

PETERBOROUGH

**Social
Planning
Council**



Calculating A Living Wage for Peterborough

April 2013
(Revised June 4, 2013)
(Revised June 13, 2013)

ACKNOWLEDGMENTS

The authors of this report acknowledge the assistance of Hugh MacKenzie of Hugh MacKenzie Inc. and the use of the expansive spreadsheet provided by the Canadian Centre for Policy Alternatives. We also found inspiration in the Living Wage Reports created by Kingston and Hamilton. The content and format of these two reports helped to guide our efforts.

The principle creators of this report are Dawn Berry Merriam, Research & Policy Analyst, Peterborough Social Planning Council, and Paul Armstrong, of the Affordable Housing Action Committee of Peterborough and Peterborough County. The Supply Committee of the Affordable Housing Action Committee served as a reference group in this project. The Policy Committee of the Greater Peterborough Chamber of Commerce provided insight into the consultation process. A round table of representatives from the business and economic development sector gave invaluable input and advice on the content and intent of the document. Those who provided input from this round table include: Joe Celestini, Workforce Development Board, Fred Irwin, Transition Town, Julie Davis, Trent University, David Haacke, Greater Peterborough Chamber of Commerce, Tom Phillips, Fleming College, Linda Slavin, Sustainable Peterborough, Sandra Dueck, Greater Peterborough Chamber of Commerce, Sarah Tate, Habitat for Humanity, Jamey Coughlin, Greater Peterborough Area Economic Development Corporation, Paul Brown, United Way of Peterborough & District.

The authors take sole responsibility for any errors or omissions within this report.

Finally, this document is not about poverty, it is about community capacity building, community education and wealth creation for the purposes of building a healthy economic future for our community.

We are one of many communities looking at the outcomes of a living wage. In 2010, New Westminster, BC became the first municipal government in Canada to pass a living wage policy. Esquimalt, BC followed suit in January 2011. In the United States, more than 140 cities including Los Angeles, CA, Boston, MA, and Miami FL have already adopted Living Wage policies. Today in Canada, communities coast to coast are in various stages of development and deployment of living wage reports. Peterborough is exploring what we need to improve the economic health of our community.

PETERBOROUGH LIVING WAGE CONTENTS

Introduction	4
Background	4
1.0 Introduction: What is a Living Wage?	7
2.0 How Was the Living Wage Calculated in Peterborough?	7
3.0 What is the Household Composition Used in the Calculation?	8
4.0 What is Included in Peterborough's Living Wage Calculations?	9
5.0 What is Not Included in Peterborough's Living Wage Calculations?	10
6.0 What is the Result of Peterborough's Living Wage Calculation?	10
6.1 How Do Peterborough Median Incomes Compare?	11
7.0 Should Employers Calculate Living Wages Specific to Their Own Employees?	11
8.0 Are Benefits Included in the Living Wage?	11
9.0 How is a “Living Wage” Different from a “Minimum	11
10.0 Who Benefits From a Living Wage?	13
11.0 Sources of Income – How Does Peterborough Compare?	14
11.1 Comparison of Annual Incomes in Peterborough	15
12.0 Summary	16
13.0 Conclusion	17
Appendices:	20
Appendix 1: Detailed Calculations for Peterborough's Living Wage	
Appendix 2: Income Tax and Credits Calculation	
Appendix 3: Car Expenses from CCPA	
Appendix 4: Food Costs: Nutritious Food Basket, Peterborough County City Health Unit (2012)	
Appendix 5: Breakdown of Income Levels	

Introduction

The Peterborough Social Planning Council has been leading a process to establish what is required as a living wage, specifically for the Peterborough community. We have consulted with a broad range of experts in the business and economic sector as well as leaders in the social and health services system.

"Calculating a Living Wage for Peterborough" sets out to establish the wage/hour requirement for actual-needs living using prescriptive tools commonly used in other communities. It is intended as an educational document. If it stimulates discussion leading to a broader examination of the local economy, it will have value. Therein is the potential to render insights that could contribute to the economic health of our community.

Although there are benefits accrued from 'a living wage', this document is not intended to be a wage imperative for employers. Labour market factors are complex and often operate in response to both local and broader economies.

The document itself has served to begin the complex dialogue that is required to effect change in the economic health of our community. As with every dialogue, there are many opinions, sides to the discussion, agreements and disagreements. We believe that "Calculating a Living Wage for Peterborough" has incorporated comments and thoughts we have heard through our consultation to date. It is now time to present it to the larger community and the public as we further explore the issue of a living wage for Peterborough.

Background

"In spite of the unprecedented economic growth and improvement in the quality of life of many of the world's people that has occurred over the last 20 years, an ever-increasing proportion of the human population earns less than a living wage and they and their families consequently carry the burden of poverty and hunger. This contrast creates one of the most pressing challenges for the 21st century and makes our goal of sustainable development more remote." Robert G. White, Corporate Social Responsibility and a Living Wage.

Lower income families in Canada may have seen increases since 1998 but their absolute level of income is often not sufficient to meet a family's basic needs. Even with the gains in the past 12 years, the actual level of income among the bottom quintile amounted to \$15, 200 in 2012.

[shares-historic-high](#)

Wages and income assistance rates have not kept pace with the rising cost of living in our community including housing, food, and energy. Peterborough has been identified in research (C.M.H.C. *HOUSING NOW*, Oct. 2011) as an area where the juxtaposition of housing costs to wages reveal, relative to other communities, diminished living standards that impact on social inclusion and health.

