Cross Canada Check-up

Provincial/territorial findings from

CANADA'S NEIGHBOURHOOD FINANCIAL HEALTH INDEX

Canadian Council on Social Development
Conseil canadien de développement social

Prosper Canada

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Introduction

Canada ranks consistently as one of the best places to live in the world and one of the wealthiest. When it comes to looking at the financial health of Canadian households, however, we are often forced to rely on incomplete measures, like income alone, or aggregate national statistics that tell us little about the distribution of financial health and vulnerability in our neighbourhoods, communities or provinces/territories.

This is worrisome because household financial vulnerability is on the rise in Canada. While the net worth of Canadians overall has increased, driven by rising housing prices in key markets and investment wealth,[2] many Canadians have seen little if any gain.[3,4,5] At the same time, rising household debt has far outpaced income growth. Total household debt now exceeds Canada's GDP. While the aggregate debt-service ratio on mortgages for Canadian households has been very stable – between 5 per cent and 7 per cent since the early 1990's – heavily indebted Canadians (8 per cent of Canadians carry 20 per cent of all household debt), will have increasing trouble managing their debt as interest rates rise.[8] This, in turn creates vulnerabilities for the economy overall, specifically, the risk of a national debt crisis triggered by excessive household debt.[9]

Many Canadians are also finding it hard to save adequately, leaving them ill-prepared to weather short-term emergencies or to secure their retirement. Canada's household savings rate averaged 7.36 per cent of annual income over the period 1981 to 2018, with an all-time high of 19.9 per cent in the first quarter of 1982 and a record low of 0.9 per cent in the first quarter of 2005.[10] Today, Canadians save just 3.4 per cent of their income annually.[11] Survey data indicate that 41 per cent of Canadians live paycheque to paycheque[12] and 22 per cent cannot manage an emergency expense of $2,000 within 30 days.[13]

The purpose of this report is to examine the financial heath and vulnerability of Canadian households in different provinces and territories using a new composite index of household financial health, the **Neighbourhood Financial Health Index** or **NFHI**. The NFHI has been designed to shine a light on the dynamics underlying these national trends, taking a closer look at what is happening at the provincial/territorial, community and neighbourhood levels.

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Neighbourhood Financial Health Index

The **Neighbourhood Financial Health Index (NFHI)** is a new composite measure of household financial health at the neighbourhood level that takes into account critical factors that determine our financial well-being – today and in the future.

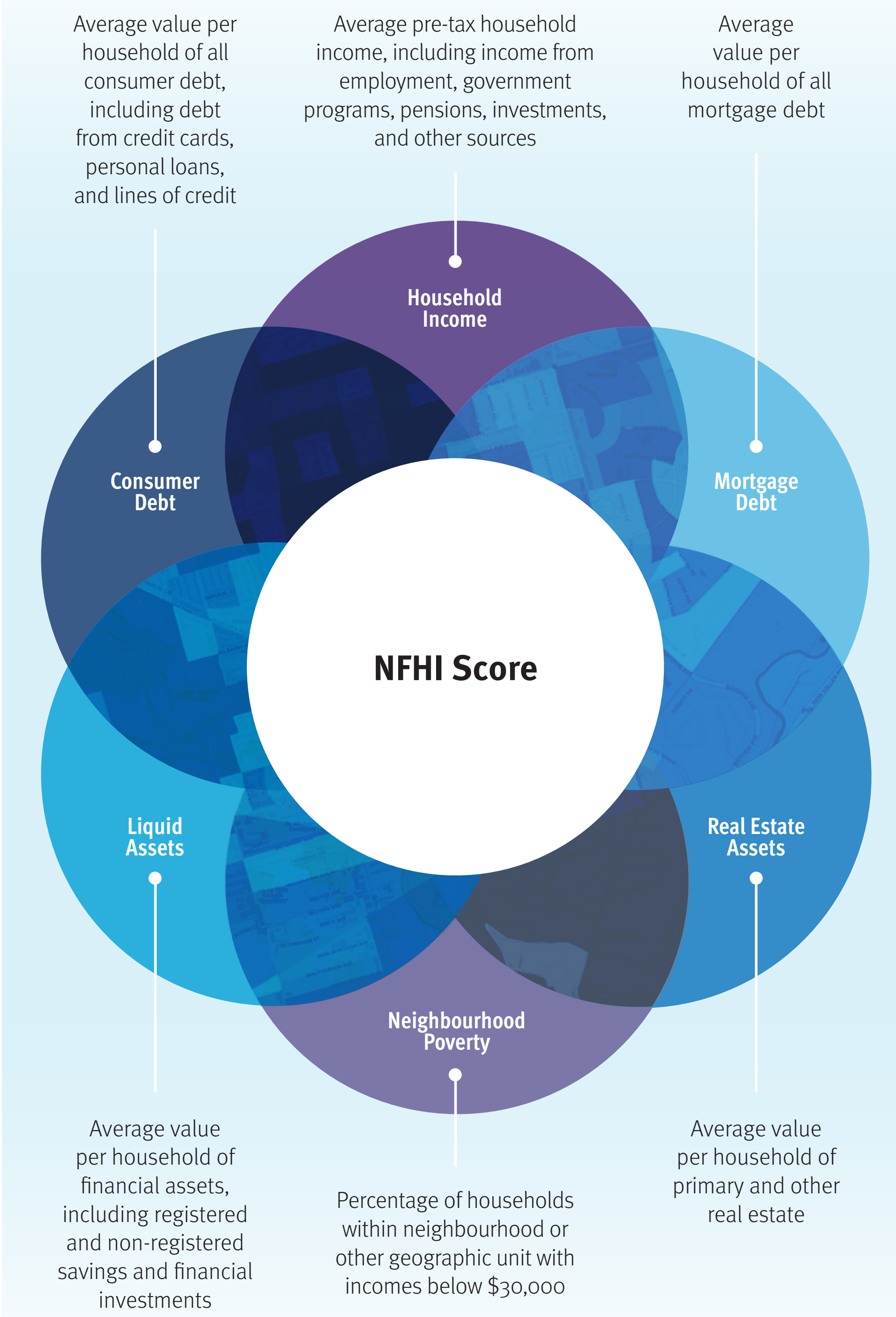
Financial health is about more than just income. We achieve financial health by balancing our household income, spending, saving, borrowing, and investing over our lifetime in ways that help us to meet our basic needs, provide for our families, participate fully in community life, and achieve our life goals.

More income helps, but only if we are also balancing day-to-day income and expenses, setting aside savings for emergencies and the longer term, minimizing unnecessary borrowing, and investing for the future in assets like education, housing or a business. The extent to which we are able to achieve this balance is heavily influenced by where we live – in a community or neighbourhood marked by entrenched poverty or one where resources and opportunities abound.

Produced for communities and neighbourhoods across Canada, the NFHI is a weighted index of six indicators: average household income, mortgage debt, consumer debt, real estate assets, liquid assets, and the proportion of low-income households in each neighbourhood or area.[14]

The NFHI and accompanying online **Community Financial Health Maps (nfhi.ca)** enable Canadians to see, for the first time, how financial health and vulnerability are distributed in their communities and to better understand the underlying drivers of financial health and vulnerability at the local level.

NFHI data can also be used to see how individual neighbourhoods and communities measure up against others across Canada. This report explores the different dimensions of financial health at the provincial/territorial level in Canada using data from 2016.



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Household financial health by province/territory

The **NFHI** paints a variable and complex picture of household financial health across Canada, showing provinces and territories where households are doing well on average, but also have important vulnerabilities, while households in other regions face greater financial challenges, but also have some important strengths.

Figure 1 below shows the NFHI score of each province and territory relative to the national average.[15] This highlights significant differences in the overall financial health of Canadians, depending on where they live in Canada. While provincial averages mask important underlying strengths, vulnerabilities and disparities within a given province or territory, they also serve to highlight that, on balance, where you live matters when it comes to household financial health and your ability to achieve financial stability and security.

FIGURE 1

NFHI scores for provinces and territories relative to national average (2016)

Highlights

The Northwest Territories and Alberta scored highest on the 2016 Neighbourhood Financial Health Index, powered by average household incomes that were respectively 33 per cent and 29 per cent higher than the national average.

33% Northwest Territories

29% Alberta

Above national average

All of the territories, including Yukon and Nunavut, reported above-average incomes, driven by high wages in the mining industry, construction, and public services that reflect the high costs of living in the north.[16] It is important to note, however, that the high average incomes reported here mask significant underlying disparities. In the Territories, a significant number of residents – notably among Indigenous communities – experience much lower incomes.[17]

High incomes

Alberta reported the highest household savings and investment assets in Canada – 46 per cent above the Canadian average. Liquid assets were up by 15.7 per cent over 2015, with equities accounting for much of this growth.[18]

46% Alberta

Above national average

Despite its very low asset levels, Nunavut also ranked highly on the NFHI overall, due to high average household incomes. This is also true in the Northwest Territories where very high average incomes ensure its first place NFHI standing.[19]

High average household incomes

Ontario and British Columbia also had above-average NFHI scores, helped by high real estate values in both provinces. Over a single year, average real estate asset values in B.C. rose by 19.9 per cent to $737,433 and in Ontario by 17.4 per cent to $605,585 – both well above the national average of $485,011.

$737,433 B.C.

$605,585 Ontario

$485,011

National average real estate assets

Ontario and British Columbia, along with Alberta, had the highest levels of mortgage and consumer debt, however, and these two provinces scored in the middle of the pack with respect to average household incomes and neighbourhood poverty.

Highest levels of mortgage and consumer debt

Saskatchewan and Manitoba ranked in the middle of the NFHI. Relatively high incomes in resource-rich Saskatchewan and modest levels of debt in both provinces worked to bolster financial health.

Quebec and the Eastern provinces all ranked in the bottom half of the NFHI, due to lower asset levels, lower household incomes, and the higher prevalence of poverty, offset somewhat by lower levels of mortgage and consumer debt relative to the national average.

Three Atlantic provinces – Prince Edward Island, New Brunswick and Nova Scotia – appear at the bottom of the Index due to below-average household incomes and above-average neighbourhood poverty levels. Provincial economies in the region have tended to lag other areas of Canada and have had trouble attracting ongoing investment and full-year employment opportunities, leading to relatively high unemployment.

Newfoundland and Labrador was an outlier in the Atlantic region, but was negatively affected when the sharp drop in oil prices triggered a correspondingly steep decline in average household incomes. In 2016, Newfoundland ranked ninth out of 13 on total household income and ninth on neighbourhood poverty. At the same time, it carried the highest levels of average consumer and mortgage debt in the region.

Quebec's ranking was pulled down by low average incomes, ranking 11th out of 13 provinces and territories and last with respect to neighbourhood poverty at 21.6 per cent. Average real estate and liquid asset values were below the Canadian average as well, leaving households without the financial protection found in other regions.

