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Born to Win

Wealth concentration in Canada since 1999

David Macdonald

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Executive Summary

THERE HAS BEEN plenty of concern in Canada and around the world about income inequality, in particular the growing gap between the incomes of society's highest-paid 10% or 1% and those of the bottom 90% of income earners.[1] We spend less time thinking about inequality in relative wealth or net worth — the sum of all individual or family assets (house, car, investments, etc.) minus all debts (mortgage, student loan, etc.). In fact, income inequality and wealth inequality are closely connected; our failure to adequately address the growing gap in average incomes is producing outrageous fortunes among Canada's wealthiest family dynasties.

This report compares the net worth of Canada's 87 wealthiest resident families as compiled by *Canadian Business* magazine to the wealth of average families based on Statistics Canada's Survey of Financial Security over the past 17 years.[2] We find that while the average net worth of Canada's wealthiest families rose by 37% between 2012 and 2016 — from $2.2 billion to $3.0 billion, for a gain of $806 million in inflation-adjusted dollars per family — the net worth of middle class families increased by 16%, or $41,000, over the same period (from $264,000 to $305,000).

As a result, Canada's wealthiest 87 families now have 4,448 times more wealth than the average Canadian family, and they collectively own the same amount as the lowest-earning 12 million Canadians. At present, the wealthiest 87 families have a net worth of $259 billion, which is about what everyone in Newfoundland and Labrador, Prince Edward Island and New Brunswick collectively owns ($269 billion). That sum would include all houses, cottages and other properties, all cars, every savings account in the region, RRSPs, pensions, etc., minus all liabilities such as mortgages and loans.

It's fairly straightforward how this extreme wealth inequality is produced. Discretionary income, a prerequisite for savings, increases the more a person earns. In other words, people who are paid more can afford to save and invest more. And since returns on larger sums of invested money are naturally higher, we should expect the growth in the net worth of the wealthiest Canadians to outpace everyone else by a larger and larger factor with each passing year. It helps many of Canada's wealthiest families to have members on the list of Canada's highest-paid CEOs.

But the fact that wealth begets more wealth only partially accounts for the growing gap in net worth between Canada's wealthiest and the rest of us. A family's stock of wealth can accumulate not just over a single lifetime but over generations, through inheritance, which further widens whatever income gaps may have existed on an annual basis. In fact, this report finds that inheritance is more important as a factor of overall family wealth today than it was 20 years ago. In 1999, just under half of Canada's wealthiest (45%) had passed their wealth down at least one generation. In 2016, this number was 53%. Wealth is clearly accumulating at the very top, where it is needed the least.

While one might think that our public policy framework works to curb the negative consequences of wealth inequities, in general Canada's tax system is set up to encourage concentration of wealth at the very top. Canada taxes income from wealth (capital gains and dividends) at lower rates than income from wages. Canada also tolerates "aggressive" accounting (tax avoidance), such as the abuse of private corporations and tax havens, and has no taxes on inheritance, gifts or estates—in contrast to all other G7 countries. Municipal property taxes, which some consider a form of wealth tax, tend to hit middle-income Canadians harder than wealthier families, and are therefore not a helpful means of reducing the wealth gap.

Canada could remedy this situation with tax reforms aimed at reducing inequality, levelling the playing field for kids from middle- and low-income families, and discovering new revenue sources for important social programs and supports. Instituting a 45% estate tax on estates valued over $5 million, in line with the rest of the G7, would add $2 billion to federal revenue. Eliminating the 50% tax break for capital gains and the 25% tax break on dividends would raise $11 billion and $5 billion annually while almost exclusively targeting Canada's highest earners.

Why worry about wealth inequality?

ONE OF THE defining conclusions of recent work on income inequality is that the higher up the income spectrum one moves, the more extreme the inequality becomes, with growth in incomes over the past three decades being much higher for the 0.01% than for the 95th to 99th percentiles.[3] More attention has been paid, at least in Canada, to the unequal distribution of income (how much money a person or family takes in each year) compared to wealth (net worth, or their total assets minus total liabilities), which is producing a massive wealth gap in this country.

The mechanics for how this wealth gap is created are fairly straightforward. Discretionary income, a prerequisite for savings, increases the more a person earns. In other words, people who are paid more can afford to save and invest more. And since returns on larger sums of invested money can be higher, we should expect the growth in the net worth of the wealthiest Canadians to outpace everyone else by a larger and larger factor with each passing year.

Moreover, a family's stock of wealth can accumulate not just over a single lifetime but over generations, through inheritance, which further widens whatever income gaps may have existed on an annual basis. In fact, as examined below, inheritance is more important as a factor of overall family wealth today than it was 20 years ago.

The net effect of these factors is that wealth inequality is much more extreme than income inequality in Canada. Yet, to the extent that policy-makers focus on reducing inequality, there is a tendency to worry more about income than wealth. As luck would have it, some of the more promising tax measures for reducing income inequality would also help curb the concentration of wealth at the very top.

There is no need to pass judgment on Canada's wealthiest families or the companies they run to assert that wealth inequality can be corrosive on society. As the French economist Thomas Piketty points out, "fortunes can grow and perpetuate themselves beyond all reasonable limits and beyond any possible rational justification in terms of social utility."[4] Inevitably, he says, "entrepreneurs thus tend to turn into rentiers, not only with the passing of generations but even within a single lifetime, especially as life expectancy increases: a person who has had good ideas at the age of forty will not necessarily still be having them at ninety, nor are his children sure to have any."[5]

The larger public policy concern relates to the impacts those fortunes have on Canadian society, and whether Canada provides equal opportunity to residents of all income and wealth levels — from those who live in poverty to the country's born billionaires. High levels of income inequality have been shown to have negative consequences on everything from life expectancy and health to crime rates and social trust.[6] The more unequal a society, the more it ends up on the losing end of "the Great Gatsby Curve,"[7] where a child's station in society is increasingly tied to who their parents are, not their best efforts to get ahead. [8] More equal societies tend to be happier and healthier, and better at providing opportunities for low-income people to move up the income ladder.

Public services are another great equalizer. These range from accessible public health care and child care, to education and access to democratic institutions. However, these services require investment and are usually paid for through progressive taxation — itself an important tool for reducing after-tax income inequality. If we allow greater and greater amounts of the national wealth to end up with Canada's wealthiest families, where it receives very favourable tax treatment, there will be less and less to spend on services and social programs that improve everyone's lives.

Canadian dynasties: A closer look at the wealth gap

THIS PAPER COMPARES the net worth of the wealthiest 87 Canadian families as compiled by *Canadian Business* magazine to the net worth of Canadian families generally.[9] It does this over a 17-year period, but specifically in the four years for which data on average Canadian wealth are available through the Survey of Financial Security (SFS): 1999, 2005, 2012 and 2016.[10] For example, in 2016, Canada's wealthiest families held on average $3.0 billion in net worth compared to the Canadian average of $669,300. Put another way, the wealthiest 87 Canadian families (the Wealthy 87 below) are on average 4,448 times wealthier than the Canadian average (*Table 1*).

