

CALCULATING THE LIVING WAGE IN NIAGARA REGION

2021

The Niagara Poverty Reduction Network



A living wage reflects what earners in a household need to be paid based on the actual costs of living and being included in a specific community. The living wage is calculated as an evidence-based hourly rate at which a household can meet its basic cost of living needs, once government transfers have been added to the household's income and deductions have been subtracted.

Prior to 2021, the annual calculation was based on cost of living expenses for a reference family household of four. 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 are no longer the best reference for living wage calculations in Ontario. [The 2021 cost of living and living wage calculation tools from the Ontario Living Wage Network use a weighted average of three different reference households.](#)

- Reference Household 1 - A family of four with two adults each age 35, a 7-year old boy and a 3-year old girl
- Reference Household 2 – A single parent family with one 35-year-old female and a 7-year old boy
- Reference Household 3 – A single male adult age 35

The calculation assumes all adults are working 35 hours a week full-year.

The weighted average cost of living in Niagara region calculation includes items for a household to:

- meet basic needs (i.e. shelter, food, transportation, child care, laundry, phone)
- participate in the economic and social fabric of the community (i.e. local monthly outing, recreation membership), and
- buy goods or purchase services that can help to escape marginal subsistence (i.e. school supplies, internet)

In Canada, a living wage is a **VOLUNTARY COMMITMENT** that can be made by public, private, and not-for-profit sector employers to compensate directly-employed and contract-employed full-time and part-time workers.

Calculating a living wage provides an opportunity for a community to:

- discuss work, wages, and compensation in different ways;
- act as a guide for employers who want to ensure their workforce can adequately meet their household's basic cost of living and community inclusion needs

THE HOURLY LIVING WAGE FOR NIAGARA REGION HAS BEEN ESTABLISHED AS \$18.90 FOR 2021.

NOTE: THIS CALCULATION COVERS A TWO-YEAR PERIOD AS THE LIVING WAGE WAS NOT PRODUCED IN 2020.

ACKNOWLEDGEMENTS

The methodology presented in this report was adapted from the Canadian Living Wage Framework: A National Methodology for Calculating the Living Wage in Your Community and the Canadian Centre for Policy Alternatives Ontario Expense Workbook to develop the living wage calculation. The 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.

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This brief provides context on the living wage calculation for Niagara region in 2021, a description of the methodology used to calculate a living wage, and a look at who could implement a living wage.

WHAT IS A LIVING WAGE?

In Canada, a living wage is currently a voluntary commitment that can be made by public, private and not-for-profit sector employers to compensate directly-employed and contract-employed full-time and part-time workers. It is a guide for employers who wish to pay fairer wages for work and labour. Fairer wages are wages that allow a household to be able to meet their basic cost of living needs, as well as to be included in the mainstream community.

A living wage is not the same as the minimum wage, which is the legal minimum all employers must pay. The living wage sets a higher test - it reflects what earners in a household need to be paid on an hourly basis based on the actual costs of living and being included in a specific community. Prior to 2021, the annual calculation was based on cost of living expenses for a reference family of four. 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 are no longer the best reference for living wage calculations in Ontario. The 2021 cost of living and living wage calculation tools from the Ontario Living Wage Network use a weighted average of three different reference households.

- Reference Household 1 - A family of four with two adults age 35, a 7-year old boy and a 3-year old girl
- Reference Household 2 - A single parent family of two with one 35-year-old female and a 7-year old boy
- Reference Household 3 - A single male adult age 35

The calculation assumes all adults are working 35 hours a week full-year.

Included in this calculation are food, shelter, clothing, transportation, child care (for households with children), private health insurance for prescription drugs, vision, and dental coverage, continuing education for adults to upgrade skills, and items that allow for fuller participation in society, such as communication, leisure outings and local recreation. The calculation is neither national nor provincial - it is done for a municipality or region to reflect real and unique local living costs and the hourly wage required to meet those needs.