Low average incomes

At the same time, Quebec households carried less debt than in any other region, except Nunavut – at roughly 70 per cent of the national average.

Nunavut reported the lowest levels of real estate and liquid assets by a considerable margin – and the lowest levels of average mortgage debt and consumer debt, in part a reflection of Nunavut's housing market where 50 per cent of housing stock is public and another 13 per cent is reserved for government employees.

Lowest levels of mortgage and consumer debt.

Spotlight on debt

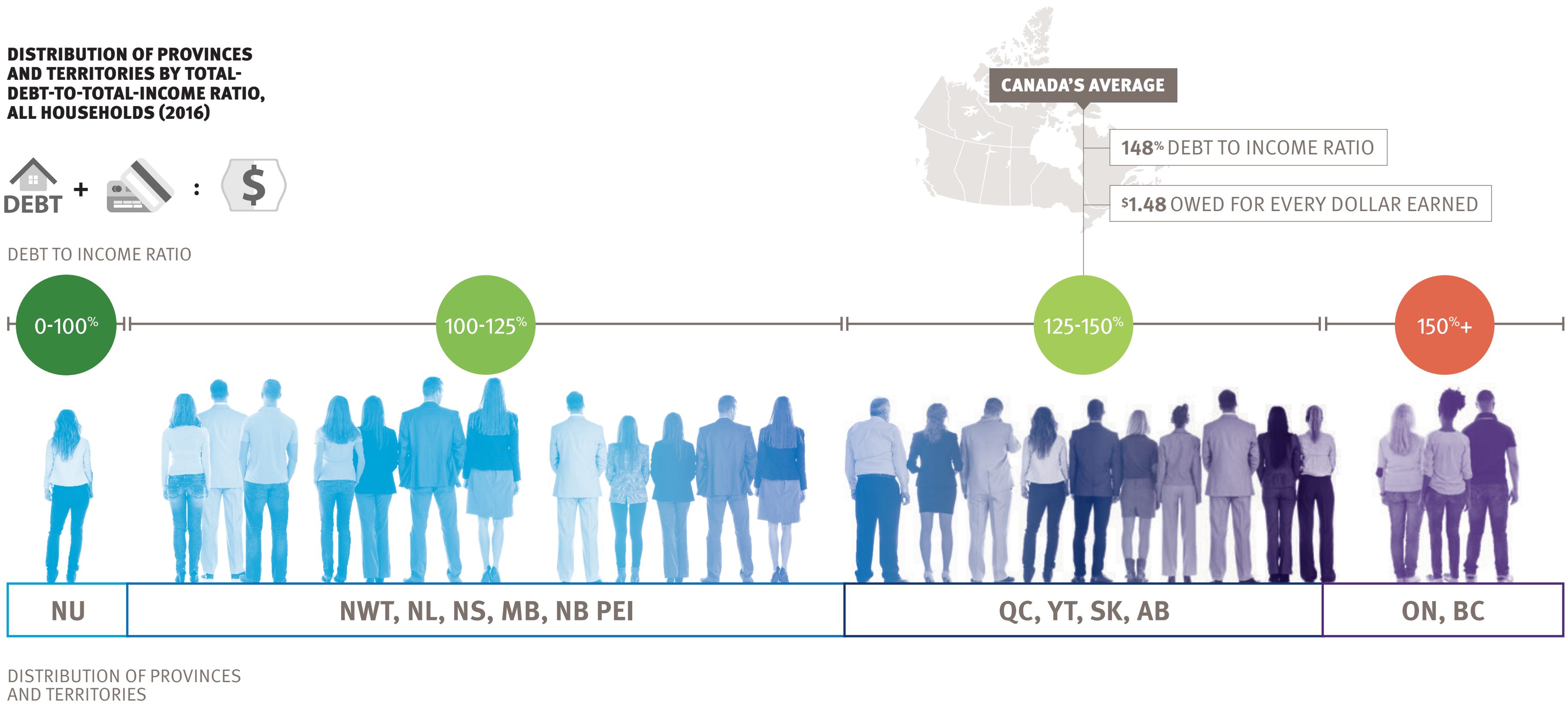
Aided by record-low interest rates, growth in household debt has been outpacing income for many years.

In 2016, Canada's average household debt-to-income ratio was 148 per cent. In other words, households owed $1.48 of mortgage and consumer debt for every dollar of total income.[20]

In 2016, six provinces and territories had debt-to-income ratios of 125 per cent or higher, but two came in at over 150 per cent -

Ontario at 152 per cent and British Columbia at 190 per cent, driven by high mortgage debt and increasing reliance on credit to finance household spending.[21] While Albertans carried a comparable level of debt, this was offset, in part, by higher average household income.

DISTRIBUTION OF PROVINCES AND TERRITORIES BY TOTAL-DEBT-TO-TOTAL-INCOME RATIO, ALL HOUSEHOLDS (2016)



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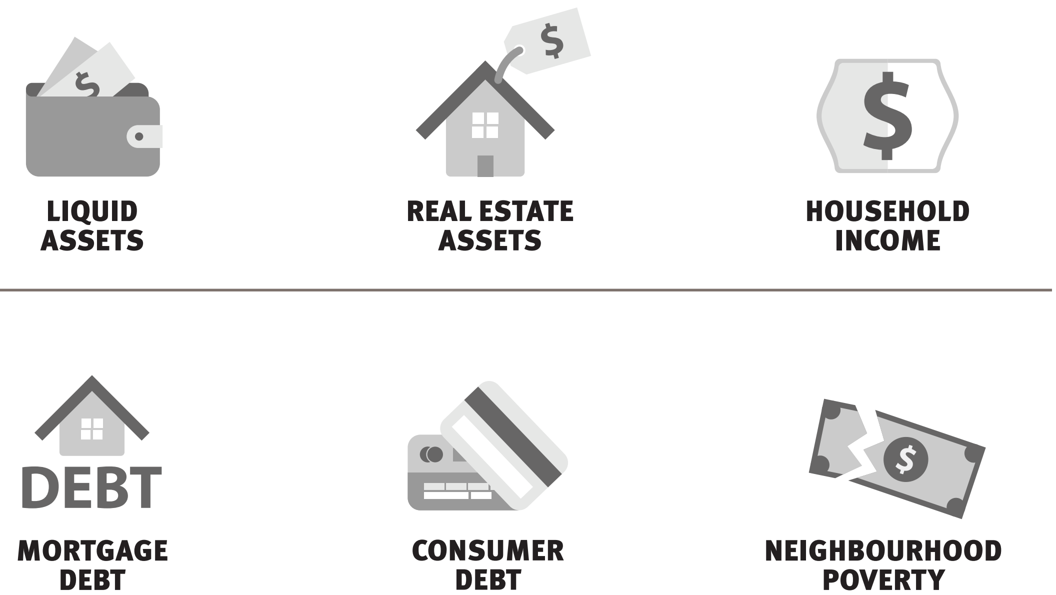
A closer look: How each province/territory scores across all NFHI indicators

The key indicators that, together, make up the NFHI are important underlying drivers of financial health and vulnerability that interact in complex and dynamic ways to increase or undermine household financial security.

The profiles that follow help us to understand the diverse and unique mix of financial opportunities and challenges that Canadians experience depending on where they live.



Nunavut

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS
NATIONAL AVG.: **$278,038**
$57,261

REAL ESTATE ASSETS
NATIONAL AVG.: **$485,011**
$146,082

HOUSEHOLD INCOME
NATIONAL AVG.: **$94,365**
$103,730

DEBT
MORTGAGE DEBT
NATIONAL AVG.: **$99,836**
$53,311

CONSUMER DEBT
NATIONAL AVG.: **$39,551**
$20,923

NEIGHBOURHOOD POVERTY
NATIONAL AVG.: **17.2%**
12.8%

Northwest Territories

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS
NATIONAL AVG.: **$278,038**
$188,737

REAL ESTATE ASSETS
NATIONAL AVG.: **$485,011**
$286,309

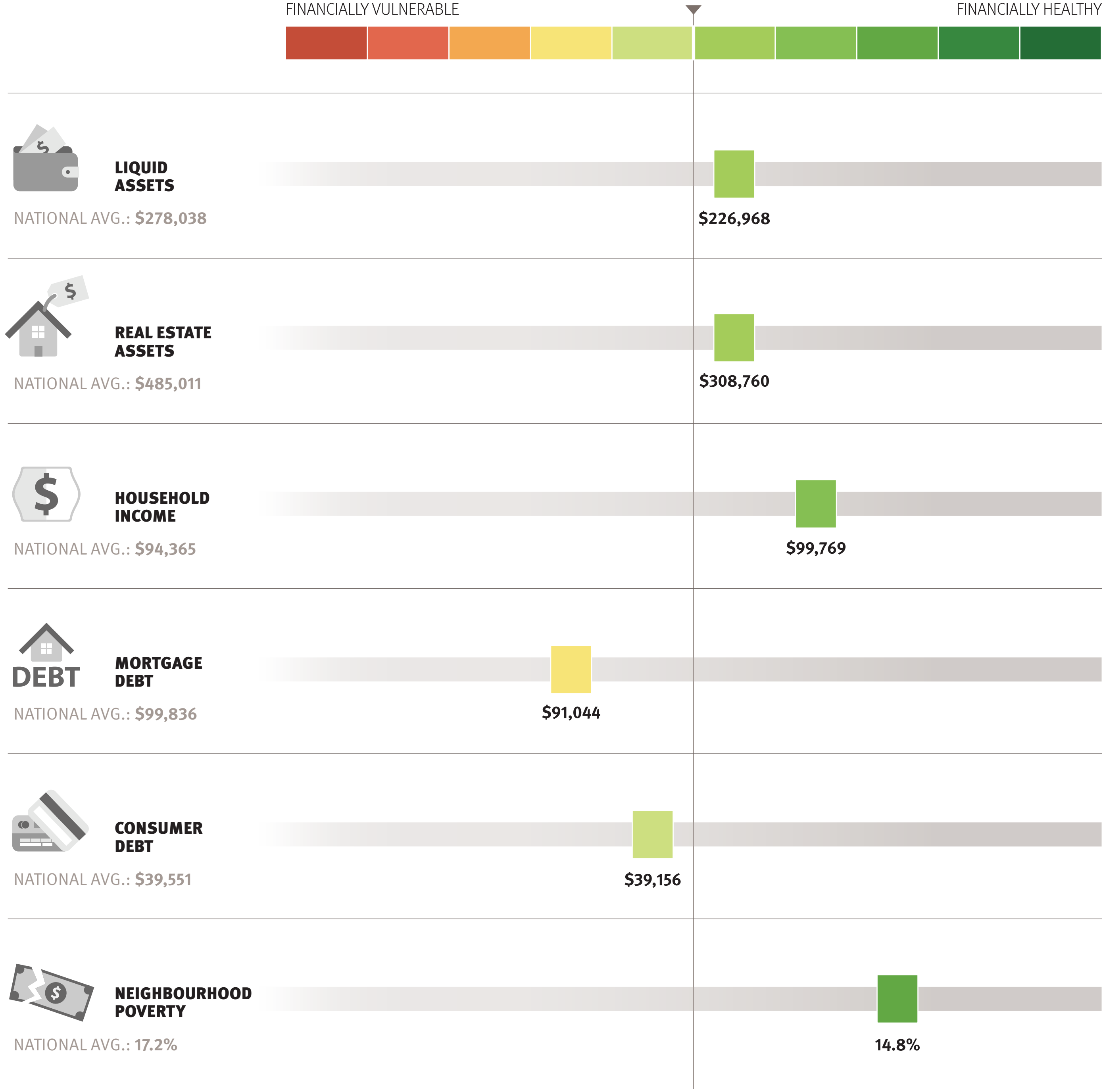
HOUSEHOLD INCOME
NATIONAL AVG.: **$94,365**
$125,657