If the net worth of the average Canadian family also seems high, keep in mind the average price of a detached home in the Greater Toronto Area was about $750,000 in 2016 (the Canadian average was around $500,000 in December 2017).[11] So, someone who earns a low income but lives in a high-demand neighbourhood may still, for the purposes of this report, be considered of average net worth. More importantly, overall average wealth in Canada is heavily skewed by those at the very top. Median net worth for Canadians was much less, at $295,100, meaning half of families own more and half less than this amount after subtracting their debts and other liabilities.[12]

TABLE 1 Average net worth of Wealthy 87 as a factor of average Canadian net worth ($2016)

Year	Average net worth of Wealthy 87	Average net worth of all Canadians	Net worth ratio of wealthiest to average families
1999	$1,437,575,443	$337,100	4,265
2005	$1,740,468,966	$437,200	3,981
2012	$2,170,114,055	$584,600	3,712
2016	$2,976,788,651	$669,300	4,448

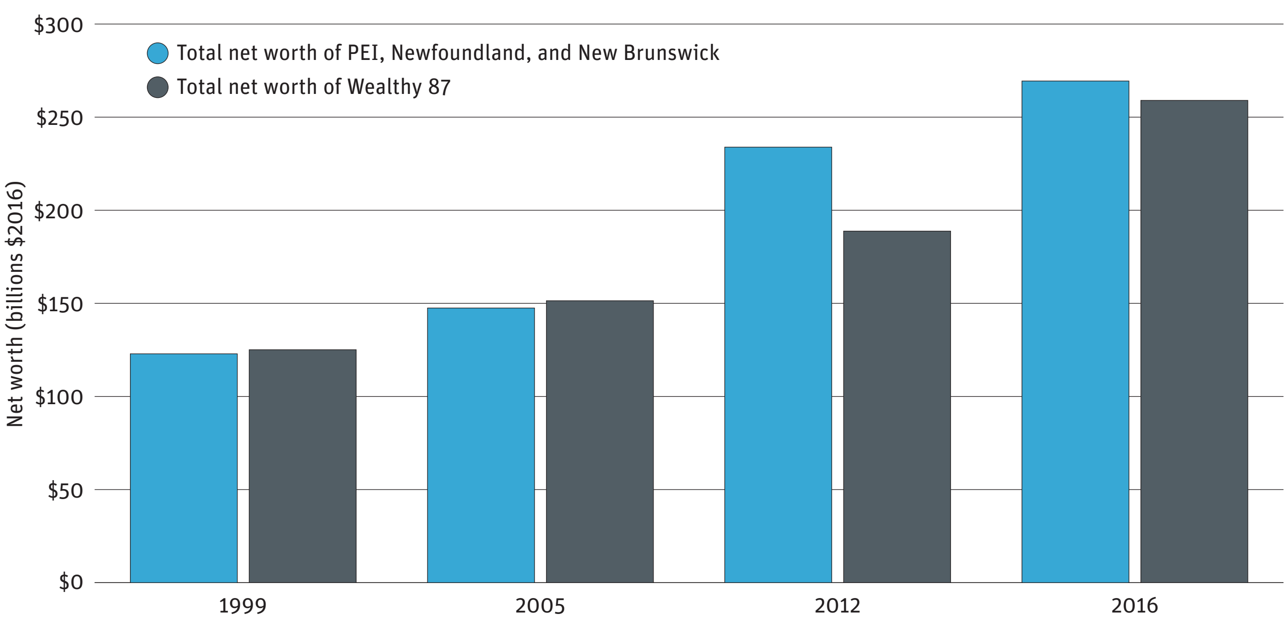
Source *Canadian Business* magazine, Statistics Canada table 11-10-0049-01 and author's calculations.

TABLE 2 Total net worth of Wealthy 87 as a factor of all Canadian wealth

Year	Wealthy 87 total net worth (bil $2016)	Number of Canadians required to match
1999	$125.1	10,124,351
2005	$151.4	10,674,861
2012	$188.8	11,332,911
2016	$259.0	12,000,000

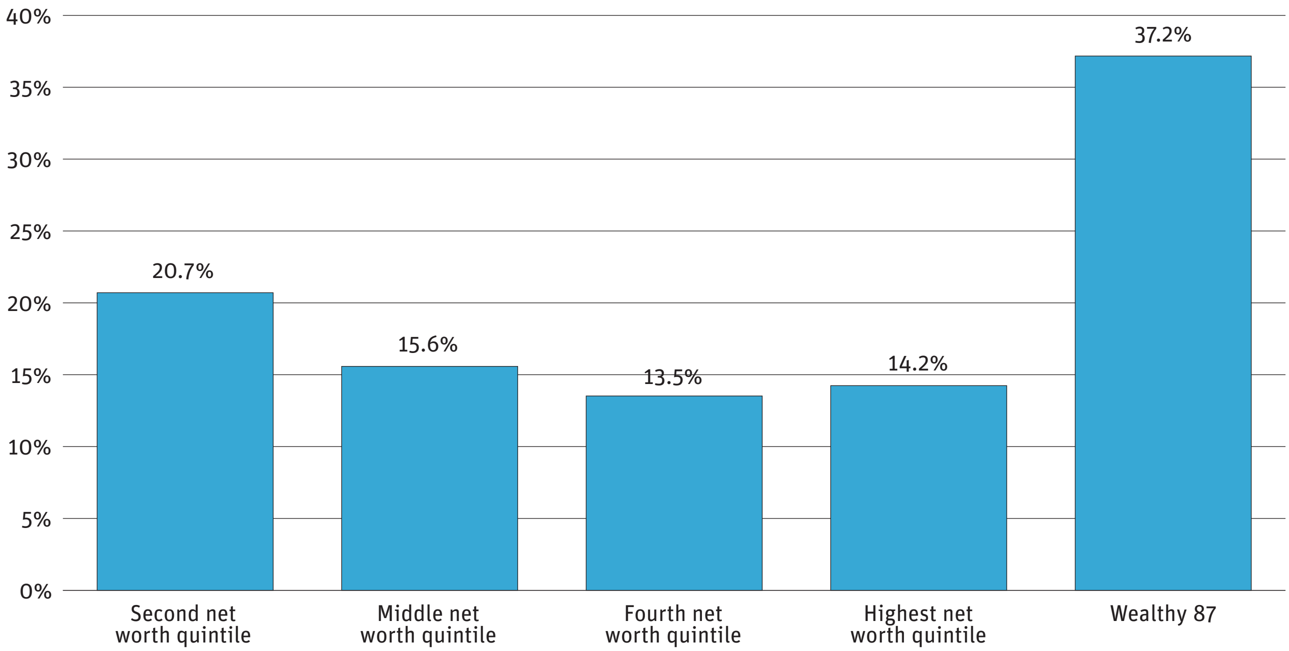
Source *Canadian Business* magazine, Survey of Financial Security PUMFs, SFS 2016 custom tabulation and author's calculations.

