

2021 Waterloo Region Living Wage Calculation Report

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Introduction

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

The 2021 living wage in Waterloo Region has been calculated as \$17.20.

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.

Living Wage Calculation Methodology

In 2009, the Canadian Centre for Policy Alternatives (CCPA) released a report [*Canadian Living Wage Framework: A National Methodology for Calculating the Living Wage in Your Community*](#). This framework provides the specifics for a reference family of four and a list of basket items to source expenses to calculate the living wage.

When this framework was put together there was a focus on children living in poverty, and the living wage was used as a way to highlight what parents needed to earn in order to support their family. At this time calculations were done to determine how different the living wage was for a lone parent with one child and a single adult. In most cases the living wage for a family of four was the highest. And, all three tested living wage rates were fairly close.

As new public policies that provide support to families with children have been introduced by the federal and provincial governments, and family demographics continue to change it has become clear that expenses for a reference family of four is no longer the best reference for living wage calculations in Ontario.

In 2016 the Canada Child Benefit was introduced by the federal government to help families across Canada. Because living wage calculations in Canada were based on a family of four with two children living wage rates across the country decreased. Although living wage calculations continued to use the same reference family testing showed that the gap between our three family types was growing.

In 2019 the Ontario provincial government introduced the CARE credit to help families with the cost of child care. This new credit was providing over \$4,000 in additional income to our reference family of four which meant a decrease of around \$2.00 right across all the Ontario rates.

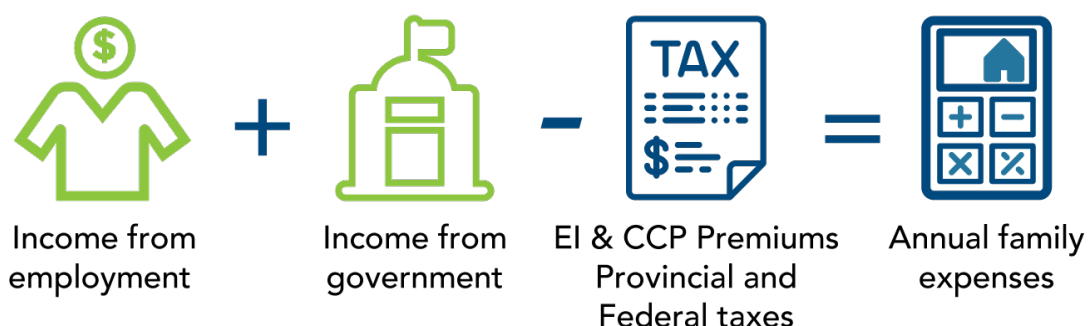
Yet we all know the cost of living has not gone down. Inflation has quadrupled since the beginning of 2019 and is at an 18-year high. While this is a great support for families with children, it became clear that the way we were calculating the living wage in our province needed to be changed. There is a growing number of single adults in Canada, and these workers were being left behind by our calculation methodology.

Living Wage Calculation

The 2021 living wage calculation uses a weighted average of three different reference households. We continue to use at a family of four with two adults each age 35, a 7-year old boy and a 3-year old girl. We also use at a single parent family with one 35-year-old female and a 7-year old boy. And, a single male adult age 35. The calculation assumes all adults are 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



The weighted average is based on 2016 Ontario census data.

Couple families with some children 0-5 and some 6-14 years of age	187,435
Lone parent families with children 6-14 years of age	114,100
Single Adults between 15 and 65	844,650

Calculation of Living Wage Basket Items

Food

The cost of food for Waterloo Region was provided by Waterloo Region Public Health with data gathered from the 2018 study determining the cost of nutritious food. This data can be found on The Region of Waterloo webpage which is dedicated to this study. The report does not provide the specific

age and gender for each family member in the reference family so the below numbers came directly from Waterloo Region Public Health. The annual cost of food for our reference family is \$8,858.

Reference Family	Weekly Food Cost	Monthly Food Cost
Adult 1 (Female age 35)	\$48.02	\$207.93
Adult 2 (Male age 35)	\$56.33	\$243.91
Child 1 (Boy age 7)	\$34.66	\$150.08
Child 2 (Girl age 3)	\$26.72	\$115.70

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 Waterloo Region is \$1,254 per month. This data can be found on the CMHC website's [Housing Market Information Portal](https://www59.mcgill.ca/cmhc/research-and-data/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](https://www.ontarioenergyboard.ca/typical-electricity-consumption/), April 14, 2016. The estimate provided for monthly hydro costs in Waterloo Region was determined by taking an average of quotes provided for Energy Plus Inc: Cambridge and North Dumfries, Kitchener Wilmot Hydro Inc, and Waterloo North Hydro Inc. The average monthly cost of hydro in Waterloo Region is \$103.

