

Newfoundland and Labrador's 2023 Living Wages

Seeking a Better Deal for Low-Wage Workers

Christine Saulnier and Russell Williams





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The CCPA-NS office is located in Kijipuktuk in Mi'kma'ki, the unceded, unsurrendered ancestral land of the Mi'kmaq people. Newfoundland and Labrador is on the ancestral homelands of the Beothuk, whose culture has been lost forever and can never be recovered. We also acknowledge the island of Ktaqmkuk (Newfoundland) as the unceded, traditional territory of the Beothuk and the Mi'kmaq, and we acknowledge Labrador as the traditional and ancestral homelands of the Innu of Nitassinan, the Inuit of Nunatsiavut, and the Inuit of NunatuKavut.

Memorial University acknowledges that the lands on which its campuses are situated are in the traditional territories of diverse Indigenous groups, and we acknowledge with respect the diverse histories and cultures of the Beothuk, Mi'kmaq, Innu, and Inuit of this province.

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2023 Living Wages in Newfoundland and Labrador Summary

THIS IS THE first province-wide effort to calculate a regionally-sensitive living wage in Newfoundland and Labrador. Living wage calculations are an increasingly important tool in public policy for addressing the growing gap between household cost of living and wages for low-income workers – they are being used widely in other jurisdictions.

Based on careful assessments of regional living costs, the calculation provides a benchmark for employers who want to be “living wage employers” to ensure that their employees can afford the basic necessities of life.

The “living wage” is closely tied to the cost of living. As those go up, the required living wage goes up unless there is government income support that buffers the increase in the cost of living. A higher living wage is not good unless actual wages keep pace. For most low-income workers, there is a growing gap between their wage and the “living wage”.

The calculation is also a powerful tool for governments to make evidence-based labour and social market policy decisions. Achieving a living wage can come from either increased wages or through public programs that reduce the cost of living for low-income households. In the current “cost of living crisis” our community is encountering; governments must look more

TABLE 1 NL 2023 Regional Living Wages

Region	Central	Eastern	Western	Lab-North Peninsula
2023 Hourly Living Wage	\$23.95	\$24.20	\$23.80	\$26.80

carefully at how several policy frameworks are increasing the cost of living and the resulting wage needs of people in the province.

This report breaks the province into four regions broadly corresponding with the province’s now amalgamated health regions. These are:

1. **Eastern:** Including the Avalon, Burin and Bonavista Peninsulas.
2. **Central:** Including the communities of Fogo Island, Gander, Grand Falls-Windsor, the south coast and the Notre Dame Bay region.
3. **Western:** Stretching from Port aux Basques southeast to Francois, northwest to Bartlett’s Harbour, and on the eastern boundary north to Jackson’s Arm.
4. **Labrador-Northern Peninsula:** Including all of Labrador and the Northern Peninsula.

Based on the standard living wage methodology used in other jurisdictions, the regional living wages for Newfoundland and Labrador in 2023 are in Table 1.

This report explains how this calculation is made, what it means for people in Newfoundland and Labrador and what can be done to close the gap between low-income households’ wages and their actual living costs because a large percentage of households in this province do not earn a living wage.

Here are Several Key Findings:

1. Since this is the first province-wide living wage calculation for Newfoundland and Labrador, we cannot compare this year’s living wage to previous years; however, we know from other provinces that inflation and cost of living increases have hit low-income households hard. Most jurisdictions have seen a big jump in the living wage in the last two years. A living wage exceeding \$23 an hour should not be surprising – instead, it reveals the hardship many households are encountering now.
2. NL’s living wage is higher than in much of the country because many basic household expenses are higher – a higher cost of living equals

a higher living wage. People need to earn more to cover those costs. However, the reasons for the higher cost of living in Newfoundland and Labrador are somewhat unique. While other jurisdictions have seen significant jumps in the cost of housing and food, residents in this province also must deal with a series of public policy shortfalls that magnify the cost-of-living problems locally. The absence of affordable child care, government programs that restrict access to health and social benefits to lower-income workers, and a less progressive tax system all mean that workers here need to earn more to afford the same quality of life they would in other jurisdictions. This year's living wage calculations in other provinces suggest the situation in Atlantic Canada is worse than elsewhere.