A living wage is by no means a luxury wage. Many items that could be considered as an important component of mainstream quality of life are not included in the reference calculation, including savings for a child's education, retirement, home ownership, and debt repayment. It provides a conservative estimate of what a household needs to earn in order to meet basic day-to-day cost of living needs and to participate in the social life of their community.

OF NOTE:

A living wage is just one of many tools in a tool-box to assist workers and employers in helping to meet a household's basic cost of living needs and opportunities for community participation - it is not a stand-alone policy or decision. It works more effectively when implemented in conjunction with increased availability of reasonably-priced housing, more accessible and affordable child care and public transit options, employee group benefit plans, skills training, and other broad public policies and programs.

HOW IS A LIVING WAGE CALCULATED?

A living wage calculation examines the expenditures necessary to meet basic needs and to participate both economically and socially in a community. The resulting hourly wage represents the income necessary to meet both household expenditures and pay taxes and payroll deductions. It is determined using the Ontario Living Wage Network's Living Wage calculator for Ontario, which is adapted from the National Living Wage Framework, takes into account a conservative estimate of household expenses, as well as the tax, transfer, and payroll deduction rules for the province. Cost of living, such as rent, and access to public services, such as child care and transit vary. For this reason, there are variations in the living wage calculation from community to community and province to province.

The living wage calculation starts with a list (and accompanying estimated cost) of necessary expenses for three standard reference households (see page 2) to:

- meet basic needs (i.e. housing, nutritious food, transportation);
- participate in the economic and social fabric of their community (i.e. recreational opportunities);
- purchase items that can help them escape marginal subsistence (i.e. household items)

The list of expenses contains no extravagances. It does not allow households to save for their children's post-secondary education. It does not acknowledge that many working families and individuals carry debt obligations, such as student loans. It does not allow for home ownership and its many additional expenses. But it does recognize that resources and services such as rent, transportation, child care, food, clothing, internet, phone, and laundry are essential items that every household requires to meet basic needs in a developed country such as Canada.

In calculating the living wage for Niagara region, expenses were determined from credible and reliable sources such as Niagara Region Public Health, Canada Mortgage and Housing Corporation (CMHC), and Statistics Canada. Some expenses are eligible for subsidies, such as child care available through Niagara Region Community Services.

Once total household expense has been added up, the calculation moves to the income side of the equation, to incorporate applicable employment income and government transfers. The living wage incorporates relevant government assistance, such as child benefits.

The final step in calculating a community or region's living wage is to calculate the employment income a household needs to meet both cost of living expenses and to pay taxes and payroll deductions. This is done by dividing total employment income by the annual number of hours worked (based on each household adult working a 35-hour work week for 52 weeks).

OF NOTE:

Although lowest consistent cost alternatives were presented when possible, bargains, sales, coupons, and other price-lowering measures cannot be consistently relied upon by any household and thus form no part of this calculation.

SUMMARY OF ANNUAL HOUSEHOLD COST OF LIVING EXPENSES

TABLE 1: NIAGARA REGION'S 2021 LIVING WAGE - SUMMARY OF REFERENCE HOUSEHOLD OF FOUR ANNUAL COST OF LIVING EXPENSES (TWO ADULTS, TWO CHILDREN)

ITEM	ANNUAL AMOUNT <i>(rounded to the nearest dollar figure)</i>
Food	\$9,657
Clothing/Footwear	\$2,842
SHELTER	
<i>Rent, 3 bedroom apartment</i>	\$15,167
<i>Utilities</i>	\$1,384
<i>Tenant Insurance</i>	\$204
Transportation/Vehicle	\$12,514
CHILD CARE (before subsidy)	
<i>Daycare/Camps</i>	\$14,438
ECONOMIC AND COMMUNITY PARTICIPATION/INCLUSION	
<i>Cell Phone</i>	\$949
<i>Internet and Cable</i>	\$722
<i>Other – Includes Family Outings, Personal Care, Laundry, Recreation, Household Items/Furnishings, School Supplies/Fees, Reading Materials, Bank Fees, Birthday Presents</i>	\$9,424
OTHER	
<i>Non-OHIP Medical Insurance</i>	\$2,952
<i>Critical Illness and Life Insurance</i>	\$469
<i>Adult Education</i>	\$661
<i>Contingency</i>	\$2,883
TOTAL HOUSEHOLD EXPENSES	\$74,948

