

The Gap



Living Wage Report 2022



United Way
Peterborough & District



Introduction

A living wage is not the same as minimum wage, which is the legal minimum all employers must pay. The living wage sets a higher test – a living wage reflects what earners in a family need to bring home, based on the actual costs of living in a specific community.

— Canadian Living Wage Framework¹

A living wage:

- Enables working families to have sufficient income to cover reasonable costs
- Promotes social inclusion
- Supports healthy child development principles
- Ensures that families are not under severe financial stress
- Is a conservative, reasonable estimate¹



Income & Health

Differences in health are the result of both individual factors, such as lifestyle choices and genetic predispositions, and societal factors like policies and systems. Systemic inequalities create barriers that prevent all individuals from having the same opportunities to live healthier lives, as healthy living comes with a price tag.

We often think of health's relationship to income through the affordability of material items like nutritious food and suitable housing. Beyond products and amenities, there are intangible social and economic conditions that shape one's health as well. These are known as the social determinants of health and are highly interconnected with other demographic categories like race and gender.² The social determinants of health,

including income, do not exist in isolation of systemic inequities and cannot be addressed at the individual level alone.

Income has been argued to be the most significant social determinant of health in Canada because of its strong influence on an individual's ability to address the other determinants, such as nutritious food and suitable housing.³ The increase to this year's living wage was largely a result of growing housing and food costs. While an individual earning a living wage would be better equipped to achieve these social determinants of health, inequities exist as a result of the gap between other forms of income and the cost of living.

Changes This Year

The Ontario Living Wage Network (OLWN) has made the transition from municipal-based living wage calculations to 10 different economic regions in Ontario. The 10 'living wage zones' cover the entire province, eliminating gaps for communities that did not have local calculations. The geographic coverage of each zone was determined using data from sources like Statistics Canada to

understand areas based on similar economic realities. For example, data on commuting patterns and economic activity allows OLWN to see trends of frequent movement within, but not so much between, regions in the province. This is consistent with the notion that low-income earners move more frequently.



Benefits of regionalization include:

- Every employer in Ontario has the opportunity to become a certified living wage employer
- Anti-poverty groups across the province will be able to advocate using a living wage that reflects their community
- OLWN will be able to better support communities in the calculation process, reducing the workload for local organizations through the use of automated computer programming
- Allows for standardization across the province and country, which increases credibility when advocating to policymakers and employers

Our Local Context

In 2020...

2,895 children and youth aged 17 and younger in the city and county were **considered low income** based on the Low-Income Measure After Tax (LIM-AT)

LIM-AT is a measure used to determine the number of people earning less than the median income within a geographic region⁴

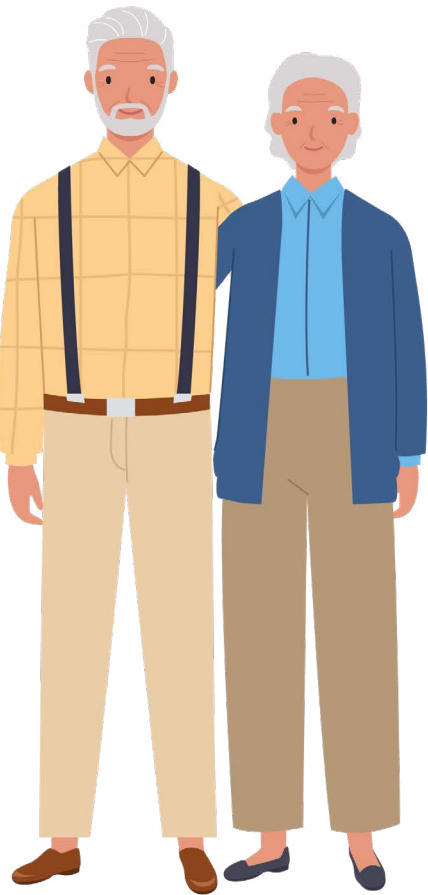
8,865 adults aged 18-64 years old were **considered low income** based on the LIM-AT

3,965 older adults aged 65 and over **considered low income** based on the LIM-AT

69.8% of the population aged 15 years and older received **pandemic-related income government support**⁵



In 2021...



