

Quebecers' Income: The Progress Achieved

2009
BUDGET



Recycled
Supporting responsible use
of forest resources
www.fsc.org Cert no. SGS-COC-2319
© 1996 Forest Stewardship Council



This document is printed on completely recycled paper, made in Québec,
containing 100% post-consumer fibre and produced without elemental chlorine.

2009-2010 Budget

Quebecer's Income: The Progress Achieved

Legal deposit - Bibliothèque et Archives nationales du Québec
March 2009

ISBN 978-2-551-23770-8 (Print)

ISBN 978-2-550-55238-3 (PDF)

© Gouvernement du Québec, 2009

TABLE OF CONTENTS

INTRODUCTION	III
1. RELIEVING THE TAX BURDEN ON INDIVIDUALS	1
1.1 \$5.4 billion for the income of households.....	1
1.2 Five important measures	3
1.3 Quebecers no longer bear the heaviest tax burden in North America	6
1.4 International comparison.....	13
2. QUEBECERS' INCOME.....	25
2.1 Average family income in 2006.....	26
2.2 A significant increase in income for all family units since 1998.....	28
2.3 An increase in income that has benefited all types of family units.....	29
2.4 Comparison with the other provinces	31
2.5 Typical cases: disposable income for certain families in Québec and in the other provinces	36
3. QUEBECERS' PURCHASING POWER.....	39
3.1 A cost of living below that found elsewhere	40
3.2 A purchasing power above that of families in other provinces.....	40
3.3 Income of the poorest families.....	48
CONCLUSION.....	51

INTRODUCTION

Since 2003 the government has undertaken major tax initiatives to raise Quebecers' income. The measures taken have made it possible to increase the real disposable income of households, and have contributed to improving the purchasing power of citizens.

This document is intended to provide an update on the impact of these various initiatives benefiting individuals introduced by the government.

- The first section presents an overview of these measures and the impact they have had on the tax situation of Quebecers in relation to the rest of North America and compared with the principal developed countries. It shows that Quebecers no longer bear the heaviest tax burden in North America and that, compared with the OECD countries, Québec's tax system clearly advantages families, as well as persons with below-average income.
- The second section presents the most recent data on Quebecers' income, how it has changed over time, and how it compares with income in other provinces. The income of households has risen substantially over the past ten years, and the increase observed exceeds what has been observed in the other provinces.
- The third section factors in the level of the cost of living and traces how it has changed over time, so as to provide an instrument for measuring Quebecers' purchasing power. The data confirm previously made observations: the tax measures introduced by the government have had a positive impact on Quebecers' purchasing power, which is especially clear for families with children and those with the lowest incomes.

1. RELIEVING THE TAX BURDEN ON INDIVIDUALS

1.1 \$5.4 billion for the income of households

Since 2003 the Québec government has instituted a series of tax initiatives benefiting individuals, providing altogether \$5.4 billion in tax relief in 2009.

- More than half of this tax relief was granted to taxpayers earning between \$25 000 and \$75 000.
- Nearly 47% of it was granted to families with children.

Table 1 presents all of these initiatives and shows the impact they have had.

Except for the tax credit for home improvement and renovation, all these measures are permanent. They benefit households today, and will continue to do so in future years.

Five of these initiatives are particularly noteworthy.

- The tax cut applied since January 1, 2008, has reduced the tax burden by \$950 million.
- The deduction for workers introduced in the 2005-2006 Budget, then improved in the 2006-2007 Budget, has reduced the tax burden on individuals by \$588 million annually.
- The Child Assistance measure introduced in the 2004-2005 Budget has resulted in a \$547-million increase in financial support for families annually.
- The Work Premium introduced in that same budget provided targeted workers with an additional \$304 million in tax relief over a full year.
- Finally, during the 2003-2009 period, indexing of these various measures and of the tax tables has added a total of \$1.9 billion to these tax relief measures, here again over a full year.

TABLE 1

Tax relief measures benefiting individuals since 2003 – Québec government

(millions of dollars)

	Full year 2009
2004-2005 Budget	
Child Assistance	547
Work Premium	304
Single tax system	219
Subtotal	1 070
2005-2006 Budget	
Deduction for workers (\$500)	300
New refundable tax credit for informal caregivers	24
Other measures	48
Subtotal	372
2006-2007 Budget	
Deduction for workers (\$1 000)	288
Improvement of the refundable tax credit for home support for elderly persons	74
Other measures	20
Subtotal	382
2007-2008 Budget	
General income tax reduction of \$950 million as of January 1, 2008	950
Retirement income splitting between spouses	106
Québec Education Savings Incentive	41
Increase in the amount of the tax credit for retirement income from \$1 000 to \$1 500	37
Other measures	114
Subtotal	1 248
2008-2009 Budget	
Increase in the amount of the tax credit for retirement income from \$1 500 to \$2 000	47
Enhancement and simplification of the refundable tax credit for home support for elderly persons	35
Improvement to the refundable tax credit for child care expenses	20
Other measures	61
Subtotal	163
Economic Statement of January 14, 2009¹ (Additional Immediate Actions to Support the Economy and Employment)	250
2009-2010 Budget	30
Indexing (2003 to 2009)	1 897
TOTAL – TAX RELIEF MEASURES	5 412

1. Corresponds to the refundable tax credit for home improvement and renovation, which is a non-recurring measure, solely for 2009.

1.2 Five important measures

Each of these five measures merits a brief review.

□ The tax cut of January 1, 2008: \$950 million

The tax cut implemented by the government on January 1, 2008, had a major impact on the tax situation of individuals. It provided \$950 million in tax relief, calculated over a full year.

For example, the tax cut of January 1, 2008, grants \$1 044 annually to a couple with two children earning \$75 000.

TABLE 2

Gains for 2009 from measures since the 2004-2005 Budget for a couple with two children¹ and one work income (dollars)

Work Income	2004-2005 Budget ²			2005-2006 and 2006-2007 budgets ²	2007-2008 Budget ²	Indexing ⁶	Total
	Child Assistance ³	Work Premium	Single system ⁴	Deduction for workers	\$950-M tax cut ⁵		
0	1 750	—	—	—	—	249	1 999
15 000	1 750	2 642	—	90	—	350	4 833
25 000	1 840	1 780	75	260	142	758	4 855
35 000	498	780	105	300	316	1 007	3 006
50 000	660	—	—	240	456	919	2 275
65 000	670	—	—	280	644	1 111	2 705
75 000	570	—	—	280	1 044	1 111	3 005
100 000	—	—	—	240	1 084	951	2 275
125 000	—	—	—	240	1 084	951	2 275
150 000	—	—	—	240	1 084	951	2 275
175 000	—	—	—	240	1 084	951	2 275

Note: Figures may not add up to the totals shown because of rounding off.

1 One child age 3 and another child age 4.

2 Excluding indexing, which appears under the "Indexing" column.

3 Child Assistance minus the non-refundable tax credits for children, the tax reduction for families and the former pre-2005 family allowance.

4 Impact of the single tax system for a salaried worker who pays union dues equal to 1.5% of his salary (maximum contribution of \$750 per year).

5 Increases in tax table thresholds and in the basic amount.

6 Indexing for 2004, 2005, 2006, 2007, 2008 and 2009.

❑ The deduction for workers: \$588 million

The deduction for workers was introduced in two stages. In the 2005-2006 Budget, the deduction was set at \$500. In the 2006-2007 Budget, it was increased to \$1 000.

This measure provided an estimated \$300 million and \$288 million in tax relief for each of these two initiatives, respectively, that is, an overall amount of \$588 million, calculated over a full year.

This deduction corresponds to 6% of an individual's eligible earned income, to a maximum of \$1 000, an amount which has been indexed since January 2009.

❑ Child Assistance: \$547 million

Since the 2004-2005 Budget, Québec families can count on more generous financial assistance. The Child Assistance measure has replaced and enhanced measures of a similar nature that existed before.

Thanks to the Child Assistance measure, families receive just over \$2 billion annually. In 2005, when this measure was introduced, it represented an increase of \$547 million over the allowances previously provided.

In concrete terms, the Child Assistance measure in 2009 provides support in the following amounts to the following family types:¹

- a couple with two children and one salary of \$25 000 receives \$3 249;
- a couple with two children and one salary of \$50 000 receives \$3 074;
- a couple with two children and one salary of \$75 000 receives \$2 074;
- a couple with two children and one salary of \$100 000 receives \$1 169;
- a single-parent family with one child and one salary of \$25 000 receives \$2 924.

¹ Source: Disposable income calculator, ministère des Finances du Québec, www.finances.gouv.qc.ca.

□ **Work Premium: \$304 million**

Introduced in the 2004-2005 Budget, the Work Premium has served since 2005 to reward the efforts of low- and middle-income workers, regardless of whether they have children. In 2005, the Work Premium provided \$304 million in tax support for workers.

The following two examples illustrate how the Work Premium applies for 2009:

- for a couple with children and one salary of \$25 000, the Work Premium is \$2 062;
- for a single-parent family with one salary of \$25 000, the Work Premium is \$872.

□ **Indexing of the tax relief measures and of the tax tables: \$1.9 billion**

Beginning in 2003, the government implemented indexing of the tax relief measures introduced, in addition to indexing of the tax tables. This means that the tax relief provided by the measures enumerated above has increased as a result of inflation.

Overall, this policy of general indexing translates as \$1.9 billion in tax relief for a full year.

1.3 Quebecers no longer bear the heaviest tax burden in North America

The tax measures benefiting individuals instituted since 2003 by the government have had a major impact on the disposable income of households, with the result that Quebecers no longer bear the heaviest tax burden in North America.

□ Increase in disposable income

The examples set forth below based on certain situations illustrate in concrete terms the impact of the tax relief measures instituted since 2003 by the government. These evaluations include measures applied by the federal government.

■ A couple with two children

For a couple with two children and one salary of \$25 000, disposable income has increased by \$10 158 in six years, or 35.7%, which is a remarkable gain.

In Québec, over a longer period, that is, from 1998 to 2009, disposable income increased by \$12 066 \$, or 45.4%.

TABLE 3

Disposable income for a couple with two children and one work income – Québec (dollars)

	1998	2003	2009	Change from 2003 to 2009	Change from 1998 to 2009
Salary	25 000	25 000	25 000	—	—
Québec government					
- Transfers less income tax	+ 1 463	+ 921	+ 5 735	+ 4 813	+ 4 272
Federal government					
- Transfers less income tax	+ 1 595	+ 4 179	+ 9 452	+ 5 273	+ 7 857
Québec and federal contributions	- 1 467	- 1 602	- 1 530	+ 72	- 63
Subtotal	+ 1 591	+ 3 498	+ 13 657	+ 10 158	+ 12 066
DISPOSABLE INCOME	26 591	28 498	38 657	+ 10 158	+ 12 066
				+ 35.7%	+ 45.4%

Note: Couple with one child age 3 and another child age 4. Figures may not add up to the totals shown because of rounding off.

