

## Household income

The disposable income measures the capacity of households (or individuals) to provide themselves with consumable goods or services. As such, it is a better indicator of the material well-being of citizens than gross domestic product (GDP) per inhabitant. Regions where net commuter flows are high may display a very high GDP per capita which does not translate into a correspondingly high income for their inhabitants.

Disparities in regional income per capita within countries are generally smaller than those in terms of GDP per capita, thanks to the role of public transfers. Still, in 2014 the per capita income in the Federal District (Mexico) and Ankara (Turkey) was 3.3 times higher than in Chiapas and in Eastern Anatolia, respectively. Similarly, in the Slovak Republic, Australia, United States, Israel, Greece and Chile, inhabitants in the top income region were on average more than 50% richer than the median citizen (Figure 1.4).

While the regional range measures the distance between the richest and the poorest regions in a country, the coefficient of variation of household disposable income provides a measure of disparities among all regions. According to this index, regional disparities in the levels of household disposable income have increased in the last two decades in half of the 30 OECD countries considered, meaning that

### Definition

The disposable income of private households is derived from the balance of primary income by adding all current transfers from the government, except social transfers in kind, and subtracting current transfers from the households such as income taxes, regular taxes on wealth, regular inter-household cash transfers and social contributions. The primary income of private households is defined as the income generated directly from market transactions, i.e. the purchase and sale of goods and services.

Regional disposable household income is expressed in USD purchasing power parities (PPP) at constant prices (year 2005).

The coefficient of variation is a measure of inequality among all regions of a given country (see Annex C for the formula). It is defined as the ratio between the standard deviation and the mean of a given variable. The index takes on values between 0 and infinity, with zero interpreted as no variation across regions. The index is independent of the unit in which the measurement was taken.

people's material conditions have on average diverged. Taking into consideration the different countries, the Slovak Republic, Australia, Mexico, Israel, Estonia and Chile were the countries with the highest regional disparities in 2014. Among the countries with increasing regional disparities are the Slovak Republic, Australia, Canada and the Czech Republic, while trends towards a more spatially equal distribution of income were observed in Italy, Hungary, Germany, Finland and Slovenia (Figure 1.5).

Regional differences are not observed solely in terms of average levels of income, but also in terms of how such income is distributed across households living in the same region. New estimations on income inequality within regions show that the Gini index of household disposable income in some regions in the United States, Israel, Turkey and Spain is much higher than the one in the country as a whole (Figure 1.6).

### Source

OECD (2015), *OECD Regional Statistics* (database), <http://dx.doi.org/10.1787/region-data-en>.

OECD (2016), "Detailed National Accounts, SNA 2008 (or SNA 1993): Final consumption expenditure of households", OECD National Accounts Statistics (database), <http://dx.doi.org/10.1787/data-00005-en>.

See Annex B for data sources and country-related metadata.

### Reference years and territorial level

1995-2014; TL2.

### Further information

OECD Regional Well-Being: [www.oecdregionalwellbeing.org/](http://www.oecdregionalwellbeing.org/).

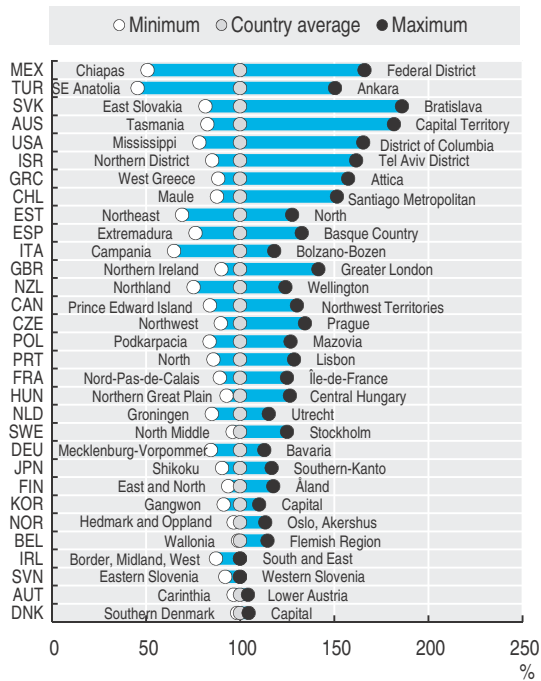
### Figure notes

1.4-1.5: First available year: Chile, Ireland, Israel, and Slovak Republic 1996; United Kingdom 1997; New Zealand 1998; Slovenia 1999; Austria, Denmark, Finland, Hungary, Portugal, and Sweden 2000; Japan 2001; Estonia and Mexico 2008; Korea and Poland 2010; Norway 2011. Last available year: Mexico, Turkey and the United States 2014; Australia, Austria, Canada, Czech Republic, Denmark, Estonia, France, Greece, Korea, New Zealand, and United Kingdom 2013; Chile, Finland, Germany, Hungary, Italy, Japan, Norway, Poland, Slovak Republic and Sweden 2012; Belgium, Israel, Netherlands, Portugal and Spain 2011.

