



# TRENDS ANALYSIS: INCOME DISTRIBUTION

FALL 2014

## What does this measure & why is it important?

This indicator tracks the distribution of personal incomes, by census subdivision, using the Gini Index. The Gini Index is a measure of inequality (OECD, 2008). The RDI's analysis calculates Gini coefficients for market (pre-tax) incomes and therefore does not consider the effect of taxes and social spending on income inequality. Data for this indicator are gathered from Canada Revenue Agency's [taxfiler statistics](#) and are current to 2010.

Information on the distribution of incomes shows how well our communities are doing at providing earning opportunities. The Conference Board of Canada notes that income inequality "is an important indicator of equity in an economy, and has implications for other social outcomes such as crime and life satisfaction" (Conference Board of Canada, 2013).

## What are the trends & current conditions?

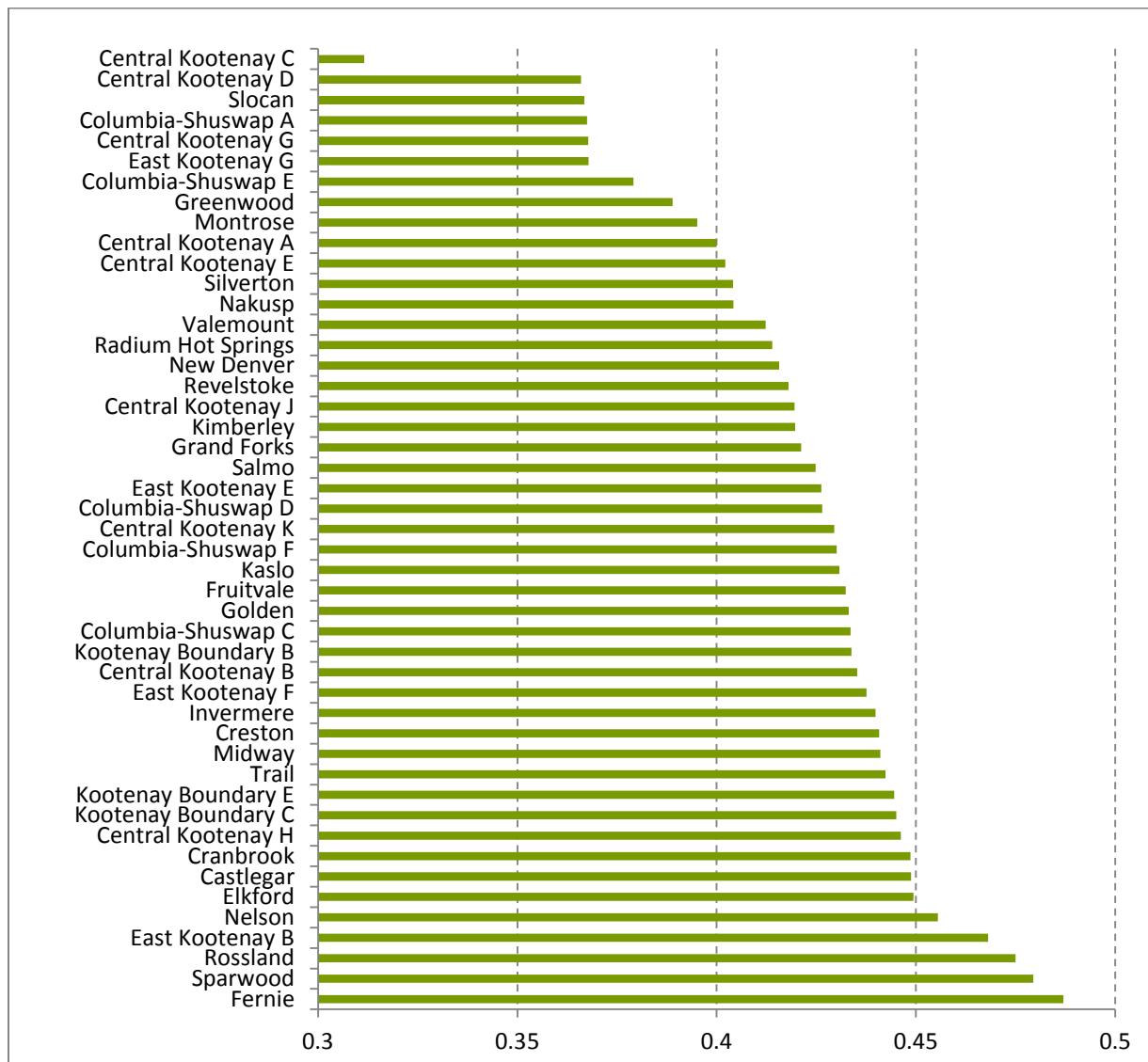


Figure 1: Pre-tax Gini Index coefficients for Boundary-Basin census sub-divisions, 2010

Source: Data: Canada Revenue Agency, 2013. Analysis: RDI

Figure 1 shows the Gini Index for each Basin-Boundary census subdivision. Higher Gini Index values indicate higher inequality in a population's pre-tax income. Perfect equality (where every member of a population has the same income) would be represented by a score of 0. Communities at the bottom of the graph (led by Fernie, Sparwood, Rossland, East Kootenay Area B and Nelson) have larger disparities between high income earners and low income earners. Communities at the top of the graph (led by Central Kootenay Areas C and D, Slokan, and Columbia Shuswap Area A) have more even income distributions.

The areas around Fernie, Sparwood and Elkford have access to high paying jobs in the mining sector and related support industries. Rossland and Nelson have a concentration of professional service sectors that offer high paying jobs. These earning opportunities are accompanied by a high number of lower paying service jobs and part-time jobs. This situation creates a wide gap between high income earners and low income earners. Often, municipalities with more even income distributions are home to a larger proportion of retirees and fixed income earners.

A map of this data is available on the [Digital Basin](#).



*The Columbia Basin Rural Development Institute, at Selkirk College, is a regional research centre with a mandate to support informed decision-making by Columbia Basin-Boundary communities through the provision of information, applied research and related outreach and extension support. Visit [www.cbrdi.ca](http://www.cbrdi.ca) for more information.*

## References

Canada Revenue Agency (2013). *Locality Code Statistics*. Retrieved on August 12, 2014 from: <http://www.cra-arc.gc.ca/gncy/stts/lcsts-eng.html>

Conference Board of Canada. (2013). Income Inequality. Retrieved December 5, 2014 from: <http://www.conferenceboard.ca/hcp/details/society/income-inequality.aspx>

OECD (2008). Handbook on Constructing Composite Indicators: Methodology and User Guide, ISBN 978-92-64-04345-9