a toddler could easily be looking at [\\$30,000-\\$40,000 a year](#) in child care costs. In Ontario, the [median household income](#) in 2017 was \$85,900, so care for two children would eat up more than half of that after-tax income.

For a single parent family, those costs are much more punishing even with available subsidies; the [median lone-parent](#) family income in 2017 was \$47,140.

On the other end of the spectrum, provinces like Quebec, Manitoba, and PEI have more affordable models with set maximum fees. In Quebec, fees have been regulated since 1997. The province subsidizes daycare at three times the national rate and sets fees below \$200 a month. This means that the cost of child care in southern Ontario can be ten times the cost of child care in Quebec.

Gatineau	\$179	Yellowknife	\$990
Laval	\$179	Burnaby	\$1,000
Montreal	\$179	Surrey	\$1,000
Longueuil	\$179	Brampton	\$1,025
Quebec City	\$179	Ottawa	\$1,040
Winnipeg	\$451	Mississauga	\$1,090
Charlottetown	\$608	Calgary	\$1,100
Regina	\$680	Vancouver	\$1,112
Moncton	\$716	Kitchener	\$1,149
St. John's	\$726	London	\$1,172
Windsor	\$760	Richmond	\$1,200
Saskatoon	\$800	Iqaluit	\$1,213
Kelowna	\$825	Oakville	\$1,264
Halifax	\$829	Richmond Hill	\$1,280
Lethbridge	\$850	Vaughan	\$1,285
Whitehorse	\$850	Markham	\$1,327
Edmonton	\$917	Toronto	\$1,457
Hamilton	\$977		

*Source: [Canadian Centre for Policy Alternatives](#)



Some provinces are making strides to reduce child care costs, though the impact is usually unevenly distributed. Alberta, for example, piloted [\\$25 per day](#) (\$6,500 per year) daycare in Calgary and Edmonton. In 2019, the CCPA put together a comprehensive list of the places with the [highest and lowest child care fees](#) in Canada.

Scarcity of daycare slots is another issue, and waitlists [are common](#) across the country. A Statistics Canada report from 2019 found that [one in 10 Canadian parents](#) had to change their work schedule because they had difficulty finding child care.

WOMEN'S CAREERS DISPROPORTIONATELY BEAR THE IMPACT OF RAISING CHILDREN

For women, having a child means an immediate drop in income. The so-called “motherhood penalty” accounts for a large proportion of the gender income gap—and child care responsibilities and challenges play a large role. According to a 2019 report from RBC, women are far more likely to work part-time in order to care for children. About [a third of Canadian women](#) aged 25-34 cited caring for children as their rationale for working part-time. It's worth noting that these are peak career development years and taking time out of the workforce can have a lifelong impact on earnings and advancement.

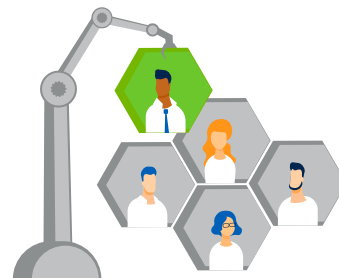
These employment gaps have an impact not just on individual families, but also on the country as a whole. It will likely come as no surprise that provinces that offer cheaper, easily accessible child care options have also encouraged greater female labour participation rates. Quebec, for example, has much [higher workplace participation](#) by mothers—78.2 per cent compared to a national average of 59.9 per cent. Quebec also has one of the highest rates of [dual-income couples](#)—73 per cent in 2015.

ARE CANADIAN FAMILIES HAVING FEWER CHILDREN BECAUSE OF THE EXPENSE?

The perception among many women that managing a career and having children are not mutually sustainable is also driven by another factor: [the cost of raising children in Canada](#). A newly launched money calculator helps parents determine the costs of raising a child to adulthood in Canada; Global News recently determined that the [total figure is over \\$240,000](#) and that child care accounted for one of the largest shares of those costs, even when measured over 18 years..

According to a 2016 Nanos Research survey, [93 per cent of Canadians](#) say that having a family is a very important part of their lives, but the costs associated with having children are seen as the biggest barrier, with 29 per cent citing concerns.

A 2018 survey, one in five Millennials are delaying having a child because of the expense. And so it makes sense that the fertility rate (births per woman) in Canada has declined over the last decade, from 1.681 in 2008 to 1.499 in 2018.





HOW MIGHT COVID-19 AFFECT THESE TRENDS?

Child care—or lack thereof—is a key Covid-19 issue. Some schools and daycares were closed for months, and many are still not operating at full capacity; the threat of school closures continues to loom across the country. While many parents have been reluctant to send children to school during the uncertainty of a pandemic, they have been forced to choose between work and taking care of their children.

Just as in non-pandemic times, the bulk of child care falls on women—both those who remain employed and those who have lost their jobs. The pandemic's disproportionate impact on female workers is now being studied by the federal government. Some have even suggested that Covid-19 could serve as a prolonged setback to the gains women have made in the workforce.

