



# **CALCULATING ONTARIO'S LIVING WAGES**

## **Ontario Living Wage Network**

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**United Way**

**Bruce Grey**

**Elgin Middlesex**

**Greater Toronto**

**Halton & Hamilton**

**Perth Huron**

**Peterborough & District**

**Simcoe Muskoka**

**Waterloo Region Communities**



## ABOUT THE AUTHOR

Anne Coleman is the program manager for the Ontario Living Wage Network. She has been with the OLWN since its inception in 2017, and prior to that with Living Wage Waterloo Region. Anne believes in reducing poverty through paid work and is dedicated to raising wages in Ontario.

## ABOUT THE OLWN

We're championing and showcasing the growing wave of living wage initiatives in Ontario. We are a network of employers, employees, non-profits, researchers, and proponents of decent work standards for all Ontario workers.

Together, we're changing the conversation about what the minimum standard of pay for low-wage workers should be in the province.

# EXECUTIVE SUMMARY

“If you work full time, you should be able to make ends meet.”

The work of the Ontario Living Wage Network centres on one core goal: the elimination of working poverty. By calculating the local living wage rates and encouraging employers to pay it, we have created a simple and expedient way to bring up wages for workers in a wide variety of sectors.

We have 849 places of work belonging to 623 certified employers where everyone is paid at least a local living wage. With the introduction of complete coverage of the province in 2022, we now boast newly certified employers in every corner of Ontario.

Rental and food inflation continue to drive up living wage rates, with the highest increase belonging to Ottawa at 12 percent. Our 2023 updated living wages range from \$18.65 in the southwest region, to \$25.05 in the GTA.

The rising cost of living impacts those at the bottom of the wage spectrum the most. That's why employers look to our living wage rates; it is a calculation that takes into account the real burdens that workers face much better than the politically-set minimum wage

While the minimum wage increased on October 1 of this year by 6.8% to \$16.55, there is still no place in the province where someone could make ends meet working full-time at this wage.

A living wage is an effective tool to combat working poverty by making sure that employees can make ends meet where they live. By incorporating expenses that a worker must cover such as shelter, food, transportation and more, our living wages are much closer to reality than a politically set minimum wage.

The living wage calculation also collects expenses related to more than just surviving. A modest vacation is included, as well as opportunities to engage in local culture and community.

# CONTEXT

## FAMILY MODEL

The living wage movement in Canada emerged as an avenue to tackle child poverty in the early 2010's. One major contributor to child poverty is parents who are working but still not able to make ends meet. Because of this focus on children, the living wage was originally calculated by gathering expenses that a family of four with two working adults would have to cover.

The introduction of the Canada Child Benefit in 2016 from the federal government lowered living wage rates across the country. In 2019, the provincial government in Ontario introduced the CARE credit which offers additional support to households with children.

While these credits are both examples of good public policy, adults without children do not have access to the same benefits. As a result, the differences between living wage rates for the reference family of four, the single parent with one child, and the single adult have grown significantly. The upward trend of single adults in our province resulted in a living wage calculation that was leaving people behind. In 2021, the OLWN began calculating living wages based on a weighted average of costs for these three different household types.