TABLE 2: NIAGARA REGION'S 2021 LIVING WAGE: SUMMARY OF REFERENCE HOUSEHOLD OF TWO ANNUAL COST OF LIVING EXPENSES (ONE ADULT, ONE CHILD)

ITEM	ANNUAL AMOUNT <i>(rounded to the nearest dollar figure)</i>
Food	\$4,810
Clothing/Footwear	\$1,627
SHELTER	
<i>Rent, 2 bedroom apartment</i>	\$13,644
<i>Utilities</i>	\$1,384
<i>Tenant Insurance</i>	\$204
Transportation/Vehicle	\$6,257
CHILD CARE (before subsidy)	
<i>Daycare/Camps</i>	\$5,055
ECONOMIC AND COMMUNITY PARTICIPATION/INCLUSION	
<i>Cell Phone</i>	\$475
<i>Internet and Cable</i>	\$722
<i>Other – Includes Family Outings, Personal Care, Laundry, Recreation, Household Items/Furnishings, School Supplies/Fees, Reading Materials, Bank Fees, Birthday Presents</i>	\$4,853
OTHER	
<i>Non-OHIP Medical Insurance</i>	\$1,676
<i>Critical Illness and Life Insurance</i>	\$276
<i>Adult Education</i>	\$331
<i>Contingency</i>	\$1,653
TOTAL HOUSEHOLD EXPENSES	\$42,966

TABLE 3: NIAGARA REGION'S 2021 LIVING WAGE: SUMMARY OF REFERENCE HOUSEHOLD OF ONE ANNUAL COST OF LIVING EXPENSES (SINGLE ADULT)

ITEM	ANNUAL AMOUNT <i>(rounded to the nearest dollar figure)</i>
Food	\$3,336
Clothing/Footwear	\$767
SHELTER	
<i>Rent, 1 bedroom apartment</i>	\$11,496
<i>Utilities</i>	\$1,384
<i>Tenant Insurance</i>	\$204
Transportation/Vehicle	\$6,257
ECONOMIC AND COMMUNITY PARTICIPATION/INCLUSION	
<i>Cell Phone</i>	\$475
<i>Internet and Cable</i>	\$722
<i>Other – Includes Outings, Personal Care, Laundry, Recreation, Household Items/Furnishings, Reading Materials, Bank Fees, Birthday Presents</i>	\$3,094
OTHER	
<i>Non-OHIP Medical Insurance</i>	\$1,165
<i>Critical Illness and Life Insurance</i>	\$240
<i>Adult Education</i>	\$331
<i>Contingency</i>	\$1,179
TOTAL HOUSEHOLD EXPENSES	\$30,649

SUMMARY OF CREDITS/TRANSFERS/TAXES/DEDUCTIONS

TABLE 4: REFERENCE HOUSEHOLD OF FOUR (TWO ADULTS, TWO CHILDREN)

