

Canada's 1 per cent gets another big income boost

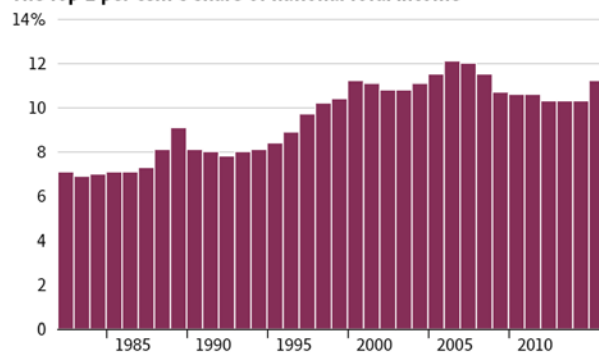
By Rachele Younglai

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The highest-paid Canadians captured a larger share of the country's total income in 2015, as corporate dividends helped boost their earnings.

The top 1 per cent of earners saw their slice of the income pie increase to 11.2 per cent in 2015 from 10.8 per cent in the previous year, according to Statistics Canada's survey on high-income trends. That marked the first time in nearly a decade that the 1 per centers saw their proportion expand. Their share peaked in 2006 at 12.1 per cent, though it remains higher than three decades ago, when it was 7.1 per cent.

The top 1 per cent's share of national total income



THE GLOBE AND MAIL, SOURCE: STATSCAN

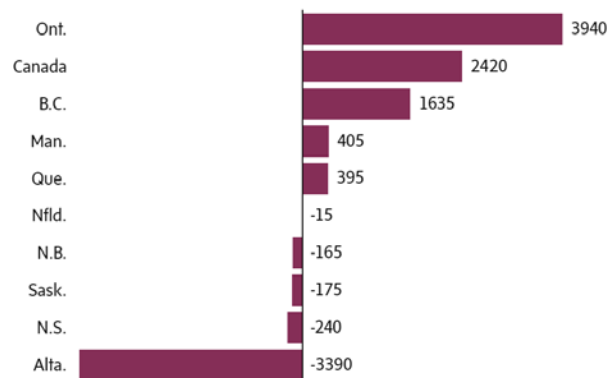
The number of Canadians who made it into the top 1 per cent rose by 2,420 to 270,925 in 2015, with the biggest gains in Ontario and British Columbia. The areas with the most growth included Vancouver, Kitchener-Cambridge-Waterloo, Hamilton and Toronto.

Meanwhile, the number of 1 per centers dropped in Alberta, as the oil collapse rocked the economy and led to thousands of job losses in the natural resources sector and beyond. Wood Buffalo, the region that includes Fort McMurray, the heart of the oil sands, shouldered most of the declines. The number of 1 per centers fell to 3,130 in 2015 from 5,460 in the previous year.

StatsCan called the decline of the 1 per centers in Alberta an "indication of the early impact" of the energy downturn. In 2015, Wood Buffalo's median employment income of \$83,961 was more than double the median income for the country. Nearly half of its workers earned a minimum of \$100,000.

Change in number of 1 per centers by province

2015 over 2014



THE GLOBE AND MAIL, SOURCE: STATSCAN / NOTE: PEI NOT INCLUDED AS DATA UNRELIABLE

Oil prices started plunging mid-2014 and did not start rebounding until early 2016. Over that period, the sector curbed production and slashed its work force, which continues to weigh on wages.

The StatsCan survey showed that, across the country, more Canadians joined the ranks of high-income earners with women making some gains. However, men still dominated and represented 77 per cent of all 1 per centers.

The biggest earning gains were made at the highest level of the income spectrum.

The minimum required to be among the 0.01 per cent of all earners was \$3.6-million in 2015 compared with \$2.7-million in the previous year – an increase of 33 per cent. Meanwhile, the cutoff required to be among the 0.1 per cent of earners was \$826,800 versus \$725,900 – a gain of 14 per cent. The threshold for the 1 per centers was \$234,700 compared with \$227,100.

The survey showed that, on average, high-income earners had a bigger tax burden. Those in the 0.01 per cent cohort paid, on average, \$2.6-million in federal and provincial or territorial taxes in 2015. The 0.1 per cent paid, on average, \$736,800 in taxes. The 1 per centers paid, on average, \$183,000 in taxes.

“The tax paid by that group will vary widely,” said Brian Murphy, chief of income research with StatsCan. “The effective tax rates vary quite a bit depending on deductions.”