
Calculating the Living Wage in Durham Region 2021



Introduction

The Living Wage in Durham Region is part of a greater movement across Canada which calculates the minimum hourly wage a worker needs to earn to support a family or individual's basic expenses and participation in their community.

The Living Wage reflects the actual costs for a family or individual to have an adequate standard of living and good quality of life. It is calculated as the hourly wage at which basic needs can be met after adding government transfers to income and subtracting deductions in the region.

As federal and provincial governments introduced new policies to support families with children, and high inflation in food prices and cost of housing were observed. Previous reference of a family of four is no longer the only reference for Living Wage calculations in Ontario. In 2021, Ontario Living Wage Network moved to a weighted average family model that uses a family of four, a single parent with one child, and a single adult.

The 2021 weighted Living Wage for the Region of Durham is \$17.80/hour, an increase of \$0.80 over the 2017 rate.



The weighted average cost of living in Durham 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)

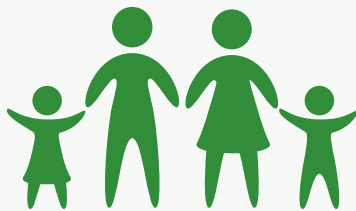
What is Living Wage

A living wage is what workers need to earn to maintain a decent standard of living. It emerged from the realization that the minimum wage does not cover the cost of a decent life. In addition to meeting one's basic needs of food, clothing, and shelter, leading a truly human life also requires social inclusion and community participation (such as recreation, family outings, and one modest vacation per year).

Provinces set the minimum wage. The current Ontario rate of \$15 per hour does not include quality-of-life measures. The minimum wage policy ignores regional cost-of-living differences. Additionally, utility, rent and food costs vary widely across the province. As a result, there is often a large gap between Ontario families' living expenses and the minimum wage.

The living wage is what people need to cover their actual living costs in their community. The living wage uses community-specific data to determine a family of four's expenses. The living wage does not cover debt repayment, RRSPs or home-buying savings, but it does cover non-OHIP medical insurance and two post-secondary professional development courses per year.

"The living wage is an hourly rate at which a household can meet its basic cost of living needs, social inclusion and community participation (such as recreation, family outings, and one modest vacation per year) after government transfers and deductions"



A family of four with two adults each age 35, a 7-year old boy and a 3-year old girl.



A single parent family with one 35-year-old female and a 7-year old boy.



A single male adult age 35.

Benefits of Living Wage

Both employees and their employers can benefit greatly from a living wage. It provides enough income to pay for typical family expenses. It alleviates financial stress while lifting people and families out of poverty and enhancing their economic security.

A living wage is associated with reduced job turnover. Workers' productivity and efficiency are increased when paid a living wage. Additionally, it raises morale and increases job satisfaction. Having a living wage encourages social integration and identity. It also promotes a child's healthy development, which is important for overall well-being of the individual, child and the family.

Employers who pay a living wage are applauded and acknowledged in the public for their efforts to promote long-term economic growth and prosperity, also are seen as key players in community development work.



Employers' Benefits

- Increased retention
- Less absenteeism
- Reduced recruitment & training expenses
- Increased confidence, productivity, loyalty & team morale
- Contribute to social and economic change
- Recognition via Ontario Living Wage Network and Durham Region Living Wage Network (led by CDCD)

Workers' Benefits

- Acknowledgement of workers value
- Poverty alleviation
- Improved quality of life
- Improved morale
- Enhanced confidence and well-being
- Skills training and education opportunities
- Increased participation in the community

Living Wage Calculation



Prior to 2021, the annual calculation was based on cost of living expenses for a 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 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.



Household 1 - A family of four with two adults age 35, a 7-year old boy and a 3-year old girl.



Household 2 - A single parent family of two with one 35-year-old female and a 7-year old boy.



Household 3 - A single male adult age 35.

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

This calculation includes costs for clothing, food, housing, transportation, child care (for families with children), private health insurance for prescription drugs, vision and dental coverage, and ongoing education for adults to advance their skills.

Items that enable people to participate in society fully are also included, such as communication, leisure activities, and neighbourhood 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 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.