People should not have to choose between food and shelter. Local food banks continue to serve increasing needs as our local economy struggles in a weak employment environment.

We cannot expect to build a sustainable and vibrant community until we stabilize and reverse the downward social/economic spiral. It is within this context that this report is being offered. What constitutes the community-specific costs of working and living in Peterborough? Carefully researched and referenced costs represent a modest, not a luxurious, living of essentials such as food, shelter, utilities, transport, healthcare and recreation. This is a standard that allows only for a family's full and healthy participation in work, family life, and community. The calculation exposes the wage required to provide this standard.

While the living wage for Peterborough will be that required for a family of four with two working adults, this report also concerns itself with wage requirements for other household complements. These other households' living wages are illuminating and serve to inform the reader that household circumstances (i.e. number of wage earners, number of dependents) alter living wage requirements. However, the family of four will, as in other community living wage calculations, remain the standard for the Peterborough living wage.

It is hoped that this calculation will form the foundation for a process to: educate the general public about the resources needed to maintain an adequate quality of life, educate employers of the efficacy of paying their employees a "living wage" and work collaboratively with municipal government and other agencies to create an environment in which employees can earn a "living wage".

It must be noted that the process of calculating a living wage for Peterborough has been extensive. The calculations are based on a custom spreadsheet developed and provided by Hugh MacKenzie, a prominent Canadian economist and Research Associate with the Canadian Centre for Policy Alternatives and with the Urban Studies Department at the University of Toronto. The spreadsheet calculation includes all relevant tax credits, income and payroll taxes, as well as subsidies for which the families could be eligible. This is a standard process employed in other communities such as Kingston and Hamilton. (For more detail see page 7 and the appendices.)

The calculation has been true to the formula mentioned above. As a result we were not able to include reflection on the costs of:

- paying back needed student loans,
- the expense of going back to school,
- saving for retirement savings plans or for education savings plans

After the discussion document was drafted, the PSPC held conversations with members of the social service system as well as the business community. A round table with representatives of the economic community was held at the offices of the Greater Peterborough Chamber of Commerce with the intent of starting the dialogue of what could be the benefits/impacts of people having a living wage. These benefits/impacts were identified as:

- there will be a material gain for community/business
- wages and productivity are connected and this must be emphasized

- according to our demographics there will be a smaller group of people who will have to produce/service a larger group of people
- there has been a decline in the wage rates for the younger generation coming into the employment sector
- the Australian model that has legislated the minimum wage to \$16.11 (Canadian) resulting in a 13% economic growth
- Consider the shift towards larger corporations – how does energy efficiency fit into the vision?

How does this discussion document support other local initiatives around the health and sustainability of our community? Here is what Sustainable Peterborough has said: “The *Greater Peterborough Area Community Sustainability Plan*, after wide community consultation, established a vision of “caring communities balancing prosperity, well-being and nature.” This involves the integration of social and cultural factors into economic and environmental ones. Healthy Communities is one of the broad, far-reaching priorities, covering social inequity, attainable housing, community involvement, healthcare and recreation.

A 'living wage' addresses, and indeed resolves, many of the issues identified within a healthy community. People earning a needs-appropriate wage can afford better housing, have the time to be involved in community, can participate in recreational activities, eat better quality food and generally, be healthier. Furthermore, the study by the Peterborough Social Planning Council can be considered a base-line study in the sector. Just as an energy assessment, and a food sustainability study of locally grown food provide the first steps in a more sustainable community, so too, the "Living Wage" Study gives us a base-line for future social development.”

According to Paul Brown, Coordinator, Labour Programs and Services, United Way of Peterborough & District provided information based on extrapolation of data from GPAEDC that is based on what it would mean if those below the living wage were at it currently. Topping up wage earners to \$32,110 would contribute \$560 million or \$10 million weekly approximately, to the local economy. (See Appendix 5).

1.0 INTRODUCTION: WHAT IS A LIVING WAGE?

The living wage is defined as the minimum hourly wage necessary for each of two workers in a family of four to meet basic needs and to participate in the civic/social life of their community. This means that this 'reference family', with both persons working full time, all year, with no additional income, should be able to afford a specified quality or quantity of housing, food, utilities, transport, health care, and recreation.

The premise of a living wage is that individuals who work should not have to live in poverty but should be able to sustain themselves and their families. A living wage "is envisioned as a wage that allows employees not just to survive (in minimal physiological terms) but to have a decent quality of life, raise children to be healthy and successful citizens, enjoy recreation, culture, and entertainment, and participate fully in social life".

It's the hourly wage needed for a family to afford basic everyday expenses, such as housing, food, clothing, utility bills, and child care. The hourly Living Wage rate is based on the living expenses of a family of four with both parents working full-time for 37.5 hours a week. The Living Wage rate doesn't cover things like owning a home, saving for retirement, paying down debt or saving for your children's education. A living wage is calculated based on what it costs to live in a specific community, so living wage rates change from community to community as living expenses change. Other communities in Ontario and across Canada are calculating their own living wage amounts based on what it costs to live in those cities. In 2010, New Westminster and Esquimalt in British Columbia became the first two municipalities in Canada to pass living wage policies whereby all municipal staff, including contracted service staff will be paid a living wage

2.0 HOW WAS THE LIVING WAGE CALCULATED IN PETERBOROUGH?

The calculations are based on a custom spreadsheet developed and provided by Hugh MacKenzie, a prominent Canadian economist and Research Associate with the Canadian Centre for Policy Alternatives and with the Urban Studies Department at the University of Toronto. The spreadsheet calculation includes all relevant tax credits, income and payroll taxes, as well as subsidies for which the families could be eligible. This is a standard process employed in other communities such as Kingston and Hamilton.

