



Calculating the Living Wage in Peterborough and District 2019

Introduction

A living wage is the hourly wage a worker needs to earn to cover their basic expenses and participate in their community.

A living wage is not the same as the minimum wage, which is the legislated minimum all employers must pay and is set by the provincial government. The living wage sets a higher test and reflects what people need to earn to cover the actual costs of living in their community. The living wage gets families out of severe financial stress by lifting them out of poverty and providing a basic level of economic security. The living wage calculation includes basic items such as food, shelter, transportation and childcare as well as a modest amount for recreation. It does not include debt repayment, retirement savings, costs of home ownership or children's education. It is a call to private and public sector employers to pay wages for both direct and externally contracted employees sufficient to provide the basics and participate in community life.

More and more people are working for low wages. They are facing impossible choices — buy food or heat the house, feed the children or pay the rent. The result can be spiralling debt, constant anxiety, and long-term health problems. In many cases it means that the adults in a family are working long hours, often at two or three jobs, just to pay for basic necessities. Communities across the province are calculating the living wage as a practical tool for employers. Employers looking to go above and beyond for their employees can use the living wage rate as a base wage in their organization and will know that they are paying a wage that allows for more than just surviving.

The Ontario Living Wage Network (OLWN) has certified over 235 employers in Ontario for making the commitment to pay all employees at least the living wage. Through the living wage employer program, we are effectively raising wages of low-income workers across the province.

Acknowledgements

The 2019 living wage calculation uses the [Canadian Living Wage Framework: A National Methodology for Calculating the Living Wage in Your Community](#) and the Canadian Centre for Policy Alternatives (CCPA) Ontario Family Expense Workbook to develop the living wage calculation. The Family Expense Workbook was updated by the OLWN and the living wage calculation generated using the CCPA-Ontario Living Wage Calculator. The tool used to calculate community expenses, taxes and government transfers is updated on an annual basis. The 2019 calculator update was completed by Iglia Ivanova from the Canadian Centre for Policy Alternatives (CCPA) in British Columbia.

Living Wage Calculation Methodology

The principles of a community living wage calculation are laid out in the Canadian Living Wage Framework by the CCPA. The OLWN has created a methodology for calculating the living wage in Ontario. The OLWN provides the tools to calculate the living wage in a community. This provides consistency in living wage calculations across the province.

The following items are costed at the local level:

- Shelter
- Food
- Childcare
- Public transportation
- Communications
- Health care and critical illness insurance

The following items are costed at the provincial level:

- Cost of car ownership
- Cost of clothing and footwear
- Other Items: This amount is intended to cover toiletries and personal care, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, minimal recreation and entertainment, family outings (for example to museums and cultural events), birthday presents, modest family vacation and some sports and/or arts classes for the children.

Living Wage Calculation

The living wage calculation uses a reference household of two adults each age 35, a 7-year old boy and a 3-year old girl. And is based on both parents working 35 hours a week full-year.

The living wage is calculated as the hourly rate at which a household can meet its basic needs, once government transfers have been added to the family's income and deductions have been subtracted.

Basic Living Wage Formula Calculation

$$\text{Family Expenses} = \text{Employment Income} + \text{Government Transfers} - \text{Payroll and Income Taxes}$$

Calculation of Living Wage Basket Items

Food

The cost of food for a local community is sourced from the Nutritious Food Basket provided by the local public health unit. Costs are broken down by age and gender and can be matched to the living wage reference family. [CPI is used to find current costs if using older data.]

Clothing and Footwear

Expenses for clothing and footwear are obtained from the Survey of Household Spending (SHS) (2017), Table: 11-10-0223-01 (formerly CANSIM 203-0022) 3rd Quintile. The estimates from the SHS are from 2017 and are adjusted for inflation to 2018, using CPI data from Table: 18-10-0005-01 (formerly CANSIM Table 326-0021). These numbers are provided by the Ontario Living Wage Network for local communities across the province.

Shelter

Rent

Canada Mortgage and Housing Corporation (CMHC) provides annual Market Rental Reports for communities with a population of 10,000 or more. The estimated monthly rent for a three-bedroom apartment is used for the living wage reference family. If a community is not listed in the CMHC report a rental rate estimate is obtained by conducting a survey of advertised rentals and taking an average.

