



Non-metro income gap

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Highlights

- Average income among non-metro tax filers was \$5,048 less than the Ontario average in 2011.
• This gap has been consistent for over 20 years but has been closing since 2000.
• The spread in average incomes across metro census divisions (CDs) is large and has changed considerably over the years.
• Comparatively, the spread of average income across the non-metro census divisions is smaller and has been relatively constant over recent decades.

Why look at the income gap?

Income levels affect purchasing power for goods and services and the potential savings of households. Differences in average incomes across geographies can reflect differences in the occupational wages between sectors, which may be more or less concentrated in different areas and/or the competitive labour market for skills in different regions.

Findings

The gap in income between non-metro taxfilers and the average Ontario taxfiler was \$5,048 in 2011 (Figure 1). The gap was as small as \$4,585 in 1994 and as large as \$7,407 in 2000. The gap has been closing almost continuously since 2000. It closes if non-metro incomes are growing faster than metro incomes or if non-metro incomes are declining more slowly than metro incomes. Between 1989 and 1993, the gap shrunk because, although both metro and non-metro average incomes declined, the non-metro average income declined more slowly. This was also the case during the 2007-09 recession. The average metro CD and the average non-metro CD have been converging (coming closer together) to the Ontario average since 2000 (Figure 1).

Within metro, partially-metro and non-metro CDs, average incomes are also converging. Using standard deviation, the variability (or spread) across

CDs in a given year is measured. Within the group of non-metro CDs, the variability of average incomes is relatively low and has changed very little over the 1989 to 2011 period (Figure 2). The low level of variability among non-metro CDs means that the average income in each CD is more similar compared to the variation within the group of metro CDs.

From 1989 to 1993, within the metro CDs, there was convergence of average incomes. Figure 2 shows the variability across metro CDs declined in this period. There was divergence up to 2000 and then a general trend of convergence up to 2011. Note that there is a relatively wider level of variability (larger spread) of average CD incomes with the group of metro CDs. The standard deviation for metro CDs is relatively higher than for non-metro CDs (Figure 2).

When metro incomes were rising from 1993 to 2000:

- The gap between metro and the Ontario average income was increasing (Figure 1);
• The variability across the metro CDs increased (Figure 2) due to strong growth in only selected metro CDs;
• The gap between non-metro and the Ontario average increased (Figure 1);
• The variability across non-metro CDs did not change, meaning that most non-metro CDs grew at about the same rate (Figure 2).

1 Data are tabulated for each taxfiler with income. Capital gains are not included in the data tabulated here, consistent with the Statistics Canada concept of "income." For details, see p. 34 of Statistics Canada. (2013) Annual Income Estimates for Census Families and Individuals: Individual Data - User's Guide (Ottawa: Statistics Canada, Income Statistics Division, Catalogue No. 13C0015)

(http://www23.statcan.gc.ca/imdb-bmdi/document/4105_D11_T1_V1-eng.pdf).

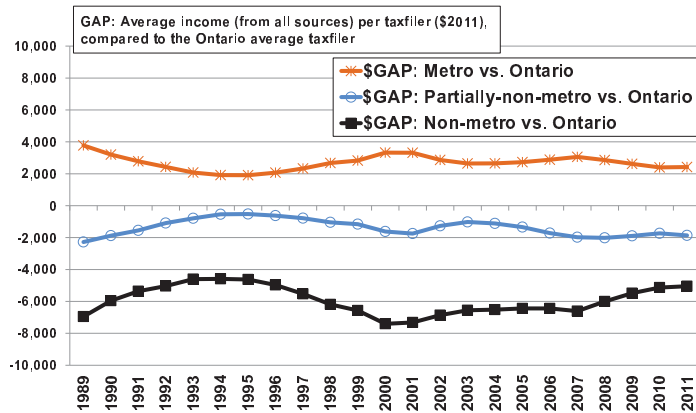
2 All data are adjusted for inflation and are reported in \$2011.

3 See Figure 1 in Focus on Rural Ontario "Average income per taxfiler."

4 For an analysis at the Canada level, see Alasia, Alessandro. (2003) Sub-provincial Income Disparity in Canada: Evidence from 1992 to 1999. (Ottawa: Statistics Canada, Agriculture and Rural Working Paper No. 63, Catalogue no. 21-601-MIE) (www.statcan.gc.ca/cgi-bin/downpub/listpub.cgi?catno=21-601-MIE).

Figure 1

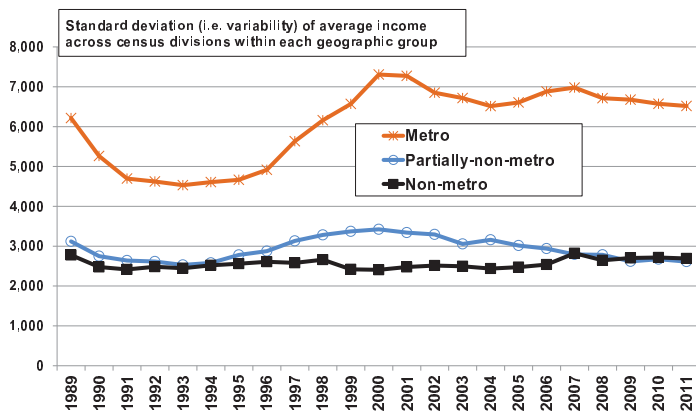
The income gap between non-metro and the average Ontario taxfiler closed to \$5,048 in 2011



Source: Statistics Canada, Income Statistics Division, Annual Estimates of Income of Individuals.

Figure 2

Across non-metro census divisions, the variability of average income has remained low and unchanged from 1989 to 2011



Source: Statistics Canada, Income Statistics Division, Annual Estimates of Income of Individuals.

