



## How Living Wage Is Calculated

### Methodology

The [Canadian Living Wage Framework](#) methodology guided the development of the living expenses, and the Canadian Centre for Policy Alternative's (CCPA) 2014 Living Wage calculator was the tool used to calculate the living wage for London.

This general approach is consistent with the approach used by other Ontario communities calculating their living wage. As of January 2016, 14 other Ontario communities have calculated their living wage. These include:

- Toronto
- Halton Region
- Grey Bruce/Owen Sound
- Guelph
- St. Thomas
- Peterborough
- Perth and Huron
- Kingston
- Sudbury
- Waterloo
- Hamilton
- Brantford
- Windsor-Essex
- Cambridge

The [Ontario Living Wage Network](#) has reports on the development of the living wage in many of these communities.

### Household Scenario

Consistent with the Canadian Living Wage Framework, the living wage calculation used to determine London's living wage assumes the following scenario:

- A healthy family of four with:
  - Two adults, age 35 years, both working full-time, year-round, with a two-week vacation. They are each paid for 37.5 hours per week
  - A three-year old girl in full-time, licensed, home-based child care, and a seven-year old boy in licensed, school-based before and after-school care during the school year and in YMCA camps for school breaks including PA Days, March Break and summer camp



There are two basic steps in the living wage calculation:

- Step One: The calculation of living expenses
- Step Two: The income calculation, including employment income, tax credits and government transfers

### Step One: Calculating Living Expenses

The Canadian Living Wage Framework guided London's living expense calculation. The Framework identifies eight general expense categories: food, clothing, rental housing, transportation, child care, medical expenses, one parent taking courses at a local college, and other expenses. The assumptions made and calculations used in each of these categories are outlined in the sections below.

Although guided by the Framework, there is local discretion with regards to the details of the expense items within each category. In developing London's living wage, a review of other Ontario community's living wage calculations<sup>1</sup> was completed, noting expense detail assumptions, expense data sources and expense calculation methods. This review formed the basis for the local assumptions used to calculate London's 2014 living wage amount.

The CCPA's calculator's formulae are based on the 2014 tax year. For this reason, 2014 expense and income values are used, wherever possible.

#### Food

The cost of food is based on the Nutritious Food Basket (NFB) survey of 12 grocery stores in Middlesex-London, conducted in May 2014 by the Middlesex-London Health Unit<sup>2</sup>. The actual calculation for London's living wage was completed by the Middlesex-London Health Unit for the reference family<sup>3</sup>. The food cost for a family of four in London is \$650.97 per month (average) and \$7,811.64 per year.

#### Clothing and Footwear

The clothing and footwear amount is based on Statistics Canada's Market Basket Measure (MBM) 2013 amount for a family of four in Ontario communities with a population between 100,000 and 499,999<sup>4</sup>. The 2013 MBM amount is adjusted to 2014 using the Consumer Price Index for Ontario, clothing and footwear<sup>5</sup>.

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<sup>1</sup> Ontario Living Wage Network. Resources. Living Wage Communities report links.

<http://www.ccpaontario.ca/ontariolivingwage.ca/resources.html>

<sup>2</sup> Prepared by Ms. Kim Leacy, Registered Dietitian, Ms. Claire Paller, Program Evaluator, and reviewed by Ms. Linda Stobo, Manager, Chronic Disease Prevention & Tobacco Control Team. Middlesex-London Health Unit. Report No. 053-14 to the Chair and Members of the Board of Health from Christopher Mackie, Medical Officer of Health and CEO. September 18, 2014. "[2014 Nutritious Food Basket Survey Results and Implications for Government Public Policy](#)"

<sup>3</sup> Kim Leacy, RD, Public Health Dietitian. Chronic Disease Prevention and Tobacco Control, Middlesex-London Health Unit via e-mail January 13, 2016.

<sup>4</sup> Statistics Canada. [Table 206-0093 - Market Basket Measure \(MBM\) thresholds \(2011 base\) for reference family, by Market Basket Measure region and component, annual \(2013\)](#). (Accessed January 09, 2016).

<sup>5</sup> Statistics Canada. [Table 326-0020 - Consumer Price Index, annual \(2002=100 unless otherwise noted\)](#). (Accessed January 09, 2016).

