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A Living Wage Policy Impact  
Assessment for the  
Region of Waterloo:

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*Preliminary Considerations*

August 19, 2008

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## Table of Contents

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1.0	Introduction and Background.....	2
2.0	Measuring Poverty.....	2
	A Local Living Wage Calculation.....	7
3.0	Living Wage Literature Review.....	7
4.0	The Canadian Approach.....	9
5.0	Waterloo Region Labour Market Context.....	10
6.0	Direct Impacts on the Region.....	11
	Regional Employees.....	11
	Seasonal/Co-op Student Positions.....	11
	Monitoring and Enforcement Costs.....	12
7.0	Indirect Impacts on the Region.....	12
	Facilities Management Contracts.....	12
	Human Service Contracts.....	14
8.0	Impact on the Contractor.....	17
9.0	Impact on the Community.....	17
10.0	Impact on the Low Wage Earner.....	18
11.0	Recommendations.....	18
12.0	Next Steps.....	19
13.0	Summary.....	20
14.0	References.....	21
15.0	Appendix A.....	24

## **1.0 Introduction and Background**

This document was developed in response to a request from the Region of Waterloo's Community Services Committee to develop a report that would provide a preliminary assessment of the impact if a Living Wage policy were implemented by the Region of Waterloo. The Social Services department was asked to take the lead in developing this report with involvement from other departments of the Region. A working group was established with representation from Planning, Housing and Community Services; Facilities Management; Legal Services, Human Resources; Finance; and Social Services.

The purpose of this report is to examine the potential impacts of a Living Wage policy if it were extended to staff directly employed by the Region to deliver Regional services (union or non-union, full-time, part time, permanent and temporary). Further, the report provides an overview of the potential impacts of a Living Wage policy should it be extended to staff employed by contractors or organizations who have purchase of service agreements with the Region of Waterloo.

### **Methodology**

The working group held five meetings for the purposes of defining the scope of the document, gathering and reviewing findings and editing the report. In order to develop the Living Wage impact assessment, the following process was undertaken:

- A comprehensive literature review;
- Discussions with three Canadian municipalities currently exploring a Living Wage policy;
- A quantitative analysis of human resource salary data;
- An email and telephone survey of 12 contractors through the Facilities Management division; and
- A survey of 14 human service organizations that hold service contracts or purchase of service agreements with the Region.

## **2.0 Measuring Poverty**

Canada does not have an 'official' definition of poverty. Agencies and organizations measure poverty in a number of ways. There are three generally accepted approaches to measuring poverty:

- 1) Fraser Institute Poverty Lines – defines poverty as the capacity to meet basic necessities of life. The measure is limited to physical elements and does not include 'non-essentials' such as books, dental services, toys and school supplies.
- 2) Statistics Canada Low Income Cut Off (LICO) – is the income level where household needs for food, clothing and shelter will, on average, take a share of pre-tax income that is 20 percent higher than the average family. The cut-off varies according to the community size and makeup.
- 3) Human Resource Social Development Councils' (HRSDC) Market Basket Measure (MBM) – is an absolute approach to measuring low income. The MBM

attempts to estimate the minimum income required to purchase the basket of goods and services required by an individual to attain a minimum acceptable standard of living in a particular community.  
(Ross, Scott & Smith, 2000)

LICOs are the most common measure of low income in Canada and have been used as a poverty line which varies according to community size and family makeup. Persons and families living below these income levels are considered to be living in 'straightened circumstances' (see table 1).

**Table 1: Before-Tax Low-Income Cut-Offs (LICO), 2006<sup>1</sup>**

<b>Before Tax Low-Income Cut-Offs (LICOs), 2006</b>					
	<b>Population of Community of Residence</b>				
<b>Family Size</b>	<b>500,000 +</b>	<b>100,000-499,999</b>	<b>30,000-99,999</b>	<b>Less than 30,000*</b>	<b>Rural</b>
<b>1</b>	\$21,202	\$18,260	\$18,147	\$16,605	\$14,596
<b>2</b>	\$26,396	\$22,731	\$22,591	\$20,671	\$18,170
<b>3</b>	\$32,450	\$27,945	\$27,773	\$25,412	\$22,338
<b>4</b>	\$39,399	\$33,930	\$33,721	\$30,855	\$27,122
<b>5</b>	\$44,686	\$38,482	\$38,245	\$34,995	\$30,760
<b>6</b>	\$50,397	\$43,402	\$43,135	\$39,469	\$34,694
<b>7 +</b>	\$56,110	\$48,322	\$48,024	\$43,943	\$38,626

Source: Canadian Council on Social Development using Statistics Canada's Catalogue # 75-F0002MIE.

In 2001, the average annual earnings of families considered to be living in low income in Waterloo Region was \$5,590 per year. The average earnings of all families living in Waterloo Region in 2001 was \$62,950 per year which is more than 11 times the average earnings of families considered to be living in low income. In 2001, the average earnings of individuals considered to be living in low income in Waterloo Region was \$5,990 per year. The average earnings of all individuals living in Waterloo Region in 2001 was \$33,960 which is more than five times the average earnings of individuals considered to be living in low income (Region of Waterloo, 2006) (See table 3). In 2005, 10.2 percent of the population of Waterloo Region (46,600 people) were found to be living in low income (Statistics Canada, 2006 census).

<sup>1</sup> Notes: This table uses the 1992 base. \*Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). Source: Prepared by the Canadian Council on Social Development using Statistics Canada's Catalogue # 75-F0002MIE.

**Table 3: Yearly Earnings of Families and Individuals in Waterloo Region and Ontario (2001)<sup>2</sup>.**

Family		Individual	
<b>Ontario</b>	\$62,380	<b>Ontario</b>	\$35,260
<b>Waterloo Region</b>	\$62,950	<b>Waterloo Region</b>	\$33,960
<b>Waterloo Region Poor</b>	\$5,590	<b>Waterloo Region Poor</b>	\$5,990

Source: Region of Waterloo, 2006

### Working Poverty

In 2007, the LICO cut off for a single person in Waterloo Region was \$21,202 annually and a person working at minimum wage (\$8.00 per hour in 2007) for 40 hours per week earned \$16,640 a year. This means, an individual who was receiving minimum wage for their work was earning \$4,500 less per year than the LICO (see table 2).

**Table 2: Wage Comparison for a Single Person in 2007**

Wage Comparison for a Single Person in 2007	Gross Pay 40 hrs per week	
	Annual	Per Hour
Minimum Wage	<b>\$16,640.00</b>	<b>\$ 8.00</b>
Poverty Line (LICO) <sup>3</sup>	<b>\$21,202.00</b>	<b>\$ 10.19</b>

Source: adapted from Opportunities Waterloo Region, 2007b.

Human Resources and Social Development Canada (HRSDC, 2006) published a working paper investigating the phenomenon of working poverty in Canada. Refining the definition of working poor, HRSDC argues for the use of a new definition. In this report working poor individuals are defined as “individuals aged 18 to 64 who have worked for pay a minimum of 910 hours in the reference year, who are not full-time students, and have a low family income according to the Market Basket Measure of low income” (p. i).

