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This Week...

RRSP Contributions
Food Bank Use
Satisfaction with Life
Consumer Price Inflation

RRSP contributions in the West will reach \$10 billion this year



By Doug Elliott, Editor

RRSP Contributions

The number of people who put money aside in their RRSPs is a function of their age, sex, employment status, but above all, their income. Last year (that is, from January 2009 to February 2010) 24.5% of the 24 million Canadian tax filers made a contribution to their RRSP. The average amount was \$5,530 which is equivalent to \$1,360 per tax filer. In the West, the contribution rate was somewhat higher (25.4%) as was the average contribution (\$5,740) resulting in a contribution of \$1,460 per tax filer.

Albertans were the most likely to contribute (28.5% did so) and had the highest average contribution (\$6,200). Manitobans were at the other end of the spectrum with a 23.4% contribution rate and an average contribution of \$4,720. The figure shows that RRSP contributions in the West have been on a downward trend from their peak in 2007. RRSP contributions of \$10 billion from the western provinces can be expected this year.

Food Bank Usage

In a recent study Food Banks Canada, a national organization, reported that there were 282

food banks in the West, about a third of the Canadian total. In March 2009, 248 of these food banks reported that they assisted 211,000 persons compared with 170,000 in March 2008.

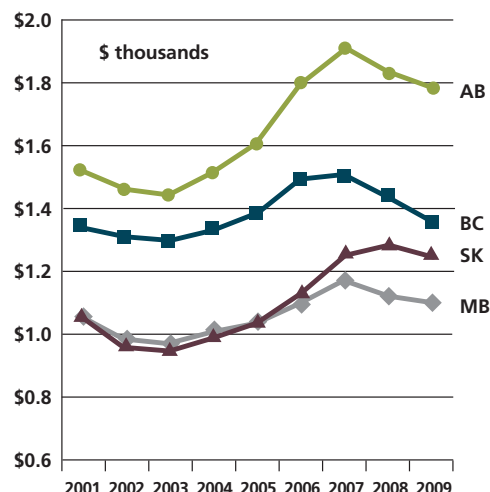
On a per capita basis, food banks are much more prevalent and utilization is much higher in Manitoba than in other western provinces. Manitoba has 43 food banks per million people and 3.9% of the population was served in March 2009. There are fewer food banks in B.C. (21 per million) but 2.0% of the population was served in 2009. The number of food banks in Alberta and Saskatchewan is similar – 28 and 31 per million respectively – but utilization is lower.

Food bank usage is related to the number of people who cannot afford to buy groceries, of course, but utilization is only weakly correlated to low income levels. (The “poverty rate” in Saskatchewan is higher than in Manitoba, for example.) There are clearly factors other than poverty involved in food bank usage.

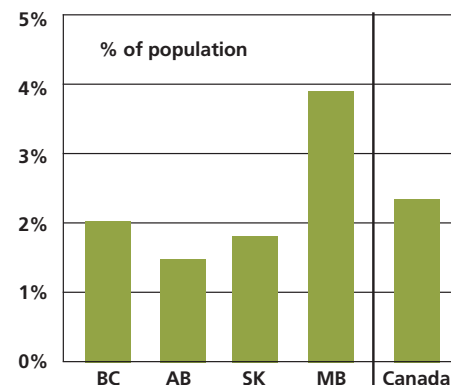
Satisfaction with Life

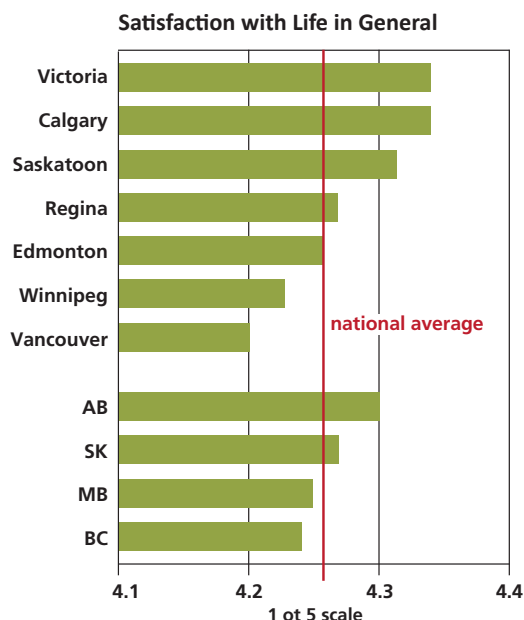
The Canadian Centre for Living Standards has examined a 2007-08 Statistics Canada health survey with a view to finding out what makes us “happy”. Responses to a question about how satisfied we are with life in general were compared with a number of demographic

RRSP Contributions per Tax Filer



Persons Assisted at Food Banks, March 2009





and socioeconomic variables. The study found that happy people tended to have less stress, were in better physical and mental health, had higher incomes and were married – all things we knew before. But the study also found that having a sense of belonging to one's community makes us happier as well. The disconnect from community that arises with interprovincial and international migration will therefore have a negative effect on the average happiness in the destination community.

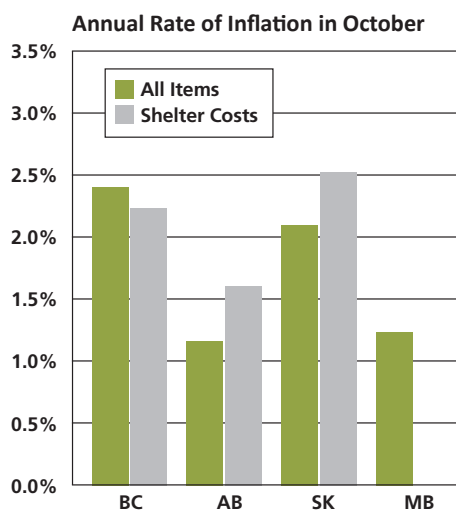
...having a sense of belonging to one's community makes us happier.

There were only minor differences by province with those in P.E.I. being the happiest and those in Ontario the least happy. In the West, Albertans in general and Calgarians in particular were the happiest. Those in

B.C. were the least happy and those living in Manitoba and in Saskatchewan were near the national average. The 4.20 score in Vancouver, which is almost as low as the 4.15 in Toronto, is partly explained by the number of recent immigrants and the number of singles. The low score is in sharp contrast to their counterparts across the straights in Victoria.

Consumer Price Inflation

In October, the annual rate of consumer price inflation in the west ranged from a low of 1.2% in Alberta and Manitoba to a high of 2.4% in B.C. (The national average was also 2.4%.) The shelter cost component of the consumer price index measures the cost of owning or renting a home, including insurance and utilities and is one of the main drivers for the rate of inflation.



Inflation in shelter costs was as high as 12% in Alberta in 2007 and 10% in Saskatchewan in 2008 but increases have been more palatable since then. The shelter cost index dropped in B.C. and Alberta during 2009 and stabilized in Manitoba and Saskatchewan. In the first ten months of 2010, prices are broadly the same as in 2010 with increases of 2%-2.5% in B.C. and Saskatchewan, 1.5% in Alberta and 0% in Manitoba.

Upcoming Releases

In the next two weeks we will see releases from Statistics Canada describing:

- November employment and labour force data on December 3;
- November estimates of field crop production on December 3; and
- October building permit values on December 6..

Sources: The figures are adapted from the following sources.

RRSP Contributions: Statistics Canada CANSIM Table 111-0039

Food Bank Usage: Food Banks Canada (2009). HungerCount 2009, www.cafb-acba.ca

Satisfaction with Life: Canadian Centre for Living Standards, www.csls.ca

Consumer Prices: Statistics Canada CANSIM Table 326-0020

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