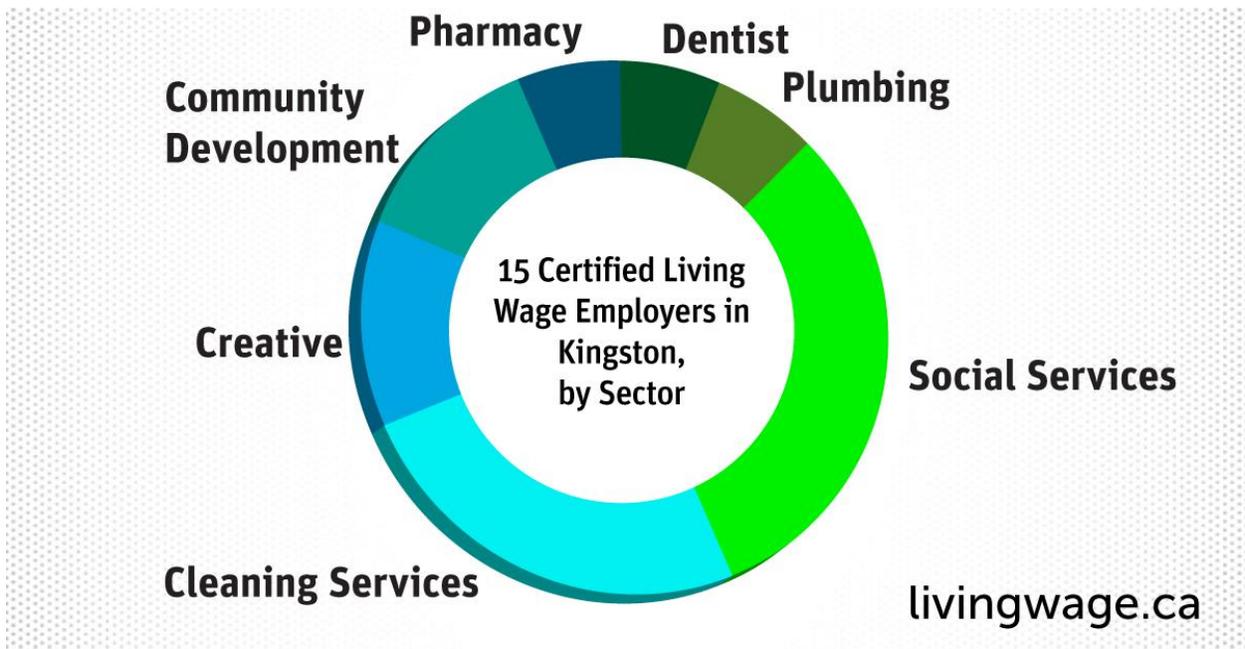


LIVING WAGE KINGSTON REPORT, November 6, 2019



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Updated Living Wage Calculation for Kingston, Ontario

ANNOUNCING THE 2019 LIVING WAGE RATE: **\$17.57 AN HOUR**

The Living Wage Rate is the hourly wage a family needs to earn to cover basic expenses and participate in community life once transfers have been added to the family's income and deductions have been subtracted. The living wage is calculated to reflect the local cost of living. It incorporates the actual cost for expenses including rent, food, transportation, hydro, child care, and other basic needs in a specific community, as well as average costs for clothing and footwear derived from the Statistics Canada Survey of Household Spending. It does not include debt repayment, retirement savings, home ownership expenses, or children's education.

Kingston's Living Wage calculation is based on the National Living Wage framework using a reference household of a family of four with a seven-year-old boy, a three-year-old girl, and two parents each working full-time, full-year. **Kingston's new calculation of \$17.57/hr.** reflects the rising cost of living with an increase of 28 cents from the 2018 amount of \$17.29/hr.

Over the past year there has been an increase in many basket items in the calculation of household expenses, but in particular there has been a significant increase in the cost of rent in Kingston. The average monthly cost of three-bedroom apartments in Kingston is \$1,945.00 with a vacancy rate of .3 per cent. The 2018 Canadian Mortgage and Housing Corporation (CMHC) Rental Market Report revealed that Kingston had the lowest average vacancy rate in Ontario at 0.6%, while over a period of 20 years Kingston has had the lowest average vacancy rate in all of Ontario.