FIGURE 1 Combined net worth of wealthiest Canadian families vs. smaller provinces



Source *Canadian Business* magazine, Statistics Canada table: 11-10-0016-01 and author's calculations.

FIGURE 2 Change in average net worth, 2012–2016 (%)



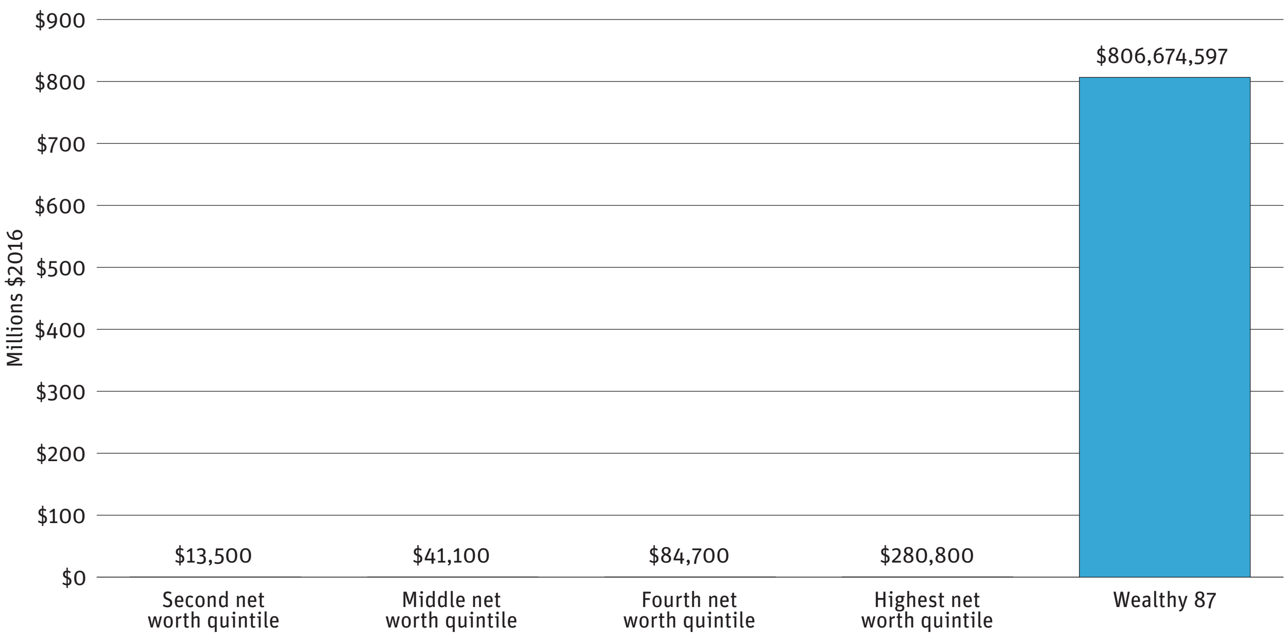
Source *Canadian Business* magazine, Statistics Canada table: 11-10-0049-01 and author's calculations.
Note The lowest net worth quintile is excluded, as average values are small. Percentage growth is inflation-adjusted in constant 2016 dollars.

Table 2 depicts Canada's wealth gap in a way that is probably easier for most people to grasp. In 2016, Canada's wealthiest 87 families owned as much wealth as 12 million Canadians. This factor has been growing consistently since 1999.

Finally, we can visualize wealth concentration at the top as a factor of regional wealth. In 2016, for example, Canada's wealthiest 87 families owned nearly as much ($259 billion) as the total combined wealth of every private citizen in Prince Edward Island, Newfoundland and Labrador, and New Brunswick ($269 billion). This would include the combined value of all property, houses, cottages, cars, bank accounts, stocks, small businesses, RRSPs, pensions, jewelry, golf clubs and so on, net of all personal debts (of the rich or poor) in those provinces.[13]

The combined wealth of Canada's richest 87 families is growing much faster than for families in any other quintile. Between 2012 and 2016, Canada's Wealthy 87 saw their inflation-adjusted wealth jump by 37%, almost twice as much as any other income group (see *Figure 2*).[14] Median net worth growth for all families between 2012 and 2016 was 15%, rising from $257,200 to $295,100.[15]

FIGURE 3 Average family net worth changes, 2012–2016 ($2016)



Source *Canadian Business* magazine, Statistics Canada table: 11-10-0049-01 and author's calculations.
Note The lowest net worth quintile is excluded, as average values are small.

The 21% growth in wealth experienced by the second lowest net worth quintile comes closest to matching wealth growth at the top. But let's put this percentage change into perspective. While the inflation-adjusted net worth of Canada's wealthiest families grew by just over $800 million per family between 2012 and 2016 (from $2.2 billion to $3.0 billion), the second quintile saw an increase of only $13,500, the result of net worth rising from $65,200 in 2012 to $78,700 in 2016.[16]

Great wealth and great inheritance

THE RISE IN pay of the super-manager has been a major determinant of income inequality, particularly at the very top.[17] These executives, CEOs, managers, supervisors and financial professionals have played a critical part in the explosion of pay for the top 0.1% in the United States. What's important here is that the income of the top 0.1% is working income, suggesting that the top earners got there by working, not by inheriting wealth. This contrasts with past eras of high inequality, when the highest incomes were generated from investment income (like land rent or interest) and not through work per se.

What is revealing from the Canadian data is that our highest-paid CEOs and our wealthiest families often carry the same name. In that sense, the distinction between so-called earned income versus investment income may be too artificial. No one is claiming these high-paying jobs aren't tough, but it's clear that being related to the company founder is at least as important as managerial competency. Family wealth accrued through company profits grows quickly enough on its own, but is further enhanced by the ever-more-elaborate stock- and other investment-linked forms of compensation offered to the modern CEO, who are often the founder or related to them.