Source: Disposable income calculator, ministère des Finances du Québec, www.finances.gouv.qc.ca.

In Ontario, the disposable income of a couple with two children and a salary of \$25 000 has increased by 22.5% since 2003 and by 43.4% since 1998.

TABLE 4

Disposable income for a couple with two children and one work income – Ontario
(dollars)

	1998	2003	2009	Change from 2003 to 2009	Change from 1998 to 2009
Salary	25 000	25 000	25 000	—	—
Ontario government					
- Transfers less income tax	+ 227	+ 2 069	+ 3 384	+ 1 315	+ 3 157
Federal government					
- Transfers less income tax	+ 1 272	+ 3 940	+ 9 447	+ 5 507	+ 8 175
Ontario¹ and federal contributions	- 1 363	- 1 589	- 1 797	- 208	- 434
Subtotal	+ 136	+ 4 420	+ 11 035	+ 6 615	+ 10 899
DISPOSABLE INCOME	25 136	29 420	36 035	+ 6 615	+ 10 899
				+ 22.5%	+ 43.4%

Note: Couple with one child age 3 and another child age 4. Figures may not add up to the totals shown because of rounding off.

1 Including the Ontario Health Premium.

Source: Ministère des Finances du Québec.

■ **A single-parent family**

For a single-parent family with one child and a salary of \$25 000, disposable income increased by \$5 458, or 21.4%, between 2003 and 2009.

In Québec, from 1998 to 2009, disposable income increased by \$7 460, or 31.7%.

TABLE 5

Disposable income for a single-parent family with one child – Québec
(dollars)

	1998	2003	2009	Change from 2003 to 2009	Change from 1998 to 2009
Salary	25 000	25 000	25 000	—	—
Québec government					
- Transfers less income tax	- 105	+ 618	+ 2 653	+ 2 035	+ 2 758
Federal government					
- Transfers less income tax	+ 182	+ 1 775	+ 4 973	+ 3 198	+ 4 791
Québec and federal contributions	- 1 538	- 1 852	- 1 627	+ 225	- 89
Subtotal	- 1 461	+ 541	+ 5 999	+ 5 458	+ 7 460
DISPOSABLE INCOME	23 539	25 541	30 999	+ 5 458	+ 7 460
				+ 21.4%	+ 31.7%

Note: Single-parent family with one child age 3. Figures may not add up to the totals shown because of rounding off.

Source: Disposable income calculator, ministère des Finances du Québec, www.finances.gouv.qc.ca.

In Ontario, the increases observed are, respectively, 14.5% over six years and 29.6% since 1998.

TABLE 6

Disposable income for a single-parent family with one child – Ontario
(dollars)

	1998	2003	2009	Change from 2003 to 2009	Change from 1998 to 2009
Salary	25 000	25 000	25 000	—	—
Ontario government					
- Transfers less income tax	- 594	+ 961	+ 1 524	+ 564	+ 2 118
Federal government					
- Transfers less income tax	- 141	+ 1 536	+ 4 946	+ 3 411	+ 5 087
Ontario¹ and federal contributions	- 1 363	- 1 589	- 1 797	- 208	- 434
Subtotal	- 2 097	+ 907	+ 4 674	+ 3 767	+ 6 771
DISPOSABLE INCOME	22 903	25 907	29 674	+ 3 767	+ 6 771
				+ 14.5%	+ 29.6%

Note: Single-parent family with one child age 3. Figures may not add up to the totals shown because of rounding off.

1 Including the Ontario Health Premium.

Source: Ministère des Finances du Québec.

□ Comparison with the other provinces

Because of the tax relief measures benefiting individuals decided by the government, the relative situation of Quebecers compared with taxpayers in other provinces has changed markedly.

The average tax burden differential between Québec and the other provinces has declined significantly.

— In 2003, the average tax burden differential with the other provinces was \$2.1 billion.

— In 2008, the differential was reduced by 50%. It stands at \$1.1 billion.

A province-by-province comparison shows that Quebecers no longer bear the heaviest tax burden in North America.

— In 2003, eight provinces had a lighter tax burden than Québec, in respect of personal income tax.

— In 2008, Québec outperformed New Brunswick, Manitoba, Prince Edward Island and Nova Scotia in that respect.

— The tax burden is still lighter in Alberta, British Columbia, Ontario, Saskatchewan and Newfoundland and Labrador. However, even if Ontarians are still less heavily taxed than Quebecers, the tax burden differential has been reduced by 51% since 2003.

TABLE 7

Personal income tax
Tax burden differential between Québec and the other provinces
determined by applying the other provinces' tax structure to Québec¹
(millions of dollars)

	2003	2008 ²	Difference
Differential Québec – other provinces³			
Alberta	4 449	3 589	– 860
British Columbia	3 569	3 292	– 277
Ontario	5 642	2 735	– 2 907
Saskatchewan	2 394	2 535	+ 141
Newfoundland and Labrador	– 965	109	+ 1 074
New Brunswick	1 701	– 341	– 2 042
Manitoba	692	– 702	– 1 394
Prince Edward Island	1 063	– 832	– 1 895
Nova Scotia	664	– 898	– 1 562
AVERAGE DIFFERENTIAL	2 134	1 054	– 1 080
—Percent			50.6

1 Taking into account health-care contributions and family assistance measures (e.g., family allowances and refundable tax credits).

2 Taking into account the measures in the 2008-2009 budgets of Québec, the federal government and the governments of the other provinces, as well as the economic statements published in the fall of 2008.

3 The Québec tax abatement of 16.5% is subtracted from the tax burden differential.

Source: Ministère des Finances du Québec.

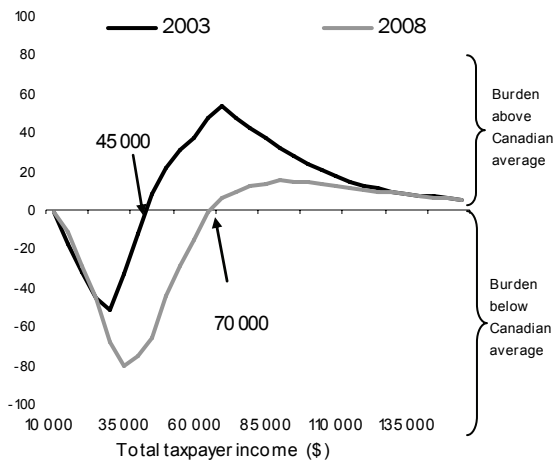
■ **Another way to measure the progress achieved**

There is another way to assess the how far we have progressed in respect of personal income tax.

- In 2003, the tax burden on families with children and an income of less than \$45 000 was comparable to or lower than the Canadian average.
- In 2008, this situation applied to a much larger number of families: families with children whose tax burden is comparable to or lower than the Canadian average are those with an income below \$70 000.
- Performing the same calculation for all individuals shows that the income threshold below which Québec's tax burden declines to below the Canadian average went from \$35 000 to \$45 000 over six years.

CHART 1

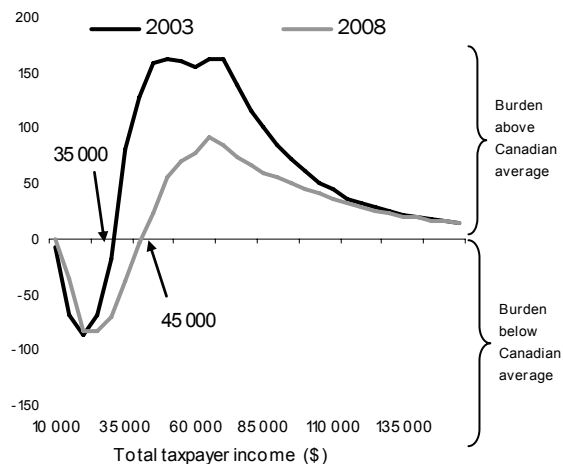
Tax burden differential between Québec and the Canadian average for families with children – 2003 and 2008
(millions of dollars)



Source: Ministère des Finances du Québec.

CHART 2

Tax burden differential between Québec and the Canadian average for all individuals – 2003 and 2008
(millions of dollars)



Source: Ministère des Finances du Québec.

1.4 International comparison

In order to compare the tax burden on Quebecers within an international perspective, a comparison was made of the tax burden for different types of households in Québec and in the various OECD member countries.

This comparison was performed using OECD methodology.

- In the case of Québec, the net tax burden was calculated taking into account federal and provincial income tax, social contributions and five refundable tax credits—the Child Assistance measure, the Work Premium, the refundable tax credit for the QST and, at the level of federal taxation, the Canada Child Tax Benefit and the refundable tax credit for the GST.
- Income tax, contributions and benefits were estimated based on the average gross salary for each country.

This international comparison was performed for 2000 and for 2006. The complete results for 2006 are given below, along with the changes measured between 2000 and 2006, for different typical situations.

□ An overall conclusion: Québec's tax system is more favourable for families with children and low-income families

Generally speaking, Québec's tax system is particularly advantageous for families with children and for persons with below-average income.

- Québec's average tax rate is lower than in most OECD member countries for families (couples and single-parent families) with two children.
- Taxpayers whose gross income is lower than the average income have a lower tax rate than the average for OECD countries. Inversely, those with above-average income have a higher tax rate than the average for OECD countries.

These observations show how generous Québec's tax system is, compared with the tax systems of the OECD member countries, for families with children and low-income families.

□ The principal results obtained for 2006

The following sections present the results of the comparisons made with the OECD member countries for:

- families with children;
- persons living alone.

■ Families with children

Compared with the OECD member countries, Québec families enjoy a very advantageous tax system.

- The tax burden for a couple with two children and an income equal to the average gross salary ranks fifth among OECD member countries (Chart 3).
- For a single-parent family with an income equal to 67% of the average gross income, Québec ranks second—just after Ireland—whereas all the other OECD member countries impose a heavier tax burden (Chart 4).

Definition of net tax burden

The net tax burden is income tax, plus employee and employer social security contributions, minus cash benefits paid to different categories of families, as a percentage of labour costs, e.g., gross salary, plus employer social security contributions, including taxes on salaries.

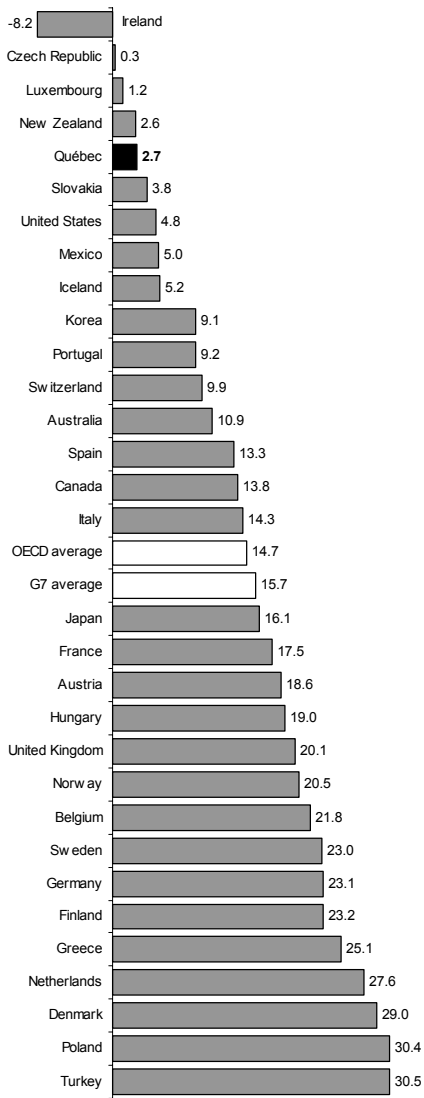
- For Québec, the net tax burden is calculated by taking into account federal and provincial income tax, social contributions and the following refundable tax credits: the Child Assistance measure (formerly the family allowance), the Work Premium, the Canada Child Tax Benefit and the GST and QST refundable tax credits.

