

Peterborough's 2016 Living Wage Report: A worker should earn more today than in the past three years to afford a comparable living standard

"Because work should lift you out of poverty, not keep you there"
A Living Wage Campaign

The Peterborough Social Planning Council has released its Living Wage Report. The report estimates Peterborough's living wage at **\$17.65 per hour**.



Across the country there are growing levels of low paid work with below-acceptable standards of living. The question becomes: what are acceptable standards of living and what amount of money is necessary to reach that standard. These questions both define and frame the inquiry that establishes the 'living wage' in each community. While the family composition and expenses may differ by community, the taxes and transfers associated with each family differ only by province. Note that some subsidies may, in addition, vary by municipality.

According to Statistics Canada, the median wage in 2010 for the Peterborough Census Metropolitan Area was \$29,294 or \$15.02 per hour before taxes. Because this was a median wage in a group of workers totalling 98,815 individuals, half of them (49,407) had wages at or below \$15.02 per hour. Two years later (2012) the living wage calculation produced an hourly rate of \$16.47.

The current amount is higher than the living wage calculated in the past years. The current report updates Peterborough's living wage to reflect what it takes for two working parents with two children to make ends meet today. It's based on the needs of a family with two parents and two young children ages 4 and 12. Today each of those parents needs to earn \$17.65 per hour, while working 37.5 hours per week, in order to afford the basics in this city.

The living wage provides a standard of living cost analysis tool that attempts to establish numerically the modest hourly wage requirement of workers in a specific community. Items for the analysis were carefully chosen to cost out the life requirements for healthy, sustainable living and minimal social engagement opportunities. In so doing, it defines a minimal living standard. The cost of meeting this standard is a numeric benchmark against which all other wages can be compared.

The most important component in any living wage calculation is the **list of necessary expenses** for a family of four to meet its basic needs, participate in the economic and social fabric of their community, and purchase items that can help them escape marginal subsistence.

What is considered in the list of necessary expenses for the purposes of the living wage calculation	
	<i>rent, transportation, child care, food, clothing, internet, and laundry costs</i> are part of the basics that every family strives to meet
	The list does not contain any <i>form of savings</i> . It does not acknowledge that <i>debt obligations</i> exist for the family. No <i>employer-paid benefits</i> are calculated in the living wage other than those mandated by the Province of Ontario and the Government of Canada

The **income side** of the equation consists of both employment income and government transfers. The living wage incorporates relevant government assistance, such as child care benefits and the Working Income Tax Benefit.

The next step calculates the employment income this family needs in order to meet both family expenditures and pay taxes as well as payroll deductions, while the final step yields a living wage amount per hour based on the total number of hours worked in the year.

BASIC LIVING WAGE CALCULATION

$$\text{Annual Family Expenses} = \text{Income from employment} + \text{Government Transfers CPP/EI/Income Tax Deductions (living wage)}$$

The living wage is not the same as the minimum wage. The minimum wage is the provincially mandated minimum an employer is required to pay in a given jurisdiction. As it stands today the minimum wage in Ontario is tied to inflation and as the report shows, the \$11.25 an hour doesn't take into account the basic requirements a family needs to get by. The report concludes that Ontario's current minimum wage legislation still leaves workers earning far below the poverty line, particularly if they are supporting dependents.

The following table illustrates the main differences between the minimum wage and the living wage.

Type	Minimum Wage	Living Wage
<i>Objective</i>	Sets a wage floor below which employers cannot pay	Sets an expectation that work should provide enough to meet basic material and immaterial needs
<i>Operationalization</i>	Legislation	Voluntary/aspirational
<i>Jurisdiction</i>	Provincial	Local
<i>Quality of Life Considerations</i>	Does not take into account the material needs of a healthy and sustainable life	Reflective of the basic necessities of life
<i>Cost of living Considerations</i>	Adjusted for inflation (Ontario)	Adjusted annually as costs increase

You can access the full report [here](#).

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