<sup>2</sup> Statistics Canada Low Income Cutoff (LICO) is used to define poverty and is a relative measure of poverty.

<sup>3</sup> Based on the 2006 LICO for a single person in a community of 500,000

The HRSDC report disputes the myth that the people of low-income do not work. They state:

In 2001, there were 653,300 working poor persons in Canada. Including dependants, 1.5 million Canadians were affected by working poverty, of which about one third were children under 18. These 1.5 million individuals accounted for about 40 percent of all low income Canadians in 2001 (p. i).

Further, HRSDC explains that the experience of living in poverty is not uncommon. HRSDC reports, that “over a six-year period (1996-2001), about one in ten working-age adults experienced at least one year of working poverty” (p.i).

In Waterloo Region, there were 5,110 individuals working full time and living in poverty<sup>4</sup> in 2001 (Statistics Canada, 2001). In 2006, 61,364 emergency food hampers were distributed to low-income families and of this number, 25 percent of food hampers were distributed to people who were earning income (Food Bank of Waterloo Region, 2006). In 2007, between 4.5 percent and 7.3 percent of all households in Waterloo Region were considered to be ‘food insecure’, as measured by the Canadian Community Health Survey (Region of Waterloo, 2007).

### **Who are the working poor?**

HRSDC (2006) reported that “working poor individuals were more likely than their non-poor counterparts to be single, separated, divorced or widowed in 2001, and about twice as likely to be a recent immigrant, an Aboriginal living off-reserve or to have work limitations” (p. 21). Differences in educational attainment between poor and non-poor workers were examined. Close to 20 percent of working poor held less than a high school diploma compared to fewer than 12 percent of other workers. Interestingly, over 10 percent of working poor reported having held a university diploma in 2001.

HRSDC (2006) reported that close to 40 percent of working poor persons did not have a regular day work schedule compared to other workers (25 percent). This presents challenges to the work arrangements including access to public transportation and lack of access to ‘9 to 5’ day care services for working poor persons with children. Further, with limited personal savings or no pension, working poor are often forced to work longer or take a second and third job to supplement their income.

Poverty is a complex notion that can encompass a number of things such as lack of social inclusion, being in low-income and being deprived of basic necessities (HRSDC, 2006). It is clear that simple fixes do not exist and that the solution to poverty must be multi-faceted. Wage adjustments are but one in a series of possible actions that can be taken to improve the standard of living and quality of life for some of the most vulnerable residents of Waterloo Region. The Region of Waterloo addresses poverty reduction by engaging in a range of initiatives such as:

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<sup>4</sup> 2006 data not yet released.

- Community infrastructure – providing affordable housing and quality child care;
- Income supports – providing employment and income services, subsidized child care;
- Social development – providing outreach, peer health, community nutrition and crime prevention programs;
- Surveillance and monitoring – food affordability and impacts of poverty on health; and
- Strategic planning – participation in leadership round tables, learning circles and community comprehensive initiatives (e.g., Moving Forward Together and Waterloo Region Social Purchasing Portal).

### **What is a Living Wage?**

First used in Canada near the turn of the Century, the term ‘Living Wage’ implies that pay rates should be sufficient to provide a sustainable standard of living. It was at this time that minimum wage legislation was enacted by federal and provincial governments to set a wage floor for low-skilled workers. Minimum wages remain inadequate for a sustainable standard of living and present the predicament that Canadians who work are unable to make ends meet. Living Wage campaigns call for wage floors to be set at rates that provide a ‘livable income’.

It is important to distinguish a Living Wage policy from minimum wage and Fair Wage policy. In a report by DePutter et al (2004) titled the *Living Wage Case Studies* the following distinctions are made:

- Living Wage ordinances are municipal laws that require businesses who have contracts with the city or receive subsidies to pay their employees a Living Wage a wage that is high enough to support a family.
- Living Wages are different from Fair Wages, which are based on union rates of pay and are intended to decrease competition between union and non-union workers and tend to be more complex to administer (i.e, involves different rates and negotiations with different unions).
- Living Wages differ from minimum wages in that Living Wages have smaller coverage in terms of geographic area but offer a higher wage rate.

The rationale for a Living Wage is that wages should be increased to provide a ‘livable income’ and more equitable standard of living. Living Wages provide funds beyond those deemed the bare necessities and include savings for future, funds to allow interaction, recreation and generally feeling connected to the community.

There are two basic approaches to Living Wage campaigns:

- *Regulatory* – bylaws or policies of an organization that require the organization and any contractors operating under a contract with the organization to pay a wage above the poverty line.

- *Voluntary* – employers voluntarily improve their overall workplace practices, including wages and benefits. (Caledon Institute of Social Policy, 2005)

Local efforts to raise the issue of a Living Wage have been organized by Opportunities Waterloo Region (OWR), a multi stakeholder poverty reduction initiative. Since 2003, OWR has used the voluntary approach to meet with government, nonprofit organizations, business leaders and low-income residents to share their research, get feedback and suggestions. There was limited community participation at the time. OWR has since created material to encourage businesses to consider human resource best practices including paying a sustainable livelihood wage (OWR, 2007a).

More recently OWR approached Regional Council to seek support for a regulatory approach through the recommendation of a *Sustainable Livelihood Urban Budget for a Single Person Living in the Tri-cities of Waterloo Region* (Appendix A). During a presentation at the October meeting of Community Services Committee, Mary MacKeigan, Executive Director for OWR, gave an update on the OWR Sustainable Livelihoods campaign, including their calculation of a Living Wage of \$13.62 per hour for a single person living in Waterloo Region. This presentation was followed by a request from a member of the public to consider a municipal Living Wage. In response, the Community Services Committee directed staff to come back with a report that would provide an assessment of the impact of implementing a Living Wage policy on the Region of Waterloo.

### **A Local Living Wage Calculation**

For the purposes of this report, the working group has adopted the OWR Sustainable Livelihood Urban Budget calculation. The extent of research invested in the calculation and the fact that it was based on a local Market Basket Measure was of interest to the working group. The proposed Living Wage of \$13.62 was based on a budget which assumes average market rental rate for a one bedroom apartment, utilities, laundry cost, food, personal care, household supplies, clothing, health care (medical supplies not covered by a benefit insurance plan), transportation (the budget assumes that public transportation is the sole source of transportation), communication, recreation/leisure, banking/risk management, insurance (purchasing health and dental, life insurance and disability insurance) and household furnishings (an estimate for one year of expenditures). It is expected that a Market Basket Measure will fluctuate due to market rental housing cost and general cost of living. Further, it is acknowledged that the Living Wage rate of \$13.62 is based on a single person and does not accommodate other life circumstances.

### **3.0 Living Wage Literature Review**

Currently there are 125 American cities that have enacted Living Wage policies including: Atlanta, Boston, Baltimore, Denver, Detroit, Los Angeles, Miami, New York City, San Francisco, San Jose and San Antonio et cetera. To date there are no Canadian examples; however, there are three communities engaged in Living Wage

impact assessments (The City of Calgary, the City of Hamilton and the Town of Pelham, Ontario - see section 4.0).