DEBT
MORTGAGE DEBT
NATIONAL AVG.: **$99,836**
$92,119

CONSUMER DEBT
NATIONAL AVG.: **$39,551**
$41,086

NEIGHBOURHOOD POVERTY
NATIONAL AVG.: **17.2%**
10.2%

Yukon Territory



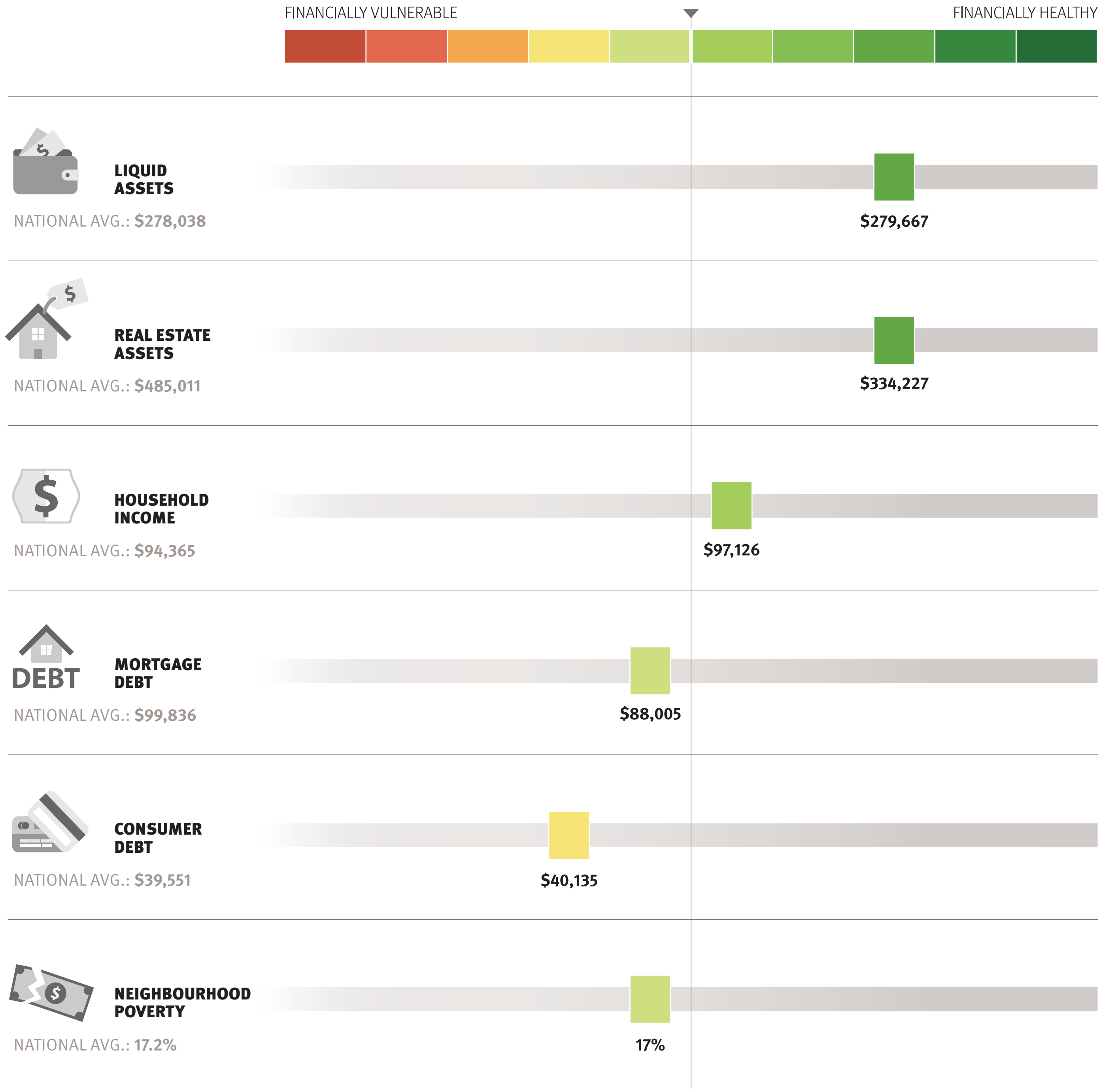
British Columbia

Alberta

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS	NATIONAL AVG.: **$278,038**	**$406,521**
REAL ESTATE ASSETS	NATIONAL AVG.: **$485,011**	**$514,742**
HOUSEHOLD INCOME	NATIONAL AVG.: **$94,365**	**$121,765**
MORTGAGE DEBT	NATIONAL AVG.: **$99,836**	**$124,684**
CONSUMER DEBT	NATIONAL AVG.: **$39,551**	**$51,879**
NEIGHBOURHOOD POVERTY	NATIONAL AVG.: **17.2%**	**11.2%**

Saskatchewan



Manitoba

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS	NATIONAL AVG.: $278,038	$234,272
REAL ESTATE ASSETS	NATIONAL AVG.: $485,011	$313,354
HOUSEHOLD INCOME	NATIONAL AVG.: $94,365	$89,786
MORTGAGE DEBT	NATIONAL AVG.: $99,836	$79,702
CONSUMER DEBT	NATIONAL AVG.: $39,551	$31,796
NEIGHBOURHOOD POVERTY	NATIONAL AVG.: 17.2%	16.1%

Ontario

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS	$303,135	NATIONAL AVG.: **$278,038**
REAL ESTATE ASSETS	$605,585	NATIONAL AVG.: **$485,011**
HOUSEHOLD INCOME	$101,388	NATIONAL AVG.: **$94,365**
MORTGAGE DEBT	$111,656	NATIONAL AVG.: **$99,836**
CONSUMER DEBT	$41,939	NATIONAL AVG.: **$39,551**
NEIGHBOURHOOD POVERTY	16.0%	NATIONAL AVG.: **17.2%**

Quebec

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS
NATIONAL AVG.: **$278,038**
$196,030

REAL ESTATE ASSETS
NATIONAL AVG.: **$485,011**
$273,004

HOUSEHOLD INCOME
NATIONAL AVG.: **$94,365**
$76,005

DEBT
MORTGAGE DEBT
NATIONAL AVG.: **$99,836**
$67,910

CONSUMER DEBT
NATIONAL AVG.: **$39,551**
$29,931

NEIGHBOURHOOD POVERTY
NATIONAL AVG.: **17.2%**
21.6%

New Brunswick

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS
NATIONAL AVG.: **$278,038**
$141,316

REAL ESTATE ASSETS
NATIONAL AVG.: **$485,011**
$227,680

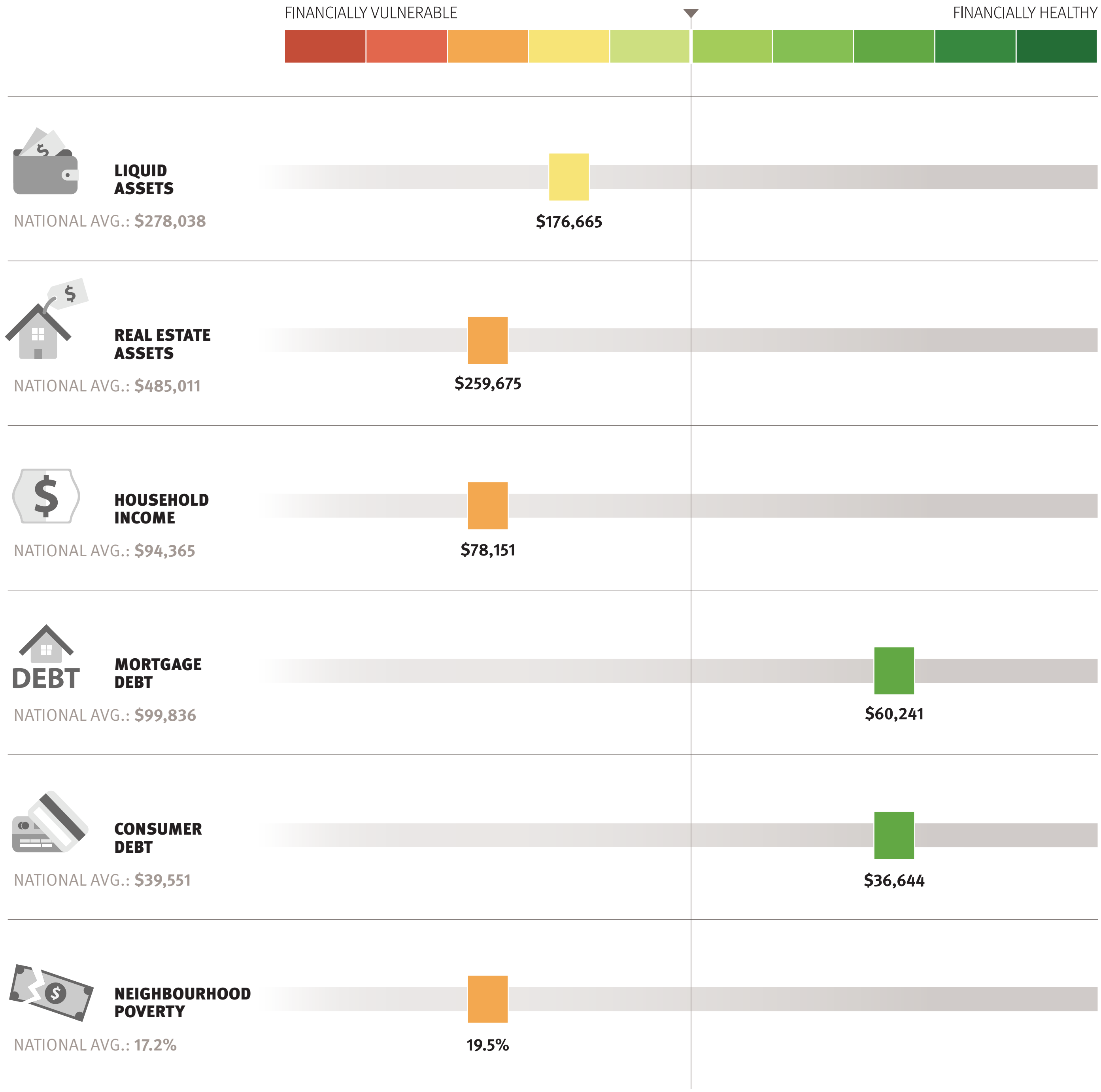
HOUSEHOLD INCOME
NATIONAL AVG.: **$94,365**
$75,634