The average weekly salary is estimated by considering employees age 15 and older, full-time employees and industrial sectors C to K in the ISIC Revision 3.1. The average annual salary is obtained by multiplying the average weekly salary (including overtime) by 52 weeks.

Source: OECD, *Taxing Wages*, 2006.

CHART 3

Comparison of the net tax burden for a couple with two children and an income equal to the average gross salary – 2006
(as a percentage of salary)



Sources: OECD and ministère des Finances du Québec.

CHART 4

Comparison of the net tax burden for a single-parent family with two children and an income equal to 67% of the average gross salary – 2006
(as a percentage of salary)



Sources: OECD and ministère des Finances du Québec.

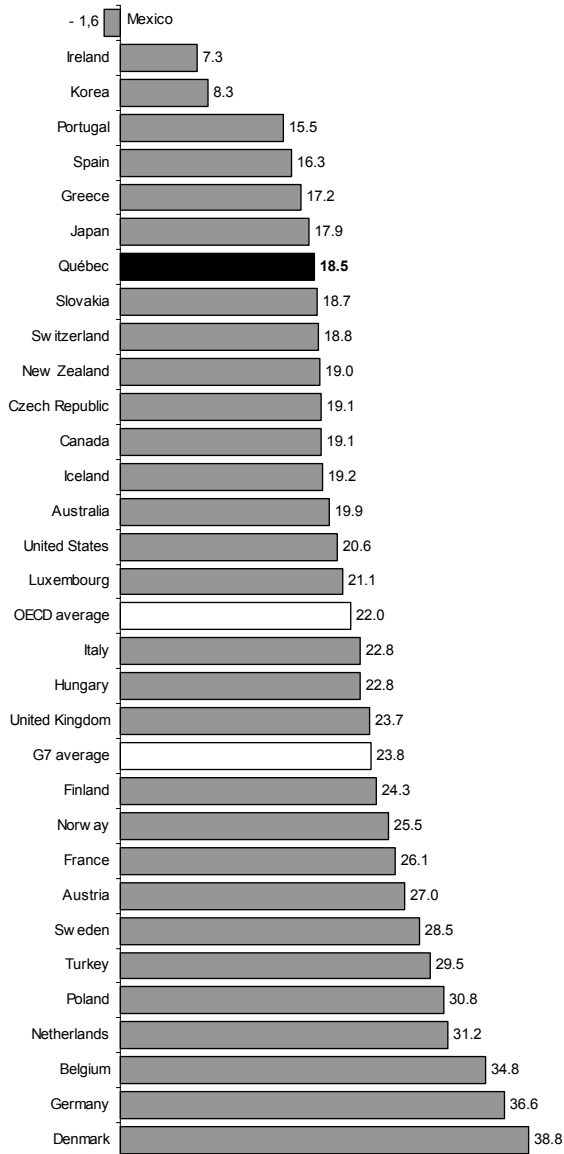
■ Persons living alone

Compared with the OECD member countries, Québec's tax system is less advantageous for persons living alone, unless their income is below average.

- For persons living alone with an income equal to 67% of the average gross salary, the Québec tax system places Québec eighth among the OECD member countries (Chart 5).
- However, when income is equal to the average gross salary, the Québec tax burden is heavier than the average for the OECD member countries (Chart 6).

CHART 5

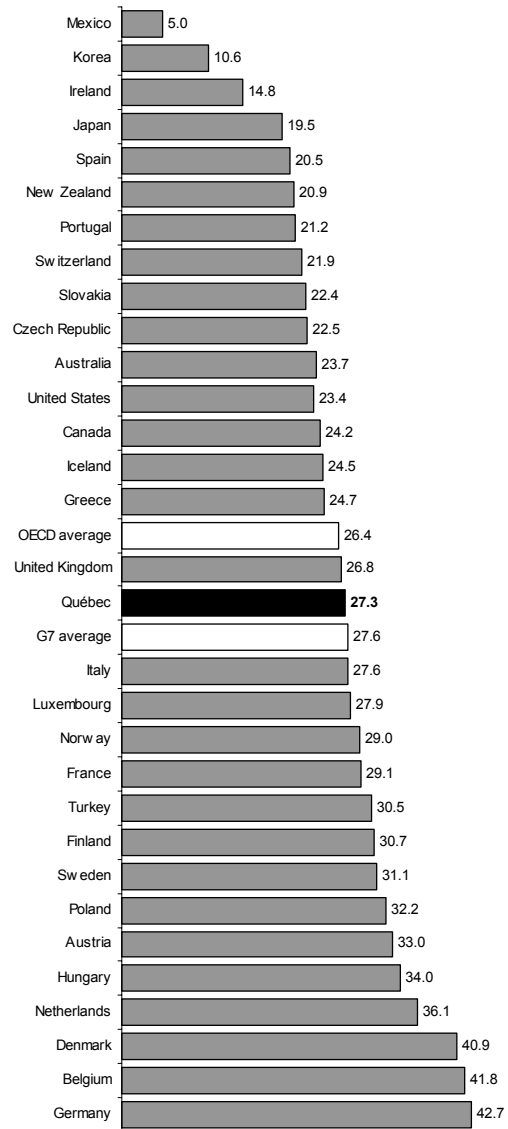
**Comparison of the net fiscal burden for a person living alone with an income equal to 67% of the average gross salary – 2006
(as a percentage of salary)**



Sources: OECD and ministère des Finances du Québec.

CHART 6

**Comparison of the net fiscal burden for a person living alone with an income equal to 100% of the average gross salary – 2006
(as a percentage of salary)**



Sources: OECD and ministère des Finances du Québec.

❑ Changes between 2000 and 2006

Comparing the 2006 situation with the situation observed in 2000 shows that Québec is where the most spectacular improvements occurred, both for families with children and for households with below-average income.

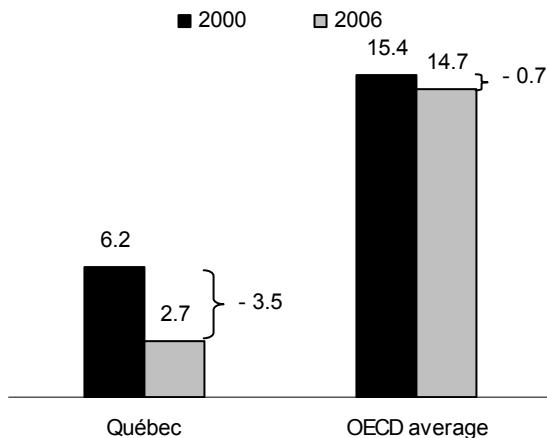
■ Couples with two children

For a couple with two children and an income equal to the average gross salary, the results are as follows:

- the average tax rate in Québec declined by 3.5%, compared with 0.7% on average in the OECD member countries (Chart 7);
- the marginal tax rate declined by 0.7% in Québec, whereas it increased by 2.5% on average in the OECD member countries (Chart 8).

CHART 7

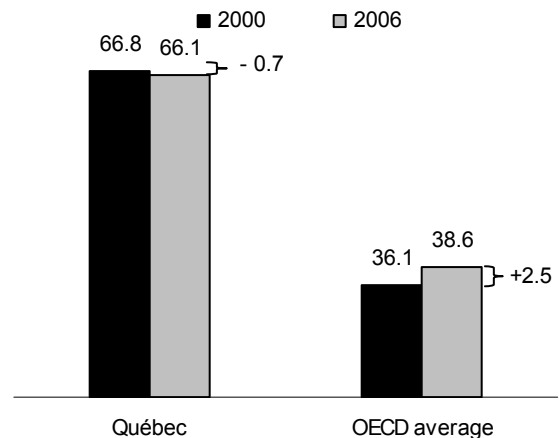
Change in the net tax burden for a couple with two children at the average gross salary from 2000 to 2006
(as a percentage of salary)



Sources: OECD and ministère des Finances du Québec.

CHART 8

Change in the marginal rate for a couple with two children at the average gross salary from 2000 to 2006
(percent)



Sources: OECD and ministère des Finances du Québec.

TABLE 8

Change in the net tax burden for a couple with two children and an income equal to the average gross salary
(as a percentage of salary)

Country	2000	2006	Difference
Germany	24.5	23.1	- 1.4
Canada	15.0	13.8	- 1.2
United States	8.9	4.8	- 4.1
France	16.3	17.5	1.2
Italy	16.9	14.3	- 2.6
Japan	12.9	16.1	3.2
United Kingdom	20.0	20.1	0.1
<i>OECD average</i>	<i>15.4</i>	<i>14.7</i>	<i>- 0.7</i>
<i>G7 average</i>	<i>16.4</i>	<i>15.7</i>	<i>- 0.7</i>
QUÉBEC	6.2	2.7	- 3.5

Sources: OECD and ministère des Finances du Québec.

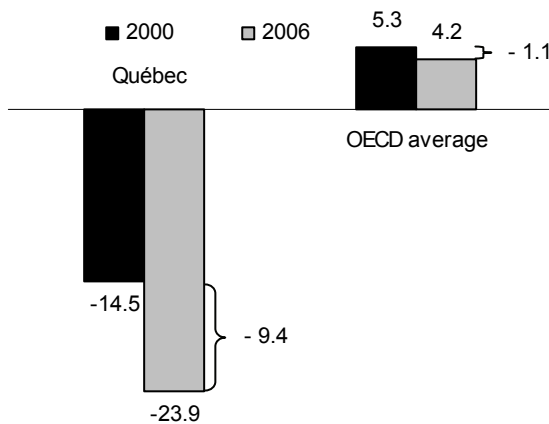
■ **Single-parent families with two children**

Between 2000 and 2006, the tax burden declined much more rapidly in Québec than the average for the OECD countries for single-parent families with two children and below-average income.

- Thus, for a single-parent family with two children where the head of the family earns 67% of the average gross salary, the net tax burden declined by 9.4% in Québec, compared with a decline of 1.1% in the OECD member countries during the same period (Chart 9).
- For that same single-parent family, the marginal tax rate declined by 0.4% in Québec, while it increased by 3.5% in the OECD member countries overall (Chart 10).

