

A Family Living Wage for Manitoba

2013 Update

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NOVEMBER 2013

*In November 2009, the CCPA-Manitoba published its inaugural living wage report, **The View From Here: How a living wage can reduce poverty in Manitoba**. That report found that the living wage for a two-parent, two-child family was \$13.44/hour in Winnipeg, \$11.10/hour in Brandon and \$11.18/hour in Thompson. That full report, detailing the principles of a living wage, the rationale for it (from the perspectives of employees and employers) can be found here: <http://www.policyalternatives.ca/publications/reports/view-here>. The methodology of the calculations, and data sources used can be found at [20View%20From%20Here%20APPENDIX.pdf](http://www.policyalternatives.ca/publications/reports/view-here). Since that report, family costs have risen and changes have been made to government taxes and transfers. This short report updates the 2009 calculations.*

For more information on living wages and for resources on running living wage campaigns and becoming a living wage employer, visit <http://livingwageforfamilies.ca> and <http://www.vibrantcommunities.ca>.

FAMILIES WHO WORK FOR LOW WAGES face impossible choices — buy food or heat the house, feed the children or pay the rent. The result can be spiralling debt, constant anxiety and long-term health problems. In many cases it means that adults in the family are working long hours, often at two or three jobs, just to pay for basic necessities. They have little time to spend with their family, much less to help their children with school work or participate in community activities.

The frustration of working harder only to fall further behind is one many Canadians can relate to. Recent CCPA research shows that most families are taking home a smaller share of the economic pie despite working longer hours, getting more education and contributing to a growing economy.

Notwithstanding stable economic growth and consistently low unemployment, poverty remains a problem in Manitoba. In 2011, 11.5 per cent of Manitobans lived



in low income. That is up from 9.6 per cent in 2007.¹ In terms of child poverty, Manitoba is among the worst in the country. In 2011, Manitoba tied British Columbia for the worst child poverty rate in the country, at 11.3 per cent.²

The living wage is one of the most powerful tools available to address this troubling state of poverty amid plenty in Manitoba. It allows us to get serious about reducing child poverty and ensures that families who are working hard get what they deserve — a fair shake and a life that's about more than a constant struggle to get by.

A LIVING WAGE IS:

Based on the principle that full-time work should provide families with a basic level of economic security, not keep them in poverty.

The amount needed for a family of four with two parents working full-time to pay for necessities, support the healthy development of their children, escape financial stress, and participate in the social, civic and cultural lives of their communities is:

\$14.07/hour
in Winnipeg

\$13.41/hour
in Brandon

\$13.46/hour in
Thompson

A living wage is not the same as the minimum wage, the latter being the legal minimum all employers must pay. The living wage sets a higher standard — it reflects what earners in a family need to bring home, based on the actual costs of living in a specific community. The living wage is a call to private and public sector employers to pay wages to both direct and contract employees sufficient to provide the basics to families with children.

WHAT'S IN A LIVING WAGE?

The living wage is calculated as the hourly rate at which a household can meet its basic needs, once government transfers have been added to the family's income (such as the Universal Child Care Benefit) and deductions have been subtracted (such as income taxes and Employment Insurance premiums).

The full details of the calculation methodology can be found in the Calculation Guide that accompanies this report. In short, the living wage is based on:

- A family of two parents with two children aged four and seven. (According to the 2011 census, 72 per cent of families with children in Manitoba are headed by couples and 63 per cent of them have two or more children. Twenty eight per cent of families with children are single-parent families. Finally, 11 per cent of persons in private households reported living alone).³
- Both parents working full-time, at 35 hours per week.
- Estimated family expenses in 10 categories (see the box on page 3).
- The cost of government deductions (provincial and federal taxes, Employment Insurance premiums and Canada Pension Plan contributions).
- The value of government transfers like the Canada Child Tax Benefit.
- Employers providing minimal paid vacation and sick time.

This methodology is now the model for living wage calculations across the country, with 25 communities in Canada calculating their local living wage based on this approach.

1 According to the market basket measure. Statistics Canada. *Table202-0804 - Persons in low income, by economic family type, annual*, CANSIM (database). (accessed: 2013-10-20).