Community	Monthly Cost
Cambridge/North Dumfries	\$103.41
Kitchener/Wilmot	\$97.44
Waterloo	\$108.29

Tenant Insurance

The cost of tenant insurance in a community is sourced through www.Kanetix.ca with a personal property limit of \$35000. The lowest quote for tenant insurance is used as the expense. The cost quoted through Kanetix from Square One Insurance Company is \$183 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 \$40 per month plus tax. The cost of both phones per month comes to \$90.

The cost for internet was sourced from Execulink and for a monthly cost of \$73.

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

Transportation

The transportation assumption within the calculation depends on the availability of public transit in a community. Waterloo region is made up of three cities which accounts for 87% of the population in the region. As there is regular bus service available, it is assumed that one parent drives to work and the other commutes using public transit. The family will own one car and purchase one adult transit pass. The remaining 13% of the population in the region resides within the four townships. Regular bus service is not available in these communities so it is assumed that the family will own two vehicles. We have used a weighted average based on population to find the annual cost of transportation for our reference family.

In Waterloo Region a monthly adult transit pass costs \$86 according to Grand River Transit.

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

To find the total cost of transportation in the region we used a weighted average based on population in the rural townships and the urban cities.

Community	Population	Annual Transportation Expense	Weighted Cost
Cities	87%	1 Vehicle - \$6479 1 Adult Transit Pass - \$1032 Total - \$7511	\$6,535
Townships	13%	2 Vehicles - \$12958	\$1,685

The total annual cost of transportation for our reference family is \$8,219.

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 continuing education courses from Conestoga College including text books and administrative fees is \$1,118.

Child Care

The cost for child care is sourced through the Region of Waterloo Children's Services report [Early Learning and Childcare Profiles 2018](#). The daily cost of summer camp was found by averaging the costs provided through the Cities of Cambridge, Kitchener and Waterloo. The annual cost for child care in Waterloo Region comes to a total of \$17,682.

Child Care	Daily Rate	Days of Care Required	Annual Cost
Full Day Care for 3-year-old	\$43.73	251	\$10,976
Before and After Care for 7-year-old	\$25.75	187	\$4,815
Summer Camp for 7-year-old	\$26.77	50	\$1,339

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 \$9,416 for the year.

Family Expenses

Family Expenses		Annual
Food		\$8,858
Clothing and Footwear		\$3,630
Shelter	Rent	\$15,048
	Hydro	\$1,237
	Telephone	\$1,085
	Tenant Insurance	\$183
	Internet and Cable	\$1,001
Transportation	Vehicle & misc. transit	\$8,219
Other		\$9,416
Education (adults)		\$1,118
Child care (before subsidy)		\$17,130
Non OHIP medical		\$2,952
Life and Critical Illness Insurance		\$510
Contingency amount	4.0%	\$2,815
Total Family Expenses		\$73,202

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)	\$9,026
Working Income Tax Benefit (WITB)	-
Ontario Child Benefit (OCB)	\$434
Child Care Subsidy	\$11,437
GST/HST Credit	\$160
Ontario Trillium Benefit	\$465
Total Income from Transfers	\$21,522

Living Wage and Government Deductions and Taxes	
Household Employment Income	\$59,465
Federal Income Tax	\$3,116
Provincial Income Tax	\$1,029
Total Government Taxes	\$4,145
Household Income After Taxes	\$55,320

Less: CPP and EI Contributions	\$3,639
Plus: Total Government Transfers	\$21,522
Income after tax and transfers	\$73,202
Living wage	\$16.35

Conclusion

The 20-cent increase in the living wage in Waterloo Region this year is due mainly to an increase in food costs. In the 2018 living wage calculation food costs for our reference family were reported at \$8,175 per year. Waterloo Region Public Health has indicated an increase to \$8,858 for 2019.

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.

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.

By making the commitment to pay a living wage, employers are making a choice that is good for their business, employees and the community.