DEBT
MORTGAGE DEBT
NATIONAL AVG.: **$99,836**
$57,318

CONSUMER DEBT
NATIONAL AVG.: **$39,551**
$36,652

NEIGHBOURHOOD POVERTY
NATIONAL AVG.: **17.2%**
19.9%

Nova Scotia



FINANCIALLY VULNERABLE
FINANCIALLY HEALTHY
LIQUID ASSETS
NATIONAL AVG.: $278,038
$176,665
REAL ESTATE ASSETS
NATIONAL AVG.: $485,011
$259,675
HOUSEHOLD INCOME
NATIONAL AVG.: $94,365
$78,151
DEBT
MORTGAGE DEBT
NATIONAL AVG.: $99,836
$60,241
CONSUMER DEBT
NATIONAL AVG.: $39,551
$36,644
NEIGHBOURHOOD POVERTY
NATIONAL AVG.: 17.2%
19.5%

Prince Edward Island

FINANCIALLY VULNERABLE — FINANCIALLY HEALTHY

LIQUID ASSETS
NATIONAL AVG.: **$278,038**
$158,011

REAL ESTATE ASSETS
NATIONAL AVG.: **$485,011**
$228,606

HOUSEHOLD INCOME
NATIONAL AVG.: **$94,365**
$75,578

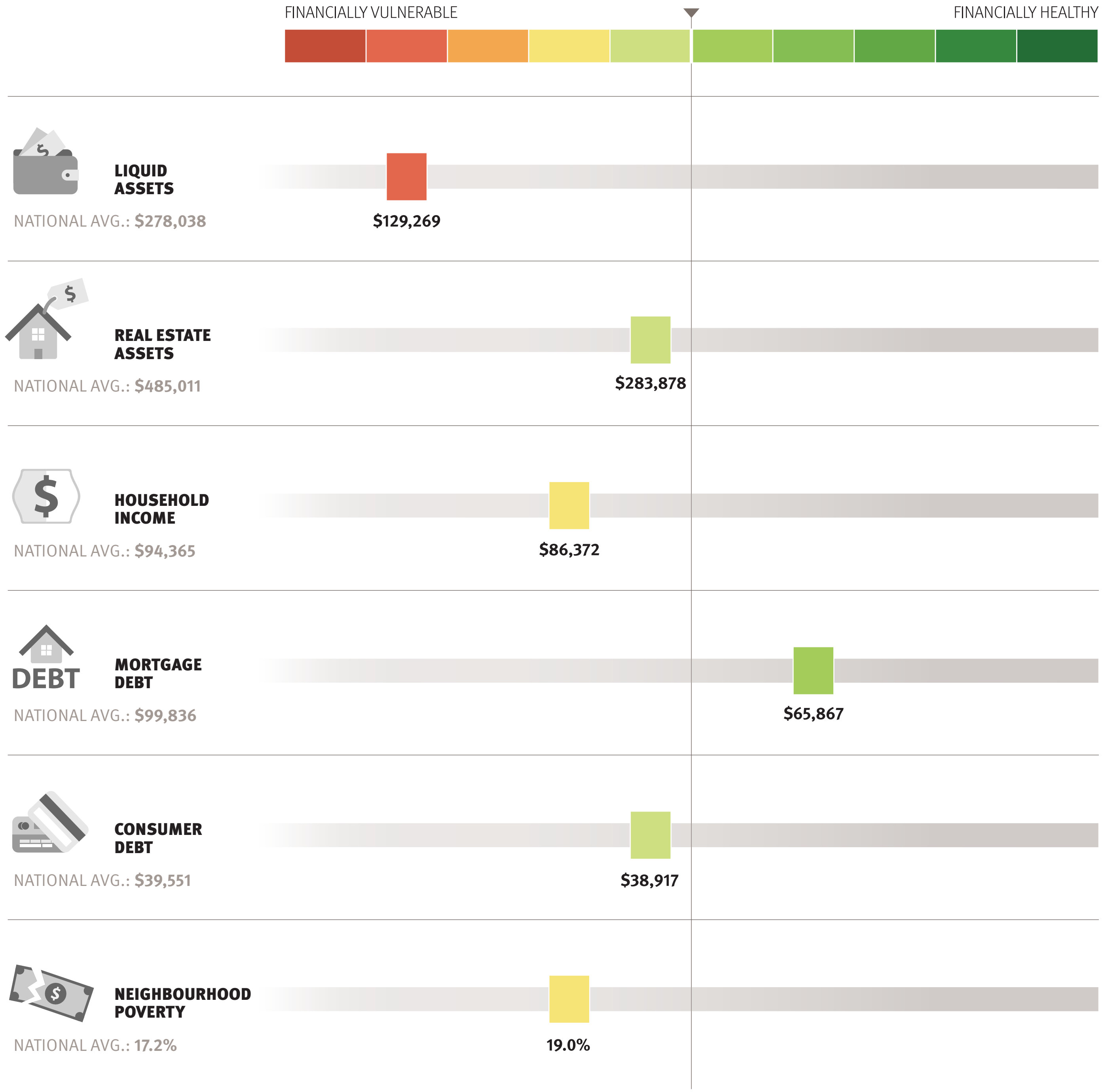
DEBT

MORTGAGE DEBT
NATIONAL AVG.: **$99,836**
$56,614

CONSUMER DEBT
NATIONAL AVG.: **$39,551**
$37,425

NEIGHBOURHOOD POVERTY
NATIONAL AVG.: **17.2%**
20.5%

Newfoundland and Labrador



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A comparative look: How all provinces/ territories are doing on key NFHI indicators

HOUSEHOLD INCOME	LIQUID ASSETS	REAL ESTATE ASSETS	MORTGAGE DEBT	CONSUMER DEBT	NEIGHBOURHOOD POVERTY
$94,365	$278,038	$485,011	$99,836	$39,551	17.2%

Canadian average

FIGURE 3.1 Total pre-tax household income, average values for provinces and territories, all households (2016)

Average household income

Northwest Territories
$125,657

Alberta
$121,765

Nunavut
$103,730

Ontario
$101,388

Yukon Territory
$99,769

Saskatchewan
$97,126

British Columbia
$95,119

Manitoba
$89,786

Newfoundland and Labrador
$86,372

Nova Scotia
$78,151

Quebec
$76,005

New Brunswick
$75,634

Prince Edward Island
$75,578

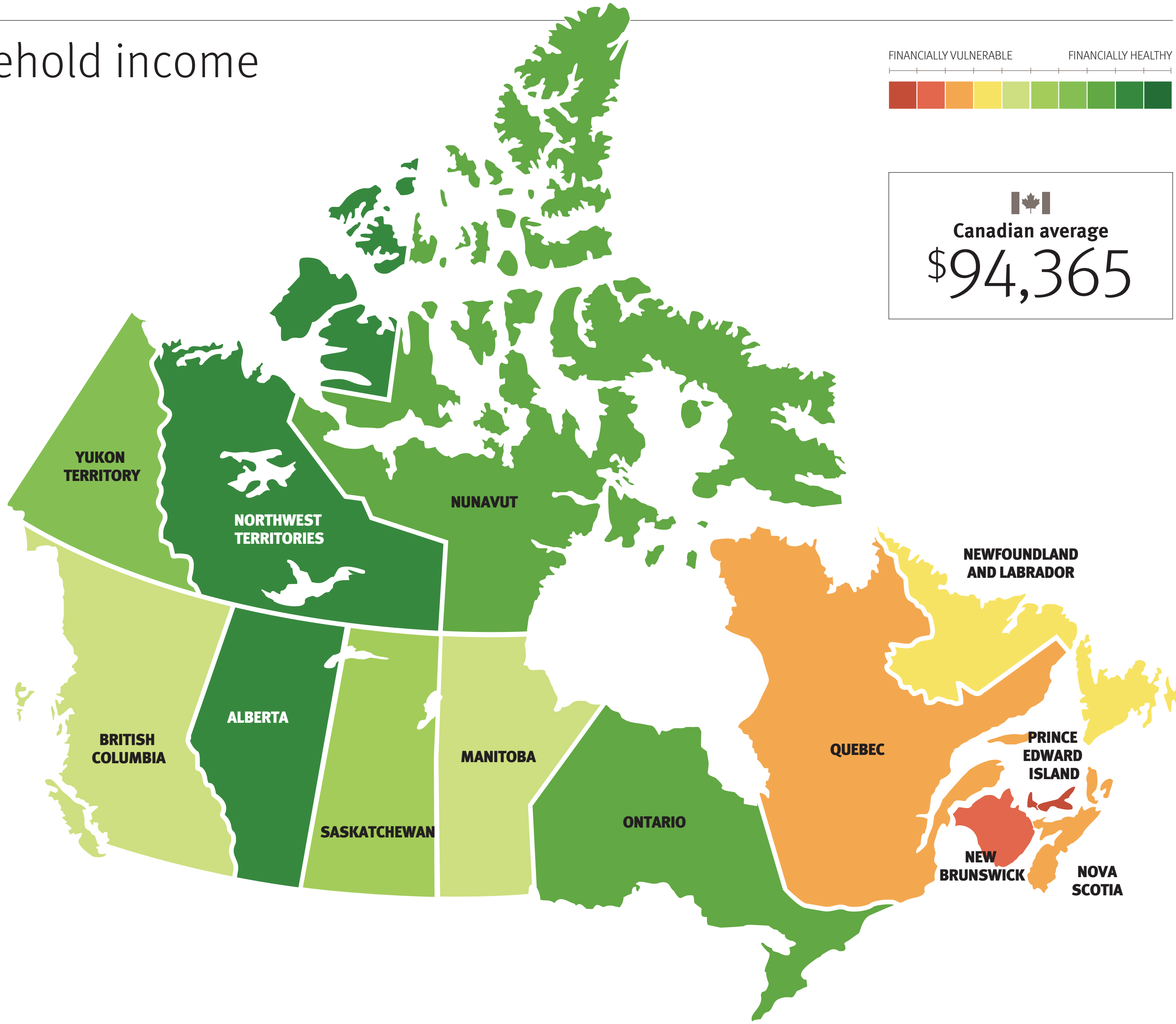


FIGURE 3.2 Household liquid assets, average values for provinces and territories, all households (2016)

