

Living Wage in Whitehorse, Yukon

2016 Calculation Guide

A technical appendix to the 2016 report *Living Wage in Whitehorse, Yukon* intended to assist those seeking to calculate the living wage in other Northern communities.

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LIST OF ABBREVIATIONS

CCB	Canada Child Benefit
CCTB	Canada Child Tax Benefit
CFG	Canada Food Guide
CLWF	Canadian Living Wage Framework
CPI	Consumer Price Index
CPP	Canada Pension Plan
CRA	Canada Revenue Agency
EI	Employment Insurance
GST	Goods and Service Tax
HPW	Department of Highways and Public Works
HSS	Department of Health and Social Services
INAC	Indigenous and Northern Affairs Canada
MBM	Market Basket Measure
NCBS	National Child Benefit Supplement
NNFB	National Nutritious Food Basket
RMS	Rental Market Survey
RNFB	Revised Northern Food Basket
SHS	Survey of Household Spending
UCCB	Universal Child Care Benefit
WITB	Working Income Tax Benefit
YAPC	Yukon Anti-Poverty Coalition
YBS	Yukon Bureau of Statistics
YCB	Yukon Child Benefit
YCCS	Yukon Child Care Subsidy
YHC	Yukon Housing Corporation
YRSE	Yukon Rent Supplement Enhancement
YSTA	Yukon Student Transportation Allowance
YTG	Yukon Territorial Government

INTRODUCTION

The purpose of this guide is to assist others in calculating the living wage in their community, particularly those in the North, using the method developed to calculate the living wage in Whitehorse, Yukon. The method outlined in this guide adheres to the principles of the Canadian Living Wage Framework (CLWF) while addressing data challenges unique to the North such as Statistics Canada not reporting the Market Basket Measure (MBM) in any of the territories. The framework provides a standardized methodology for living wage calculations and allows for comparisons across communities as variances in the living wage amount reflect differences in the cost of living. First used to calculate the living wage in Vancouver and Victoria in 2008, the framework serves as the model for living wage calculations in Canada.

This guide is most useful to those calculating the living wage in Yukon communities. However, some household expenses and territorial transfer amounts differ by community and require adjustment to reflect the cost of living in your community. The method detailed in this guide is also applicable to other territories; however, household expenses, government transfers, and deductions would need to be adjusted accordingly. This guide includes instructions for any adjustments required to calculate the living wage in another Northern community.

Specifically, the method to calculate household expenses detailed in this guide is recommended for calculating the living wage in Northern communities because Statistics Canada does not collect the MBM in any of the territories. The MBM is an absolute measure of low income based on the cost of a specified basket of goods and services representing a modest, basic standard of living for a reference household consisting of two adults (aged 25-49) and two children (ages 9 and 13). The CLWF recommends calculating several household expenses using MBM data. Instead, the Whitehorse calculation recreates aspects of the MBM and supplements this information with expenditure data for essential items reported in the Survey of Household Spending (SHS) when necessary to enumerate household expenses.

This detailed, step-by-step guide explains how the living wage can be calculated in other Northern communities using the Living Wage Calculation Workbook accompanying this guide. The Excel workbook includes every formula required to calculate the living wage in Whitehorse and is publically available on the Yukon Anti-Poverty Coalition (YAPC) website at www.yapc.ca.

The *Living Wage in Whitehorse, Yukon* report focuses on the living wage for a reference household with two adults and two children (ages four and seven) as defined in the CLWF. Although the actual expenses of any given household naturally vary, the purpose of the living wage is to ensure that each household has the resources necessary to:

- Obtain food, clothing, and shelter;
- Promote healthy child development;
- Participate in activities that are a common element of life in a community; and
- Avoid the chronic stress and poor outcomes associated with living in poverty.

While the living wage should ensure that the household does not live in poverty, the calculation does not account for:

- Credit card, loan, or other debt and interest payments;
- Home ownership;
- Retirement savings;
- Savings for children's future education;
- Pet ownership;
- Anything beyond minimal recreation, entertainment, and holidays;
- Costs of caring for a disabled, seriously ill, or elderly family member; and
- Anything other than a small contingency for emergencies or financial difficulties.

The calculation depends on constantly changing information regarding household expenses, government transfers, and deductions. Therefore, the information provided in this guide is only accurate as of the date of the release of the report. The living wage should be calculated on an annual basis to ensure accuracy.

If you or your organization uses the methodology detailed in this guide to calculate the living wage in your community, we would very much appreciate hearing from you. Please e-mail yukonantipovertycoalition@gmail.com if you have any questions or comments.

CALCULATING THE LIVING WAGE

Overview of the Calculation Process

The living wage calculation includes many inputs that directly impact the amount. Keep in mind the following stages when working through the calculation process:

- Stage 1: Calculating Household Expenses
- Stage 2: Calculating Government Transfers
- Stage 3: Calculating Government Deductions and Taxes
- Stage 4: Determining the Living Wage Amount
- Stage 5: Verifying the Calculation

The Excel workbook accompanying this guide includes every formula necessary to calculate the living wage in Whitehorse and can be downloaded at www.yapc.ca. Additionally, there are many sources required to determine household expenses, government transfers, and deductions. Whenever possible, these sources are identified in this guide.

The method to calculate the living wage remains constant. However, the following inputs change over time and require updating:

- Household Expenses: Requires the most recent data sources and Consumer Price Index (CPI) data to account for inflation.
- Government Transfers: The Canada Child Tax Benefit (CCTB), Goods and Services Tax (GST) credit, and Yukon Child Benefit (YCB) formulas are set each July and remain the same until the following June. The Universal Child Care Benefit (UCCB) remains the same throughout the calendar year and may change each January. Note that the Canada Child Benefit (CCB) replaces the CCTB and UCCB effective July 1, 2016.
- Government Taxes: The tax rules and formulas may change for each calendar year.

If you are calculating the living wage in a Yukon community other than Whitehorse, adjust household expenses as well as the formulas for the Yukon Child Care Subsidy (YCCS) and the Yukon Rent Supplement Enhancement (YRSE) to reflect the amounts in your community. In particular, household expenses calculated using SHS data require adjustment to determine the cost of living in your community. First, replace SHS data for Whitehorse with territorial-level data found in CANSIM Table 203-0030. Second, replace the average household size for SHS participants in Whitehorse with territorial-level data. Otherwise, you can skip Stages 2 and 3.

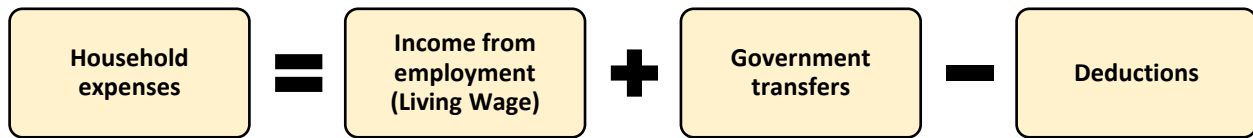
If you are calculating the living wage in a community in another territory, adjust government transfer and deductions based on the tax and transfer policies in your territory.

Background Information

The primary determinants of the living wage amount are employment income and household expenses. However, the calculation incorporates household income obtained from government transfers and deductions from income for taxes, Employment Insurance (EI), and the Canada

Pension Plan (CPP). Thus, the living wage equals the hourly rate of pay at which a household can meet its expenses after accounting for government transfers and deductions (see Figure 1).

Figure 1: Living wage calculation formula



The Excel workbook integrates information regarding household expenses, government transfers, and deductions. Changes to any part of the calculation formula impact the living wage amount. For example, government policies that result in a decrease in household expenses (such as the creation of a publicly funded child care program or subsidized transportation) or an increase in government transfers to individuals reduce the living wage amount.

Timing

Since all of the inputs involved in calculating the living wage frequently change, you need to decide when to calculate expenses, government transfers, and deductions. The Whitehorse calculation incorporates the following cut-off points for each input:

- Household expense amounts as of December 2015.
- Government transfer amounts:
 - CCTB and UCCB from July 2015 to June 2016 for the first six months of the year.
 - CCB for July 2016 to December 2016 for the last six months of the year.
 - GST credit and YCB for the period from July 2015 to June 2016.
 - YCCS for the 2016 calendar year.
- Government deductions and taxes for the 2015 tax year.

The Excel Workbook

Each of the following four tabs in the Excel workbook accompanying this guide calculates one element of the living wage formula:

1. Summary
2. Expenses
3. Non-Wage Income
4. Wages, Deductions, & Credits

Summary

The 'Summary' tab links all elements of the living wage calculation. Only the living wage amount in cell B8 (shaded yellow) requires any change and should not be calculated until all household expenses are entered. If you are calculating the living wage in a community in another territory, you also need to make any necessary changes to the government transfers and deductions formulas listed in the 'Non-Wage Income' and 'Wages, Deductions, & Credits' tabs.

- Cell B8 equals the living wage expressed as the hourly wage for both wage earners.
- Cell B11 equals the difference between household expenses and available income.

