

Calculating a Living Wage for Perth and Huron Counties

The Social Research and Planning Council (SRPC) Living Wage Advisory Committee





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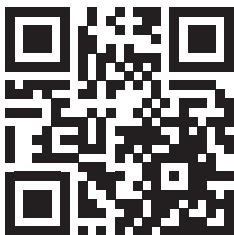
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ABOUT THE AUTHOR

Eden Grodzinski is the Director and Principal Consultant of JPMC Services Inc. (www.jpmmc.ca).

ABOUT THE SRPC

The Social Research and Planning Council (SRPC)—a division of United Way Perth-Huron—is comprised of community representatives who are dedicated to the collection, analysis, and distribution of information relating to social trends and issues in Perth and Huron Counties. The SRPC approaches its work in two ways:

- *Commissioning research into specific social issues, plus providing reports created by local, regional, national and international agencies*
- *Developing recommendations for community improvement based on local findings, and working collaboratively with community members to implement change*

In 2014, the SRPC commissioned research into the living wage for Perth and Huron. Two reports were produced as part of this study—this technical report which details the methodology used to determine the living wage, and a community report which explores community readiness and makes recommendations about how to promote the living wage in Perth and Huron.

ACKNOWLEDGEMENTS

This report builds on the previous living wage work published by the Canadian Centre for Policy Alternatives (CCPA), and the Canadian Living Wage Framework, developed by Vibrant Communities Canada.

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Calculating a Living Wage for Perth and Huron Counties

Background

The Social Research Planning Council (SRPC), in collaboration with the Canadian Centre for Policy Alternatives' (CCPA) Ontario office, is pleased to present this report about the living wage for Perth and Huron Counties. This report details the methodology used to determine the living wage of **\$16.47 per hour** for Perth and Huron in 2015.

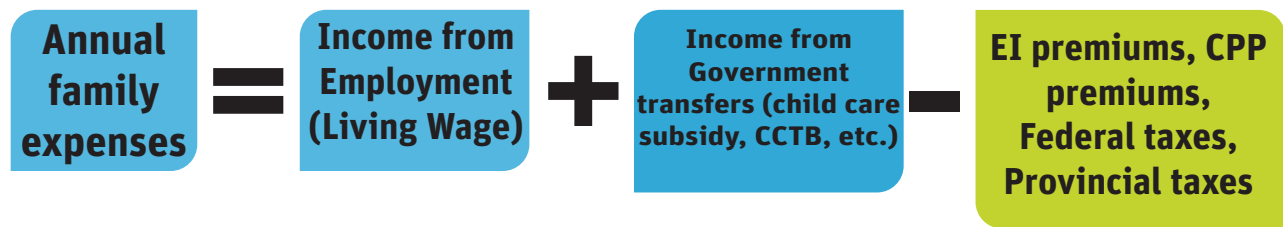
A complementary report, which explores community readiness and makes recommendations about how to promote the living wage in Perth and Huron, is available under separate cover from the SRPC.

What is a Living Wage?

The CCPA defines living wage as: “the hourly rate at which a household can meet its basic needs, once government transfers (such as the Universal Child Care Benefit) and deductions have been subtracted (such as income taxes and Employment Insurance [EI] premiums).” It is based on the actual costs of living in a specific community.

Why is it Important?

The living wage helps improve the overall quality of life for a low-wage worker. It lifts children out of poverty by giving families a basic level of econom-



ic security, thus reducing financial stress. But it is also a conservative, bare-bones budget without the extras that many Canadians take for granted.

“It is important to me to make more than minimum wage because it allows me to provide for my family with one job. It also allows me to donate to various charities and volunteer in my community, and it makes me feel appreciated for the work we do.”

“It’s important because life isn’t cheap and I can provide for myself without a second job, while living comfortably and stress-free.”

“It’s important to support my family. At the same time, it is important to live within one’s means. In other words, don’t live like a millionaire when you make \$35,000 a year.”

Research shows that employers who pay their workers a living wage experience:²³

- Reduced absenteeism
- Decreased turnover rates
- Lower recruitment and training costs
- Increased morale and loyalty
- Improved productivity and service delivery
- Greater corporate recognition and public relations

In addition, a 2009 Goldman Sachs report confirms that increasing the income of people with lower wages has a proportionately larger stimulat-

ing effect on the economy than increasing the incomes of those with high earnings:⁴

“For years our company has paid a higher than normal wage (without knowing what the term ‘living wage’ meant). Without scientific research to back our opinion, this is why we have that mentality. First of all, we want our employees to enjoy a certain quality of life – to have time to spend with their families, and to have the income necessary to provide for a comfortable family lifestyle. Secondly, we believe that (paying living wages) allows our company to maximize profits. We are able to retain employees, resulting in less initial training. This allows us to concentrate our training on processes to improve quality and efficient workmanship. We believe we have happier and more fulfilled employees that produce at a higher level...I am all for a living wage program.”

