

A Living Wage

Summary Report 2018



How Much It Takes to Make Ends Meet
in Haliburton County, City of Kawartha Lakes
and Northumberland County

www.hkpr.on.ca



HALIBURTON, KAWARTHA,
PINE RIDGE DISTRICT
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Introduction

Employment trends in Ontario have changed over the years, increasing the number of people who find it difficult to earn a decent income. Ontario has had an increase in “precarious employment” where about 30-32% of people work at jobs that are part-time, pay minimum wage, offer few or no benefits, are temporary, seasonal, casual or contract work.¹ Whether working full time or part time, those in precarious jobs with lower income are the most likely to report poorer general health.²

When individuals and families have low incomes, they are less likely to afford everyday basic needs such as food, clothing and housing. They are also at higher risk of social exclusion, with barriers to participating in cultural, educational and recreational opportunities.³ In Ontario, the lower one’s income, the higher their level of physiological and psychological stress, the greater chance of food insecurity, of smoking and inactivity. Having a low-income results in a higher risk for diseases and serious illnesses with less opportunity for better health.⁴

Ideally people would earn a wage that as a minimum allows them to afford the basic necessities. Living wages are one strategy to reduce poverty and income inequities, increasing individual, family and community health, vibrancy and prosperity as a result.

A living wage

A living wage is the hourly wage needed to cover the basic expenses of living and to participate in one’s community⁵. It offers people a sense of dignity, improved quality of life and helps lift people out of poverty.

The Ontario Living Wage Network 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 calculate the living wage. The tool is updated annually.

The living wage calculation is based on **a reference family of four**, which includes two adult parents who are age 35 with two children ages 3 and 7.

To ensure accuracy for communities in calculating the living wage across the province, food, shelter, childcare, public transportation, cell phone and internet, health care and critical illness insurance costs are calculated locally. The cost of car ownership, clothing, foot wear and the other expenses are calculated at the provincial level.

The calculation does not include any debt repayment such as student loans, car payments, pet ownership costs, home ownership costs or setting aside any savings for retirement, children’s education or money for emergencies. The living wage is calculated as an hourly rate at which the household can meet their basic needs once government transfers such as the Canadian Child Tax

¹ <https://www.ontario.ca/document/changing-workplaces-review-final-report/chapter-4-vulnerable-workers-precarious-jobs>

² <https://sociology.mcmaster.ca/pepso/documents/precarity-penalty.pdf>

³ Mikkonen, J., & Raphael, D. (210). *Social Determinants of Health: The Canadian Facts*. Toronto: York University School of Health Policy and Management.

⁴ Health Quality Ontario. *Income and Health: Opportunities to achieve health equity in Ontario*. Toronto: Queen’s Printer for Ontario; 2016

⁵ <http://www.ontariolivingwage.ca/>

Benefits have been added in and deductions such as income taxes have been subtracted. The annual income is determined, and the hourly rate of pay is calculated based on *each parent working 35 hours a week, full-time, year-round*.

Advantages of a Living Wage

A living wage has benefits for families, employers, communities and the province. It ensures that *families* have enough money to cover their basic expenses if they are working full-time hours (35 hours a week) year-round. They have a better quality of life and standard of living which contributes to better health and well-being.

When *employers* pay a living wage, staff turnover is reduced so they save on costs related to hiring and training. Employees are happier, more productive, loyal to their employer, have higher morale and miss fewer days at work.⁶

Living wages benefit the *community* as people have greater opportunities to be active and participate in local activities and events. They have greater consumer spending power and spend more money locally which supports economic growth and well-being.⁷

A living wage differs from minimum wage

Minimum wage, which is the minimum hourly rate of pay that employers must pay their employees, is set by the provincial government. It is standard across Ontario and does not consider the varying costs of housing, food and transportation in different communities across the province.