Expenses

Use the 'Expenses' tab to enter the correct amounts for household expenses (excluding the contingency amount) in your community. If you are calculating the living wage in a Yukon community, you need to replace: 1) All SHS figures in the blue cells with territorial-level data; 2) The average household size listed in cell C14 (shaded red) with territorial-level data; and 3) The amounts in the grey cells with data collected from local providers. Unshaded cells contain territorial-level data and do not require any changes. Built-in formulas use the numbers you enter to update the household expense for each of the nine expense categories and automatically enter them in the correct cell.

If you are calculating the living wage in a community in another territory, you need to enter the correct amounts for expenses in your community.

- Cell C12 equals the total annual expenses incurred by the living wage household.

Non-Wage Income

Use the 'Non-Wage Income' tab to enter the correct amounts for territorial government transfers in your community. If you are calculating the living wage in a Yukon community other than Whitehorse, you need to adjust the formulas in cells C8 and C9 to reflect the YCCS and the YRSE amounts available to households in your community. All other formulas remain the same.

If you are calculating the living wage in a community in another territory, remove rows six through nine and replace with the government transfers available in your territory.

- Cell C12 equals the total annual government transfers received by the living wage household.

Wages, Deductions, & Credits

Use the 'Wages, Deductions, & Credits' tab to enter the correct tax rates and credits for your territory. You do not need to make any changes to this tab if you are calculating the living wage in a Yukon community. If you are calculating the living wage in a community in another territory, you need to replace the tax credits with those available in your territory. You also need to replace the formulas in cells B14 and C14 to reflect the tax brackets and rates in your territory.

- Cell D6 equals the annual household employment income.
- Cell D8 equals the annual net household income.
- Cell D16 equals the annual household deductions.
- Cell D17 equals the annual household after-tax income.

STAGE 1: HOUSEHOLD EXPENSES

Calculating the living wage requires deciding upon the composition of the reference household. Table 1 presents the assumptions outlined in the CLWF and used in the Whitehorse calculation as well as the calculations in Brandon, Calgary, Edmonton, Halifax, Regina, Saskatoon, Thunder Bay, Vancouver, Victoria, Winnipeg, and many other communities across Canada.

Table 1: Living wage household composition	
Adults	
Number	Two
Ages	Between 31 and 50
Number of parents in paid work	Two
Hours of paid work per week	35 for both
Hourly wage	Equal for both
Children	
Number	Two
Ages	Four and seven

It is worth noting that the composition of the reference household does not adequately represent the vast diversity of living situations found in Whitehorse and throughout the North. However, policy researchers agree that a household of four provides an adequate representation of the expenses incurred by a majority of households. Communities that calculate the living wage for other household compositions find that the amount for a single-person household is similar to that of the reference household while the living wage amount for lone-parent households is significantly greater.

Categories of Household Expenses

The calculation of the living wage includes the following nine categories of household expenses:

- Food
- Shelter
- Clothing and Footwear
- Child Care
- Transportation
- Health Care
- Parent Education
- Other
- Contingency

For each category of household expense, the following sections describe the data source(s), provide links to data sources when available, and explain the calculation formula. Household expenses are calculated either monthly or annually depending on the particular expense.

Household expenses are based on lower than average household spending amounts to provide a conservative estimate consistent with the principles of the CLWF. Other jurisdictions can accomplish this in part by adopting the MBM amounts determined by Statistics Canada. Since Statistics Canada does not report MBM for the North, the Whitehorse calculation recreates

aspects of the MBM and supplements this information with expenditure data for essential items reported in the SHS when necessary.

Statistics Canada conducts the SHS annually in each province and biannually in each territory (except 2012) to reduce the response reporting burden on the territories' small population base. SHS data reported in each territory (as well as Whitehorse and Yellowknife) includes median expenditure per household reporting, average expenditure per household reporting, and average expenditure per household. A conservative estimate of expenses incurred by the living wage household is obtained using the median expenditure per household reporting rather than either of the average expenditure figures due to the potential for the spending patterns of high-income households to skew the average. CANSIM Table 203-0030 includes the most recent SHS data for the North.

Calculating Household Expenses

This section explains the process of calculating household expenses. Expenses calculated using SHS data require adjustment to account for inflation and household size to provide an accurate estimate of the expenses incurred by the living wage household.

Figures obtained before December 2015 need to be adjusted for inflation using CPI data. A CPI measures changes in the price level of a market basket of consumer goods and services consisting of a sample of representative items purchased by households. The Yukon Bureau of Statistics (YBS) reports CPI each month for the following items: food; shelter; household operations, furnishings, and equipment; transportation; clothing and footwear; health and personal care; recreation, education, and reading; alcoholic beverages and tobacco; and energy as well as aggregated figures for all items and all items not including energy. Figure 2 outlines the formula used for the inflation adjustment.

Figure 2: Inflation adjustment formula

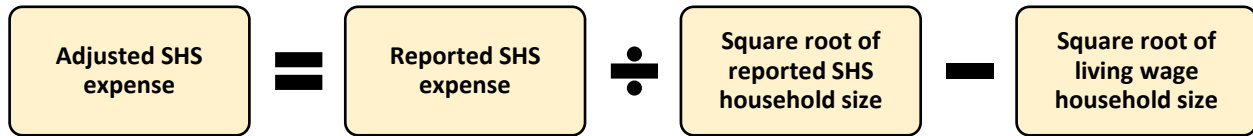


The CLWF is designed to measure the expenses incurred by a reference household consisting of two adults and two children. The framework recommends calculating clothing, transportation, and other expenses in part using reported MBM amounts calculated for a similar reference household. Rather than calculate the expenses for each household type, Statistics Canada developed an equivalence scale to estimate MBM amounts for different household types.

Since Statistics Canada does not report MBM data for the North, the Whitehorse calculation enumerates these expenses recreating aspects of the MBM and by supplementing this information with SHS expenditure data. However, the SHS aggregates the spending patterns of all households. The Whitehorse calculation utilizes the same equivalence scale to adjust SHS expenditure figures to estimate the expenses incurred by the living wage household. Figure 3

illustrates the equivalence scale developed by Statistics Canada and used in the calculation of household expenses using SHS data to account for differences in household size.

Figure 3: Household size adjustment formula



Food

Information Needed:

- 1) The latest data regarding the cost of either the National Nutritious Food Basket (NNFB) or the Revised Northern Food Basket (RNFB) in your community. Both baskets measure the weekly cost of a nutritious diet for a four-person household. The NNFB includes 60 standard food items (see Appendix A) based on findings from the Canadian Community Health Survey and Canada Food Guide (CFG) recommendations. Indigenous and Northern Affairs Canada (INAC) uses the RNFB to monitor the cost of healthy eating in northern communities eligible for the Nutrition North Canada subsidy. The basket includes 67 standard food items (see Appendix B) based on food consumption surveys of Inuit and First Nations peoples and CFG recommendations. The cost of both baskets includes a 5% allowance for the purchase of miscellaneous foods such as coffee, tea, condiments, seasoning, spices, and cooking materials such as baking powder. The Heart and Stroke Foundation most recently measured the weekly cost of a food basket similar to the NNFB in Whitehorse in 2008 and this information is available at <http://www.heartandstroke.com/atf/cf/%7B99452D8B-E7F1-4BD6-A57D-B136CE6C95BF%7D/reportcard-eng-YK.pdf>.
- 2) CPI for “Food” in your community from the date of the most recent NNFB or RNFB cost estimate and from December 2015. CPI data used in the Whitehorse calculation is available at
 - a. October 2008: http://www.eco.gov.yk.ca/stats/pdf/cpi_oct08.pdf.
 - b. December 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.

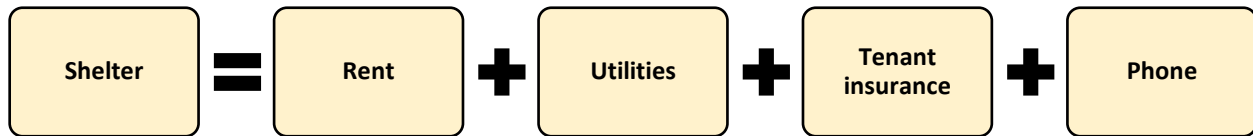
Note: In 2010, the Department of Health and Social Services (HSS) released the Yukon Nutrition Framework that included a proposal to develop a Yukon-wide food cost monitoring program based on the cost of a nutritious food basket. To date, no figures have been publicly reported.

Shelter

The shelter expense includes the cost of rent, utilities (water and sewage, electricity, and heating), tenant insurance, and phone services. The calculation assumes that the rental unit comes equipped with household appliances (fridge, stove, washer, and dryer) and includes access to free parking to maintain a conservative estimate of the household shelter expense.

Figure 4 outlines the formula used to calculate the shelter expense.