Recognizing the inaccessibility and unaffordability of housing for some Kingston residents, Kingston's Mayor, Bryan Paterson, struck a Mayor's Task Force on Housing in the spring of 2019. The Task Force's mandate is to "provide evidence-informed and action-oriented recommendations to Kingston City Council in order to increase the supply of a diverse range of housing for all residents in the City of Kingston". Advancing affordability is also a goal. A draft of the Task Force's report is due to go to Council in December 2019.

Statistics Canada 2016 Census revealed that the official poverty rate for Kingston is 14.8 per cent (using the Statistics Canada Low Income Measure after-tax). That is an increase of nearly four percentage points over the past 10 years and affects 17,895 residents. More recently, *Vital Signs 2018*, published by the Community Foundation for Kingston & Area, noted that for vulnerable populations – lone parents, indigenous peoples, visible minorities, and recent immigrants – poverty rates in Kingston are as high as 25 per cent.

More and more people are working for low wages. An October 10, 2019 Ipsos poll confirmed that 68 per cent of Canadians feel they can't get ahead, and 82 per cent feel that life is

becoming less affordable. Many are facing impossible choices — purchase medication 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.

While the minimum wage is the lowest wage permitted by law for workers, the living wage sets a higher standard. More than just a number, it is also a practical tool for employers who want to help reduce poverty through paid work. Ontario's PC government has frozen the minimum wage at \$14/hr. until at least 2020 and stopped the minimum wage from rising to \$15 an hour on January 1, 2019. They have also repealed the previous Liberal government's labour reform legislation, Bill 148, *Fair Workplaces, Better Jobs Act 2017*, and replaced it with *Making Ontario Open for Business Act 2018*, which removes most improvements for workers.

In Kingston, out of a total workforce of less than 85,000 people, nearly 23,000 are employed in sales and service, making an average of \$22,394 a year in a sector characterized by part-time, precarious jobs. With average rent at \$1,181/mon., single earners in such jobs spend more than 60 per cent of their income on housing. Indeed, a recent Canadian Centre for Policy Alternatives report, *Unaccommodating*, calculated the hourly wages that individuals in cities across Canada would have to earn in order to rent a two-bedroom apartment. In only 24 of 795 neighbourhoods (or three per cent), can a full-time minimum-wage worker afford a two-bedroom apartment. In Kingston, workers must earn \$23/hr. in order to do so.

There are currently more than 250 employers registered in the Ontario Living Wage Network (OLWN) living wage program, with 15 of those in Kingston. The Living Wage Employer Program recognizes employers who voluntarily choose to pay their direct and indirect employees a living wage. The Living Wage Employer Program is open to all employers – businesses, non-profit organizations, and public sector employers.

Employers choosing to pay a living wage are advancing justice and fairness for their employees as well as enabling them to cover their basic needs at a time when minimum wages fall short. A living wage enables working families to have sufficient income to cover reasonable costs; promotes social inclusion; supports healthy child development principles; ensures that families are not under severe financial stress; fosters significant and wide ranging community support; upholds the benefits of public programs such as child care, accessible public transit, and extended health benefits, and helps to break the cycle of poverty. In short, paying a living wage constitutes a critical investment in the long-term prosperity of our local economy by fostering a dedicated, skilled, and healthy workforce.

Methodology and Calculation Tools:

The Ontario Living Wage Network has created a methodology for calculating the living wage in Ontario to provide consistency in wage calculations across the province. The tool used to calculate community expenses, taxes, and government transfers is updated on an annual basis.

The update for 2019 was completed by Iglia Ivanova from the Canadian Centre of Policy Alternatives in British Columbia. Calculating the Living Wage for Kingston, 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. The Family Expense Workbook was reviewed by CCPA-Ontario and the living wage calculation was generated using the CCPA-Ontario Living Wage Calculator.

Reference Household:

A 7-year-old boy, a 3-year-old girl, and two 35-year-old adults working 35 hours a week for a full year.