Living Wage versus Minimum Wage				
Community	Minimum Wage	Living Wage	Annual Income Needed to Support a Family of Four *	Date Calculated
Haliburton County	\$14.00 per hour	\$19.42 per hour	\$76,279	Nov 2018
	\$12.20 (liquor servers***)			
Kawartha Lakes	\$14.00 per hour	\$18.42 per hour	\$74,863	Nov 2018
	\$12.20 (liquor servers***)			
Northumberland County	\$14.00 per hour	\$17.95 per hour	\$74,168	Nov 2018
	\$12.20 (liquor servers***)			

*Includes income plus government transfers minus deductions

*** workers who serve liquor in licensed premises and regularly receive tips

⁶ http://livingwagehamilton.ca/wp/wp-content/uploads/2011/12/Living-Wage-Brief_28Nov2011-2.pdf

⁷ http://www.livingwagecanada.ca/files/7213/8269/9483/Living_Wage_doc...pdf

People working for \$14.00 per hour work must work 45 to 49 hours a week to make a living wage. Liquor servers must have adequate hours of work and reliable tips which can be challenging depending on the time of year, the establishment and the clientele.

Living Wage Calculations for Haliburton County, the City of Kawartha Lakes and Northumberland County

Food

The cost of a Nutritious Food Basket for a family of four is completed each year by the Haliburton Kawartha Pine Ridge District Health Unit. The food basket includes nutritious foods identified by Canada’s Food Guide. It includes foods that most people would purchase regularly throughout the year. The food basket does not include the cost of non-food items such as toilet paper or laundry soap. Costs are broken down by age and gender.

Cost of a Nutritious Food Basket May 2018				
Food	weekly	monthly	annually	CPI adjusted Annual Expense*
Female age 35	48.54	210.18	2522.14	2518.62
Male age 35	57.32	248.20	2978.35	2974.20
Boy age 7	35.85	155.23	1862.77	1860.17
Girl age 3	33.96	147.05	1764.56	1762.10
Annual Food Expense			9127.81	9115.09

* as calculated by Living Wage Ontario

Shelter – Rent

To determine the monthly rent Living Wage Ontario uses the Canada Housing and Mortgage and Housing Corporation (CMHC) Market Rental Report for the fall of the previous year. The rent for a three-bedroom apartment is selected and it is assumed the cost of heating is included in the rent. The cost of electricity is extra (see below).

As the CMHC Rental Reports are based on populations of 10,000 or more, information on the rental costs were available for some municipalities in Northumberland County and the City of Kawartha Lakes. In Haliburton County, there is no CMHC data. Rental rates were estimated by reviewing advertised rentals in the spring of 2018, taking an average and looking at other reports on rental costs in the area.

Rent		
Area	Monthly	Yearly*
City of Kawartha Lakes	\$1219	\$14,952
Haliburton County	\$1325	\$15,900
Northumberland County	\$1402	\$16,824

*used as input into Ontario Refundable Credits by Living Wage Ontario

Since the number of three-bedroom apartments in the communities of the HKPR region are limited, many families rent single dwelling homes or townhouses which are costlier. The cost of heat may or may not be included in the rent. Also, the CMHC estimates are based only on occupied units and does not include the current costs of rent for vacant units. For this reason, surveillance is now done weekly for the cost of rent for vacant units by the KLH Housing Corporation for the City of Kawartha Lakes and Haliburton County. The average cost for a 3-bedroom vacant unit in 2018 in both City of Kawartha Lakes and Haliburton County as per the CKL-H 10 HHP- 5 Year Update was \$1459 per month; whereas, the CMHC average for an occupied unit was about \$1200 a month. In Northumberland County, the Help Centre calculated the average rent for a vacant unit to be \$1648.33 per month.

Electricity

The calculations for electricity are based on the average estimated usage of 750 kWh which was sourced by Living Wage Ontario from the Report of the Ontario Energy Board Defining Ontario's Typical Electricity Customer, April 14, 2016⁸. The Ontario Energy Bill Calculator, <https://www.oeb.ca/consumer-protection/energy-contracts/bill-calculator>, was used to determine the cost for each area.

The annual cost of electricity: City of Kawartha Lakes \$1430, Haliburton County \$1467 and Northumberland County \$1261

Tenant Insurance

The cost of tenant insurance is calculated based on a person property limit of \$35,000, living in an apartment built in 1990 and having 5 years of active insurance. The lowest quote for tenant insurance was used which was sourced from <https://www.kanetix.ca/home-insurance>.

The cost for tenant insurance was \$244 for the City of Kawartha Lakes, \$297 for Haliburton County and \$152 for Northumberland County.

Communication

The cost of the least expensive unlimited talk and text *cell phone* plan was calculated for each adult in the reference family. Upfront costs such as activation fees, SIM cards or modems were not included. Also excluded were short-term promotional discounts for new customers. The least expensive unlimited *internet* plan to support a basic Netflix subscription was also calculated.