This is a severe problem that governments need to grasp. Low-income residents increasingly know that they would be better off elsewhere. Addressing the challenges these households face is vital.

3. Labrador and the Northern Peninsula face unique challenges within the province — the required living wage of \$26.80 an hour is among the highest in the country — indeed the highest in Atlantic Canada. Higher costs for transportation and food combine to make Labrador a difficult place to afford the basic necessities of life without considering the challenges several communities have with finding housing.

Critical Public Policy Takeaways:

Employers should commit to paying the living wage.

The provincial government should think seriously about how it calculates the minimum wage and what purpose it serves.

The provincial government should carefully assess threshold and clawback levels for existing household supports. For example, only a family whose net income is below \$17,397 will receive the full NL Child Benefit, which is merely \$447 for the first child.¹ More social support reduces how much workers need to earn to afford essentials.

Federal and provincial governments must do more to help low-income households exit poverty by expanding and increasing the amount of available income support and investing in housing, transportation and food security while expanding public programs like affordable child care and health care.

What the living wage is:

It's a conservative measure of what people need to earn per hour to afford basic expenses based on the cost of living in their area.

It can be used by employers who want to commit to ensuring their workers can achieve this basic quality of life.

It can also be used to inform the government's labour market and social policies to ensure that these programs are properly structured to help working people climb out of poverty traps.

What the living wage is not:

It's not a statutory minimum wage that the government enforces for all employers. While the living wage calculation is important for helping governments assess minimum wage levels considering the cost-of-living increases, it does not replace the minimum wage.

What it means to the people we talked to:

"Being able to sufficiently pay your bills and have a life."

"I feel like living wage should be paying all your bills, and doing your groceries, paying your rent and still having enough savings which you can use for the time where it's emergency."

"I don't know that I'm looking for anything unreasonable. I think I'm looking for security. And for some level of comfort, so that my life isn't just a futile existence."

Introduction

FAR TOO MANY people are struggling in Newfoundland and Labrador (NL), working on low income, “*You sacrifice one thing for the other. It’s not living. It’s not a life. I don’t feel like we’re living,*” was how one of the focus group participants described living on low wages in NL.

While wages for lower- and middle-income earners have remained stagnant, households have been hit by severe cost-of-living increases that are a source of all-to-real distress to residents of the province. The median hourly wage in Newfoundland and Labrador is \$25 an hour — meaning a lot of households currently cannot cover the costs assessed in this study.²

This gap between wages and affordability also requires careful attention to regional differences and unique challenges confronting the province.

Calculating a regionally-sensitive living wage is a key tool to help employers and governments better respond to this growing problem.

The Crisis in Newfoundland and Labrador

Residents of Newfoundland and Labrador face some of the highest grocery prices in the country. Worse yet, food prices are rapidly increasing. Food prices in Newfoundland and Labrador have increased sharply in recent years — up 12 percent between 2021 and 2022.³ These costs also vary considerably by region within the province, as northern households are particularly hard hit, with those regions seeing increases of 18.5 percent. One recent study has

argued that Northern Labrador still has the highest food prices in Canada, even with food subsidy programs in place.⁴

Food insecurity for NL households is a growing reality, and there is evidence of increased reliance on food banks by working people.⁵

Similar cost of living “shocks” have hit transportation – people are finding it harder to just “get around” in our community as the absence of public transit and increased insurance and fuel costs are all stressing household budgets.

