

A LIVING WAGE FOR GUELPH & WELLINGTON: 2018 UPDATE

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ABOUT THE AUTHOR

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Guelph and Wellington's living wage calculation is based on the National Living Wage Framework – a document outlining national methodology to ensure consistency across Canada. The living wage calculator was developed by the Canadian Centre for Policy Alternatives Ontario Office and provided by the Ontario Living Wage Network (OLWN). The Poverty Task Force (PTF) is grateful for the support and guidance provided by Anne Coleman, Campaign Manager with the OLWN. The PTF would also like to acknowledge the support of the PTF Research & Knowledge Mobilization Committee in reviewing this report.

ABOUT THE GUELPH & WELLINGTON TASK FORCE FOR POVERTY ELIMINATION

The Guelph and Wellington Task Force for Poverty Elimination works collaboratively, informed by diverse voices of experience, to take local action and advocate for system and policy change to address the root causes of poverty.

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INTRODUCTION & METHODOLOGY

INTRODUCTION

The Ontario Living Wage Network (OLWN) defines a living wage as “the hourly wage a worker needs to earn to cover their basic expenses and participate in the community.”¹ The living wage is an important tool to help generate a better understanding of the expenses faced by working families in a particular community. It can also be used to demonstrate the gap that exists between the minimum wage (the legislated minimum employers must pay) and a living wage, as well as social assistance rates, and other forms of income. Finally, it can help frame a conversation about the role that employers can play in lifting families in their community out of poverty.

Over the years, the Guelph & Wellington Task Force for Poverty Elimination has calculated the Guelph-Wellington Living Wage at \$15.95 (2013) and \$16.50 (2015). The Poverty Task Force has also introduced the Guelph-Wellington Living Wage Employer Recognition Program and has since joined the Ontario Living Wage Network and merged with its employer program. Currently, there are over 30 Living Wage Employers in Guelph-Wellington, representing different sectors and sizes of organizations.

This report provides a detailed review of the 2018 living wage calculation for Guelph-Wellington. The tools and sources of information used to inform each expense are provided and explained. The expense section is followed by an explanation of non-wage income (government transfers) and government deductions and taxes that are part of the final calculation. **Based on this calculation, the living wage for Guelph-Wellington in 2018 is \$16.90 per hour.**

ABOUT THE ONTARIO LIVING WAGE CALCULATOR

Over the years, the OLWN has worked with communities across Ontario to build a growing and sustainable living wage movement. As part of this work, they have strengthened and standardized the Ontario Living Wage Calculator, first introduced by economist Hugh Mackenzie and updated by Iglia Ivanova in 2018. As a result, some expense categories have shifted over the years, making it difficult to conduct direct comparisons of certain expenses from previous calculations. However, the changes have created more confidence in comparing living wage rates across the province.

¹ Ontario Living Wage Network (n.d.). “What is the living wage?” Ontario Living Wage Network. Accessed here: http://www.ontariolivingwage.ca/what_is_the_living_wage

The following items continue to be sourced at a local level:

- Shelter (including rent, hydro, and tenant insurance)
- Healthy Food
- Child care
- Transportation
- Communications (including cell phones, Netflix, and internet)
- Non-OHIP health insurance (including medical, critical illness, and life insurance)

All other expenses are sourced at the provincial level and pre-calculated by the Ontario Living Wage Calculator for local communities.

In the past, Ontario communities have calculated the living wage based on a 37.5-hour work week. The 2018 Ontario Living Wage Calculator has shifted to use a 35-hour work week to strengthen consistency with other initiatives focused on fair wages, such as Fight for \$15 and Fairness. In addition, according to Statistics Canada, the average usual hours for workers 15 years and older in Canada is 35 hours per week.²

The Ontario Living Wage Calculator determines expenses for a Living Wage Reference Family of two working adults (male and female, age 35 years) and two children (ages 3 and 7 years). The ages and sexes help determine the costs associated with different expenses. For example, the cost of food for a 35 year old male is more than a female of the same age, and childcare expenses are higher for a 3 year old who is not yet in school.