Average household liquid assets

Alberta
$406,521

British Columbia
$336,476

Ontario
$303,135

Saskatchewan
$279,667

Manitoba
$234,272

Yukon Territory
$226,968

Quebec
$196,030

Northwest Territories
$188,737

Nova Scotia
$176,665

Prince Edward Island
$158,011

New Brunswick
$141,316

Newfoundland and Labrador
$129,269

Nunavut
$57,261

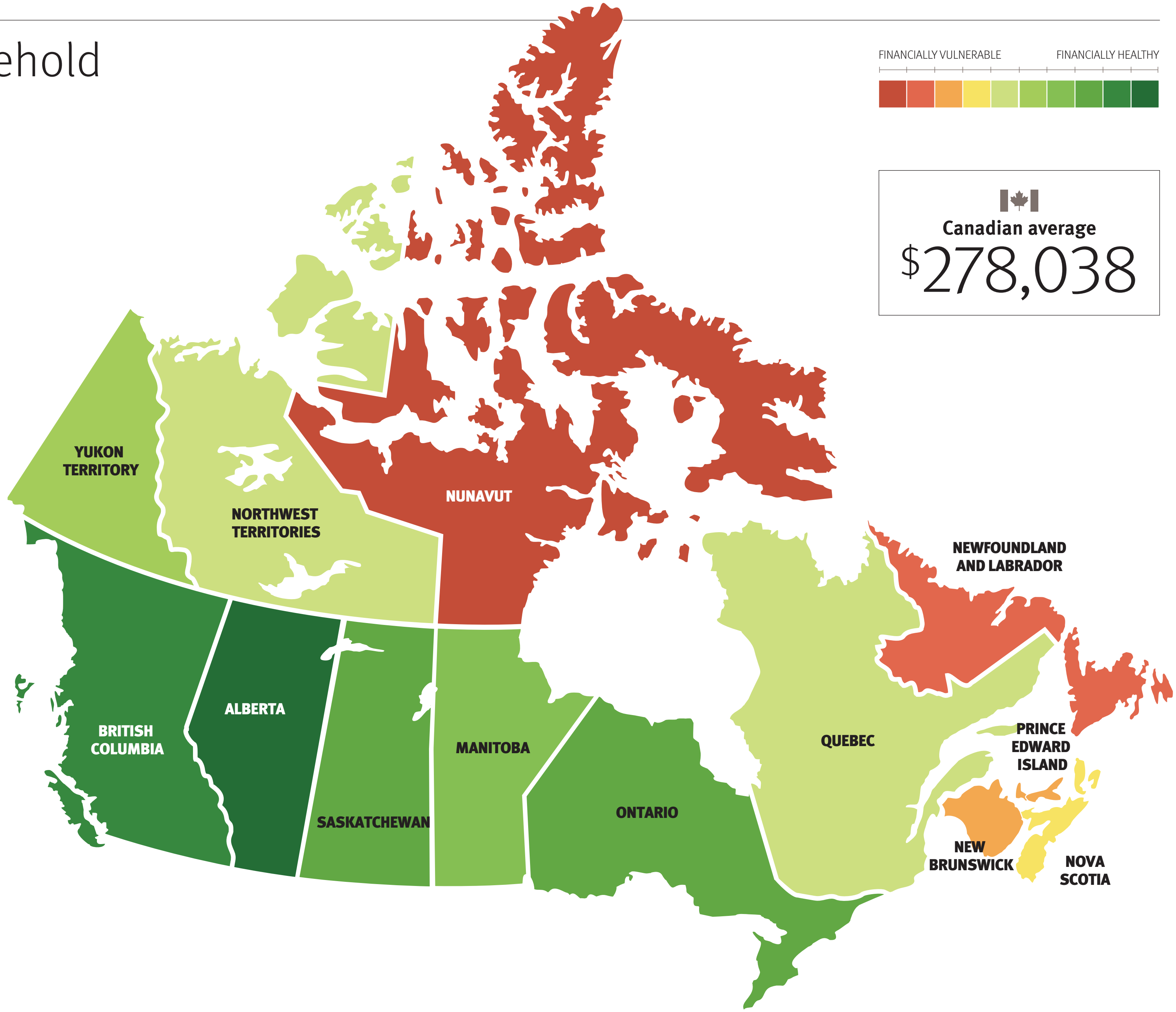


FIGURE 3.3 Household real estate assets, average values for provinces and territories, all households (2016)

Average household real estate assets

British Columbia
$737,433

Ontario
$605,585

Alberta
$514,742

Saskatchewan
$334,227

Manitoba
$313,354

Yukon Territory
$308,760

Northwest Territories
$286,309

Newfoundland and Labrador
$283,878

Quebec
$273,004

Nova Scotia
$259,675

Prince Edward Island
$228,606

New Brunswick
$227,680

Nunavut
$146,082

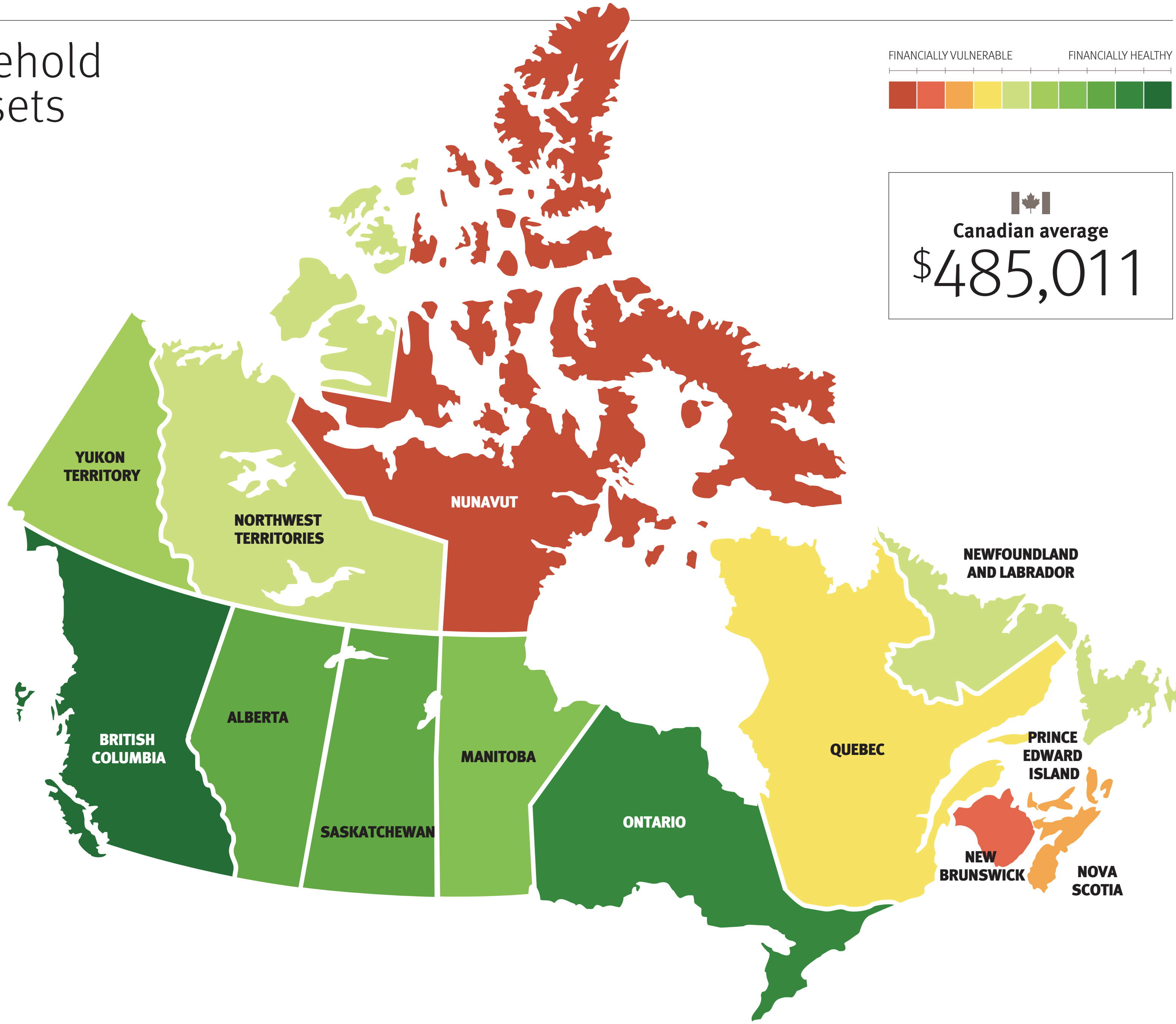


FIGURE 3.4 Household mortgage debt, average values for provinces and territories, all households (2016)