CHART 9

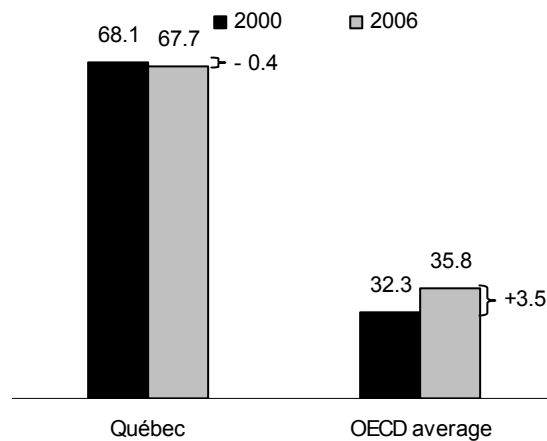
Change in the net tax burden for a single-parent family with two children and an income equal to 67% of the average gross salary from 2000 to 2006
(as a percentage of salary)



Sources: OECD and ministère des Finances du Québec.

CHART 10

Change in the marginal rate for a single-parent family with two children and an income equal to 67% of the average gross salary from 2000 to 2006
(percent)



Sources: OECD and ministère des Finances du Québec.

TABLE 9

**Change in the net tax burden for a single-parent family with two children
and an income equal to 67% of the average gross salary**
(as a percentage of salary)

Country	2000	2006	Difference
Germany	20.3	21.1	0.8
Canada	- 10.9	- 9.8	1.1
United States	- 6.7	- 9.8	- 3.1
France	14.0	14.7	0.7
Italy	3.2	2.0	- 1.2
Japan	12.8	15.0	2.2
United Kingdom	3.9	4.6	0.7
<i>OECD average</i>	5.3	4.2	- 1.1
<i>G7 average</i>	5.2	5.4	0.2
QUÉBEC	- 14.5	- 23.9	- 9.4

Sources: OECD and ministère des Finances du Québec.

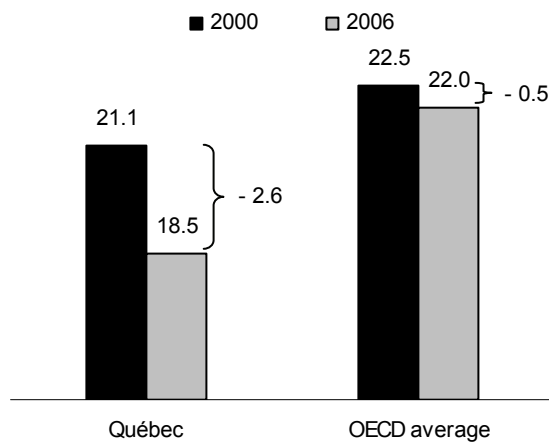
■ **Persons living alone**

The tax situation of persons living alone has also improved more in Québec than in the OECD countries as a whole, for persons with below-average income.

- The net tax burden for a person living alone with an income equal to 67% of the average gross salary declined by 2.6% in Québec over six years, compared with a decline of 0.5% in the OECD member countries as a whole (Chart 11).
- For that same taxpayer, between 2000 and 2006, the marginal tax rate declined by 3.8% in Québec, whereas it increased by 0.5% in the OECD member countries as a whole (Chart 12).

CHART 11

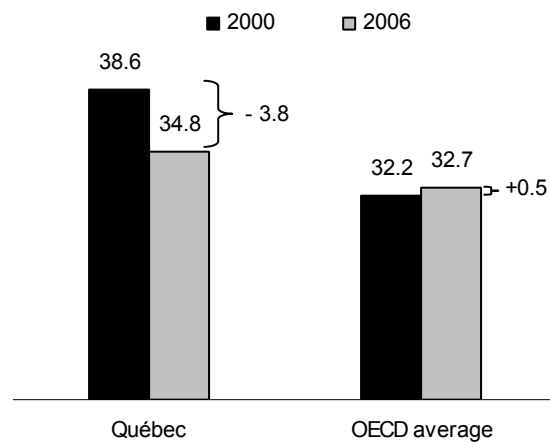
Change in the net tax burden for a person living alone with an income equal to 67% of the average gross salary from 2000 to 2006
(as a percentage of salary)



Sources: OECD and ministère des Finances du Québec.

CHART 12

Change in the marginal rate for a person living alone with an income equal to 67% of the average gross salary from 2000 to 2006
(percent)



Sources: OECD and ministère des Finances du Québec.

TABLE 10

Change in the net tax burden for a person living alone with an income equal to 67% of the average gross salary
(as a percentage of salary)

Country	2000	2006	Difference
Germany	38.1	36.6	- 1.5
Canada	19.6	19.1	- 0.5
United States	21.1	20.6	- 0.5
France	25.7	26.1	0.4
Italy	23.7	22.8	- 0.9
Japan	15.5	17.9	2.4
United Kingdom	22.2	23.7	1.5
<i>OECD average</i>	22.5	22.0	- 0.5
<i>G7 average</i>	23.7	23.8	0.1
QUÉBEC	21.1	18.5	- 2.6

Sources: OECD and ministère des Finances du Québec.

2. QUEBECERS' INCOME

The preceding section provided an overview of the principal fiscal measures implemented by the Québec government for individuals since 2003 and the impact those measures have had on the tax situation of households.

This second section evaluates Quebecers' income and how it has varied over time, comparing the changes with what has occurred in the other provinces. For that purpose, the concept of "median income" is used rather than that of "average income" in order to eliminate the effects of extremely low or high incomes.

These analyses lead to the following observations:

- Between 1998 and 2006, median income in 2006 dollars for all family units rose by 11.5% before transfers and taxes and by 14.6 % after transfers and taxes.
- In 2006, the median income for all Québec family units was \$38 500.
- Also since 1998, every type of family unit has benefited from the rise in income.
- The rise in income observed in Québec is comparable to what has been observed in Canada as a whole, but it is higher than in Ontario for all types of family units. The rise is more substantial in Québec when one analyzes the situation of family units with children and low-income households.
- Comparison with the other provinces concerning certain typical situations confirms that disposable income after taxes is higher in Québec for low- and middle-income families.

2.1 Average family income in 2006

There were about 3.4 million family units in Québec in 2006, including:

- 667 000 couples with children;
- 175 000 single-parent families;
- 594 000 couples without children;
- 1 308 000 persons living alone.

At that time, the median income for all Québec family units after transfers and taxes was \$38 500.

Income varied according to the type of household:

- median income for couples with children was \$63 700;
- median income for persons living alone was estimated to be \$20 800.

TABLE 11

Median and average income after transfers and taxes according to type of family unit – Québec, 2006

Type of family unit	Number of family units in thousands	Median income (\$)	Average income (\$)
Couples with children	667	63 700	70 100
Single-parent families	175	37 000	40 900
Couples without children	594	50 900	56 700
Persons living alone	1 308	20 800	25 100
Other	696	n.a.	n.a.
TOTAL	3 440	38 500	46 200

Sources: Statistics Canada and ministère des Finances du Québec.

Definition of median income

Median income corresponds to the central value that separates into two equal parts the distribution by income brackets of a given group of family units. The first part includes all the units with an income lower than the median and the second part, all the units with an income higher than the median.

The concept of income encompasses all income that is received by a resident of Canada or that is relevant for income tax purposes in Canada and in Québec. Income before transfers and taxes corresponds to the total of employment income (from salaried employment or self-employment [net amount]), investment income, retirement income (private pension plan) and elements included in the other income earned by the family unit. Income after transfers and taxes corresponds to income earned by a family unit, plus government transfers, including refundable tax credits, minus income tax but without taking into account mandatory contributions.

Source: Statistics Canada.

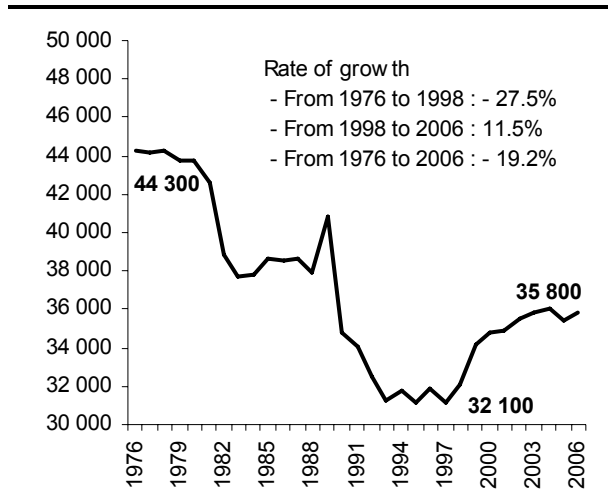
2.2 A significant increase in income for all family units since 1998

Charts 13 and 14 illustrate the following observations relevant to all households.

- Before transfers and taxes, Quebecers' median income in 2006 dollars declined between 1976 and 1998 (– 27.5%), then increased between 1998 and 2006 (11.5%).
- When government transfers and income tax are taken into account, the trend remains the same. However, median income after transfers and taxes declined less rapidly during 1976-1998 (– 20.6%) and increased more rapidly during 1998-2006 (14.6%).
- This means that government transfers and income tax were responsible for boosting income for households by 6.9% during 1976-1998 and by 3.1% during 1998-2006.

CHART 13

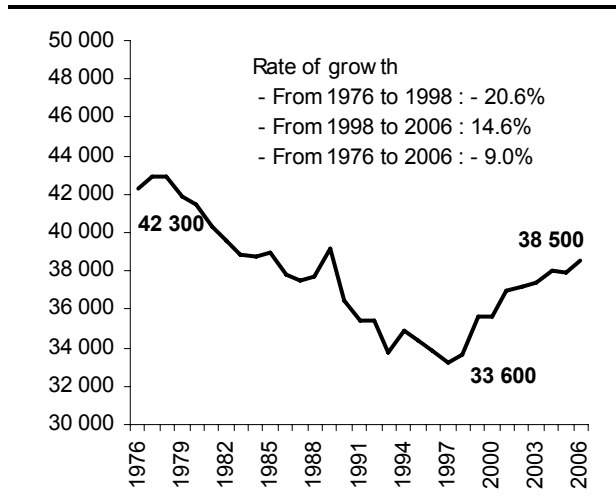
**Change in median income
before transfers and taxes
from 1976 to 2006**
(2006 dollars)



Source: Statistics Canada.

CHART 14

**Change in median income
after transfers and taxes
from 1976 to 2006**
(2006 dollars)



Source: Statistics Canada.

2.3 An increase in income that has benefited all types of family units

Charts 15 to 18 illustrate how median income in 2006 dollars has varied over time for several types of households: couples with children, single-parent families, couples without children and persons living alone.

For the period of 1976-1998, certain differences can be observed according to the type of family.