Methodology

The Canadian Living Wage Framework

This report builds on the previous living wage work published by the CCPA and the Canadian Living Wage Framework, developed by Vibrant Communities Canada. The calculator used to determine the living wage for Perth and Huron was developed by economists Hugh Mackenzie and Kaylie Tiessen for the CCPA-Ontario.⁵ The methodology for Ontario assumes the following scenario:

- A healthy family of four
 - Two 35-year old adults, who work full-time, year-round, with a 2-week vacation
 - A girl (age 3) enrolled in full-time childcare, and a boy (age 7) enrolled in before/after-school care
- The costs of living are conservative and reasonable, and provide for basic essentials such as food, clothing, shelter, transportation, and healthcare

TABLE 1 Individuals Living in Low Income, 2010

		Stratford	Perth	Huron	Ontario
All Persons	Population in private households	29,935	43,550	57,890	12,600,230
	Population in low income based on after-tax LIM	3,490	3,905	6,845	1,745,900
	Prevalence of low income based on after-tax LIM	12%	9%	12%	14%
Children (0-17)	Population less than 18 years in private households for income status	5,985	10,980	12,530	2,674,645
	Population less than 18 years in low income based on after-tax LIM	935	1,255	1,775	463,945
	Prevalence of low income among population less than 18 years based on after-tax LIM	16%	11%	14%	17%
Source: Statistics Canada, 2011 National Household Survey					

- The budget promotes social inclusion so that families can participate in community life; for example, basic recreational activities that enhance healthy childhood development and growth
- One parent takes evening courses at a local community college to improve their education credentials and employment opportunities
- Tax credits, returns and government benefits are taken into account (e.g. income taxes, EI premiums, and child care subsidies and benefits)

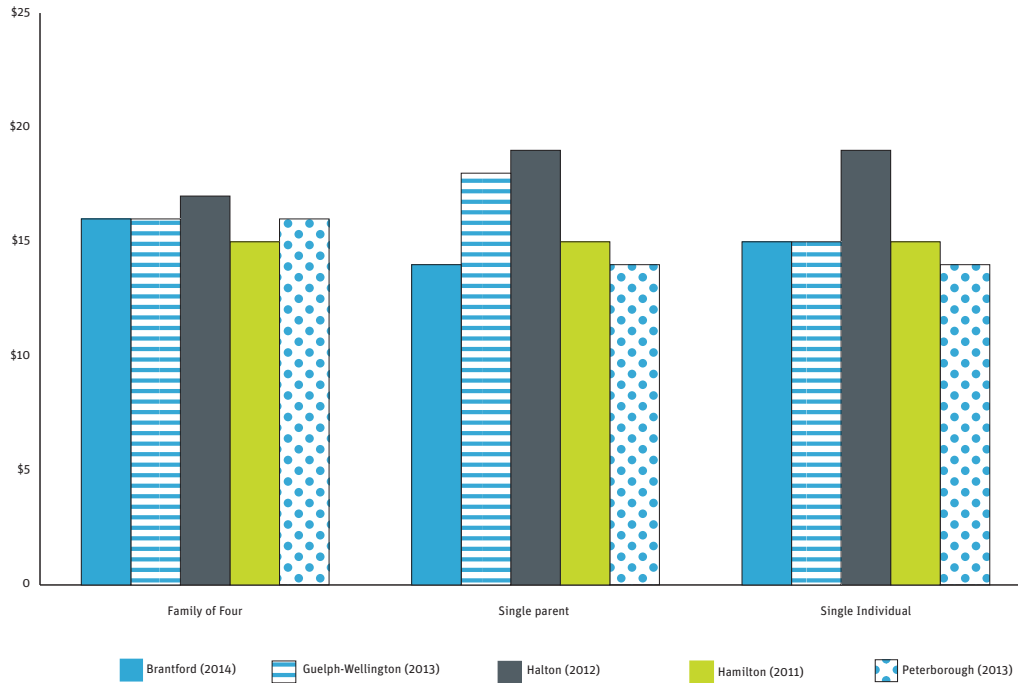
What is Full-Time?

The calculation is based on a provincially agreed-upon standard of a 37.5-hour work week, which reflects the prevailing practices in a number of different industries.

Why a Family of Four?