Housing costs have also increased markedly – outstripping income increases.⁶ Rents, mortgage costs, maintenance bills, and home insurance have all increased. More and more residents find housing precarious, and homelessness is a serious public policy problem confronting local governments. Like food costs, there are also regional differences in the housing crisis. While no area of the province has been immune to skyrocketing housing prices, communities in Labrador face unique challenges.⁷

The problem of housing insecurity has caught many public policy officials off guard, but it is a serious problem and one that is emotionally distressing for residents. As one participant told us, “... *if there ever comes a time where [the landlord] says ‘we’re going to up your rent or we’re selling the house,’ I swear to God I don’t know what we’re going to do.... I’m living in fear and stress every single day that that’s going to happen. And then where do we go from there? That’s a constant stress every single day of our lives.*”

Newfoundland and Labrador also continues to have a higher rate of children living in poverty than the rest of Canada⁸ and one of the highest gender wage gap in the country.⁹ The median hourly wage for women in this province (\$23 an hour), is lower than most of the NL living wage rates, meaning that about 50 percent of women workers earn less than the living wage.¹⁰

Affordable child care is virtually a myth in much of the province, and families with children are finding it particularly hard to navigate the current cost of living crisis.

Set against this backdrop of cost-of-living crises and inequalities, the province’s major labour market intervention, the minimum wage, has become a less and less effective mechanism for ensuring that working people can meet their basic living costs. The province’s 2022 Minimum Wage Review argued that employers were finding it impossible to hire workers at that rate (with a 35% job vacancy rate) and that there needed to be more attention to what would constitute a “living wage” for people in the province.¹¹

There is also a growing sense that life is just better outside of our province for low-income workers. As one of our participants from a rural community

explained, being a low-income worker in Newfoundland and Labrador is “... living paycheck to paycheck. Sometimes, you’re lucky you can make it that far.... When I was working in Alberta. I was working, I was a [store] hostess making \$25 an hour, and I’ll just stand there, greeting people, just talking to people. And then I come home to what? \$15 now. You can’t even breathe on it. You can’t live off twenty dollars an hour, let alone \$15.”

The Living Wage

A living wage calculation is one key public policy “tool” that can help address these challenges.

On the one hand, employers can use the living wage calculation to raise wages and help low-wage workers bridge the gap between income and costs. For example, in some places, living wage calculations are used as part of a “certification” that employers can seek to improve workers’ quality of life and signal their community commitments as employers.¹² Employers that want to be certified commit to paying their workers the living wage as it is calculated for their area annually.

Employers should pay a living wage and provide their employees with benefits, stable working hours and decent working conditions. Profit-maximizing based on the exploitation of workers will burn those workers out and result in employer costs for recruitment and training and increased public costs for health care and social support as people fall into need.

Lifting low-wage workers can also help address systemic inequalities because low-wage workers are more likely to be women, racialized individuals, new immigrants, and younger members of the community — labour market inequality is real. A large portion of the workforce would benefit from a significant increase — while 7% of NL workers work at the minimum wage, another 16 percent work for between \$15 and \$20 an hour.¹³

Employers should do more to help workers achieve a higher quality of life and a more equitable community — that is the fundamental purpose of the economy. Those employers that care about the workforce and want to reap the benefits of easier recruitment, lower turnover, and increased productivity can use the living wage calculation as a basic “floor” for how they need to compensate their workers to ensure their needs are met.

On the other hand, the living wage calculation is a powerful public policy tool for governments. The living wage can help the government improve their policies to reduce economic insecurity. As an evidence-based process, the

calculation can help governments in assessing a range of public policies, for example:

- Calculating the minimum wage
- Ensuring income assistance is keeping pace with cost-of-living increases
- Setting thresholds for residents to receive different kinds of income and social supports
- Assessing the regional impacts of tax credits designed to offset cost of living problems

Governments, even more than employers, must do more to ensure residents attain a reasonable quality of life. The living wage calculation can help them assess the effectiveness of what they are doing in pursuit of those goals.

To be useful, the calculation also needs to be credible, collected each year, and be regionally sensitive.