The weighted average is based on 2016 Ontario census data:

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



Calculation of Living Wage Basket Items

Food

Access to healthy food is necessary to support the mental and physical development of a growing family. Every year, Durham Region's Health Department publishes a report on the cost of feeding a family of four a healthy diet, called the Nutritious Food Basket. The cost of food increased by 4% since 2015 from \$830 to \$861 in 2019 for a family of four in Durham*.

The annual cost to feed a family with two parents and two children is \$8, 897 in 2021 as the Consumer Price Index (CPI) from January to June of 2021 was used to adjust for inflation.

Family Type	Annual Food Cost, 2021 (CPI Adjusted)
Family of Four	\$8,897
Single Parent	\$4,434
Single Adult	\$3,085

Individuals	Weekly Food Cost	Annual Food Cost 2021
Adult 1 (Female age 35)	\$45.75	\$2,609.09
Adult 2 (Male age 35)	\$54.09	\$3,084.71
Child (Boy age 7)	\$32.00	\$1,824.94
Child (Girl age 3)	\$24.16	\$1,377.83

Calculation of Living Wage Basket Items

Shelter Costs

Adequate, clean and safe shelter is necessary for family stability and security. Several expenses fall under the Shelter Calculation: Rent, Utilities, and Tenant Insurance.

Rent

Canada Mortgage and Housing Corporation (CMHC) provides an annual Market Rental Report for communities with a population of 10,000 or more. Data is based on rental costs for all units in a community. This means that the rental rates provided do not reflect current market costs. It is important to note that we are not assuming a family is new to the community. The costs for rent for the three family types comes from **CMHC's Housing Market Information Portal for Durham Region**. This is one of the biggest expenses for each of the three different family types.

Family Type	Apartment Size	Annual Rental Cost, 2021
Family of Four	3 Bedroom	\$18,000
Single Parent	2 Bedroom	\$16,224
Single Adult	1 Bedroom	\$14,184

Hydro

The expense for hydro costs in the region have been sourced from the Ontario Energy Board. The average estimated electricity usage of 750 kWh comes from the Report of the Ontario Energy Board Defining Ontario's Typical Electricity Customer. This usage is an average household expense and as such has been used for all three family types regardless of the number of family members.

Family Type	Annual Cost, 2021
Family of Four	\$1,451
Single Parent	\$1,451
Single Adult	\$1,451



Calculation of Living Wage Basket Items

Tenant Insurance

The cost of tenant insurance in a community is sourced through rates.ca with a personal property limit of \$35,000. The lowest quote for tenant insurance is used as the expense. No questions are asked regarding the number of family members or bedrooms in the rental so the same cost covers all family types. The annual cost for tenant insurance is \$187.

Family Type	Tenant Insurance Annual Cost, 2021
Family of Four	\$187
Single Parent	\$187
Single Adult	\$187

Communication Cost

Each adult in any family type will have a cell phone. The plan includes the least expensive unlimited talk and text cell phone plan with 1 GB of data. 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 phone plan was sourced through Bell Canada and costs \$35 per month plus tax.

Each family type will have the least expensive unlimited internet plan to support a basic Netflix subscription.

The cost for internet was sourced from Bell Canada and for a monthly cost of \$65 per month plus tax. The monthly cost for a Netflix plan is \$14.99.



Family Type	Annual Cellphone Cost, 2021
Family of Four	\$903
Single Parent	\$451
Single Adult	\$451

Family Type	Annual Internet Cost, 2021
Family of Four	\$1,199
Single Parent	\$1,199
Single Adult	\$1,199

Calculation of Living Wage Basket Items

Transportation

Transportation varies for the family of four and single adult depending on the availability of public transit in the community. Access to transportation in Durham Region is one of the biggest areas of disparity. Though Durham Region Transit is one of Ontario's largest regional transit systems, serving eight municipalities: Ajax, Brock, Clarington, Oshawa, Pickering, Scugog, Uxbridge, and Whitby. While GO train and bus service, as well as Durham Regional Transit provide reasonably good service to South Durham, the Northern and Eastern parts of the region have less frequent and inconsistent public transportation options.