In Ontario, about 40% of children who live in poverty reside in a household where at least one parent is working full-time, year-round.⁶ Employ-

FIGURE 1 A Comparison of Living Wage Rates by Family Type in Ontario



Source Living Wage Canada, 2015. Living wage rates have not been adjusted for inflation.

ment was once considered a key strategy to reducing poverty, however, just having a job (without taking wages into consideration) does not guarantee that a family can afford to meet its basic needs. One of the underlying principles of the Canadian Living Wage Framework is that it supports healthy child development, and that it helps lift families out of poverty.

In 2010, 16% of all children under age 18 living in Stratford (regardless of family type) were living in low income – 11% in Perth and 14% in Huron (after-tax LIM). All told, over 14,000 residents of Perth and Huron (including roughly 4,000 children) are living in poverty, with incomes far below what is required to maintain a healthy standard of living.⁷

The living wage formula for Ontario is based on the nationally agreed-upon household structure of a couple-family with two young children. The costs associated with this family structure would also support other family types at different stages of the life cycle, for example, young adults who are planning a family, or older workers who are nearing retirement. Experience from other communities in Ontario (e.g. Hamilton, Guelph-Wellington, Peter-

borough, etc.) has shown that due to government transfers and deductions, the rate is not significantly different for individuals without a spouse or dependents, as illustrated in *Figure 1*.

Rural vs. Urban

The counties of Perth and Huron are located in southwestern Ontario, bordering the southeast shore of Lake Huron. The area encompasses over 5,600 square kilometres of land, including one city (Stratford), several townships and villages, and over 4,700 farms. According to the 2011 Census, there are 30,886 people living in Stratford, 44,226 in Perth (excluding Stratford), and 59,100 in Huron. Close to 60% of Perth residents and all of Huron's residents live in rural areas (with population centres comprised of less than 30,000 residents).⁸

The SRPC was interested in determining how the living wage rate differs for urban and rural communities. For example, how does the absence of public transportation options or fewer grocery store choices in rural areas impact a family's living costs?

Therefore, living costs for three different communities—Stratford, Perth, and Huron—have been estimated. The final number published is an average of the rates for these three communities.

Inclusion and Exclusion Criteria

The living wage calculation provides for basic essentials such as food, clothing, shelter, transportation, healthcare and recreation. However, it is important to note that the living wage budget, as one community member remarked, is “an existing wage.” It is a conservative estimate, and does not account for:

- Credit card, loan or other debt/interest payments
- Savings for retirement
- Owning a home
- Savings for children's future education
- Pets
- Social outings with friends (outside a monthly family dinner out)

TABLE 2 Summary of Monthly Living Costs in Stratford, Perth, and Huron, 2015

	Stratford	Perth	Huron
Food	\$683	\$683	\$723
Clothing & Footwear	\$154	\$154	\$154
Housing & Related Costs	\$1,262	\$1,125	\$1,182
Transportation	\$727	\$968	\$1,005
Child Care & School Fees	\$1,661	\$1,119	\$989
Recreation & Leisure	\$333	\$329	\$314
Insurance	\$467	\$467	\$467
Other	\$276	\$276	\$276
Contingency (4%)	\$223	\$205	\$204
Total	\$5,786	\$5,327	\$5,315

- Personal lifestyle behaviours (smoking or alcohol budget)
- Costs of caring for a disabled, seriously ill, or elderly family member
- Anything other than the smallest cushion for emergencies or hard times

Summary of Monthly Living Expenses

The first step in the calculation process was to determine the average monthly cost of living in Stratford, Perth and Huron for the reference family of four. A summary of the monthly expenses for the three communities is provided in *Table 2*, and detailed explanations of these costs and data sources can be found in the sections that follow.

TABLE 3 Monthly Food Costs in Perth and Huron, 2015

	Perth (Including Stratford)	Huron
35-yr Female	\$199.83	\$210.74
35-yr Male	\$235.90	\$248.50
7-yr Boy	\$140.60	\$149.82
3-yr Girl	\$106.99	\$113.75
Total	\$683.32	\$722.81

Food

The cost of food is based on the Nutritious Food Basket (NFB) survey conducted by the Public Health Units in Perth and Huron. The NFB survey measures the price of 67 nutritious food items from grocery stores located in the community. The basket is designed to reflect an example of eating patterns that meet dietary recommendations from Canada's Food Guide, and eating behaviours reflective of the Canadian Community Health Survey. Non-food items such as detergent, toilet paper, and toothpaste are not included here (but are accounted for under 'Other' expenses below).