Table 3 lists the top 20 wealthiest families that have more than 5% of their wealth in public stocks and have a member among the highest-paid CEOs.[18] Of those 20 families, nine have a member who is also one of Canada's highest-paid CEOs. In other words, not only do these families control vast

TABLE 3 Top 20 Wealthiest Families and highest paid CEOs

Wealthiest Family	Highest-paid 100 CEO (2018 report)
Thomson Family	
Galen Weston	Galen G. Weston
Saputo Family	Lino Saputo Jr.
Desmarais Family	André Desmarais, Paul Desmarais Jr. (Co-CEOs)
James Pattison	
Azrieli Family	
Alain Bouchard	
Estate of Wallace McCain	Michael H. McCain
Michael Lee-Chin	
N. Murray Edwards	N. Murray Edwards
Gerry Schwartz & Heather Reisman	Gerald Schwartz
Dennis "Chip" Wilson	
Jean Coutu	Francois J. Coutu
Mitchell Goldhar	
The Sobey Family	
Slaight Family	
Jacques D'Amours	
Estate of Ronald Southern	Nancy Southern
K. Rai Sahi	
Rossy Family	Neil Rossy

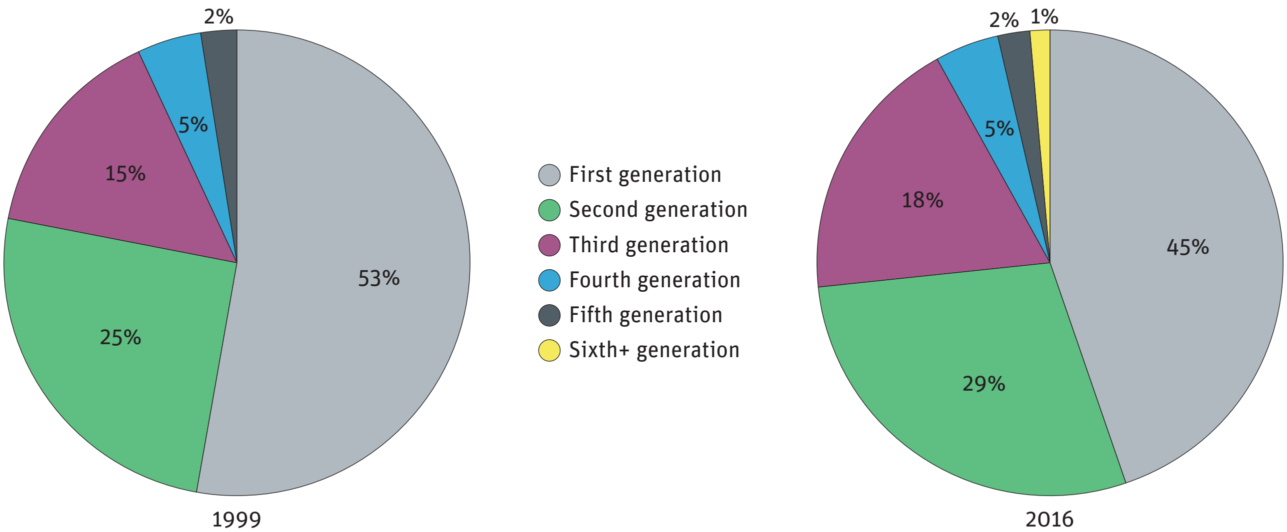
Source *Canadian Business* magazine, *Climbing up and Kicking Down: Executive pay in Canada* (Macdonald, 2018).
Note Families are restricted to those with more than 5% of their total wealth in public assets. A complete list of the wealthiest 87 families is available in Table 5 below.

wealth but their members are disproportionately likely to be among the highest-paid people in Canada.

The role of inheritance cannot be understated for Canada's Wealthy 87. *Figure 4* examines the number of generations Canada's wealthiest families have held their wealth. In 1999, 46 of Canada's 87 wealthiest families were first-generation holders of that wealth, which is to say they hadn't inherited it. Put another way, just over half of the wealthiest families in 1999 were in the first generation to become very wealthy (for the complete list by family, see *Table 5*).

Seventeen years on, the significance of inheritance has become even greater. In 2016, 39 of Canada's 87 wealthiest families (45%) were first-generation wealth-holders. This is largely due to the growth in second- and

FIGURE 4 Inherited wealth among wealthiest Canadians, 1999 & 2016



Source *Canadian Business* magazine and author's calculations.

third-generation families, who saw great wealth enter their family trees in their parents' or grandparents' generation and passed on through inheritance since then.

Wealth concentration and tax policy

SURPRISINGLY, PERHAPS, THE growth and generational persistence of wealth inequality is exacerbated, not curbed, by public policy. Canada's tax system heavily incentivizes income derived from wealth compared to income earned through labour. Capital gains are taxed at half the rate of ordinary income and income from dividends paid by Canadian corporations to their shareholders qualifies for generous tax credits. The result is that a dollar of income from employment is worth less than a dollar of income from capital.

The primary ways that one gains income from wealth are through capital gains (via the buying and selling of assets such as businesses or real estate), investments such as corporate dividends, and interest from investments, such as from a bond, guaranteed investment certificate (GIC) or savings account. Capital gains hold a variety of substantial tax preferences over employment income. Of these three wealth-derived sources of income, only interest carries no significant tax preference compared with income derived through work.

Capital gains on the sale of a principal residences have an unlimited lifetime exemption from taxation. Capital gains from the sale of a small business have a lifetime exemption of $836,000 (in 2017), or $1 million for a farm or fishing business.[19] If none of these circumstances apply there is still a 50% inclusion rate on capital gains, meaning that only half of the capital gain counts as income for tax purposes compared to the same amount of employment income. The net result is that one pays half the tax on a capital gain compared to what one otherwise pays on the same amount in wage income.

Dividends on large Canadian corporations also provide a substantial tax preference via the dividend gross-up and tax credit. This preference specifically applies to large Canadian corporations and reduces the top marginal rate by approximately 25%, although this varies by province. For shareholders of Canadian companies that pay dividends this can be a consequential tax break. Like the partial inclusion for capital gains, dividend income results in 25% less tax owing compared to that same amount as employment income.

The above tax exemptions are those that transparently exist in law and do not include the variety of "aggressive" tax planning approaches available to high-net-worth people, such as the abuse of private corporations and trusts, the use of offshore tax havens, and other means of hiding income from Canadian taxation.

In addition to preferential income tax treatment, wealthy Canadians benefit from there being no wealth taxes at the provincial or federal levels; only the increase in value on income from wealth is taxed, as noted above. Municipal property taxes are considered by some to be a tax on wealth, since they are calculated as a percentage (the mill rate) of the value of residential and commercial real estate. But this misses the point, since the property tax is levied on the asset value alone, not net worth, which would subtract the liability (the mortgage) from the asset value (the house price).

For example, a young family that just bought a house owes taxes on the full value of the house and not on their net worth, which at that point may be very low given the size of the mortgage. Property taxes are also not generally progressive like income taxes, which is to say higher-value properties don't pay a higher rate of tax compared to lower-value properties (British Columbia is experimenting with progressive municipal property taxes).