2 First Call: Child and Youth Advocacy Coalition. "Child Poverty Rate In British Columbia Back To The Worst, Children Of Single Moms Hit Hard." <http://www.firstcallbc.org/pdfs/CurrentIssues/NR%20Poverty%20stats%20Jun%2013.pdf>. (accessed: 2013-10-20).

3 Statistics Canada. 2012. Census Profile — Manitoba. Statistics Canada Catalogue no. 98-316-XWE. (accessed: 2013-09-20).

The living wage gets families out of severe financial stress by lifting them out of poverty and providing a basic level of economic security. But it is also a conservative, bare bones budget without the extras many of us take for granted.

A Bare Bones Budget — Portrait of a Living Wage Family in Winnipeg

At \$14.07 per hour in Winnipeg — or \$25,607 annually for each parent working full-time — here's what a family of four could afford:

FOOD: \$707.91/month (based on estimates from Heart & Stroke Foundation for a nutritious family diet).

CLOTHING AND FOOTWEAR: \$180.75/month.

SHELTER: \$1082.55/month (includes a conservative rent estimate for a three-bedroom apartment, utilities and contents insurance).

TRANSPORTATION: \$477.83/month (includes the amortized cost of owning and operating a used car as well as one adult monthly bus pass).

CHILD CARE: \$603.85/month (a four year-old in full-time care year-round, save for weekends, statutory holidays and two weeks of summer holidays, a seven-year old in before and after school care, as well as full-time care for summer break, teacher admin. days and winter/spring break).

PRIVATE HEALTH INSURANCE: \$141.05/month (the cost of a basic extended health and dental plan from Manitoba Blue Cross).

PARENTS' EDUCATION: \$119.26/month (estimated cost of two university courses per year for one parent).

CONTINGENCY FUND: \$164.15/month (the equivalent of two-weeks' wages for each parent to provide some cushion for unexpected expenses like serious illness to a family member, transition time between jobs, etc.)

OTHER HOUSEHOLD EXPENSES: \$670.05/month (covers personal care, furniture, kitchen or household supplies, school supplies, internet connection, minimal recreation).

The living wage calculation — designed to be used nationally — includes a tenth category for those provinces that charge citizens a monthly contribution for the healthcare system. That category does not apply in Manitoba, where health care is funded through the general tax revenue and there is no mandatory contribution.

The living wage does not cover:

- Credit card, loan, or other debt/interest payments;
- Saving for retirement;
- Owning a home;
- Savings for children's future education;
- Anything beyond minimal recreation, entertainment, or holiday costs;
- Costs of caring for a disabled, seriously ill, or elderly family member;
- Much of a cushion for emergencies or tough times.

The living wage calculation is based on the needs of two-parent families with young children, but would also support a mix of family types throughout the life cycle so that young adults are not discouraged from having children and older workers have some extra income as they age.

In 2009 and now in 2013, the living wage has fallen short in meeting the needs of a single-parent with one child. Single-income families face obvious challenges. Shelter, transportation and child care expenses are rather inflexible and having two incomes to cover such expenses goes a long way. A discussion on ways to meet the needs of single parent families follows on page 7.

EXPLAINING THE 2013 LIVING WAGE UPDATE

Winnipeg

The 2013 family living wage for Winnipeg is \$14.07/hour — up 4.7 per cent from the \$13.44/hour found in the 2009 estimation. From 2008 to 2012 (the respective years from which the living wage estimates are driven) Winnipeg’s inflation rate was 5.8 per cent.⁴ Why has the living wage not increased accordingly?

Government policy targeting three-bedroom housing stock helps explain the lower rent increases for this segment of the rental market.

Overall expenses for the two-parent, two-child family increased 3.4 per cent between the 2009 and 2013 reports. Similar to 2009, shelter and food expenses are the largest expense categories for the living wage family. Relative to the expenses in the 2009 report, the 2013 expenses for clothing and footwear and private health insurance increased at a rate just below the rate of inflation (4.8 per cent and 4.7 per cent respectively). Conversely, food slightly outpaced the inflation rate from 2008 to 2012 (7.0 per cent). Changes in the expenses for shelter (up 1.4 per cent), transportation (up 13.3 per cent), other expenditures (up 20.6 per cent), child care (down 4.0 per cent), and adult education (down 43.3 per cent) were less uniform. There are two main reasons for this: changes in methodology and changes in assumptions regarding the living wage family. These changes are examined below.