Items in the NFB reflect the lowest price available in a specified purchase size, regardless of the brand. The resulting weekly cost of groceries is based on the average cost of the food items from all grocery stores sampled, and not the total cost of any one particular store.⁹

The calculation has been adjusted for the ages of the living wage family members, and is therefore lower than the rate published annually by the Perth District and Huron County Health Units for the NFB reference family of four (i.e. a man and woman, each age 31–50 years; a boy, 14–18 years of age; and, a girl, 4–8 years old).

The monthly food cost for Perth (including Stratford) is \$683.32 per month, and for Huron is \$722.81, as illustrated in *Table 3*.¹⁰

Clothing & Footwear

Statistics Canada's Market Basket Measure (MBM) provides the cost for goods and services for a basic standard of living for a family of two adults and two children. The clothing and footwear amount for the living wage calculation is based on the 2011 MBM for Ontario with populations under 100,000, adjusted for inflation. The amount for all three areas is \$1,844.01 per year, or \$153.67 per month.¹¹

Shelter & Related Costs

Rent

The living wage calculation assumes that the family will rent a 3-bedroom apartment. The rental costs are from Canada Mortgage and Housing Corporation's (CMHC) Rental Market Survey (October 2014). This survey is conducted twice a year in municipalities across Canada, and provides a summary of vacancy rates and average market rental rates of privately owned structures containing three or more units.¹² The rental rates are \$961 for Stratford, \$830 for Perth (North Perth) and \$864 for Huron. As CMHC does not provide rental data for communities in Huron (under 10,000 population), the rental rate used is the average of the towns in the surrounding area, including Meaford, North Perth, Lambton Shores, Saugeen Shores and Kincardin.¹³

Utilities

The cost of utilities is from the Ontario Energy Board Calculator, which is based on the 2011 Survey of Household Energy Use (SHEU-2011)—a joint project between Statistics Canada and Natural Resources Canada. The annual low-rise and high-rise total electricity consumption is divided by the number of households living in these types of dwellings to find the average consumption of electricity per household. According to the CCPA-Ontario office's calculations, the average monthly electricity usage per household in Ontario is 414 kWh, and the monthly utilities costs for a 3-bedroom apartment are: \$75.28 in Stratford, \$72.27 in Perth, and \$95.95 in Huron.¹⁴ These rates include debt recovery and delivery fees.

Tenant Insurance

The cost of tenant insurance is based on the lowest quote available from www.kanetix.ca, assuming a replacement value of \$30,000 and a deductible

TABLE 4 Monthly Shelter and Related Costs in Stratford, Perth, and Huron, 2015

	Stratford	Perth	Huron
Rent	\$961.00	\$830.00	\$864.00
Utilities	\$75.28	\$72.27	\$95.95
Tenant Insurance	\$17.50	\$17.50	\$17.50
Household Furnishings	\$50.07	\$50.07	\$50.07
Cell phones	\$110.00	\$110.00	\$110.00
Internet	\$47.95	\$44.95	\$44.95
Total	\$1261.80	\$1124.79	\$1182.47

of \$500. The deductible is not included in the calculation for the living wage. The tenant insurance for all three areas is \$17.95 per month.¹⁵

Household Furnishings

The amount for household furnishings is from Statistics Canada's Survey of Household Spending for Ontario households in the second income quintile (2013), adjusted for inflation. This includes basic household furniture and linens, but not equipment as it is assumed that appliances are included in the rental unit. The amount for all three areas is \$600.84 per year, or \$50.07 per month.¹⁶

Phone, Cable & Internet

A variety of phone, cable and Internet packages were explored for the family. The SRPC decided that both parents require a cell phone, but that a landline was optional. Moreover, having the Internet was favoured over basic television cable service. Bell is the only provider that offers full geographic coverage of phone, television and Internet services throughout Perth and Huron, and therefore was selected as the provider.

The monthly amount that a family would pay for two cell phones is \$50 per 'lite' device plus \$10 for 250 MB of data on a two-year Family Plan. This plan includes unlimited anytime nationwide minutes and text messaging.

The monthly cost for a basic WIFI plan, with download speed of 5 Mbps and 40 GB of monthly usage, is \$47.95 for Stratford, and \$44.95 for Perth and Huron. This pricing does not include any tax, installation charges or promotional offers.¹⁷

Summary of Housing Costs

A summary of the monthly shelter and related costs in Stratford, Perth and Huron is provided in *Table 4*.

Transportation

Public transportation is only available in Stratford, and therefore the amount for transportation differs by community. The calculation assumes that the family living in Stratford owns a used vehicle; purchases one monthly adult bus pass (\$57.00 per month) and 10 children's tickets (\$2.25 per ride, student rate);¹⁸ and takes one return taxi trip per week, as there is no bus service running in Stratford on Sundays. The families living in rural Perth and Huron, on the other hand, own and operate two used cars.

