



A DISCUSSION OF A LIVING WAGE FOR HALTON

Community Development Halton studies and recommends systematic changes to income security programs in order to allow human beings to flourish and live as participatory citizens in an open and inclusive society. CDH has recommended changes to the Ontario Works rates to move individuals and their families from subsistence to dignity. Moreover, CDH and Poverty Free Halton have demonstrated in the video, "Being Poor in Halton," that minimum wage earners live in poverty. CDH and Poverty Free Halton's recent discussion paper, "Calculating a Living Wage for Halton," explores what a living wage in Halton would be. We invite you to join us in the growing community dialogue on the benefits of becoming a living wage community.

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What is a Living Wage?

A living wage is envisioned as a wage that allows working people not just to survive (in minimal physiological terms) but to enjoy a decent quality of life where individuals and their families are included in the social, cultural and economic life of their communities. Holistic consideration is given to the needs of a family rather than just income required for an individual. The amount required for a living wage varies depending on the actual living expenses in a particular community as well as the tax and benefit system. As those items

change over time, a living wage is often recalculated annually.

In contrast, minimum wages are set by governments without consideration of the ability of working people to have a quality of life. In addition, a minimum wage does not reflect the differences in the cost of living geographically. The current minimum wage in Ontario is \$10.25 per hour. A person working full time at minimum wage would earn less than Statistics Canada's Low Income Cut-off (LICO). As such, minimum wage earners and their families are living in poverty. Whereas a minimum wage is about survival, a Living Wage is about participation and inclusion.

Who pays for low pay?

Low-wages negatively impact the individual worker and their family by withholding the tools that enable people to rise out of poverty. The community is shortchanged by low wages as well. The community experiences multiple effects of low wages, including inequality, high rates of child poverty, poor health, high rates of crime and a weak local economy.

History of the Living Wage in Halton

Community Development Halton partnered with Poverty Free Halton to highlight the issues of poverty in Halton and offer solutions to all levels of government. Out of this partnership the video

Being Poor in Halton was produced, which focused on the minimum wage. It highlighted the struggles faced by families attempting to survive on inadequate income levels earned at the minimum wage level. Following this, the next logical step was to determine what wage would allow a working, Halton family to not only meet their basic needs but also live a life of dignity. Nearby, Hamilton already calculated the living wage for their city and their experience was valuable in calculating the living wage for Halton. With assistance from the Canadian Centre for Policy Alternatives, the calculation of a Halton-specific living wage took shape. The calculations for a living wage in Halton were outlined in a discussion paper presented to an advisory committee in February 2013 in order to elicit feedback. This committee included broad representation from different sectors including local business and nonprofits. CDH utilized this feedback to the final document, *Calculating a Living Wage for Halton – A Discussion Paper*.

Benefits of a Living Wage

Many living wage champions have summarized the valuable outcomes of a living wage that are experienced by workers, employers and their communities.

Workers earning a living wage receive fair compensation. In turn, they are raised out of poverty, experience a better quality of life, improved health and have increased opportunities for education and skill training.

Employers paying a living wage have seen reduced employee absenteeism, decreased turnover rates, lowered recruitment and

training costs due to employee retention, increased morale, productivity and loyalty among staff as well as being recognized in their community as a responsible employer.

The community benefits with greater consumer spending power, increased spending within the local economy and increased civic participation.

Calculating the Living Wage

The calculation of a living wage includes a list of family expenditures, all relevant tax credits, income and payroll taxes and eligible family subsidies (e.g. childcare subsidy program). Family expenditure items include costs associated with basic needs, such as food, shelter, clothing and transportation, which can make up to 60 percent of total expenditures. Also included are essential items, including private health insurance, childcare, continuing education and costs associated with maintaining a household. An important aspect of a living wage is social inclusion. Items that contribute to this are fees for school field trips, basic phone, cable and Internet, recreation and monthly family outings. A contingency fund consisting of about 4 percent of the household budget is included in case of emergencies or unforeseen expenses.