Average household mortgage debt

Nunavut
$53,311

Prince Edward Island
$56,614

New Brunswick
$57,318

Nova Scotia
$60,241

Newfoundland and Labrador
$65,867

Quebec
$67,910

Manitoba
$79,702

Saskatchewan
$88,005

Yukon Territory
$91,044

Northwest Territories
$92,119

Ontario
$111,656

Alberta
$124,684

British Columbia
$136,558

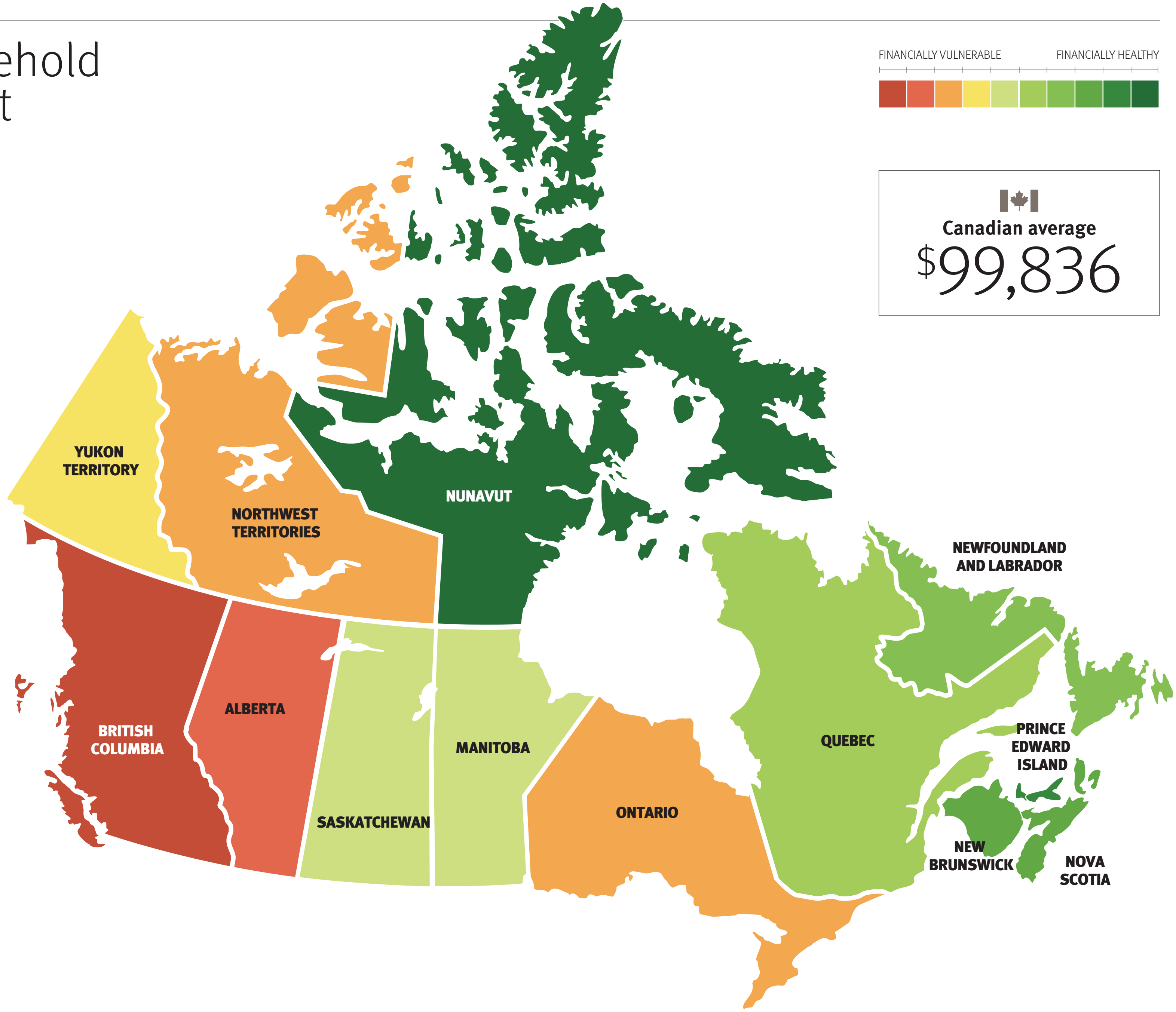


FIGURE 3.5 Household consumer debt, average values for provinces and territories, all households (2016)

Average household consumer debt

Nunavut
$20,923

Quebec
$29,931

Manitoba
$31,796

Nova Scotia
$36,644

New Brunswick
$36,652

Prince Edward Island
$37,425

Newfoundland and Labrador
$38,917

Yukon Territory
$39,156

Saskatchewan
$40,135

Northwest Territories
$41,086

Ontario
$41,939

British Columbia
$44,141

Alberta
$51,879

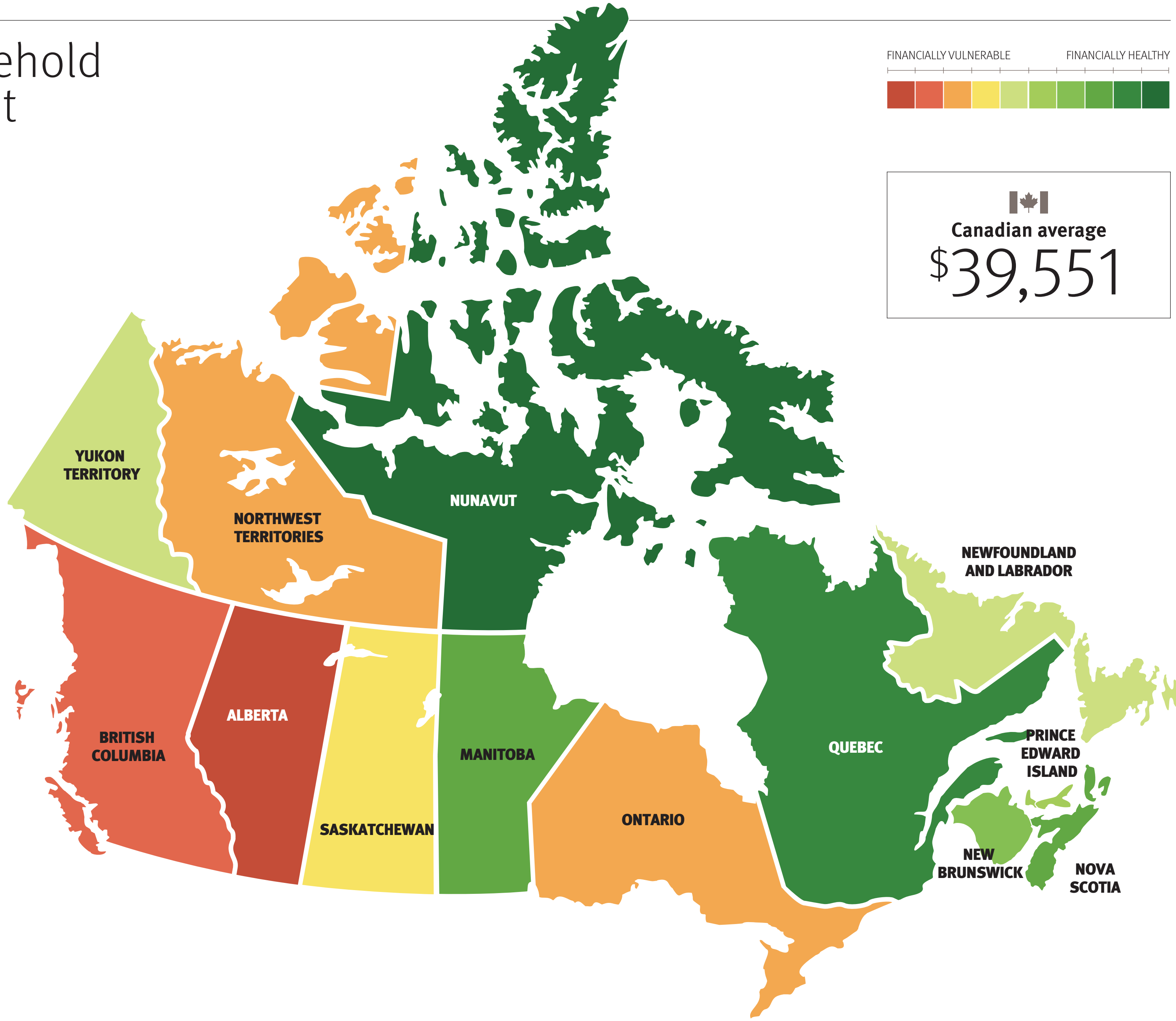


FIGURE 3.6 Percentage of households with annual incomes under $30,000 for provinces and territories, all households (2016)

Percentage of households with incomes under $30,000

Northwest Territories
10.2%

Alberta
11.2%

Nunavut
12.8%

Yukon Territory
14.8%

Ontario
16.0%

Manitoba
16.1%

British Columbia
16.2%

Saskatchewan
17.0%

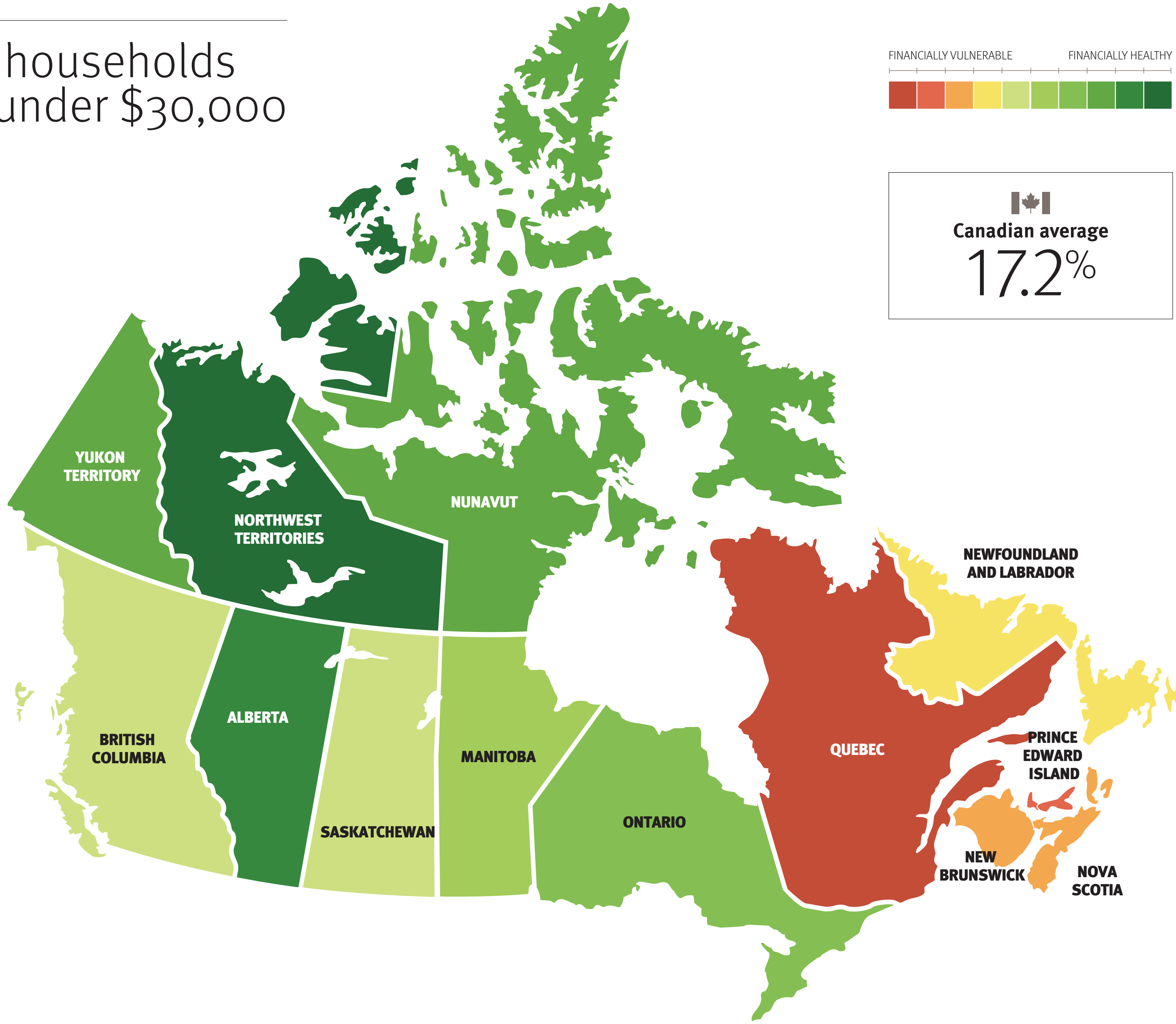
Newfoundland and Labrador
19.0%

Nova Scotia
19.5%

New Brunswick
19.9%

Prince Edward Island
20.5%

Quebec
21.6%



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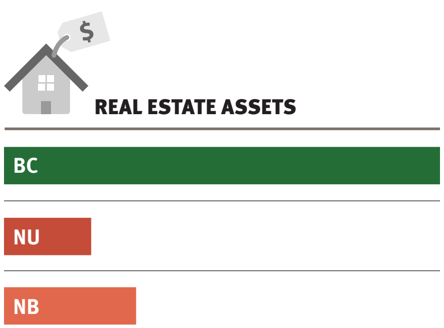
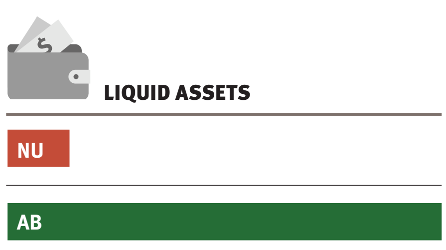
Regional disparities in financial health

It is important to understand the size and scale of the differences between provinces and territories as we seek solutions that provide a high quality of life for all Canadians, regardless of where they live.