The modern Living Wage movement is said to have originated in Baltimore in 1994, when the city passed an ordinance requiring firms to pay employees a rate above the minimum wage while working on city contracts. Thompson and Chapman (2006) explain that there is great variation in the way the Living Wage policies have been developed in the United States. Some apply to the municipal employees only. Others cover employees working on municipal contracts; still other ordinances cover employees of businesses receiving significant public investment. Some Living Wage ordinances pertain to the non-profit sector exclusively where others exempt the not-for-profit sector.

It is evident that there are social and economic impacts to consider. Much of the literature emphasizes the need to acknowledge the offsetting factors for increased cost brought about by a Living Wage and that by ignoring these impacts a municipality could misrepresent the cost of such a policy.

There has been a substantial body of research exploring the impacts of Living Wage municipal laws with particular focus on post implementation economic outcomes. A major concern of municipalities is the potential for huge increases in the cost of contracts. Through a detailed survey of 20 U.S. cities, Andrew Elmore (2003) found that economic impact of Living Wage policies was grossly overestimated by city administrators. He found that in most municipalities "contract costs increased by less than 0.1 percent of the overall local budget in the years after a Living Wage law was adopted" (p.2). Elmore noted that despite this finding one key factor to consider was that increased costs were found for contracts that employed a large number of workers concentrated at low wages most often janitorial, human service providers and security guard services.

Neidt et al (1999) found that the cost of 26 contracts let in by Baltimore during the period studied rose by only 1.2 percent per year, less than the rate of inflation for the same period. The impact on the workers was significant. Interviews with workers revealed a greater sense of responsibility and higher sense of self-worth. There was reportedly no evidence of job loss although some contractors may have declined to bid due to the higher wage requirements (Neidt et al., 1999).

After an extensive review of the research, Thompson and Chapman (2006) concluded that while some firms do increase prices to municipal governments, these price increases generally had only a negligible impact on city budgets. These increases were less than what many municipal governments had expected when they were preparing cost projections in anticipation of law changes, and much smaller than predictions by opponents of Living Wage laws. Elmore (2003) found that actual costs fell between 30-52 percent lower than that which was originally forecast by the municipal governments.

## **4.0 The Canadian Approach**

With the exception of the cities of Calgary and Hamilton and the Town of Pelham, Ontario who are currently examining the potential impact a regulatory Living Wage policy, remaining Canadian initiatives have been voluntary Living Wages or Fair Wage policies which as noted earlier, are limited in scope and more difficult to administer and enforce.

### **The City of Toronto**

For more than a century, Toronto has maintained the Fair Wage policy it first developed in 1893. Toronto's Fair Wage policy was implemented to produce stable labour relations and to provide a standardized wage to both organized and unorganized labour. Toronto's Fair Wage Policy was originally intended to cover construction workers, but since then has expanded to include non-construction employee groups where exploitation of workers has been a problem, such as cleaning services, clerical workers, security guard services and garment industry workers (DePutter et al., 2004). Toronto's Fair Wage Policy was designed to create equality among competition for city work and to improve ethical business dealings with the city. The policy represents a large scale example of a Fair Wage implemented to all city employees, contractors, sub-contractors, suppliers and any tenants that rent city property for business use. A number of cities (e.g., Oshawa, Hamilton, London, Peterborough and Thunder Bay) have followed suit with some form of Fair Wage policy.

### **The City of Vancouver**

Vancouver has developed the Ethical Purchasing Policy which incorporates a section on wages and benefits. It asks employers to "meet industry standard benchmarks for prevailing wages and benefits where such benchmarks are readily available" and "make every effort to ensure that workers receive wages that meet basic needs by local standards" (City of Vancouver, 2005).

### **The City of Hamilton**

The Community Services Division of the City of Hamilton is compiling information on Living Wage policies and working to assess the impact a Living Wage policy would have on the City of Hamilton. It is expected that a report will go forward to council in September 2008. The Community Services division is working together with the Finance, Corporate Services and Human Resources to collect the necessary information. This Living Wage activity may have been instigated in response to a combination of things: the Cities' involvement in the Roundtable on Poverty Reduction; a recent housing report highlighting a minimum housing wage; and during a review of the purchasing policy a question was raised as to whether council should consider extending the Fair Wage policy to other workers (City of Hamilton, 2008).

### **Niagara – The Town of Pelham**

The Living Wage issue has been discussed as part of a package of good human resource practices. Opportunities Niagara has secured the interest of the Town of Pelham in assessing the impact of a Living Wage policy. A motion "That the Town of

Pelham consider the incorporation of a Living Wage principle as part of the pending proposed and amended procurement by-law and that staff be directed to research, review and report on the compatibility, operation and financial impact on the Town's fiscal policy and procedure" is outstanding. The proposed Living Wage calculation in this case is 130 percent of the LICO (Town of Pelham, 2008).

### **City of Calgary**

The City of Calgary has recently bundled their Green Procurement Policy, Triple Bottom Line, Fair Calgary and *imagine*Calgary initiatives into one policy – the Sustainable Environmental and Ethical Purchasing Policy (SEEPP). SEEPP was developed to establish minimum ethical and environmental standards for suppliers to the City (City of Calgary, 2008). This policy was approved in principle by Council in January 2007. As part of the SEEPP, the related Supplier Code of Conduct includes a clause that encourages the payment of livable wages. This clause encourages a voluntary Living Wage and those who comply will receive additional points in the bid scoring process. At the time of approval of SEEPP, a motion directed City of Calgary Administration to report back the Standing Policy Committee (SPC) on Finance and Corporate Services on the implications of including a mandatory Living Wage in the SEEPP. The City of Calgary staff recently completed a Living Wage report assessing the impact of a Living Wage policy on City suppliers, City procurement functions, and City human resources (The City of Calgary, 2008). On April 28, 2008 City Council approved a motion to "direct administration to develop Living Wage policy options to be applied, among others, to City staff and City service suppliers and to report back to the SPC on Finance and Corporate Services with associated implementation plans and financial impacts no later than 2009 January" (City of Calgary, 2008). Particular mention was made of the support the Calgary Chamber of Commerce has given to this initiative.

Calgary uses the Triple Bottom Line to filter decision making by considering the economic, social and environmental implications of all decisions made. The Region of Waterloo has not been working from this framework but has been engaged in the development of a Green Purchasing Policy and is a partner in the development of the Waterloo Regional Social Purchasing Portal. It is suggested that a Living Wage policy could be yet another progressive step to consider in combination with recent social and environmentally friendly initiatives.

## **5.0 Waterloo Region Labour Market Context**

In a recent profile of the local labour market completed by the Waterloo Wellington Training and Adjustment Board (WWTAB) and the Region's accompanying 2008 Labour Market Profile, it was reported that while Waterloo Region has experienced some changes in employment levels and opportunities, it is still one of the strongest labour markets in Ontario.