Certain expenses have been applied to this family assuming the needs generalized to most households of this demographic mix. The family rents a three-bedroom apartment and requires daycare for their four year-old child. Although some family members use public transit on a regular basis, a car is also required for the work-related commuting of one adult and other family use. See car expenses pertaining to ownership of a 2008 Chevrolet Impala in appendix (from CCPA Spreadsheet).

To calculate a Peterborough living wage, generalized data sources specific to the community were used. The following list provides some of the sources:

FOOD - Peterborough County City Health Unit, 2012 Nutritious Basket Calculator

CLOTHING AND FOOTWEAR; HOUSEHOLD OPERATION; PERSONAL CARE; OTHER (not specified) - Statistics Canada Market Basket Measure (MBM) for Census Metropolitan Areas of 30,000 – 99,999 residents, as found in custom spreadsheet supplied by Hugh MacKenzie and the Canadian Centre for Policy Alternatives (CCPA)

CAR - Detailed calculation of vehicle costs as found in custom spreadsheet supplied by Hugh MacKenzie and the Canadian Centre for Policy Alternatives (CCPA) and modified for insurance rates specific to Peterborough provided by Kanetix.ca

BUS and TAXI - current rates for each as available in Quality of Life Report, 2012, Peterborough Social Planning Council

UTILITIES (cable, telephone, internet) - current (2012) rates for basic services available in the Peterborough area

TENANT'S INSURANCE - research using Kanetix.ca for claims-free households

3.0 WHAT IS THE HOUSEHOLD COMPOSITION USED IN THE CALCULATION?

Two working adults, a male age 35 and a female age 30 are both wage earners in a household where two dependents also live, a girl age 12 and a boy age 4. Whereas a family unit of four consisting of two full-time wage earners and two dependent children commonly becomes the norm for calculating a “living wage”, this report also includes 'living wage' calculations for a family of three with one wage earner and two dependent children, a family of two with one wage earner and one dependent child and a household containing a sole wage earner. Although similar assumptions and living requirements have been applied consistently in all four households, the additional household calculations demonstrate that modest living standards when applied in different household complements result in varying wage requirements.

4.0 WHAT IS INCLUDED IN PETERBOROUGH'S LIVING WAGE CALCULATIONS?

Food, Clothing and Shelter

Childcare Costs

Transportation

Non-OHIP Health Insurance

Social Inclusion Costs:

- Monthly Family Outing
- Family Vacation (2 weeks, annually)
- Internet
- Cable
- Telephone
- Recreation Related Costs

Other:

- Continuing Education
- Tenant's Insurance
- Household operation/maintenance, furnishings and equipment
- Personal Care
- Reading and Entertainment Supplies
- Communication Costs (not telephone)
- Other (not specified)

Contingency:

- Unexpected costs that could relate to accident, health occurrences, appliance breakdown, etc.

5.0 WHAT IS NOT INCLUDED IN PETERBOROUGH'S LIVING WAGE CALCULATIONS?

The example budgets provided in Appendix I do not account for various expenses that are a part of many household budgets in Peterborough. Many families would make different choices, and many families in Peterborough would still find it difficult to live decently on a living wage budget. For example, there are no provisions for:

- Debt, including student loan repayments
- Savings beyond the contingency allocation (for example: a down payment, RRSP or RESP for children's education),
- Owning a house
- Take-out dinners or lunches (all food is homemade, except for the monthly family outing)
- Special dietary needs, such a gluten-free diets, halal or kosher diets
- Difficulty receiving child support payments
- Difficulty accessing childcare fee
- Costs related to a disability that might not be covered by insurance (or that would render one ineligible for individual health insurance).
- Pets
- Poker nights or drinks with friends
- Extended cable package or satellite television, or upgraded internet package
- Cell phones
- Smoking or alcohol purchases

6.0 WHAT IS THE RESULT OF PETERBOROUGH'S LIVING WAGE CALCULATION?

Once all expenses have been entered, our spreadsheet calculations reveal a pre-tax sum of \$64,220 is required to meet all family expenses. When the Universal Child Care Benefit, provincial/federal tax, and applicable tax credits have been calculated, the household after-tax income is \$61,157. With C.P.P. and E.I. deducted and child tax benefit added, the two wage earners have \$59,051. This is the exact amount of their annual expenses as outlined in the Detailed Expense Calculation found in the appendix.

For a family/household of four with two wage earners employed full-time at 37.5 hours weekly and two dependents, the living wage is \$16.47 (gross per hour for each of the 2 adults in the family of 4). For specific costs, please see appendix 1.

6.1 HOW DO PETERBOROUGH MEDIAN INCOMES COMPARE?

Median Incomes – All Private Households

	Before Tax	After Tax
Peterborough	\$52,638	\$46,154
Ontario	\$60,455	\$52,117
Canada	\$53,634	\$46,584

Source: Statistics Canada Cat. no. 92-591-XWE Mar. 13, 2007

7.0 SHOULD EMPLOYERS CALCULATE LIVING WAGES SPECIFIC TO THEIR OWN EMPLOYEES?

Peterborough's "living wage" detailed calculations are included in this report to demonstrate how the costs were derived. Employers, however, are not advised to recreate this budget for individual employees based on their specific situations as that may have legal implications with regards to the Ontario Human Rights Code, employment equity or labour standards legislation.

