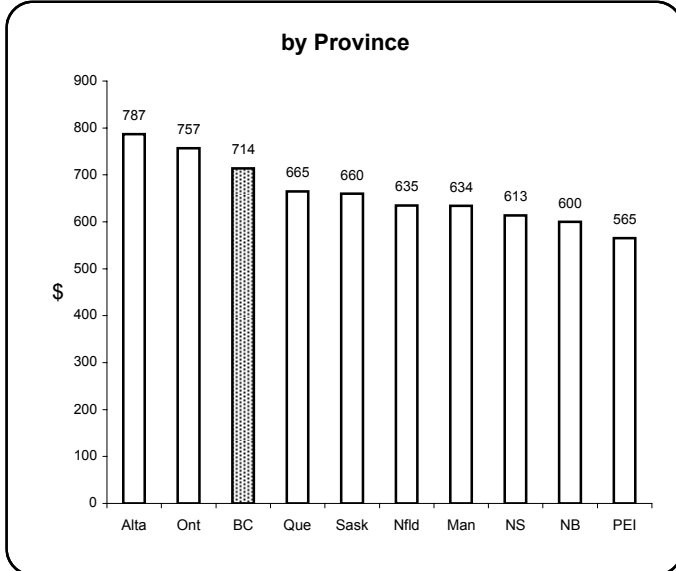
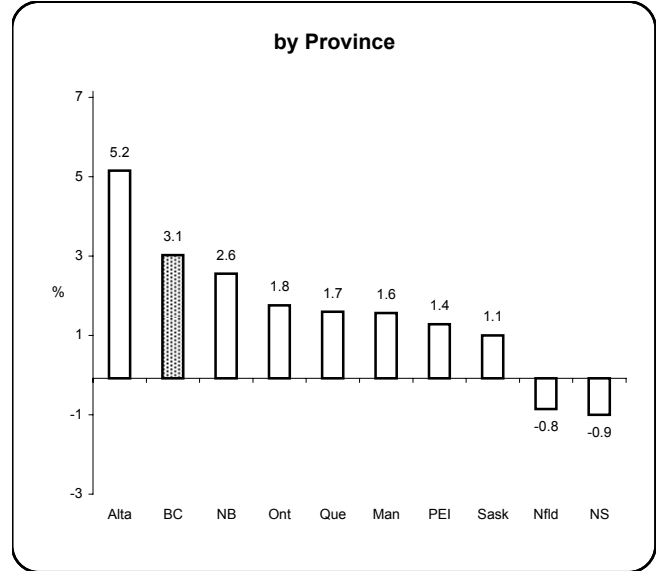


## Earnings & Employment Trends ♦ June 2006

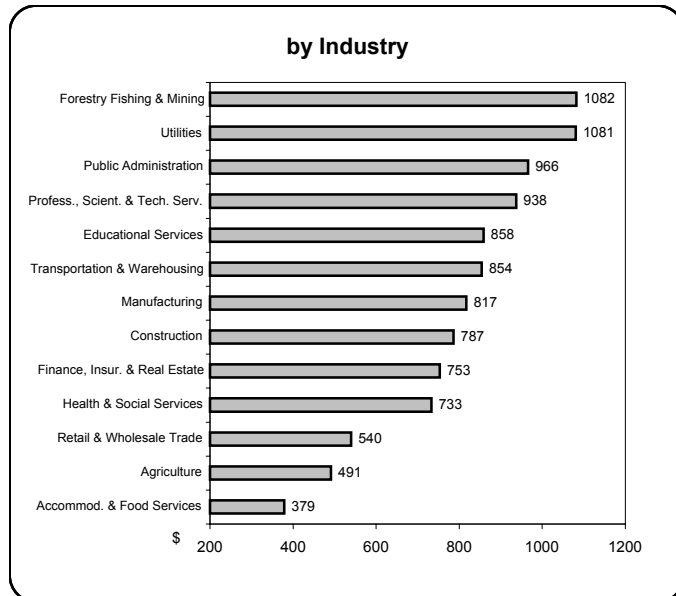
**Average Weekly Wage Rate\* - June 2006**