Unemployment rates dropped slightly in 2007 and the number of workers employed in the region has remained stable. The manufacturing industry has been experiencing some difficulty and this reflects turmoil in the Canadian auto industry, the high dollar,

competitive markets and cost cutting efforts. It is suggested that the impact has been buffered by the diversity and quality of the manufacturing sector across the region (WWTAB, 2007; The Record, 2008).

The service sector has experienced healthy growth in this region. The service sector provides services to support the local population and industry such as education, health and transportation services. Overall employment in this sector in Waterloo Region has continued a steady climb from just over 150,000 workers in 2002 to over 175,000 in 2007 (Region of Waterloo, 2008a). In their analysis of industries, DePutter et al (2004) observe that Fair Wages dominate the manufacturing and construction industries and suggest that “Living Wages could expand in the tertiary sector (service sector), the largest sector in Canada, which is less unionized and less affected by Fair Wage policies” (p.7). HRSDC (2006) reported that about one third of working poor individuals worked in the sales and services sector. The Region of Waterloo draws most of its employees and contract services from the service sector.

## **6.0 Direct Impacts on the Region**

### **Regional Employees**

The scope of the Living Wage impact assessment was to include a review of compensation for staff directly employed by the Region to deliver Regional services (union or non-union, full-time, part time, permanent and temporary). The Human Resources department conducted an internal review of human resource records and confirmed that all Regional employees are paid above the Living Wage rate of \$13.62 per hour with the exception of seasonal/co-op student positions.

### **Seasonal/Co-op Student Positions**

The Human Resources department examined seasonal/co-op student salaries going back to July of 2007, and found a total of 102 student positions at the Region of Waterloo. The average salary was reported to be \$14.34 per hour. The salary range was \$9.45 to \$23.83 per hour and 58 percent of students were paid below the Living Wage of \$13.62 per hour. To be classified a seasonal/co-op student, a person must be registered and returning to full-time studies or completing a work term/practicum requirement. Seasonal/co-op students are paid 66 percent of the rate of pay for the equivalent full-time position. Students are not expected to perform full duties and responsibilities of the position to which they are assigned. The positions provide students with the opportunity to gain work experience. The working group has recommended that seasonal/co-op students under this description be excluded from a Living Wage policy due to the unique and very specific nature of their employment with the Region.

Should seasonal/co-op student positions be considered out of scope, initial investigations indicate there will be no direct cost to the Region of Waterloo for the

implementation a Living Wage rate because all remaining employees are reported to be paid above the Living Wage of \$13.62 per hour.

### **Monitoring and Enforcement Costs**

In the *Living Wage Case Studies*, DePutter et al (2004) examine the City of Toronto's experience with enforcement. Due to the complexity and scope of the Fair Wage policies (including attention to employment equity, anti-discrimination, harassment in the workplace and a prevailing wage) the enforcement policy became a significant piece of the Fair Wage policy. In Toronto, the enforcement policy was revised in 2002 to place more focus on preventing non-compliance and increasing monitoring of compliance. Lessons learned from administrators of Fair Wage procurement policies are that the policies are complex to deliver, administer and regulate. In their analysis of implementation and enforcement impact of Michigan's Living Wage Ordinances, Esquire et al (2005) report there are several different methods of Living Wage enforcement adopted by different municipalities. All have either partial or complete complaint driven process where employees file complaints against the employer. Esquire et al (2005) emphasize the importance of proper notification, prevention methods through annual payroll reporting, 'spot checks' and anti-retaliation clauses. It was agreed that the monitoring function of a Living Wage would have some administrative impact on the Region of Waterloo. Provisions would have to be made for a complaints-based system. Terms and conditions of Regional contracts may have to be revised to provide monitoring and enforcement mechanisms. Additional costs will also be incurred if audits are required. Further investigation will be necessary to project if and what additional administrative and financial costs would be incurred in the monitoring and enforcing functions of a Living Wage policy.

## **7.0 Indirect Impacts on the Region**

A second purpose of the Living Wage policy impact assessment was to consider the broader impact of including: people employed by another organization to deliver Regional services via a purchase of service agreement (e.g. emergency shelters and domiciliary hostels); people employed by another organization to deliver a program funded by the Region (e.g., outreach workers, peer health workers, community nutrition workers); and people employed by a company or agency whose services are purchased by the Region for an ongoing purpose (e.g., security guards, cleaners). The following section will discuss the indirect impacts should contractors be included in a Living Wage policy.

### **Facilities Management Contracts**

Facilities Management holds contracts for a wide range of services (e.g., garbage removal, landscaping, elevator maintenance, cafeteria services, snow removal, janitorial services, et cetera). The working group examined a range of services contracted by the Region and agreed that the scope of this report should include employees providing ongoing direct service to the Region. Early analysis of salary scales led the working

group to recommend that construction workers, suppliers of goods and owner/operators would be considered outside the scope of a Living Wage policy for the Region of Waterloo but employees of owner/operators would be included in the scope. The labour market has determined that construction workers are typically paid above a Living Wage and no further research is required in this area. For the purposes of this report, owner/operators can be described as having the following characteristics:

- Business is not incorporated;
- Owner has sole responsibility for decision making;
- Owner receives all profits and takes full responsibility for all losses; and
- Owner is considered self-employed and reports the business income on a T1 Individual Income Tax Return.

(Canada Revenue Agency, 2008)

It was believed that the Region could not determine pay rates for owner/operators but that employees of owner/operators would be included in the scope of a Living Wage policy.

After some investigation, it was determined that there are a couple of service contract areas where large numbers of staff are congregated at low wages (e.g., janitorial and cafeteria services). The Facilities Management division identified a sampling of these contractors and invited them to respond to a brief survey by email and telephone. With responses from 12 contractors, it was concluded that the pay range for these employees was reported to be below the Living Wage. The salary range was between \$8.25 (minimum wage in February 2008) and \$12.00 per hour. It was noted that cafeteria services are unique in that they are in direct competition with other food service outlets in the vicinity of the buildings in which they are located. A preliminary estimate of increased wages on food costs show that they would be uncompetitive and this could threaten their viability as staff and clients may choose to eat at less expensive locales. It is recommended that staff further investigate the impact of implementing a Living Wage policy in this unique environment.

### **Case scenario – Janitorial Services**

For a more in-depth analysis of the potential impact of a Living Wage policy on local businesses, Facilities Management considered janitorial services. The current cost to the Region for janitorial services is \$1.7 million. The average worker's wage is estimated to be \$9.00 per hour. Facilities Management estimates that the Living Wage impact for the average janitorial contractor could be a 30–50 percent increase translating to an increase of \$410,000 to \$850,000 for an overall operating cost of between \$2.21 and \$2.55 million. It is expected that most of this cost would be transferred to the Region. As stated earlier, Elmore (2003) noted in his study of 20 U.S. cities that although the overall cost to the city budgets increased by less than 0.1 percent, this was not true in the case of the contracts that employed a large number of workers concentrated at low wages as in the case of janitorial case scenario. When

Facilities Management adjusted these figures over the total budget, the following scenario plays out:

if the 2007 Net Levy is \$321,189,094, in 2007 dollars if the budget increased by \$850,000 to accommodate a Living Wage policy, then the net levy impact is in the range of 0.26 percent. The impact will have to be absorbed into other department budgets (Facilities Management, 2008).