HOUSEHOLD INCOME, TAXES, & PAYROLL DEDUCTIONS	ANNUAL AMOUNT
TOTAL HOUSEHOLD EMPLOYMENT INCOME REQUIRED	\$55,928 (OR \$27,964 PER JOB)
2021 Living Wage for Reference Household of Four	\$15.36/hour
GOVERNMENT TRANSFERS & SUBSIDIES	
Canada Child Benefit (CCB)	\$9,909
Child Care Subsidy	\$9,861
Ontario Trillium Benefit	\$634
Ontario Child Benefit (OCB)	\$625
Ontario Child Care Credit (CARE)	\$3,502
GST/HST Credit	\$306
Federal Carbon Tax Rebate	\$600
TOTAL TRANSFERS/SUBSIDIES	\$25,437
Total Household Income Before Deduction (Household Employment Income + Transfer/Subsidies)	\$81,365
GOVERNMENT TAXES & PAYROLL DEDUCTIONS	
Federal and Provincial Tax after Credits	\$2,964
CPP and EI Contributions	\$3,452
TOTAL TAXES/DEDUCTIONS	\$6,416
Total Household Income After Deductions (Household Employment Income + Transfer/Subsidies - Tax/Payroll Deductions)	\$74,949
(TOTAL HOUSEHOLD COST OF LIVING EXPENSES - TABLE 1)	(\$74,948)

TABLE 5: REFERENCE HOUSEHOLD OF TWO (ONE ADULT, ONE CHILD)

HOUSEHOLD INCOME, TAXES, & PAYROLL DEDUCTIONS	ANNUAL AMOUNT
TOTAL HOUSEHOLD EMPLOYMENT INCOME REQUIRED	\$31,465
2021 Living Wage for Reference Household of Two	\$17.29/hour
GOVERNMENT TRANSFERS & SUBSIDIES	
Canada Child Benefit (CCB)	\$5,708
Child Care Subsidy	\$4,155
Ontario Trillium Benefit	\$1,209
Ontario Child Benefit (OCB)	\$925
Ontario Child Care Credit (CARE)	\$724
GST/HST Credit	\$755
Federal Carbon Tax Rebate	\$400
TOTAL TRANSFERS/SUBSIDIES	\$13,876
Total Household Income Before Deduction (Household Employment Income + Transfer/Subsidies)	\$45,341
GOVERNMENT TAXES & PAYROLL DEDUCTIONS	
Federal and Provincial Tax after Credits	\$410
CPP and EI Contributions	\$1,965
TOTAL TAXES/DEDUCTIONS	\$2,385
Total Household Income After Deductions (Household Employment Income + Transfer/Subsidies - Tax/Payroll Deductions)	\$42,966
(TOTAL HOUSEHOLD COST OF LIVING EXPENSES - TABLE 2)	(\$42,966)

TABLE 6: REFERENCE HOUSEHOLD OF ONE (SINGLE ADULT)

HOUSEHOLD INCOME, TAXES, & PAYROLL DEDUCTIONS*	ANNUAL AMOUNT
TOTAL HOUSEHOLD EMPLOYMENT INCOME REQUIRED	\$36,157
2021 Living Wage for Reference Household of One	\$19.87/hour
GOVERNMENT TRANSFERS & SUBSIDIES	
Ontario Trillium Benefit	\$321
GST/HST Credit	\$456
Federal Carbon Tax Rebate	\$300
TOTAL TRANSFERS/SUBSIDIES	\$1,077
Total Household Income Before Deduction (Household Employment Income + Transfer/Subsidies)	\$37,234
GOVERNMENT TAXES & PAYROLL DEDUCTIONS	
Federal and Provincial Tax after Credits	\$4,349
CPP and EI Contributions	\$2,286
TOTAL TAXES/DEDUCTIONS	\$6,635
Total Household Income After Deductions (Household Employment Income + Transfer/Subsidies - Tax/Payroll Deductions)	\$30,599
(TOTAL HOUSEHOLD COST OF LIVING EXPENSES - TABLE 3)	(\$30,649)

CALCULATING THE LIVING WAGE WEIGHTED AVERAGE

The living wage weighted average is based on Ontario demographic data from the 2016 census:

- Couple Families with some children 0-5 and some 6-14 years of age total 187,435, equates to 16.3% of the total.
- Single Parent Families with children 6-14 years of age total 114,100, equates to 10% of the total number.
- Single Adults between 15 and 65 total 844,650, equates to 73.7% of the total number