Due to this, owning a vehicle or two is required for frequent, everyday trips (i.e., grocery shopping, getting to work or school, and medical appointments). Where there is regular bus service available, the family of four is considered to have one car and one Durham Regional Transit pass for the purposes of determining the weighted living wage. The single adult living in one of these cities will use a transit pass to get to and from work. Since there is no frequent bus service in the northern areas, it is assumed that the family will have two cars and that the single adult will also need a car.

We used a weighted average based on the population in the rural townships and the urban cities to determine the overall cost of transportation in the area. We assume the single parent will require a car regardless of other factors.

In Durham Region a monthly adult transit pass costs \$117 according to Durham Region Transit.

Here we used Statistics Canada's calculation regarding the expenses associated with owning and operating a four-year-old Honda Civic, including depreciation, gas, and maintenance. The cost of auto insurance is determined by the lowest quote offered by the insurance comparison website www.rates.ca. The information on the price of a monthly transit pass was obtained through the municipal website.

The chart below displays the annual transportation costs, which include the cost of owning and operating a car as well as the cost of using public transportation.

Family Type	Annual Transportation Cost, 2021
Family of Four	\$7,661
Single Parent	\$6,257
Single Adult	\$1,404

Calculation of Living Wage Basket Items

Clothing and Footwear

Each member of a family needs to be able to purchase new clothes and footwear. Seasonal clothing, in particular, is important for people living in Southern Ontario. Compounding this cost is that young children quickly outgrow clothing that fit them the previous year.

The cost for clothing and footwear is sourced through the 2016 Survey of Household Spending*. The data is 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.

Family Type	Annual Clothing and Footwear Cost, 2021
Family of Four	\$2,842
Single Parent	\$1,627
Single Adult	\$767

**Survey of Household Spending (2016), Table: 11-10-0223-01 (formerly CANSIM Table 203-002), 3rd Quintile*

Health, Life and Critical Illness Insurance

To obtain an estimate for non-OHIP medical insurance, the lowest quote from insurance website Kanetix.ca was used for comprehensive coverage that included prescriptions, dental care, vision care, and other health practitioners including massage therapy, physiotherapy, and chiropractic therapy. The whole family is included in the coverage plan, and it is assumed that none of the members had a pre-existing medical condition. The lowest comprehensive health insurance cost was calculated at \$2,952 yearly, with the monthly cost being \$158.00 from Green Shield Canada Insurance.



Family Type	Health Insurance	Life Insurance	Critical Illness Insurance
Family of Four	\$2,952	\$158	\$352.50
Single Parent	\$1,676	\$128	\$178.75
Single Adult	\$1,165	\$128	\$173.75

Calculation of Living Wage Basket Items

Child Care

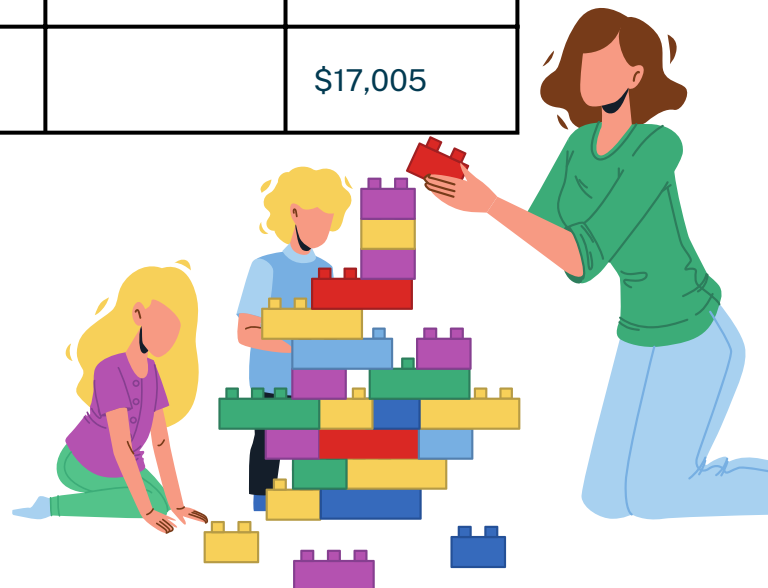
Working parents need childcare. There are two types of licensed care available: child care centres licensed by the province operating in a variety of locations including workplaces, community centres, schools and places of worship; and home care providers contracted by home child care agencies that are licensed by the ministry, operating from a caregiver's home. Non-licensed options are also available across the province, but licensed care ensures safety and attention.

