

Calculating the Living Wage in Hastings & Prince Edward Counties - 2019



United Way
Hastings &
Prince Edward



**Poverty
Roundtable**
Hastings Prince Edward

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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 Ontario Family Expense Workbook to develop the living wage calculation. The Family Expense Workbook was updated by the Ontario Living Wage Network 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 in British Columbia.

Locally, work to calculate the living wage was begun by the Employment and Income Security Working Group of the Poverty Roundtable HPE. Thanks to those who have made this first living wage report for our area possible, and in particular to Beverley Bell-Rowbotham and Ken Palmer.

INTRODUCTION

The living wage is the hourly rate of pay at which a household can meet its basic needs and participate in community life, once government transfers have been added to the family's income (such as child benefits) and deductions have been subtracted (such as income taxes and E.I. premiums). The living wage is calculated to reflect the local cost of living.

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 hourly living wage for Hastings Prince Edward was established as **\$17.35** for 2019.

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. A living wage is based on the principle that full-time work should provide families with a basic level of economic security above the poverty line; to be able to live healthier lives and be active in the community. The living wage provides a modest income and reflects what people need to earn to cover the actual costs of living in their community. 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 allow for participation 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 ensure their employees can adequately meet their family's basic household cost of living and community participation needs 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 almost 250 employers in Ontario for making the commitment to pay all employees at least the living wage. With the evidence-based calculation now in place for Hastings and Prince Edward counties, employers may apply to the Ontario Living Wage Network for certification as a Living Wage employer.

LIVING WAGE CALCULATION METHODOLOGY

The principles of a community living wage calculation are laid out in the Canadian Living Wage Framework by the Canadian Centre for Policy Alternatives. 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 sourced at the local level:

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

The following items are sourced 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.

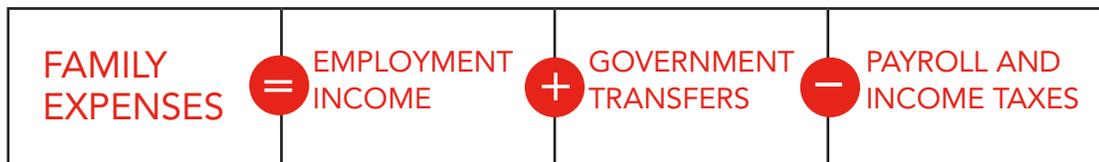
LIVING WAGE CALCULATION

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.

In 2018, the Ontario Living Wage Network reviewed and updated the methodology for calculating the cost of living in Ontario. The key methodology change is an adjustment of work hours per week for each adult. In the past, Ontario communities have calculated the cost of living based on a 37.5-hour work week. In reviewing the methodology, the decision was made to move to a 35-hour work week. According to Statistics Canada, the average usual hours for workers 15 years and older in Canada is 35 hours per week.

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



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. For Hastings & Prince Edward counties, the cost of healthy eating for each member of our reference family can be found in the chart below. The total expense for food is \$ 8,203.

Family member	Weekly food cost	Monthly food cost	Annual
Adult 1 (female age 35)	46.03	199.31	2,391.72
Adult 2 (male age 35)	54.12	234.34	2,812.08
Child 1 (boy age 7)	32.67	141.46	1,697.53
Child 2 (girl age 3)	25.05	108.47	1,301.60
Annual food expense for reference family			8,202.93

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. CMHC reports that the average 2018 cost for a three-bedroom rental in Belleville is \$1,272 per month. This information can be found on the CMHC website's [Housing Market Information Portal](#)

It is recognized that rents have been skyrocketing across the province and while this is reflected in the CMHC data, the methodology used by the CMHC reflects all rental units, not just those currently available. So it would include units where tenants may have been longer-term renters. Also the availability of rental units is a concern that has been escalating and impacts on rental rates. The approach to this metric is being looked at and there may be a change in the future.

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.

Tenant Insurance

The cost of tenant insurance in a community is sourced through www.Kanetix.ca with a personal property limit of \$35,000. The lowest quote for tenant insurance was \$183.

