TRENDS ANALYSIS: INCOME DISTRIBUTION

FALL 2015

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 2012.

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).

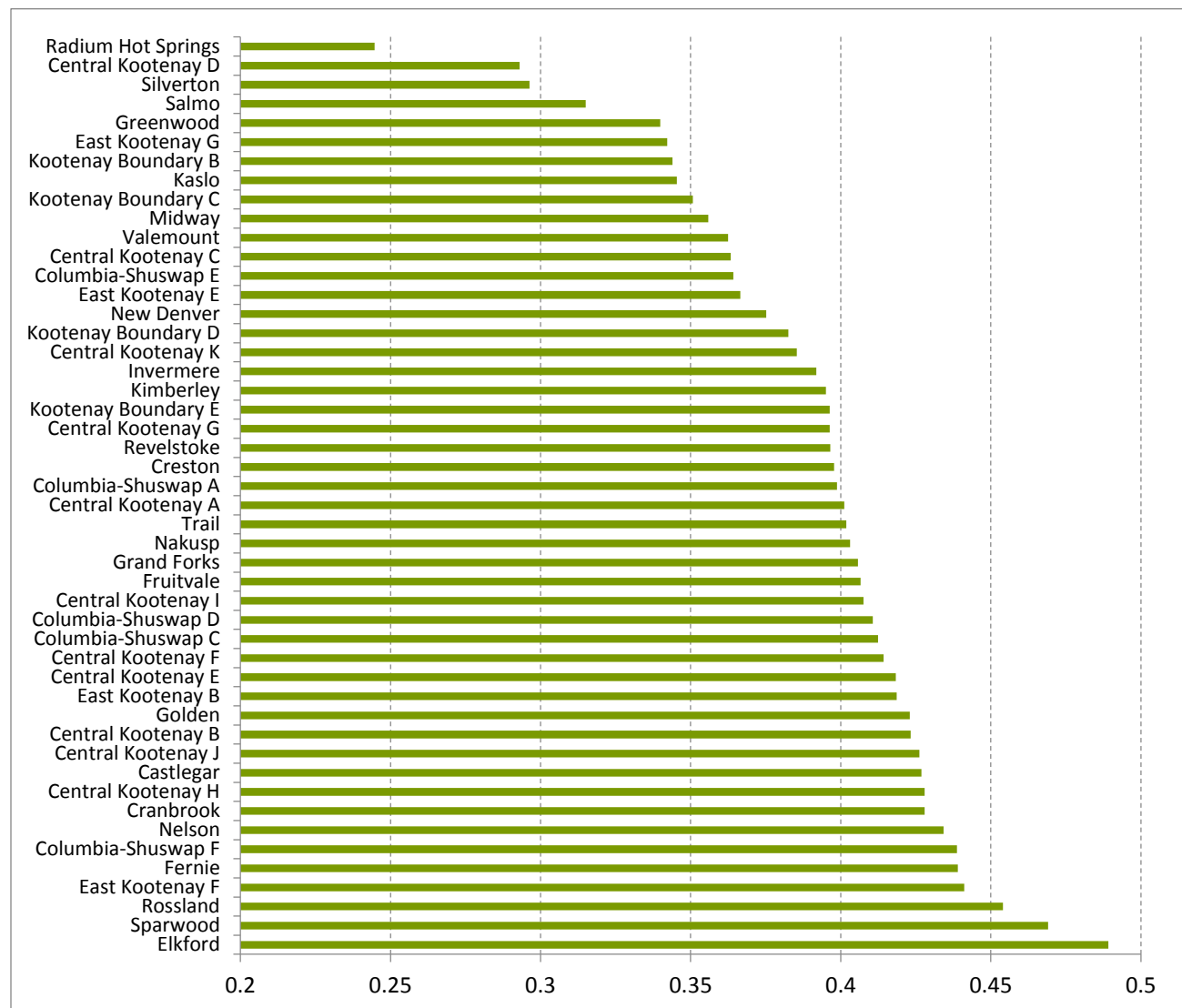### What are the trends & current conditions?

Figure 1: Pre-Tax Gini coefficients for Basin-Boundary census subdivisions, 2012 tax year
Source: Canada Revenue Agency, 2015

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 (Elkford, Sparwood, Rossland, and East Kootenay Area F) have larger disparities between high income earners and low income earners. Communities at the top of the graph (Radium Hot Springs, Central Kootenay Area D, Silverton, and Salmo) have more even income distributions.

The Elk Valley communities have access to high paying jobs in the mining sector and related support industries. Rossland and Nelson have a concentration of professional service industries 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.

References

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