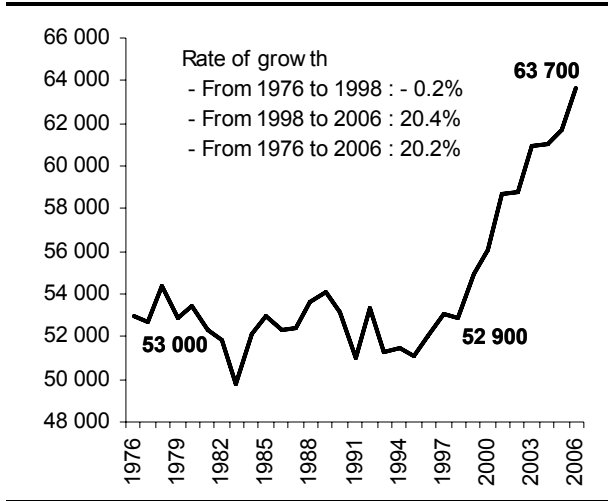
- For that period, the median income after transfers and taxes of couples with children remained relatively stable, whereas for single-parent families it grew by 12%.
- However, median income declined for couples without children (– 17 %) and for persons living alone (– 2 %).

Over the period from 1998 to 2006, remarkable gains in income can be observed, regardless of the type of household. Median income increased:

- by 20.4% for couples with children;
- by 38.6% for single-parent families;
- by 21.8% for couples without children;
- by 19.5% for persons living alone.

CHART 15

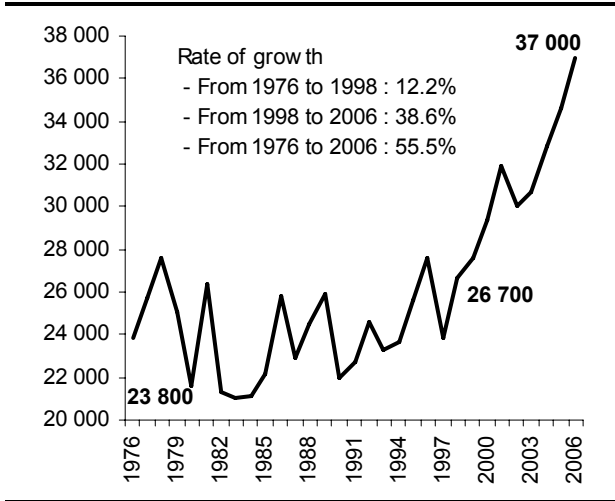
**Change in median income after transfers and taxes
Couples with children, from 1976 to 2006**
(2006 dollars)



Source: Statistics Canada.

CHART 16

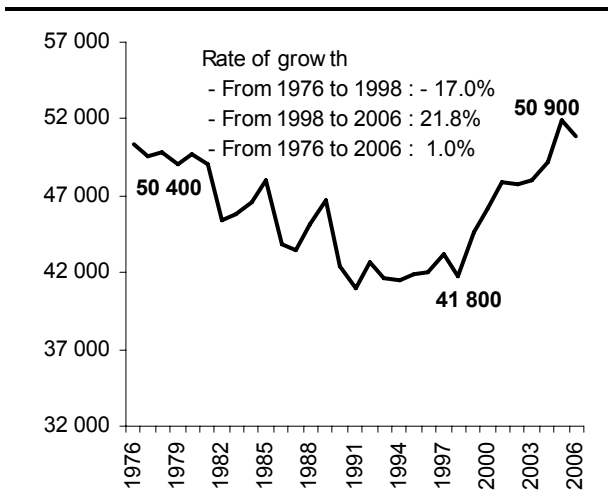
**Change in median income after transfers and taxes
Single-parent families, from 1976 to 2006**
(2006 dollars)



Source: Statistics Canada.

CHART 17

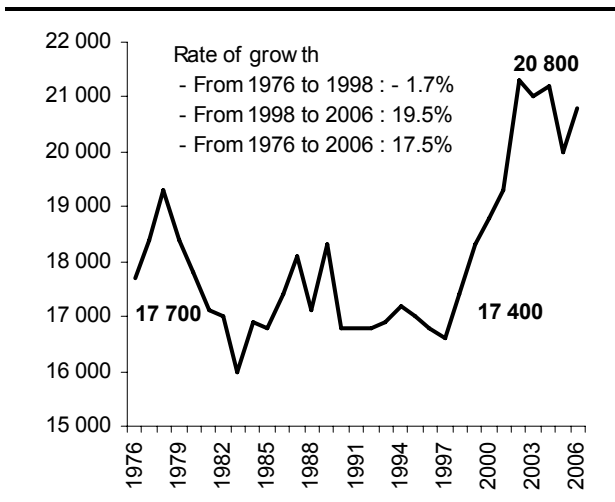
**Change in median income after transfers and taxes
Couples without children, from 1976 to 2006**
(2006 dollars)



Source: Statistics Canada.

CHART 18

**Change in median income after transfers and taxes
Persons living alone, from 1976 to 2006**
(2006 dollars)



Source: Statistics Canada.

2.4 Comparison with the other provinces

A comparison was made between Québec and the other provinces in terms of how median income has changed over time.

☐ All family units: an increase in income comparable to that observed in Canada, but higher than in Ontario

As charts 19 and 20 illustrate, for all family units, the significant increase in median income after transfers and taxes observed in Québec since 1998 is comparable to the increase noted in Canada during the same period. However, the increase was not as high in Ontario.

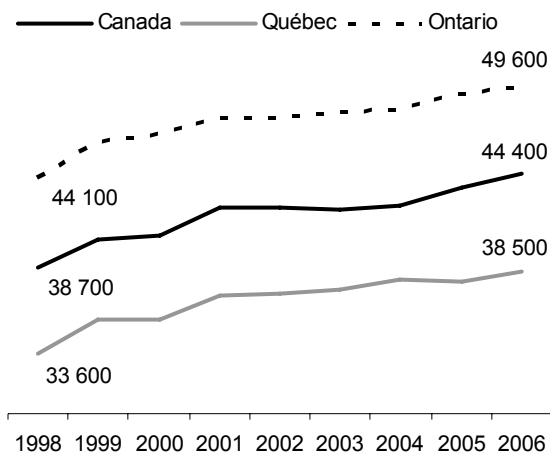
For all family units in Québec, median income remains lower than that of family units for Canada as a whole and for Ontario.

— In 2006, median income in Québec after transfers and taxes stands at 87% of Canadian median income (as in 1998).

— Median income in Québec after transfers and taxes equals 78% of total median income in Ontario, which represents an increase of two percentage points compared with 1998 (when it was 76%).

CHART 19

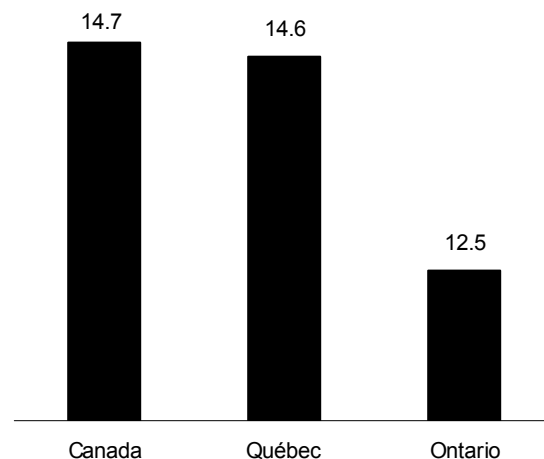
Change in median income after transfers and taxes – All family units, from 1998 to 2006
(2006 dollars)



Source: Statistics Canada.

CHART 20

Rate of growth in median income in 2006 dollars, after transfers and taxes – All family units, from 1998 to 2006
(percent)



Source: Statistics Canada.

□ Families with children

In the case of families with children, the growth in median income is much greater.

■ Couples with children

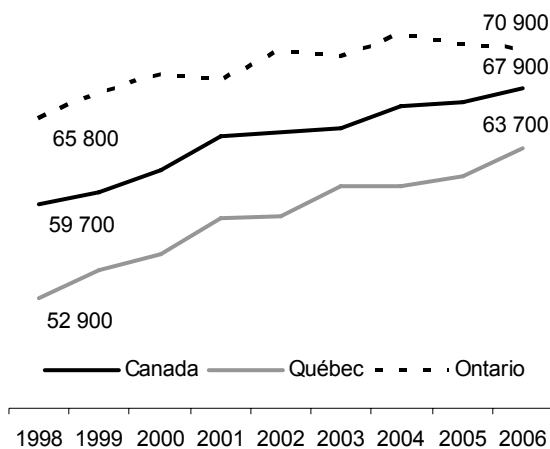
As for couples with children, the median income after transfers and taxes increased by 20% in Québec, compared with 8% for Ontario and 14% for Canada (charts 21 and 22).

Thus, in 2006, median income in Québec after transfers and taxes stands at:

- 94% of income for Canada (compared with 89% in 1998);
- 90% of income for Ontario (compared with 80% in 1998).

CHART 21

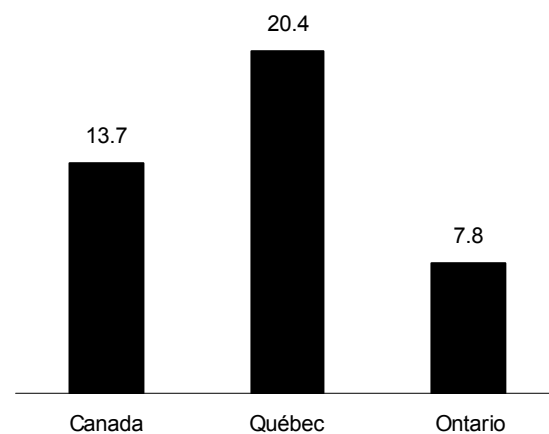
Change in median income, after transfers and taxes, for couples with children, from 1998 to 2006
(2006 dollars)



Source: Statistics Canada.

CHART 22

Rate of growth in median income, after transfers and taxes, for couples with children, from 1998 to 2006
(percent)



Source: Statistics Canada.

■ **Single-parent families**

Between 1998 and 2006, median income after transfers and taxes increased by 38.6% in Québec, compared with 28.4% for Ontario and 32.2% for Canada as a whole (charts 23 and 24).

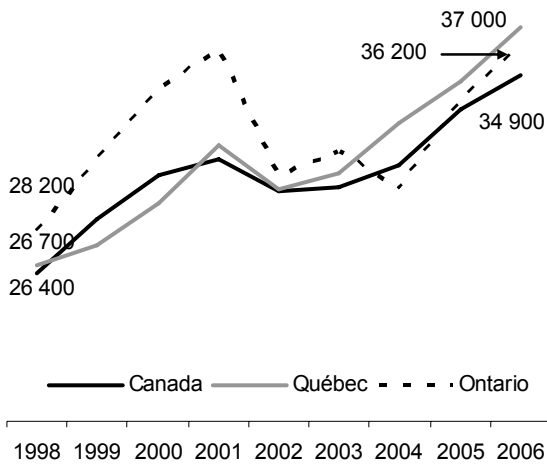
These are very strong increases, and for this type of family, the median income observed in Québec exceeded that for Ontario and for Canada as a whole.