Background: Living Wage Calculations in Canada

THE LIVING WAGE has been calculated in hundreds of communities across Canada. Following the Canadian Living Wage Framework, the “living wage” is the hourly wage rate at which a household can meet its basic needs once government transfers have been added to the family’s income and deductions have been subtracted (such as income taxes and Employment Insurance premiums).¹⁴

The living wage is not a legally determined and sanctioned wage like the minimum wage, but a wage paid voluntarily by employers. Hundreds of employers in Canadian communities with living wage campaigns have signed on to be “living wage employers,” ranging from small non-profits and for-profits to large public sector employers.

In Atlantic Canada, the first living wage report was released in June of 2015, when the living wage report for Halifax (*Working for a Living, Not Living for Work*)¹⁵ and the technical calculation guide were published.

As calculated here, the living wage is designed using key principles outlined in the Canadian Living Wage Framework.¹⁶ The living wage is designed to:

- Enable working families to escape poverty,
- Foster healthy childhood development,

- Encourage gender equality,
- Alleviate severe financial stress and provide some level of economic security, and,
- Allow active participation in the community’s social, cultural, and civic life.

The living wage is an important benchmark highlighting what it means to earn a living that allows people to achieve these goals.

The living wage calculation provides communities with information about the costs of living and raising a family in each region: What are the most significant costs? What can be done to lower the costs? Which public policy, program or public services could have an impact on the expenses or the income?

Calculating the living wage requires three steps. First, drawing on statistical data for regional living costs, a representative household “living wage budget” is created to measure minimum living costs. That budget is then assessed in focus groups for how realistically it matches the experiences of people living in that region. Finally, after that assessment, the hourly wage needed by members of that region to afford that minimal living wage budget is calculated. The essential question is: what does that household need to earn to keep their “heads above the water?”

In the first step, the calculation of the representative budget, the following assumptions are made about this “household.” It is:

- A healthy family of four with two healthy children.
- One child in full-time daycare, one in before- and after-school and summer care.
- Both adults are fully employed (35 hours of employment per week all year).
- One adult is taking evening courses at a local college to improve employment capacity.
- All applicable tax credits, deductions and government benefits are included.

The living wage budget contains eleven expense categories: food, clothing and footwear, shelter, utilities, transportation, child care, basic private health insurance to cover some health expenses not covered by Medicare,

a contingency/emergency fund (two weeks of pay), parent education (two community college courses for one parent), household expenses and a small social inclusion budget.

In some cases, the monthly budget amounts reflect fixed monthly expenses (such as rent), while others are based on an annual total averaged over 12 months. Some of these expenses are one-time yearly payments, and some fluctuate depending on the season and expense (such as utilities during the winter or child care during the school year versus the summer).

The baseline household budget does not include the following:

- Payments for credit card or loan debts
- Savings for retirement
- Life insurance
- Homeownership costs such as property taxes, home maintenance, and repairs, or,
- Costs associated with a child or adult family member with disabilities or severe illness requiring care or adaptive support.

The living wage budget for the representative household for each region is a **conservative estimate**. The key point is that the household should be able to escape severe financial stress, support the healthy development of children, and participate in their community’s social, civic and cultural lives. While it is designed using a four-member reference family, two adults with two young children (aged 2 and 7),¹⁷ the representative household tries to cover as diverse a range of households as possible. For example, a single parent with one child would also benefit from the living wage. However, the costs are conservative, and a single parent with multiple children requiring child care would need additional support. *The living wage will not address all economic and social challenges; it is designed to provide a realistic assessment of what an average household needs to earn to make ends meet.*

A detailed description of the data used to calculate the 2023 living wage household budget for the reference regions of Newfoundland and Labrador is included in Appendix A. However, the process isn’t just a calculation; it is essential to listen to workers’ experiences when undertaking this work. Once a draft calculation is made of the regional cost of living for the representative household, those budgets can then be subjected to regional focus groups to “ground truth” how realistic those costs are for people in those

communities — this is a vital step when doing this for the first time as is the case in this study. People are not raw data, and local and regional issues can get lost when we don't take the time to listen to workers.