Living Wage in Halton

The living wage in Halton was calculated using a custom spreadsheet developed and made available by Hugh Mackenzie in conjunction with the Canadian Centre for Policy Alternatives as part of a growing collaboration across Canada. Calculations were made for three different household types: a single person, a family of two (parent and child) and a family of four (two

parents and two children). Each household type has unique expenditures, subsidy eligibility and so forth. Based on this, the living wage is \$19.45 for a single individual, \$18.69 for a lone parent, and \$17.05 for a family of four.

The unique characteristics of Halton region that affect the affordability of living were considered. For example, although limited public transportation is available in Oakville, Burlington and Milton, it is not a viable means of transportation for employment. A car is necessary and for that reason, it is included in the calculation for Halton's living wage. A car is not included in the living wage calculation of municipalities with fully developed public transportation services.

Living Wage in Other Communities

Calculations for a living wage vary between regions. In 2011, the living wage in Kingston was calculated at \$16.29 and \$14.95 in Hamilton. In 2008, Toronto's living wage was calculated as \$16.60 and in 2012, Calgary's living wage was \$14.50. Metro Vancouver's living wage is \$19.62 and Greater Victoria's is \$18.73, both calculated in 2013. These regional variations are accounted for in the differences in areas such as rental housing costs and accessibility of public transportation.

Living Wage Employers

Since the mid-1990s, living wage ordinances have been implemented in over 150 municipalities in the United States. Municipalities, universities and businesses within the UK and Canada are increasingly adopting living wage policies and the movement is growing.

In April 2010, New Westminster, BC became the first municipality in Canada to adopt a living wage ordinance. In March 2013, Hamilton-Wentworth District School Board (HWDSB) became the first elected body in Ontario to declare itself a living wage employer. BC's Living Wage Certification Program includes about 35 organizations, including VanCity and the United Way of Lower Mainland. Currently, there is a campaign at Simon Fraser University to become the first living wage university in Canada.

The impact of implementing a living wage has been well documented in the literature. Although much of the research has been prospective in nature, post-implementation studies are increasing, which contributes to well-informed policy development. Proponents of the living wage point to the benefits reaped by individual workers, employers, and communities. Skeptics raise concerns about the economic viability of mandating a living wage. Both perspectives are addressed in the literature and demonstrate that while there are little to no negative impacts documented, there are many positive outcomes associated with living wage implementation.

Role of Public Policy

Public policy plays an important role in achieving affordability for families. Policy changes that contribute to a reduction in family's expenses lower the wage required to be paid by employers. British Columbia's *A Living Wage for Families* campaign presents what some of these policies could be and their potential impact.

Housing: Policy change requiring an increased proportion of new units built are affordable. This

will lower the costs of housing, which account for a substantial percentage of a family's expenses.

Childcare: Look to Quebec's subsidized childcare services. Reducing the burden of childcare costs on the family makes it feasible for both parents to work without a significant portion of their earnings going towards childcare.

Transportation: Improved quality and quantity of public transportation decreases the need to own one or more cars along with the associated expenses that go along with car ownership.

Health care: Medical, drug and dental coverage provided to all low-income people reduces the demands on individual families.

Taxes: Raising the claw-back thresholds for government transfers and subsidies.

Next Steps

To move forward, a living wage campaign for Halton needs to be developed. Broad-based support and involvement is required. Currently a committee made up of representatives from Community Development Halton, Poverty Free Halton and the Halton Poverty Roundtable is meeting to develop the framework for a living wage campaign.

Educating the community about the need for a living wage, as well as the associated benefits, is an important part of gathering allies for this campaign. The living wage is linked to wider social issues and recognition of this will strengthen the campaign for a living wage in Halton.

The document *Calculating a Living Wage in Halton – A Discussion Paper* is available on Community Development Halton's website.



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