5,558 individuals and families received **Ontario Disability Support Program**. Similarly to Ontario Works, this benefit is **calculated on a case-by-case basis**. As of September 2022, the **maximum amount** that a **single adult** could receive is **\$1,228 per month**

5,731 people used foodbanks a total of 45,412 times. 33% of those visits were **made by children**. 33% of clients **relied on some form of social assistance**⁶

25.2% of the population, or 37,280 people, were **aged 65 and older in Peterborough**⁸

2,618 individuals and families received **Ontario Works**. The **total amount** that someone can receive is **calculated using factors like family structure and other income**. For example, a **single adult** on Ontario Works can **receive a maximum of \$733 per month**⁷

Our Local Context

In Addition...

A rapid increase in the **price of goods and services** resulted in Canada's **inflation rate** reaching **8.1% in June 2022**¹⁰

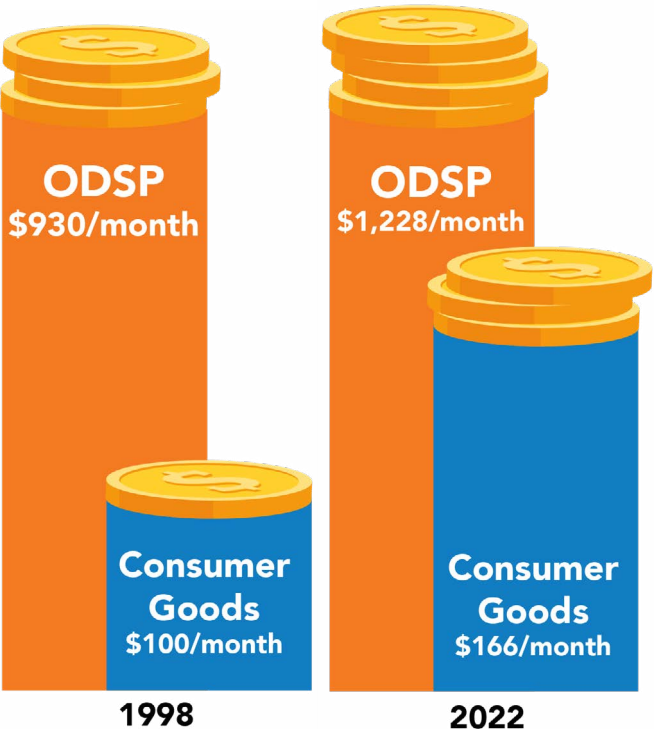


Highest unemployment rate in Canada of **9.5%** was reported in **Peterborough in December 2021**, which has since dropped to 5.5%⁹

Overall, income policies and programs are not keeping pace with today's economic context.

For example, when ODSP started in 1998, the maximum benefit was \$930 per month. In the last 24 years, ODSP has only increased \$298 to today's rate of \$1,228. Meanwhile, a basket of consumer goods that cost \$100 in 1998 now costs \$166, meaning that today's ODSP rates are several hundreds of dollars short of keeping pace with inflation.

Using the same timeline, the minimum wage in 1998 was \$6.85, and has increased 77% in the last 24 years to today's rate of \$15.50. If ODSP had increased at this pace since 1998 it would be \$1,646 per month. Yet even a minimum wage is not enough for today's cost of living as demonstrated later in this report.

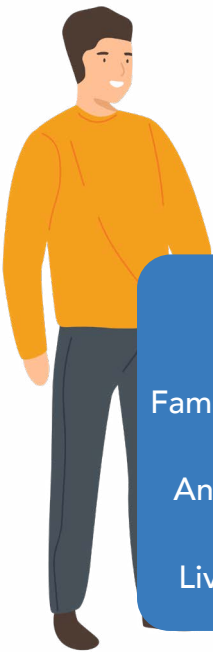


2022 Living Wage

The 2022 Living Wage rate for the eastern region is:

\$19.05/hour
Weighted Average

\$19.05 per hour x 35 hours per week = \$666.75 x 50 weeks = \$33,337.50 annually



Single Adult

Family Size: 1 adult 0 children

Annual Expenses: \$31,127

Living Wage: \$18.95/hour



Single Parent

Family Size: 1 adult 1 child

Annual Expenses: \$43,966

Living Wage: \$23.85/hour



Family of 4

Family Size: 2 adults 2 children

Annual Expenses: \$71,127

Living Wage: \$17.82/hour
(each)

2022 Living Wage

The living wage is based on 35 hours of work per week, for 50 weeks of the year.

OLWN provides communities with a workbook that is designed to support the calculation process. It is up to the local organizations completing the workbooks to source information and costs at a local level to support the calculation process. The living wage calculation does not include anything that is beyond the necessities for daily living.