Participants include those who self-identify as low-wage, as living at or around minimum wage and as someone who is working and struggling to make ends meet. They are presented with the monthly and annual representative living wage household budgets and how they were calculated and asked to provide feedback. They are not presented with a calculation of the actual “living wage”. This is simply an opportunity to discuss household budgets and living costs in their area.

The conversations are recorded and transcribed. Standard steps are taken to ensure the discussions are confidential — participants give informed consent and are provided with details explaining that they are not obligated to participate and will remain anonymous except to the other participants. All participants are compensated for their time.

These experiences provide qualitative evidence of the need for a living wage and promote the tool's usefulness in that region. Participant stories highlight the real struggles in our communities, show how they are coping, and what a difference it would mean for them to make a living wage.

Once the focus group discussions are completed, that region's living wage is calculated based on the final living wage household budget.

Calculating the Living Wage in Newfoundland and Labrador

A PROVINCE-WIDE, REGIONALLY sensitive living wage has never been calculated for Newfoundland and Labrador. In 2019, the Canadian Centre for Policy Alternatives-NS calculated a living wage for the St. John's region only — in part due to data limitations.¹⁸ This project provides a more comprehensive and up-to-date analysis. There are clear regional differences in the cost of living, and the living wage needs to be sensitive to those differences.

This report breaks the province into four regions broadly corresponding with the province's now amalgamated health regions. These are:

1. **Eastern:** Including the Avalon, Burin and Bonavista Peninsulas.
2. **Central:** Including the communities of Fogo Island, Gander, Grand Falls-Windsor, the south coast and the Notre Dame Bay region.
3. **Western:** Stretching from Port aux Basques southeast to Francois, northwest to Bartlett's Harbour, and on the eastern boundary north to Jackson's Arm.
4. **Labrador-Northern Peninsula:** Including all of Labrador and the Northern Peninsula.

TABLE 1 NL 2023 Regional Living Wages

Region	Central	Eastern	Western	Lab-North Peninsula
2023 Hourly Living Wage	\$23.95	\$24.20	\$23.80	\$26.80

Table 1 shows the living wage rates by region. The hourly rates represent what both household members need to earn on an hourly full-time basis to cover their basic living costs in that region.

The highest wage is the Labrador-Northern Peninsula regional rate, which is 9.7 percent to 11.2 percent higher than the other regional rates within Newfoundland and Labrador due to its unique cost of living challenges. The regional rates between Central, Eastern and Western do not significantly differ, with Eastern having the highest wage.

While the living wage was calculated for St. John's in 2019,¹⁹ it is not possible to exactly compare the two rates. The 2019 calculations used different data, relying more heavily on the national market basket measure (MBM) to calculate living costs. However, it is still striking that this region's living wage rate increased by 28 percent (from \$18.85 to \$24.20). Comparing costs using the Canadian Price Index for St. John's for the most expensive items, we can see that most increases are due to inflationary costs, especially for rent and food.

Comparing the 2023 NL living wage rates to other parts of the country where the methodology is similar,²⁰ we see that the Labrador-Northern Peninsula wage is not only the highest in NL but also in the country. The next highest is rural Clayoquot Sound in Vancouver Island in BC at \$26.51, then Halifax, NS, at \$26.50. Vancouver, BC, often considered the most expensive place to live in Canada, has a living wage of \$25.68, while its booming suburbs in the Fraser Valley have a living wage of only \$20.66.²¹

Except for the Labrador-Northern Peninsula rate, living wage rates in Newfoundland and Labrador compare closely to different Atlantic Canada rates, which see less variation within the provinces than in BC. The lowest living wage rate in Atlantic Canada is \$19.20 in Bathurst, NB, and the highest is \$23.45 in NB.²² The Labrador-Northern Peninsula rate stands out because of the combination of very high food and transportation costs in a province with higher relative income taxes and lower government income support. The rates in the rest of NL, compared to NS rates, reveal very similar provincial trends, with high food, transportation and shelter costs combined with a lack of provincial government income support and with thresholds that are too low when they phase out for both federal and provincial government

income supports. The lack of provincial government support requires more of the living wage budget to be covered by employment income.