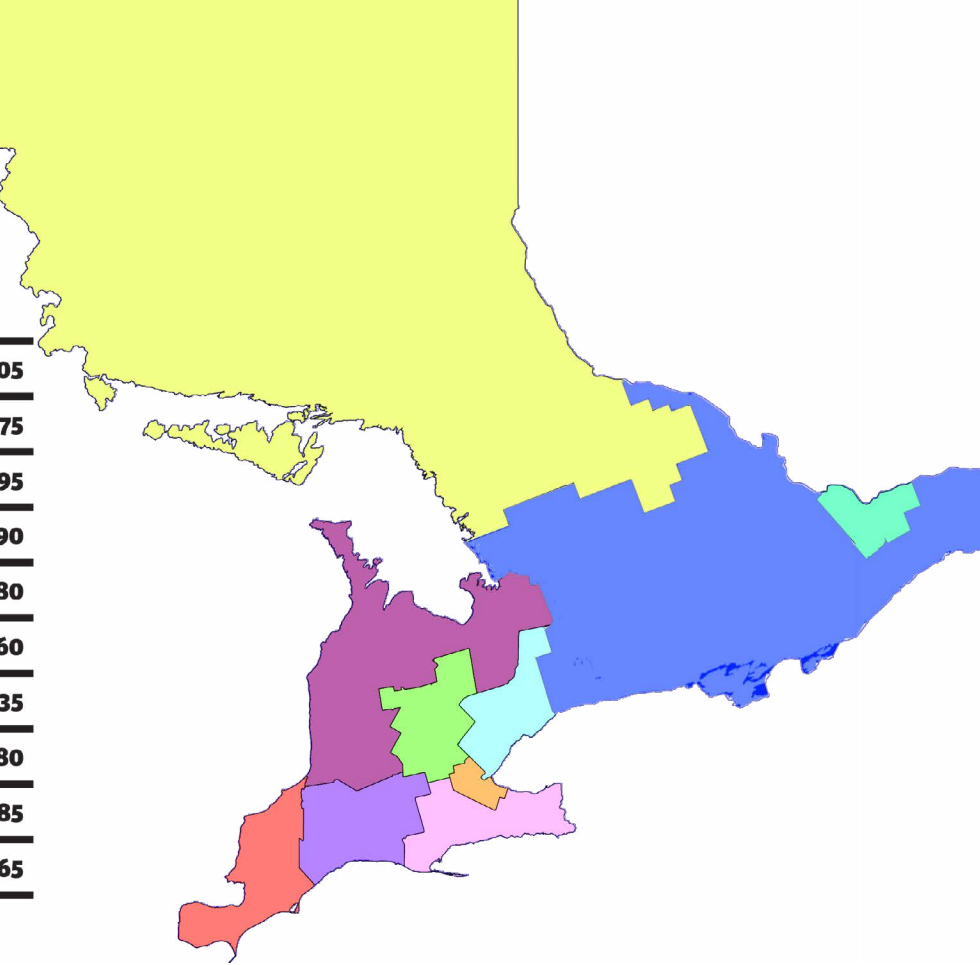
## CALCULATION BOUNDARIES

Historically, the OLWN used a mix of lower tier municipal and regional lines to define the boundaries of each living wage calculation. Under this system there would ultimately be 48 living wage rates for Ontario. Despite maintaining 28 different living wage calculations, there were still areas of the province without living wage calculations in 2019.

The OLWN engaged in a research project to determine the optimal number of living wage rates in our province starting in 2019. Having fewer living wage rates that cover the full province means that every employer in Ontario could find a current living wage rate for their area, while also making the certification program more accessible to employers with multiple locations.

## 2023 LIVING WAGE RATES

Greater Toronto Area	<b>\$25.05</b>
Grey Bruce Perth Huron Simcoe	<b>\$22.75</b>
Ottawa	<b>\$21.95</b>
Dufferin Waterloo Guelph-Wellington	<b>\$20.90</b>
Hamilton	<b>\$20.80</b>
East	<b>\$20.60</b>
Brant Niagara Haldimand Norfolk	<b>\$20.35</b>
North	<b>\$19.80</b>
London Elgin Oxford	<b>\$18.85</b>
Southwest	<b>\$18.65</b>



## CALCULATION METHODOLOGY

### THE LIVING WAGE REGIONS

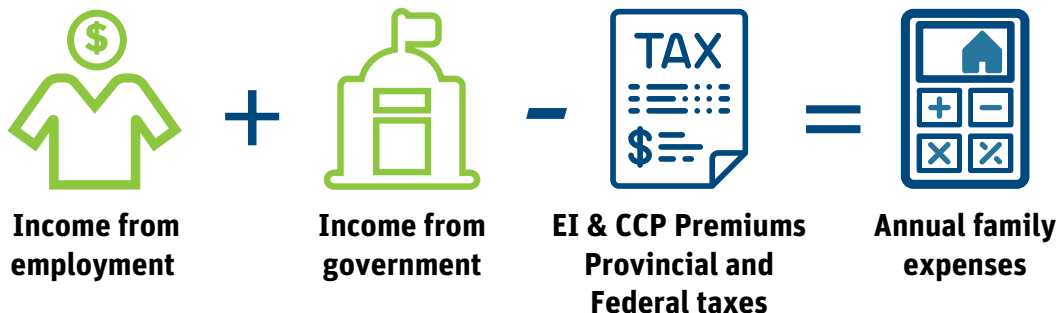
The living wage regions are derived from Statistics Canada’s geographic concept of economic regions, which are geographic units defined by Statistics Canada to represent regional economies. These geographic groupings, as well as the city of Hamilton and two census metropolitan areas also defined by Statistics Canada – Toronto and Ottawa – are used to create the official living wage regions.