The cost of clothing and footwear for a family of four in London is \$155.93 per month (average) and \$1,871.13 per year.

## **Rental Housing and Related Costs**

### ***Rent***

London's living wage calculation assumes that the family rents a three bedroom apartment. The rental costs reflect the average market rent of three bedroom apartments in London, as reported in the 2014 Canada Mortgage and Housing Corporation's (CMHC) Fall Rental Market Survey<sup>6</sup>. CMHC notes that, "The average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector" (p. 23).

The rent for a three bedroom apartment in London is \$1,117.00 per month and \$13,404.00 per year.

### ***Utilities***

CMHC notes that, "Utilities such as heating, electricity and hot water may or may not be included in the rent" (p. 23)<sup>7</sup>. London's living wage calculation assumes that utilities are included in the rental amount.

### ***Tenant Insurance***

The cost of tenant insurance is based on the lowest quote available from [www.kanetix.ca](http://www.kanetix.ca). It assumes the following:

- Deductible: \$1,000
- Liability coverage: \$1,000,000
- Replacement value: \$35,000

In order to generate a quote, the following arbitrary specifications were made:

- Length of residency: five years
- Concrete building built in 1960
- Electric heating, no air conditioning

The cost for tenant insurance from Gore Mutual is \$21.75 per month and \$261.00 per year<sup>8</sup>.

## **Household Furnishing and Equipment**

The cost of household furnishing and equipment is from Statistics Canada's 2013 Survey of Household Spending (SHS) for Ontario households in the second income quintile<sup>9</sup>. The expenses include the following items:

- Household cleaning supplies and equipment inclusive of detergent and other soaps and other household cleaning supplies
- Paper, plastic and foil supplies
- Household furnishings, excluding art, antiques

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<sup>6</sup> Canada Mortgage and Housing Corporation. Housing Market Information. [Rental Market Report, London CMA](#). Fall 2014. P. 23

<sup>7</sup> Canada Mortgage and Housing Corporation. Housing Market Information. [Rental Market Report, London CMA](#). Fall 2014. P. 23

<sup>8</sup> Quote received from [www.kanetix.ca](http://www.kanetix.ca), January 09, 2016.

<sup>9</sup> Statistics Canada. [Table 203-0022 - Survey of household spending \(SHS\), household spending, by household type, annual \(dollars\)](#). = (Accessed January 09, 2016)

Household appliances are not included as it is assumed that these are included in the rental unit.

The 2013 amounts from the SHS are adjusted to 2014, using the Consumer Price Index for each item<sup>10</sup>.

**Table 1: Average Monthly Costs of Household Furnishing and Equipment**

	Average Monthly Cost	Annual Cost
Household cleaning supplies and equipment	\$15.03	\$180.38
Paper, plastic and foil supplies	\$24.90	\$298.85
Household furnishings, excluding art, antiques	\$45.04	\$540.45

The total cost for household furnishing and equipment is \$84.97 (average) per month and \$1,019.68 per year.

### **Phone, Cable and Internet**

London's living wage calculation assumes that the family has internet, the adults each have a cell phone, and they watch Netflix. Costing for these items was done by comparing the costs of various packages and options provided by Rogers, Bell, Telus, Wind and Shaw. The expenses are based on the lowest quotes for comparable services.

**Table 2: Internet, Television, and Phone Expense Details**

	Assumption	Monthly Cost	Annual Cost
<b>Internet</b> <sup>11</sup>	Ignite 60 from Rogers: 200 GB usage, 60 MBPS download speed; includes WIFI Rocket modem	\$84.74, including tax	\$1,016.88, including tax
<b>Netflix</b> <sup>12</sup>	Basic plan	\$9.03, including tax	\$108.36, including tax
<b>Phone</b> <sup>13</sup>	One cell phone for each adult; Wind Talk and Text plan; no data	\$56.50, including tax	\$678.00, including tax

Total cost for phone, internet and television is \$150.21 per month and \$1,802.52 per year.

### **Transportation**

London's living wage calculation assumes that the family owns a 2011 Chevy Impala and uses public transit. It assumes that one adult uses the car to get to and from work as well as using the car to provide the majority of transportation for the family. The calculation assumes that the second adult uses public transit to get to and from work as well as to take between five and ten trips with the children.