The cost of owning and operating the vehicle(s) used in this report is based on the following assumptions (*Table 5*):

- **Depreciation** – The family would acquire a four-year-old Ford Focus (with less than 60,000 km), with a purchase price of \$12,950, and operate it for four years. The car payment of \$205.02 per month per vehicle equates to 30% depreciation per year, on a declining basis for four years (using the methodology developed by CCPA for Kingston).^{19,20}
- **Mileage** – The mileage amounts for each family have been estimated according to average commuting times from Statistics Canada's National Household Survey (2011), with extra allowances for personal trips (e.g. grocery shopping, medical appointments, recreation, etc.). It is estimated that the family in Stratford drives a total of 15,000 km per year, while the families in Perth and Huron drive 30,000 km and 35,000 km respectively (combined total for both cars).²¹
- **Insurance** – The cost of auto insurance is based on the lowest quote available from www.kanetix.ca, assuming a clean driving record, \$1 million liability, and deductible of \$500.²²
- **Gasoline** – According to Natural Resources Canada's Fuel Consumption Guide, the fuel consumption for the Ford Focus is: 8.5 litres per

TABLE 5 Monthly Transportation Costs in Stratford, Perth, and Huron, 2015

	Stratford	Perth	Huron
Depreciation	\$205.02	\$410.03	\$410.03
Insurance	\$90.00	\$145.00	\$145.00
Gasoline	\$127.00	\$219.08	\$255.58
Winter Tires	\$24.83	\$49.67	\$49.67
Oil Changes	\$14.00	\$28.00	\$28.00
Vehicle registration	\$8.17	\$16.33	\$16.33
Service & repair	\$50.00	\$100.00	\$100.00
Public transit	\$79.50	\$0	\$0
Taxi (1 round trip per week, at \$9 per one-way trip)	\$78.00	\$0	\$0
Parking	\$50.67	\$0	\$0
Total	\$727.19	\$968.11	\$1,004.61

100 km (city); and 6.3 litres per 100 km (highway). It is assumed that the ratio of city to highway driving for the Stratford family is 75:25, and it is the reverse of 25:75 for the Perth and Huron families. At the time of calculation, the price of regular gas was \$1.27 per litre.²³

- **Winter tires** – This represents the cost of one set of winter tires, installed and removed annually.²⁴
- **Oil changes** – This represents the cost of an oil change every three months.²⁵
- **Vehicle registration** – Service Ontario’s current registration fee is \$98 per year per vehicle.²⁶
- **Service and repair** – An allowance of \$600 per year per vehicle for repairs has been provided.²⁷

TABLE 6 Monthly Childcare Costs in Stratford, Perth, and Huron, 2015

	Stratford	Perth	Huron
3-year-old	\$1,061.67	\$715.00	\$639.17
7-year-old – before/after school care	\$406.25	\$211.25	\$219.38
7-year-old – full-day recreation program	\$165.21	\$165.21	\$102.92
Total	\$1,633.13	\$1,091.46	\$961.47

- **Parking** – Parking costs for Stratford have been estimated at \$50.67, which is the median monthly parking rate for the municipal lots. Parking costs have not been included for Perth or Huron, as most of the towns/villages do not charge street parking rates.²⁸

Childcare & School Fees

Childcare

The childcare calculation assumes that the 3-year-old is enrolled in full-time child care (260 days per year), and that the 7-year-old attends school full-time, requires before/after school care (195 days per year), and attends day camps on PA days and during the summertime (65 days per year). The rates are based on the lowest daily fees for care provided at a licensed childcare centre, or in an approved recreation program in each community, and are detailed in *Table 6*.^{29,30}

Childcare Subsidies

Childcare subsidies are available to families living in Perth and Huron who meet certain employment and financial qualifications. Eligibility is determined by guidelines set by the Ministry of Education’s Early Learning Division. Financial eligibility is based on family net income, as verified by line 236 of the previous year’s Revenue Canada Notice of Assessment (NOA) for both parents, as well as the most current Canadian Child Tax Benefit (CCTB) statement.^{31, 32}

The value of the subsidy is based on a household’s total income. If a family’s income is less than \$20,000, childcare costs may be fully subsid-

TABLE 7 Household Daily Contributions for Childcare at Various Income Levels, 2015