Figure 4: Shelter expense calculation formula



Rent

Information Needed:

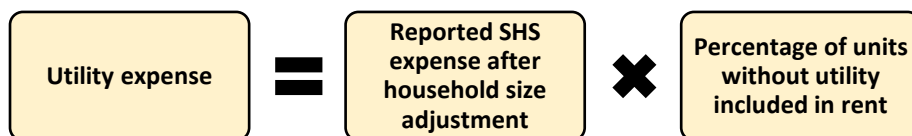
- 1) The latest Rental Market Survey (RMS) data on the median rent for a three-bedroom unit in your community. YBS conducts the RMS in April and October of each year and reports the median and average rental rates for bachelor, one, two, three-four, and five-plus bedroom units in Dawson, Haines Junction, Watson Lake, and Whitehorse. RMS data used in the Whitehorse calculation is available at http://www.eco.gov.yk.ca/stats/pdf/rent_Oct15.pdf.
- 2) CPI data for “Shelter” in your community as of December 2015 and the date of the most recent RMS. CPI data used in the Whitehorse calculation is available at
 - a. October 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.
 - b. December 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.

If you are calculating the living wage in a smaller community without public reporting of median rental rates, you need to survey local rental listings to determine the rent expense.

Utilities

The Yukon RMS does not differentiate between housing units that include utilities (water and sewage, electricity, and heating) in the monthly rental rate and those that do not. YBS most recently reported the frequency that monthly rates included water and sewage, electricity, and heating in December 2013. Figure 5 outlines the formula used to estimate the cost of each utility expense unaccounted for in the RMS.

Figure 5: Utility expense formula



Water and Sewage

Information Needed:

- 1) Median expenditure per household reporting for “Water and sewage” from the most recent SHS in your territory. CANSIM Table 203-0030 includes expenditure information for SHS item 2030 “Water and sewage.”
- 2) Average household size in your community or territory as reported in the SHS.

- 3) Percentage of rental units with water and sewage included in the cost of rent. YBS most recently reported data on the inclusion of utilities in the cost of rent in the December 2013 RMS and this data can be found at http://www.eco.gov.yk.ca/pdf/rent_Dec13.pdf.
- 4) CPI for “Water, fuel, and electricity” in your community from the date of the most recent SHS and from December 2015. CPI data used in the Whitehorse calculation is available at
 - a. 2012: <http://www.eco.gov.yk.ca/stats/pdf/2012CPIAnnual.pdf>.
 - b. December 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.

Electricity

Information Needed:

- 1) Median expenditure per household reporting for “Electricity” from the most recent SHS in your territory. CANSIM Table 203-0030 includes expenditure information for SHS item 2031 “Electricity.”
- 2) Average household size in your community or territory as reported in the SHS.
- 3) Percentage of rental units with electricity included in the cost of rent. YBS most recently reported data on the inclusion of utilities in the cost of rent in the December 2013 RMS and this data can be found at http://www.eco.gov.yk.ca/pdf/rent_Dec13.pdf.
- 4) CPI for “Water, fuel, and electricity” in your community from the date of the most recent SHS and from December 2015. CPI data used in the Whitehorse calculation is available at
 - a. 2012: <http://www.eco.gov.yk.ca/stats/pdf/2012CPIAnnual.pdf>.
 - b. December 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.

Heating

Information Needed:

- 1) Median expenditure per household reporting for “Other fuel” from the most recent SHS in your territory. CANSIM Table 203-0030 includes expenditure information for SHS item 2033 “Other fuel.”
- 2) Average household size in your community or territory as reported in the SHS.
- 3) Percentage of rental units with heating included in the cost of rent. YBS most recently reported data on the inclusion of utilities in the cost of rent in the December 2013 RMS and this data can be found at http://www.eco.gov.yk.ca/pdf/rent_Dec13.pdf.
- 4) CPI for “Water, fuel, and electricity” in your community from the date of the most recent SHS and from December 2015. CPI data used in the Whitehorse calculation is available at
 - a. 2012: <http://www.eco.gov.yk.ca/stats/pdf/2012CPIAnnual.pdf>.
 - b. December 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.

Table 2 provides an overview of the cost of utility expenses not accounted for in the RMS.

Table 2: Unaccounted utility expense cost calculation			
Utility	SHS after CPI adjustment	Units with utility included in rent cost	Adjusted cost
Water and sewage	\$1,176.25	98.7%	\$15.29
Electricity	\$1,764.37	36%	\$1,129.20
Heating	\$3,207.95	62.9%	\$1,190.15
Total			\$2,334.64

Tenant Insurance

Information Needed:

- 1) Contents insurance quote from an insurance agent. It is preferable to obtain quotes from multiple agents and take an average of the estimates provided.

CIBC provides tenant insurance in Whitehorse and offers a basic policy for \$346 per year that includes:

- Deductible: \$500
- Legal liability: \$1,000,000
- Insurance amount: \$40,000
- Water damage coverage: None

Note: Tenant insurance rates typically vary depending on the credit rating of the policyholder.

Phone

Information Needed:

- 1) A quote from a cellular service provider for one phone with a basic plan. It is preferable to obtain quotes from multiple carriers and take an average of the estimates provided.

Bell Mobility (through NorthwTel) provides cellular services in Whitehorse and offers a basic plan for \$35 per month plus GST that includes:

- 200 anytime local minutes;
- Unlimited local nights (6:00 PM to 7:00 AM); and
- Unlimited weekends (6:00 PM Friday to 7:00 AM Monday).

Note: The household could purchase another cell phone using funds from the “Other Household and Social Inclusion” amount so that each adult possesses a cell phone.

Clothing and Footwear

The CLWF recommends calculating the clothing expense using MBM data. In 2000, Statistics Canada conducted a methodological review of the MBM that included a comparison of the cost of the clothing basket to the median expenditure on clothing by all two-parent, two-child households in each province. Statistics Canada reported that the median annual expenditure on clothing by these households was between 8% and 37% less than the cost of the clothing basket in each province. The Whitehorse calculation uses median expenditure per household reporting for clothing from the most recent SHS (adjusted for household size using the MBM scaling method) to provide a conservative estimate of the clothing expense because Statistics Canada does not report the MBM for the North.

Information Needed:

- 1) Median expenditure per household reporting for “Clothing” from the most recent SHS in your territory. CANSIM Table 203-0030 includes expenditure information for SHS item 2800-2975 “Clothing.”

- 2) Average household size in your community or territory as reported in the SHS.
- 3) CPI for “Clothing and footwear” in your community from the date of the most recent SHS and from December 2015. CPI data used in the Whitehorse calculation is available at
 - a. 2012: <http://www.eco.gov.yk.ca/stats/pdf/2012CPIAnnual.pdf>.
 - b. December 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.

Child Care

The CLWF applies the following assumptions:

- The four-year-old requires full-time daycare; and
- The seven-year-old requires before and after school care during the school year and full-time care when not attending school including winter, spring, and summer breaks as well as non-instructional weekdays (excluding statutory holidays).

Information Needed:

- 1) Child care rates from a licensed provider. It is preferable to obtain rates from multiple providers and take an average of the estimates provided.
- 2) The number of instructional and non-instructional days at schools in your territory. The Yukon Department of Education posts the school calendar for Yukon schools on their website at <http://www.education.gov.yk.ca/calendar.html>.

Child care expenses incurred by the Whitehorse living wage household are calculated by taking an average of the figures published online by the following providers:

- Preschool-aged children:
 - Love-to-Learn Daycare
 - Church of Nazarene Daycare
 - Whitehorse Learning Tree Daycare
- School-aged children
 - Love-to-Learn Daycare
 - Church of Nazarene Daycare

Transportation

The CLWF assumes that the living wage household owns a used vehicle and that one of the adults relies on public transportation. If you are calculating the living wage in a community not connected to the North American road grid, you may decide that the living wage household relies on different modes of transportation (e.g. all-terrain vehicle or air travel).

Public Transportation

Information Needed:

- 1) The monthly cost of a public transit pass for one adult in your community, if available.

The City of Whitehorse sets transit fares and reports this information on its website at <http://www.whitehorse.ca/departments/transit/schedules-and-information/fares>.

Personal Vehicle

The CLWF assumes that the living wage household owns and operates a used vehicle and suggests calculating the personal vehicle expense using data from the MBM transportation basket in your region. Since Statistics Canada does not report the MBM for the North, the calculation of the personal vehicle expense requires independent data collection to recreate most elements of the transportation basket including:

- Vehicle purchase
- Driver's licence
- Vehicle registration
- Mandated vehicle insurance
- Gasoline
- Vehicle maintenance

Vehicle Purchase

The MBM specifications for the private transportation component allow for the purchase of a five-year-old, four-door, four-cylinder Ford Focus once every five years. The Canadian Black Book reports the market value of used vehicles. The quoted Black Book price is divided by five to represent the annual purchase price. The MBM private transportation component also includes interest charges for a 36-month loan on the entire purchase amount. Interest charges are calculated using the prime interest rate and added to cover the cost of a loan for the entire purchase price. Total interest charges divided by five equals the annual interest expense.

