

Working for a Living, Not Living for Work

Living Wages in the Maritimes 2018

Christine Saulnier



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CANADIAN CENTRE
for POLICY ALTERNATIVES
NOVA SCOTIA OFFICE



Antigonish Poverty Reduction Coalition



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This year's living wage report builds on the first Maritime report released in June 2015, and the first-time calculation of the living wage in Nova Scotia, which was done in partnership with the United Way Halifax. We want to thank the United Way Halifax for their support of this work. CCPA-NS Research Associate Mary-Dan Johnston's contributions as primary author of that 2015 report and contributions to the 2016 report are also acknowledged. Last but certainly not least, we want to thank Iglia Ivanova (Senior Economist, CCPA-BC) for her invaluable guidance and expertise, any errors are the author's.

Working for a Living, Not Living for Work

- 5 Calculating the living wage
- 6 Living wage rates for Halifax, Antigonish and Saint John
- 7 What's happened since we last updated Halifax and Antigonish (2016)?
- 7 What are the most significant costs in each community?
- 8 How do these communities compare?
- 9 Why a living wage?
- 10 Conclusion
- 12 **Appendix A**
- 14 **Notes**

Working for a Living, Not Living for Work

Living wages in the Maritimes 2018

“PEOPLE ARE PEOPLE. To me there are no greater people, there are just people in their current situations, but when you are on a low income a lot of people don’t view it that way.” This is what one low-wage worker shared with us in 2015 when we first did this work in Halifax with United Way Halifax.¹ The stories those workers shared with us then, and this time in Saint John,² put into sharp focus why this work continues to be important--especially in a region with some of the highest child and family poverty rates,³ and the lowest average wages in the country.

Every year, more people are under tremendous stress to cover all their basic needs, let alone the essentials, required to participate as full members of our society. Many continually seek ways to fill gaps left by inadequate income, whether by visiting food banks or community suppers, or seeking out other community supports that provide discounted or free goods and services.

The living wage is one of the tools in our tool box to assist low wage workers. It does this by answering the following question: “How much would someone need to earn, if they worked full time and took advantage of available social programs, to meet their essential needs given the real costs of the services?”

The living wage is designed to cover all basic necessities and allow families to live in dignity and enjoy a decent quality of life. Actual expenses are used to calculate the wage to reflect the rate of pay that families need to meet their basic needs given the costs, and norms of a specific community.

The living wage is *not* a minimum wage, which government legislates requiring all employers to pay their workers at least a specified hourly rate.

A living wage is *not* a guaranteed annual income, which is a redistributive grant paid for via general tax revenue and most effectively administered by a national or federal government. The living wage assumes that a labour market wage is a necessary contributor to solve the problems of poverty and social exclusion, while also acknowledging that government-funded benefits play a critical role.

Encouraging employers to pay a living wage voluntarily is *not* a substitute for needed public policy changes, public services or public investments. While it is certainly important for employers to raise wages to reflect the living wage, achieving a living wage is also about decreasing costs, many of which are best addressed at a societal level through social programs and public infrastructure.

Calculating the living wage

The living wage is the amount needed for a family of four with two parents working full-time at the calculated hourly rate to pay for necessities, and provide a cushion above the poverty line. The wage is calculated such that the family should be able to escape severe financial stress, support the healthy development of their children, and participate in the social, civic and cultural lives of their communities. While it is designed using a four-member family, two adults with two young children (aged 2 and 7),⁴ the research has shown that there are not significant differences in the hourly living wage rate needed to sufficiently meet the needs of a single adult and a lone parent with one child. This hourly rate would likely not be enough for some families, however, such as those with more children or with only one adult earner and more than one child. For other households in different life stages, the living wage budget allows them to address expenses that arise later, such as savings for post-secondary education, medical concerns that arise in the senior years, or a decent retirement income.

The living wage is the employment income a family needs once government transfers are added (e.g. Canada Child Benefit) and government de-

TABLE 1 Living wages for 2018, for a couple with two young children, by community

	Halifax	Antigonish	Saint John
The hourly wage each adult must make working full time	\$19.00	\$17.75	\$18.18
Percent change from last estimate (2016)	-1%	2.5%	N/A

ductions from wages (e.g. Employment Insurance premiums) as well as government income taxes, have been subtracted.