Researchers have emphasized that it is important to consider the intervening variables that might have an impact on the absolute cost of increasing wages. In their analysis of Living Wage research, Thompson and Chapman (2006) outline one potential benefit of Living Wage ordinances is that higher wage floors lead to decreased turnover and greater work effort among the workforce as well as encourages companies to consider other means of boosting productivity.

Minimum wage increases present another area for consideration. The Ontario government has announced that the minimum wage will increase in increments over the next two years to \$10.25 in 2010. It is evident that contractors' costs will increase due to impending minimum wage increases. It is recommended that consideration be given to the fact that projections for Living Wage costs in the long term will be tempered by mandatory minimum wage increases to come.

### **Human Service Contracts**

Human service third party contracts and/or other funding/service agreements maintained across the Region are numerous. Due to the complexity and range of funding agreements, human service contracts are maintained by directors and managers in each area. Data collection for the purposes of this report involved the compilation of information across divisions in all departments. After a review of the Region's documents it was determined that although salary data was available in some cases, many contracts did not contain detailed salary information to determine wage per hour for employees. A survey of a broad 'slice' of the service sector contracts was conducted. It is recommended that a more in-depth analysis could provide detailed information across a broader range of contracts throughout the Region.

Human Service Survey results revealed the following:

- Fourteen human service organizations participated in the survey representing over 256 staff;
- Contractors reported salaries for workers from 16 different types of service agreements or contracts within the Region of Waterloo (some contractors reported on multiple contracts);
- When asked for salary rates, contractors reported an average of \$11.50 per hour;
- Forty-one percent of all staff in these organizations were paid below the Living Wage of \$13.62 per hour; and

- Seventy-nine percent of contractors reported employees were paid benefits; health and dental was the most common benefit (78 percent) followed closely by life insurance, family/sick days and other (67 percent).

The Region of Waterloo contracts a significant number of human services to local organizations. Where for-profit organizations have greater purchasing power and can sometimes absorb cost increases caused by a Living Wage policy, not-for-profit organizations are less able to absorb cost increases. Although the Region is not the sole funder for most human service organizations, expectations for salary increases to meet Living Wage requirements may force organizations to reduce service due to funding constraints (an unintended consequence).

Another complexity is that funding for certain human service contracts is determined by client eligibility for a program and the funding mechanism is a per diem rate. In some circumstances these rates are determined by an outside agent (e.g., the province). The Region's funding envelope does not necessarily apply to salaries for direct service. It is recommended that staff further explore the Living Wage policy implications for programs funded through per diem subsidy payments as it is anticipated that increased costs brought on by a Living Wage policy will be transferred to the Region.

### **Students Employed by Contractors**

It was estimated that five to ten percent of contractors employ seasonal students. If the Region is to exclude student positions from a Living Wage policy, it should be expected that students working for contractors would also be exempt for purposes of equity and fairness. Concern was expressed that if students are excluded from a Living Wage policy, contractors could strategically hire students and pay less (66 percent of a Living Wage = minimum wage).

### **Ripple Effects**

A factor identified in both the Living Wage literature (Thompson & Chapman, 2006) and by the working group is the potential effect a Living Wage policy might have on the salary grid of service contractors. In an effort to maintain the integrity of the wage structure, some municipalities in the U.S. were forced to adjust the salaries of the workers on or near the pay scale to which the low-income workers were raised. The City of Calgary identified this concern but has not yet projected any cost to the City (Calgary, 2008). Further, the Calgary report noted that the adoption of a Living Wage policy could alter The City's approach to collective bargaining as the establishment of fair compensation would no longer be determined by the labour market potentially making future contract negotiations increasingly complex (City of Calgary, 2008). If the Region is paying a Living Wage to all employees, a direct ripple effect is not anticipated; however, there may be indirect implications in terms of increased cost of contracts due to ripple effects experienced by the contractors.

## **Number of employees**

American Living Wage policies have sometimes included clauses that exempt select employers from inclusion in the policy due to the size of the company (i.e., small number of staff). The suggestion is that smaller organizations would have more difficulty paying a Living Wage. The working group felt that excusing some businesses on the basis of staff numbers could potentially discriminate against other groups and that a Living Wage policy would have to give organizations equal footing. Further, there is concern expressed in the Living Wage literature that such policies have sometimes allowed for substantial exemptions that effectively work to reduce the impact on the population it is designed to assist – the low wage earner. The HRSDC (2006) report on working poor indicates that a large number of working poor are employed by small organizations.

## **Contractor Staff Benefits**

A large number of American cities administering Living Wage policies have implemented a two-tiered Living Wage. The OWR Living Wage calculation of \$13.62 per year included funds to purchase health and dental coverage (up to \$736 per year). The suggestion is that a second Living Wage rate could be introduced for employers who are providing health, dental and other forms of coverage.

The working group considered the pros and cons of defining a two-tiered Living Wage with and without benefits. Concern was expressed that benefit plans can vary significantly. In addition, employers can imply they are paying benefits and offer minimal coverage or non at all. In their analysis of two tiered Living Wage structures, Esquire et al (2005) write, “what appears to be a simple definition that essentially provides for fully comprehensive family medical insurance, is actually susceptible to abuse and confusion, municipalities must therefore pay careful attention to an employer’s compliance with health care benefits requirement” (p.10). The evaluation of benefit coverage would be a complex item to monitor and enforce. Further, large employers receive better premiums for benefit coverage due to the size of their plan and these improved rates can sometimes advantage larger businesses in the bidding process. On the other hand, a Living Wage of \$12.00 per hour would be closer to salaries reported by many contractors surveyed. Seventy-nine percent of human service respondents reported paying some form of benefits which would mean they could pay the lower Living Wage rate and significantly reduce the impact a Living Wage policy would have on the organization. Any decision about a two-tiered Living Wage would benefit from further examination of the interests of contractors, the nature of the benefit packages offered and distinctions they make in benefit packages for full time and part time staff.

## 8.0 Impact on the Contractor

There are a number of impacts a Living Wage can have on a contractor and these include:

- higher wage floors through a Living Wage have demonstrated lower employee turnover, higher job satisfaction and declined absenteeism (Neidt et al., 1999);
- higher base pay and benefits attract more qualified employees;
- a motivated and stable work force supports increased productivity and reduces the significant expense of recruitment and training (Kraut et al., 2000);
- with less staff turn over, savings will be realized in costs of training, lost productivity, new hires, and recruitment (Kraut et al., 2000); and
- researchers using a variety of approaches have concluded that there have been either no or only small employment losses as a result of adopting Living Wages (Thompson & Chapman, 2006).