Information Needed:

- 1) The average cost of a 2011 Ford Focus. Canadian Black Book provides online quotes on the average cost of used vehicles at <http://www.canadianblackbook.com/>.
- 2) The prime interest rate based on the variable reference rates of interest declared by the five largest Canadian financial institutions as of late December 2015. The prime rate is calculated by ignoring both the highest and the lowest of those five rates and taking the average of the remaining three rates.

Driver's Licence and Vehicle Registration

The MBM transportation basket includes the annualized cost of two driver's licences and the registration of one vehicle.

Information Needed:

- 1) Driver's licence fees in your territory. The Department of Highways and Public Works (HPW) sets the cost of a licence in Yukon and publishes this information on its website at http://www.hpw.gov.yk.ca/mv/sdl_fees.html.
- 2) Registration fees in your territory for a small to medium size vehicle. HPW sets vehicle registration fees in Yukon and publishes this information on its website at http://www.hpw.gov.yk.ca/mv/vr_faq.html.

Mandated Vehicle Insurance

The MBM specifies mandated vehicle insurance, meaning only the mandatory insurance required by law, including coverage to drive a vehicle to work. The calculation assumes that neither wage earner was involved in an accident in the last six years.

- Liability Coverage: \$1,000,000
- Collision Coverage: Declined
- Comprehensive Coverage: Declined

Information Needed:

- 1) Vehicle insurance quote from an insurance agent. It is preferable to obtain an insurance quote from multiple agents and take an average of the estimates provided.

Quotes were obtained from two insurance providers (Wawanesa Insurance and RSA Canada) using Kanetix.ca, a free service providing quotes from more than 40 Canadian companies.

Gasoline

The MBM specifies 1,500 litres of gasoline for the private transportation component and calculates the gasoline expense using the geometric mean of the monthly prices for non-lead gasoline at both full-service and self-service outlets. The living wage calculation assumes that the household exclusively purchases self-serve gasoline to ensure a conservative estimate of the gasoline expense.

Information Needed:

- 1) Retail self-serve motor fuel price in your community as of late December 2015. YBS reports motor fuel prices in 17 Yukon communities every two weeks. The calculation of the gasoline expense incurred by the Whitehorse living wage household uses the self-serve motor fuel price as of December 22, 2015, and listed on the YBS website at http://www.eco.gov.yk.ca/stats/pdf/fuel_dec15.pdf.

Vehicle Maintenance

The MBM specifies annual vehicle maintenance as one tune-up and two oil changes. Statistics Canada obtains quotes from local providers to estimate the expense amount. The MBM transportation basket also accounts for other maintenance costs associated with vehicle ownership including the replacement of tires, batteries, and other automotive supplies using the average expenditure reported in the SHS by households in the second decile of the two-parent, two-child family income distribution for these items. However, Statistics Canada does not provide a breakdown of household expenditure by household composition or household income for any of the territories. Instead, median expenditure per household reporting (adjusted for vehicle ownership rates using the MBM scaling method) for SHS items associated with vehicle maintenance are used to estimate the expense amount.

Information Needed:

- 1) Median expenditure per household reporting for “Tires, batteries, and other automotive parts and supplies” plus “Maintenance and repair” from the most recent SHS in your territory. CANSIM Table 203-0030 includes expenditure information for SHS item 3060 “Tires, batteries, and other automotive parts and supplies” and SHS item 3070 “Maintenance and repair.”
- 2) The rate of vehicle ownership per household in your jurisdiction. Statistics Canada most recently reported aggregated data on vehicle ownership in the territories in the 2009 Canada Vehicle Survey. Natural Resources Canada published this information on its website at <http://oee.nrcan.gc.ca/publications/statistics/cvs09/pdf/cvs09.pdf>.
- 3) CPI for “Transportation” in your community from the date of the most recent SHS and from December 2015. CPI data used in the Whitehorse calculation is available at
 - a. 2012: <http://www.eco.gov.yk.ca/stats/pdf/2012CPIAnnual.pdf>.
 - b. December 2015: <http://www.eco.gov.yk.ca/stats/pdf/2015CPIAnnual.pdf>.

Table 3 provides an overview of the expenses incurred by the Whitehorse living wage household associated with owning and operating a used vehicle.

Table 3: Personal vehicle expense calculation		
Item	Total cost	Annual cost
2011 Ford Focus	\$10,410 (over five years)	\$2,082
Interest Rate: 5.2% annually Term: 36 months	\$855.58 (over five years)	\$171.12
Driver’s licence (two persons)	\$100 (over five years)	\$20
Vehicle registration	\$42 (per year)	\$42
Insurance	\$859.50 (per year)	\$859.50
Gasoline Quantity: 1,500 litres Price: 99.8¢ per litre	\$1,497 (per year)	\$1,497
Maintenance	\$795.93 (per year)	\$795.93
Total		\$5,467.55

Note: The rate of household vehicle ownership is likely greater in Yukon than in the Northwest Territories or Nunavut as suggested in CANSIM Table 405-004 because a greater percentage of Yukon households are connected to the North American road grid than in the other territories. In particular, Nunavut is not at all connected to the road grid and vehicle ownership rates in the territory are likely much lower. As a result, the scaling method likely provides a conservative estimate of vehicle maintenance costs in Yukon while the same method would likely produce an overestimation of vehicle maintenance costs in Nunavut.

Health Care

Information Needed:

- 1) Medical insurance quote from an insurance agent. It is preferable to obtain an insurance quote from multiple agents and take an average of the estimates provided.

Sun Life Insurance provides an online quote for medical insurance in Whitehorse on its website: <https://www.sunnet.sunlife.com/Buyonline/phi/quoteinfo.asp>.

- Plan
 - Sun Life Insurance, Standard Family Plan
 - Age of adults: 30-44 (both)
 - Age of children: one under five and one between 5 and 24

- Coverage
 - Standard Plan
 - Dental Coverage: Yes
 - Semi-Private Hospital Coverage: No

The monthly household expense for health insurance was \$230.94 in Whitehorse. Note that the household would still incur the costs of non-insured medical expenses.

Parent Education

The CLWF assumes that one wage earner takes two evening courses throughout the year at a local college to improve employment capacity. The calculation of the parent education expense assumes that the wage earner takes these courses in different semesters.

Information Needed:

- 1) Tuition and fees associated with taking two regular three-credit courses at a local college. Yukon College offers a variety of three-credit courses at its Whitehorse campus and publishes tuition costs on its website: https://www.yukoncollege.yk.ca/student_info/pages/tuition_fees.

Table 4 provides an overview of the parent education expense in Whitehorse.

Table 4: Tuition expense calculation	
Expense	Yukon College rate/allowance
Tuition (\$342 per course)	\$684
Student union fee (\$10 per term for part-time students)	\$20
Technology fee (\$25 per term for part-time students)	\$50
Textbook and supplies allowance (\$125 per course)	\$250
Total	\$1004

Other Household Items and Social Inclusion

The MBM includes a basket for other household expenses to account for the cost of goods and services (e.g. personal care, household supplies, and furniture) considered necessities according to current societal norms and not included in the food, shelter, clothing, or transportation baskets. Appendix C provides a full list of SHS items included in the other expense basket. Statistics Canada calculates the MBM other basket as a percentage of the combined MBM amount for food and clothing. CANSIM Table 206-0093 includes the most recent MBM data from 2011 when Statistics Canada reported that the other basket expense equalled 75.4% of the

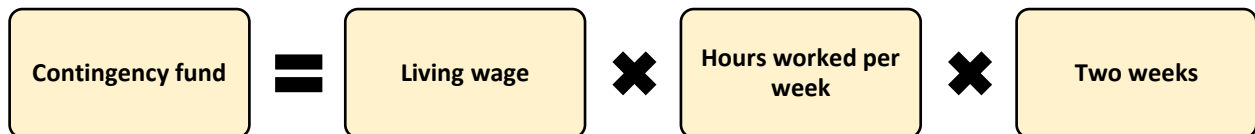
combined MBM amount for food and clothing. The Whitehorse calculation assumes that the other expense equals 75.4% of the combined amount for food and clothing expenses.

Note: The Whitehorse calculation assumes that the household allocates \$250 per child towards activities eligible for the Children’s Fitness Tax Credit and \$250 per child towards activities eligible for the Children’s Art Amount. The assumption that the household allocates \$1,000 of the other expense amount towards activities eligible for tax credits helps maintain a conservative estimate of the living wage amount. Cell C10 of the ‘Expenses’ tab automatically calculates the other expense.

Contingency

The contingency fund provides some cushion for unexpected events such as the illness of a family member or job loss and included in the calculation of the living wage as a household expense equal to two weeks’ pay for each wage earner (see Formula 6).

Figure 6: Contingency fund calculation formula



STAGE 2: GOVERNMENT TRANSFERS

Government transfers reduce the living wage amount by providing an additional source of household income. The 'Non-Wage Income' tab includes all government transfer calculations.