The living wage for any given community is a very conservative estimate. It includes 11 expense categories: food, clothing and footwear, shelter, utilities, transportation, child care, basic health insurance to cover some health expenses not covered by Medicare, a contingency/emergency fund (two weeks of pay), parent education (2 community college courses for one parent), household expenses and a small social inclusion budget. The expenses **do not include** credit card or loan payments, savings for retirement, life insurance, home ownership, or costs associated with caring for a disabled, seriously ill or elderly family member.

The calculation of the living wage provides communities with information about:

- *Real life/real time costs of living and raising a family in our community:* What are the most significant costs? What can be done to lower the costs?
- *How our community compares with others across Canada:* Using a consistent national methodology allows for comparing costs, taxes, and government programs across the country; What is being done or can be done at the local, provincial, and/or federal level to support families to have a good quality of life?

This year we updated the living wage rates for Halifax and Antigonish in Nova Scotia, and collaborated to calculate the living wage in Saint John, New Brunswick. With the addition of Saint John, we are one step closer to understanding the differences between the Maritime Provinces and communities of different sizes and rurality in our region.

Living wage rates for Halifax, Antigonish and Saint John

Table 1 shows the living wage for each community. The living wage in Halifax is 4.33% higher than in Saint John and 6.05% higher than in Antigonish.

What's happened since we last updated Halifax and Antigonish (2016)?

The living wage rates have changed only slightly since 2016 for both Halifax and Antigonish,⁵ whose rates were \$19.17 and \$17.30 respectively. In both cases, the full year inclusion of the Canada Child Benefit (CCB) and its inflation indexing, covered all or most of the expense increases. It is important to note that though the CCB's impact was considerable, despite being indexed to inflation, it is not likely to cover inflationary pressures on the entire family budget in the future. Other notable changes in taxes and transfers that affected the living wage family was a reduction in the Employment Insurance premium rate, and elimination of several federal tax credits as of the 2017 tax year, including the public transit tax credit (as of July 2017), the child fitness and arts tax credit, and the education and textbook amounts.

Expenses in both communities increased largely because of a combination of inflationary increases (for shelter and gas) methodological changes (see Appendix A) including for transportation, utilities and child care. There was a notable decrease in the cost of clothing and footwear, down 15% for Antigonish and Halifax since 2016, and a slight decrease in the costs of electricity (\$14 per month).

What are the most significant costs in each community?

At the end of the day, child care costs are the most significant cost in Halifax (at 22%), the highest cost in the budget for Saint John (at 21%) and the second highest for Antigonish (at 20%). We recognize that both provincial governments have made some changes to child care policy. The Nova Scotia government is rolling out the implementation of universal preschool for four-year-olds by 2020, slightly increasing subsidies for families, and slightly increasing the number of licensed spaces. For its part, New Brunswick has announced some increases to its subsidy programs as well. The federal government provided some funding to assist with these changes. However, despite these changes, families continue to struggle to cover high costs. Only some families get access to small subsidies, and most cannot find the care they need in a market-based, patchwork of programs even if they can afford to pay for that care.

Another significant cost for families in all three communities is shelter. Shelter accounts for 15% of the family's budget in Saint John (the third largest budget item), 23% in Halifax (second largest budget item) and 22% in

Antigonish (largest budget item). The second largest budget item in Saint John is food, which amounts to 19%, and is the third most significant cost for Halifax (15%) and Antigonish (16%). The fourth most expensive budget item is for transportation, at 10% for all three communities.

How do these communities compare?

When comparing the three communities, a few differences stand out. Food costs vary substantially; food in Antigonish is 5.98% more expensive than food in Halifax. The Nova Scotia food cost data comes from local research based at Mount Saint Vincent University⁶ and is thus not exactly comparable to Saint John. The food costs for Saint John are from Statistics Canada's Market Basket Measure; according to our calculations, Saint John's food costs are 18% higher than Antigonish.

As for transportation costs, though owning a car is slightly more expensive in New Brunswick than Nova Scotia, public transit is slightly more expensive in Halifax than Saint John and more expensive than Antigonish.

Halifax's rent is 9% higher than rent in Antigonish and 35% higher than rent in Saint John and electricity is also 6% more expensive in Nova Scotia.

Saint John's clothing and footwear expenses stand out as being 15% higher than Antigonish and Halifax. This means household expenses and the cost of social inclusion in Saint John are also higher.