In his survey of 20 cities that enacted Living Wage policies, Elmore (2003) found initial budget forecasts significantly overestimated the actual costs of implementation. Firms in a competitive bidding environment may pass little of the cost increase onto the municipal government (Neidt et al., 1999; Weisbrot & Sforza-Roderick, 1996). Studies suggest the efficiency gains at higher wages and the competitive pressures of the bidding market may discourage contractors from inflating their prices (Kraut et al., 2000). In fact, declines in absenteeism and employee turnover can reduce the cost of recruiting and retraining and lead to increased productivity which can offset increased labour costs.

## 9.0 Impact on the Community

As businesses and low-income earners benefit from paying higher wages, so does the entire community when low-wage workers' increase their wages. Kraut et al (2000) emphasize that low-wage workers are more likely to spend their earnings locally, circulating money back into the local economy. Kraut et al (2000) write, "Increasing the economic self-sufficiency of workers enhances business productivity and opens new markets, while also reducing poverty, strengthening communities and shrinking the demand for government assistance to low-income families" (p.7). It is believed that increased salaries will be spent locally on things like basic necessities, and may extend to education and re-training. Skillen (2003) highlights a number of personal anecdotes described in studies where people were able to quit a second job and attend school part time or were able to save enough to purchase a house. Related impacts include:

- increased social participation;
- increased customer purchasing power;
- reduced cost to health care and social services (e.g., homelessness, crime prevention); and
- increased local investment.

A concern of critics to the Living Wage movement is that by raising wages jobs will be lost. Neidt et al (1999) found limited evidence to suggest a Living Wage will result in job losses.

## **10.0 Impact on the Low Wage Earner**

The impact that a Living Wage policy has on the low wage earner has been studied by many in the U.S. and results have identified the following:

- increased income and reduced poverty levels;
- greater economic self-sufficiency;
- reduced stress;
- greater sense of responsibility, higher sense of self-worth;
- declined worker absenteeism and improved health;
- reduced reliance on social programs;
- increased savings, credit and investment in assets;
- enhanced workers' sense of inclusion, belonging and citizenship;
- reduced need to take a second low paying job to supplement an income; and
- increased time for family, recreation and participation in society.

(Thompson & Chapman, 2006).

One of the concerns of the working group was that through increased wages, low-income earners might become ineligible for income tested programs (an unintended consequence). It is expected that there will be less need to participate in income support programs and need to seek assistance from food hamper programs. It is anticipated that there will be modest cost savings for social services delivered by the Region but it is important to emphasize the policy should not unintentionally disadvantage a group while attempting to enhance their circumstances. With a Living Wage rate of \$13.62 per hour, a person would be eligible for a housing subsidy for market value housing and for a child care subsidy should they have children. It is recommended that the examination of the potential for lost subsidy relative to the Living Wage pay increase be explored further.

## **11.0 Recommendations**

THAT the Regional Municipality of Waterloo take the following actions, as outlined in the report SS-08-30 dated August 19, 2008.

- a) THAT Council receive the report "A Living Wage Policy Impact Assessment for the Region of Waterloo" which identifies a rate of \$13.62 per hour for 2008/09 as a living wage in the Region of Waterloo;
- b) THAT the Region of Waterloo direct staff to investigate the implications of adopting a Living Wage rate in relation to its employees;

- c) THAT staff be directed to further investigate the implications of a Living Wage rate in relation to people working under contract with the Region and develop policy options and associated implementation plans for consideration by Council;
- d) AND THAT staff be directed to engage in a public consultation process with key stakeholders (e.g., Regional contractors, employer associations, businesses, area municipalities, and community members) to explore the implications of Living Wage policy options and associated implementation plans;
- e) AND FURTHER THAT staff be directed to report back on recommendations b), c) and d) in early 2009.

## 12.0 Next Steps

If council were to direct staff to investigate the implications of a Living Wage policy in relation to both Regional employees and contractors the following areas require further investigation:

- financial and administrative implications of a two-tiered Living Wage rate for contractors paying benefits and contractors who chose not to;
- implications of a phased-in approach over a three to five year period;
- potential ripple effects and costs of maintaining the integrity of a wage structure;
- whether jobs would be lost;
- support for or key concerns of contractors, employer associations, area municipalities, and other key stakeholders
- administrative costs of monitoring and enforcing a living wage policy;
- implications on the bidding environment;
- potential of creating a different class of bidders;
- process for requiring contractors to pay a living wage on Regional tenders, bids and/or contracts;
- changes required for Regional tenders, bids and contracts;
- changes required of the purchasing By-Law;
- implications for different payment programs;
- implications for cafeteria services;
- unintended consequences for low wage earners;
- potential for displacement of the lowest wage earners;
- guidelines for reviewing and updating Living Wage rate;
- impact the increasing provincial minimum wage rate will have on the cost of a Living Wage; and
- frequency of a Living Wage review process

## **13.0 Summary**

A strategic objective of the Living Wage movement is to go beyond the basic issue of wages and address a sense of inclusion, belonging, job satisfaction and citizenship. Raising the wages of the lowest paid employees would have a direct impact on the people at the bottom of the income ladder and would enhance basic need and quality of life with modest cost to the employer.

Research has demonstrated that Living Wage policies are beneficial for businesses and communities. The most reliable research on Living Wages suggests that the economic impact for businesses and municipalities is modest. This report provides an overview of these findings in the interest of the Region's commitment to social inclusion and "for services that maintain and promote quality of life and allow residents to develop to their full potential" (Region of Waterloo, 2008b).

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## 15.0 Appendix A

### 2007 - A Sustainable Livelihood Urban Budget for a Single Person Living in the Tri-cities of Waterloo Region

(Source: Opportunities Waterloo Region, 2007)

Policy measures must do more than ensure that everyone has a minimum income. People need more than just enough to get by if they are to live their lives fully and have equal status as citizens. They must have access to material resources at a level that will allow for full participation in community life.

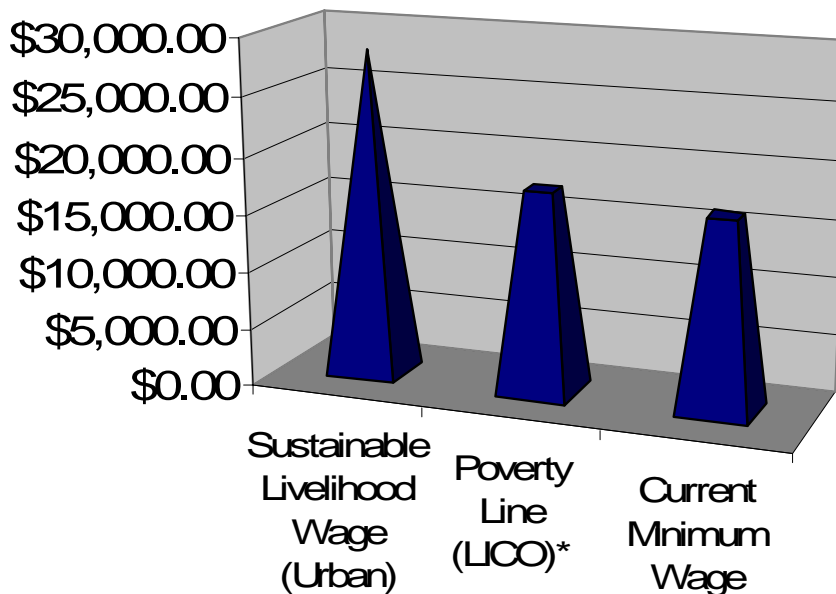
In short, in a society where income is linked to work, people should receive a "Living Wage," not just a minimum wage.