8.0 ARE BENEFITS INCLUDED IN THE LIVING WAGE?

There are no employer-paid benefits in the living wage calculation other than those mandated by the Province of Ontario and the Government of Canada. The living wage calculation allows for each household to purchase privately the most basic medical and dental insurance. In any calculation where the employer does pay for group employee health benefits, the living wage hourly rate would be reduced.

9.0 HOW IS A "LIVING WAGE" DIFFERENT FROM A "MINIMUM WAGE"?

As below indicates, minimum wages are not based on any actual living expenses, but rather set by governments in a fairly arbitrary manner taking into account political pressures from workers and business. Minimum wages are legally binding and cover most (but not all) workers. For most workers in Ontario, the current minimum wage is \$10.25 per hour. A person working full-time at this minimum wage would earn less than Statistics Canada's Low Income Cut-off (LICO) one of the most commonly used poverty lines in Canada. Only the provincial government can change Ontario's

minimum wage.

Summary of Differences Between a “Minimum Wage” and a “Living Wage”

MINIMUM WAGE	LIVING WAGE
Legally binding	Voluntary
Set by province	Locally-led
Level not related to costs of living	Level set by careful research into local costs of living. Open and transparent.
Creates ‘working poor’ and does not lift workers out of poverty	Provides a decent standard of living to sustain a family and allows for participation in society (“social inclusion”)
Has no community-building effect	Can help to attract families to move to a “living wage community”

“Survival” is the day-to-day prioritizing of energy and activity to stay alive.
“Participation” is living in a healthy fashion with the opportunity for social engagement.
A 'living wage' makes “participation” possible.

10.0 WHO BENEFITS FROM A LIVING WAGE?

Living Wage programs have benefits for both workers and employers. Living wage policies also have a positive impact on the community as a whole. Becoming a living wage community will make Peterborough a more attractive place for employees and their families to live.

Benefits for workers

- Receive fair compensation
- Raised out of poverty
- Better quality of life
- Improved health
- Opportunities for education/skills training

Benefits for employers

- Reduced absenteeism
- Decreased turnover rates
- Lower recruitment and training costs
- Increases morale, productivity and loyalty
- Recognition for responsible employers

Benefits for the community

- Greater consumer spending power
- Increased spending in local economy
- Increased civic participation

For more resources go to:

- [Benefits of a living wage](http://livingwagehamilton.ca/wp/?page_id=56) "http://livingwagehamilton.ca/wp/?page_id=56"
- Human Resources Professional Association <http://www.hrpa.ca/Pages/Default.aspx>:
- [Falling Behind: Ontario's Backslide into Widening Inequality, Growing Poverty and Cuts to Social Programs, ONTARIO COMMON FRONT, 2012](http://pathwaytopotential.ca/wp-content/uploads/2011/01/falling-behind.pdf) ://pathwaytopotential.ca/wp-content/uploads/2011/01/falling-behind.pdf
It's More than Poverty Employment Precarity and Household Well-being
<http://www.unitedwaytoronto.com/downloads/whatwedo/reports/ItsMoreThanPoverty2013-02-09FReport.pdf>
- Big Think, Smarter Faster <http://bigthink.com/videos/well-pay-more-for-our-burgers>
- Costco CEO Craig Jelinek Leads the Cheapest, Happiest Company in the World

<http://www.businessweek.com/articles/2013-06-06/costco-ceo-craig-jelinek-leads-the-cheapest-happiest-company-in-the-world>

"I just think people need to make a living wage with health benefits," says Jelinek. "It also puts more money back into the economy and creates a healthier country. It's really that simple."
Costco CEO Craig Jelinek "Leads the Cheapest, Happiest Company in the World", Bloomberg Business Week, Jun 6, 2013, <http://www.businessweek.com/articles/2013-06-06/costco-ceo-craig-jelinek-leads-the-cheapest-happiest-company-in-the-world>