Thus, in 2006, median income in Québec stands at:

- 106% of income for Canada (compared with 101% in 1998);
- 102% of income for Ontario (compared with 95% in 1998).

CHART 23

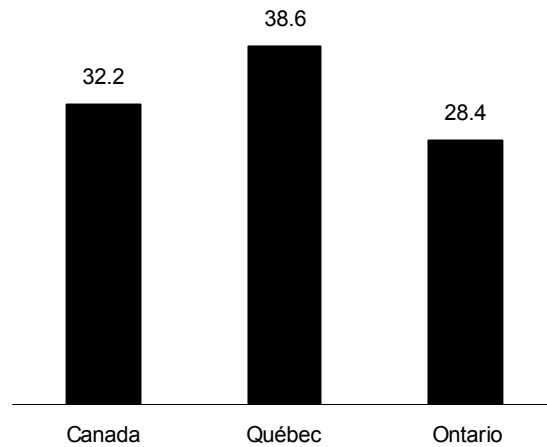
Median income after transfers and taxes, single-parent families, from 1998 to 2006
(2006 dollars)



Source: Statistics Canada.

CHART 24

Rate of growth in median income in 2006 dollars, after transfers and taxes, single-parent families, from 1998 to 2006
(percent)



Source: Statistics Canada.

□ Low-income households

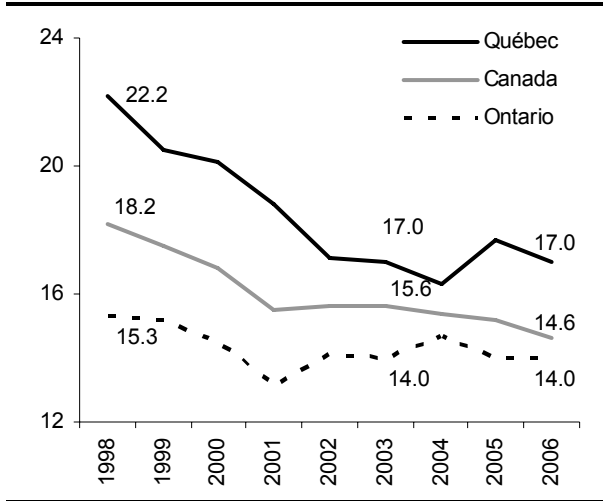
The growth in income recorded for low-income households was evaluated by applying the “low-income cut-off” (LICO)² method to determine the low-income rate.

- Since 1998, the low-income rate has declined for all family units (Chart 25). It went from 22.2% to 17.0% in Québec, compared with a reduction from 15.3% to 14.0% for Ontario and from 18.2% to 14.6% for Canada as a whole.
- Strikingly, the low-income rate is lower in Québec than in Ontario and in Canada as a whole for couples with children (5.7% compared with 7.7% and 6.6%, see Chart 26) and for single-parent families (21.2% compared with 25.3% and 24.3%, see Chart 27).
- The rate remains higher in the case of persons living alone (33.1% in Québec, compared with 27.9% in Ontario and 29.2% for Canada as a whole, see Chart 28).

² The low-income cut-offs (1992 base) were determined based on an analysis of data from the 1992 survey of family expenses. Families with an income below these cut-offs usually spent 63.6% or more of their income on food, housing and clothing. The low-income cut-offs are differentiated by the size of the region of residence and the size of the family.

CHART 25

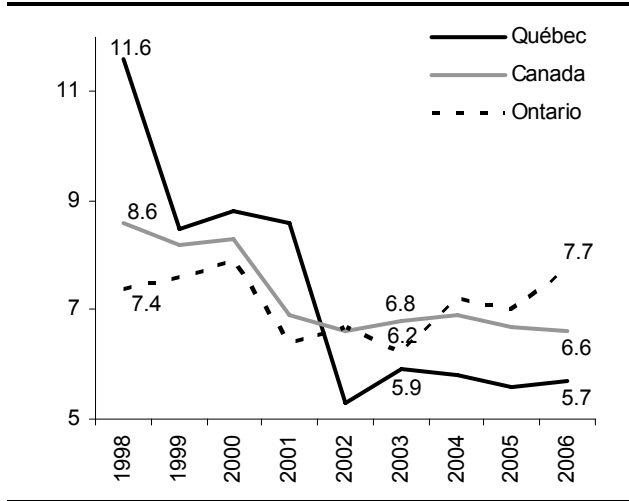
**Change in the low-income rate (LIR)
All family units,
from 1998 to 2006**
(percent)



Source: Statistics Canada.

CHART 26

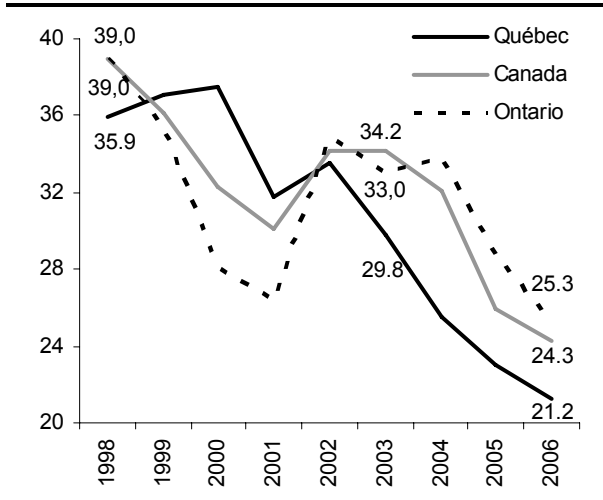
**Change in the low-income rate (LIR)
Couples with children,
from 1998 to 2006**
(percent)



Source: Statistics Canada.

CHART 27

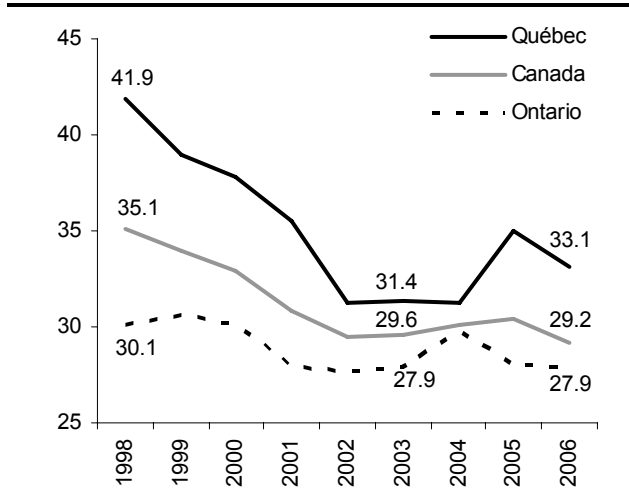
**Change in the low-income rate (LIR)
Single-parent families,
from 1998 to 2006**
(percent)



Source: Statistics Canada.

CHART 28

**Change in the low-income rate (LIR)
Persons living alone,
from 1998 to 2006**
(percent)



Source: Statistics Canada.

2.5 Typical cases: disposable income for certain families in Québec and in the other provinces

For purposes of illustration, and for 2009, a comparison was made in respect of differences in disposable income for certain families—a couple with two children and one income and a single-parent family with one child—based on different levels of work income.

- In the two cases chosen, disposable income after taxes is higher in Québec than in all the other provinces for low- and middle-income families.
- The income level at which households are in a better position is higher for couples with two children and one income (Table 12) than for single-parent families with one child (Table 13).

TABLE 12

Disposable income of a couple with two children and one work income¹ – 2009
(dollars)

Work Income	Disposable Income In Québec	Difference in disposable income compared with Québec								
		Newfound -land and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia
25 000	38 657	- 6 507	- 6 463	- 6 151	- 6 089	- 2 622	- 5 052	- 3 807	- 4 504	- 5 984
30 000	40 227	- 5 725	- 6 029	- 5 695	- 5 846	- 2 381	- 4 513	- 3 990	- 3 363	- 5 645
35 000	41 183	- 4 559	- 4 910	- 4 867	- 4 615	- 1 811	- 3 467	- 2 714	- 1 850	- 4 932
40 000	41 945	- 3 369	- 3 764	- 3 781	- 3 513	- 1 787	- 2 363	- 1 318	- 713	- 3 477
45 000	43 310	- 2 233	- 2 671	- 2 749	- 2 504	- 1 323	- 1 306	- 180	370	- 2 093
50 000	45 753	- 1 789	- 2 276	- 2 412	- 2 193	- 1 063	- 907	256	755	- 1 396
55 000	48 413	- 1 390	- 1 927	- 2 120	- 1 927	- 481	- 553	644	1 095	- 742
60 000	51 074	- 990	- 1 577	- 1 842	- 1 661	101	- 200	1 035	1 435	- 87
65 000	53 747	- 681	- 1 270	- 1 648	- 1 409	671	141	1 412	1 762	555
70 000	56 428	- 437	- 1 086	- 1 463	- 1 164	1 232	334	1 781	2 200	1 188
75 000	59 110	- 194	- 903	- 1 278	- 967	1 532	434	2 149	2 719	1 722
100 000	71 104	1 694	685	4	596	3 191	1 604	4 662	5 982	4 528
125 000	84 368	2 747	1 058	119	1 222	3 767	2 113	6 132	8 638	5 781
150 000	97 346	3 682	1 276	117	1 544	4 224	2 573	7 192	10 948	6 916

¹ Couple with one child age 3 and another child age 4, with one work income and with no child care expenses.

Source: Ministère des Finances du Québec.

TABLE 13

Disposable income of a single-parent family with one child¹ – 2009

(dollars)

Work income	Disposable income in Québec	Difference in disposable income compared with Québec								
		Newfound-land and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
25 000	30 999	- 3 258	- 3 493	- 3 213	- 2 859	- 1 325	- 2 668	- 1 479	- 1 864	- 3 202
30 000	32 824	- 2 199	- 2 524	- 2 297	- 2 297	- 1 196	- 1 799	- 1 330	- 438	- 2 776
35 000	34 479	- 1 247	- 1 584	- 1 448	- 1 313	- 615	- 882	- 277	1 034	- 1 459
40 000	36 169	- 478	- 858	- 783	- 670	- 2	- 149	571	1 751	- 444
45 000	38 328	- 16	- 440	- 426	- 335	638	276	1 033	2 159	266
50 000	41 032	391	- 83	- 126	- 61	1 076	638	1 431	2 507	925
55 000	43 793	790	267	166	205	1 658	1 017	1 821	2 998	1 580
60 000	46 553	1 190	617	423	470	2 240	1 419	2 211	3 538	2 235
65 000	49 326	1 467	889	617	723	2 809	1 809	2 587	4 065	2 877
70 000	52 107	1 710	1 073	802	968	3 370	1 995	2 956	4 583	3 510
75 000	54 889	1 954	1 256	987	1 149	3 640	2 143	3 324	5 102	4 010
100 000	67 840	3 338	2 340	1 766	2 208	4 783	3 052	5 334	7 861	6 262
125 000	81 258	4 390	2 714	1 881	2 820	5 358	3 630	6 779	10 402	7 515
150 000	94 206	5 319	2 925	1 873	3 136	5 809	4 084	7 833	12 706	8 644

1 Single-parent family with one child age 3.

Source: Ministère des Finances du Québec.