<sup>10</sup> Statistics Canada. Table 326-0020 - Consumer Price Index, annual (2002=100 unless otherwise noted). [Table 326-0020 - Consumer Price Index, annual \(2002=100 unless otherwise noted\)](#). Accessed January 09, 2016).

<sup>11</sup> Rogers online pricing: <http://www.rogers.com/consumer/internet/packages>. (accessed January 19, 2016).

<sup>12</sup> Netflix online pricing: <https://www.netflix.com/ca/>. (accessed January 19, 2016).

<sup>13</sup> Wind online pricing: <https://www.windmobile.ca/plans-and-devices/plans/mobile-plan-details/talk-and-text-plan-25>. (accessed January 14, 2016)

## The Cost of Owning and Operating a Vehicle

The cost of owning and operating a 2011 Chevy Impala (4-door, 3.5L, 6 cylinder, automatic) is based on the following assumptions:

Vehicle Expense	Assumption	Average Monthly Cost	Annual Cost
<b>Mileage</b>	18,000 km per year	n/a	n/a
<b>Depreciation</b>	The median annual depreciation value is calculated using the depreciation amounts reported by the eight Ontario communities with detailed living wage calculations. No adjustment was made to the reported amount for differences in reporting year or differences in vehicle.	\$168.49	\$2,021.82
<b>Maintenance, service and repair<sup>14</sup></b>	The typical maintenance repairs and estimated costs are provided by a local service provider. They include: four oil changes per year (\$50/change), transmission service once every two years (\$100/2 years), front and rear differential once every two years (\$400/2 years), transfer case every four years (\$150/4 years), winters tire - assume rims on (\$80 for 2 changes per year), spark plugs every four years (\$200/4 years), brake inspection included in oil changes.	\$51.25	\$615.00
<b>License and registration fee<sup>15</sup></b>	Includes annual sticker cost and license renewal prorated over five years.	\$10.36	\$124.30
<b>Fuel</b>	The CAA car costs online calculator was used to estimate annual fuel costs <sup>16</sup> . Average fuel prices for London in 2014 were provided by Kent Group Limited. Besides mileage, the following assumptions were used for the car costs calculator: <ul style="list-style-type: none"> <li>▪ City to highway driving ratio of 80:20</li> <li>▪ Average gas price of \$1.25<sup>17</sup></li> </ul>	\$213.00	\$2,556.00
<b>Insurance<sup>18</sup></b>	The insurance expense is the lowest quote obtained	\$84.42	\$1,013.00

<sup>14</sup> [Phone interview conducted Jan. 14, 2016 with Tony Clarke Car Care. 519-473-3110.](#)

<sup>15</sup> Service Ontario. <https://www.ontario.ca/driving-and-roads/renew-licence-plate-sticker> and <http://www.ontario.ca/page/renew-drivers-licence> (Accessed January 09, 2016).

<sup>16</sup> CAA car costs online calculator. [http://caa.ca/car\\_costs/](http://caa.ca/car_costs/) (accessed January 14, 2016)

<sup>17</sup> Kent Group Limited. Petroleum Price Report. Regular Gasoline. Retail Price including Tax, 2014 <http://kentreports.com/wpps.aspx> (accessed January 14, 2016)

<sup>18</sup> [www.kanetix.ca](http://www.kanetix.ca) Quote obtained January 11, 2016.

Vehicle Expense	Assumption	Average Monthly Cost	Annual Cost
	<p>from <a href="http://www.kanetix.ca">www.kanetix.ca</a> based on the following key assumptions:</p> <ul style="list-style-type: none"> <li>▪ Collision and comprehensive deductibles of \$1,000 each</li> <li>▪ Clean driving history</li> <li>▪ Both adults are insured</li> </ul> <p>Other assumptions needed for the purposes of obtaining a quote include: Car is used for commuting to work, travelling an average of 10 km one way; both drivers have been licensed for 15 years, have been insured with the current company for the last four to five years, and have had 15 years of continuous insurance; parking is in a parking lot; no CAA membership or other affiliation that could provide a discount.</p>		
<b>Parking</b>	No additional expenses. Parking is provided at the apartment and is provided at work.	\$0.00	\$0.00

The total cost of owning and operating a vehicle is \$527.51 (average) per month and \$6,330.12 per year.