On average, 19% of the wealth of Canada's wealthiest 87 families is in real estate and may fall under municipal property taxation.[20] By contrast, in 2016, 49% of the wealth of the middle net worth quintile was tied to real estate.[21] Thus, the wealth of middle class Canadians is much more closely tied to the value of real estate than is the case for the wealthiest families, and targeting property taxes in a non-progressive way, or even taxing real estate wealth, would hit the middle class harder than the wealthy.

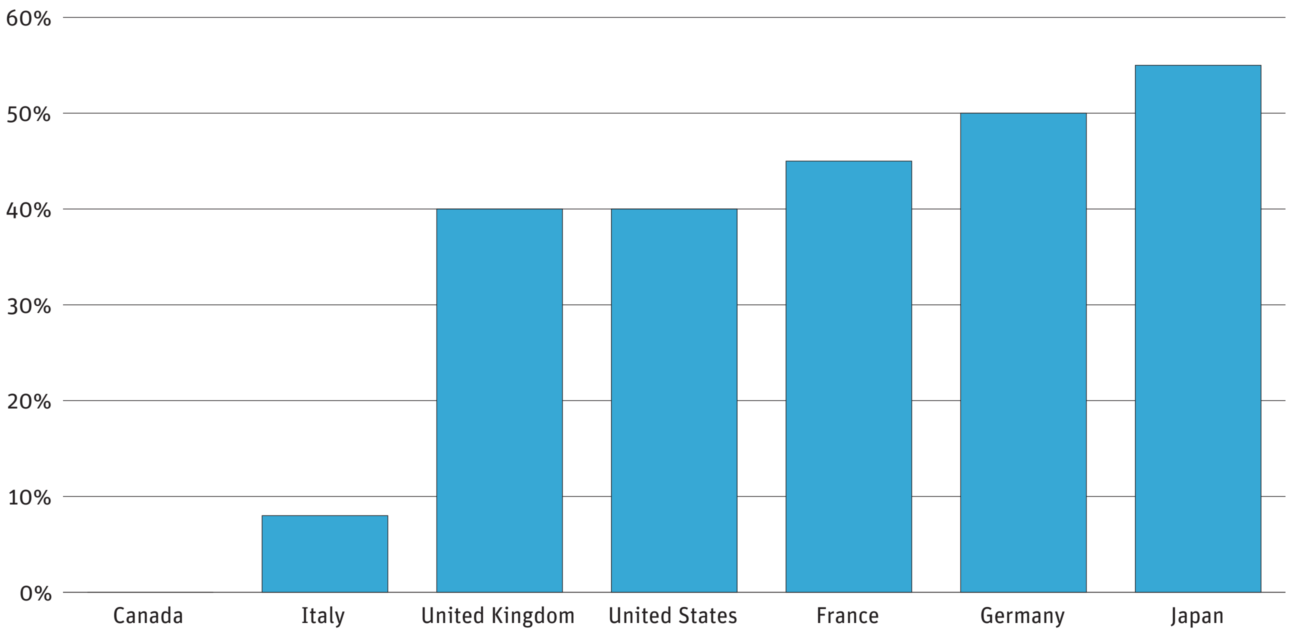
Addressing inequality through tax reform

GIVEN THAT CANADA'S federal and provincial tax regime currently favours wealth accumulation in a way that tends to increase income and wealth inequality, are there reforms beyond changes to the property tax regime that might produce more balanced results?

Beyond the taxation of wealth per se, either directly or via the income it creates, Canada is the only country in the G7 without taxes on inheritance, gifts or estates.[22] In Canada, back taxes must be paid by one's estate on unrealized capital gains, but the value of those taxes would have been identical if assets were sold just prior to death. Once those income taxes are paid, all wealth can be passed on without any further taxation. This contrasts with the United States, which maintains a 40% tax on estates above $11.2 million, or Japan, which maintains a 55% maximum rate.[23] Instituting a 45% inheritance tax in Canada on estates valued over $5 million, in line with the rest of the G7, would generate $2 billion in revenues for the federal government.[24]

Taxing capital gains just like wage income could raise substantial amounts of revenue while effectively curbing unproductive wealth accumulations among Canada's higher earners, and thus reducing inequality. This could be accomplished by increasing the "inclusion rate" on capital gains from 50% to 100% (minus an inflationary adjustment), thereby treating income from wealth the same as income from wages. The tax expenditure currently provides 92% of its benefits to the top 10% of Canadian earners, making it

FIGURE 5 Estate, inheritance or gift taxes — top rates in the G7 (2017)



Source *Ernst and Young*[32] and author's calculations.

one of the most unequal tax breaks on the federal books.[25] Changing the tax rate from 50% to 100% would raise $11 billion a year in new revenue for the federal government alone, money that could be put toward any number of anti-poverty measures, employment supports and public service enhancements.[26]

Eliminating the dividend gross-up and tax credit for large Canadian companies would similarly raise substantial amounts of federal revenue while removing one of Canada's most unequal tax breaks. The gross-up and credit reduces income taxes by roughly 25% compared to a similar amount of wage income.[27] This preference costs the federal government over $5 billion a year,[28] while 91% of its proceeds go to the richest 10% of Canadians.[29]

Conclusion

WEALTH IN CANADA is concentrating at the top, with the wealthiest families controlling vast fortunes. The chasm between those fortunes and the net worth of average Canadians has grown substantially over the past four years. In part this is due to the growing importance of inheritance at the top: in 2016, over half of the 87 wealthiest families were born into that wealth. But wealth concentration is also a product of power and influence, with a disproportionate number of wealthy families having members among the highest-paid CEOs in Canada. As executive compensation rises, so too does disposable income, which can be further invested. Great wealth begets even greater wealth, and extreme levels of inequality.

The Canadian tax system facilitates the perpetuation of intergenerational wealth transfers. It does so by taxing capital gains and certain dividend income at lower rates than employment income. Income from wealth generally comes in the form of dividends and capital gains, meaning that the wealthiest families pay taxes at much lower rates than had that income come from employment. Canada is also the only country in the G7 without an inheritance, estate or gift tax on tremendous family wealth. Instituting an estate tax and eliminating the preferences for capital gains and dividend income could go a long way to curbing the tendency of Canada's tax system to heighten socially, politically and economically harmful levels of wealth concentration in Canada.

Appendix

Methodology

THIS PAPER RELIES on two main data sources, the *Canadian Business* magazine's Canada's Richest People rankings and Statistics Canada's Survey of Financial Security (SFS). *Canadian Business* lists the wealthiest 100 Canadian families on an annual basis.[30] The SFS surveys the wealth of all Canadian resident families, but only in specific years. To ensure compatibility between the SFS and the *Canadian Business* list, non-Canadian resident families are removed from the *Canadian Business* list to obtain the 87 families from the list that live in Canada. Residency is based on *Canadians Business*' assessment. In some years there were more than 87 families that were Canadian residents on the *Canadian Business* ranking. For the sake of consistency, the lowest-wealth families were excluded to maintain the count at 87 families irrespective of the year. In some years there were fewer than 87 families due to the residency restriction and in those cases families were added that were not on the original list, but would have been in the 101st position, for instance.