The average value of real estate assets in top-ranked British Columbia, for example, is five times greater than the value of real estate in Nunavut and over three times greater than New Brunswick – the next lowest province/territory. Real estate assets are an important form of wealth and the means by which many households save for their future financial security. Highly priced and rapidly appreciating markets can enable participating households to quickly grow their wealth while, at the same time, shutting out other households completely and adding to Canada's growing wealth inequality challenge.

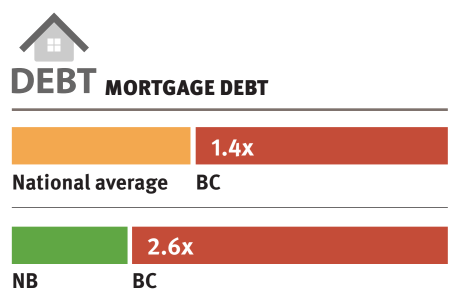


The average value of liquid assets is seven times higher in Alberta (the top province/territory) than in Nunavut (the lowest). Overall, the average value of investments and savings in Alberta is considerably higher at $406,521 than all of the other provinces and territories.[22] On balance, this means that Albertans have more financial liquidity and, therefore, a bigger safety cushion than other Canadians which adds to their financial resilience. Conversely, lack of liquid savings places households at greater risk of financial hardship and poverty and makes it harder for those who have low incomes to pursue proven paths to prosperity – e.g. self-employment, education and training, employment and home ownership.

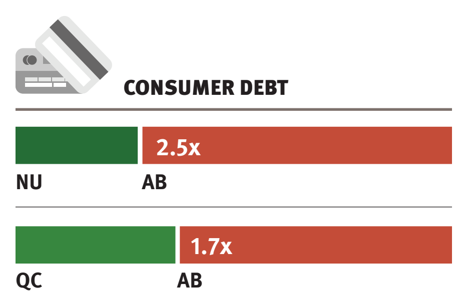


$406,521
Average value of investments and savings in Alberta

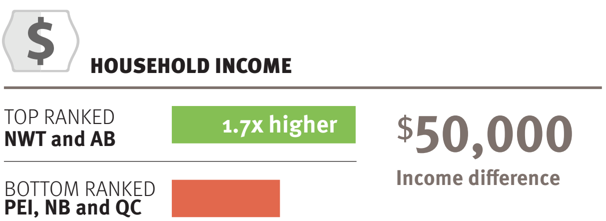
While provinces/territories reporting high real estate values also tend to report higher mortgage debt, this difference is smaller than the gap in real estate assets. In 2016, British Columbia had the highest average mortgage debt load, 1.4 times higher than national average, and 2.6 times higher than New Brunswick which had the smallest. Mortgage debt is typically seen as productive debt but, as interest rates climb, mortgage debt becomes less manageable for households, particularly those carrying high mortgage loads relative to their income and those who also carry significant amounts of consumer debt.



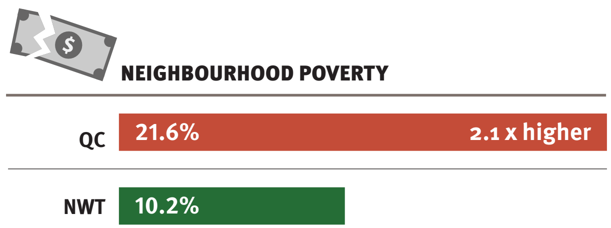
The difference between the top and the bottom with respect to consumer debt is smaller too. Alberta carried the highest average level of consumer debt, 2.5 times greater than Nunavut and 1.7 times greater than Quebec. High consumer debt is often found in households with high incomes that enable them to carry significant debt comfortably and with little risk. For less affluent households, however, it poses a significant future risk as interest rates increase and a present burden on those who lack the income to pay down or even service their current debt.



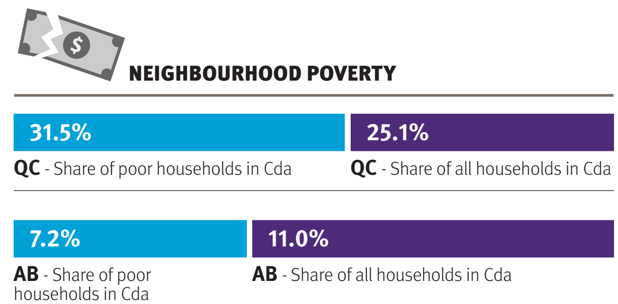
Average household incomes are lower in the Atlantic provinces and Quebec compared to the rest of Canada. Overall, there is a difference of roughly $50,000 between top-ranked Northwest Territories and Alberta and bottom-ranked Prince Edward Island, New Brunswick and Quebec. Average incomes in the highest-income provinces/territories are 1.7 times higher than incomes in lowest-incomes jurisdictions. While these disparities are striking, they need to be interpreted in the context of regional differences in living costs. It is also instructive to compare them with disparities in assets – real estate and liquid – which are typically far greater.



On the key indicator of poverty, Quebec had the highest proportion of households with annual incomes below $30,000 per year – 21.6 per cent. This is 2.1 times higher than the poverty rate in the Northwest Territories – 10.2 per cent. Neighbourhood poverty has an important impact on financial health as it is often accompanied by a lack of local economic resources and opportunities and the replacement of mainstream financial service providers with high cost, high risk alternative financial services (e.g. payday lenders, cheque cashers, and rent-to-own businesses) that further undermine financial inclusion and opportunities for households.



In 2016, Quebec's share of all poor households in Canada exceeded their share of total households by more than six percentage points – 31.5 per cent vs. 25.1 per cent. The reverse was true in Alberta, which had a smaller share of Canada's poor households compared to its share of total households – 7.2per cent vs. 11.0per cent. Despite this obvious challenge, the fact that Quebec households are far less indebted on average than those in most other provinces is a key strength. Households with low or no debt are less vulnerable to rising interest rates and moderate income households with no debt and even modest savings have been shown to be more financially resilient than those with more income, but also more debt and no savings.



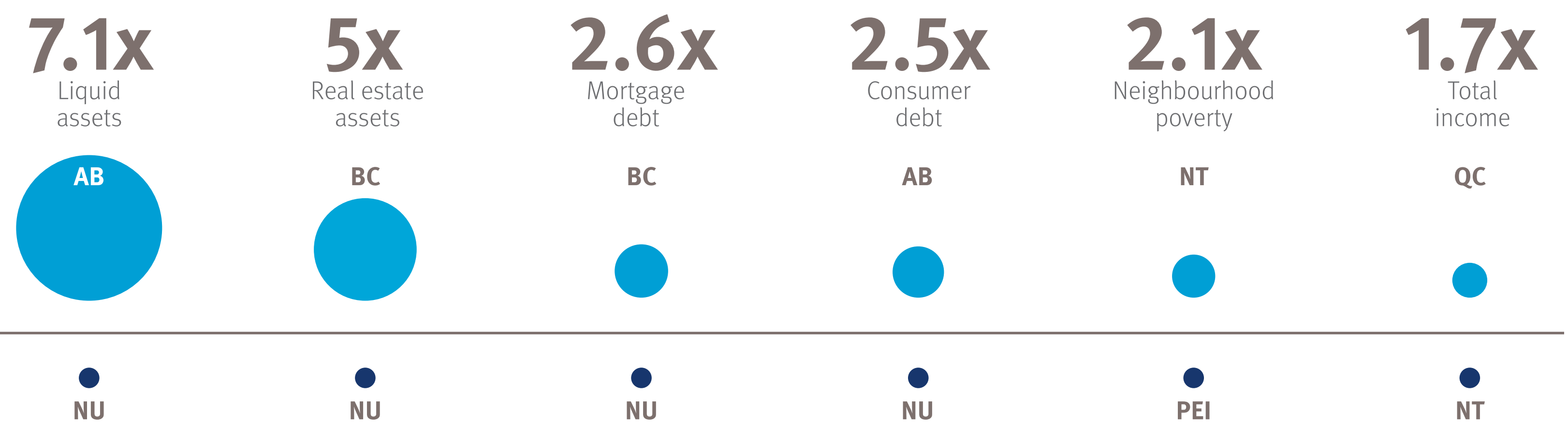
PROVINCIAL/TERRITORIAL DISPARITIES, BY NFHI INDICATOR (2016)

Financial health

Comparison of provincial and territorial averages between top-ranked and bottom-ranked, based on data for all households

HIGHEST PROVINCE/ TERRITORY

LOWEST PROVINCE/ TERRITORY

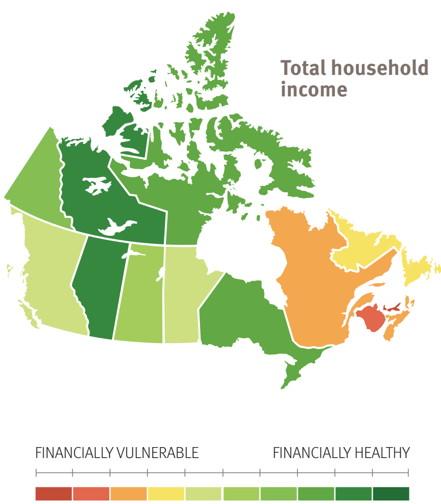


7

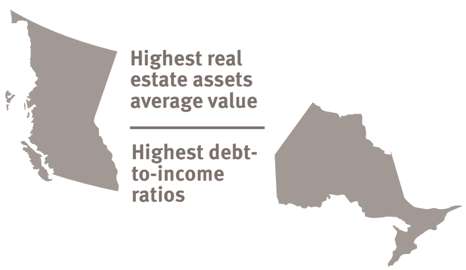
Summary of key findings

The differences in financial health between the provinces and territories are significant and important for the quality of life of Canadians.

There is a clear economic divide in Canada between the east and the west. Provinces east of Ontario had lower NFHI scores than those to the west, with the Northwest Territories and Alberta reporting the highest levels of overall financial health.