Net Family Income (as verified by most recent income tax)	Household Daily Contribution to Childcare Cost (based on 5 days of care) ³³
\$20,000	\$0.00
\$25,000	\$2.50
\$30,000	\$3.83
\$35,000	\$5.75
\$40,000	\$7.66
\$45,000	\$13.41
\$50,000	\$19.16
\$55,000	\$24.90
\$60,000	\$30.65
\$65,000	\$36.40
\$70,000	\$42.15

TABLE 8 Childcare Subsidy for the Living Wage Family in Stratford, Perth, and Huron, 2015

	Stratford	Perth	Huron
Annual Household Income*	\$63,026	\$65,951	\$69,545
Annual Childcare Cost	\$19,598	\$13,098	\$11,538
Childcare Subsidy	\$(10,690)	\$(3,312)	\$(674)
Net Childcare Cost	\$8,908	\$9,785	\$10,864
Net Amount the Family Pays per Day	\$34	\$38	\$42

*See Section 12 – Living Wage
Calculation – for detail

TABLE 9 Monthly School Fee & Subsidy Costs in Stratford, Perth, and Huron, 2015

Stratford-Perth-Huron	
School Activity Fee	\$5.24
School Photos	\$2.62
Field Trips	\$8.74
Pizza Day & Other Fundraisers	\$5.24
School Supplies	\$6.12
Total	\$27.96

ized by the government. If a family's income is over \$20,000, they will be required to pay a portion of their childcare costs. *Table 7* shows examples of daily parental contributions for childcare at different income levels.

The calculation assumes that the family of four is eligible for a childcare subsidy, as per the childcare subsidy policies for Perth and Huron, and the daily parental contribution for the living wage family is summarized in *Table 8*.

School Fees & Supplies

The amount for school fees and supplies included in the living wage calculation is based on the Ontario Ministry of Education's published guidelines for *Learning Materials and Activities*.³⁴ A 2011 study conducted by Social Planning Toronto found that a family of four spent at least \$320 a year on school activity fees, school photos, field trips, pizza days and other fundraisers.³⁵ To arrive at the 2015 cost of \$27.96 per month, the 2011 number was adjusted for inflation.

TABLE 10 Monthly Family Outing Costs in Stratford, Perth, and Huron, 2015

	Stratford	Perth	Huron
Restaurant Meals	\$100.25	\$100.25	\$100.25
Movie Nights (4 per year)	\$10.67	\$10.67	\$10.67
Hockey Games (2 per year)	\$6.67	\$3.17	\$2.33
Total	\$117.59	\$114.09	\$113.25

Recreation & Leisure

Physical Activity

The amount for recreation includes the cost of a family membership pass to the local YMCA. The monthly cost for two adults and two children at the YMCA of Stratford-Perth is \$116.86 and at the YMCA of Goderich-Huron is \$102.34. This rate does not include any initiation or facility fees.^{36, 37}

Family Outings

An allowance has been made for the family to have a modest meal at a restaurant every month, to go to four movies per year, and to attend two junior hockey league games. The amount spent on restaurant meals comes from Statistics Canada's Survey of Household Spending for Ontario households in the second income quintile (2013).³⁸ The movie costs are based on admission prices for the Stratford Cinemas and the Park Theatre in Goderich,^{39, 40} and the hockey prices are the box office rates for the Stratford Cullitons, St. Mary's Lincolns and the Goderich Flyers.^{41, 42, 43} The total monthly amounts for family outings are: \$117.59 in Stratford, \$114.09 in Perth, and \$113.25 in Huron.

Vacation

The living wage family is allotted two weeks of vacation per year. It is assumed that the family takes a one-week camping trip to an Ontario Provincial Park (e.g. Pinery),⁴⁴ and a one-week 'staycation' including a day trip to

TABLE 11 Monthly Family Vacation Costs in Stratford, Perth, and Huron, 2015

Stratford-Perth-Huron	
Camping (\$35.60 per night including HST x 7 nights for a 'base' site – non-electrical – with access to showers)	\$20.77
Canada's Wonderland Tickets (\$39.99 per person, on-line rate)	\$13.33
Parking	\$1.67
Entertainment and Food	\$20.83
Day Trips during 'staycation'	\$41.67
Total	\$98.26

Canada's Wonderland.⁴⁵ An allowance for day trips, parking, food and entertainment has been included in the estimate, and is based on the living wage calculation from Guelph and Wellington.⁴⁶ The amount for all three areas is \$1,179.12 per year, or \$98.26 per month.