EXPENSES

HEALTHY FOOD

The cost of healthy food is determined by local data collected for the 2017 Nutritious Food Basket (NFB) by Wellington-Dufferin-Guelph Public Health. The NFB is a tool used to monitor the cost and affordability of healthy eating, using 60 foods that represent a nutritious diet for males and females in various age categories.³

² Statistics Canada (2018). "Average usual hours and wages by selected characteristics, monthly, unadjusted for seasonality, last 5 months (x 1,000)." Table 14-10-0320-01 (formerly CANSIM 282-0167). Accessed here:

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410032001>

³ PROOF Food Insecurity Policy Research (n.d.). "The Nutritious Food Basket." Accessed here:

<https://proof.utoronto.ca/resources/the-nutritious-food-basket/>

Based on the Guelph-Wellington-Dufferin 2017 Nutritious Food Basket, the cost of healthy eating for the Living Wage Reference Family is \$744.80 per month, or \$8,937.64 annually (Table 1).

Table 1: Healthy Food

	Monthly (\$)	Annually (\$)
Adult (Female, 35 years)	217.93	2,615.15
Adult (Male, 35 years)	257.16	3,085.90
Child 1 (Boy, 7 years)	152.85	1,834.19
Child 2 (Girl, 3 years)	116.87	1,402.40
Total	744.80	8,937.64

CLOTHING & FOOTWEAR

The cost of clothing and footwear is automatically calculated by the Ontario Living Wage Calculator. This amount is informed by the Survey of Household Spending (2016) and adjusted for inflation.

Based on the Survey of Household Spending, the cost of clothing and footwear for the Living Wage Reference Family in Guelph-Wellington is \$268.59 per month, or \$3,223.10 annually.

RENT

The cost of rent is based on the 2017 Rental Market Report published by Canada Mortgage and Housing Corporation. This report uses a survey that targets privately initiated structures with at least three rental units, in urban areas with populations of 10,000 and more.⁴ It's important to note that the survey does not include the secondary market, which consists of rented condominiums, subsidized rental housing, and rental structures of less than three units, including basement units or in-law suites.⁵ Since Guelph has a very low vacancy rate, it's assumed that many renter households will find housing in the secondary market. In 2011,

⁴ Canada Mortgage and Housing Corporation (2017). "Rental Market Report: Guelph CMA." Accessed here: https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/cmhc/pubsandreports/esub/_all_esub_pdfs/68934_2017_a01.pdf?sv=2017-07-29&ss=b&srt=sco&sp=r&se=2019-05-09T06:10:51Z&st=2018-03-11T22:10:51Z&spr=https,http&sig=0Ketq0sPGtnokWOe66BpqqguDljVgBRH9wLOCg8HfE3w%3D

⁵ Canada Mortgage and Housing Corporation (June 2016). "The Secondary Rental Market in Canada – Estimated Size and Composition." Accessed here: <https://www.cmhc-schl.gc.ca/en/Housing-Observer-Online/2016-Housing-Observer/The-Secondary-Rental-Market-in-Canada-Estimated-Size-and-Composition>

more than half of renter households in Guelph lived in secondary market units.⁶ However, data on average rents in the secondary market are not available for our area.

Based on the Guelph CMA 2017 Rental Market Report, the cost of rent for a three-bedroom apartment in the primary market is \$1,200 per month, or \$14,400 annually.

HYDRO

The cost of electricity for residential was determined using an online bill calculator provided by the Ontario Energy Board.⁷ Based on 750 kWh (the typical household monthly electricity consumption⁸) and time-of-use pricing, the monthly bill was determined based on three estimates for Guelph Hydro Electric Systems Inc., Wellington North Power Inc., and Centre Wellington Hydro Ltd. A weighted average based on the population of Guelph and Wellington County was used to determine the final monthly estimate for the Ontario Living Wage Calculator.

Based on the online bill calculator provided by the Ontario Energy Board, the cost of hydro for the Living Wage Reference Family in Guelph-Wellington is \$111.28 per month, or \$1,335.36 annually.