In the period since 2000:

- The metro average income changed³ very little;
- The non-metro gap, relative to the Ontario average taxfiler income, has closed (Figure 1); and
- The variability of average incomes across non-metro CDs has remained essentially constant (Figure 2)

Summary

The metro/non-metro income gap widens when metro incomes are booming and the gap tends to close when metro incomes are not booming.

There have been large swings in average incomes in some metro census divisions and therefore, more variability of average incomes across metro census divisions. In contrast, non-metro census divisions show less variability.

Table 1

| Income Gap, relative to the average income within each geographic group | | | | | |
|--|------------------------------|---|--|------------------------------|--|
| Census Division ID | Census division | GAP in average income (from all sources) per taxfiler, 2011 | Census Division ID | Census division | Average change per year in income GAP (\$2011) |
| Metro census divisions (sorted by size of 2011 income GAP = CD average income minus average income for metro CDs) | | | Metro census divisions (sorted by average change per year in the income gap from 1989 to 2011 (\$2011)) | | |
| 3524 | Halton | 12,602 | 3524 | Halton | 333 |
| 3506 | Ottawa | 6,234 | 3506 | Ottawa | 190 |
| 3519 | York | 524 | 3520 | Toronto | 72 |
| 3520 | Toronto | 182 | 3553 | Greater Sudbury | 48 |
| 3553 | Greater Sudbury | -1,421 | 3529 | Brant | -22 |
| 3525 | Hamilton | -5,626 | 3525 | Hamilton | -67 |
| 3521 | Peel | -6,729 | 3519 | York | -235 |
| 3529 | Brant | -7,686 | 3521 | Peel | -367 |
| Partially-non-metro census divisions (sorted by size of 2011 income GAP = CD average income minus average income for partially-non-metro CDs) | | | Partially-non-metro census divisions (sorted by average change per year in the income gap from 1989 to 2011 (\$2011)) | | |
| 3518 | Durham | 3,614 | 3502 | Prescott & Russell | 175 |
| 3523 | Wellington | 2,664 | 3523 | Wellington | 127 |
| 3530 | Waterloo | 2,122 | 3530 | Waterloo | 91 |
| 3510 | Frontenac | 1,717 | 3510 | Frontenac | 82 |
| 3522 | Dufferin | 1,669 | 3511 | Lennox & Addington | 60 |
| 3502 | Prescott & Russell | 200 | 3543 | Simcoe | 54 |
| 3539 | Middlesex | 74 | 3522 | Dufferin | 22 |
| 3558 | Thunder Bay | -109 | 3515 | Peterborough | 7 |
| 3543 | Simcoe | -1,102 | 3534 | Elgin | -8 |
| 3515 | Peterborough | -2,961 | 3518 | Durham | -20 |
| 3511 | Lennox & Addington | -3,006 | 3539 | Middlesex | -40 |
| 3537 | Essex | -3,153 | 3526 | Niagara | -91 |
| 3526 | Niagara | -3,286 | 3558 | Thunder Bay | -139 |
| 3534 | Elgin | -4,611 | 3537 | Essex | -146 |
| Non-metro census divisions (sorted by size of 2011 income GAP = CD average income minus average income for non-metro CDs) | | | Non-metro census divisions (sorted by average change per year in the income gap from 1989 to 2011 (\$2011)) | | |
| 3541 | Bruce | 6,027 | 3541 | Bruce | 288 |
| 3538 | Lambton | 5,234 | 3540 | Huron | 95 |
| 3556 | Cochrane | 2,792 | 3544 | Muskoka | 89 |
| 3509 | Lanark | 1,998 | 3549 | Parry Sound | 74 |
| 3531 | Perth | 1,353 | 3547 | Renfrew | 66 |
| 3507 | Leeds & Grenville | 1,244 | 3551 | Manitoulin | 51 |
| 3514 | Northumberland | 1,211 | 3542 | Grey | 48 |
| 3532 | Oxford | 965 | 3514 | Northumberland | 46 |
| 3559 | Rainy River | 455 | 3509 | Lanark | 46 |
| 3548 | Nipissing | 161 | 3531 | Perth | 39 |
| 3547 | Renfrew | 109 | 3559 | Rainy River | 35 |
| 3540 | Huron | -312 | 3554 | Timiskaming | 34 |
| 3554 | Timiskaming | -434 | 3560 | Kenora | 17 |
| 3560 | Kenora | -609 | 3513 | Prince Edward | 12 |
| 3528 | Haldimand-Norfolk | -628 | 3546 | Haliburton | 9 |
| 3544 | Muskoka | -848 | 3532 | Oxford | 8 |
| 3557 | Algoma | -967 | 3548 | Nipissing | 4 |
| 3542 | Grey | -1,285 | 3507 | Leeds & Grenville | 4 |
| 3516 | Kawartha Lakes | -1,486 | 3538 | Lambton | -4 |
| 3552 | Sudbury | -1,579 | 3528 | Haldimand-Norfolk | -6 |
| 3513 | Prince Edward | -2,136 | 3516 | Kawartha Lakes | -7 |
| 3512 | Hastings | -2,277 | 3556 | Cochrane | -19 |
| 3501 | Stormont, Dundas & Glengarry | -2,586 | 3552 | Sudbury | -25 |
| 3536 | Chatham-Kent | -2,966 | 3501 | Stormont, Dundas & Glengarry | -58 |
| 3549 | Parry Sound | -3,410 | 3512 | Hastings | -86 |
| 3546 | Haliburton | -4,956 | 3557 | Algoma | -95 |
| 3551 | Manitoulin | -6,419 | 3536 | Chatham-Kent | -178 |

Source: Statistics Canada, Income Statistics Division, Annual Estimates of Income of Individuals.

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