Hydro

Local communities' source the expense for hydro costs from the Ontario Energy Board. The average estimated electricity usage of 750 kWh is sourced from the Report of the Ontario Energy Board Defining Ontario's Typical Electricity Customer, April 14, 2016 which can be found at

https://www.oeb.ca/sites/default/files/uploads/Report_Defining_Typical_Elec_Customer_20160414.pdf

Tenant Insurance

The cost of tenant insurance in a community is sourced through www.Kanetix.ca with a personal property limit of \$35000. The lowest quote for tenant insurance is used as the expense.

Communication

Each adult in the living wage reference family will have the least expensive unlimited talk and text cell phone plan. Upfront costs such as activation fees, SIM cards or modems are not included. Also excluded are any short-term promotional discounts for new customers. The family will have the least expensive unlimited internet plan to support a basic Netflix subscription.

Transportation

The assumptions for transportation vary depending on the availability of public transit in the community. In many cases smaller communities or communities that are very rural do not have a public transit option.

In communities where public transit is available, assume that one parent drives to work and the other commutes using public transit. This means that the reference family owns one vehicle and purchases a monthly public transit pass.

Adjustments to these transportation options are recognized based on local conditions. For example, the methodology can recognize the use of 2 vehicles, 1 vehicle and 1 monthly adult transit pass or 2 monthly adult transit passes with a monthly car rental and potentially child bus tickets.

In communities that have both an urban centre with public transit and surrounding rural areas the assumption can be made that two cars are necessary in rural areas and one car and one adult transit pass are necessary in the urban setting. A weighted average based on population can be used to determine the cost of transportation for the whole community.

The Depreciation, gas, and maintenance costs for owning and operating a four-year old Hyundai Elantra are sourced through Statistics Canada. The amount for car insurance is based on the lowest quote available from the insurance website www.kanetix.ca. The remaining expenses for operating a vehicle are drawn from the data provided by the cost for a monthly transit pass is sourced through the municipal website.

Depreciation	\$1995
Insurance	\$1,388
Gas	\$1562
Maintenance	\$1414
Registration	\$120

Parent Education

The cost of two 3-credit courses, text book and additional administrative fees can be found by visiting the website for the local college/university in a community. If there is a standard course fee across disciplines, then use this amount. If costs for courses differ across disciplines, then take an average across 4 different programs. Text book costs should be sourced from the local college/university by taking an average of the cost of textbooks across the same disciplines to determine course fees.

Child Care

The cost for child care is sourced through the local service provider in a community. Communities will find the cost of 251 days of full-day care for the 3-year-old child, 187 days of before and after school care, and 50 days of summer care for the 7-year-old child.

Health, Life and Critical Illness Insurance

Non-OHIP Health, life and critical illness insurance are sourced from www.kanetix.ca.

The Manulife FlexCare ComboPlus is used as a comprehensive coverage package that includes prescription drugs, dental care, vision care, and other health practitioner expenses such as registered massage therapy, acupuncture, chiropractic therapy.

The lowest price quotes from Kanetix are used for the cost of life insurance and critical illness insurance.

Other

The Statistics Canada Market Basket Measure (MBM) calculates the Other expense at 75.4% of the combined expense for Food, and Clothing and Footwear. This amount is intended to cover toiletries and personal care, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, minimal recreation and entertainment, family outings (for example to museums and cultural events), birthday presents, modest family vacation and some sports and/or arts classes for the children.

Family Expenses

Family Expenses		\$Annual
Food		8,719
Clothing and Footwear		3,630
Shelter	Rent	15,864
	Hydro	1,286
	Telephone	1,220
	Tenant Insurance	188
	Internet and Cable	1,068
Transportation	Vehicle & misc. transit	9,451
Other		9,311
Education (adults)		1,737
Child care (before subsidy)		15,840
Non OHIP medical		2,952
Life and Critical Illness Insurance		459
Contingency amount	4.0%	2,869
Total Family Expenses = \$74,594		\$74,594

Government Transfers and Taxes

Based on total household expenditure the amount of taxes paid by the household and income from Government Transfers are calculated.

Non Wage Income (Government transfers)	\$
Canada Child Benefit (CCB)	8,790
Working Income Tax Benefit (WITB)	
Ontario Child Benefit (OCB)	294
Child Care Subsidy	9,623
GST/HST Credit	73
Ontario Trillium Benefit	377
Total Income from Transfers	\$19,157

Living Wage and Government Deductions and Taxes	\$
Household Employment Income	\$64,179
Federal Income Tax	3,613
Provincial Income Tax	1,174
Total Government Taxes	4,786
Household Income After Taxes	\$59,393
Less: CPP and EI Contributions	3,656
Plus: Total Government Transfers	19,157
Income after tax and transfers	\$74,594
Living wage	\$17.63