TENANT INSURANCE

The cost of tenant insurance was determined using the website Kanetix.ca. This website provides a comparison tool to review estimates from over 50 insurance providers in Canada.⁹ For tenant insurance, it was assumed that the Living Wage Reference Family was living in an apartment or condo that was built in 1990 and had a personal property limit of \$35,000. Postal codes from Guelph, Mount Forest, Fergus, and Erin were used to establish estimates for Guelph-Wellington, and a weighted average based on population was used for the final monthly estimate for the Ontario Living Wage Calculator.

⁶ Canada Mortgage and Housing Corporation (June 2016). "The Secondary Rental Market in Canada – Estimated Size and Composition." Accessed here: <https://www.cmhc-schl.gc.ca/en/Housing-Observer-Online/2016-Housing-Observer/The-Secondary-Rental-Market-in-Canada-Estimated-Size-and-Composition>

⁷ Ontario Energy Board (n.d.). "Bill calculator." Accessed here: <https://www.oeb.ca/consumer-protection/energy-contracts/bill-calculator>

⁸ Ontario Energy Board (2014). "Report of the Board – defining Ontario's typical electrical customer." Accessed here: <https://www.oeb.ca/industry/policy-initiatives-and-consultations/report-board-defining-ontarios-typical-electricity>

⁹ Kanetix.ca (n.d.). "Tenant insurance." Accessed here: <https://www.kanetix.ca/tenant-insurance>

Based on the estimates provided by Kanetix.ca, the cost of tenant insurance for the Living Wage Reference Family in Guelph-Wellington is \$13.07 per month, or \$156.88 annually.

CELL PHONE

The cost of a cell phone was determined using the website CompareCellular.ca. This website provides a third-party comparison of cell phones, rate plans, long distance, roaming, and dealer location information.¹⁰ It was assumed that both adults in the Living Wage Reference Family already have smartphones, and required a plan with 200 minutes and 2 GB of data.

Based on the plan provided by CompareCellular.ca, the cost of a cell phone plan for two adults in the Living Wage Reference Family is \$110 per month (\$45 each), or \$1,320 annually.

INTERNET

The cost of internet for the Living Wage Reference Family was determined by reviewing the cost of unlimited usage plans from local providers in Guelph, Mount Forest, Erin, and Fergus. A weighted average based on population was then used to determine the amount used by the Ontario Living Wage Calculator.

Based on a review of local internet providers, the cost of an unlimited internet package for the Living Wage Reference family in Guelph-Wellington is \$60.14 per month, or \$721.68 annually.

NETFLIX

The Ontario Living Wage Calculator includes a subscription to Netflix at \$10.99 per month for the Living Wage Reference Family.

¹⁰ Compare Cellular (n.d.). "Welcome to compare cellular." Accessed here: <https://www.comparecellular.ca/>

TRANSPORTATION

The Ontario Living Wage Calculator first determines the cost of owning one vehicle (including the cost of gasoline) using an online tool provided by CAA. Assuming the vehicle is a 2014 Hyundai Elantra, it is estimated that the cost is \$6,598.08 per year.

Next, two situations are considered. The first is based on a Living Wage Reference Family living in Wellington County, where there is no public transportation system. In this situation, it is assumed that the family would own two vehicles, at a cost of \$13,196.16 per year.

If the Living Wage Reference Family lived in Guelph, it is assumed they would own one vehicle. One adult would drive to work and the other would commute using public transit. In this scenario, it is also assumed that the family vehicle would be used for the majority of transportation needs outside of traveling to work.

Table 2: Transportation

	Monthly (\$)	Annually (\$)
Car	549.84	6,598.08
Adult transit pass	80.00	960.00
Total	629.84	7,558.08

To determine the cost of transportation in Guelph-Wellington, a weighted average based on population with consideration for both scenarios, was applied. As a result, **the cost of transportation for the Living Wage Reference Family in Guelph-Wellington is \$821.65 per month, or \$9,859.82 annually.**

ADULT EDUCATION

The cost of adult education was determined by reviewing standard course fees across four different disciplines at a local college (Conestoga College). The average cost of textbooks was also taken into consideration. The Ontario Living Wage Calculator assumes that both adults in the Living Wage Reference Family will participate in one course per year.