11.0 SOURCES OF INCOME – HOW DOES PETERBOROUGH COMPARE?

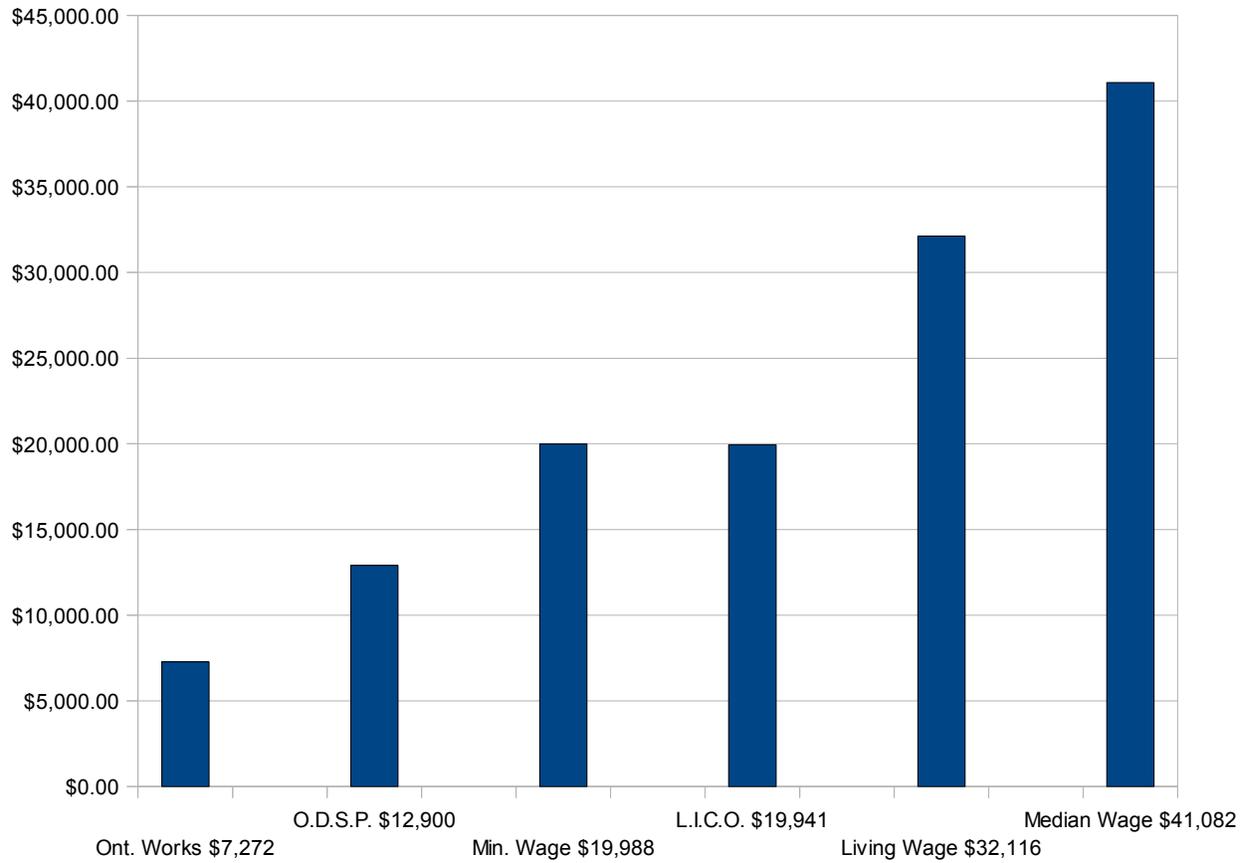
Composition of Total Income

	Peterborough	Ontario
Earnings	70.0%	77.4%
Government Transfers	13.2%	9.8%
Other Money	16.7%	12.9%

Source: Statistics Canada Cat. no. 92-591-XWE Mar. 13, 2007

11.1 COMPARISON OF ANNUAL INCOMES IN PETERBOROUGH

Annual Incomes - Peterborough 2012



Reference: Various Provincial and Federal Sources

12.0 SUMMARY:

This report has outlined the necessities and expenses associated with covering the costs of “actual needs” living for a family of four in Peterborough. Luxurious does not describe this standard of living. Continuous discretion in budgeting and expense management will be required by this family. This report illustrates only that consistent with healthy, engaged living.

Although this family has no debt, it also has no cushion of savings. It should be noted that this family spends every dollar of their total combined income. As with any family unit, it is vulnerable to changes in circumstances such as loss of work, eviction, relationship breakdown, prolonged illness and accident. Changes in circumstances upset the equilibrium essential to any family's wellbeing. This family is secure only as long as they can maintain the conditions that underpin their present existence.

When the total compilation of expenses has been computed, it is then translated into a wage/hour amount, the earnings requirement by each of two supporting adults in the family of four on a full-time employment basis. This hourly labour rate of **\$16.47** applies to living and working in Peterborough in 2012. The complex spreadsheet supplied by the Canadian Centre for Policy Alternatives further reveals the actual amounts within Canada's tax, benefit and transfer system.

It is important to note that a family of four with two working adults and two dependents is the norm in “living wage” calculations. When these calculations were completed for other family complements where, for example, only one adult was working, it was evident that this wage/hour was not suitable. Various household circumstances will alter the wage/hour required for healthy, inclusive living.

The living wage amount for Peterborough is a measure against which other real wages can be compared. Immediately it informs that Ontario's Minimum Wage is too low for what has been outlined as the foundation for healthy, socially-engaged living in Peterborough.

The goal of this “living wage” effort is to determine the wage/hour amount that ensures that all persons in Peterborough have the resources essential to remain healthy, and participate as fully as possible in the life of the community.

13.0 CONCLUSION:

The “living wage” is a methodical calculation of the modest living requirements of a family of four. Its end result is a wage/hour number. But the end result is also a beginning point. As a beginning it informs and serves to guide an exploration of conditions and outcomes within the local economy.

The resulting wage/hour in the “living wage” is not intended as a point of confrontation within the community. Nor is it intended as a point around which all must conform. To the contrary, it is intended as a point of education and collaboration – a rallying point. The “living wage”, as an educational tool, persuades participants to explore how living standards and income standards in the community are related. It begs the engaged to understand the extent to which our social/economic existence is predicated on income. Moreover, it entices us to see how whole communities can improve their socio-economic health and other related outcomes without conflict between traditionally-opposed social echelons.

The “living wage” poses the all- important question: What must we do to change our community environment to enable people to live in a modest yet healthy manner with some capacity for social inclusion? The same question might read: How do we create a healthy, socially-inclusive community?