Potential sources of government transfers available to Yukon households include:

- Canada Child Tax Benefit (CCTB) for the first six months of 2016;
- Universal Child Care Benefit (UCCB) for the first six months of 2016;
- Canada Child Benefit (CCB) for the last six months of 2016;
- Goods & Services Tax Credit (GST);
- Yukon Child Benefit (YCB);
- Yukon Child Care Subsidy (YCCS);
- Yukon Rent Supplement Enhancement (YRSE); and
- Yukon Student Transportation Allowance (YSTA).

The Canada Revenue Agency (CRA) sets the CCTB and GST credit formulas in July of each year, and the amounts remain the same until the following June. The Yukon Territorial Government (YTG) sets the YCB formula in July of each year, and the amount remains the same until the following June. In Budget 2016, the federal government announced the replacement of the CCTB and the UCCB with the CCB effective July 1, 2016. As a result, the living wage calculation for 2016 includes the CCTB and the UCCB for the first six months and the CCB for the last six months. Household income from the previous tax year determines the amount of government transfers that household receives each year (except the UCCB).

If this is the first time that the living wage is being calculated in your community (as is the case in Whitehorse), use this year's household income to determine the government transfer amounts for the household.

If you are calculating the living wage in a Yukon community, the Excel workbook includes formulas that automatically calculate government transfers and taxes (except the YCCS and the YRSE). You can skip Stages 2 and 3 after adjusting the YCCS and YRSE formulas for your community. If you are calculating the living wage in a community in another territory, you need to replace all Yukon transfers with those available in your territory.

Canada Child Tax Benefit

The CCTB is an income-tested benefit available to households with children under the age of 18. Two factors affect the amount that a household is eligible to receive:

- 1) Number of children; and
- 2) Net household income.

The CCTB formula includes the following three components:

- 1) Basic Benefit: The monthly amount multiplied by the number of children;
- 2) Benefit Reduction: The amount of CCTB reduction when net household income exceeds a specified threshold; and
- 3) National Child Benefit Supplement (NCBS): An additional amount for low-income households based on the number of children and net household income.

Information Source:

- 1) CRA guide “Canada Child Benefits: Including related federal, provincial, and territorial programs for the period from July 2015 to June 2016.” CRA published the guide on its website at <http://www.cra-arc.gc.ca/E/pub/tg/t4114/t4114-15e.pdf>.

Table 5 describes the CCTB formula and calculation for the period between July 2015 and June 2016. The bolded and underlined numbers represent the rate at which the benefit is clawed back if household income exceeds \$44,701 and vary with the number of children.

CCTB	=	Basic benefit	–	Benefit reduction	+	National Child Benefit Supplement
CCTB	=	Number of dependents x \$1,471	–	(net household income – UCCB – \$44,701) x <u>0.04</u>	+	\$2,279 (first child) + \$2,016 (second child) – (net household income – UCCB – \$44,701) x <u>0.23</u>
Two children	=	2 x \$1,471	–	(net household income – UCCB – \$44,701) x <u>0.04</u>	+	\$2,279 + \$2,016 – (net household income – UCCB – \$44,701) x <u>0.23</u>

The CCTB reduction begins once net household income reaches \$44,701 and a household with two children no longer receives any benefit once net household income exceeds \$118,251 while the NCBS ceases once net household income reaches \$44,701. The Excel workbook includes a formula that identifies whether the NCBS applies to the living wage household in your community and calculates the CCTB accordingly in cell C2 of the ‘Non-Wage Income’ tab.

Universal Child Care Benefit

The UCCB is a taxable benefit of \$160 per month per child under the age of six and \$60 per month per child aged 6 to 17. Table 6 provides a breakdown of the UCCB received by the living wage household during the first six months of 2016.

Information Source:

- 1) UCCB amounts for the first six months of 2016. CRA publishes this information on its website at <http://www.cra-arc.gc.ca/uccb/>.

Child	Monthly benefit	2016 benefit
Age four	\$160	\$960
Age seven	\$60	\$360
Total	\$220	\$1,320

Canada Child Benefit

The CCB is a non-taxable income-tested benefit available to households with children under the age of 18. The CCB replaces the CCTB and the UCCB effective July 1, 2016. Three factors affect the amount that a household is eligible to receive:

- 1) Number of children under age six;

- 2) Number of children between ages 6 and 17; and
- 3) Net household income.

Information Source:

- 1) CRA guide “Child and family benefits” for the period from July 2016 to June 2017. CRA publishes this information on its website at <http://www.cra-arc.gc.ca/benefits/#CCB>.

Table 7 describes the CCB formula and calculation for the period between July 2016 and June 2017. The bolded and underlined numbers represent the rate at which the benefit is clawed back and vary with the number of children. All figures and the formula itself can change each July.

Table 7: Canada child benefit formula				
CCB by net household income	=	Basic benefit	–	Benefit reduction
If (net household income minus UCCB) equals less than \$30,000	=	Child under age six = \$6,400 Child 6-17 = \$5,400	–	N/A
If (net household income minus UCCB) equals between \$30,000 and \$65,000	=	Child under age six = \$6,400 Child 6-17 = \$5,400	–	(Net household income – UCCB – \$30,000) x <u>0.135</u>
If (net household income minus UCCB) exceeds \$65,000	=	Child under age six = \$6,400 Child 6-17 = \$5,400	–	(\$65,000 – \$30,000) x 0.135 – (Net household income – UCCB – \$65,000) x <u>0.057</u>

Goods and Service Tax Credit

The GST credit is a tax-free quarterly payment to assist low- or modest-income households to offset all or part of the GST expense that they incur. Three factors affect the amount that a household is eligible to receive:

- 1) Whether the wage earner claiming the credit has a spouse;
- 2) Number of children; and
- 3) Net household income.

Information Source:

- 1) GST credit calculation sheet for the July 2015 to June 2016 payment period based on 2015 tax year data. CRA publishes this information on its website at http://www.cra-arc.gc.ca/bnfts/gsthst/fq_pymnts-eng.html.

Table 8 describes the GST credit formula. The bolded and underlined numbers represent the rate that the benefit is clawed back if household income exceeds \$35,465 and vary with the number of children. For a household with two wage earners and two children, the benefit ceases once net household income reaches \$54,704. All figures and the formula itself can change each July.

GST credit	=	Basic credit	+	Additional credit	-	Credit reduction
Basic formula	=	\$272	+	Spouse credit = \$272; Children credits = \$143 per child	-	(net household income – UCCB – \$35,465) x <u>0.05</u>
Two wage earners and two children	=	\$272	+	\$272 + \$143 + \$143	-	(net household income – UCCB – \$35,465) x <u>0.05</u>

Yukon Child Benefit

The YCB is a non-taxable benefit paid monthly to help low- and modest-income households with the cost of raising children under 18 years of age. The federal government administers the YCB and combines the benefit with the CCTB into a single monthly payment. The YTG provides funding for the YCB with INAC contributing a portion on behalf of Status First Nations children.

Two factors affect the amount that a household is eligible to receive:

- 1) Number of children; and
- 2) Net household income.

Information Source:

- 1) YCB information for the July 2015 to June 2016 payment period. CRA publishes this information on its website at http://www.cra-arc.gc.ca/bnfts/rltd_prgms/yk-eng.html.

Table 9 describes the YCB formula. The maximum monthly benefit equals \$68.33 per child. The bolded and underlined numbers represent the rate at which the benefit is clawed back if household income exceeds \$35,000 and vary with the number of children. Households with two children are no longer eligible to receive the benefit if their net household income exceeds \$70,440. All figures and the formula itself can change each July.

YCB	=	Basic benefit	-	Benefit reduction
YCB	=	Number of dependents x \$819.96	-	(net household income – UCCB – \$35,000) x <u>0.05</u>
Two children	=	2 x \$819.96	-	(net household income – UCCB – \$35,000) x <u>0.05</u>

Yukon Child Care Subsidy

The YCCS assists households who may be unable to afford the cost of child care services. The subsidy provides financial assistance to eligible households with children who attend licensed child care centres or family day homes. Maximum subsidy rates are set out in the Child Care Subsidy Regulations and based on the:

- Age of the child;
- Number of hours each month that the child spends in a child care centre; and
- Special needs for the child.

Other factors that determine the amount of subsidy that a household may receive include the:

- Number of children under 18 years of age;
- Number of parents that reside in the household; and
- Geographic location of the household.

The Child Care Subsidy Regulations also state that the amount of subsidy received by an eligible household shall be reduced by 22% of the amount by which household income exceeds the monthly income threshold amount.

Information Source:

- 1) Child care subsidy information for the 2016 calendar year. HSS publishes the maximum subsidy rates on its website at <http://www.hss.gov.yk.ca/childcaresubsidy.php>.

Table 10 outlines the maximum YCCS rates.

Child	Requirement	Amount
Age four	Full-time day care.	\$578 per month for 12 months
Age seven	Before and after-school care during the school year and full-time care when not attending school (winter, spring, and summer breaks as well as non-instructional days).	\$303 per month for seven months \$413 per month for three months \$550 per month for two months

Note: The HSS Child Care Subsidy Unit was contacted to determine the income threshold. The threshold differs depending on the community where the household resides. There are three categories of communities, each with a different income threshold:

- 1) Old Crow;
- 2) Whitehorse; and
- 3) All other Yukon communities.