Based on this calculation, the cost of adult education for two adults in the Living Wage Reference Family in Guelph-Wellington is \$75.96 per month, or \$911.70 annually.

CHILD CARE

The cost of childcare was determined based on the assumption that the Living Wage Reference Family requires full-time care for their 3-year-old (251 days per year), as well as before- and after-school care (187 days per year) and summer camps for their 7-year old (50 days per year). A full rundown of costs is included in *Table 3*¹¹.

Table 3: Child Care

	Monthly (\$)	Annually (\$)
Full-time child care (3-year-old)	857.58	\$10,291.00
Before- and After-School child care (7-year-old)	376.34	4,516.05
Summer camp (7-year-old)	131.42	\$1,577.00
Total	1,365.34	16,384.05

Based on fees provided by the YMCA-YWCA of Guelph, child care for the Living Wage Reference Family in Guelph-Wellington is \$1,365.34 per month or \$16,384.05 annually.

In Guelph-Wellington, child-care subsidies are available. The Ontario Living Wage Calculator takes this into consideration and a child care subsidy is reflected later in the calculation under 'non-wage income.'

NON-OHIP HEALTH INSURANCE

The Ontario Living Wage Calculator assumes that the adults in the Living Wage Reference Family do not have employer-provided health insurance and need to purchase a private plan for their family.

The cost of non-OHIP health insurance is determined using the website Kenatix.ca¹². A plan was selected that includes prescription drugs, dental care, vision care, and other health practitioner expenses, such as registered massage therapy, acupuncture, and chiropractic therapy. An estimate is provided based on postal code and coverage for each member of the Living Wage Reference Family.

¹¹ YMCA-YWCA of Guelph (n.d.). "Child care." Accessed here: https://www.guelphy.org/en/child-care.aspx?_mid_=18197

¹² Kanetix.ca (n.d.). "Health insurance." Accessed here: <https://www.kanetix.ca/health-insurance?useold=1>

Kanetix.ca was also used to determine the cost of life insurance for both adults in the Living Wage Reference Family.¹³ It was assumed that they would purchase a joint coverage plan, that includes \$50,000 coverage for a 20-year term.

Finally, Kanetix.ca was used to determine the cost of critical illness insurance for two adults in the Living Wage Reference Family.¹⁴ It was assumed that they would each purchase a plan that allowed for \$25,000 coverage.

Based on estimates provided by Kanetix.ca, the cost of non-OHIP health insurance (including life and critical illness insurance) for the Living Wage Reference Family in Guelph-Wellington is \$270.20 per month, or \$3,242.45 annually. Table 4 provides a detailed summary of these costs.

Table 4: Non-OHIP Health Insurance

	Monthly (\$)	Annually (\$)
Non-OHIP health insurance	226.58	2,719.00
Life insurance	17.75	212.95
Critical illness insurance	25.88	310.50
Total	270.20	3,242.45

OTHER EXPENSES

The Ontario Living Wage Calculator includes a number of expenses under “other.” This amount is intended to cover toiletries and personal care, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, minimum recreation and entertainment, family outings, birthday presents, a modest family vacation, and some sports and/or arts classes for the children. The Ontario Living Wage Calculator looks to the Market Basket Measure provided by Statistics Canada and calculates 75.4% of the combined expense for Healthy Food, and Clothing & Footwear. This amount is used to determine “other expenses.”

Based on the calculation provided by the Ontario Living Wage Calculator, “other” expenses for the Living Wage Reference Family in Guelph-Wellington is \$764.10 per month, or \$9,169.20 annually.