"As a business owner in Stratford's 'Festival Industry,' I understand that my employees require an adequate amount and quality of vacation time. From an employer's perspective, I don't see paid vacation (time off) as an 'employee perk,' but rather as an essential necessity to maintain my employees' health, interest and ability to work. Festival Season in Stratford involves long hours and intensive work levels in the retail and service sectors, which can drain a person's stamina. Rather than having staff 'burn out' and lose interest in working for me, I am committed to ensuring that they have adequate vacation/time off. There are costs to society when people don't have an adequate quality of life. I see taking care of my employees as an essential investment in my business, and in my staff – not a perk."

TABLE 12 Monthly Insurance Costs in Stratford, Perth, and Huron, 2015

	Stratford-Perth-Huron
Disability Insurance	\$187.57
Life Insurance	\$46.64
Medical and Dental Insurance	\$236.00
Total	\$470.21

Insurance

Disability & Life Insurance

The quote for disability and life insurance costs was provided by Brian Steubing Financial Services for the living wage calculation for Waterloo Region (2014). The disability insurance is based on the Canada Life Independent Plan, which provides \$1,875 in coverage per month after a 120-day elimination period. The life insurance is based on the Canada Life Simple Preferred Term Insurance for a 20-year term, providing \$250,000 in coverage for each parent and includes a child term rider.⁴⁷

Non-OHIP Medical & Dental Insurance

The cost for non-OHIP medical and dental insurance also comes from the living wage calculation for Waterloo Region (2014). The cost is based on Blue Cross' Choice Balance plan, which includes 70% prescription coverage to a maximum of \$5,000 per person, and 70% dental coverage to a maximum of \$500 per person. The quote obtained for a family with two adults and two children is \$236 per month.⁴⁸

Other

Personal Care

The amount for personal care is based on Statistics Canada's Survey of Household Spending for households in the second income quintile (2013),

TABLE 13 Monthly Laundry Costs in Stratford, Perth, and Huron, 2015

	Stratford-Perth-Huron
Washer (6 loads/week @ \$2.75 load)	\$71.50
Dryer (6 loads/week @ \$2.00 load)	\$52.00
Detergent	\$7.53
Dryer Sheets	\$1.30
Total	\$132.33

adjusted for inflation. It includes items such as toiletries, cleaning supplies, first aid supplies, and haircuts. The amount for all three areas is \$892.79 per year, or \$74.40 per month.⁴⁹

Laundry

It is estimated that the living wage family will do six loads of laundry per week. The cost to wash and dry a load at the Stratford Coin Wash is \$2.75 and \$2.00 respectively.⁵⁰ The cost of detergent and dryer sheets has been taken from the living wage calculation for Waterloo Region (2014), and is based on the cost of Tide pods and Bounce dryer sheets for six loads a week.⁵¹

Parent Education

As part of the living wage calculation, an allowance has been made for one parent to take one business/accounting credit course at Conestoga College per year, in order to improve their education credentials and employment opportunities. The cost of this education includes fees for the course, administration, resource enhancement, student priority and textbooks and school supplies. The monthly cost of continuing education is \$42.97.^{52,53}

Reading & Entertainment

The amount for reading and entertainment is based on Statistics Canada's Survey of Household Spending for households in the second income quintile (2012), adjusted for inflation. It includes items such as newspapers, maga-

TABLE 14 Monthly Continuing Education Costs in Stratford, Perth, and Huron, 2015

	Stratford-Perth-Huron
Course Fee (Part-Time Business)	\$27.54
Admin Fee	\$1.76
Resources Enhancement Fee	\$1.92
Student Priority Fee	\$0.92
Textbooks And School Supplies	\$10.83
Total	\$42.97

zines, and holiday and birthday decorations. The amount for all three areas is \$136.44 per year, or \$11.37 per month.⁵⁴

Bank Fees

The amount for bank fees is based on the two adults in the family sharing an unlimited chequing account. The monthly fee of \$14.95 is based on TD Canada Trust's Unlimited Chequing Account.⁵⁵

Contingency

A contingency in the amount of 4% of total expenditures (approximately two weeks of income) has been included in the budget. This amount has been set aside to cover emergencies and unexpected events (e.g. job loss), and to cover incidentals not included in the budget such as children's toys, recreation equipment (e.g. skates) and birthday gifts.

