
Calculating the 2019 Living Wage in Ottawa



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ONTARIO LIVING WAGE NETWORK

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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 Igluka 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 Ottawa is \$18.40.

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

Family Expenses	=	Employment Income	+	Government Transfers	-	Payroll and Income Taxes
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Calculation of Living Wage Basket Items

Food

The cost of food for Ottawa was provided by Ottawa Public Health with data gathered from the 2018 study determining the cost of nutritious food for people living in Ottawa. Ottawa Public Health published a report [2018 Nutritious Food Basket: The price of eating well in Ottawa](#). The reference family for the living wage calculation is very specific and as such the costs for each family member were provided directly from Ottawa Public Health. The total cost of food for our reference family is \$8798 per year.

Reference Family	Weekly Food Cost	Monthly Food Cost
Adult 1 (Female age 35)	\$49.65	\$214.98
Adult 2 (Male age 35)	\$58.35	\$252.66
Child 1 (Boy age 7)	\$34.74	\$150.42
Child 2 (Girl age 3)	\$26.59	\$115.13

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 \$3,630.

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 Ottawa is \$1,584 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 Ottawa River Power as provided by the Ontario Energy Board based on the above parameters is \$108.73 or \$1304.76 per year.

Tenant Insurance

The cost of tenant insurance in a community is sourced through 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 \$192 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 \$35 per month plus tax. The cost of both phones per month comes to \$79.10.

The cost for internet was sourced from [TekSavvy](#) and for a monthly cost of \$52.

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

Transportation

The assumptions for transportation within the living wage calculation varies depending on the availability of public transit in a community. 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.

This is the assumption that was made for the Ottawa calculation. In Ottawa a monthly adult bus pass costs \$116.50 according to [OC Transpo](#).

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 are included in the living wage calculation and are sourced through a local college/university in a community. The cost of two courses from [Algonquin College](#) including text books and administrative fees is \$1,177.

Child Care

The cost for [child care](#) and [summer camp](#) in Ottawa was sourced through the City of Ottawa. The annual cost for child care comes to a total of \$17,538.

Child Care	Daily Rate	Days of Care Required	Annual Cost
Full Day Care for 3-year-old	\$46.99	251	\$11,794
Before and After Care for 7-year-old	\$21.34	187	\$3,991
Summer Camp for 7-year-old	\$35.05	50	\$1,753

Health, Life and Critical Illness Insurance

Non-OHIP Health, life and critical illness insurance are sourced from [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 \$9,371 for the year.

Family Expenses

Family Expenses		Annual
Food		\$8,798
Clothing and Footwear		\$3,630
Shelter	Rent	\$19,008
	Hydro	\$1,305
	Telephone	\$949
	Tenant Insurance	\$192
	Internet and Cable	\$744
Transportation	Vehicle & misc. transit	\$7,877
Other		\$9,371
Education (adults)		\$1,177
Child care (before subsidy)		\$17,538
Non OHIP medical		\$2,952
Life and Critical Illness Insurance		\$329
Contingency amount	4.0%	\$2,955
Total Family Expenses		\$76,825

Government Transfers and Taxes

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

Non Wage Income (Government transfers)	
Canada Child Benefit (CCB)	\$8,379
Working Income Tax Benefit (WITB)	-
Ontario Child Benefit (OCB)	\$51
Child Care Subsidy	\$10,408
GST/HST Credit	-
Ontario Trillium Benefit	\$257
Total Income from Transfers	\$19,095

Living Wage and Government Deductions and Taxes	
Household Employment Income	\$67,034
Federal Income Tax	\$3,961
Provincial Income Tax	\$1,196
Total Government Taxes	\$5,157
Household Income After Taxes	\$61,877
Less: CPP and EI Contributions	\$4,148
Plus: Total Government Transfers	\$19,095
Income after tax and transfers	\$76,825
Living wage	\$18.40

Conclusion

The living wage in Ottawa increased from the 2018 rate by 20 cents to this year’s rate of \$18.40. This increase is due to an increase in the cost of food, clothing and footwear, and rent. The cost of childcare has also increased in the community from the 2018 calculation but this difference is less significant to the overall living wage calculation because of the current child care subsidy program.

The living wage rate of \$18.40 for Ottawa provides families with a modest wage but one allows for community participation. 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 the 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.