Included in calculation:

- Food
- Clothing
- Shelter
- Childcare
- Transportation
- Medical expenses
- Education
- Cell phone and internet

Not included in calculation:

- Saving for retirement
- Paying off debts
- Home ownership
- Saving for a child's education
- Pets
- Hobbies and recreation
- Gifts for birthdays and holidays



Fundamentally, the concept of a living wage at its core is not about a particular number or certain calculation method; rather it is a conversation about the role of income in the lives of everyone – from dignity to aspiration.

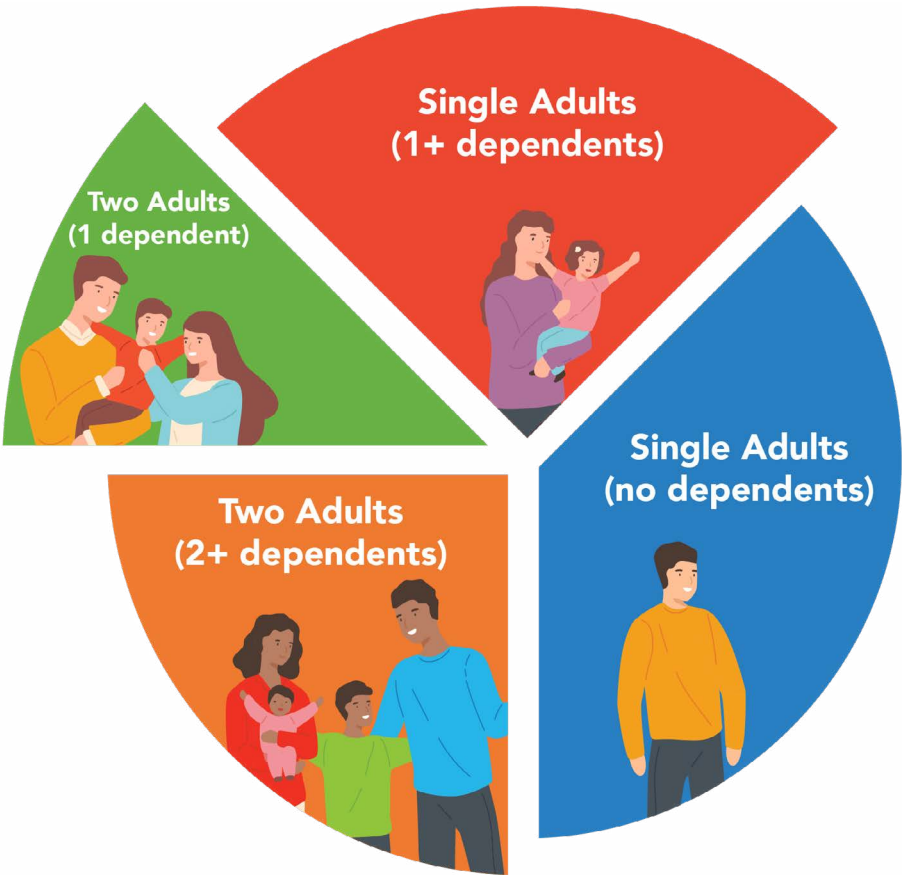
The Gap: How Other Forms of Income Compare to a Living Wage

It is known that single adults without dependents make up the majority of those on social assistance, are the largest household structure reported in the census, and are three times as likely to live in poverty compared to the average Canadian.¹¹ This is consistent with the 2021 Point-in-Time findings, where 82% of those who participated in the homelessness survey reported having no family or friends with them.¹²

In order to take a deeper look at the gap between various forms of income and the cost of living, we are taking a closer look at the expenses associated with a single adult living in the eastern region and comparing them to other income types available to single adults.

This gap is also significant for the other household types evaluated during this process (single adult with one child and a family of four).

The following examples are for demonstration purposes only – individual situations, such as other sources of income and family structure, may cause differences for unique individuals. That being said, the gap between other sources of income and a living wage causes implications on the health and wellbeing of individuals, and these snapshot illustrations are to bring awareness to the levels of income that many community members are relying on to cover their costs of living.



Minimum Wage
\$15.50/hour for 35 hours per week
= \$542.50 per week for 50 weeks
= \$27,125 per year

= **82%**
of a living wage



65% =
of a living wage



Old Age Security, Guaranteed Annual Income System, Guaranteed Income Supplement (single aged 65-74)
\$1,792.38 per month divided by 4 weeks
= \$448.01 per week divided by 35 hours
= **\$12.81 per hour**
\$1,792.38 per month for 12 months
= \$21,508.56 per year

Employment Insurance
For demonstration purposes, we wanted to take a look at what a single person's income may look like if they had been making a living wage but then had to apply for regular benefits from Employment Insurance. Their income would look something like:
55% of \$663.25 per week
= \$364.78 per week for 45 weeks
= \$16,415.44 total*
*Employment Insurance ends after 45 weeks, regardless of whether the person has not been able to return to work. This means that someone may be relying on this total income for more than 45 weeks.