Communication

Each adult in the living wage reference family has a cell phone with the least expensive unlimited talk and text 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 Ontario Living Wage Network has sourced the cost of owning and operating a four-year old Hyundai Elantra in Ontario using an online tool provided by CAA . This takes into account the cost of fuel, depreciation and maintenance. License and registration fees, insurance and monthly car payments are also included in the cost of car ownership.

The assumptions for transportation vary depending on the availability of public transit in the community. The use of public transit by one adult in the family, where available, reflects the idea that a living wage is still a modest wage. However, in much of Hastings and Prince Edward counties, public transit is not an option. The calculation for our area is based on a weighted average. For Belleville, the cost reflects the cost of one car and one adult transit pass. In rural areas, it is assumed that both parents will require a vehicle to get to and from work. We have used a weighted average based on population to find the annual cost of transportation for our reference family.

	Population	%	Cost	Weighted Avg
Belleville	50720	0.3146792	7,319.00	2,303.14
Hastings Prince Edward Counties (remaining)	110460	0.6853208	13,196	9,043.49
Total	161180			\$11,346.63

Parent Education

The cost of two 3-credit courses, text book and additional administrative fees are included in the living wage calculation and are sourced through a local college/ university in a community. The cost for two courses (each adult taking one course) is \$684.

Child Care

The cost for child care is sourced through the local service provider in a community, for 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.

Child care	Daily rate	# days required	Annual cost
Full day care for 3 year old	44	251	11,044
Before & after school for 7 year old	22	187	4,114
Summer camp for 7 year old	33	50	1,650
Total annual cost of child care			16,808

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.

SUMMARY OF ANNUAL FAMILY HOUSEHOLD EXPENSES

Food		\$8,203
Clothing and Footwear		\$3,630
Shelter		
	Rent	\$15,264
	Hydro	\$1,275
	Telephone	\$1,220
	Tenant insurance	\$183
	Internet and Netflix	\$720
Transportation		
	Vehicle & transit	\$11,347
Other		
	75.4% of Food, Clothing and Footwear	\$8,922
	Education (adults)	\$684
	Child care (before subsidy)	\$16,808
	Non-OHIP medical	\$2,952
	Life and critical illness insurance	\$512
	Contingency amount (4%)	\$2,868.78
	Total family household expenses	\$74,588

GOVERNMENT TRANSFERS AND TAXES

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

Summary of Annual Family Income

Government transfers and subsidies (non-wage income)		
	Canada Child Benefit (CCB)	\$8,790
	Working Income Tax Benefit (WITB)	---
	Ontario Child Benefit (OCB)	\$294
	Child Care subsidy	\$10,591
	GST/HST Credit	\$73
	Ontario Trillium Benefit	\$365
	Total income from transfers	\$20,113
Living wage & Government deductions and taxes		
	Household employment income	\$63,131
	Federal income tax	\$3,621
	Provincial income tax	\$1,148
	Total government taxes	\$4,770
	Household income after taxes	\$58,361
	Less: CPP and EI contributions	\$3,885
	Plus: total government transfers	\$20,113
	Income after taxes and transfers	\$74,589
	LIVING WAGE	\$17.35

CONCLUSION

While a living wage is a modest wage, it enables working families to have a basic level of financial security and to cover reasonable costs. Income is the most important determinant of one's health. Having enough money to meet basic needs and participate in one's community promotes social inclusion and healthy child development. Preventing or alleviating severe financial stress has numerous benefits to families, the community as a whole, and the employers who pay living wages.

An employer (public, private, and not-for-profit sector) can choose to acknowledge the value of their employees' contributions by compensating them with competitive wages that allow their employees to meet basic needs and participate in their community. Higher wages mean healthier, more productive workers and enhanced reputation for the employer among consumers and in the community. Working toward a living wage also provides an opportunity for the community to think about and discuss compensation in the context of other programs and policies that can help to support working families. Availability of affordable housing, public transit, and accessible and affordable child care are examples of other factors that impact a family's ability to meet basic needs.

We hope this report will be helpful in recognizing that minimum wage is not enough. All working people deserve a livable wage.

To learn more about the living wage, contact the Ontario Living Wage Network at <https://www.ontariolivingwage.ca/>

Hastings & Prince Edward area employers who are interested in becoming Living Wage certified can contact the Ontario Living Wage Network for more information at manager@ontariolivingwage.ca