Data for the Living Wage Calculations:

The living wage rates were calculated to ensure that a representative household can cover expenses once we add government transfers (Canada Child Benefit, GST Credit) and subtract government deductions from wages (Canada Pension Plan and Employment Insurance) and government income taxes. The NL calculations are based on the following:²³

- Costs in the living wage budget as of June 2023. This does not include the federal carbon tax (effective July 1st, 2023).
- The cost of government deductions for provincial and federal taxes, Employment Insurance premiums and Canada Pension Plan contributions are for the 2022 tax year.
- The value of government transfers, such as the Canada Child Benefit, are calculated for the year using the rates effective from the 2021 and 2022 tax years, but do not include any temporary payments, such as the additional GST one-time payment nor the Climate Action Incentive Payment to offset the federal carbon tax (effective July 1, 2023).
- It also assumed that employers provide statutory minimums for time off. In NL, labour standards require at least two weeks of paid vacation.

The living wage is meant to provide a modest standard of living. Many expenses are calculated using Statistics Canada's Market Basket Measure (MBM), Canada's official poverty measure, which represents a basket of goods needed by a family of four consisting of two adults and two children (aged 9 and 13). Food and transportation costs for a four-member family are drawn from the Newfoundland and Labrador Market Basket Measure (NLMBM), developed by the NL government with a similar family profile to the national MBM.²⁴ Other living wage budgetary items are drawn from local cost surveys, using median prices as applicable depending on the category, as Appendix A explains.

Based on this data, Table 2 outlines the four regions' annual living wage household budgets. The higher cost of living in Labrador and the Northern Peninsula — particularly for food is why the living wage is higher in that region — to put it simply, it's more expensive for a low-income family to live there, so they have to make more in the labour market to cover those costs.

TABLE 2 NL Living Wage Household Budgets by Region, 2023

	Central	Eastern	Western	Lab-North Peninsula
Food	\$18,983.34**	\$18,869.85**	\$18,980.61**	\$25,942.73*
Clothing and Footwear	\$2,122.53	\$2,122.53	\$2,122.53	\$2,122.53
Shelter	\$19,082.50*	\$20,760.08*	\$18,849.86*	\$19,996.09**
Transportation	\$6,716.30	\$6,215.68	\$6,693.35	\$9,051.66
Child Care	\$12,112.00***	\$12,112.00***	\$12,112.00***	\$11,937.00***
Health Care	\$2,388.96	\$2,388.96	\$2,388.96	\$2,388.96
Contingency/Emergency	\$3,353.00	\$3,388.00	\$3,332.00	\$3,752.00
Parent Education	\$1,174.00	\$1,174.00	\$1,174.00	\$1,174.00
Household Expenses	\$8,459.82	\$8,120.60	\$8,459.82	\$8,459.82
Social Inclusion	\$5,350.34	\$5,158.16	\$5,350.34	\$5,350.34
Total	\$79,742.77	\$80,309.86	\$79,463.46	\$90,175.12

* Most expensive

** 2nd

*** 3rd

It is important to emphasize several key takeaways here. Firstly, these numbers may seem high. However, finding that a family of four needs \$80,000-\$90,000 per year for basic expenses is not surprising. Living wage household budget calculations have skyrocketed in recent years, largely due to inflation. While this is the first time we have comprehensive data for Newfoundland and Labrador, these numbers are broadly similar to other provinces, with Nova Scotia's ranging from \$86,000 in Halifax to \$79,000 in Cape Breton.²⁵

Second, there are important regional variations in these numbers. Household expenses differ in the North, mainly due to higher food and transportation costs. Variations across the other regions are smaller. As seen in Table 3, food consumes a much more significant portion (almost 29 percent) of the Labrador-Northern Peninsula regional budget than other regions, as does transportation (10 percent).