= **49.5%**
of a living wage



44% =
of a living wage



ODSP
\$1,228 per month divided by 4 weeks
= \$307 per week divided by 35 hours
= **\$8.77 per hour**
\$1,228 per month for 12 months
= \$14,736 per year

Ontario Works
\$733 per month divided by 4 weeks
= \$183.25 per week divided by 35 hours
= **\$5.24 per hour**
\$733 per month for 12 months
= \$8,796 per year

= **26.5%**
of a living wage



The below table outlines the cost of living calculated for a single adult with no dependents in the eastern region. As illustrated on page 9, various income sources leave individuals with limited spending power to cover their bare necessities.

What It Costs		
Expenses	Annually	Monthly
Food	\$3,450	\$287.50
Clothing & Footwear	\$763	\$63.58
Rent, Hydro & Tenant Insurance	\$14,896	\$1,241.33
Telephone	\$709	\$59.08
Internet & Netflix	\$1,063	\$88.58
Vehicle & Transit	\$3,961	\$330.08
Other	\$3,176	\$264.67
College	\$467	\$38.92
Non-OHIP Medical	\$1,165	\$97.08
Life & Critical Illness Insurance	\$280	\$23.33
Contingency Amount - 4%	\$1,197	\$99.75
TOTAL	\$31,127	\$2,593.92

This table outlines the cost of living calculated for a single adult with no dependents in the eastern region, shown on a monthly and annual total.

What You Have		
Min. Wage 82%	ODSP 44%	OW 26.5%
\$215.63	\$143.75	\$71.88
\$47.69	\$31.79	\$15.90
\$931.00	\$620.67	\$310.33
\$44.31	\$29.54	\$14.77
\$66.44	\$44.29	\$22.15
\$247.56	\$165.04	\$82.52
\$198.50	\$132.33	\$66.17
\$29.19	\$19.46	\$9.73
\$72.81	\$48.54	\$24.27
\$17.50	\$11.67	\$5.83
\$74.81	\$49.88	\$24.94
\$1,945.44	\$1,296.96	\$648.48

This table shows a breakdown of the monthly expenses for a single adult with no dependents proportional to three other income types; Minimum Wage, ODSP, and Ontario Works.

There is a significant gap between the cost of living and the incomes of those earning less than a living wage.

- For example, single adults with no dependents who receive...
- ... a minimum wage are **\$423.92 short** of covering basic monthly expenses
 - ... Ontario Disability Support Program are **\$1,365.92 short** of covering basic monthly expenses
 - ... Ontario Works are **\$1,860.92 short** of covering basic monthly expenses



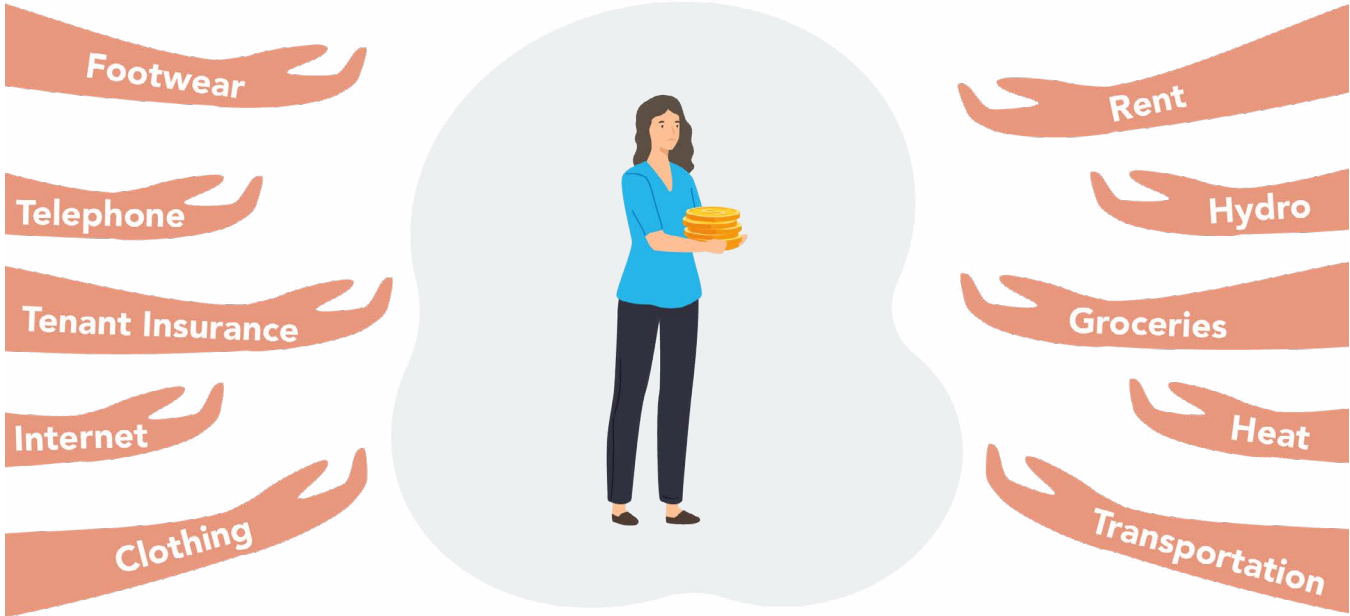
*Based on the cost of living calculations for the eastern region.