This will be particularly true if vaccine development takes longer than expected since child care (in the form of daycares, schools, and babysitters) will be much harder to secure.

TRAVEL

Life in Canada is undoubtedly getting more expensive—especially in the country's biggest cities. And, while much of the focus has been on the rising cost of housing, childcare, food, and post-secondary education, Canadians (even those living paycheck to paycheck) do spend on certain indulgences that can also put a strain on expenses.

Travel is one of those indulgences. As a result of a number of factors including harsh winters, a small population, and citizens from every corner of the globe, Canadians absolutely love to spend money on travel.

According to a 2017 survey, Canadians were sixth in the world when it comes to tourism expenditures, spending \$31.8 billion US and racking up a whopping 632 miles traveled by air per person.



Even Canadians who are deep in debt spend a significant proportion of their income on non-essential items and experiences.

For some, this may be a backlash to prevailing economic forces. For example, they may think, *"If I am never going to own a home or pay off my student loans, I might as well go on vacation."*

The research on travel spending presents three major changes in the last decade: Canadians are traveling more; affluent Canadians are spending more on travel; and Millennials choose to spend on international travel.





CANADIANS ARE SEEING MORE OF BOTH THE WORLD AND THEIR OWN COUNTRY

Between 2005 and 2015, the [number of trips](#) Canadians made to the United States increased from 14.86 million to more than 20 million, and overseas trips almost doubled, from 6.24 million to 11.57 million.

According to a [2018 report](#) from Development Counsellors International, Canadian travellers spent \$3,985 on their last international trip, including an average of \$1,371 on accommodations.

Furthermore, Canadians are not only seeing the world, they're also touring their own country. However, spending on those local trips has actually decreased.

In 2011, [93 per cent](#) of trips were domestic; in 2012, Canadians spent [\\$65.8 billion](#) seeing their own country. In 2018, Canadians made [278 million domestic trips](#), which represented 88 per cent of total trips that year. Spending on those trips totalled \$45.7 billion, which was just over half of their total travel expenditures.

That same year, [Canadians spent](#) an average of \$80 on each domestic daytrip and \$330 for each domestic overnight trip. This total included accommodation, food and drink, gas, recreation, and souvenirs



HOW MIGHT COVID-19 AFFECT THESE TRENDS?

The novel coronavirus will, of course, have a major impact on any travel plans—it's simply a question of for how long. Under the multi-month lockdown even non-essential domestic travel between provinces was prohibited, and the border with the United States (Canada's favourite tourism destination) was closed. International travel was all but impossible.

Even after restrictions are lifted, it's unclear how long it might take for travel to return to previous levels. Many Canadians are likely to remain uncomfortable with the idea of international travel until a vaccine is available. The idea of being in a small airplane, cabin surrounded by strangers is not appealing. As is vacationing in a place where stores and restaurants are open in a limited capacity. Furthermore, economic uncertainty might make some Canadians more reticent to spend money on big-budget international vacations.

Some experts predict that travel will become far more local, and Canadians will choose to spend more time exploring their immediate surroundings or parts of their own or neighbouring provinces that can be reached by car. Even before the pandemic, skyscanner.ca noted that 34 per cent of Canadians were searching for [“micro escapes”](#), two- or three-day trips relatively close to home.



CONCLUSION

As Canadians move forward to an uncertain future, existing financial concerns are compounded by Covid-19. Some job losses are starting to recover, but the overall economic forecast remains grim, projecting several years of economic downturn before a return to anything like pre-Covid activity. In addition to a broader economic slowdown combined with an enormous level of government spending, individual Canadians are also being forced to change some of their long-term habits when it comes to both spending and saving.

On one hand, Canadians may use this opportunity to rethink their priorities. Personal debt levels reached unsustainable levels pre-pandemic, as Canadians took advantage of rising home prices and relatively cheap credit to live as they wanted—perhaps more so than was prudent. While housing prices show no signs of dipping, Canadians may become reluctant to borrow to their maximum ability, and may instead look to bolster savings accounts in preparation for another lockdown.

The health crisis may also inspire Canadians to spend more money on various forms of healthcare—whether that's more nutritious food, workout gear, or Zoom sessions with a psychotherapist. And child care—which becomes inaccessible during periods of lockdown—has only become more important for parents who now see firsthand how impossible it is to juggle both work and parenting.

While spending remains desirable it has been hampered by the pandemic. Canadians love to spend on both domestic and international travel, but with border shutdowns and inter-provincial quarantines, it's both harder and less desirable to dedicate disposable income (or credit card balance) to this pastime.

The way Canadians consume food has also changed. While food prices are rising in Canada, many Canadians have been spending less on takeout or restaurant meals, perhaps signaling a new (and possibly money-saving) commitment to eating at home.

Overall, it's fair to say that the pandemic has touched every element of life for Canadians—including the way they spend money. This event could lead to a reckoning for Canadians, some of whom had long been accustomed to accessing debt but might be suddenly struggling to pay their bills. Regardless of the outcome, it will likely take several years before we have a full understanding of the impact of such a massive and unexpected change.