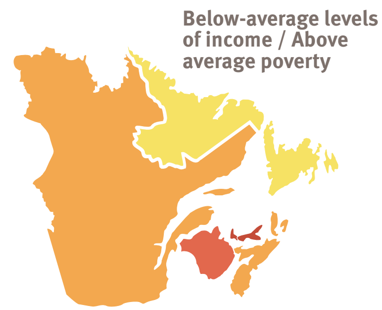
The average value of real estate assets is highest in British Columbia and Ontario, but accompanied by the highest debt-to-income ratios, driven by high levels of mortgage debt.



Alberta reports the highest level of investment and savings and of household incomes, despite losses associated with the collapse in commodity prices in 2014.

By contrast, the Atlantic provinces and Quebec have below-average levels of incomes, assets, and debt, and above-average levels of neighbourhood poverty compared to Canada overall.

Households in the Atlantic provinces and Quebec have fewer financial resources than households elsewhere in Canada. Below-average levels of income and assets, and above-average levels of neighbourhood poverty represent a significant and persistent threat to household financial health in these regions.



Overall, there is a difference of roughly $50,000 in average household incomes between top-ranked Northwest Territories and Alberta and bottom-ranked Prince Edward Island, New Brunswick and Quebec, and an 11 percentage-point difference in poverty rates across provinces and territories.

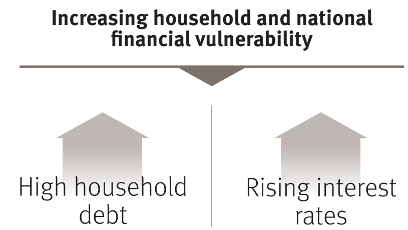
$50,000

Average income spread

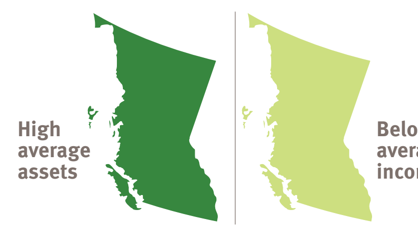
Between top 2 and bottom 3 Provinces and Territories

While there are significant disparities in income across Canada, there are much greater disparities in wealth, highlighting the need to pay attention to all of the factors that contribute to financial health, not just income alone.

The difference in average debt loads across all provinces and territories is smaller, but overall debt levels are high – a growing source of vulnerability for many households as interest rates increase, and to Canada's economy overall.



While average household income tends to line up with asset and debt levels – that is, high incomes with high assets and high debt, and low incomes with low assets and low debt – this is not always the case. In British Columbia, for example, very high average assets work to offset the impact of below-average household incomes in some communities, pulling B.C. up the NFHI rankings.

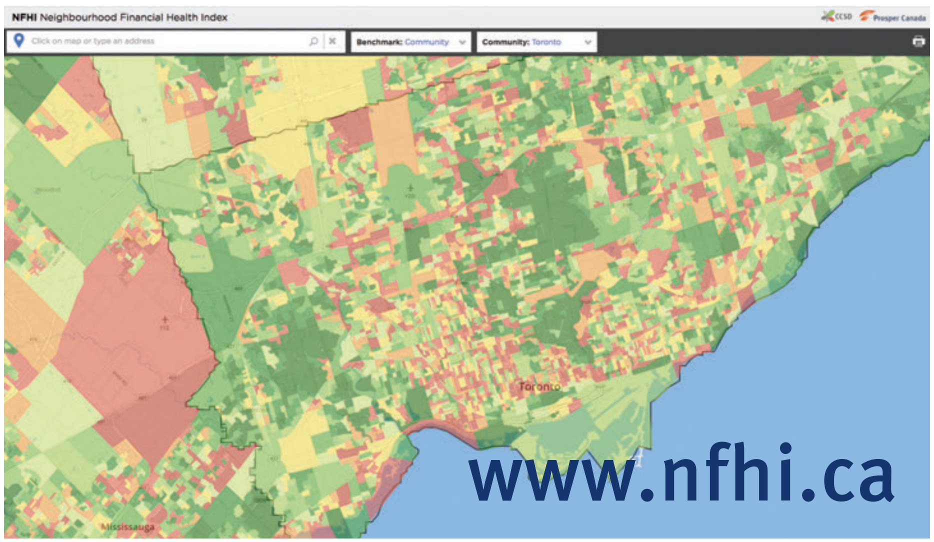


This analysis suggests that it is important to look at the distribution of assets, debt and poverty, in addition to income, to understand the dynamics of financial health at the regional level and that each region has its own story to tell when it comes to household financial health.

8

Visit the NFHI online

Visit the **NFHI** website and our interactive **Community Financial Health Maps** to learn more about neighbourhood financial health and vulnerability in your community and across Canada. Using the interactive online tool, you can visit any community in Canada to see how households are doing financially and explore, neighbourhood by neighbourhood, the underlying factors driving financial health and vulnerability.



YOU CAN SEE:

How each neighbourhood ranks in its community or against the national benchmark

How each neighbourhood is doing on income, assets, debt and poverty compared to national and community averages

Community "heat maps" showing health and vulnerability by neighbourhood with respect to the NFHI overall and on individual indicators of financial health (e.g. income, assets, debt and poverty).

Please visit **www.nfhi.ca** to read the **NFHI Final Project Report** for more information about the development of the NFHI project and the Index methodology.

For more information on the NFHI and how you can access information on your community, contact:

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For more information on NFHI sponsorship opportunities and financial empowerment solutions communities can use to help Canadians build their financial health, contact:

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Notes

1 There are several quality of life initiatives that compare countries and cities, including the United Nations Human Development Index and the OECD's Better Life Index. See also: Mercer's Quality of Life City Rankings and the Conference Board of Canada's How Canada Performs.

2 Statistics Canada (2017), Table 11-10-0016-01 Survey of Financial Security, assets and debts held by economic family type, by age group, Canada, provinces and selected census metropolitan areas.

3 Between 1999 and 2016, the top 20 per cent of Canadians saw their net worth (total assets, less all debts) rise by more than $28 for each $1 increase gained by the bottom 40 per cent of Canadians, after inflation. The median increase (accounting for inflation) in net worth of the bottom 20 per cent rose just $1,100 while the top 20 per cent saw their net worth rise by a median of $844,300. Source: Analysis conducted by Dr. Jennifer Robson using Statistics Canada data (Table 11-10-0049-01, Survey of Financial Security, assets and debts by net worth quintile, Canada).

4 See: Statistics Canada (2017), "Survey of Financial Security, 2016," *The Daily*, Catalogue no. 11-001-X.

5 Among older families and mortgage-free homeowners, for example, asset accumulation has outpaced growth in debt to a significant degree. The reverse is true among singles, renters, and young families who have experienced significant increases in median debt, but haven't benefitted from asset appreciation. Sharanjit Uppal and Sebastien LaRochelle-Cote (2015), "Changes in debt and assets of Canadian families, 1999 to 2012," Statistics Canada, Insights on Canadian Society, Catalogue no. 75-006-X, p. 5. See also: Matt Hurst (2011), "Debt and family type in Canada." Statistics Canada, *Canadian Social Trends*, Catalogue no. 11-0008-X.

6 In 2016, total household debt rose by 4.4 per cent compared to a meagre 1.0 per cent for average incomes. Mortgage debt accounts for the largest proportion of total debt, rising by 5.1 per cent in 2016, while consumer and credit card debt grew by 2.6 per cent and 3.3 per cent, respectively. Source: Environics Analytics (2017), "Environics Analytics' Wealthscapes 2017 reveals Canadians' Financial Fortunes continue to Rise – News Release."

7 Statistics Canada. Table 38-10-0235-01 (formerly CANSIM 378-0123) – Financial indicators of households and non-profit institutions serving households, national balance sheet accounts.

8 Stephen S. Poloz, Governor of the Bank of Canada. Remarks to Yellowknife Chamber of Commerce, Yellowknife, Northwest Territories May 1, 2018.

9 The International Bank for Settlements and OECD both warn that Canada is at risk of a debt crisis driven by excessive household debt.

10 Trading Economics. Canada Household Saving Rate.

11 Statistics Canada. Table 36-10-0112-01 (formerly CANSIM 380-0072). Current and capital accounts – Households, Canada, quarterly.

12 Canadian Payroll Association (2017), *Despite some economic gains, most employed Canadians continue to fall short of meeting their retirement savings goals*. News release on *Canadian Payroll Association 2017 Survey of Employed Canadians*, September 6 2017.

13 *Ibid*.

14 All data for the NFHI is based on WealthScapes (2016), an Environics Analytics database of national financial statistics modelled downward using panel controls and advanced estimation techniques. For this report, NFHI indicator data are aggregated at the provincial/territorial (PT), and national levels. The accompanying online mapping tool, the NFHI Community Financial Health Maps, illustrates data at the Census Subdivision (CSD) and Census Tract (CT) levels within Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs). For more details on census geographies, please see Statistics Canada (2017), *Illustrated Glossary*, Catalogue No. 92-195-X which provides definitions and related illustrations.

15 For more details on construction of national NFHI benchmarks, please see: K. Scott, M. Ditor and M. Frojmovic. *Neighbourhood Financial Health Index: Final Project Report*. Sept 2016 (Revised Jan 2018). p.52.

16 Valerie Tarasuk, Andy Mitchell and Naomi. Dachner (2016). *Household food insecurity in Canada, 2014*. Research to identify policy options to reduce food insecurity (PROOF), University of Toronto.

17 About 25 per cent of Indigenous people in Yukon, 24 per cent in the NWT, and 30 per cent in Nunavut occupy the bottom two Canadian income deciles. The respective figures for the total population are 13 per cent in Yukon, 16 per cent and 26 per cent in Nunavut. Statistics Canada, 2016 Census of Population.

18 Environics Analytics (2017).

19 *Ibid*.

20 The other commonly reported figure is the ratio of household credit-market debt to disposable income (taking government taxes and transfers into account). According to Statistics Canada, the average Canadian household now owes $1.68 for every dollar of disposable income. See: Table 38-10-0235-01.

21 Looking at mortgage debt, Canadian households (including non-mortgage holders) owed $1.06 in mortgage debt for every dollar of household income in 2016. Average mortgage debt among mortgage holders was considerably higher at $255,616 – and represented an even higher proportion of average household income (271 per cent).

22 Statistic Canada's Survey of Financial Security reveals that both Atlantic Canada and Quebec had more equitable distributions of wealth (as measured by net worth) compared to the Prairies, Ontario, and British Columbia. In all regions except Atlantic Canada, the bottom half of the population held less than 10 per cent of all wealth, and in most regions this group held less than 6 per cent.

23 The mapping tool presents information for all municipalities (census sub-divisions) in Canada as well as smaller areas or neighbourhoods (census tracts) within Canada's largest urban areas (census metropolitan areas and census agglomerations).