While the budgets on page 10 demonstrate what an individual’s monthly expenses could look like if they were directly proportional to the expenses for someone who is earning a living wage, it is important to note this is not how it plays out in reality. Those earning less than a living wage face difficult choices when deciding which expenses to cover, which to partially cover, and which to forgo entirely in order to meet their basic needs.

While all of the expenses outlined in the cost of living table on page 10 are considered conservative estimates of basic

necessities, there are two expenses that are the absolute bare minimum for leading a healthy life: shelter and food.

Those earning less than a living wage have to allocate a large portion of their total income towards shelter costs, leaving them with little to no remaining income to cover the other expenses. Although the table on page 10 shows a monthly budget for all of the expenses used in the cost of living calculation, it is likely that those earning less than a minimum wage are having to eliminate some expenses to house and feed themselves.



We call on readers to reflect on their own incomes and how their lives would be different if their current spending power was reduced by 25%, then 50%, then 75%.

At what point would you no longer be able to meet your physical, mental, and social health needs?

Information For Employers

Ontario Living Wage Network (OLWN) offers a Living Wage Employer program to acknowledge and amplify employers that are paying a living wage. These employers pay a living wage to all direct and indirect employees, whether they are full-time, part-time, or hired on contract.

For more information about the benefits of becoming a Living Wage employer and the certification process, visit www.ontariolivingwage.ca/certify.



References

Ref. 1

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Ref. 2

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Ref. 3

SOURCE: Social Determinants of Health: The Canadian Facts
https://thecanadianfacts.org/The_Canadian_Facts-2nd_ed.pdf

Ref. 4

SOURCE: Statistics Canada 2021 Census
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SOURCE: Statistic Canada 2021 Census
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Ref. 6

SOURCE: Feed Ontario: Hunger in my Riding
<https://feedontario.ca/hunger-in-my-ridingresults/?provincialRiding=42720&federalRidin=42993&municipalServiceManager=42788&censusSubdivision=43360&submit=Calculate>

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SOURCE: City of Peterborough Social Services
(personal communication)

Ref. 8

SOURCE: Statistics Canada 2021 Census
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Ref. 9

SOURCE: Statistics Canada, as discussed in The Peterborough Examiner and Toronto Star
<https://www.thepeterboroughexaminer.com/news/peterborough-region/2022/01/07/peterborough-now-has-highest-unemployment-rate-in-canada.html>
<https://www.thestar.com/pe/news/peterborough-region/2022/10/11/peterborough-unemployment-rate-falls-to-55.html%207>

Ref. 10

SOURCE: Bank of Canada
<https://www.bankofcanada.ca/rates/indicators/capacity-and-inflation-pressures/inflation/>

Ref. 11

SOURCE: Canada's Forgotten Poor: Putting Singles Living in Deep Poverty on the Radar
<https://irpp.org/research-studies/canadas-forgotten-poor-putting-singles-living-in-deep-poverty-on-the-policy-radar/>

Ref. 12

SOURCE: Point-in-Time Count 2021
<https://www.uwpeterborough.ca/wp-content/uploads/2022/08/UW-Peterborough-PiT-2022-Digital.pdf>