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# Calculating the 2019 Living Wage in Toronto

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ONTARIO LIVING WAGE NETWORK

# Contents

- Introduction ..... 1
  - A living wage is the hourly wage a worker needs to earn to cover their basic expenses and participate in their community. .... 2
- Acknowledgements..... 1
- Living Wage Calculation Methodology ..... 2
  - Living Wage Calculation ..... 3
    - Basic Living Wage Formula Calculation..... 3
- Calculation of Living Wage Basket Items ..... 3
  - Food ..... 3
  - Clothing and Footwear..... 3
  - Shelter ..... 4
  - Communication..... 4
  - Transportation ..... 5
  - Parent Education..... 5
  - Child Care ..... 5
  - Health, Life and Critical Illness Insurance ..... 6
  - Other ..... 6
  - Family Expenses ..... 6
- Government Transfers and Taxes ..... 7
- Conclusion..... 7

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

## Introduction

A living wage is the hourly wage a worker needs to earn to cover their basic expenses and participate in their community.

The living wage for 2019 in Toronto is \$22.08.

The living wage sets a higher test than the provincially mandated minimum wage. The living wage is calculated based on the real costs in a community. The living wage gets families out of severe financial stress by lifting them out of poverty and providing a basic level of economic security. 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 participate 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 go above and beyond for their employees 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 has certified over 250 employers in Ontario for making the commitment to pay all employees at least the living wage. Through the living wage employer program we are effectively raising wages of low-income workers 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 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
- Childcare
- 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.

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

<b>Family Expenses</b>	=	<b>Employment Income</b>	+	<b>Government Transfers</b>	-	<b>Payroll and Income Taxes</b>
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## Calculation of Living Wage Basket Items

### Food

The cost of food for Toronto was provided by Toronto Public Health with data gathered from the 2018 study determining the cost of nutritious food for people living in Toronto. This data can be found on The City of Toronto webpage [Food Insecurity in Toronto](#) which is dedicated to this study. The full report on the nutritious food basket and a nutritious food basket calculator can be found on this website. The age and gender for each family member in the reference family can be entered in the calculator to find the monthly cost required to provide healthy food to the family. The annual cost of food for our reference family is \$8273.

Reference Family	Weekly Food Cost	Monthly Food Cost
Adult 1 (Female age 35)	\$46.55	\$201.56
Adult 2 (Male age 35)	\$55.01	\$238.19
Child 1 (Boy age 7)	\$32.71	\$141.63
Child 2 (Girl age 3)	\$24.95	\$108.03

### 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. The annual cost for clothing and footwear for the reference family is \$3630.

## Shelter

### Rent

Canada Mortgage and Housing Corporation (CMHC) provides annual Market Rental Reports for communities with a population of 10,000 or more. The CMHC Primary Rental Report uses a survey of total rental units to determine an average cost of rent. Some of these units may have been occupied for some time and rent with a lower rental rate due to laws around rent increases. This means that the cost reported by the CMHC is less than what would be found if one were to survey units that are currently available to rent. This methodology is useful for the living wage calculation as we are not making the assumption that our reference family is new to the community. 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 Toronto is \$1,664 per month. This data can be found on the CMHC website's [Housing Market Information Portal](#).

### 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. The monthly cost for hydro from Toronto Hydro Electric System LTD as provided by the Ontario Energy Board based on the above parameters is \$114.99 or \$1,380 per year.

### Tenant Insurance

The cost of tenant insurance in a community is sourced through [www.Kanetix.ca](http://www.Kanetix.ca) with a personal property limit of \$35,000. The lowest quote for tenant insurance is used as the expense. The cost quoted through Kanetix from Square One Insurance Company is \$209 per year.

### Communication

Each adult in the living wage reference family will have the least expensive unlimited talk and text cell phone 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.

The phone plan was sourced through Chatr Wireless and costs \$25 per month plus tax. The cost of both phones per month comes to \$56.50.

The cost for internet was sourced from Vmedia and for a monthly cost of \$53.

The monthly cost for a Netflix plan is \$9.99.

## Transportation

The assumption for transportation in Toronto is that our reference family will need one car and one adult transit pass. The cost of the transit pass was sourced through the [TTC website](#). The cost is \$13.55 per month.

The 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 the insurance website [www.kanetix.ca](#). The remaining expenses for operating a vehicle are drawn from the data provided by the cost for a monthly transit pass is sourced through the municipal website.