Basic Living Wage Formula Calculation:

Family Expenses	=	Employment Income	+	Government Transfers	--	Payroll and Income Taxes
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Itemized Household Expenses used in Kingston’s 2019 LW calculation

The following expenses are sourced locally:

Rent: \$1,649/mon. or \$20,772/yr.

Kingston’s cost of rent is taken from the Canadian Mortgage Housing Corporation (CMHC) Rental Market Report, CMA, 2018. CMHC provides Market Rental Reports for communities across Canada with a population of 10,000 or more.

To determine the average cost of rent for a three bedroom unit in Kingston, data on the rental costs in Downtown Kingston, Northern Kingston, Southwestern Kingston and the remaining area in the Kingston Census Metropolitan Area was used. The final cost was calculated using a weighted average based on the number of units in each of these four areas. CMHC indicated that the reliability of the data provided for Southwestern Kingston was poor. Because of this the 2017 cost of \$1,182 was used along with the CPI rate from Statistics Canada to find a rate of \$1,199.

Area	Total Units	Average Rent
Downtown Kingston	378	2,177
Northern Kingston	133	1,177
Southwestern Kingston	283	1,472
Remaining Area	54	1,199

According to CMHC, the average rent for a three-bedroom unit in 2018 was \$1, 945/mon., and the vacancy rate was .3%.

<https://cmhc-schl.gc.ca/en/data-and-research/publications-and-reports#q=Kingston>

Hydro:

The average estimated electricity usage of 750 kWh is sourced from Utilities Kingston.

Electricity from Utilities Kingston: \$73.28/mon. or \$879/yr.

\$73.28/mon. is the average cost of electricity through Utilities Kingston

<https://utilitieskingston.com>

Tenant Insurance: \$106/yr.

The lowest estimate for a property limit of \$35,000 is provided by the insurance and financial technology company, Kanetix, Ltd.

<https://www.kanetixltd.ca/>

Communications (Internet, Netflix, Cell Phone):**Annual Total: \$1,940/yr.**

The Living Wage calculation allows the least expensive unlimited internet plan to support a basic Netflix subscription.

Internet: \$50.00/mon. or \$600/yr.

Execulink

<https://www.execulink.ca/>

Netflix Canada: \$9.99/mon. or \$120/yr.

www.netflix.com

Phone:

The LW calculation provides each adult in the living wage reference family 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.

Two cell phones: \$100/mon. or \$1,220/yr.

Freedom Mobile

<https://www.freedommobile.ca/en-ca/plans-and-devices/plans>

Food: \$8,535/yr.

Food costs are calculated from KFL&A Public Health, *The Cost of Eating Healthy* (2018). Costs are broken down by gender and can be matched to the living wage reference family:

Adult Female	\$48.02/wk.
Adult Male	\$56.65/wk.
Boy, age 7	\$33.82/wk.
Girl, age 3	\$25.78/wk.

Methodology:

1. Total cost of each family member per week = \$164.27/wk.
2. Multiply weekly total by 4.33 to get the monthly total: \$163.38 x 4.33 = \$711.29

3. Multiply monthly total by 12 for the annual cost == $\$711.29 \times 12 = \$8,535.48$ for the family of four

<https://www.kflaph.ca/en/healthy-living/Cost-of-Health-Eating.aspx>

Vehicle and Miscellaneous Transit: Total Annual costs \$7,391/yr.

Assuming that one parent drives to work and the other takes public transit:

Vehicle: \$6,479/yr.

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

Adult Transit Pass: \$76/mon. or \$912/yr.

www.cityofkingston.ca/residents/transit

Parent Education: \$800/yr.

Education costs include two courses from St. Lawrence College, *Accounting Basics I*, \$434.50, and *Essentials in Health Records Management*, \$366.10 including taxes and fees, totalling \$800.60.

<http://www.queensu.ca/registrar/financials/tuition-fees>

www.st.lawrencecollege.ca/pay-for-college/fees

Child Care:

The cost of child care is sourced through local service providers in the Kingston community.

Total Annual Cost before subsidy is \$16,884/yr.