### Public Transportation

London's living wage calculation assumes that a monthly London Transit Citipass is purchased for one adult each month (\$81.00) and that two strips of five child tickets are purchased each month (\$11.00)<sup>19</sup>. A single ticket allows for a 90 minute transfer. Ten tickets can pay for between five and ten trips, depending on duration of the trip.

The total cost of taking London Transit is \$92.00 per month and \$1,104.00 per month. The cost of the monthly Citipass is claimed as a tax deduction<sup>20</sup>.

The total transportation cost is \$619.51 per month (average) and \$7,434.12 per year.

### Child Care and School Fees

#### Child Care

The cost of child care calculation assumes that:

- The three year old is in full-time care (260 days) in a licensed, home-based child care setting

<sup>19</sup> London Transit Commission. Fares. <http://www.ltconline.ca/Fares.htm> (accessed January 09, 2016).

<sup>20</sup> London Transit Commission. Fares. <http://www.ltconline.ca/Fares.htm> (accessed January 09, 2016).

- The seven year old attends school full-time, is in licensed, school-based before and after school care 195 days a year and attends YMCA day camps on PA days, school breaks and during the summer (65 days a year)

The number of days of preschool care and school age before and after school care are consistent with the figures used by other communities with living wage calculations. The number of days when full day care is needed for the school age child (school break care) is calculated by subtracting 195 school days from 260 total days of care. This is consistent with the calculation adopted by Toronto, Waterloo, and Perth and Huron.

The daily rate for licensed preschool care and licensed before-and-after school care are based on the results of a comparison of City of London rates, which is the median market rate as provided by several providers<sup>21</sup>, the average of the YMCA preschool rates<sup>22</sup>, and rates provided by London’s Children’s Connection<sup>23</sup>. The daily rates are the lowest of this comparison.

The cost of school age care during school breaks is based on a comparison of the cost of a YMCA camp for a YMCA member (it is assumed that the family has a YMCA membership), with the cost of City camps, including the cost of extended care. While the City run camps are less expensive (by \$1.00 per day), the City does not offer a March Break Camp and PA Day school age rates are higher (\$38.92). For consistency, the living wage calculation assumes that the seven year old is in YMCA camps for school breaks.

**Table 3: Cost of Child Care, Before Subsidy**

	<b>Days of Care</b>	<b>Daily Rate</b>	<b>Monthly Cost</b>	<b>Annual Cost</b>
Preschool age child care, licensed home based, full year, full time	260	\$42.00 <sup>24</sup>	\$910.00	\$10,920.00
School age before and after school care, licensed, school based	195	\$16.98 <sup>25</sup>	\$275.87	\$3,310.47
School age school break camps (PA Day, March Break, Summer)	65	\$34.00 <sup>26</sup>	\$184.17	\$2,210.00
<b>Total</b>			<b>\$1,370.04</b>	<b>\$16,440.47</b>

<sup>21</sup> City of London, Children’s Services. Phone Interview. January 08, 2016.

<sup>22</sup> YMCA Western Ontario Child Care Services. Child Care Centre Fees. Effective January 1, 2015. [http://static1.1.sqspcdn.com/static/f/1629302/26014303/1425585543203/CC-SA\\_as\\_of\\_Jan15.pdf?token=Y02mB5dCXxBMIMUWXbGVog%2Fikj4%3D](http://static1.1.sqspcdn.com/static/f/1629302/26014303/1425585543203/CC-SA_as_of_Jan15.pdf?token=Y02mB5dCXxBMIMUWXbGVog%2Fikj4%3D) (accessed January 18, 2016).

<sup>23</sup> London Children’s Connection. 2015 rates effective to June 2016. Phone interview January 18, 2016.

<sup>24</sup> London Children’s Connection. 2015 rates effective to June 2016. Phone interview January 18, 2016.

<sup>25</sup> London Children’s Connection. 2015 rates effective to June 2016. Phone interview January 18, 2016.

<sup>26</sup> YMCA Western Ontario. 2014 rates for YMCA members. Phone interview January 13, 2016.