Childcare is the second-largest living wage expense, at \$17,005 annually. Quality child care is vital. Many communities, including Durham, offer income-based childcare subsidies. Durham families wait years before their subsidy application is approved. The cost of child care included here is the cost before the subsidy.

Homecare services are the most affordable choice due to the lack of child care subsidies in the area. The calculation takes into account before- and after-school care for the school-age child, full-day care for both kids during the summer, and full-day care for the younger child. A survey of nearby homecare companies was used to calculate costs.

(Source: Nottingham YMCA Childcare Centre Ajax.)

Child Care	Daily Rate	Days of Care Required	Annual Cost
Full Day Care for 3-year-old	\$40	251	\$10,040
Before and After Care for 7-year old	\$25.75	187	\$4,815.25
Summer Camp for 7-year-old	\$43	50	\$2,150
Total			\$17,005



Calculation of Living Wage Basket Items

Parent's Education

Building human capital is vital to improve the ability of workers to compete in the labour market. As part of the parent education category, all expenses related to completing two three-credit courses throughout the year are recognized. Calculations are based on the assumption that one parent takes two continuing education courses in a year, based on Durham College tuition fees. The average cost came to \$384.72 per course, or \$769.44 per year, and \$324.10 is added to cover textbooks and additional fees.

The cost of two continuing education courses from Durham College including text books and administrative fees is \$1,094*. Additionally, it is believed that an adult from a family with one adult or a single parent will be able to enroll in one continuing education course per year.

Family Type	Parent Education Cost, 2021
Family of Four	\$1,094
Single Parent	\$547
Single Adult	\$547



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.

Family Type	Other Cost
Family of Four	\$8,851
Single Parent	\$4,570
Single Adult	\$2,904

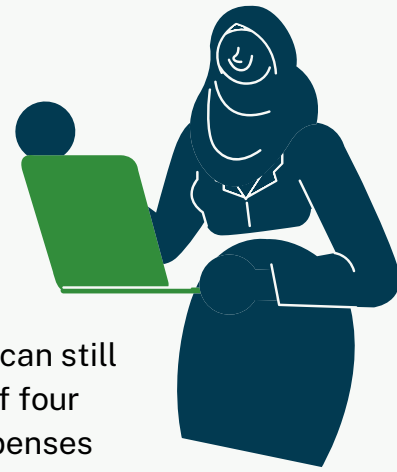
Annual Family Expenses

Expenses	Family of Four	Single Parent	Single Adult
Food	\$8,897	\$4,434	\$3,085
Shelter Costs			
Rent	\$18,000	\$16,224	\$14,184
Hydro	\$1,451	\$1,451	\$1,451
Tenant Insurance	\$187	\$187	\$187
Communication			
Telephone	\$903	\$451	\$451
Internet and Streaming Service	\$1,199	\$1,199	\$1,199
Transportation (Vehicle & Misc. Transit)	\$7,661	\$6,257	\$1,404
Clothing and Footwear	\$2,842	\$1,627	\$767
Non OHIP Medical, Critical Illness, Life and Disability Insurance	\$3,463	\$1,983	\$1,456
Child Care (before subsidy)	\$17,005	\$6,965	n/a
Education (adults)	\$1,094	\$547	\$547
Other (75.4% of Food, Clothing and Footwear)	\$8,851	\$4,570	\$2,904
Contingency Amount (4%)	\$2,862	\$1,836	\$1,106
Total Family Expenses	\$74,415	\$47,741	\$28,752