**Employment Growth\* - June 2006**

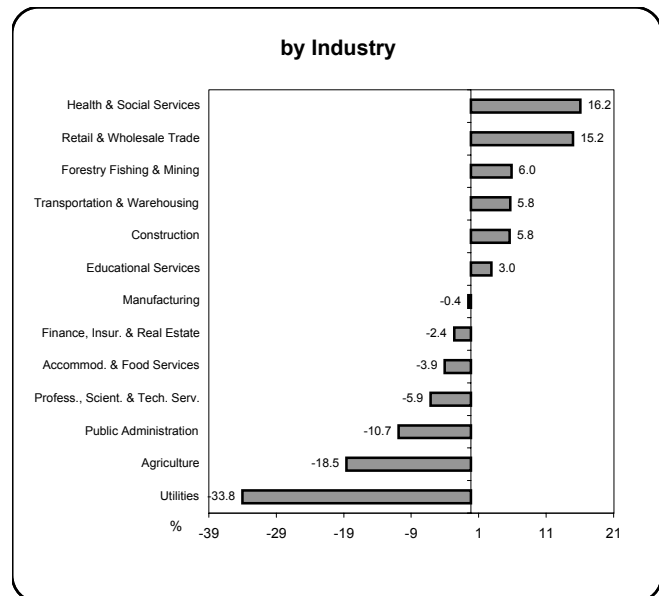


**by Industry**



\* Latest 12 month average

**by Industry**



\* Month over same month previous year (unadjusted)

Prepared by: BC STATS

Source: Statistics Canada Labour Force Survey

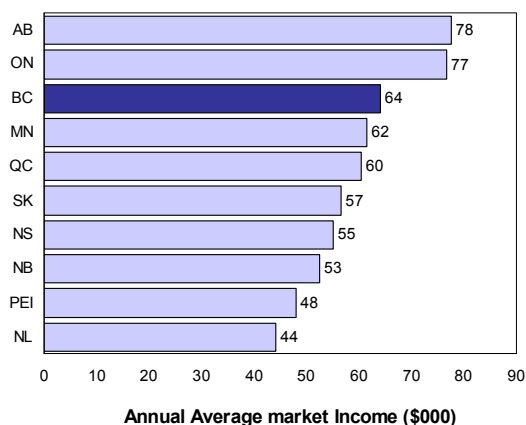
**Feature Article: Income and Income Distribution: Comparisons between BC and the Rest of Canada**

## Income and Income Distribution: Comparisons between BC and the Rest of Canada

In 2000, the average market income<sup>1</sup> of families in BC was \$62,400<sup>2</sup>. In the two following years, 2001 and 2002, average income levels rose and then fell in 2003, rebounding in 2004 to \$64,100 (most recent year available).

Over the last twenty years, Ontario consistently had the highest average family income in Canada until 2003 when Alberta took over the lead. In 2004, Ontario families were earning 16.4 per cent more than BC families while Alberta families earned 17.3 per cent more. In BC, the 2004 level was still below the high point of 2002.

In 2004, the average market income<sup>1</sup> of BC families was the third highest in Canada, after Ontario and Alberta.



1995 was the last year when BC reported a higher average family income than Alberta. While BC and Alberta had similar income levels at the beginning of the 1990's, things began to change in the latter part of the decade when Alberta family incomes pulled ahead of BC. The average family income level in Alberta in

2004 was 14 per cent above the 1990 level while BC had seen virtually no change at all. Both provinces suffered some declines in real income growth during the 1990's, although the last few years of the 1990's were good ones for Alberta, with average family market income increasing by 21 per cent from 1995 to 2000. Since 2000, average incomes in Alberta have been fairly stable with levels in 2004 slightly below those in 2000. Family incomes in BC grew by 4 per cent during the same period. Still, the gap between family incomes in BC and Alberta continued to increase in this century and by 2004 was \$13,000.