1.6: Available years: Australia, Finland, Israel, Mexico, Netherlands and Norway 2014; France, Japan, New Zealand, Slovenia, Switzerland and United Kingdom 2011.

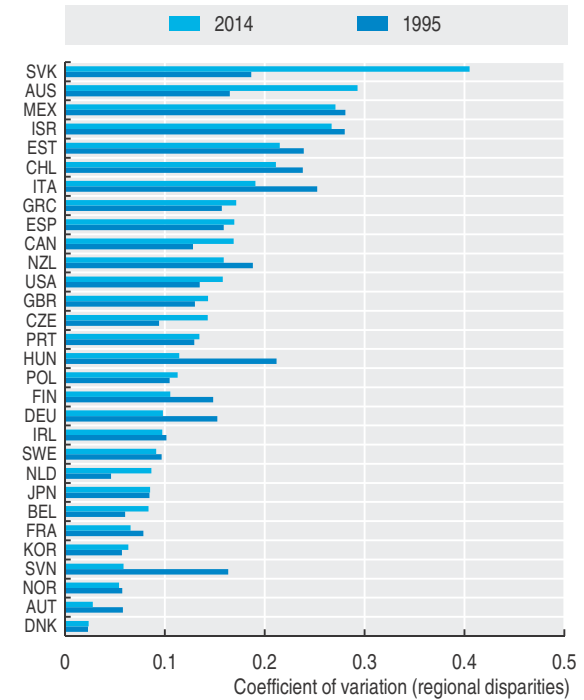
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

1.4. Regional variation in household disposable income as a % of national average, 2014



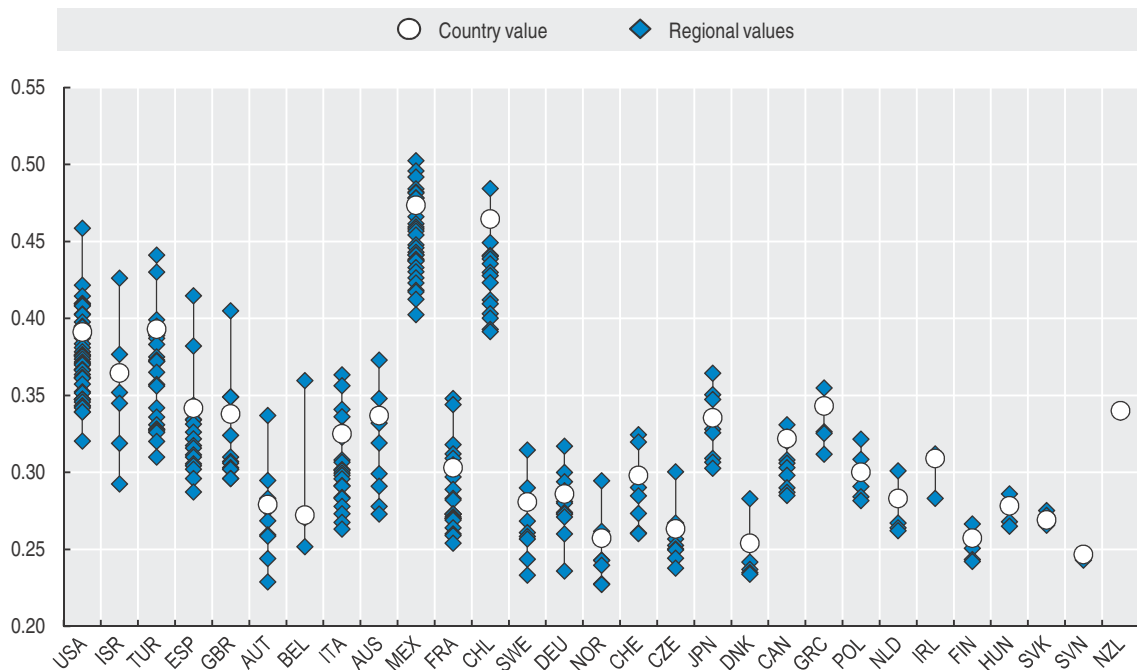
StatLink <http://dx.doi.org/10.1787/888933362887>

1.5. Coefficient of variation of regional disposable income, 1995 and 2014

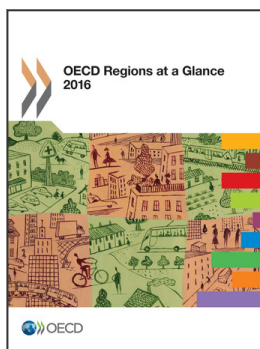


StatLink <http://dx.doi.org/10.1787/888933362897>

1.6. Regional values of Gini index of disposable household income, 2013



StatLink <http://dx.doi.org/10.1787/888933362906>



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