A key consideration when establishing the living wage regions is to verify that people live and work in the same regions. Data on commuting patterns from the 2016 census was used to validate that this is, in fact, the case.

### CALCULATING THE LIVING WAGE

Calculations begin by collecting data for the costs of a basket of basic goods and services for three types of households: two parents aged 35 and two children aged 7 and 3, a single parent with a child aged 7, and a single adult.

The living wage rate is the before-tax income that each adult would need to have to cover the expenses included in the basket for their family type. The calculation takes into account government transfers the family may receive (like the Canada Child Benefit, the Ontario CARE benefit) and the payroll and income taxes the adults may pay.



The wage is calculated for each of the three households, and a weighted average of these wages is taken based on the proportion of adults in Ontario in each type of family using data from the 2021 census.

Single adults: number of persons not in census families in Ontario aged 15-64	<b>1,630,980 (33.8%)</b>
Single parents: number of parents aged 15-64 in one-census-family one-parent households in Ontario	<b>391,875 (8.1%)</b>
Families of four: partners aged 15-64 in one-census family household with children without additional persons	<b>2,801,870 (58.1%)</b>

## THE COST OF LIVING IN ONTARIO

To calculate the living wage for each of the three household types, the expenses for each household type in each county or district in Ontario is calculated.

Next, this county-level data is aggregated to the economic region level using population-weighted averages (e.g. Windsor, Essex, Chatham-Kent, and Lambton County are combined into the Southwest region). An additional 4% is added to this total level of expenses as a contingency measure.

Next, the level of earned income, taxes, and transfers that would provide each household with the amount of income needed to cover these expenses is found. To calculate the living wage, we then divide the earned income by 52 weeks in the year and 35 hours per week (and by 2 for families of four) to arrive at an hourly living wage.

The data used for these expenses come from various sources, outlined in the section below. All data are in 2023 dollars (adjustments are made using Consumer Price Index(CPI) values from Statistics

Canada tables 18-10-0005-01 for years up to 2022, and table 18-10-0004-13 for 2023 when source costs were not in 2023 dollars).

## FOOD

According to Canada's Food Price Report 2023<sup>1</sup> the cost of food increased by over 10 percent in 2022, and is estimated to increase by 5 to 7 percent in 2023. Food costs are one of the highest expenses in the living wage calculations.

Food costs are sourced from the most recent Nutritious Food Basket (NFB) data collected by local Public Health Units<sup>2</sup> across the province.

Community	Family of Four	Single Parent	Single Individual
East	\$12,450	\$5,961	\$4,230
Dufferin Guelph Wellington Waterloo	\$12,668	\$6,088	\$4,366
Brant Haldimand Norfolk Niagara	\$12,042	\$5,785	\$4,106
London Elgin Oxford	\$11,829	\$5,595	\$4,107
Southwest	\$11,948	\$5,934	\$4,374
Grey Bruce Perth Huron Simcoe	\$13,118	\$6,110	\$4,461
North	\$13,360	\$6,334	\$4,507
Ottawa	\$12,176	\$5,848	\$4,162
GTA	\$12,292	\$5,832	\$4,191
Hamilton	\$11,701	\$6,187	\$4,786

## SHELTER

A conservative estimate for rent is sourced through the Canadian Mortgage and Housing Corporation (CMHC)<sup>3</sup>. The CMHC provides average rental costs in urban areas with a population of more than 10,000 people. The data collected includes all rental units in a community that meet the requirements of their methodology. This means that both units rented for multiple years and those newly rented are included in the average cost of rent in a community. Rapidly increasing rental costs over the past ten years have created a growing gap between the data collected by CMHC



and current market rental rates. A report from Rentals.ca<sup>4</sup> stats that the average asking price for a new tenant in Canada increased by 9.6% between August 2022 and August 2023.