3. QUEBECERS' PURCHASING POWER

After assessing Quebecers' income and how it has changed over time compared with income in the other provinces, the present document will now measure the extent to which the aforementioned increases in income observed in Québec and the rest of Canada are reflected in the purchasing power of citizens.

- To that end, the cost of living in Canada's major cities was first measured using the October 2007 indexes of retail price differentials for selected groups of consumer goods and services published by Statistics Canada.
- It was observed that the purchasing power of Québec families living in Montréal was generally higher than that of families living in other Canadian cities.
- It was also observed using the "Market Basket Measure" that the situation with respect to the income of the poorest families has improved much more rapidly in Québec than in the rest of Canada, with Québec being in a better position than the other provinces.

3.1 A cost of living below that found elsewhere

Table 14 shows the cost of living indexes for the main cities in Canada and confirms that the cost of living in Montréal is one of the lowest in Canada.

In particular, compared with Montréal, the cost of living is:

- 13% higher in Toronto;
- 8% higher in Vancouver;
- 7% higher in Ottawa.

TABLE 14

Inter-city indexes of retail price differentials for selected groups of consumer goods and services – October 2007
(index, Québec = 100)

	October 2007	Difference compared with Montréal (%)
Toronto (Ontario)	113	+ 13
Vancouver (British Columbia)	108	+ 8
Ottawa (Ontario)	107	+ 7
Halifax (Nova Scotia)	104	+ 4
Edmonton (Alberta)	103	+ 3
St. John's (Newfoundland and Labrador)	103	+ 3
Saint John (New Brunswick)	101	+ 1
Montréal (Québec)	100	—
Charlottetown-Summerside (Prince Edward Island)	99	- 1
Winnipeg (Manitoba)	99	- 1
Regina (Saskatchewan)	98	- 2

Source: Statistics Canada.

3.2 A purchasing power above that of families in other provinces

The cost of living indexes were used to calculate the purchasing power of Québec families as a whole and of certain types of family units.

□ The situation of couples with children

The purchasing power of couples with children living in Montréal is generally higher than that of family units living elsewhere in Canada.

- Based on median provincial income in 2006, couples in Québec ranked fifth behind those in Edmonton, Toronto, Regina and Vancouver. However, when differences in the cost of living were corrected for, Montreal moved from fifth to third place.

TABLE 15

Comparison of the purchasing power of couples with children, based on provincial median income in 2006 – Canadian cities

	Income level (\$)	Difference compared with Québec (%)
PROVINCIAL MEDIAN INCOME (2006)		
1. Edmonton (Alberta)	79 100	24.2
2. Toronto (Ontario)	70 900	11.3
3. Regina (Saskatchewan)	66 400	4.2
4. Vancouver (British Columbia)	68 600	7.7
5. Montréal (Québec)	63 700	—
6. Halifax (Nova Scotia)	61 200	– 3.9
7. Winnipeg (Manitoba)	60 400	– 5.2
8. Saint John (New Brunswick)	58 100	– 8.8
9. Charlottetown-Summerside (Prince Edward Island)	57 300	– 10.0
10. St. John's (Newfoundland and Labrador)	56 500	– 11.3
MEDIAN INCOME ADJUSTED TO THE COST OF LIVING¹		
1. Edmonton (Alberta)	76 679	20.4
2. Regina (Saskatchewan)	67 828	6.5
3. Montréal (Québec)	63 700	—
4. Vancouver (British Columbia)	63 272	– 0.7
5. Toronto (Ontario)	62 949	– 1.2
6. Winnipeg (Manitoba)	61 043	– 4.2
7. Halifax (Nova Scotia)	58 727	– 7.8
8. Charlottetown-Summerside (Prince Edward Island)	57 910	– 9.1
9. Saint John (New Brunswick)	57 495	– 9.7
10. St. John's (Newfoundland and Labrador)	54 770	– 14.0

1 Median income has been adjusted to correct for differences in cost of living relative to Montréal. The October 2007 cost of living index published by Statistics Canada was used for this purpose.

Sources: Statistics Canada and ministère des Finances du Québec.

The situation of couples with children differs based on income level. Tables 16, 17 and 18 compare the purchasing power of couples with two children according to three income levels: \$30 000, \$50 000 and \$75 000.

— Households with low or medium incomes living in Montréal are clearly at an advantage compared with those living in the other provinces.

TABLE 16

Comparison of the purchasing power of couples with two children and one work income of \$30 000 – Canadian cities

	Income level (\$)	Difference compared with Québec (%)
DISPOSABLE INCOME IN 2009 FOR A WORK INCOME OF \$30 000¹		
1. Montréal (Québec)	40 227	—
2. Toronto (Ontario)	37 846	– 5.9
3. Edmonton (Alberta)	36 864	– 8.4
4. Regina (Saskatchewan)	36 237	– 9.9
5. Winnipeg (Manitoba)	35 714	– 11.2
6. Vancouver (British Columbia)	34 582	– 14.0
7. Halifax (Nova Scotia)	34 532	– 14.2
8. St. John's (Newfoundland and Labrador)	34 502	– 14.2
9. Saint John (New Brunswick)	34 381	– 14.5
10. Charlottetown-Summerside (Prince Edward Island)	34 198	– 15.0
DISPOSABLE INCOME ADJUSTED TO THE COST OF LIVING²		
1. Montréal (Québec)	40 227	—
2. Regina (Saskatchewan)	37 016	– 8.0
3. Winnipeg (Manitoba)	36 094	– 10.3
4. Edmonton (Alberta)	35 736	– 11.2
5. Charlottetown-Summerside (Prince Edward Island)	34 562	– 14.1
6. Saint John (New Brunswick)	34 023	– 15.4
7. Toronto (Ontario)	33 602	– 16.5
8. St. John's (Newfoundland and Labrador)	33 446	– 16.9
9. Halifax (Nova Scotia)	33 137	– 17.6
10. Vancouver (British Columbia)	31 896	– 20.7

1 Calculated using the tax systems and transfer programs in effect in 2009.

2 Disposable income has been adjusted to correct for differences in cost of living relative to Montréal. The October 2007 cost of living index published by Statistics Canada was used for this purpose.

Sources: Statistics Canada and ministère des Finances du Québec.

TABLE 17

**Comparison of the purchasing power of couples with two children
and one work income of \$50 000 – Canadian cities**

	Income level (\$)	Difference compared with Québec (%)
DISPOSABLE INCOME IN 2009 FOR A WORK INCOME OF \$50 000¹		
1. Edmonton (Alberta)	46 528	1.7
2. Regina (Saskatchewan)	46 009	0.6
3. Montréal (Québec)	45 753	—
4. Winnipeg (Manitoba)	44 846	– 2.0
5. Toronto (Ontario)	44 690	– 2.3
6. Vancouver (British Columbia)	44 357	– 3.1
7. St. John's (Newfoundland and Labrador)	43 964	– 3.9
8. Saint John (New Brunswick)	43 560	– 4.8
9. Charlottetown-Summerside (Prince Edward Island)	43 477	– 5.0
10. Halifax (Nova Scotia)	43 341	– 5.3
DISPOSABLE INCOME ADJUSTED TO THE COST OF LIVING²		
1. Regina (Saskatchewan)	46 998	2.7
2. Montréal (Québec)	45 753	—
3. Winnipeg (Manitoba)	45 323	– 0.9
4. Edmonton (Alberta)	45 104	– 1.4
5. Charlottetown-Summerside (Prince Edward Island)	43 940	– 4.0
6. Saint John (New Brunswick)	43 106	– 5.8
7. St. John's (Newfoundland and Labrador)	42 618	– 6.9
8. Halifax (Nova Scotia)	41 590	– 9.1
9. Vancouver (British Columbia)	40 912	– 10.6
10. Toronto (Ontario)	39 678	– 13.3

1 Calculated using the tax systems and transfer programs in effect in 2009.

2 Disposable income has been adjusted to correct for differences in cost of living relative to Montréal. The October 2007 cost of living index published by Statistics Canada was used for this purpose.

Sources: Statistics Canada and ministère des Finances du Québec.

TABLE 18

**Comparison of the purchasing power of couples with two children
and one work income of \$75 000 – Canadian cities**

	Income level (\$)	Difference compared with Québec (%)
DISPOSABLE INCOME IN 2009 FOR A WORK INCOME OF \$75 000¹		
1. Edmonton (Alberta)	61 829	4.6
2. Regina (Saskatchewan)	61 259	3.6
3. Vancouver (British Columbia)	60 832	2.9
4. Toronto (Ontario)	60 642	2.6
5. Winnipeg (Manitoba)	59 544	0.7
6. Montréal (Québec)	59 110	—
7. St. John's (Newfoundland and Labrador)	58 916	- 0.3
8. Charlottetown-Summerside (Prince Edward Island)	58 207	- 1.5
9. Saint John (New Brunswick)	58 143	- 1.6
10. Halifax (Nova Scotia)	57 832	- 2.2
DISPOSABLE INCOME ADJUSTED TO THE COST OF LIVING²		
1. Regina (Saskatchewan)	62 576	5.9
2. Winnipeg (Manitoba)	60 177	1.8
3. Edmonton (Alberta)	59 936	1.4
4. Montréal (Québec)	59 110	—
5. Charlottetown-Summerside (Prince Edward Island)	58 826	- 0.5
6. Saint John (New Brunswick)	57 537	- 2.7
7. St. John's (Newfoundland and Labrador)	57 112	- 3.4
8. Vancouver (British Columbia)	56 107	- 5.1
9. Halifax (Nova Scotia)	55 495	- 6.1
10. Toronto (Ontario)	53 841	- 8.9

1 Calculated using the tax systems and transfer programs in effect in 2009.

2 Disposable income has been adjusted to correct for differences in cost of living relative to Montréal. The October 2007 cost of living index published by Statistics Canada was used for this purpose.

Sources: Statistics Canada and ministère des Finances du Québec.

□ The situation of single-parent families

In regard to their purchasing power, single-parent families living in Montréal are at an even greater advantage than couples with children.

- Based once again on median provincial income in 2006, single-parent families in Québec ranked second behind those in Edmonton. When differences in the cost of living were corrected for, Montréal ranked first, far ahead of cities such as Toronto, Winnipeg and Vancouver.