As the availability of cell phone plans and internet varied from community to community the costs for communications varied quite a bit amongst the City of Kawartha Lakes, Haliburton County and Northumberland County. With limited options in Haliburton County, the costs for communication in this area were higher than the other two areas.

Annually, the combined costs for cell phone, internet and Netflix, including applicable taxes were calculated as follows: City of Kawartha Lakes \$827 Haliburton County \$1202 and Northumberland County \$611.

⁸ https://www.oeb.ca/sites/default/files/uploads/Report_Defining_Typical_Elec_Customer_20160414.pdf

Transportation

As per the Living Wage Guidelines, it is assumed the family owns one vehicle. One parent drives to work and the other takes public transit and buys a monthly transit pass; however, Living Wage Ontario recognizes that transportation options vary based on the local conditions. As there is no public transit in Haliburton County and limited public transit service in the City of Kawartha Lakes and Northumberland County, the cost for two vehicles was used in the calculation for those areas.

The annual cost for owning and operating a four-year-old Hyundai, was sourced through an online estimator tool provided by www.caa.ca by Living Wage Ontario. It was calculated to be \$6,598 per vehicle.

The cost to operate two vehicles in the City of Kawartha Lakes and Haliburton County was \$13,196. In Northumberland County the cost was \$10,725.

The cost for transportation for each vehicle may be an underestimate. People in our rural communities commute longer distances to work. According to the Statistics Canada 2016 Census, about 2/3 of the population in the City of Kawartha Lakes, Haliburton County and Northumberland County spend between ½ an hour to 2 hours or more per day commuting work.

Parent Education

Parent education is included in the calculations as continuing education helps to maintain or improve their employment opportunities. The cost of two 3-credit courses, text book and additional administrative fees were found by visiting the website for the local colleges people often use in our communities (Fleming, Durham and Canadore Colleges). The average cost per course was calculated. Text book costs were sourced from the local colleges and the average cost of textbooks across the same disciplines were used to determine course fees. They were calculated as follows: City of Kawartha Lakes \$1143, Haliburton County \$1419 and Northumberland County \$1084.

Childcare

The cost of childcare was based on the cost of 260 days of full-day care for the 3-year-old child, 195 days for before and after school care, and 65 days of summer care for the 7-year-old child. The calculations were completed by Human Services for the City of Kawartha Lakes and Haliburton County and by Community and Social Services for Northumberland County. The numbers for childcare before subsidy were submitted to Living Wage Ontario for the final calculation. That number was used as input into subsidy calculations as well as (net of subsidy) into the calculation of net income.

The costs submitted for childcare for the City of Kawartha Lakes and Haliburton County was \$15,255 and for Northumberland County \$15,879.

Health, Life and Critical Illness Insurance

As many places of employment do not include benefit packages, Non-OHIP Health, life and critical illness insurance was included in the calculations. The rates were sourced for each community from www.kanetix.ca. As per Living Wage Ontario guidelines, the Blue Cross Balance Plan, which is 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 was used. The cost for this plan per year in all three areas was \$2719. This number was used by Living Wage Ontario as input into the Federal and Ontario non-refundable credits for Non-OHIP medical.

The life insurance was based on joint coverage for a couple, \$50,000 with a 20-year term and no tobacco use. Critical illness insurance, with a coverage amount of \$25,000 was selected and the premium multiplied by 2 for coverage for both adults. The cost for life insurance and critical illness insurance were sourced from www.kanetix.ca. The costs were as follows: City of Kawartha Lakes and Haliburton County \$556 and Northumberland County \$534.

Clothing and Footwear

The clothing and footwear estimates are completed by Living Wage Ontario. These estimates were obtained from the Survey of Household Spending (SHS) (2016), Table 11-10-0223-01, 3rd Quintile. The estimates adjusted for inflation, using CPI data from table: 18-10-005-01.

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.

Conclusion

The living wage effort grows out of a concern that all persons have access to the income required for healthy living and participation in the life of the community. In addition to living wages, poverty reduction strategies that address affordable housing, post-secondary education, public transportation and childcare are also required to improve the health, social and economic outcomes of individuals and families, keeping low income earners out of poverty. With the right wages, policies, programs and supports in place, people can meet their basic needs, live with dignity and enjoy quality of life.