The shelter expense for the 2013 report increased only 1.4 per cent from the amount reported in the 2009 report. The slight increase is due to the fact that the 2013 report includes a modest utilities expense that the 2009 report did not have, and that the median rent for 3 bedroom apartments has increased less than for others. Since 2009, Manitoba Housing’s commitment to creating new housing stock is directly responsible for approximately 200 new and completed units of rental housing in Winnipeg. This has helped to reverse a trend since 1992 of absolutely declining rental stock, especially for larger unit sizes. Government policy has targeted new stock towards three bedroom units. This policy helps explain the trend towards moderating vacancy rates and lower rent increases for this segment of the rental market.

Changes to transportation and other expenditures are related to methodological changes in the market basket measure (MBM). The MBM provides an “intuitive” look at low income in Canada by calculating the actual local costs of a given basket of goods and determining

⁴ Adapted from: Statistics Canada. *Table 326-0021 Consumer Price Index, by city*. CANSIM (database). (accessed 2013-10-21).

the minimum necessary income needed to acquire the basket. There are five categories: food, clothing, shelter, transportation, and other. This living wage update uses MBM figures for clothing, transportation and other expenditures.

In June 2010, Human Resources and Skills Development Canada undertook a comprehensive review of the MBM. The transportation and other categories underwent significant changes. Notably, for transportation, the model vehicle was changed from a Chevrolet Cavalier to a Ford Focus. The latter's book price was significantly higher, increasing the transportation thresholds. Additional routine maintenance costs were also added which contributed to the increased transportation threshold. The threshold for the other component saw increases when computer and internet services were added after the June 2010 review. The latest MBM thresholds also infer a larger proportion of family spending on food and clothing, thereby increasing those categories as well. While these changes are retroactive and applied over time, at the time the living wage calculation was done in 2009, these changes were not present. Hence the large increases in these expense categories in 2013.

The 2013 report also uses different assumptions in regards to the child care and adult education needs of the living wage family. These changes were made to align the living wage calculation in Manitoba with the practises being followed across the country. As for adult education, this report assumes that only one parent pursues further education at a time. The 2009 report assumes that both parents pursue further education concurrently. So while post-secondary education costs continue to rise, the adult education expense is much lower in the 2013 report due to this change of assumption.

Assumptions about child care have also been revised. The 2009 report does not assume that the working parents take any holidays. This update makes this assumption and as such, the living wage family requires fewer days of full-time day care. Overall, the child care expense for the living wage family slightly decreased in 2013. With a greater child care expense and a lower living wage in 2009, the living wage family was not eligible for the provincial child care subsidy. This remains true in 2013.

Single-parent, One-child Families

The living wage for the single-parent, one-child family decreased from \$18.64/hour in 2009 to \$17.04/hour in 2013, despite an increase of 8.9 per cent in overall expenses. What then accounts for the drop in the living wage for the single-parent?

Firstly, the main driver of the increase in expenses for the single-parent family is an increased shelter expense. The shelter expense jumped 16.0 per cent in 2013 from 2009. Contrary to the slower increase in three-bedroom rents in Winnipeg, two-bedroom rents in Winnipeg are rising at a greater rate. In 2008, the median two-bedroom rent in Winnipeg was \$815/month. In 2012, it was \$900/month, an increase of over 9 per cent.⁵

The single-parent family benefits greatly from a change to the income tax in 2010. As of 2010, single-parent families do not have to claim the Universal Child Care Benefit (UCCB)

Although we use the two-parent, two-child living wage of \$14.07 as our benchmark, we recognize that single-parent families face greater difficulties. Fortunately, changes in government policy have ameliorated some of those challenges.

