

Income Inequality

According to a recent Organization for Economic Cooperation and Development (OECD) report¹ on income inequality, the top 1% of Canadian pre-tax income earners captured 37% of the overall income growth between 1981 and 2012, and now swallows up 12.2% of the country's income pie. Canada ranks only behind the United States, United Kingdom and Germany in terms of income disparity among the 18 relatively rich countries.

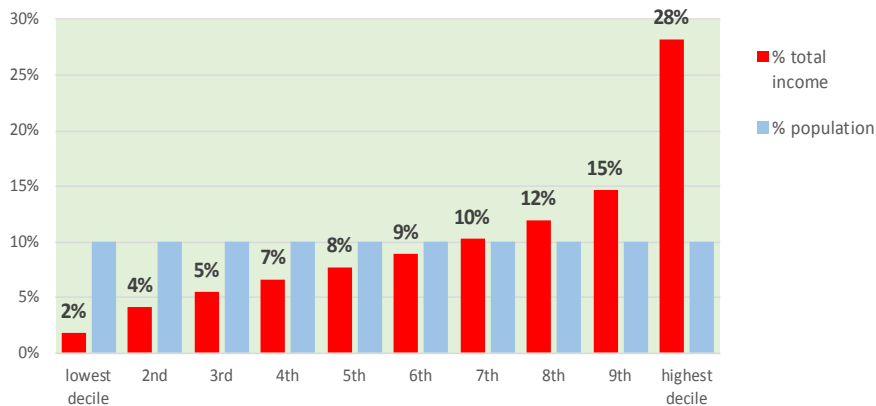


The widening income gap between the rich and the poor impacts negatively on economic growth, standard of living, health and well-being, and social inclusion. High income inequality also raises a moral question about fairness and social justice.² In 2012, the House of Commons Standing Committee on Finance undertook a study on income inequality in Canada and issued a report³ in 2013 with recommendations regarding how best to improve the equality of opportunity and prosperity for all Canadians.

Custom tabulation from Statistics Canada's taxfiler data file provides an opportunity to learn more about income inequality in Halton. Determining the share of total income by population deciles is one of many ways to measure income inequality. The population is divided into ten equal groups (10% each) from the poorest (lowest decile) to the richest (highest decile), and then the proportion of total income captured by each group

is calculated. If each group has 10% of the total income, there is no income inequality.

Proportion of Halton's after tax income by income decile, 2011



Source: Statistics Canada, 2011 taxfiler data

In 2011, the highest decile (10%) of the population in Halton has by far the largest share (28%) of the total after-tax income (disposable income) and the bottom decile captures only 2%. The Town of Oakville has a wider gap between the highest decile (32%) and the lowest decile (1.3%) than the other three local municipalities.

¹ OECD, *Focus on Top Incomes and Taxation in OECD Countries: Was the crisis a game changer?* May 2014

² The Conference Board of Canada, *Hot Topic: Canada Inequality*, July 2011

³ House of Commons of Canada, *Income Inequality in Canada: An Overview*, report of the Standing Committee on Finance, December 2013

The concentration of income and wealth becomes more skewed when looking at income of the top 1 percent of the population. The top 1% of Halton's population (4,100 individuals) has 7.8% of the total disposable income. The top 1% of Oakville's population (1,400 individuals) has 10% of the town's total disposable income.

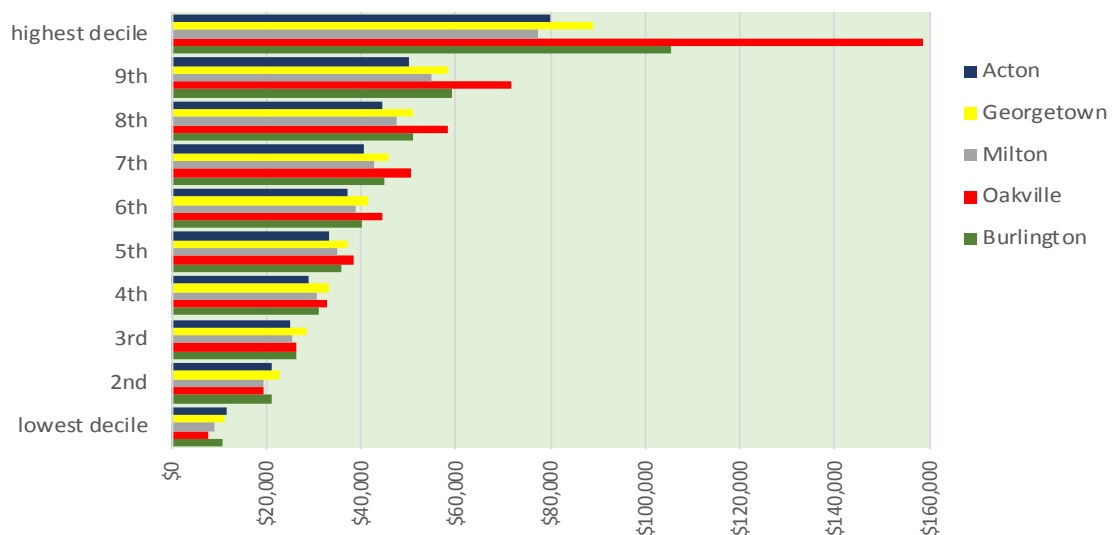
The income disparity is also reflected among the local municipalities. For example, Oakville, with 36.7% of region's population with after-tax income, accounted for 41.5% of total after-tax income. On the other hand, Burlington, with a similar population share, accounted for 34.8% of the total income.

	% persons with after-tax income	% total after-tax income
Acton	2.8%	2.3%
Oakville	36.7%	41.5%
Georgetown	8.7%	8.2%
Burlington	36.7%	34.8%
Milton	15%	13.1%
Halton Region	100%	100%

Another measure of income disparity is to compare income levels of various income groups. The population is sorted according to their average disposable income and then divided into 10 equal groups (deciles) each containing 10% of the population.

In Halton, the average disposable income for the top decile (top 10% of the population) was 13 times higher than the bottom decile (bottom 10% of the population). In other words, on average, for every after-tax dollar earned by individuals in the top decile, those at the bottom decile earned 7.7 cents. In Oakville, the difference is 21 times. The individuals in the bottom decile earned only 4.7 cents. In fact, the bottom decile has the lowest average after-tax income among the local municipalities.

Average after-tax income by income decile Halton Region, 2011



Source: Statistics Canada, 2011 taxfiler data

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Community Development Halton
 860 Harrington Court
 Burlington, ON L7N 3N4
 905-632-1975

www.cdhalton.ca