¹³ Kanetix.ca (n.d.). “Compare life insurance quotes.” Accessed here: <https://www.kanetix.ca/life-insurance>

¹⁴ Kanetix.ca (n.d.). “Critical illness insurance.” Accessed here: <https://www.kanetix.ca/critical-illness-insurance>

CONTINGENCY EXPENSES

The Ontario Living Wage Calculator includes contingency expenses, calculated at 4% of overall expenses (about two weeks' pay). This amount is for unexpected expenses, or could be used to establish savings.

Based on 4% of overall expenses, contingency expenses for the Living Wage Reference Family in Guelph-Wellington is \$233.81 per month, or \$2,805.71 annually.

OVERALL EXPENSES

Table 5: Overall Expenses

	Monthly (\$)	Annually (\$)
Healthy food	745	8,938
Clothing & Footwear	269	3,223
Rent	1,200	14,400
Hydro	111	1,335
Tenant Insurance	13	157
Cellphone	110	1,320
Internet	60	722
Netflix	11	132
Transportation	822	9,860
Adult education	76	912
Child care	1,365	16,384
Non-OHIP Health Insurance	270.20	3,242
Other expenses	764	9,169
Contingency expenses	233	2,792
Total expenses	6,049	72,586

NON-WAGE INCOME (GOVERNMENT TRANSFERS), GOVERNMENT DEDUCTIONS & TAXES

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

NON-WAGE INCOME (GOVERNMENT TRANSFERS)

The Living Wage Reference Family would be eligible for the following government transfers. Many of these transfers are aimed at support low- and middle-income families and low-wage workers.

Table 6: Non-Wage Income Sources

	Monthly (\$)	Annually (\$)
Canada Child Benefit	731	8,766
Working Income Tax Benefit	-	-
Ontario Child Benefit	15	180
Child Care Subsidy	843	10,114
GST/HST Credit	0.25	3
Ontario Trillium Benefit	22	265
Total Income from Transfers	1,611	19,328

The following includes a description of each of the non-wage income sources included in *Table 6*:

- **Canada Child Benefit** – A non-taxable amount paid monthly to help eligible families with the cost of raising children under 18 years of age. The payment amount is based on the number of eligible children and their ages and the family’s adjusted net income.¹⁵
- **Working Income Tax Benefit** – 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.¹⁶
- **Ontario Child Benefit** – Provides direct financial support to low to moderate income families – whether they are working or not. It helps parents with the cost of raising children.¹⁷
- **Child Care Subsidy** – Provided by the Consolidated Municipal Service Manager to help pay for licensed child care and approved camps and recreation programmes for children up to age 13.

¹⁵ Government of Canada (2018). “Canada child benefit.” Accessed here: <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4114/canada-child-benefit.html>

¹⁶ Government of Canada (2018). “Working income tax benefit.” Accessed here: <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/working-income-tax-benefit-witb.html>

¹⁷ Government of Ontario (2018). “Ontario child benefit.” Ministry of Children, Community and Social Services. Accessed here: <http://www.children.gov.on.ca/htdocs/english/financialhelp/ocb/index.aspx>

- **GST/HST Credit** – A non-taxable quarterly payment that helps individuals and families with low and modest incomes offset all or part of the goods and services tax/harmonized sales tax (GST/HST) that they pay.¹⁸
- **Ontario Trillium Benefit** – Combines the following three credits to help pay for energy costs as well as sales and property tax: Northern Ontario Energy Credit, Ontario Energy and Property Tax Credit, Ontario Sales Tax Credit.

GOVERNMENT DEDUCTIONS AND TAXES

Table 7: Government Deductions and Taxes

	Monthly (\$)	Annually (\$)
Household Employment Income	5,136	61,531
Federal Income Tax	288	3,453
Provincial Income Tax	92	1,099
Total government taxes	379	4,551
Household income after income taxes	4,748	56,979
Less: CPP and EI contributions	311	3,721
Plus: Total income from transfers	1,611	19,328
Income after taxes and transfers	6,049	72,586

¹⁸ Government of Canada (2018). "GST/HST credit." Accessed here: <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4210/gst-hst-credit.html>

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