5 Adapted from: CMHC. *Rental Market Report, Winnipeg CMA: Fall 2012*.

as income. Instead, they may claim the basic personal amount for an eligible dependant and subtract the UCCB from that. This change makes for larger tax credits for the single-parent and significantly reduces the living wage. Further to this, the reduced living wage makes the family eligible for the provincial child care subsidy and a larger National Child Benefit Supplement (NCBS), further contributing to the reduction in the living wage in 2013. This change shows what a positive impact informed government policy can have on single parents struggling to get by with lower-income jobs.

Brandon

The 2009 Living Wage report estimated the Brandon living wage to be \$11.10/hour. The 2013 living wage for a Brandon 2 parent/2 children family is \$13.41/hour. What accounts for the increase in the living wage in Brandon?

Overall expenses increased by 7.7 per cent in Brandon from 2009 to 2013. The changes in methodologies and assumptions discussed above apply to Brandon as well. The price changes experienced in Brandon for transportation, other expenditures, child care, and adult education are due to these changes. Price increases for food, clothing and private health insurance in Brandon were near the rate of inflation.

The increase in Brandon's living wage is largely attributable to a sharp rise in the largest expense category — shelter. Shelter expenses for the living wage family increased 16 per cent from 2009 to 2013. Median three-bedroom rents increased \$85/month, from \$815 in 2008 to \$900 in 2012, a 10.4 per cent increase. Brandon's average vacancy rate is among the lowest in the province (0.7 per cent in October 2012). Three-bedroom units were in particularly short supply, with a vacancy rate close to zero.⁶ Brandon has seen a dramatic spike in immigration to the city since 2007,⁷ increasing the demand for rental units. The affordable housing strategy in Brandon will have to be a top priority if the city wishes to continue to attract the young workforce necessary to capitalise on opportunities for economic growth.

The living wage for the single-parent, one-child family in Brandon is \$10.79/hour. This is down from \$16.99/hour in 2009. While expenses for the single-parent family increased 7.6 per cent from 2009 to 2013, the tax policy change improves the financial position of the single-parent family. Like the single-parent in Winnipeg, the tax changes allow for eligibility in regards to the provincial child care subsidy and a greater NCBS. With lower income, the family also now qualifies for the provincial rental assistance program, Rent Aid. The program adds \$230/month to the family purse, once again showing what a difference government policy can make for low-income families.

Thompson

The 2013 living wage for Thompson is \$13.46/hour, up from \$11.18 in 2009. Overall expenses increased by 5.7 per cent from 2009 to 2013. Like Brandon, shelter expenses

⁶ CMHC. *Rental Market Report, Manitoba Highlights: Fall 2012*.

⁷ Economic Development Brandon. "Immigration." <http://www.economicdevelopmentbrandon.com/immigration>. (accessed: 2013-10-26).

increased by a large margin from 2009 to 2013. The increase in Thompson is 9.1 per cent and is also reflective of a low vacancy rate in the city (0.8 per cent in October 2012).⁸ Changes in transportation, other expenditures, child care and adult education, follow the patterns discussed above.

The single-parent, one-child family living wage is now \$14.79/hour in Thompson, down from \$16.39/hour 2009. Like Winnipeg and Brandon, the income tax change discussed above drives the decrease in Thompson. Notably, the single-parent living wage in Thompson is higher than that in Brandon. The single-parent in Thompson faces higher apartment rental prices than the single-parent in Brandon (while the two-parent, two-child family has lower rental costs in Thompson). Across the province, it is clear that housing is a pressing concern, particularly in regards to apartments smaller than three-bedrooms. These findings confirm other CCPA Mb. research which, for over a decade, has analysed the problems related to the insufficient stock of decent housing in Manitoba's urban centres.

Across the province, if we compare the movement of the living wages from 2009 to 2013, we see that single-parent families have benefitted from changes to income tax policy. In each city, Winnipeg, Brandon and Thompson, the living wage for a single-parent with one child has dropped significantly. The outcomes experienced by the single-parent families in regards to the 2010 change in tax policy, the NCBS threshold and the provincial child care subsidy thresholds underscore the fact that government policy greatly affects the quality of life of lower-earning families. As such, constant review of government subsidies to ensure that lower-earning families meet eligibility criteria can go a long way to alleviating the financial strain placed on families as well as make it easier for employers to pay living wages.