The OLWN continues to look for ways to more accurately reflect shelter costs in our calculation work. Data provided by a custom report from Statistics Canada based on 2021 census data allowed this issue to be addressed in the three census metropolitan areas of Hamilton, Ottawa, and the Greater Toronto Area. For these regions, the rental costs were calculated as the average rent reported by CMHC, and the median rent for renters who had moved within the past year reported by Statistics Canada.

In communities where data from CMHC is not available, the Canadian Rental Housing Index is used as a source for average rental costs<sup>5</sup>. The average cost of rent for the 3<sup>rd</sup> Quintile is used in the calculation. These numbers are from the 2021 census and as such are offset using the CPI<sup>6</sup>

It is assumed that our reference family of four with a boy and a girl will need a 3-bedroom apartment. Our single parent will need a 2-bedroom apartment, and the single adult a 1-bedroom apartment.

Hydro costs for each community are found through the Ontario Energy Board bill calculator<sup>7</sup>. Tenant insurance costs were sourced through rates.ca.

Community	Family of Four	Single Parent	Single Individual
East	\$23,147	\$19,382	\$17,189
Dufferin Guelph Wellington Waterloo	\$24,390	\$21,871	\$19,310
Brant Haldimand Norfolk Niagara	\$21,137	\$18,755	\$16,863
London Elgin Oxford	\$23,200	\$20,719	\$17,407
Southwest	\$21,594	\$18,247	\$16,037
Grey Bruce Perth Huron Simcoe	\$23,722	\$20,704	\$18,243
North	\$20,671	\$18,128	\$15,585
Ottawa	\$29,252	\$23,689	\$20,343
GTA	\$32,323	\$26,333	\$23,578
Hamilton	\$27,045	\$21,940	\$18,693

## CLOTHING AND FOOTWEAR

Annual costs for clothing and footwear are sourced through the Survey of Household Spending (SHS)<sup>8</sup>. The average spending on these items for those at the 2<sup>nd</sup> quintile of income are assumed to be constant across regions. These costs are adjusted using the CPI<sup>9</sup> to find the costs for 2023.

Children's clothing for ages 0 to 14 represents the amount spent on children's clothing per household (not per child). Census Data<sup>10</sup> was used to estimate how much is spent per child rather than per household. In the average Ontario household there are 0.41 children. This was used to offset the costs provided by the SHS to ensure a more accurate cost for clothing and footwear for children.

Household Type	Annual Cost
Family of Four	\$4,713
Single Parent	\$2,667
Single Individual	\$761

## TRANSPORTATION

In rural areas or areas with insufficient transit, it is assumed that an adult will need a car to get to and from work. In an urban area with a sufficient public transit system, the cost of one car and one adult transit pass is included for the reference family of four. For a single adult, the cost of one adult transit pass is used. A single parent will need a car to get to and from work and to pick up their child from school and activities. In communities that have both urban and rural areas, a weighted average between the rural and urban scenarios based on rural and urban populations is used.

The cost of car ownership and operation is gathered through the Canadian Black Book<sup>11</sup> and Statistics Canada data on average gas prices and car maintenance in Ontario<sup>12</sup>. Car insurance costs are sourced through rates.ca.

The cost for car ownership and operation for 2023 is \$7424 per vehicle. Adult transit passes range in price across the province from \$760 - \$1870 per year. Lower costs can be found in smaller urban areas, with the most expensive public transit passes found in larger cities such as Ottawa and areas of the GTA.

Community	Family of Four	Single Parent	Single Individual
East	\$12,158	\$7,424	\$4,740
Dufferin Guelph Wellington Waterloo	\$10,140	\$7,424	\$2,733
Brant Haldimand Norfolk Niagara	\$13,919	\$7,424	\$6,495
London Elgin Oxford	\$10,322	\$7,424	\$2,898
Southwest	\$11,529	\$7,424	\$4,189
Grey Bruce Perth Huron Simcoe	\$13,490	\$7,424	\$6,066
North	\$12,238	\$7,424	\$4,814
Ottawa	\$8,930	\$7,424	\$1,506
GTA	\$9,603	\$7,424	\$2,179
Hamilton	\$9,330	\$7,424	\$1,906

## ADULT EDUCATION

The living wage methodology includes the cost of one continuing education course per adult. The final course cost is an average of three courses from different disciplines, and their textbook fees from one college from each economic region. The costs of adult education for the reference family of four is doubled to account for both parents. On average one course and text books costs \$522.