## Child Care Subsidies

London's child care subsidy program assists eligible families by paying a portion of their child care costs as funding permits<sup>27</sup>. The amount of subsidy provided is determined by household income as outlined by the Government of Ontario<sup>28</sup>. In London, the child care subsidy program has a two priority stream wait list:

1. Priority one for receiving subsidy are families with net household income below the After Tax Low Income Cut Off threshold
2. Priority two for receiving subsidy are families with a net household income above the After Tax Low Income Cut Off threshold<sup>29</sup>

London's living wage calculation assumes that child care subsidy is available for the family. Based on the provincial income test, the annual parent contribution for child care would be \$8,530.00 and the annual fee subsidy amount received would be \$7,910.00.

## School Fees and Supplies

London's living wage calculation includes consideration of additional school fee and supply expenses. This includes school activity fees, supplies, pictures, field trips, pizza days, and other fundraisers. The amount is based on the findings of Toronto Social Planning Council's 2011 study<sup>30</sup> as reported by six Ontario communities with a living wage calculation (Toronto, Guelph and Wellington, Hamilton, Halton, Sudbury, and Huron and Perth). The original finding that a family of four spent an additional \$320.00 a year on school fees and supplies is adjusted for inflation<sup>31</sup>.

The cost of school fees and supplies is \$27.95 per month (average) and \$335.45 per year.

## Parent Education

As part of the living wage calculation, it is assumed that one adult enrolls in two continuing education credit courses towards the completion of a diploma or degree from Fanshawe College. The expense amount is an estimate provided by the Campus Chair based on personal program knowledge. It is inclusive of course registration fee and mandatory fees, plus the estimated cost of one textbook per course.

The registration and mandatory fee for one course is estimated to be \$300.00 and the cost of a single textbook is estimated at \$150.00.

With two courses, the total cost of parent education is \$75.00 per month (average) and \$900.00 per year.

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<sup>27</sup> City of London. Child Care Fee Subsidy. <https://www.london.ca/residents/children-youth/child-care/Pages/Child-Care-Fee-Subsidy.aspx> (accessed February 2, 2016).

<sup>28</sup> Government of Ontario. Financial Support for Child Care. Ontario Child Care Subsidy. <https://www.ontario.ca/page/child-care-subsidies> (accessed February 2, 2016).

<sup>29</sup> City of London. Child Care Subsidy Waitlist Information. <https://www.london.ca/residents/children-youth/child-care/Pages/Wait-List-Update.aspx> (accessed February 2, 2016).

<sup>30</sup> Social Planning Toronto. [Public System, Private Money: Fees, Fundraising and Equity in the Toronto District School Board](#). September, 2011.

<sup>31</sup> Tiessen, Kaylie. [Making Ends Meet. Toronto's 2015 Living Wage](#). April 2015. (retrieved January 02, 2016).

## Social Inclusion

### *Recreation and Physical Activity*

London's living wage calculation includes the cost of a family membership at the London Branch of the YMCA of Western Ontario in London. The cost of a family membership is \$125.13 per month, excluding tax, and \$1,501.50 per year<sup>32, 33</sup>.

With two children included in the membership, the YMCA issues a tax receipt for one half of the membership fee (\$750.00) in order that families may claim that amount towards the child fitness tax credit<sup>34</sup>. This deduction is included in the living wage calculation.

### *Outings*

The living wage calculation includes the cost of one family outing per month. The budget for this outing is based on the total cost of a movie night at a Cineplex Odeon theatre, including the price of four tickets, two mini combos (kids popcorn, kids drink, m&m's minis) and one Combo 2 (two regular popcorn, two regular drinks and one candy).

Adult tickets cost \$10.99 each. Children's tickets cost \$8.99 each. The Combo 2 is \$25.85 and the mini combos are \$8.99 each excluding tax<sup>35</sup>.

The budgeted expense for an outing is \$94.68, including tax, each month, and \$1,136.19 each year.

### *Vacation*

The living wage calculation includes a two week vacation per year, with one week of camping at a provincial park and one week staycation with day trips and outings. London's living wage amount is based on the median vacation amount of other living wage communities in Ontario. No adjustments were made to the figures reported in the individual community reports regardless of the year in which the living wage was calculated.

The cost of a vacation for a family of four is \$106.00 per month (pro-rated) and \$1,272.00 per year.

