
Non-metro income inequality

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Highlights

- Income inequality within non-metro Ontario is lower than the income inequality found within metro areas of Ontario
- The income inequality within most economic regions is lower than for Ontario as whole, due, in part, to the slightly higher index of inequality in the Toronto (and area) economic region.

Why look at the inequality of income?

Income inequality has been a subject of great interest lately and many are convinced of an association between inequality in a society and a variety of social ills.

Companion issues of **Focus on Rural Ontario** showed the average level of income and the incidence of low incomes.

This FactSheet looks at the overall distribution (“disparities”) across all members of society. To measure the overall level of inequality, we use the Gini index¹ of inequality of income among economic family units. We acknowledge that the measured inequality would be higher if wealth were included.

Findings

Within non-metro Ontario, the Gini index has increased from 0.30 in 1993 to 0.35 in 2005 and then has declined to 0.33 in 2013² (Figure 1).

During this entire period, the inequality of income within non-metro Ontario, as measured by the Gini index, was lower than the inequality of income within metro Ontario.

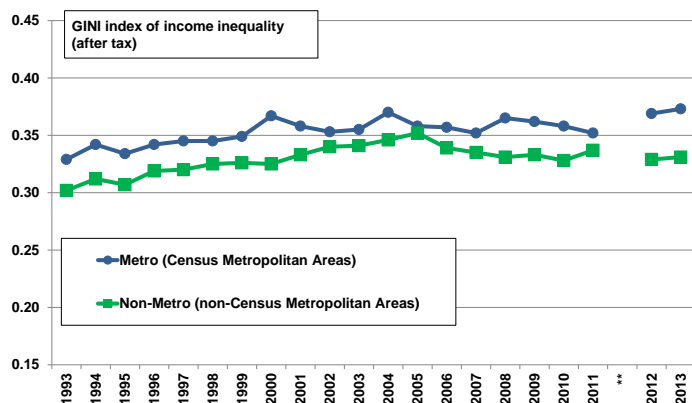
One way to interpret this overall result is to infer that within non-metro Ontario, the “richer” individuals are less rich and / or the “poorer” individuals are less poor, compared to the situation in metro Ontario. Given that incomes are generally lower in non-metro regions it is likely that there are more very high income earners in metro regions accounting for this, i.e. the rich are richer in metro regions.

¹ “The Gini coefficient measures the degree of inequality in the income distribution. Values of the Gini coefficient can range from 0 to 1. A value of zero indicates income is equally divided among the population with all units receiving exactly the same amount of income. At the opposite extreme, a Gini coefficient of 1 denotes a perfectly unequal distribution where one unit possesses all of the income in the economy. As a rough rule of thumb, when using data from SLID at the Canada level, an absolute difference of 0.01 or less between two Gini coefficients is not considered statistically significant.” (Statistics Canada. (2009) **Income in Canada: 2007** (Ottawa: Statistics Canada, Catalogue no. 75-202), p 128 (<http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=75-202-XIE&lang=eng#formatdisp>))

² There is a break in the data series. The Survey of Labour and Income Dynamics (SLID) provided the estimates for 1993 to 2011 and the Canada Income Survey (CIS) is now providing the annual income estimates.

Figure 1

In 2013, the GINI index of inequality was 0.33 within non-metro areas, Ontario



**Source: Statistics Canada, Survey of Labour & Income Dynamics, 1993-2011 (\$2011) & Canada Income Survey, 2012-2013 (\$2013).

The pattern for income inequality within each Economic Region (ER) is shown in an on-line [Appendix](#).

The general result observation is that the Gini index is lower in most years in each non-metro region (although the Gini index in the Northeast Economic Region appears similar to the Gini index for Ontario as whole) (Table 1).

The Toronto (and area) Economic Region is the only case where the within-region income inequality, as measured by the Gini index, is larger than the Gini index for Ontario as a whole.

Table 1

Level of Gini index of inequality within each economic region, compared to the Gini index for all of Ontario

Economic Region (by % non-metro)	Gini
Metro (1% non-metro) Economic Regions	
3530 Toronto (and area)	Higher
Mostly metro (9-26% non-metro) Economic Regions	
3510 Ottawa (and area)	Similar
3540 Kitchener - Waterloo - Barrie	Lower (most years)
3550 Hamilton - Niagara Peninsula	Lower (most years)
3560 London (and area)	Lower (most years)
Mostly non-metro (46-71% non-metro) Economic Regions	
3515 Kingston - Pembroke	Lower (most years)
3520 Muskoka - Kawarthas	Lower (most years)
3570 Windsor - Sarnia	Lower (most years)
3590 Northeast	Similar
3595 Northwest	Lower (most years)
Non-metro (100% non-metro) Economic Regions	
3580 Stratford - Bruce Peninsula	Lower (most years)

* "Similar" indicates that during the period from 1999 to 2013, the average gap has varied above and below the overall Ontario average gap.

Source: Statistics Canada, Survey of Labour & Income Dynamics, 1993-2011 & Canada Income Survey, 2012-2013.

Summary

Income inequality within non-metro Ontario is lower than the income inequality within metro areas of Ontario.

The income inequality within most economic regions is lower than for Ontario as whole, due, in part, to the slightly higher index of inequality in the Toronto (and area) economic region.

Rural Ontario Institute gratefully acknowledges the work of Ray Bollman in preparing this edition of [Focus on Rural Ontario](#). Questions on data sources can be directed to RayD.Bollman@sasktel.net. Any comments or discussions can be directed to NRagettie@RuralOntarioInstitute.ca.