The definition of a family is different in some cases between the *Canadian Business* survey and the SFS. The latter refers to an "economic family" as any grouping of people related by blood or marriage living at the same address. An extended family of three generations, for example, including young children and their parents, but also a set of grandparents living under the same roof, would count as one economic family in the SFS. *Canadian*

Business magazine aggregates families similarly, but they need not live at the same address to be counted as a single family. Therefore, if the SFS family definition were applied to the *Canadian Business* list there would be more than 87 families, as several of the families would count twice or more times using the SFS definition due to living at different addresses.

To ensure that the time periods match, the year of the *Canadian Business* data is chosen based on the date of collection, not necessarily the official dating. For instance, the 2017 *Canadian Business* ranking is based on values collected in the fall of 2016. The 2016 SFS collected its data also in the fall of 2016. As such, the 2016 data presented in this report is taken from the 2016 SFS but the 2017 *Canadian Business* ranking. The 2018 ranking of Canada's wealthiest families is available but was not included in this report, as there is no corresponding SFS with which to compare it.[31]

Neither the *Canadian Business* ranking nor the SFS are longitudinal. Which is to say, the families in one year are not necessarily the same as those in another year, either in the *Canadian Business* ranking or in any particular breakdown of wealth for the SFS, income quintiles for example.

Unless otherwise noted, all figures in this report are inflation-adjusted to 2016 dollars.

TABLE 4 Exclusions and additions from *Canadian Business*' "Richest 100" lists by year

1999	2005	2012	2016
Charles Bronfman (Excluded: Non-Resident)	Charles Bronfman (Excluded: Non-Resident)	Charles Bronfman (Excluded: Non-Resident)	Anton Rabie (Newly added to get to 87 families)
Celine Dion (Excluded To Maintain 87 Families)	Eugene Melnyk (Excluded: Non-Resident)	David Cheriton (Excluded: Non-Resident)	Charles Bronfman (Excluded: Non-Resident)
Eugene Melnyk (Excluded: Non-Resident)	Jack Cowin (Excluded: Non-Resident)	Eugene Melnyk (Excluded: Non-Resident)	David Cheriton (Excluded: Non-Resident)
Jeff Skoll (Excluded: Non-Resident)	Jeff Skoll (Excluded: Non-Resident)	Frank Stronach (Excluded: Non-Resident)	Eugene Melnyk (Excluded: Non-Resident)
Jeffrey Mallett (Excluded: Non-Resident)	John Macbain (Excluded: Non-Resident)	Jack Cowin (Excluded: Non-Resident)	Frank Stronach (Excluded: Non-Resident)
Lawrence Stroll (Excluded: Non-Resident)	John Mull (Excluded to Maintain 87 Families)	James Cameron (Excluded: Non-Resident)	Garrett Camp (Excluded: Non-Resident)
Les Shaw (Excluded: Non-Resident)	Lawrence Stroll (Excluded: Non-Resident)	Jeff Skoll (Excluded: Non-Resident)	Jack Cockwell (Newly added to get to 87 families)
Michael Degroote (Excluded: Non-Resident)	Libfeld Family (Excluded to Maintain 87 Families)	Jim Balsillie (Newly added to get to 87 families)	Jack Cowin (Excluded: Non-Resident)
Paul Gauthier (Excluded: Non-Resident)	Michael Degroote (Excluded: Non-Resident)	John MacBain (Excluded: Non-Resident)	Jeffrey S. Skoll (Excluded: Non-Resident)
Peter Nygard (Excluded: Non-Resident)	Peter Nygard (Excluded: Non-Resident)	Lawrence Stroll (Excluded: Non-Resident)	John MacBain (Excluded: Non-Resident)
Robert Fitzhenry (Excluded: Non-Resident)	Richard Li (Excluded: Non-Resident)	Michael DeGroote (Excluded: Non-Resident)	Joseph Tsai (Excluded: Non-Resident)
Robert Friedland (Excluded: Non-Resident)	Robert Friedland (Excluded: Non-Resident)	Peter Nygard (Excluded: Non-Resident)	Lawrence Ho (Excluded: Non-Resident)
Steve Stavro (Excluded To Maintain 87 Families)	Victor Li (Excluded: Non-Resident)	Richard Li (Excluded: Non-Resident)	Lawrence Stroll (Excluded: Non-Resident)
		Robert Friedland (Excluded: Non-Resident)	Michael G. DeGroote (Excluded: Non-Resident)
		Victor Li (Excluded: Non-Resident)	Richard Li (Excluded: Non-Resident)
			Robert Friedland (Excluded: Non-Resident)
			Ronnen Harary (Newly added to get to 87 families)
			Shane Smith (Excluded: Non-Resident)
			Stewart Butterfield (Excluded: Non-Resident)

TABLE 5 Wealthiest 87 Canadian resident families (2016)

Name	Location/Company	Passed down at least one generation?	Net Worth 2016 ($bil)
Thomson Family	Toronto/Thomson Reuters, Woodbridge Co.	yes	$39.1
Galen Weston	Toronto/George Weston, Associated British Foods, Loblaw, Selfridges, Holt Renfrew	yes	$13.2
Saputo Family	Montreal/Saputo, Transforce	yes	$10.6
Rogers Family	Toronto/ Rogers Communications	yes	$9.1
Irving Family	Saint John, N.B./Irving Oil, J.D. Irving	yes	$7.7
Desmarais Family	Montreal/ Power Corp of Canada	yes	$6.7
Richardson Family	Winnipeg/ James Richardson Sons	yes	$6.0
James Pattison	Vancouver/Jim Pattison Group		$5.7
Carlo Fidani	Toronto/ Orlando Corp.	yes	$4.9
Azrieli Family	Montreal/ Azrieli Group	yes	$4.7
Bernard Sherman	Toronto/ Apotex Group		$4.6
Alain Bouchard	Laval, Que/ Alimentation Couche-Tard		$4.3
Estate of Wallace McCain	Toronto/ Maple Leaf Foods, McCain Foods	yes	$4.1
Daryl Katz	Edmonton/ Katz Group, Edmonton Oilers		$4.1
Harrison McCain Family	Florenceville N.B./McCain Foods	yes	$3.7
Aquilini family	Vancouver/ Aquilini Investment Group	yes	$3.6
Gaglardi Family	Vancouver/ Northland Properties	yes	$3.3
Mark Scheinberg	London ON/ PokerStarts	yes	$3.3
Michael Lee-Chin	Burlington, ON/ Portland Holdings, National Commercial Bank (In Jamaica)		$3.3
Fred and Ron Mannix	Calgary/ Mancal Group	yes	$3.2
Lalji Family	Vancouver/ Larco Group of Cos.		$3.1
N. Murray Edwards	Calgary/Canadian Natural Resources, Magellan Aerospace Services		$3.0
Gerry Schwartz & Heather Reisman	Toronto/ Onex, Indigo Books & Music		$2.9
Dennis “Chip” Wilson	Vancouver/ Lululemon Athletica KIT & ACE		$2.9
Apostolopoulos Family	Toronto/ Triple Group	yes	$2.9
Alexander Shnaider	Toronto/ Midland Resources Holding Ltd.		$2.9
Peter Gilgan	Oakville/ Mattamy Homes		$2.7
Jean Coutu	Montreal/ Jean Coutu Group		$2.7
Mitchell Goldhar	Toronto/Smart Reit		$2.4
Reichmann Family	Toronto/ Reichmann International Development	yes	$2.3
The Sobey Family	New Glasgow NS/ Empire Co. Ltd	yes	$2.3
Slaight Family	Toronto/ Standard Broadcasting	yes	$2.2