### *Gifts*

London's living wage calculation includes an amount towards gifts. The calculation is the median amount allotted for gifts from the other living wage communities with a figure specified for this expense item. These communities base their amounts on Statistics Canada's Survey of Household Spending, assuming an expense amount of 25% of the average household expenditure for gifts for households in the second income quintile. No adjustments were made to the reported amounts regardless of the year in which the living wage was calculated.

The cost of gifts for a family of four is \$25.00 per month and \$300.00 per year<sup>36</sup>.

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<sup>32</sup> YMCA Western Ontario. Centre Branch Membership Fees 2016. <http://ymcawo.ca/memberships-cby> (accessed January 02, 2016).

<sup>33</sup> A sensitivity analysis was run to determine the impact on the living wage with tax included. With tax included in the expense amount, the living wage amount increases from \$15.53 to \$15.66, reducing the child care subsidy amount to \$7,754.

<sup>34</sup> YMCA Western Ontario Membership Director. Phone interview. January 20, 2016.

<sup>35</sup> Cineplex Odeon Theatre. Westmount. London Ontario. Site visit. January 14, 2016.

## Medical

### *Non-OHIP Medical Insurance*

London's living wage calculation includes the purchase of a health, dental and enhanced prescription drug package. The quote selected for inclusion in the package is the lowest quote provided through [www.kanetix.ca](http://www.kanetix.ca). GSC Prism Spectra S2 includes:

- Dental care with benefits increasing annually. First year: maximum of \$500 per person combined for basic and comprehensive basic, paid at 60% to 80%. In third year, major services paid at 50%
- Prescription drug coverage at 90% to \$3000 per person per year
- Extended health practitioners \$20 per visit, 20 visits per year per practitioner per person to a combined max of \$600
- Eye exams covered at \$65 every two years per person; vision care \$150 per person in first year, increasing every two years

The cost of the GSC Prism Spectra S2 benefits package is \$272.00 per month and \$3,264.00 per year.

### *Life and Disability Insurance*

Life insurance providing \$50,000 in joint coverage for a non-smoking couple over a ten period term is purchased from SSQ Financial Group. This is the lowest quote received from [www.kanetix.ca](http://www.kanetix.ca). No disability insurance is purchased.

The cost of life insurance is \$14.42 per month and \$173.00 per year.

## Other

### *Personal Care*

Personal care expenses are provided from the Survey of Household Spending, 2013, filtered for Ontario and for households in the second income quintile<sup>37</sup>. Personal care expenses include personal care products and services such as haircuts. The 2013 expense amount is adjusted to 2014 using the CPI for personal care<sup>38</sup>.

Personal care products and services cost \$74.40 per month on average and \$829.79 per year.

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<sup>36</sup> A comparison of the gift amount based on the median of other communities with the gift amount based on 25% of the Survey of Household Spending (SHS) amount was conducted. The SHS amount is \$26.10 per month, \$1.10 more per month than the median amount and \$13.20 more per year.

<sup>37</sup> Statistics Canada. [Table 203-0022 - Survey of household spending \(SHS\), household spending, by household type, annual \(dollars\)](#). = (Accessed January 09, 2016)

<sup>38</sup> Statistics Canada. Table 326-0020 - Consumer Price Index, annual (2002=100 unless otherwise noted). [Table 326-0020 - Consumer Price Index, annual \(2002=100 unless otherwise noted\)](#). Accessed January 09, 2016).

### **Laundry**

The cost of doing laundry assumes:

- Six loads of laundry per week, a scenario similar to Waterloo, and Huron and Perth
- Use of a coin laundry within the apartment building
- The cost to wash and dry a load is assumed to be \$3.50<sup>39</sup>

The cost does not include detergent and cleaning supplies as these are included in the “household operations, items and furniture” expense category.

The cost of laundry is \$91.00 per month and \$1,092.00 per year.

### **Reading and Entertainment**

Reading and entertainment expenditures are based on Statistics Canada’s Survey of Household Spending, 2013 and is limited to reading materials and other printed matter. Data for Ontario households in the second income quintile in 2013 is too unreliable to be published. Canadian level data for 2013 is adjusted to Ontario, and then adjusted to 2014 using the Consumer Price Index for reading and printed materials.

The cost of reading materials is \$12.72 per month, on average, and \$152.60 per year.

### **Bank Fees**

The cost of bank fees are calculated as the median of the eight other living wage communities with this item specified.