That being said, there still remains a considerable gap between the living wage for a two-parent, two-child family and a single-parent, single-child family. Closing this gap is important to ensure that working families of all kinds can benefit from living wages.

This report points to housing as a crucial barrier to parity. In each city, single-parent families spend at least 37 per cent of their pre-tax income on housing, while two-parent families spend between 22 per cent and 25 per cent. Rental assistance for all single-earner families (that earn living wages) would go a long way to easing financial stress and improving the quality of life for Manitobans (more information on the inadequacy of the Manitoba RentAid program can be found on page 10).

Finally, our update reveals inconsistencies in Provincial income assistance policies. The single-parent, one-child family in Brandon receives a larger child care subsidy because the lower cost of living (relative to Winnipeg and Thompson) makes for a lower living wage. Not only is the child care subsidy larger, but the Brandon family also qualifies for rental assistance, further reducing the wage needed for a basic level of economic security. Thus, families in Winnipeg and Thompson have a much harder time than similar families in Brandon due to the higher costs of living and the subsequent need for a higher living wage to make ends meet. As a result of the higher living wage, Winnipeg and Thompson families may become ineligible for Provincial income assistance programs.

CALCULATING THE LIVING WAGE

An accompanying calculation guide and spreadsheet to this report are available for those seeking to calculate the living wage in other Manitoban or Canadian communities. These resources can be downloaded for free at <http://www.policyalternatives.ca/offices/manitoba/publications>.

If you use this guide to calculate the living wage in your community, the CCPA-MB office would be pleased to hear.

8 CMHC. *Rental Market Report, Manitoba Highlights: Fall 2012*.

WHY A LIVING WAGE?

Living wages benefit families, communities and employers, now and into the future.

A growing body of evidence tells us that growing up in an engaged, supportive environment is a powerful lifelong determinant of a person's health and general well-being. As researcher Miles Corak (2013) puts it, "the stimulation infants and young children receive from their environment influences their neural development and will ultimately define the outer limits of their capabilities."⁹ Low-income parents have obvious difficulties when it comes to providing a supportive and engaging environment for their children. Children from low-income families are less likely to do well at school, have lower literacy levels and are more likely as adults to suffer from job insecurity, under-employment and poor health.

Absenteeism costs
Canadian employers
between \$4.5 and
\$6 billion/year

According to the National Longitudinal Survey of Children and Youth, parents in households with low incomes are more than twice as likely as parents in either middle- or high-income families to be chronically stressed. Not having enough money to buy household essentials and feeling that unrealistic expectations were being placed on their time are two of the primary sources of stress identified in this research. These parents are more likely to suffer from poor health and to be higher users of health care services. Adolescents living with chronically stressed parents are more likely than other youth to have a tough time socially and in school.

A series of recent national studies about work-life conflict document the very high costs of role overload (having too much to do in a given amount of time) in personal and financial terms. Researchers Linda Duxbury and Chris Higgins (2009) estimate the direct and indirect costs to employers in absenteeism at \$4.5 to \$6 billion a year. They estimate a further \$5.8 billion cost to the health care system.¹⁰

Other research shows that paying living wages has concrete benefits for employers, including: reduced absenteeism and staff turnover; increased skill, morale and productivity levels; reduced recruitment and training costs; and improved customer satisfaction. It is also good for a company's reputation as it shows a commitment to the health and well-being of the communities in which they operate.

A BRIEF HISTORY OF THE LIVING WAGE

The living wage is not a new concept. For instance, the 1948 Universal Declaration of Human Rights suggests that, "everyone who works has the right to just and favourable remuneration ensuring for himself [sic.] and his [sic.] family an existence worthy of human dignity..."¹¹ Over the last 20 years, living wage movements have proliferated in the United

9 Miles Corak. "Inequality from Generation to Generation: The United States in Comparison." In *The Economics of Inequality, Poverty, and Discrimination in the 21st Century*, ed. Robert S. Rycroft (Santa Barbara: Praeger, 2013), 107-123.

10 Duxbury, L. and C. Higgins (2009), *Key findings and Conclusions from the 2001 National Work-Life Conflict Study*. Health Canada; Ottawa, Ontario. http://www.hc-sc.gc.ca/ewh-semt/pubs/occup-travail/balancing_six-equilibre_six/index-eng.php (accessed: 2013-10-27).