You need to contact the HSS Child Care Subsidy Unit to determine the YCCS income threshold in your community.

Yukon Rent Supplement Enhancement

Information Source:

- 1) YRSE information for 2016. YHC publishes this information on its website at http://www.housing.yk.ca/pdf/rent_supplement_enhancement_program.pdf.

The YRSE matches social housing eligible clients with participating landlords. Under the program, the Yukon Housing Corporation (YHC) pays the median market rent directly to the landlord and the tenant pays YHC 25% of their net household income. Net household income must fall below the established social housing high-income thresholds for the community. YHC sets high-income thresholds based on CMHC housing standards that top out at \$48,500 in Whitehorse and \$63,500 in all other Yukon communities. Clients in private market rentals may also be eligible for the supplement.

The Whitehorse living wage household would not qualify for the YRSE.

Yukon Student Transportation Allowance

The Yukon Department of Education provides a maximum daily subsidy of \$13 per child to households with children who live more than 3.2 kilometres from the nearest passable road from the school that they attend or the nearest loading point or bus route.

Information Source:

- 1) The YSTA application form. The Yukon Department of Education provides a link to the form on its website at http://www.gov.yk.ca/forms/forms/0000/yg6270_e.pdf.

The Whitehorse calculation assumes that the household lives within 3.2 kilometers of the nearest loading point or bus route and thus ineligible for the subsidy.

STAGE 3: GOVERNMENT DEDUCTIONS AND TAXES

The 'Wages, Deductions, & Credits' tab includes all government deduction and tax calculations using the formulas for the 2015 tax year. The formulas for these calculations can change each year. Consult the following sources for the most recent information:

- The main CRA web page
<http://www.cra-arc.gc.ca/menu-eng.html>
- The General Income Tax and Benefit Guide (2015)
<http://www.cra-arc.gc.ca/E/pub/tg/5000-g/5000g-15e.pdf>
- Income Tax Forms
 - T1 General Income Tax and Benefit Return
<http://www.cra-arc.gc.ca/E/pbg/tf/5011-r/5011-r-15e.pdf>
 - Form T778 – Child Care Expenses Deduction
<http://www.cra-arc.gc.ca/E/pbg/tf/t778/t778-15e.pdf>
 - Federal Tax Forms
 - Federal Worksheet
<http://www.cra-arc.gc.ca/E/pbg/tf/5000-d1/5000-d1-15e.pdf>
 - Schedule 1 – Federal Tax
<http://www.cra-arc.gc.ca/E/pbg/tf/5000-s1/5000-s1-15e.pdf>
 - Schedule 6 – Working Income Tax Benefit (WITB)
<http://www.cra-arc.gc.ca/E/pbg/tf/5000-s6/5000-s6-15e.pdf>
 - Schedule 11 – Tuition, Education and Textbook Amount
<http://www.cra-arc.gc.ca/E/pbg/tf/5000-s11/5000-s11-15e.pdf>
 - Yukon Tax Forms
 - Territorial Worksheet
<http://www.cra-arc.gc.ca/E/pbg/tf/5011-d/5011-d-15e.pdf>
 - Form YT428 – Yukon Tax
<http://www.cra-arc.gc.ca/E/pbg/tf/5011-c/5011-c-15e.pdf>
 - Form YT479 – Yukon Credits
<http://www.cra-arc.gc.ca/E/pbg/tf/5011-tc/5011-tc-15e.pdf>
 - Schedule YT(S11) – Territorial Tuition, Education and Textbook Amount
<http://www.cra-arc.gc.ca/E/pbg/tf/5011-s11/5011-s11-15e.pdf>

If you are calculating the living wage in a community in another territory, consult the General Income Tax and Benefit Package for your territory.

The 'Wages, Deductions, & Credits' tab in the Excel workbook includes all of the formulas required for the following calculations:

- Adjustments to employment income
 - Line 117: UCCB
 - Line 214: Child Care Expenses
- Adjustments to net income
 - Line 255: Northern Living Allowance
- Federal taxes
 - Tax brackets and corresponding tax rates

- Non-refundable tax credits
 - Line 300: Basic Personal Amount
 - Line 308: CPP Premiums
 - Line 312: EI Premiums
 - Line 323: Tuition, Education and Textbook Amount
 - Line 330: Medical Expenses
 - Line 363: Canada Employment Amount
 - Line 364: Public Transit Amount (if applicable)
 - Line 365: Children’s Fitness Tax Credit
 - Line 370: Children’s Art Amount
- Refundable tax credits
 - Line 452: Refundable Medical Expense Supplement
 - Line 453: WITB
- Yukon taxes
 - Tax brackets and corresponding tax rates
 - Non-refundable tax credits
 - Line 5804: Basic Personal Amount
 - Line 5824: CPP Premiums
 - Line 5832: EI Premiums
 - Line 5834: Canada Employment Amount
 - Line 5835: Public Transit Credit (if applicable)
 - Line 5841: Children’s Art Amount
 - Line 5856: Tuition, Education and Textbook Amount
 - Line 5876: Medical Expenses
 - Refundable tax credits
 - Line 6392: Children’s Fitness Tax Credit

The living wage calculation allocates tax credits in the most advantageous way for the household. Table 11 explains the various components of the ‘Wages, Deductions, & Credits’ tab.

Line	Cell(s)	Explanation
Hours per Week	B3 & C3	Equals 35 hours per week for both wage earners as recommended in the CLWF.
Wage	B4 & C4	Equals the hourly rate of pay for each wage earner. The CLWF recommends calculating the living wage in a manner that ensures that both wage earners receive equal pay.
Line 101: Employment Income	B6 & C6	Equals the hourly wage multiplied by hours worked per week and weeks per year.
Line 257: Adjustment to Employment Income	B7	Equals the UCCB amount minus Child Care Expenses (cell H5). Only the wage earner with less employment income can claim this amount.
Line 236: Net Income	B8 & C8	Equals employment income plus adjustments to employment income and is used to calculate federal and territorial non-refundable tax credits. Net household income is used to calculate amounts such as the CCB, the GST credit, the social benefits repayment, and certain credits.
Line 260: Taxable Income	B9 & C9	Equals taxable income after accounting the Northern Living Allowance. Used to calculate federal and territorial taxes.

Line 308/Line 5824: CPP Premiums	B10 & C10	Equals 4.95% of employment income to a maximum contribution of \$2,479.85.
Line 312/Line 5832: EI Premiums	B11 & C11	Equals 1.88% of employment income to a maximum contribution of \$930.60.
Line 420: Federal Income Tax	B12 & C12	See below.
Federal Refundable Tax Credits	B13 & C13	See below.
Line 428: Territorial Income Tax	B14 & C14	See below.
Line 479: Territorial Refundable Tax Credits	B15 & C15	See below.
Total Deductions	B16 & C16	Equals CPP and EI premiums plus federal and territorial income taxes minus refundable tax credits.
After Tax Income	B17 & C17	Equals employment income minus deductions.
Monthly After Tax Income	B18 & C18	Equals after-tax income divided by 12.

You need to determine employment income, net income, and taxable income for each wage earner to calculate the living wage amount.

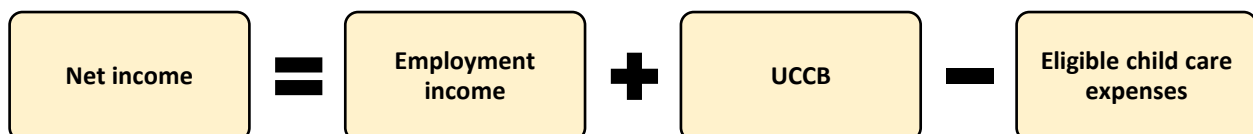
Calculating Net Income from Employment Income

You need to make the following adjustments to calculate net income from employment income:

- 1) Add the UCCB amount to employment income; and
- 2) Subtract Child Care Expenses from employment income.

Figure 7 describes the formula of the net income calculation.

Figure 7: Net income calculation formula



Regarding this calculation, there are two relevant tax rules:

- Only the wage earner with less employment income can claim UCCB and Child Care Expense amounts.
- The maximum Child Care Expenses amount that the wage earner with less employment income can claim equals:
 - \$8,000 for children born in 2009 or later; and
 - \$5,000 for children born between 1999 and 2008.

Note: Cell H5 in the 'Wages, Deductions, & Credits' tab includes a formula to determine the correct amount to claim for the child care expense.

Calculating Taxable Income from Net Income

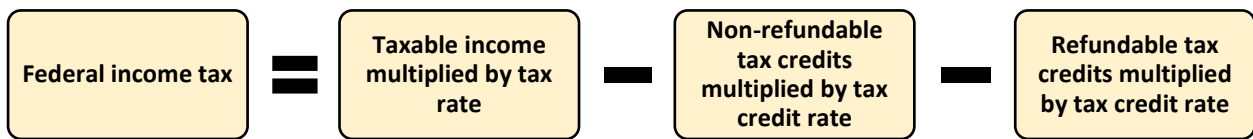
You need to subtract the Northern Living Allowance amount claimed by both wage earners to calculate taxable income from net income.