## MEDICAL EXPENSES, LIFE AND CRITICAL ILLNESS INSURANCE

The costs for non-Ontario Health Insurance Plan(OHIP) medical insurance, life insurance and critical illness insurance are sourced through Manulife<sup>13</sup>. The non-OHIP medical insurance plan is used as a comprehensive coverage package that includes: prescription drugs, dental care, vision care, and other health practitioner expenses such as registered massage therapy, acupuncture, and more.

Household Type	Non-OHIP Medical	Life and Critical Illness
Family of Four	\$2,763	\$285
Single Parent	\$1,868	\$195
Single Individual	\$1,127	\$195

## COMMUNICATIONS

Internet and cellphone costs are sourced locally for each community. Communication costs vary across the province based on the coverage area for cell service providers and the type of internet connections available. Often costs for communications are more expensive in rural areas. This is particularly true in northern communities. However, when researching expenses for this year's calculation new providers were found in areas across the province. This has led to lower costs for communications in some communities.

The methodology assumes each adult will need a cell phone. A phone plan that includes unlimited text and calls and a minimum of 2GB cellular data was selected for each region. Each household type requires unlimited internet access (when available) that supports a streaming service. Included in the cost for internet is \$16.99 a month for a subscription to Netflix.

Community	Cell Phone	Internet
East	\$566	\$1,152
Dufferin Guelph Wellington Waterloo	\$475	\$1,143
Brant Haldimand Norfolk Niagara	\$526	\$908
London Elgin Oxford	\$475	\$1,107
Southwest	\$561	\$1,153
Grey Bruce Perth Huron Simcoe	\$475	\$1,006
North	\$936	\$1,270
Ottawa	\$475	\$1,153
GTA	\$475	\$969
Hamilton	\$475	\$1,140

## CHILD CARE

Child care costs are sourced locally from child care centres across the province. While this is a major contributor to annual family expenses, these costs are offset by the government child care subsidy. In January of 2023, the Canada-Wide Early Learning and Child Care (CWELCC)<sup>14</sup> system reduced child care fees for children 6 and under by 52.75%. By September 2025, fees are expected to drop to an average of \$10 a day. Care for the 7-year-old was not affected by the CWELCC program, meaning

that only the reference family of four saw a decrease in child care expenses.

Child care costs incorporate the daily fees for full-time care for a preschooler (aged 3), and before and after school care for a school-aged child (aged 7) for 251 and 187 days of the year respectively. The daily cost of day camp for the school-aged child for 50 days of the year was also included.

Community	Family of Four	Single Parent
East	\$12,596	\$6,755
Dufferin Guelph Wellington Waterloo	\$12,567	\$6,190
Brant Haldimand Norfolk Niagara	\$11,682	\$5,980
London Elgin Oxford	\$11,398	\$5,495
Southwest	\$13,412	\$5,864
Grey Bruce Perth Huron Simcoe	\$11,543	\$6,671
North	\$12,631	\$6,522
Ottawa	\$10,978	\$6,460
GTA	\$12,697	\$6,713
Hamilton	\$11,978	\$6,386

## OTHER EXPENSES

Following the convention of the Statistics Canada Market Basket Measure (MBM), we calculate other expenses as 75.4% of the cost of food, clothing, and footwear. The methodology used to find the cost of Other Expenses in MBM is based on a basket of goods. While the cost of food used in this calculation is the amount provided in the Nutritious Food Basket, the MBM estimate is used for clothing and footwear.

This amount is intended to cover toiletries and personal care, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, minimal recreation and entertainment, family outings (for example to museums and cultural events), birthday presents, a modest family vacation, and some sports and/or arts classes for the children. The participation aspect of the living wage calculation is mainly covered in this expense.

