



## Calculating the Living Wage in Communities across Ontario

### Renfrew County and District, 2019

#### Introduction

A living wage is the hourly wage a worker needs to earn to cover basic expenses and participate in the community. This report describes how living wage rates were calculated for Ontario communities in 2019, and provides details about the calculation for Renfrew County and District.

#### What is a living wage?

A living wage is not the same as the minimum wage, which is the legislated minimum all employers must pay – this is set by the provincial government. The living wage reflects what people need to earn to cover the actual costs of living in their community.

Costs used in the calculation of a living wage include basic items such as food, shelter, transportation and child care as well as a modest amount for recreation. The living wage does not consider costs for debt repayment, retirement savings, home ownership or children's education.

#### Why promote a living wage?

More and more people are working for low wages. They are facing impossible choices: feed the children or pay the rent; make the car payments or heat the house. 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 Ontario are calculating the living wage as a practical tool for employers. Employers can use the living wage rate as a base, and know that they are paying an amount that allows for more than just surviving.

The [Ontario Living Wage Network](#) has certified over 250 employers for making the commitment to pay all employees at least the living wage. Through the living wage employer program, the Network is working to raise wages of low income workers in the private and public sectors across the province.

#### 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 [Ontario Living Wage Network](#) has created a methodology for calculating the living wage in



Ontario and provides tools to calculate the living wage in a community. This provides consistency in living wage calculations across the province.

The following costs are sourced at the local level:

- Shelter
- Food
- Childcare
- Public transportation
- Communications
- Life, critical illness and car insurance
- Parent continuing education

The following items are sourced at the provincial level:

- Car ownership
- Clothing and footwear
- Health insurance
- 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.

### Reference Family

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. It is based on both parents working 35 hours a week full-year.

### Basic Living Wage Formula

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.

|                        |   |                          |   |                             |   |  |
|------------------------|---|--------------------------|---|-----------------------------|---|--|
| <b>Family expenses</b> | = | <b>Employment income</b> | + | <b>Government transfers</b> | - | <b>Payroll deductions and income taxes</b> |
|------------------------|---|--------------------------|---|-----------------------------|---|--|

### Expense Categories

#### Food

The cost of food for a 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.



## 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 average 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. *The calculation for Renfrew County and District uses the CMHC's [Rental Market Statistics for Petawawa](#).*

### Hydro

Local communities source the cost of hydro from the Ontario Energy Board. The average monthly electricity usage of 750 kWh is sourced from the Ontario Energy Board's report [Defining Ontario's Typical Electricity Customer](#), April 14, 2016.

### Tenant Insurance

The cost of tenant insurance in a community is sourced through [Kanetix.ca](#). A personal property limit of \$35,000 is specified. The lowest quote for tenant insurance is used.

## Communication

Each adult in the reference family has the least expensive unlimited talk and text cell phone plan available in the community. 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 has the least expensive unlimited internet plan to support a basic Netflix subscription.

## Transportation

In communities where public transit is available, it is assumed 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.

Renfrew County and District Health Unit

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Adjustments to these transportation options are recognized based on local conditions. For example, the methodology can also recognize the use of two vehicles; or two 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 calculation for Renfrew County and District includes the cost of two vehicles because of the lack of public transportation.*

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 [Kanetix.ca](http://Kanetix.ca).

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

Parent Continuing Education

The cost of two 3-credit courses, text books and administrative fees are found by visiting the website for the local college/university in a community. If there is a standard course fee across disciplines, this amount is used. If costs for courses differ across disciplines, an average across four different programs is calculated. Text book costs are sourced from the local college/university by taking an average of the cost of textbooks across the same disciplines that were used to determine course fees.

Child Care

The cost of child care is sourced through local service providers in a community. Communities find the cost of 251 days of full-day care for the 3-year-old child, and 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

Insurance for health care costs not covered by OHIP is based on the cost of basic Manulife FlexCare ComboPlus. This is a comprehensive package that includes prescription drugs, dental care, vision care, and other expenses such as registered massage therapy, acupuncture, and chiropractic.

The costs of life and critical illness insurance are sourced from [Kanetix.ca](http://Kanetix.ca). The lowest price quotes are used.

## Other

The Statistics Canada Market Basket Measure (MBM) calculates "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

| Expense Category                    |                    | Monthly expense (\$) | Annual expense (\$) |
|-------------------------------------|--------------------|----------------------|---------------------|
| Food                                |                    | 700.07               | 8,401               |
| Clothing and Footwear               |                    | 302.48               | 3,630               |
| Shelter                             | Rent               | 864                  | 10,368              |
|                                     | Hydro              | 108.72               | 1,305               |
|                                     | Tenant Insurance   | 19.21                | 231                 |
| Communication                       | Telephone          | 113.00               | 1,356               |
|                                     | Internet and Cable | 62.08                | 745                 |
| Transportation                      | Vehicle & transit  | 1079.83              | 12,958              |
| Other                               |                    | 755.92               | 9,071               |
| Parent continuing education         |                    |                      | 847                 |
| Child care (before subsidy)         |                    | 1,419.42             | 17,033              |
| Non OHIP medical                    |                    | 246.00               | 2,952               |
| Life and critical illness insurance |                    | 45.42                | 545                 |
| Contingency amount                  | 4.0%               | 231.50               | 2,778               |
| <b>Total family expenses</b>        |                    |                      | <b>\$72,220</b>     |



## Government Transfers and Taxes

Based on total household expenditures, the amount of taxes paid by the household and income from government transfers are calculated.

| <b>Non-Wage Income (government transfers)</b>   | <b>Monthly income (\$)</b> | <b>Annual income (\$)</b> |
|---|----------------------------|---------------------------|
| Canada Child Benefit (CCB)                      | 708.92                     | 8,507                     |
| Working Income Tax Benefit (WITB)               | -                          | -                         |
| Ontario Child Benefit (OCB)                     | 10.58                      | 127                       |
| Child care subsidy                              | 849                        | 10,188                    |
| GST/HST Credit                                  | -                          | -                         |
| Ontario Trillium Benefit                        |                            | 169                       |
| <b>Total income from transfers</b>              |                            | <b>\$18,991</b>           |
| <b>Government Deductions and Taxes</b>          | <b>Monthly amount (\$)</b> | <b>Annual amount (\$)</b> |
| <i>Household employment income</i>              | 5,099.42                   | 61,193                    |
| Federal income tax                              |                            | 3,224                     |
| Provincial income tax                           |                            | 984                       |
| <b>Total Government Taxes</b>                   |                            | <b>4,209</b>              |
| <i>Household employment income after taxes</i>  | 4,748.67                   | 56,984                    |
| Less: CPP and EI contributions                  | 312.92                     | 3,755                     |
| Plus: Total government transfers                | 1582.58                    | 18,991                    |
| <i>Household income after tax and transfers</i> | 6,018.33                   | 72,220                    |
| <b>Living wage</b>                              |                            | <b>\$16.81/hour</b>       |

## 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 was 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 Igluka Ivanova from the Canadian Centre for Policy Alternatives in British Columbia.