11 United Nations. *The Universal Declaration of Human Rights*. <http://www.un.org/en/documents/udhr/> (accessed: 2013-10-28).

States and the United Kingdom. In the UK there are currently 277 employers committed to paying living wages, including major firms like KPMG, Deloitte and Aviva.¹² As of 2007, more than 140 cities, counties and universities had some form of living wage regulation in the US.¹³

The Large Retailer Accountability Act (LRAA) in Washington, D.C. has drawn international attention in recent months. According to the Bill introducing the LRAA: “By adopting living wage standards for large retailers, The District can ensure that economic development better meets the community’s need for family-supporting jobs”.¹⁴ The Bill also notes that the passing of living wage laws in other jurisdictions did not have a negative impact on retail employment and development. Passing of the LRAA would have required big-box retailers to pay a wage of \$12.50/hour.

City Council passed the bill with an 8-5 vote, only to have the mayor veto it. Mayor Gray suggested that passing the Act would mean that large retailers (and job providers) “either will not come or will not expand in the district.”¹⁵ Mayor Gray’s predictions are unfounded. For example, Santa Fe, New Mexico has consistently been raising its minimum wage over the last 10 years, from \$5.15/hour in February of 2002 to \$10.29/hour in March 2012. Employers have not fled the city, which has by far the lowest unemployment rate in the state, at around 5 per cent.¹⁶ The province of British Columbia has been at the centre of living wage movements in Canada. Thirty-five organisations in Metro Vancouver, employing over 6,000 workers and covering thousands more contracted workers, have been certified as Living Wage Employers. Amongst them are SAP-Vancouver (a world leader in software development) and Vancity (the country’s largest credit union).¹⁷ In 2010, the City of New Westminster, BC became the first municipality in Canada to pass a living wage policy. All direct and contracted staff providing services on city premises in New Westminster must be paid a living wage.¹⁸ Since then, Esquimalt, BC has also passed a living wage policy.¹⁹ Finally, the ‘SFU Living Wage Campaign’ is seeking to make Simon Fraser University the first living wage campus in Canada.²⁰

Organisations across Canada are picking up on the momentum generated in BC. Living wage campaigns are underway in Victoria, Calgary, Ottawa, Hamilton, and Kingston.

THE LIVING WAGE AND EMPLOYER HEALTH BENEFITS

The living wage can be achieved through a combination of pay and non-mandatory benefits provided by the employer.

No employer health benefits: Winnipeg.
Living Wage = \$14.07

100 per cent extended family coverage from employer: Living Wage = \$13.16

12 BBC. “Q&A: The living wage.” September 4, 2013, <http://www.bbc.co.uk/news/business-20204594> (accessed: 2013-10-27).

13 Pollin, R. (2007), “Economic Prospects: Making the Federal Minimum Wage a Living Wage,” *New Labor Forum*, 16 (2), 103-7.

14 A Bill In the Council of the District of Columbia. <http://dcclims1.dccouncil.us/images/00001/20130122132700.pdf> (accessed: 2013-11-4).

15 Forbes. “Walmart Wins Again as Washington D.C. Mayor Vetoes \$12.50 Minimum Wage.” September 12, 2013, <http://www.forbes.com/sites/janetnovack/2013/09/12/walmart-wins-again-as-washington-d-c-mayor-vetoes-12-50-minimum-wage/> (accessed: 2013-10-28).

16 Brennan, J. (2012). *Enhancing Democratic Citizenship, Deepening Distributive Justice: The Living Wage Movement*. CCPA-ON, <http://www.policyalternatives.ca/publications/reports/enhancing-democratic-citizenship-deepening-distributive-justice>.

17 A full list of living wage employers in Canada can be found at <http://www.lwemployers.ca>.

18 Ivanova, I. and Klein, S. (2013), *Working for a Living Wage: 2013 Update*. CCPA-BC, <http://www.policyalternatives.ca/livingwage2013>.