Name	Location/Company	Passed down at least one generation?	Net Worth 2016 ($bil)
Guy Laliberte	Montreal/ Cirque de Soleil		$2.2
Joseph & Ted Burnett	Toronto/ Burnac Corp.	yes	$2.2
Robert Miller	Montreal/ Future Electronics		$2.1
Jacques D'Amours	Laval, Que/ Alimentation Couche-Tard		$2.1
Zekelman Family	Windsor ON & Bloomfield Hills, Mich/ Atlas Tube	yes	$2.1
Stephan Jarislowsky	Montreal/ Jarlslowsky Fraser		$2.1
Brandt Louie	Burnaby/ H.Y. Louie Co.	yes	$2.1
Aldo Bensadoun	Montreal/ Aldo Group		$2.1
Estate of Ronald Southern	Calgary/ Atco, Canada Utilities	yes	$2.1
Marcel Adams	Montreal/ Iberville Developments		$2.0
K. Rai Sahi	Toronto/ Morguard TWC Enterprises		$2.0
Rossy Family	Montreal/ Dollarama	yes	$2.0
Terry Matthews	Ottawa/ Mitel Networks, Wesley Clover, March Networks		$2.0
JR Shaw	Calgary/ Shaw Communications	yes	$2.0
Bombardier Family	Montreal/ Bombardier, BRP	yes	$2.0
Molson Family	Montreal/ Molson Coors Brewing	yes	$2.0
Serge Godin	Westmount, Que/ CGI Group		$1.9
Kruger Family	Montreal/ Kruger, KP Tissue	yes	$1.8
Muzzo Estate	Woodbridge, ON/ Muzzo Group	yes	$1.8
Seymour Schulich	Toronto/ Birchcliff Energy, Barrick Gold		$1.8
DeGasperis Family	Vaughan, ON/ Condrain Group		$1.7
Samuel Family	Toronto/ Samuel, Son & Co., Manu-Tech	yes	$1.6
Greenberg Family	Ottawa/ Minto Group	yes	$1.6
Lawrence Tanenbaum	Toronto/ Kilmer Van Nostrand, Maple Leaf Sports & Enter	yes	$1.5
Ronald Joyce	Calgary/ Tim Hortons		$1.5
John Risley	Chester, N.S./ Clearwater Seafoods, Columbus Communications		$1.4
Kenneth Rowe	Halifax/ IMP Group International	yes	$1.4
Eric Sprott	Toronto/ Sprott		$1.4
Pierre Karl & Erik Peladeau	Montreal/ Quebecor	yes	$1.4
Rudy Bratty	Vaughan, ON/ Remington Group	yes	$1.4
Clay Riddell	Calgary/ Paramount Resources, Trilogy Energy, Tourmaline Oil	yes	$1.4
Hal Jackman	Toronto/ E-L Financial	yes	$1.3
David Werklund	Calgary/ Werklund Capital, Tervita		$1.2
Hassan Khosrowshahi	Vancouver/ Inwest Investments, DRI Capital	yes	$1.2
Richard Fortin	Boucherville, Que/Alimentation Couche-Tard		$1.2
Vic De Zen	Vaughan, ON/ Zen Group, Vision Group		$1.2

Name	Location/Company	Passed down at least one generation?	Net Worth 2016 ($bil)
Charles Sirois	Verdun, Que/ Telesystem	yes	$1.1
John Bragg	Collingwood Corner, N.S./ Oxford Frozen Foods, Bragg Communications, Bragg Lumber		$1.1
Latner Family	Toronto/ L Group, Dynacare	yes	$1.1
Caleb & Tom Chan	Vancouver/ Burrard International Holdings		$1.1
Hasenfratz Family	Guelph, ON/ Linamar	yes	$1.1
Leon Family	Toronto/ Leon's Furniture	yes	$1.1
Leslie Dan	Toronto/ Teva Pharmaceutical Industries		$1.0
Anton Rabie	Toronto/ Spin Master		$1.0
Ronnen Harary	Toronto/ Spin Master		$1.0
U. Gary Charlwood	Vancouver/ Uniglobe Travel International Partnerships, Century 21 Canada Partnerships	yes	$1.0
Mike Lazaridis	Waterloo, Ont/ Quantum Valley Investments & Blackberry		$1.0
Dave and Cliff Lede	Calgary/ Ledcor Group	yes	$1.0
Belkin Family	Vancouver/ Belkorg Group	yes	$0.9
Bruce Flatt	Toronto/ Brookfield Asset Management		$0.9
Koschitzky Family	Toronto/ IKO Group	yes	$0.9
Robert Julien and Delia Moog	Toronto, West Palm Beach Fl /Kolter Group	yes	$0.9
Saul Feldberg	Toronto/ Teknion, Global Group	yes	$0.9
Rob McEwen	Toronto/ McEwen Mining		$0.9
Jack Cockwell	Toronto/ Brookfield Asset Management		$0.9

Source *Canadian Business*[33] and author's calculations.

Notes

1 David Macdonald. 2018. "Climbing Up and Kicking Down: Executive Pay in Canada." Canadian Centre for Policy Alternatives: https://www.policyalternatives.ca/publications/reports/climbing-and-kicking-down.

2 The report isolates the 87 resident wealthy families from the full 100 listed by Canadian Business, some of whom live outside the country, for the purpose of compatibility with Statistics Canada wealth data on Canadians.