Daycare for Three-year-old:

Corner Clubhouse Daycare Centre Inc. \$45.75/day for 251 days = **\$11,483.25/yr.**

Five days a week for 50 weeks

www.cornerclubhousedaycare.ca

Daily Before and After School Care for Seven-year-old:

Kingston YMCA before and after school care
Average of \$18.25/day for 187 days = **\$3,412.75**
<https://www.kingston.ymca.ca>

Summer camp for Seven-year-old:

Kingston YMCA
\$39.75 a day for 50 days = **\$1,987.50**
<https://www.kingston.ymca.ca>

Health, Life, and Critical Illness Insurance: Total cost is \$3,434/yr.

The lowest estimates for non-OHIP Health, life, and critical illness insurance are sourced through www.kanetix.ca

Non-OHIP Medical Expenses:

The cost of life insurance through Equitable Life and Critical Illness insurance from BMO Insurance (both sourced from Kanetix.ca.) for each adult. Non-OHIP medical: Manulife FlexCare ComboPlus, plan details retrieved from Kanetix.ca. Contingency: A small contingency amount equal to 4% of household expenditures.

Manulife FlexCare Combo Plus, **\$2,952/yr.**

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, and chiropractic therapy.

Cost of Life and Critical Illness Insurance = **\$482/yr.**, itemized as follows:

Life Insurance, \$176.50/yr.

Critical Illness Insurance: \$152.75/yr.

Remaining expenses are sourced at the provincial level:

Clothing and Footwear: Consumer Price Index (CPI) adjusted total \$3,630yr.

The cost of clothing and footwear are obtained from the Survey of Household Spending (SHS) (2017), Table: 11-10-0223-01 (formerly CANSIM Table 203-0022), 3rd Quintile. The estimates from the SHS are from 2017 and have been adjusted for inflation, 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.

Other Expenses: \$9,173/yr.

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. This approach is used for calculating the living wage in British Columbia by Living Wage for Families.

Table of Expenses

Family Expenses		Annual
Food		\$8,535
Clothing and Footwear		\$3,630
Shelter	Rent	\$20,772
	Hydro (Utilities Kingston)	\$879
	Telephone	\$1,220
	Tenant Insurance	\$106
	Internet and Netflix	\$720
	Transportation Vehicle & misc. transit	\$7,391
Other		\$9,173
Education (adults)		\$800
Child care (before subsidy)		\$16,884
Non OHIP Medical		\$2,952
Life & Critical Illness Insurance		\$482
Contingency amount (4%)		\$2,936
TOTAL COST OF LIVING		\$76,500

Government Transfers and Taxes:

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

Non-Wage Income (Government transfers)	
Canada Child Benefit (CCB)	\$9,047
Working Income Tax Benefit (WITB)	-
Ontario Child Benefit (OCB)	\$446
Child Care Subsidy	\$11,237
GST/HST Credit	\$168
Ontario Trillium Benefit	\$589
Total Income from Transfers	\$21,487

Living Wage and Government Deductions and Taxes	
Household Employment Income	\$63,945
Federal Income Tax	\$3,808
Provincial Income Tax	\$1,198
Total Government Taxes	\$5,006
Household Income After Taxes	\$58,939
Less: CPP and EI Contributions	\$3,940
Plus: Total Government Transfers	\$21,487
Income after tax and transfers	\$76,486
Living wage	\$17.57



Kingston's living wage employers:

Brunet Plumbing, Kitchen & Bath

Channel 3 Communications Inc.

Crown Window Cleaning

Family and Children's Services of Frontenac, Lennox and Addington

KEYS Job Centre *d'emploi*

Kingston Community Health Centres

King's Town Dental

Loving Spoonful

Open Doors Media

Soap & Suds Cleaning

Stone Mills Cleaning Services, Inc.

Sustainable Kingston

United Way of KFL&A

Weller Pharmacy

ACKNOWLEDGEMENTS

Thank you to the Ontario Living Wage Network: Greg deGroot–Magetti, Anne Coleman, and Craig Pickthorne, and also to the Canadian Centre for Policy Alternatives Ontario and British Columbia offices, specifically, Iglia Ivanova, for their expertise, support and assistance.

<http://www.ontariolivingwage.ca>

<https://www.policyalternatives.ca/offices/ontario>

<https://www.policyalternatives.ca/offices/bc>