The difference in costs in these three communities confirms the importance of considering the provincial jurisdiction as well as the size and locality of the community. Provincial boundaries affect not just the incorporation of provincial taxes and transfers into the calculation, but also the provision and availability of important services. For example, the family in Saint John has access to slightly higher income transfers and slightly lower provincial income tax rates. The Saint John family has access to \$687 more per year because the thresholds for two New Brunswick transfers are slightly higher than Nova Scotia's (the New Brunswick Working Income tax supplement and the HST credit vs the NS Affordable Living Tax Credit).

Why a living wage?

There is mounting evidence of the benefits of paying a living wage for employers with evidence of higher retention rates, fewer sick days, and better work quality.⁷ The benefits of a living wage for the workers themselves cannot

TABLE 2 Family expenses, two adults and two children (ages 2 and 7)

Item	Antigonish	Halifax	Saint John
Food	\$10,413.95	\$9,790.69	\$12,632.97
Clothing and Footwear	\$1,881.78	\$1,881.78	\$2,218.23
Shelter	\$13,935.92	\$15,240.00	\$9,836.52
Utilities	\$3,773.94	\$3,773.94	\$3,536.59
Transportation	\$6,472.96	\$6,748.96	\$6,607.37
Child Care	\$13,129.50	\$15,015.00	\$14,155.95
Health Care	\$1,977.72	\$1,977.72	\$1,977.72
Contingency/Emergency	\$2,485.00	\$2,660.00	\$2,544.74
Parent Education	\$1,146.50	\$1,206.33	\$1,356.00
Household Expenses	\$4,635.49	\$4,400.52	\$5,598.91
Social Inclusion	\$4,635.49	\$4,400.52	\$5,598.91
Total	\$64,488.26	\$67,095.48	\$66,063.91

be overstated. A living wage serves as a type of preventative health care: a way to address the many health risks associated with paying poverty wages.

People who work for poverty wages often struggle to pay for medication and medical supplies, and the small health insurance contained in the living wage budget will only help a little. Costs not covered by medicare make it difficult for patients to manage chronic conditions or recover from acute illness. One low wage worker in Halifax explained that because her husband’s diabetes was more complicated than her own, she saved up her expensive glucometer test strips so that he could use them—they couldn’t both afford to test regularly. Another shared making a choice between medication for her anxiety and healthy food that might contribute to her overall wellness. Low wages are incredibly detrimental to mental well-being, and often exacerbate existing mental illnesses.

The living wage includes a social inclusion budget, which is essential to the inclusion of families according to our social norms; the stigma attached to struggling with a low income has a devastating impact especially on children. When we spoke to low wage workers who were parents, they shared the struggle of being able to enjoy quality time or provide what they know their children need, they are stressed. As one low wage worker shared with us in Halifax, “we go without eating so my son can have his three meals a day, his snacks, his juice, his milk.” Several parents also talked about their

children being excluded from various school and community events; birthday parties are out of the question not just having one for their own children, but for their children to go to birthday parties. As one parent said, “You can’t go and you have to make up an excuse. I don’t have money to buy a card, we make our own cards. We try to get stuff on sale and try to save it in case we need it for a birthday party, but then you still feel embarrassed when the gifts are opened.”

People who have an adequate and reliable paycheque do not have to worry about working multiple jobs to get by. They can spend more time with their families and communities, volunteering their time to worthy causes, and contributing to the life of the places they call home.

Conclusion

Hundreds of employers across the country are committing to pay their employees a living wage and to advocate for decent working conditions. It is timely to consider how a living wage campaign might be supported in the Maritimes to encourage, recognize and support employers who want to pay a living wage. Examples exist in many parts of the country including robust campaigns in Ontario and British Columbia.

The living wage is one tool in our toolbox to help low wage workers to bridge the gap between income and costs. Calculating the living wage shines a spotlight on what needs to be done to support families, and more broadly low wage workers, to help everyone attain a good quality of life.

Calling for employers to pay a living wage voluntarily is not a substitute for a needed, substantive increase to the minimum wage and proactive enforcement of stronger labour standards, or for public investment in quality public services including an extension of public health care, or more affordable housing in our community, and in the expansion of affordable, accessible public transit. Given the high costs of child care, and the impact of good quality early learning and child care for children’s development, **it is imperative** that provincial and federal governments commit to fund and build a public system of early learning and child care that is child-centred, play-based, seamless (all day, full year), quality, affordable and accessible.

The Maritime Provinces need a wage-led strategy of inclusive growth to ensure employees receive sufficient income to lead a decent life of dignity. This strategy must go beyond helping those who are working to ensure that everyone is able to live as full participating members of our communities,

and that no one is prevented from making choices about their future that are good for them and for us all.