In 2004, families in the poorest province in the country, Newfoundland, earned only 57 per cent of what Alberta families earned and that gap has been widening slightly since 1999.

Averages reveal nothing about the disparity of incomes between families. Below we look at the difference in income of the rich (defined here as the 20 per cent of families with the highest incomes) and the poor (the 20 per cent of families with the lowest incomes).

In 2004, the average market income of poor families in BC was \$8,800 compared to the average of \$147,700 for rich families. The poor earned only 6.0 per cent of what the rich earned. This 6.0 per cent represents the market income gap between the rich and the poor in BC.

Since 1990, this income gap at 6.0 per cent falls somewhere in between the high and the low. The most inequitable time was in 2001, when the poor had income

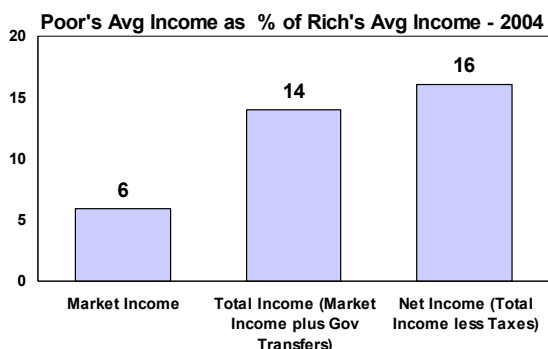
<sup>1</sup> Market Income include earnings, investment income, retirement pensions, and other incidental market income. It excludes all government transfers.

<sup>2</sup> In constant 2004 \$.

levels only 4.5 per cent of that of the rich. The gap was at its lowest in 1991, when the gap was 6.8 per cent.

The discussion to this point has referred to the market income gap which does not take into consideration government income redistribution policies. A better measure of the difference in how families fare financially is the comparison of family income after transfer payments<sup>3</sup> and after federal and provincial taxes. Relative to market income (\$64,100), BC average family income is increased by transfer payments to \$72,200 but reduced by taxes to \$60,400. In that process, income is shifted from the rich to the poor.

In BC, the redistribution of income reduces the income gap between the rich and the poor by 10 percentage points from 94 to 84 percentage points.

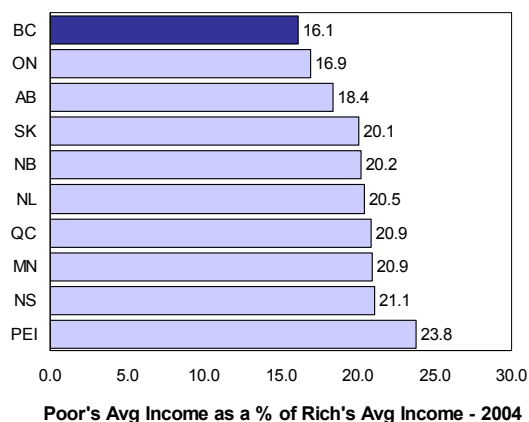


The income gap determined purely by market forces is tempered considerably by these income redistribution policies. A full 8 percentage points is knocked off through transfer payments, a further 2 percentage points through income taxes, for a total of 10 percentage points.

How does BC's gap between the rich and the poor compare to other provinces in the country? The next chart of comparative income gaps (after transfers and taxes) shows that the "have"

provinces, in general, have a wider income gap than the "have-not" provinces.

Among the provinces, BC had the worst income gap between the rich and the poor.



Despite Alberta's rich having the highest average income in Canada, after transfers and taxes, of \$134,400, compared to BC's rich at \$119,900, there is less inequity in Alberta as the benefits of Alberta's strong economy have been spread more broadly. The average income level of their poor (\$24,700) is 17 per cent above the level of average income of the poor in BC (\$19,300).

<sup>3</sup> Includes such items as Old Age Pension, Canada Pension Plan, provincial income assistance, provincial tax credits, etc.