Government Transfers and Taxes, 2021

Non-Wage Income (Government Transfers)	Family of Four	Single Parent	Single Adult
Canadian Child Benefit (CCB)	\$10,182	\$5,500	n/a
Working Income Tax Benefit (WITB)	n/a	n/a	n/a
Ontario Child Benefit (OCB)	\$786	\$445	n/a
Child Care Subsidy	\$12,305	\$5,465	n/a
GST/HST Credit	\$407	\$755	\$456
Ontario Trillium Benefit	\$813	\$985	\$444
Ontario Child Care Tax Credit (CARE)	\$3,215	\$1,098	n/a
Total Income from Transfers	\$27,707	\$14,248	\$900
Living Wage and Government Deductions and Taxes			
Household Employment Income	\$51,323	\$36,372	\$33,392
Federal Income Tax	\$1,668	\$689	\$2,482
Provincial Income Tax	\$409	\$300	\$1,310
Total Government Taxes	\$2,077	\$989	\$3,792
Household Income After Taxes	\$49,246	\$35,383	\$29,600
Less CPP and EI Contributions	\$3,138	\$2,300	\$2,097
Plus Total Government Transfers	\$27,707	\$14,248	\$900
Income after tax and transfers	\$74,415	\$47,731	\$28,752
Living Wage Rates before Weighted Average	\$14.10	\$19.89	\$18.35
Weighted Average			\$17.81
Final Weighted Living Wage Rate			\$17.80

Cost of Living Changes from 2017



Because of the aggregated family model, it is not possible to compare Durham's 2021 weighted Living Wage rate directly to earlier rates. We can still discuss how family expenses have changed since 2017 for the family of four (Please check the following table titled "Comparison of Household Expenses Between 2017 and 2021").

The annual household expenses for the family of four rose by \$7,994 compared to 2017, a 12% increase. The largest contributor to this increase was median rent for a 3-bedroom apartment, which rose from \$14,664 in 2017 to \$18,000 in 2021 annually. Rising housing costs are being seen across the province. Single parents in Durham with a two-bedroom apartment pay nearly 90% as much as a family of four in rent.

The rates provided by Canada Mortgage and Housing Corporation (CMHC) do not reflect current market value, and the reality that workers will face in newly signed leases will likely be higher than what is used in this calculation. Federal and provincial governments have made commitments to build affordable housing, however, it is too early to know how much impact these programs will have on availability or price of rental housing. Currently in the Region of Durham there is still an acute shortage of affordable housing.

Child care costs continue to be the biggest expense for a family of four, however it has decreased in Durham Region by about \$1,130 over the past two years. It is still not enough to overcome the effects of inflation on total expenses. There remains a shortage of quality child care and of qualified early childhood education workers, with the result that many providers are at capacity and new users face waiting lists.

Child care providers have a hard time attracting qualified workers due to the scarcity of affordable housing in the region. And if families cannot find good quality care they risk losing an income, as an adult may need to forego employment to stay home with a child.

Other costs such as food, clothing, utilities, transportation, Internet and cable and non OHIP medical care (dental care not fully covered by insurance) has risen significantly since 2017.

Comparison of household expenses (family of four), 2017 and 2021

Catagories	2017	2021	Difference
Food	\$8,106	\$8,897	+ \$791 ↑
Rent	\$14,664	\$18,000	+ \$3,356 ↑
Utilities	\$1,120	\$1,451	+ \$331 ↑
Tenant Insurance	\$204	\$187	- \$17 ↓
Cellphone	\$788	\$903	+ \$115 ↑
Internet and Cable	\$947	\$1,199	+ \$252 ↑
Transportation	\$7,462	\$7,661	+ \$199 ↑
Clothing and Footwear	\$2,411	\$2,842	+ \$431 ↑
Non OHIP Medical, Critical Illness, Life and Disability Insurance	\$1,776	\$3,463	+ \$1,687 ↑
Child Care (<i>before subsidy</i>)	\$18,135	\$17,005	- \$1,130 ↓
Education (<i>adults</i>)	\$828	\$1,094	+ \$266 ↑
Contingency Amount (4%)	\$2,587	\$2,862	+ \$275 ↑
Total Family Expenses	\$66,421	\$74,415	+ \$7,994 ↑



Moving Forward

Families are finding it more and more challenging to afford to live and raise a family in Durham Region. The Living Wage program is especially crucial to the economic and social well-being of the community of Durham given the shift in the region's labour market from high-paying manufacturing jobs to service-oriented positions that are characterized by low pay, few benefits, variable hours, and job insecurity. A living wage in Durham would promote economic stability for workers and contribute to a reduction in regional inequality. To make the adjustments required for families to succeed and for employers to attract and retain skilled employees, we must all work together.