Note: The Northern Living Allowance equals the number of days that the claimant lived in the prescribed zone during the previous tax year multiplied by the daily rate (\$8.25 per day in 2015).¹ The Whitehorse calculation assumes that both wage earners live in the prescribed zone 365 days per year.

Federal Income Tax

Figure 8 outlines the structure of the federal income tax calculation.

Figure 8: Federal income tax calculation formula



Federal Non-Refundable Tax Credits

Table 12 lists all of the non-refundable tax credits that the Whitehorse living wage household is eligible to claim. Each of the cells identified below is located in the 'Wages, Deductions, & Credits' tab unless otherwise specified.

Tax credit	Cell	Comments	Claimed by wage earner
Line 300: Basic Personal Amount	H8 & K6	Equals \$11,327.	Both
Line 308: CPP Premiums	B10 & C10	Equals 4.95% of employment income to a maximum contribution of \$2,479.85.	Both
Line 312: EI Premiums	B11 & C11	Equals 1.88% of employment income to a maximum contribution of \$930.60.	Both
Line 323: Tuition, Education and Textbook Amount	K7	Equals eligible tuition expenses (cell C83 in the 'Expenses' tab) plus education and textbook amounts. Education amount equals \$120 (part-time rate) multiplied by the number of months in school. Textbook amount equals \$20 (part-time rate) multiplied by the number of months in school. The calculation assumes that the claimant takes one course per semester.	Two

¹ In Budget 2016, the federal government announced a 33% increase in the Northern Living Allowance so that eligible claimants will receive a maximum of \$11 per day effective the 2016 tax year. This change will be incorporated in the calculation of the living wage in 2017.

Line 330: Medical Expenses	H9	Equals eligible household expenses (cell C8 in the 'Expenses' tab) minus net income multiplied by 0.03. <u>Note:</u> Household medical expenses must be greater than 3% of the net income of the claimant to be eligible for the credit.	One
Line 363: Canada Employment Amount	H10 & K8	Equals \$1,146.	Both
Line 364: Public Transit Credit	K9	Equals public transit expense (cell C64 in the 'Expenses' tab).	Two
Line 365: Children's Fitness Tax Credit	K10	The calculation assumes that the household spends more than \$250 annually per child on eligible fitness programs. <u>Note:</u> Budget 2016 proposes a phase-out of the Children's Fitness Tax Credit and the elimination of the credit in 2017.	Two
Line 370: Children's Art Amount	K11	The calculation assumes that the household spends more than \$250 annually per child on eligible arts programs. <u>Note:</u> Budget 2016 proposes a phase-out of the Children's Art Amount and the elimination of the credit in 2017.	Two

Non-refundable tax credits reduce the claimant's tax payable, but only up to the amount of tax owed. If the amount of non-refundable tax credits exceeds that of tax owed, the claimant does not benefit from the extra credits (they either lose the credits or, in some rare cases, as with the tuition amount, the credits can be carried over for future years or transferred to a spouse).

Federal Refundable Tax Credits

Refundable tax credits can be refunded by the government if the total amount of credits the claimant is eligible for exceeds the amount of tax owed. Note that only households in communities with a very low cost of living qualify for the Refundable Medical Expense Supplement or the WITB. Table 13 describes each federal refundable tax credits that the living wage household may receive. Each of the cells identified in the table is located in the 'Wages, Deductions, & Credits' tab unless otherwise specified.

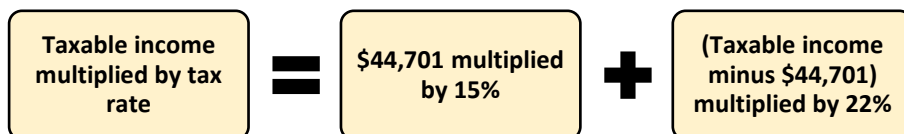
Tax credit	Cell	Comments	Claimed by wage earner
Line 452: Refundable Medical Expense Supplement	H12	Equals 0.25 multiplied by [household medical expenses (cell C8 in the 'Expenses' tab) minus the net income of the wage earner claiming the credit multiplied by 0.03] minus 0.05 multiplied by [net household income minus UCCB and \$25,939] to a maximum of \$1,172. <u>Note:</u> Net household income (not including	One

		UCCB) must be less than \$49,379, and the claimant must be eligible for the non-refundable medical expense tax credit to receive the supplement.	
Line 453: Working Income Tax Benefit	K13	Equals \$1,844 minus [net household income minus UCCB and \$15,811] multiplied by 0.17. <u>Note:</u> Net household income must be less than \$28,209 to claim the WITB.	Two

Federal Tax Brackets

The federal tax rate on taxable income less than \$44,701 is 15% and 22% on taxable income between \$44,701 and \$89,401. Figure 9 illustrates the formula for “Taxable income multiplied by tax rate” if taxable income of either wage earner exceeds \$44,701.

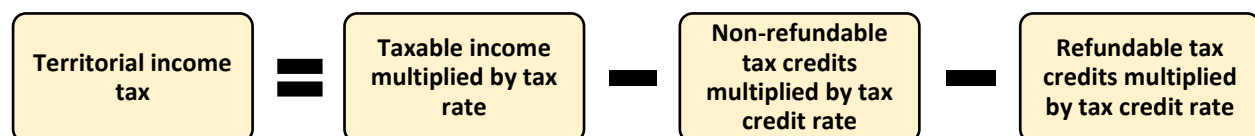
Figure 9: Federal income tax calculation formula for incomes greater than \$44,701



Territorial Income Tax

Figure 10 outlines the structure of the territorial income tax calculation.

Figure 10: Territorial income tax calculation formula



Territorial Non-Refundable Tax Credits

Table 14 lists all of the Yukon territorial non-refundable tax credits that the Whitehorse living wage household is eligible to claim. Each of the cells identified below is located in the ‘Wages, Deductions, & Credits’ tab unless otherwise specified.

Tax credit	Cell	Comments	Claimed by wage earner
Line 5804: Basic Personal Amount	H15 & K16	Equals \$11,327.	Both
Line 5824: CPP Premiums	B10 & C10	Equals 4.95% of employment income to a maximum contribution of \$2,479.85.	Both
Line 5832: EI Premiums	B11 & C11	Equals 1.88% of employment income to a maximum contribution of \$930.60.	Both
Line 5834: Canada Employment Amount	H16 & K17	Equals \$1,146.	Both

Line 5835: Public Transit Credit	K18	Equals public transit expense (cell C64 in the 'Expenses' tab).	Two
Line 5841: Children's Art Amount	K19	The calculation assumes that the household spends \$250 annually per child on eligible arts programs. <u>Note:</u> Bill 99 proposes to preserve the Yukon Children's Fitness Tax Credit and the Children's Art Amount at 2015 levels.	Two
Line 5856: Tuition, Education and Textbook Amount	K20	Equals eligible tuition expenses (cell C83 in the 'Expenses' tab) plus education and textbook amounts. Education amount equals \$120 (part-time rate) multiplied by the number of months in school. Textbook amount equals \$20 (part-time rate) multiplied by the number of months in school. The calculation assumes that the claimant takes one course per semester.	Two
Line 5876: Medical Expenses	H17	Equals eligible household expenses (cell C8 in the 'Expenses' tab) minus net income multiplied by 0.03. <u>Note:</u> Household medical expenses must be greater than 3% of the net income of the claimant to be eligible for the credit.	One

Territorial Refundable Tax Credits

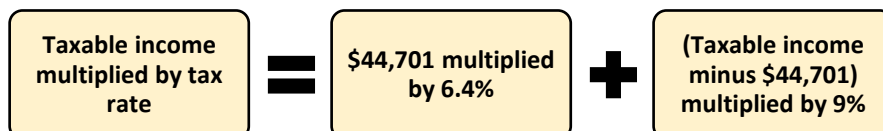
Currently, the only territorial refundable tax credit that the living wage household is eligible for is the Children's Fitness Tax Credit. Table 15 describes the calculation of the credit.

Tax credit	Cell	Comments	Claimed by wage earner
Line 6392: Children's Fitness Tax Credit	K13	The calculation assumes that the household spends \$250 annually per child on eligible fitness programs. <u>Note:</u> Bill 99 proposes to preserve the Yukon Children's Fitness Tax Credit and the Children's Art Amount at 2015 levels.	Two

Territorial Tax Brackets

The Yukon tax rate on taxable income less than \$44,701 is 6.4%. The tax rate is 9% on taxable income between \$44,701 and \$89,401. Therefore, if taxable income of either wage earner exceeds \$44,701, the formula for "Taxable Income multiplied by Tax Rate" becomes:

Figure 11: Territorial income tax calculation formula for incomes greater than \$44,701



Stage 4: Determining the Living Wage Amount

Examine the 'Summary' tab in the Excel workbook. Cell B8 equals the living wage amount while cell B11 equals the difference between annual household expenses and income after accounting for government transfers and deductions. The living wage amount in cell B8 equals the wage at which the amount in cell B11 is smallest while still greater than \$0.