3 See, for instance, Figure 2 in Thomas Lemieux and W. Craig Riddell, "Who Are Canada's Top 1 Percent?", Income Inequality: The Canadian Story, ed. David Green, Craig Riddell and France St-Hilaire, Institute for Research on Public Policy, February 2016: http://irpp.org/research-studies/who-are-canadas-top-1-percent/.

4 Thomas Piketty. 2014. Capital in the Twenty-First Century. The Belknap Press of Harvard University Press.

5 Ibid.

6 Kate Pickett and Richard Wilkinson. 2009. The Spirit Level: Why More Equal Societies Almost Always Do Better, London, Allen Lane, Penguin Books.

7 The term was popularized by Alan Krueger in a his January 2012 address to the Center for American Progress, "The Rise and Consequences of Inequality in the United States": https://www.americanprogress.org/events/2012/01/12/17181/the-rise-and-consequences-of-inequality/.

8 Miles Corak. 2013. «Income Inequality, Equality of Opportunity, and Intergenerational Mobility.» Journal of Economic Perspectives, 27 (3): 79–102.

9 "Canada's Richest People: The Complete Top 100 Ranking (2018)," Canadian Business, November 8, 2017: http://www.canadianbusiness.com/lists-and-rankings/richest-people/100-richest-canadians-complete-list/.

10 Of the wealthiest 100 families compiled by Canadian Business magazine annually, the 87 that live in Canada are included in this report so as to be compatible with the SFS, which is restricted to Canadian resident families. In some cases the Canadian Business definition of a family includes multiple families using the Statistics Canada family definition. In this report, the 87 wealthiest families use the Canadian Business family aggregation. See Appendix for methodological details.

11 Pete Evans, "Price of average Canadian home rose to $496,500 in December, up 5.7% in 2017," CBC News, January 15, 2018: https://www.cbc.ca/news/business/crea-house-prices-1.4487522.

12 Statistics Canada. Table 11-10-0049-01 Survey of Financial Security (SFS), assets and debts by net worth quintile, Canada, provinces and selected census metropolitan areas (CMAS).

13 The Irving, McCain and Sobey families live in these Atlantic provinces but are not included in the provincial totals because they are not part of the Survey of Financial Security. The SFS is a survey, not a census, and attempts, at best, to represent the average net worth of the top 5% of families. The McCain family, for example, is not necessarily going to be randomly chosen, but even if it were, its wealth would be re-weighted given its outlier status compared to Nova Scotia's other top-5% families.

14 Over a longer period of 1999 to 2016, inflation-adjusted wealth growth for the wealthiest families was 107%. This was similar to the growth experienced in the third and fourth quintiles (106% and 110% respectively) over that period. Growth since 1999 was slightly lower for the second lowest and the highest net worth quintiles, which stood at 78% and 95% respectively.

15 See Statistics Canada. Table 11-10-0049-01 Survey of Financial Security (SFS), assets and debts by net worth quintile, Canada, provinces and selected census metropolitan areas (CMAS).

16 Ibid.

17 Jon Bakija, Adam Cole and Bradley Heim. "Jobs and Income Growth of Top Earners and the Causes of Changing Income Inequality: Evidence from U.S. Tax Return Data," April 2012: https://web.williams.edu/Economics/wp/BakijaColeHeimJobsIncomeGrowthTopEarners.pdf.

18 David Macdonald. "Climbing Up and Kicking Down: Executive Pay in Canada." Canadian Centre for Policy Alternatives, January 2018: https://www.policyalternatives.ca/publications/reports/climbing-and-kicking-down.

19 Department of Finance Canada. 2018. "Report on Federal Tax Expenditures: Concepts estimates and evaluations," p. 167.

20 Canadian Business magazine and author's calculations.

21 Including both primary and secondary residences net of all mortgage debt. Statistics Canada. Table 11-10-0049-01 Survey of Financial Security (SFS), assets and debts by net worth quintile, Canada, provinces and selected census metropolitan areas (CMAS).

22 The only fee Canadians pay in the distribution of wealth to the next generation is a state administration tax, or probate tax, that is required in some provinces to certify a will and is sometimes calculated as a percentage of the value of the estate. This tax is highest in Nova Scotia at 1.695% of an estate's value, although rates are similar in Ontario and British Columbia. In most other provinces the rates are much less or take the form of a small flat fee. These fees can be easily avoided if inheritances are transferred prior to death and can be avoided in some circumstances for shares in private corporations (see, for example, Tim Cestnick, "Where there's a will: How to minimize probate fees," Globe and Mail, August 1, 2011. Nonetheless these values are quite low compared to the inheritance tax rates of other large industrial countries.

23 Effective estate tax rates in the United States are much lower than the 40% statutory rate. For example, on estates worth over $20 million in 2017, the effective (average) tax rate was only 19.4% (see table T16-0277, "Current Law Distribution of Gross Estate and Net Estate Tax by Size of Gross Estate, 2017," Tax Policy Center, Urban Institute & Brookings Institution: https://www.taxpolicycenter.org/model-estimates/baseline-estate-tax-tables-nov-2016/t16-0277-current-law-distribution-gross-estate). The U.S. estate tax will be even lower following the increase in the exemption in 2018 from $5.6 million to $11.2 million. (The increase was part of the Trump administration's Tax Cuts and Jobs Act (TCJA) of December 22, 2017.) The effective rate is so much lower due to the exemption itself, but also a variety of loopholes used to avoid the full implementation of the tax on the entire estate value.

24 See the Fair and Progressive Taxation Chapter of the 2018 Alternative Federal Budget, "Getting there," Canadian Centre for Policy Alternatives, February 2017.

25 David Macdonald. 2016. "Out of the Shadows: Shining a light on Canada's unequal distribution of federal tax expenditures." Canadian Centre for Policy Alternatives.

26 Ibid.

27 The 25% difference between wage and dividend income differs slightly depending on the province.

28 Department of Finance Canada, "Report on Federal Tax Expenditures: Concepts, estimates and evaluations", 2018, p. 39.

29 Macdonald. "Out of the Shadows." CCPA.

30 For the 2014 through 2018 listings, see Canadian Business, "Canada's Richest People 2018," November 9, 2017: http://www.canadianbusiness.com/lists-and-rankings/richest-people/100-richest-canadians-complete-list/.

31 The collection period was in the fall of 2017. Ibid.

32 Ernst and Young. 2017. "Worldwide Estate and Inheritance Tax Guide": https://www.ey.com/Publication/vwLUAssets/ey-worldwide-estate-and-inheritance-tax-guide-2017/$File/ey-worldwide-estate-and-inheritance-tax-guide-2017.pdf.

33 While published as the 2017 ranking, the data was collected in the fall of 2016. See Canadian Business, "Canada's Richest People 2017," December 7, 2016: http://www.canadianbusiness.com/lists-and-rankings/richest-people/100-richest-canadians-complete-list-2017/.

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