Social planning councils work to mobilize partners from all sectors to take action to lower living expenses, boost incomes and end poverty by using tools like the Living Wage. To create a more livable Durham, as a social planning council, Community Development Council Durham requests all employers of the region to:

- analyze their pay scales to determine how long an employee must work for a company before obtaining the salary necessary for a sufficient standard of living.
- identify strategies for maintaining higher wages through training, productivity enhancements and turnover reduction.
- create a path to improve the quality of life of the lowest wage earners by offering flexible work hours, subsidized transit passes and on-the job training.
- pay a living wage to all employees and join the campaign to show other employers that it is possible to benefit by doing so.

Policy makers can:







- support the development of affordable housing, particularly rental housing.
- explore solutions to reduce the cost of transit.
- boost the minimum wage legislation to the level of a living wage and adjust it regularly to keep pace with inflation.



Employers in Durham Region can make a difference. They have the power to inspire positive social and economic change in their community, both for themselves and their employees by paying a living wage. It is our hope that local champions take up the challenge, and help Durham move towards a living wage for all.

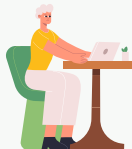
To date we have seven living wage employers from the Region of Durham, including Community Development Council Durham.

Durham's Living Wage Employers:

-  Little Beasts Brewing
-  Durham Youth Services
-  Pathwise Credit Union
-  Rethink Resource Inc.
-  Carefoote Beverage Solutions
-  The Nourish and Develop Foundation and
-  Community Development Council Durham



How to Become a Certified Living Wage Employer:



- **EXPRESS YOUR INTEREST**

Complete the contact form on the Certify page at www.ontariolivingwage.ca.



- **APPLICATION REVIEW**

The Ontario Living Wage Network will review your enrolment form and determine the level of recognition



- **MAKE IT OFFICIAL**

The OLWN will set a date for you to sign the Living Wage Employer Declaration and receive your Living Wage Employer Certificate

Resources

What is a Living Wage

- https://www.ontariolivingwage.ca/what_is_the_living_wage

Benefits of a Living Wage

- Living Wage Canada, *Canadian Living Wage Framework: A National Methodology for Calculating the Living Wage in Your Community*, http://livingwagecanada.ca/files/8714/4500/2147/Living_Wage_Full_Document_oct_2015.pdf
- Driscoll, C., & Saulnier, C. (2020). *Living Wages in Nova Scotia and New Brunswick 2020*. <https://www.policyalternatives.ca/publications/reports/living-wages-nova-scotia-and-new-brunswick-2020>
- Living Wage for Families BC, Employer's Guide. https://www.livingwageforfamilies.ca/resources_for_employers
- Living Wage Canada, *Canadian Living Wage Framework: A National Methodology for Calculating the Living Wage in Your Community*. http://livingwagecanada.ca/files/8714/4500/2147/Living_Wage_Full_Document_oct_2015.pdf
- Living Wage for Families BC, Employer's Guide. https://www.livingwageforfamilies.ca/resources_for_employers

The Nutritious Food Basket

- <https://www.durham.ca/en/health-and-wellness/resources/Documents/HealthyLiving/PriceOfEatingWellInDurham.pdf>

Durham College Part-time Tuition

- <https://durhamcollege.ca/academic-faculties/professional-and-part-time-learning>

Community Development Council Durham (CDCD)
Building Strength in Our Community Since 1970
www.cdcd.org | [@cdcdurham](https://twitter.com/cdcdurham)



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For more information, please contact
the Community Development team at
commdev@cdcd.org or T 905.686.2661 x:138