TABLE 19

Comparison of the purchasing power of single-parent families, based on provincial median income in 2006 – Canadian cities

	Income level (\$)	Difference compared with Québec (%)
PROVINCIAL MEDIAN INCOME IN 2006		
1. Edmonton (Alberta)	38 100	3.0
2. Montréal (Québec)	37 000	—
3. Toronto (Ontario)	36 200	– 2.2
4. Vancouver (British Columbia)	31 900	– 13.8
5. Winnipeg (Manitoba)	31 400	– 15.1
6. Halifax (Nova Scotia)	30 400	– 17.8
7. Regina (Saskatchewan)	28 200	– 23.8
8. Charlottetown-Summerside (Prince Edward Island)	27 700	– 25.1
9. Saint John (New Brunswick)	26 900	– 27.3
10. St. John's (Newfoundland and Labrador)	23 300	– 37.0
MEDIAN INCOME ADJUSTED TO THE COST OF LIVING¹		
1. Montréal (Québec)	37 000	—
2. Edmonton (Alberta)	36 934	– 0.2
3. Toronto (Ontario)	32 140	– 13.1
4. Winnipeg (Manitoba)	31 734	– 14.2
5. Vancouver (British Columbia)	29 422	– 20.5
6. Halifax (Nova Scotia)	29 172	– 21.2
7. Regina (Saskatchewan)	28 806	– 22.1
8. Charlottetown-Summerside (Prince Edward Island)	27 995	– 24.3
9. Saint John (New Brunswick)	26 620	– 28.1
10. St. John's (Newfoundland and Labrador)	22 587	– 39.0

1 Median income has been adjusted to correct for differences in cost of living relative to Montréal. The October 2007 cost of living index published by Statistics Canada was used for this purpose.

Sources: Statistics Canada and ministère des Finances du Québec.

Tables 20 and 21 compare the situation of single-parent families with one child according to two income levels: \$30 000 and \$50 000.

— Once again, purchasing power is higher in Montréal than in the other provinces.

TABLE 20

Comparison of the purchasing power of single-parent families with one child and one work income of \$30 000 – Canadian cities

	Income level (\$)	Difference compared with Québec (%)
DISPOSABLE INCOME IN 2009 FOR A WORK INCOME OF \$30 000¹		
1. Montréal (Québec)	32 824	—
2. Edmonton (Alberta)	32 386	– 1.3
3. Toronto (Ontario)	31 628	– 3.6
4. Regina (Saskatchewan)	31 494	– 4.1
5. Winnipeg (Manitoba)	31 025	– 5.5
6. St. John's (Newfoundland and Labrador)	30 625	– 6.7
7. Vancouver (British Columbia)	30 048	– 8.5
8. Saint John (New Brunswick)	30 527	– 7.0
9. Halifax (Nova Scotia)	30 527	– 7.0
10. Charlottetown-Summerside (Prince Edward Island)	30 300	– 7.7
DISPOSABLE INCOME ADJUSTED TO THE COST OF LIVING²		
1. Montréal (Québec)	32 824	—
2. Regina (Saskatchewan)	32 171	– 2.0
3. Edmonton (Alberta)	31 395	– 4.4
4. Winnipeg (Manitoba)	31 355	– 4.5
5. Charlottetown-Summerside (Prince Edward Island)	30 622	– 6.7
6. Saint John (New Brunswick)	30 209	– 8.0
7. St. John's (Newfoundland and Labrador)	29 688	– 9.6
8. Halifax (Nova Scotia)	29 294	– 10.8
9. Toronto (Ontario)	28 081	– 14.4
10. Vancouver (British Columbia)	27 714	– 15.6

1 Calculated using the tax systems and transfer programs in effect in 2009.

2 Disposable income has been adjusted to correct for differences in cost of living relative to Montréal. The October 2007 cost of living index published by Statistics Canada was used for this purpose.

Sources: Statistics Canada and ministère des Finances du Québec.

TABLE 21

**Comparison of the purchasing power of single-parent families
with one child and one work income of \$50 000 – Canadian cities**

	Income level (\$)	Difference compared with Québec (%)
DISPOSABLE INCOME IN 2009 FOR A WORK INCOME OF \$50 000¹		
1. Edmonton (Alberta)	43 539	6.1
2. Regina (Saskatchewan)	42 463	3.5
3. Toronto (Ontario)	42 108	2.6
4. Vancouver (British Columbia)	41 957	2.3
5. Winnipeg (Manitoba)	41 670	1.6
6. St. John's (Newfoundland and Labrador)	41 423	1.0
7. Montréal (Québec)	41 032	—
8. Saint John (New Brunswick)	40 971	– 0.1
9. Charlottetown-Summerside (Prince Edward Island)	40 949	– 0.2
10. Halifax (Nova Scotia)	40 906	– 0.3
DISPOSABLE INCOME ADJUSTED TO THE COST OF LIVING²		
1. Regina (Saskatchewan)	43 376	5.7
2. Edmonton (Alberta)	42 113	2.6
3. Winnipeg (Manitoba)	42 206	2.9
4. Charlottetown-Summerside (Prince Edward Island)	41 385	0.9
5. Montréal (Québec)	41 032	—
6. Saint John (New Brunswick)	40 544	– 1.2
7. St. John's (Newfoundland and Labrador)	40 155	– 2.1
8. Halifax (Nova Scotia)	39 253	– 4.3
9. Vancouver (British Columbia)	38 698	– 5.7
10. Toronto (Ontario)	37 386	– 8.9

1 Calculated using the tax systems and transfer programs in effect in 2009.

2 Disposable income has been adjusted to correct for differences in cost of living relative to Montréal. The October 2007 cost of living index published by Statistics Canada was used for this purpose.

Sources: Statistics Canada and ministère des Finances du Québec.

3.3 Income of the poorest families

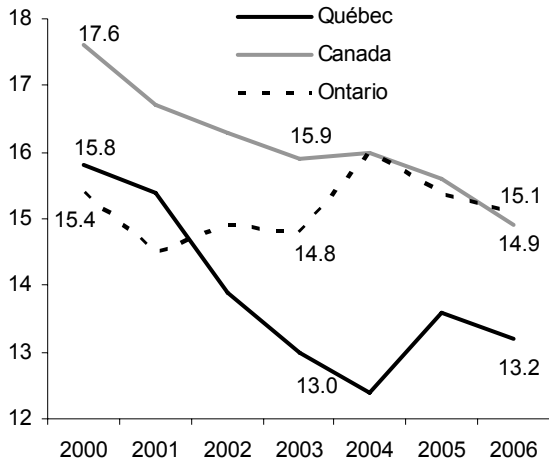
Special attention has been focused on the poorest families by determining the change in their purchasing power using the Market Basket Measure (MBM).³

- For households as a whole, the low-income rate based on the Market Basket Measure has declined very rapidly in Québec (Chart 29). From 2000 to 2006, the rate fell from 15.8% to 13.2% in Québec, compared with a decrease from 17.6% to 14.9% in Canada as a whole. During the former period, the rate in Ontario remained relatively stable, going from 15.4% to 15.1%.
- The same analysis was carried out for couples with children (Chart 30), single-parent families (Chart 31) and persons living alone (Chart 32).
 - In all cases, there has been a very substantial decrease in the low-income rate in Québec.
 - In all cases as well, Québec has the lowest low-income rate compared with Canada as a whole and Ontario.

³ The low-income rate based on the Market Basket Measure (MBM) is the share of households whose income is insufficient to purchase the goods and services in a typical Market Basket of food, clothing and footwear, shelter, transportation and other goods and services.

CHART 29

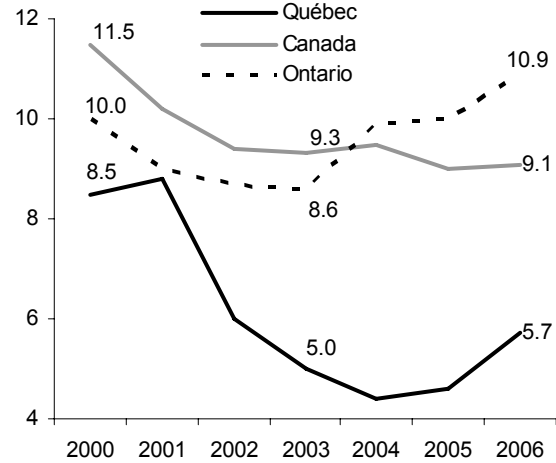
**Change in low-income rate (MBM)
Households as a whole, from 2000 to 2006**
(percent)



Source: Human Resources and Skills Development Canada.

CHART 30

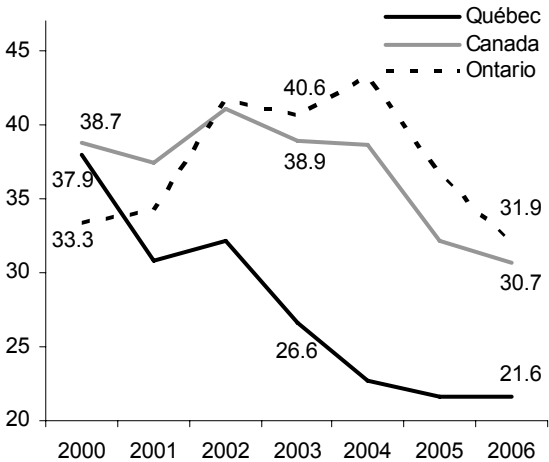
**Change in low-income rate (MBM)
Couples with children, from 2000 to 2006**
(percent)



Source: Human Resources and Skills Development Canada.

CHART 31

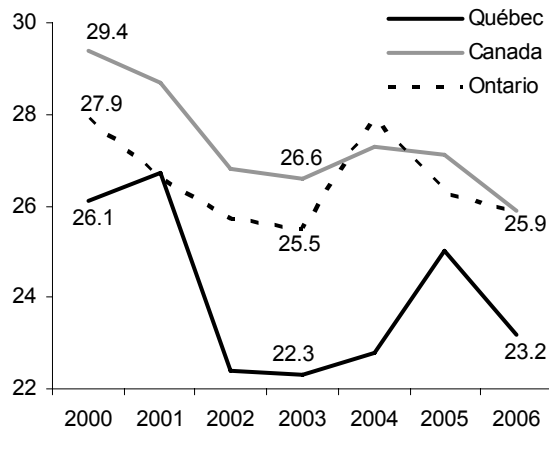
**Change in low-income rate (MBM)
Single-parent families,
from 2000 to 2006**
(percent)



Source: Human Resources and Skills Development Canada.

CHART 32

**Change in low-income rate (MBM)
Persons living alone,
from 2000 to 2006**
(percent)



Source: Human Resources and Skills Development Canada.

CONCLUSION

The data in this document on the impact of fiscal measures pertaining to individuals are convincing.

Since 2003, the Québec government has introduced measures providing substantial tax relief for individuals. In 2009, this tax relief amounts to \$5.4 billion. The impact, in terms of the tax burden, can now be felt: Quebecers no longer bear the heaviest tax burden in North America.

The fiscal measures decided by the government and the measures of a similar nature implemented by the federal government have contributed to the improvement observed in Quebecers' income in recent years. This improvement is particularly noticeable for families with children and for low-income families. The same improvement can be seen in Quebecers' purchasing power, once the cost of living is taken into account.

Progress has thus been made in regard to the definition of the personal taxation system. The Québec government has successfully reduced the tax burden. Moreover, it has done so by respecting the choices of society as a whole, by giving priority to individuals with the lowest incomes and to families.