The “living wage” is a platform for this discussion – a platform for improvement and sustainability.

A Living Wage

<i>What it is....</i>	<i>What it is not....</i>
Collaboration	Conflict
Inclusion	Exclusion
Modification	Status quo
Discussion	Enforcement
Cohesiveness	Fragmentation
Sustainability	Deterioration

The social and economic outcomes of income disparity are among the most profound challenges to social stability.

Voices:

“Whether you want less poverty or a more robust economy, greater innovation or improved productivity, better life chances or a healthier democracy, the way forward in Canada involves reducing income inequality.”

Source: <http://fullcomment.nationalpost.com/2012/12/21/armine-valnizyan-sorry-andrew-coyne-but-income-inequality-is-a-real-problem/>

Armine Valnizyan is a senior economist at the Canadian Centre for Policy Alternatives, a weekly panelist on the Lang and O’Leary Exchange and a business columnist on CBC Radio’s Metro Morning. Provided by Paul Armstrong.

“Globalization has changed the nature of work in Canada. This is reflected in Peterborough by the growing number of self- employed, permanent part time jobs, underemployed people and permanently unemployed.

Two classes of jobs have emerged; the high skill high paid creative class and the low skill low paid service class, while the large number of working middle class jobs produced by the industrial revolution have declined substantially.

The 21st century's technological revolution accompanied by the convergence of human induced climate change, the depletion of our natural resources (forests, polar and glacier ice, soil, oceans, fresh water, oil, species etc) and global economic contraction have dramatically increased the complexity of any strategic response for both jobs and wages.

The existing economic development strategy and financial resources in Peterborough support globalization and the creative job class , while a more balanced approach including small business development, all job classes and livelihoods is required to prevent a further widening of the gap between a living wage and actual wages for many of our citizens “

The Case for Economic Localization in the Greater Peterborough Trading – provided by Fred Irwin, Transition Town

“Canada’s performance during the financial crisis and subsequent recession is rightly a point of pride. Canadians, and the world, have developed a new-found appreciation for the institutional prudence of our banking system and regulatory regime. However, the risk-averse attitudes that helped us avoid taking dangerous financial bets also hold us back from taking the risk necessary to build more competitive companies and a more production economy.

Productivity can be significantly influenced by risk appetite. Canada has long been regarded as a risk-averse country, but there has been little evidence to support this – until now. Deloitte conducted interviews about risk tolerance with 450 Canadian and 452 American executives from small, medium and large companies across a broad array of industries and the results have provided valuable insight

into the Canadian risk profile.....Canadian business leaders (were) more optimistic than their counterparts about the state of the economy...(However), Canadian executives indicated that they are not planning to invest in the types of activities required to improve productivity. (Their) aversion to risk is especially important because it underlines other critical contributors to our growing productivity gap, including a lack of risk capital for startups, chronic underinvestment in (equipment), insufficient levels of private sector R&D and an unwillingness to engage international markets.

We need business leaders to be more willing to undertake intelligent risk by making investments in R&D, launching innovative products, developing improved production techniques, implementing international best practices, integrating state-of-the-art machinery and expanding into new markets....

Continued economic growth will only be sustained through ongoing, persistent improvements in the productivity of our work force....Business leaders must fundamentally re-examine their attitudes about taking intelligent risks.”

“Canada needs to stimulate productivity by sharpening the appetite for risk”, Globe & Mail, Nov. 29, 2011. Provided by **Tom Phillips.**

“Our economy is built on carbon, and a 19th century concept that the quick exploitation of natural resources will bring wealth. The increasing danger of runaway climate change demands a revamping and integration of economic, social, cultural and environmental goals and priorities. In a post-carbon world, resource use must be planned carefully among communities and governments to ensure equitable use for this generation and seven more. Social and economic equity must be recognized as the cornerstones of a (healthy) world.

A living-wage baseline study gives the community a key tool to work toward enhanced equity, cultural inclusion, better use of resources and the environment. This study fits into the goals and priority actions of the Greater Peterborough Area Sustainability Plan and suggests meaningful change for the (community).”

Linda Slavin, Vice-Chair, Sustainable Peterborough, 2013.

“We use a rough target of \$18 as a goal for new jobs attracted. We have a focus on aerospace, nuclear, creative and clean tech sectors for job creation as the wages are generally above average.

Wages are largely a function of supply and demand. If the skill is scarce, then the rate paid will be higher.

Investment in ones skills and education , especially in areas where there is scarcity is still the best path for better wages.

Important that future discussions emphasize increased wages as an outcome of finding ways for workers to add value to the company - increasing productivity, sales, customer satisfaction, etc...

Adding value is critical as the most small businesses do not have surplus profit to just increase wages.

A worst case scenario is that increased labour costs without a corresponding increase in value could translate into higher prices which could then negatively impact the cost side of the living wage side of the equation.

An example of increasing wages by adding value comes from the service sector. Retail staff could be clerks that primarily ring in the sale. This could be classified as low skill, low wage, low value. An alternative would be a brand ambassador at a store, they have detailed product knowledge and customer service training. They not only increase sales, but increase customer satisfaction. Increased business performance drives increased hourly wages.

Moving to a more skilled workforce is actually critical to the survival of brick and mortar retail,

I guess the example shows that the concept of living wage doesn't have to be adversarial and can be win win."