Living Wage Calculation

In order to establish an hourly living wage rate for Perth and Huron, it is necessary to calculate the total household employment income required to cover the monthly living expenses detailed above, after taking into account government benefits, taxes and payroll deductions. The living wage calcu-

lation formula developed by the CCPA-Ontario takes into account the following government deductions and transfers:⁵⁶

- **Universal Child Care Benefit (UCCB)** - Starting in 2015, the UCCB is being enhanced. Families will receive up to \$1,920 per year for each child under age of 6, and up to \$720 per year for children ages 6 through 17.⁵⁷
- **Canada Child Tax Benefit (CCTB)** - The CCTB is a non-taxable amount paid monthly to help eligible families with the cost of raising children under 18 years of age. The amount of the benefit depends on one's family net income, and therefore the amounts for Stratford, Perth and Huron vary.⁵⁸
- **Child Care Subsidies** - See section 8.2 for detail.
- **Working Income Tax Benefit (WITB)** - The WITB is a refundable tax credit intended to provide tax relief for eligible working low-income individuals and families who are already in the workforce and to encourage other Canadians to enter the workforce. The reference family of four does not qualify for this benefit.⁵⁹
- **Ontario Child Benefit (OCB)** - The OCB provides direct financial support to low-income families – whether they are working or not. It is intended to help parents with the cost of raising their children. The amount of the benefit depends on one's family net income. The maximum amount available for families with annual incomes below \$20,000 is \$1,310 per year per child. According to the CCPA-Ontario calculation formula, only the reference family of four in Stratford qualifies for this benefit.⁶⁰
- **Taxes After Credits** - The amount of federal and provincial income tax that the reference family of four must pay is based on the household employment income and any taxable credits that the family receives.
- **Employment Insurance (EI)** - EI provides temporary financial assistance to unemployed Canadians who have lost their job through no fault of their own, while they look for work or upgrade their skills. Canadians who are sick, pregnant, or caring for a newborn or adopted child, as well as those who must care for a family member who is seriously ill may also be assisted by EI. All employers must deduct EI premiums from insurable earnings they pay to their employees.

TABLE 15 Living Wage Calculation for Stratford, Perth, and Huron, 2015

	Stratford	Perth	Huron
Household Employment Income	\$60,386	\$63,311	\$66,905
Universal Child Care Benefit (UCCB)	\$2,640	\$2,640	\$2,640
Household Income*	\$63,026	\$65,951	\$69,545
Tax after credits	\$(3,286)	\$(3,896)	\$(4,629)
CPP and EI Contributions	\$(3,778)	\$(3,978)	\$(4,223)
Canada Child Tax Benefit (CCTB)	\$2,591	\$2,509	\$2,408
Childcare Subsidy*	\$10,690	\$3,312	\$674
Working Income Tax Benefit (WITB)	\$0	\$0	\$0
Ontario Child Benefit (OCB)	\$186	\$22	\$0
Income after tax and transfers	\$69,428	\$63,921	\$63,776
Hourly Living Wage Rate	\$15.48	\$16.23	\$17.16
*See section 8.2 – Childcare Subsidies for detail			

Any credit or overpayments are refunded to individuals when they file their income tax return.⁶¹

- **Canada Pension Plan (CPP)**- The CPP provides pensions and benefits when contributors retire, become disabled, or die. With very few exceptions, every person over the age of 18, who works in Canada outside of Quebec and earns more than a minimum amount of \$3,500 per year must contribute to the CPP. If you have an employer, you pay half the required contributions and your employer pays the other half. If you are self-employed, you make the whole contribution.⁶²

According to the CCPA-Ontario calculation model, the living wage rate for 2015 is: \$15.48 per hour for Stratford, \$16.23 in Perth, and \$17.16 in Huron. The resultant living wage for the community is the weighted population average of these three figures: **\$16.47 per hour.**

Conclusion

A living wage is the hourly wage a worker needs to earn to cover his/her family's basic everyday expenses, such as food, housing, utilities, transportation and childcare. The calculation is based on the living expenses of a family of four with both adults working full-time for 37.5 hours a week, once government transfers and deductions (e.g. income taxes and EI premiums) have been taken into account. The living wage rate for Perth and Huron is \$16.47 an hour for 2015.

Evidence shows that living wages benefit not only low-wage workers who would earn higher pay, but also employers and society at large. Living wages help lift children out of poverty by giving families a basic level of economic security, allowing them to live without the constant stress of deciding which bills to pay. Employers who pay living wages report lower turnover and absenteeism rates, and greater employee engagement and loyalty. In addition, living wages enable working families to have the necessary resources to fully participate in the economic and social life of their community.

“We believe in the living wage for our employees. Our employees work hard and are committed to producing a quality product, which contributes to our success as a company. We feel it is our responsibility to support them and their families.”

In conclusion, the adoption of living wages could help to improve the overall quality of life in Perth and Huron. Please refer to the SRPC's community report, “All families living in Perth and Huron Counties require a living wage to make ends meet” for further information and recommendations about how to promote the living wage movement in the community.

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