This modest budget has been based on estimated living expenses for a single person living in the Tri-cities in 2007.

Data from the report resulting from this collaboration entitled "Market Basket Survey 2007" and data from the Region of Waterloo's Public Health report "Nutritious Food Basket 2007" were used in this final budget.

### Sustainable Livelihood Wage Comparison

(Single person - urban budget)



## 2007 Urban Sustainable Livelihood Budget - Single Person

Item	Annual Cost	Monthly Cost
Housing	\$ 8,256.00	\$ 688.00
Utilities	\$ 3,152.52	\$ 262.71
Laundry	\$ 390.00	\$ 32.50
Food	\$ 2,401.26	\$ 200.11
Personal Care	\$ 464.61	\$ 38.72
Household Supplies	\$ 325.80	\$ 27.15
Clothing	\$ 525.28	\$ 43.77
Health Care	\$ 64.19	\$ 5.35
Transportation	\$ 696.00	\$ 58.00
Communication	\$ 1,158.48	\$ 96.54
Recreation/Leisure	\$ 585.51	\$ 48.79
Banking/Risk Management	\$ 839.40	\$ 69.95
Insurance	\$ 1,406.40	\$ 117.20
Household Furnishings	\$ 446.13	\$ 37.18
<b>Totals</b>	<b>\$20,711.58</b>	<b>\$ 1,725.97</b>

Assumptions and explanations of budget items can be found at the end of this report.

## Sustainable Livelihood Wage for a Single Person in 2007

Wage Comparison for a Single Person in 2007	Gross Pay 40 hrs per week		Net Pay	
	Annual	Per Hour	Annual	Per Hour
Current Minimum Wage	\$16,640.00	\$ 8.00	\$12,163.79	\$5.85
Poverty Line (LICO)*	\$17,570.00	\$ 8.45	\$12,843.62	\$6.17
<b>Sustainable Livelihood Wage (Urban)</b>	<b>\$28,333.33</b>	<b>\$13.62</b>	<b>\$20,711.58</b>	<b>\$9.96</b>

Sustainable Livelihood Budget 2007 – Individual in

	Annual Cost	Consumption Estimates
<b><u>Housing</u></b>		
Apartment (1 bedroom)	\$ 8,256.00	
<b><u>Utilities</u></b>		
Utilities	\$ 3,152.52	
<b><u>Laundry Expenses</u></b>		
Wash & Dry	\$ 390.00	
<b><u>Food</u></b>		
Single person, aged 24 years	\$ 2,182.96	
Add 10% for discretionary spending	\$ 218.30	
	<b>\$ 2,401.26</b>	
<b><u>Personal Care</u></b>		
Haircuts	\$ 60.00	2 haircuts/styling per year
Sunscreen	\$ 7.47	1 bottle per year
Shampoo/Conditioner	\$ 35.88	6 bottles each per year
Toothpaste	\$ 10.14	1 tube every 2 months
Floss	\$ 22.74	1 box every 2 months
Toothbrush	\$ 5.96	1 every 3 months
Lotion	\$ 8.98	2 bottles per year
Razors	\$ 59.88	pkg of 4 (month's supply)
Feminine Hygiene (maxi pads)	\$ 101.88	1 box per month
Deodorant	\$ 23.88	1 per month
Soap (bar)	\$ 16.94	pkg of 10 (year's supply)
SubTotal	\$ 353.75	
Taxes (GST/PST)	\$ 49.53	
Total	\$ 403.28	
add 10% for discretionary spending	\$ 61.34	
	<b>\$ 464.62</b>	
<b><u>Household Supplies</u></b>		
Printer Paper	\$ 3.10	2 pkgs
Glue	\$ 1.29	2 gluesticks
Pkg. Loose-leaf Paper (Ruled)	\$ 3.63	2 pkgs
Scotch tape	\$ 2.98	3 rolls
Toilet Paper (2 rolls/week=104)	\$ 53.73	9 pkg of 12 rolls
Paper Towels (1 roll per month)	\$ 9.54	2 pkg 6 rolls
Facial Tissue (2/3 box per month)	\$ 11.91	3 pkg 3 boxes
Laundry Detergent (120 loads per year)	\$ 25.08	4 bottles of 30 load capacity
All-Purpose Cleaner (1 every 3 months)	\$ 17.16	4 bottles of 750 ml
Dish Soap (1 every 2 months)	\$ 20.93	6 bottles
Glass Cleaner (1 bottle per year)	\$ 1.82	1 bottle

Toilet Bowl Cleaner (1 every 3 months)	\$ 16.88	4 bottles
Bleach (1 bottle per year)	\$ 1.99	1 bottle
Scrub Pads (1 pkg every 3 months)	\$ 9.64	4 pkgs
Garbage Bags (100 small per year)	\$ 9.81	1 box
Light Bulbs (1 every 2 months)	\$ 5.98	2 pkg of 3
Aluminum Foil (1 roll every 6 months)	\$ 10.82	2 rolls
Sandwich Bags (300 per year)	\$ 23.04	10 boxes of 30
Freezer Bags (med., 2 per week =208)	\$ 23.01	14 boxes of 15
Plastic Wrap (1 roll every 3 months)	\$ 7.47	4 rolls
SubTotal	\$ 259.81	
Taxes (GST/PST)	\$ 36.37	
Total	\$ 296.18	
add 10% for discretionary spending	\$ 29.62	
	<b>\$ 325.80</b>	

**Clothing**

**Adult Female**

Running Shoes	\$ 21.64	1 pr
Sandals	\$ 9.64	1 pr
Socks	\$ 21.85	3 pr
Underwear	\$ 19.22	2 pk of 2
Bra	\$ 35.94	3
Pants/Jeans	\$ 111.82	3
Shorts	\$ 38.91	3
T-Shirt/Shirt	\$ 13.94	
Blouse	\$ 17.30	
Dress Skirt	\$ 14.98	
Sweater/ Sweat Shirt	\$ 20.64	
Pajama	\$ 12.65	
Dress	\$ 20.97	
SubTotal	\$ 359.50	
Taxes (GST/PST)	\$ 50.33	
Subtotal	\$ 409.83	
Savings for Winter Coat/Boots purchased every 5 years	\$ 75.00	
	\$ 484.83	
Add 10% for discretionary spending	\$ 40.45	
	<b>\$ 525.28</b>	