<http://bigthink.com/videos/well-pay-more-for-our-burgers>

<http://www.businessweek.com/articles/2013-06-06/costco-ceo-craig-jelinek-leads-the-cheapest-happiest-company-in-the-world>"

Provided by: Jamey Coughlin, Greater Peterborough Area Economic Development Corporation

Appendices

Appendix 1: Detailed Calculations for Peterborough's Living Wage

Average Monthly Costs						
Category	Item	Family of 4	Family of 3	Family of 2	Single person	Data Source and explanation of calculations
Food, clothing and shelter	Food	\$702	\$524 +24	\$407 +39	\$199 +34	Peterborough County City Health Unit Nutritious basket calculator 2012
	Clothing and footwear	\$223	\$178	\$145	\$111	Statistics Canada Market Basket Measure for CMA's of population 30,000 to 99,999 (adjusted to July 2012)
	Rent and utilities	\$1,122 3 - bdrm	\$899 2 - bdrm	\$899 2 - bdrm	\$769 1 - bdrm	Canada Mortgage and Housing Corporation average market rent for Peterborough, Fall 2011. Market rent figures may or may not include heat and other utilities according to CMHC.
Child-care	Child-care centre, after-school and/or summer care	\$717	\$717	\$0	\$0	Quality of Life Report 2012 – Peterborough Social Planning Council, daycare fees
Transportation	Vehicle	\$666	\$658	\$0 no car	\$0 no car	Detailed calculation of vehicle costs created by the Canadian Centre for Policy Alternatives: based on a 2008 Chevrolet Impala driven 18,203 km. annually at \$1.15 per litre. Insurance costs reduced for driving and ownership in Peterborough based on quotes from Kanetix.ca
	Transit, bus and/or taxi	\$105	\$50	\$175	\$175	Bus Pass for one adult and one Bus Pass for a child. One round trip taxi ride per month (\$16.68). Student bus pass in family of three. Adult bus pass and taxi services for single.
Health	Non-OHIP Health Insurance	\$229	\$138	\$119	\$103	Based on Blue Cross (fam. Of 4) from Kanetix.ca Based on Manulife Flexcare for fam. of 3, fam. of 2 and single.

Category	Item	Family of 4	Family of 3	Family of 2	Single person	Data Source and explanation of calculations
Social Inclusion	Monthly family outing	\$106	\$80	\$53	\$38	Movie or local tourist attraction with modest restaurant meal once each month
	Family vacation (two weeks per yr.)	\$146	\$110	\$73	\$51	Vacation for family of four including transportation, accommodations, meals, entrance fees, and consumables. Similar vacation prorated for family of three, family of two and single.
	Internet	\$41	\$41	\$41	\$41	Cogeco High Speed
	Cable T.V.	\$37	\$37	\$37	\$37	Cogeco basic channel package
	Tele- phone	\$39	\$39	\$39	\$39	Bell Telephone bundle – no long distance
	Recrea- tion	\$123	\$92	\$87	\$68	Family of 4 recreational activities which may include family pass at YMCA / Wellness Centre, family skating, swimming lessons, and one other children's sports activity e.g. soccer. Prorated for family of three family of two and single person
Other	Contin- uing Educa- tion	\$83	\$42	\$42	\$42	Adult education upgrading, possibly job related for each adult in each household.
	Tenant's insur- ance	\$26	\$26	\$26	\$26	Basic tenant insurance coverage. Lowest quote from Kanetix.ca
	House- hold opera- tion, maintnc., furnish- ings and equip- ment	\$157	\$125	\$102	\$78	Statistics Canada Market Basket Measure "Other" for Census Metropolitan Areas between 30,000 and 99,999 population. Family size adjustment for family of three and single person
	Personal care	\$54	\$44	\$35	\$27	Statistics Canada Market Basket Measure "Other" for Census Metropolitan Areas between 30,000 and 99,999 population. Includes personal care products and services

Category	Item	Family of 4	Family of 3	Family of 2	Single	Data Source and Explanation of Calculations
	Reading and Entertainment Supplies	\$34	\$28	\$22	\$17	Includes newspaper subscription, magazines, video rentals. Statistics Canada Market Basket Measure "Other" for Census Metropolitan Areas between 30,000 and 99,999 population
	Communication – not telephone	\$16	\$16	\$16	\$16	Includes long–distance calls, stamps, greeting and occasional cards.
	Other not specified	\$102	\$77	\$66	\$51	Statistics Canada Market Basket Measure for Census Metropolitan Areas between 30,000 and 99,999 of population. The value for the MBM 'Other' category is reduced by the total of the already specified items.
Savings	R.R.S.P.	\$200	\$100	\$100	\$100	A contribution of \$100 for each adult each month.
	R.E.S.P.	\$75	\$75	\$75	\$0	Household contribution toward R.E.S.P.
	Savings	\$200	\$100	\$75	\$75	A contribution of \$100 from each adult.
Contingency		\$151	\$128	\$98	\$73	4% of family household budget

WAGE-HOUR	Family of 4	Family of 3	Family of 2	Single	
TOTAL MONTHLY	\$5,396	\$4,366	\$2,732	\$2,136	With Savings Contributions
	\$4,921	\$4,091	\$2,482	\$1,961	Without Savings Contributions
TOTAL ANNUAL	\$64,752	\$52,392	\$32,784	\$25,632	<i>Includes R.R.S.P., R.E.S.P., and savings.</i>
<i>Living Wage</i>	\$18.62	\$29.52	\$17.15	\$15.79	
TOTAL ANNUAL	\$59,051	\$49,902	\$29,784	\$23,532	<i>Without R.R.S.P., R.E.S.P., and savings</i>
<i>Living Wage</i>	\$16.47	\$27.24	\$14.32	\$14.30	