Total number: 1,146,185

- Reference Household of Four (Two Parents/Two Children) Living Wage Calculation is \$15.36/hour. 16.3% of this is \$2.50
- Reference Household of Two (Single Parent/One Child) Living Wage Calculation is \$17.29/hour. 10% of this is \$1.73
- Reference Household of One (Single Adult) Living Wage Calculation is \$19.87/hour. 73.7% of this is \$14.64

\$2.50

\$1.73

\$14.64

\$18.87 – rounded to \$18.90

As per guidelines from the Ontario Living Wage Network, all living wage calculations are to be rounded up to the nearest \$0.10. **This sets the 2021 living wage weighted average calculation for Niagara region at \$18.90/hour.**

WHO COULD IMPLEMENT A LIVING WAGE IN NIAGARA?

There are a range of possibilities:

- **Municipal/Regional government:** The Region of Niagara, as well as its 12 municipal governments, could adopt a living wage strategy in all employment and procurement policies to ensure that all staff and contract workers are paid Niagara region's living wage. The City of Cambridge, Ontario is one example of a municipal government that has passed a motion to become a living wage employer, while the City of St Catharines is also in the process of becoming a certified living wage employer.
- **Broader public service sector:** The broader public service, including hospitals and post-secondary institutions, could adopt an organization-wide living wage policy that would ensure all staff and contract workers are paid Niagara region's living wage. The Hamilton-Wentworth District School Board is one example of a public sector employer that has adopted a living wage policy as a way to send a strong message on the importance of inclusive wages to reduce poverty.
- **Social profit/social service sector and granting agencies:** Many employers in Niagara region, including many non-profit organizations, offer employment opportunities that are funded by some combination of government institutions and community foundations. These granting organizations have considerable influence over the pay offered through their grants as they seek to support programs that provide the highest level of service for the lowest cost possible. Moving forward, grantors could consider the quality of the jobs supported by the funding and move to ensure that employment opportunities consider including Niagara region's living wage. Positive Living, located in St. Catharines, is an example of a non-profit certified living wage employer.
- **Private sector:** There is a growing and strong argument that private sector employers have much to gain by embracing the living wage movement and a good jobs strategy. Although public debate over a higher minimum wage is often subject to objections that the demands are too great, there is much evidence to suggest that the choice to pay low-paid workers higher wages is good for business of all sizes, good for the community, and good for the employees. Niagara region has many private sector certified living wage champions, including Pen Financial Credit Union, Beechwood Doughnuts, and Modern Landfill Inc.

OF NOTE:

As of October 31, 2021 61 employers based in Niagara region have become recognized as certified living wage employers; this equates to over 1,700 full time, part time, and contract employees working for these employers.

Regardless of the sector, the fundamental principles and implications of a living wage remain the same:

- Income is the most important determinant of one's health. Higher wages mean healthier workers and healthier workers are more productive and absent less often;
- Higher wages lead to reduced staff turnover, which means lower training and recruitment costs for employers;
- Recognizing employees' contribution to the employer's bottom line by compensating them with competitive, inclusionary wages to meet the needs covered in a living wage calculation enhances reputation among consumers and the community⁷.
- A living wage is one of many tools in a toolbox to assist in helping to meet a household's basic cost of living needs and opportunities for community participation – it is not a stand-alone policy or decision. It works more effectively when implemented in conjunction with increased availability of reasonably-priced housing, more accessible and affordable child care and public transit options, employee benefit plans, skills training, and other broad public policies and programs.

OF NOTE:

If an employer in Niagara region provides comparable or better non-OHIP medical coverage and/or critical illness/life insurance coverage as part of an overall compensation package, the hourly living wage would be lowered. This is taken into account in the Ontario Living Wage Network Employer Certification Program.

Learn more about the employer certification program at www.ontariolivingwage.ca

As the amount of living expenses is reduced, childcare subsidy rates, taxes, and other deductions fluctuate, thus impacting the hourly living wage rate.