The cost of bank fees is \$14.95 per month and \$162.70 per year.

### **Other Items Not Captured Elsewhere**

The Market Basket Measure methodology of calculating the cost of living in a community includes the category “other goods and services” in addition to food, shelter, clothing and transportation. The Market Basket Measure amount for Ontario communities with a population size 100,000 to 499,999 is \$9,082.00 in 2013<sup>40</sup>. This amount is used as the basis for estimating the “other items not captured elsewhere” expense.

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<sup>39</sup> This amount is the average of washer and dryer costs provided by a small, convenience sample survey of local residents living in apartment buildings including Cherryhill Village managed by Minto, Norquay-managed apartment, and unnamed additional buildings. This survey was conducted on January 14, 2016.

<sup>40</sup> Statistics Canada. [Table 206-0093 - Market Basket Measure \(MBM\) thresholds \(2011 base\) for reference family, by Market Basket Measure region and component, annual \(2013\)](#). (Accessed January 09, 2016).

The Market Basket Measure “other goods and services” includes items that have been specified in London’s living wage calculation: personal care, household furnishings and equipment, telephone service, reading and printed materials, school supplies, YMCA membership, internet access, television entertainment, outings and gifts. These items total \$7,141.65 per month. This amount is subtracted from \$9,082.00.

The cost of computer equipment and supplies as provided by the Survey of Household Spending is also subtracted from the MBM “other goods and services” amount.

Other expenses may include things such as recreation equipment like skates and bikes, participation on sporting teams, dental and health expenses and costs not covered by the health benefit plan, et cetera.

The remainder of \$1,745.35 is the annual cost of “other items not captured elsewhere”. Monthly, this is \$145.45, on average.

### Contingency

A contingency in the amount of 4% of total expenditures is included in the expense budget. The contingency amount covers emergencies such as job loss, and larger than expected car repairs, et cetera. This amount is consistent with other living wage communities.

### Step Two: Income Calculation

In order to calculate the living wage, it is necessary to calculate the total household employment income needed to cover expenses, after taking into account government benefits and credits, taxes, payroll deductions, and subsidies. The living wage calculator developed by the Canadian Centre for Policy Alternatives takes these into account and is the tool used to calculate London’s living wage. The calculator available at the time of this report is based on the 2014 tax year. No adjustments were made to the calculator even if there have been changes effective in 2015. The following government deductions and transfers are included in the calculation:

**Table 4: Government Deductions and Transfers Included in the Calculation**

Transfers, Credits, Subsidies and Benefits	Deductions
<ul style="list-style-type: none"> <li>▪ Universal Child Care Benefit (UCCB)<sup>41</sup></li> <li>▪ Canada Child Tax Benefit</li> <li>▪ Child Care Subsidy</li> <li>▪ Working Income Tax Benefit</li> <li>▪ Ontario Child Benefit (OCB)</li> <li>▪ Refundable provincial tax credits including Ontario Children’s Activity Credit, Ontario Property and Energy Tax credit, HST credit</li> <li>▪ Non-refundable federal and provincial tax credits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Federal and Provincial taxes after credits</li> <li>▪ Canada Pension Plan and Employment Insurance contributions</li> </ul>

<sup>41</sup> Prior to January 2015, the maximum benefit amount was \$1,200 per year per child under age 6. This is the figure included in London’s living wage calculation. In 2015, this Benefit was enhanced so that families can receive up to \$1,920 per year for each child under age 6 and up to \$720 per year for child ages 6 through 17. <http://www.cra-arc.gc.ca/uccb/>

The following table details the income amounts used in the living wage calculation.

**Table 5: Living Wage Calculation: Annual Income Amounts**

<b>Source of Income</b>	<b>Annual Income Amounts</b>
Household Employment Income	\$60,567
Plus: Universal Child Care Benefit	\$1,200
Equals: Household Income	\$61,767
Minus: Tax after credits	\$2,980
Equals: Income after tax	\$58,787
Minus: CPP and EI Contributions	\$3,790
Plus: Child Tax Benefit	\$2,527
Plus: Child Care Subsidy	\$47,910
Plus: Working Income Tax Benefit	-
Plus: Ontario Child Benefit	\$457
Equals: Income after tax and transfers	\$65,491