Therefore, if the amount in cell B11 is negative, increase the living wage amount in cell B8. If the amount in cell B11 is positive, reduce the living wage amount in cell B8 until the amount in cell B11 is negative, and then increase it until the difference is the lowest possible positive amount. Any remaining amount is a result of rounding the living wage to the nearest penny per hour.

STAGE 5: VERIFYING THE CALCULATIONS

You can verify the CCB, GST, WITB, and YCB calculations using the child and family benefits calculator on the CRA website at <http://www.cra-arc.gc.ca/bnfts/clcltr/cfbc-eng.html>.

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APPENDIX A: ITEMS INCLUDED IN THE NATIONAL NUTRITIOUS FOOD BASKET

Category	Food item
Milk and alternatives	Cheese, cheddar, medium
	Cheese, mozzarella, partially skim (52% water, ~16.5% M.F.)
	Cheese, processed food, cheddar, slices
	Milk, partly skimmed, 1% M.F.
	Yogurt, less than 2% M.F.
Meat, poultry, and alternatives	Beans, baked, canned in tomato sauce
	Beef, ground, lean
	Beef, hip, inside round roast
	Beef, hip, inside round steak
	Chicken, breast, boneless and skinless
	Eggs, Grade A, large
	Fish, sole, frozen
	Ham, sliced, regular
	Lentils, dry
	Peanut butter, smooth type, fat, sugar and salt added
	Peanuts, dry roasted
	Pork, loin, centre chop, bone-in
	Salmon, sockeye, canned
	Tuna, light, canned in water
Grain products	Bread, white
	Bread, whole wheat
	Buns, hamburger
	Cereal, bran flakes with raisins
	Cereal, oats, quick cooking
	Cereal, toasted oats O's
	Cookies, arrowroot
	Crackers, saltine, unsalted top
	Flour, white, enriched, all purpose
	Flour, whole wheat
	Pasta, spaghetti, enriched
	Pita, whole wheat
	Rice, white, long-grain, parboiled
Fruit and vegetables	Apple juice, added vitamin C
	Apples, raw
	Bananas, raw
	Beans, snap (Italian, green or yellow), frozen
	Broccoli, raw
	Cabbage, raw
	Carrots, raw
	Celery, raw
	Corn, canned vacuum packed
	Cucumber, raw
	Grapes, red or green, raw
	Lettuce, iceberg, raw
	Lettuce, romaine
	Melons, cantaloupe, raw
	Mushrooms, raw
	Onions, cooking, yellow, raw

	Orange juice, frozen concentrate
	Oranges, raw
	Peaches, canned halves or slices, juice or water pack
	Pears, raw
	Peas, green, frozen
	Peppers, sweet, green, raw
	Potatoes, white or red, raw
	Raisins, seedless, Sultana or Thompson
	Rutabaga or turnip, raw
	Strawberries, frozen, unsweetened
	Sweet potato or yam, raw
	Tomatoes, canned, whole
	Tomatoes, red, raw
	Vegetable Juice Cocktail
	Vegetables, mixed, frozen
Unsaturated oils and fats	Margarine, tub, non-hydrogenated
	Mayonnaise
	Salad dressing, Italian, regular
	Vegetable oil, canola

APPENDIX B: ITEMS INCLUDED IN THE REVISED NORTHERN FOOD BASKET

Category	Food item	Quantity
Dairy products	2% milk, fresh or ultra-high temperature pasteurized	4.76 (litres)
	Mozzarella cheese	0.485 (kilograms)
	Processed cheese slices	0.385 (kilograms)
	Yogurt	1.67 (kilograms)
	Evaporated 2% milk	1.58 (litres)
	Skim milk powder	0.09 (kilograms)
Meat and alternatives	Large eggs	8 (eggs)
	Chicken drumsticks	2.68 (kilograms)
	Pork chops, loin centre-cut	1.21 (kilograms)
	Ground beef, lean	1.34 (kilograms)
	T-bone steak	0.47 (kilograms)
	Sliced ham	0.135 (kilograms)
	Frozen fish sticks	0.135 (kilograms)
	Canned pink salmon	0.27 (kilograms)
	Canned sardines in soya oil	0.27 (kilograms)
	Canned ham	0.2 (kilograms)
	Bologna	0.06 (kilograms)
	Wieners	0.1 (kilograms)
	Peanut butter	0.09 (kilograms)
	Canned pork-based luncheon meat	0.05 (kilograms)
	Canned corned beef	0.04 (kilograms)
	Canned beans with pork	0.29 (litres)
	Canned beef stew	0.18 (kilograms)
Canned spaghetti sauce with meat	0.155 (litres)	
Grain products	Bread, enriched white	0.66 (kilograms)
	Bread, 100% whole wheat	0.66 (kilograms)
	Flour, all purpose	1.92 (kilograms)
	Pilot biscuits	0.275 (kilograms)
	Macaroni or spaghetti	0.385 (kilograms)
	Rice, long-grain parboiled white	0.33 (kilograms)
	Rolled oats	0.275 (kilograms)
	Corn flakes	0.44 (kilograms)
	Macaroni and cheese dinner	0.55 (kilograms)
Fruits and vegetables	Oranges	1.23 (kilograms)
	Apple juice, frozen concentrate	0.033 (litres)
	Orange juice, frozen concentrate	0.282 (litres)
	Apple juice, TetraPak	0.88 (litres)
	Orange juice, TetraPak	0.375 (litres)
	Canned whole tomatoes	0.215 (litres)
	Canned tomato sauce	0.3 (litres)
	Apples	4.38 (kilograms)
	Bananas	3.58 (kilograms)
	Grapes	0.5 (kilograms)
	Canned fruit cocktail in juice	0.855 (litres)
	Canned peaches in juice	0.285 (litres)
	Canned pineapple in juice	0.285 (litres)
	Fresh potatoes	3 (kilograms)

	Frozen French fries	0.48 (kilograms)
	Instant potato flakes	0.22 (kilograms)
	Carrots	2 (kilograms)
	Onions	0.695 (kilograms)
	Cabbage	0.52 (kilograms)
	Turnips	0.35 (kilograms)
	Frozen broccoli	0.695 (kilograms)
	Frozen carrots	0.26 (kilograms)
	Frozen corn	0.26 (kilograms)
	Frozen mixed vegetables	1.74 (kilograms)
	Canned green peas	0.9 (litres)
	Canned kernel corn	1.09 (litres)
	Canned green beans	0.315 (litres)
	Canned carrots	0.325 (litres)
	Canned mixed vegetables	0.545 (litres)
Oils, fats, and sugar	Margarine, non-hydrogenated	0.715 (kilograms)
	Butter	0.065 (kilograms)
	Canola oil	0.185 (litres)
	Lard	0.105 (kilograms)
	Sugar, white	0.6 (kilograms)

APPENDIX C: ITEMS INCLUDED IN THE MARKET BASKET MEASURE OTHER BASKET

SHS item number	SHS item description
2200	Purchase of telephones and equipment
2202	Telephone services
2220	Internet access services
2230	Postal and other communication services
2311-2312	Household cleaning supplies
2320-2332	Paper, plastic and foil household supplies
2380	Other household supplies
2500	Furniture
2510	Rugs, mats and underpadding
2520	Window coverings and household textiles
2540	Room air conditioners, portable humidifiers and dehumidifiers
2552	Microwave and convection ovens
2560	Small electric food preparation appliances
2580	Sewing machines, vacuum cleaners and other rug cleaning equipment
2586	Other electric equipment and appliances
2590	Attachments and parts for major appliances
2640	Lamps and lampshades
2650	Non-electric kitchen and cooking equipment
2660	Tableware, flatware and silverware
2670	Non-electric cleaning equipment
2672	Luggage
2674	Home security equipment
2680	Other household equipment, parts and accessories
2690-2710	Maintenance and repairs of furniture and equipment
2720-2730	Services related to furnishings and equipment
3312	Other medicines and pharmaceutical products
3500-3580	Personal care
3700	Sports and athletic equipment
3720	Toys and children's vehicles
3730	Electronic games and parts
3750-3760	Computer equipment and supplies
3770-3772	Photographic goods and services
3900	Bicycles, parts and accessories
3950	Bicycle maintenance and repairs
4000-4070	Home entertainment equipment and services
4100	Movie theatres
4110	Live sports events
4120	Live performing arts
4130	Admission to museums and other activities
4141-4142	Rental of cablevision and satellite services
4150	Membership fees for sports and recreation facilities
4160	Single-use fees for sports and recreation facilities
4170	Children's camps
4300-4340	Reading materials and other printed matter
4400-4410	Education supplies
4420-4430	Textbooks
4630	Service charges from banks
5220-5230	Contributions to charity