**Health Care**

Band-Aids (1 box)	\$ 3.68	1 box per year
First Aid Kit (1)	\$ 18.28	1 per year
Acetaminophen (50 tabs)	\$ 3.60	1 bottle per year
Buckleys Cough Syrup (1 bottle)	\$ 8.95	1 bottle per year
Pepto Bismol (Bismuth) (1 bottle)	\$ 3.81	1 bottle per year
Polysporin (1 tube)	\$ 6.18	1 tube per year
Hydrogen Peroxide (1 bottle)	\$ 1.84	1 bottle per year
Vapour Rub (Vicks) (1 jar)	\$ 4.84	1 jar per year
SubTotal	\$ 51.18	
Taxes (GST/PST)	\$ 7.17	

Total	\$ 58.35
add 10% for discretionary spending	\$ 5.84
	<b>\$ 64.19</b>

**Transportation**

**Public transportation**

Monthly bus pass (adult)	<b>\$ 696.00</b>
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**Communication**

Telephone (Basic line)	\$ 171.76
Basic Television Cable	\$ 279.76
Internet (lite DSL)	\$ 201.00
Newspaper Subscription	\$ 118.40
	<b>\$ 1,158.48</b>

**Recreation & Leisure**

Movie Ticket	\$ 11.77	2 per year
Movie Rental	\$ 13.49	12 per year
Rec Programs	\$ 174.28	4 per year
Pool visits	\$ 16.83	6 per year
Arena Visits	\$ 8.17	12 per year
Restaurant (Takeout)	\$ 38.21	6 meals per year
Restaurant (Family Style)	\$ 57.73	6 meals per year
Special Occasions \$10/month	\$ 80.00	12 monthly deposits
	<b>\$ 585.51</b>	

**Banking**

Bank Account Service Fee	\$ 119.40	
Risk Management	\$ 720.00	emergency fund
	<b>\$ 839.40</b>	

**Insurance**

Health and Dental	\$ 736.80
Life Insurance (150,000)	\$ 209.04
Disability (1000/Month)	\$ 460.56
	<b>\$ 1,406.40</b>

**Household Furnishings**

Linens replacement	\$ 76.13	see "Budget Explanations"
Dishes/utensils replacement	\$ 70.00	Estimate
Household hardware (tools, batteries)	\$ 60.00	Estimate
Repairs/replacement small appliances	\$ 120.00	Estimate
Furniture (savings for large items)	\$ 120.00	Estimate
	<b>\$ 446.13</b>	

Total Annual Cost	<b>\$20,711.58</b>
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## **Urban Sustainable Livelihood Budget 2007**

### **Explanations & Assumptions**

All figures from the Market Basket Summary 2007 are Tri-City averages of data collected across by the Social Planning Council of Kitchener-Waterloo.

#### **Housing**

The Rental Market Report, 2006 from Canada Mortgage & Housing Corporation was used to obtain a figure for average market rental rate in for a one bedroom apartment.

#### **Utilities**

The figure for utilities was taken from the Market Basket Survey Summary Report, 2007.

#### **Laundry Costs**

Laundry costs were based on figures from the Market Basket Survey Summary Report, 2007 but revised to allow 120 loads (wash & dry) in one year.

#### **Food**

The figure is from the 2007 Nutritious Food Basket of , prepared by the Region of Waterloo's Public Health department.

- It includes basic food items from each of the four food groups that provides a healthy diet and is assumed to be relevant for most cultures in Canada.
- It assumes the individual has basic food preparation and cooking skills, including the required equipment.
- It excludes the cost of processed foods, snack foods, foods of little nutritional value or additional purchases often made at grocery stores such as household supplies and personal care items.
- The Nutritious Food Basket does not take into account that many lower income people do not have the time or means of transportation to do comparison shopping.
- It makes no allowance for special dietary needs, nor does it account for providing food for guests. Given the above assumptions and exclusions, one could almost double the cost of food for some individuals.

#### **Personal Care**

Personal care items designed and manufactured for women tend to be more expensive than those items designed for men.

Feminine hygiene products add a significant amount to a woman's personal care budget. This budget is intended for an adult female, aged 24 years.

#### **Household Supplies**

Includes a modest estimate of the consumable items used in a household over the course of one year.

#### **Clothing**

Figures are based on but revised from the Market Basket Summary Report 2007.

Revisions were made to reflect estimated consumption rates for an individual's wardrobe.

#### **Health Care**

Medical supplies not covered by insurance plan.

### **Transportation**

These figures are from the Market Basket Survey Summary Report 2007.

This budget assumes that public transit would be the sole source of transportation. The budget figure does not include taxi fare, often a means of transport used when one has larger grocery orders or for transport to medical appointments.

The costs of individual transportation are prohibitive for most working poor. These modestly estimated costs were documented in the budget for information purposes only.

### **Communication**

A monthly subscription to the Record, basic phone, cable and light DSL internet connection were all considered requirements for an individual to work and stay connected to the community.

### **Recreation/Leisure**

These figures are from the Market Basket Survey Summary Report 2007.

Summer 2007 Leisure Guides for each of the three cities were consulted to calculate the costs of trips to the pool, the arena and recreation programs.

### **Banking/Risk Management**

Figures obtained from the Market Basket Survey Summary Report, 2007 but revised to include current bank account fees.

### **Insurance**

Figures obtained from the Market Basket Survey Summary Report, 2007.

### **Household Furnishings**

The budget assumes a gradual replacement of items over the years.

The costs represent an estimate for one year of expenditures on items such as:

- Linens (includes replacement of one twin sheet set and comforter, one bath and hand towel, two tea towels and washcloths).
- Dishes/utensils (replacement needed due to breakage)
- Household hardware (tools, batteries)
- Repairs to and purchases of small appliances (toaster, hand-mixer)
- Furniture (savings over multiple years for expenditures on large items)

**For information purposes only:**

Modest estimate of the expenses incurred in purchasing and operating one vehicle in a year.

**1997 Chevrolet  
Cavalier**

<b>Initial Cost</b>		
Driver's License	\$ 125.00	
1997 Chevy Cavalier	\$4,216.77	suggested retail price Sep 4 2007
Vehicle Licensing and Registration	\$ 20.00	
<hr/>		
Sub-total Initial Cost		\$4,361.77
<b>Annual Cost</b>		
License Renewal	\$ 15.00	
Vehicle Validation fees	\$ 74.00	
Basic Car Insurance	\$1,167.96	CAA Auto insurance, Aug 1, 2007
Oil Changes & Regular Maintenance	\$ 221.90	CAA's "Driving Costs, 27th ed., 2007" Consumption estimated at 40 litres/week \$1.00 per litre
Gas	\$2,080.00	
Ontario Drive Clean Test	\$ 35.00	
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		\$3,593.86
<b>Monthly Operating Cost</b>		<b>\$299.49</b>
<b>Total Cost</b> of buying, licensing and operating a 1997 Chevy Cavalier for one year		<u><u>\$7,955.63</u></u>
<b>Monthly Total Cost</b>		<b>\$662.97</b>