Community	Family of Four	Single Parent	Single Individual
East	\$11,052	\$5,458	\$3,537
Dufferin Guelph Wellington Waterloo	\$11,216	\$5,554	\$3,640
Brant Haldimand Norfolk Niagara	\$10,744	\$5,326	\$3,444
London Elgin Oxford	\$10,583	\$5,183	\$3,444
Southwest	\$10,673	\$5,286	\$3,430
Grey Bruce Perth Huron Simcoe	\$11,555	\$5,571	\$3,711
North	\$11,738	\$5,740	\$3,746
Ottawa	\$10,845	\$5,373	\$3,486
GTA	\$10,933	\$5,361	\$3,507
Hamilton	\$10,487	\$5,628	\$3,956

## GOVERNMENT TRANSFERS AND TAXES

There are several government transfers and taxes that impact workers receiving a living wage.

### TRANSFERS

Canada Dental Benefit	Provides up to \$650 per child under 12 for families with net income under \$90,000.
Canada Child Benefit	Provides up to \$7,437 for each child under 6 years of age and up to \$6,275 for each child 6-17 years of age, with benefits reduced above \$34,863 of family net income.
GST credit	This credit offsets the cost of GST for low-income families, providing up to \$467 per adult and declines with family net income.
Canada Worker's Benefit	Provides up to \$1,428 for working adults and declines with family net income.

<b>Ontario Child Benefit</b>	Up to \$1,607 per child and declines with family net income.
<b>Ontario Energy and Property Tax Credit</b>	Offsets a portion of sales taxes on energy and property taxes for low-income families.
<b>Northern Ontario Energy Credit</b>	Offsets a portion of energy costs for individuals living in Northern Ontario.
<b>Ontario Sales Tax Credit</b>	Offsets sales taxes and pays up to \$345 per person, with benefits declining with family net income.
<b>Ontario LIFT Credit</b>	This non-refundable provincial tax credit provides up to \$875 to low-income families and declines with family net income.
<b>Ontario CARE Credit</b>	Offsets a proportion of eligible childcare expenses, with the proportion declining with family net income.
<b>Ontario Climate Action Incentive</b>	Provides a fixed amount per person and is not dependent on family net income.

## TAXES

Canada Pension Plan premiums	5.95% of taxable income above \$3,500 (up to \$3,754.45) is paid into the CPP.
Employment Insurance premiums	1.63% of taxable income (up to \$1002.45 per person) is paid into the EI program.
Federal income tax	Federal income tax is paid by each adult (assuming both have equivalent earned income for two parent families). CPP and EI premiums, medical insurance and adult education costs are deducted from taxable income.
Provincial income tax	Provincial income tax is paid by each adult (assuming both have equivalent earned income for two parent families). CPP and EI premiums, and medical insurance costs are deducted from taxable income.



# NOTES

- 1 Canada's Food Price Report 2023 [https://cdn.dal.ca/content/dam/dalhousie/pdf/sites/agri-food/Canada%27s%20Food%20Price%20Report%202023\\_Digital.pdf](https://cdn.dal.ca/content/dam/dalhousie/pdf/sites/agri-food/Canada%27s%20Food%20Price%20Report%202023_Digital.pdf)
- 2 Ontario Nutritious Food Basket (ONFB) food cost data collected by members of [Ontario Dietitians in Public Health](#) Food Insecurity Workgroup, May-June 2023.
- 3 Rental costs for urban communities of 10,000 or greater - Canadian Housing and Mortgage Corporation. [Housing Market Information Portal](#)
- 4 October 2023 Rentals.ca Report <https://rentals.ca/national-rent-report>
- 5 Rental costs for communities not covered by CMCH. [Canadian Rental Housing Index](#)
- 6 Statistics Canada. [Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted](#)
- 7 Ontario Energy Board. [Bill Calculator](#)
- 8 Clothing and footwear costs - Statistics Canada. [Table 11-10-0223-01 Household spending by household income quintile, Canada, regions and provinces](#)
- 9 Clothing and footwear CPI - Statistics Canada. [Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted](#)
- 10 Census Profile, 2021 Census of Population. [Profile table Ontario](#)
- 11 Canadian Black Book: [Cost of Car ownership](#)
- 12 Average gas price - Statistics Canada. [Table 18-10-0001-01 Monthly average retail prices for gasoline and fuel oil, by geography](#)
- 13 Manulife Engineers Canada-Sponsored Plans. [Online quote tool](#)
- 14 Canada-Ontario early years and child care agreement. [Canada-Wide Early Learning and Child Care \(CWELCC\)](#)