Appendix 2: Income, Tax and Credits Calculation

	Family of Four (with savings) (without savings)	Family of Three (with savings) (without savings)	Family of Two (with savings) (without savings)	Single Person (with savings) (without savings)
Household Employment Income	\$72,602.00 \$64,220.00	\$57,574.00 \$53,126.00	\$33,436.00 \$27,914.00	\$30,782.00 \$27,887.00
Universal Child Care Benefit	\$1,200.00 \$1,200.00	\$1,200.00 \$1,200.00	\$0.00 \$0.00	\$0.00 \$0.00
Household Income	\$73,802.00 \$65,420.00	\$58,774.00 \$54,326.00	\$33,436.00 \$27,914.00	\$30,782.00 \$27,887.00
Tax After Credits	\$6,041.00 \$4,263.00	\$5,401.00 \$4,431.00	\$1,261.00 -\$103	\$3,232.00 \$2,633.00
Income After Tax	\$67,761.00 \$61,157.00	\$53,372.00 \$49,895.00	\$32,175.00 \$28,017.00	\$27,550.00 \$25,253.00
CPP and EI Contributions	\$4,576.00 \$4,008.00	\$3,147.00 \$3,147.00	\$2,094.00 \$1,719.00	\$1,914.00 \$1,717.00
Child Tax Benefit	\$1,566.00 \$1,901.00	\$2,167.00 \$2,345.00	\$2,699.00 \$3,483.00	\$0.00 \$0.00
Income After Tax and Transfers	\$64,751.00 \$59,051.00	\$52,393.00 \$49,093.00	\$32,781.00 \$29,781.00	\$25,636.00 \$23,536.00
Living Wage	\$18.62 savings incl. \$16.47 savings excl.	\$29.52 savings incl. \$27.24 savings excl.	\$17.15 savings incl. \$14.32 savings excl.	\$15.79 savings incl. \$14.30 savings excl.

Appendix 3: Car Expenses from CCPA

Note: Average Annual Cost of Vehicle Ownership

Depreciation	\$2,660	
Insurance	\$1,208 (2 drivers)	(\$1,109 – 1 driver)
Gas	\$2,970	
Winter Tires	\$235	
Oil Changes	\$160	
Registration	\$82	
Street Parking	\$78	
Service & Repairs	\$600	
TOTAL	\$7,993	

Note: (11,377 miles annually; 20 mpg; \$1.15/L)

**Appendix 4: Food Costs: Nutritious Food Basket,
Peterborough County City Health Unit(2012)**

Sex	Age	Cost Per Week
Boy	2-3	24.48
	4-8	31.56
	9-13	41.69
	14-18	58.13
Girl	2-3	23.99
	4-8	30.57
	9-13	35.83
	14-18	42.59
Man	19-30	56.08
	31-50	50.82
	51-70	49.04
	Over 70	48.49
Woman	19-30	43.49
	31-50	43.04
	51-70	38.37
	Over 70	37.64
Pregnant Woman	<18 yrs	47.31
	19-30	47.78
	31-50	46.58
Breastfeeding Woman	18 yrs	49.40
	19-30	50.45
	31-50	49.25

Required Adjustment for Number of People in Household:

- 1 person – multiply by 1.2
- 2 people – multiply by 1.10
- 3 people – multiply by 1.05
- 4 people – make no change
- 5 people – multiply by 0.95
- 6+ people – multiply by 0.90

Breakdown of Income Levels of Individual Workers
(provided by Paul Brown, United Way of Peterborough & District)

Based on GPAEDC “Just the Facts” Dec. 14, 2012, Source, Manifold Data Mining Inc. Peterborough demographics the income breakdown of Peterborough workers is as follows;

Annual Income	# of residents	
Below living wage of \$32,110		
Under \$1,000	2,214	
Total \$1,000 to \$2,999	2,351	
Total \$3,000 to \$4,999	2,077	
Total \$5,000 to \$6,999	2,413	
Total \$7,000 to \$9,999	3,952	
Total \$10,000 to \$11,999	3,175	
Total \$12,000 to \$14,999	4,151	
Total \$15,000 to \$19,999	6,903	
Total \$20,000 to \$24,999	5,758	
Total \$25,000 to \$29,999	5,282	
Total of workers below living wage	38,276	57%
Above living wage of \$32,110		
Total \$30,000 to \$34,999	4,519	
Total \$35,000 to \$39,999	4,051	
Total \$40,000 to \$44,999	3,526	
Total \$45,000 to \$49,999	2,726	
Total \$50,000 to \$59,999	4,153	
Total \$60,000 and over	8,986	
Total of workers above living wage	27,961	43%

Using the single wage earner (without savings) living wage of \$32,110.00 annually, 57% of Peterborough workers fall below this threshold. In each income group below the living wage, assuming that they all earned at the high end of the range the difference between their annual income and a living wage would amount to \$561,349,894 collectively on an annual basis. Weekly the difference between what these workers currently earn and a living wage represents \$10, 795, 190 a week. Imagine how different the local economy might look with an extra \$10 million per week flowing through it.