19 Brennan, J. (2012). *Enhancing Democratic Citizenship, Deepening Distributive Justice: The Living Wage Movement*. CCPA-ON, <http://www.policyalternatives.ca/publications/reports/enhancing-democratic-citizenship-deepening-distributive-justice>.

20 A Living Wage for Families. “Campaigns,” http://livingwageforfamilies.ca/?page_id=22 (accessed: 2013-10-28).

GETTING THERE: THE ROLE OF EMPLOYERS AND GOVERNMENT

First and foremost, the living wage is a call to public and private sector employers (larger ones in particular) to sustain families by helping to alleviate poverty and by providing the means to ensure prosperity. This can be achieved through wages, or a combination of wages and non-mandatory benefits, such as extended health benefits, profit sharing, subsidised transit passes, etc. Provision of non-mandatory benefits by employers reduces the wage that the company needs to pay in order to meet living wage standards. The calculator provided by the Living Wage for Families organisation provides a useful demonstration of this idea, <http://livingwageforfamilies.ca/calculator/>.

In a time of fragile economic recovery and too-high poverty rates, it is particularly important that public sector employers (municipalities, school boards, health authorities, etc.) and large private sector companies seek to enhance the earnings of low-income families. Low earners spend almost all of their income in their communities. Thus, boosting the earnings of these families is an effective strategy for boosting the local economy. Higher wages also translate into higher income tax revenues and increased CPP and EI contributions, making it easier for government to provide public services.

The living wage is not just about employers — the labour market alone cannot solve problems of poverty and social exclusion and employers are not the only actors in society that should be called on to ensure healthy communities. Government policies and programs also have a direct impact on the quality of life for low-earning families. They also directly affect the calculation of the living wage.

Direct government transfers put money into the pockets of low-income families. The more generous these transfers are, the less a family requires in wages to achieve a decent standard of living. However, most government transfers and subsidies are reduced or eliminated once a family reaches an income level below the living wage. The living wage family in Winnipeg is not eligible for several transfers and subsidies, including:

- The National Child Benefit Supplement portion of the Canada Child Tax Benefit (eliminated after the family's net income is greater than \$43,907). The Brandon and Thompson families receive only modest supplements to the CCTB.
- Manitoba Child Care Subsidy (starts to decline at a monthly income threshold of \$1,875 and ceases entirely at the income level of our living wage family). The Brandon family, with a lower living wage but identical child care expenses, also does not qualify for this subsidy.
- Manitoba RentAid Program (not available to families with an income above \$26,551. Only the one-parent, one-child family in Brandon qualifies for this program.
- The federal Working Income Tax Benefit (eliminated after the family's net income exceeds \$26,952).

The living wage single-parent family in Winnipeg receives the CCTB supplement and the child care subsidy, but does not qualify for RentAid or the WITB. Relative to 2009, the single-parent family has seen increases in the CCTB supplement and child care subsidy that

they receive. The lower wage level afforded by the change in tax policy for single-parent families accounts for the increased transfers. That being said, if the gap between the single-parent, one-child living wage and the two-parent, two-child living wage is to be reduced, further action is needed.

The living wage is also affected by indirect government transfers, in the form of public services and infrastructure that shift certain costs off the shoulders of individual families. If Winnipeg's universities and colleges, the students' unions and Winnipeg Transit can reach an agreement to provide U-Passes for all students enrolled in post-secondary education, the cost of transportation will likely be reduced and so will the living wage. For example, a \$50/month year-round U-Pass would reduce the living wage by 17 cents per hour.

Policies to increase the stock of affordable housing, publicly funded child care, or a universal pharmacare system would also decrease the amount employers need to pay to provide a living wage. A child care plan that capped daily fees to \$10/day for full-time care and \$6.5/day for part-time care would make for a full \$1/hour reduction in the living wage.

It should be noted that the living wage does not account for retirement savings. How Canadians will save for retirement is a question generating much discussion as of late. Any reform to the system must consider the lower-earning families, for this is the group that the CPP is most designed to assist.

All told, employers can take action to reduce the payroll costs of the living wage by advocating for policy changes to increase government benefits to low-income earners and enhance public services.



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ACKNOWLEDGEMENT

CCPA Mb. thanks Iglia Ivanova and Seth Klein for all their help in the preparation of this update.