The below chart shows the annual cost for the cost of car ownership and operation:

Depreciation	\$1,995
Insurance	\$1,388
Gas	\$1,562
Maintenance	\$1,414
Registration	\$120
Total:	\$6,479

## Parent Education

The cost of two 3-credit courses, text book and additional administrative fees was sourced through the [George Brown College](#) website. The cost for two courses with text books and administrative fees has been estimated at \$821. This expense was found by averaging the cost of four courses from four different disciplines to find the average cost for one course. The fees for text books for these four courses were averaged as well.

## Child Care

The cost and availability of child care in Toronto has been and ongoing concern. The [2018 Toronto Child & Family Poverty Report](#) states that At this time almost 13,000 children are on the waitlist for subsidised child care. In the June 2018 report by Canadian Centre for Policy Alternatives [Child Care Deserts in Canada](#), it is stated that the child care fees in Toronto are the most expensive in Canada. There are only enough licensed spaces for one in five children under the age of 13. For these reasons we have decided to continue to use the cost for home-based child care. Home based child care tends to be less expensive than centre-based care. However, with centre based care there is the option of receiving a child care subsidy that greatly reduces the cost for a family.

The cost for [child care](#) and summer Activity Camp in Toronto was sourced through the City of Toronto. The annual cost for child care comes to a total of \$16,269.

Child Care	Daily Rate	Days of Care Required	Annual Cost
Full Day Care for 3-year-old	\$44.62	251	\$11,199
Before and After Care for 7-year-old	\$26.04	187	\$4,870
Summer Camp for 7-year-old	\$4	50	\$200

## Health, Life and Critical Illness Insurance

Non-OHIP Health, life and critical illness insurance are sourced from [www.kanetix.ca](http://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.

## 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.

Other expenses for our reference family come to \$8,975 for the year.

## Family Expenses

<b>Family Expenses</b>		<b>Annual</b>
Food		\$8,273
Clothing and Footwear		\$3,630
Shelter	Rent	\$19,968
	Hydro	\$1,380
	Telephone	\$678
	Tenant Insurance	\$209
	Internet and Cable	\$756
Transportation	Vehicle & misc. transit	\$8,142
Other		\$8,975
Education (adults)		\$821
Child care (before subsidy)		\$16,269
Non OHIP medical		\$2,952
Life and Critical Illness Insurance		\$329
Contingency amount	4.0%	\$2,895
<b>Total Family Expenses</b>		<b>\$75,277</b>

## Government Transfers and Taxes

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

<b>Non Wage Income (Government transfers)</b>	
Canada Child Benefit (CCB)	\$6,824
Working Income Tax Benefit (WITB)	-
Ontario Child Benefit (OCB)	-
Child Care Subsidy	-
GST/HST Credit	-
Ontario Trillium Benefit	-
<b>Total Income from Transfers</b>	<b>\$6,824</b>

<b>Living Wage and Government Deductions and Taxes</b>	
<b>Household Employment Income</b>	<b>\$80,381</b>
Federal Income Tax	\$5,005
Provincial Income Tax	\$1,878
Total Government Taxes	\$6,883
<b>Household Income After Taxes</b>	<b>\$73,498</b>
Less: CPP and EI Contributions	\$5,045
Plus: Total Government Transfers	\$6,824
Income after tax and transfers	<b>\$75,277</b>
<b>Living wage</b>	<b>\$22.10</b>

## Conclusion

The increase in the 2019 living wage rate in Toronto is due mainly to the increase in the cost of rent. According to the Canadian Mortgage and Housing Commission average cost of rent for a three-bedroom apartment increased from \$1,595 per month in 2017 to \$1,664 in 2018 adding over \$800 to the annual family expense.

The cost of childcare in Toronto continues to be a concern for families as the lack of available spaces and subsidy. Changes in this situation in the future could lead to a decrease in the cost of living for families in the city.

Employers who have made the commitment to pay workers a living wage have reported higher morale, lower rates of absenteeism, savings on hiring and training due to greater employee retention. The living wage rate of \$22.08 address the rising cost of living in Toronto. Employees who have seen an increase in pay to the living wage have reported lower stress levels, that they are better able to support their family, they feel appreciated at work.



Employers who made the decision to pay a living wage are playing a role in addressing poverty in our community. By making the commitment to pay a living wage, employers are making a choice that is good for their business, employees and the community.