Appendix A

A Note on Methodological Changes to the Living Wage Calculation

IT IS CRITICAL to test the living wage methodology and continually update it to ensure it is credible and reflective of the reality for families in their specific community. The spreadsheets showing how these wages were calculated are available for viewing along with this report. This is a summary of changes made to the way the living wage is calculated (since 2016).

- The family's transportation budget was increased to reflect the reality of transportation challenges. The transportation expense includes the cost of maintaining a second hand car, plus a monthly bus pass if available, and a modest budget for a limited number of taxi trips. With two parents working and two kids needing to get to child care and school, plus a parent taking community college classes, this realistic transportation budget enables the family to ensure timely travel daily, plus having quality time at home. In reality, many rural families have two cars in households where both adults are working and there are two children who need to get to child care and school. While we did not add a second car this year, the consensus was to include a limited number of taxi trips for all families. For Saint John and Halifax, the family has access to a budget for one taxi trip per week for eight months, which would primarily be used to supple-

ment public transit in the evenings to get the adult to the community college for classes. The family in Antigonish could use the budget for as many as two short taxi trips per week as needed all year.

- Child Care also increased to ensure integrity with the methodology where the standard budget includes a child in full-time care. The age of one child was changed from 4 to 2 and thus includes the slightly higher costs for a toddler instead of a preschooler. This decision was made because the roll-out of pre-primary rolling out in Nova Scotia made it difficult to capture this reality. The child care budget includes a slight increase to the care outside of school hours for the school-aged child.
- The food requirements in the budget has a slight decrease because the age of the younger child went from 4 to 2, which affects the Antigonish and Halifax budgets for food costing.
- The cost of two basic cell phones and basic internet was included as part of the utilities budget for all communities to reflect those as essentials in our society.
- The parent education costs did not previously include any textbook allowance and a modest amount (\$125 per course) was added.

Notes

1 See Mary Dan Johnston and Christine Saulnier, *Working for a Living, Not Living for Work: the Halifax Living Wage 2015* (Halifax: CCPA-NS, 2015), as well as the detailed calculation guide. <https://www.policyalternatives.ca/publications/reports/working-living-not-living-work>

2 See the Saint John Living Wage report: <http://www.sjhdc.ca/main-page.html>

3 Lesley Frank and Christine Saulnier (2017). *The 2017 Report Card on Child and Family Poverty in Nova Scotia*: (Halifax: Canadian Centre for Policy Alternatives-Nova Scotia, 2017) <https://www.policyalternatives.ca/publications/reports/2017-report-card-child-and-family-poverty-nova-scotia>, as well as Katherine Ryan and Christine Saulnier, *Child and Family Poverty in Halifax, an addendum* (Halifax: Canadian Centre for Policy Alternatives-Nova Scotia, 2017) <https://www.policyalternatives.ca/publications/reports/child-and-family-poverty-halifax>, and for Saint John: *The face of child poverty in New Brunswick* (Saint John: Human Development Council, 2017) https://0102.nccdn.net/1_5/000/000/00d/99b/CPRC2017.pdf

4 The living wage rate is calculated using the Canadian Living Wage Framework, see Living Wage Canada, *Canadian Living Wage Framework: A National Methodology For Calculating The Living Wage In Your Community*, http://livingwagecanada.ca/index.php/download_file/view/113/171. The living wages include costs for 2017, and government deductions and taxes for 2017, as well as the GST credit for July 2017 to June 2018, and the CCB for the 2018 calendar year. Readers can also consult the spreadsheets, which are available for download on the CCPA-NS website.

5 Readers are encouraged to read the full report from 2016, Christine Saulnier, Christine Johnson and Mary-Dan Johnston, *Working for a Living, Not Living for Work: the Halifax and Antigonish Living Wages for 2016* (Halifax: CCPA-NS, December 2016). <https://www.policyalternatives.ca/publications/reports/working-living-not-living-work-o>

6 *Voices for Food Security in Nova Scotia*. (2017). *Can Nova Scotians afford to eat healthy? Report on 2015 participatory food costing*. (Halifax, NS: Food Action Research Centre (FoodARC), Mount Saint Vincent University, 2017) https://foodarc.ca/wp-content/uploads/2017/03/2016_Food_Costing_Report_LR_SPREADS.pdf

7 See Living Wage for Families Campaign, *How living wages benefit employers* <http://www.livingwagecanada.ca/files/1613/8443/7402/Employer-benefit-fact-sheet.pdf>



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