See *Appendix A* for a detailed explanation of what is included in each budget item.

Taxes and Transfers

Converting the final household budget calculations also requires an assessment of the impact of other kinds of taxes and government transfers on household income. Payroll deductions (CPP, EI) and taxes need to be

TABLE 3 NL Regional Living Wage Expenses by Percentage of the Total Budget, 2023

	Central	Eastern	Western	Lab-North Peninsula
Food	23.8%	23.5%	23.9%	28.8%
Clothing and Footwear	2.7%	2.6%	2.7%	2.4%
Shelter	23.9%	25.8%	23.7%	22.2%
Transportation	8.4%	7.7%	8.4%	10.0%
Child Care	15.2%	15.1%	15.2%	13.2%
Health Care	3.0%	3.0%	3.0%	2.6%
Contingency/Emergency	4.2%	4.2%	4.2%	4.2%
Parent Education	1.5%	1.5%	1.5%	1.3%
Household Expenses	10.6%	10.1%	10.6%	9.4%
Social Inclusion	6.7%	6.4%	6.7%	5.9%
Total	100.0%	100.0%	100.0%	100.0%

TABLE 4 NL Regional Household Income less Gov't Deductions and Taxes plus Gov't Transfers, 2023

	Central	Eastern	Western	Lab-North Peninsula
Total Annual Income from Employment	\$87,178.00	\$88,088.00	\$86,632.00	\$97,552.00
– EI, CPP, Fed. and Prov. Taxes	\$15,108.88	\$15,404.73	\$14,931.38	\$14,892.52
Equals Family Take Home Pay	\$72,069.12	\$72,683.27	\$71,700.62	\$82,659.48
+ Canada Child Benefit	\$7,836.42	\$7,784.55	\$7,879.44	\$7,692.84
Equals Total Disposable Family Income	\$79,905.54	\$80,467.83	\$79,580.06	\$90,352.32
– Family Expenses	\$79,742.77	\$80,309.86	\$79,463.46	\$90,175.12
Equals Income less expenses	\$162.77	\$157.96	\$116.60	\$177.20

considered in the calculation, along with the impact of any tax credits or other deductions that need to be made.

Government transfers, such as the GST credits and the Canada Child Benefit (CCB), represent a potential source of income for the representative household. Where eligible, transfers are added to total disposable income, decreasing the amount this family needs to earn through their wages. The living wage is not meant to replace government transfers and programs but to work with them to achieve a decent standard of living. Table 4 shows the total amount for each category.

Discussion and Ground Truths

FOR THIS REPORT, five focus groups were conducted in the following communities:

- Placentia
- Mount Pearl
- Labrador City
- Corner Brook
- Pasadena

In these sessions, volunteers were presented with the baseline budget for their region for thoughts and comments. A number of themes emerged from these sessions.

People are struggling to make ends meet...

Low-income residents shared many distressing stories about how difficult their circumstances are, telling us that the cost-of-living data is accurate — people are living paycheck to paycheck but feel they are falling behind, *“It’s living paycheck to paycheck. Sometimes you’re lucky you can make it that far.”* Many

told us the conservative household living wage budget estimates were ... too conservative ... and that actual costs were higher.

Participants suggested they couldn't make it without family support. One person stressed this, *"And thanks that his sister was living next door. She cooked the meal so we could go over there and have a decent supper."* Another said: *"There's a very good chance I would have been 100% homeless, foodless, carless if it wasn't for my dad. If it wasn't for my dad, I would have nothing. Because I would have lost, like, I would have lost everything."*

Others highlighted the hard choices they were facing in caring for their family members. *"There were days I went ... grocery shopping, and I didn't bring home anything for me. I just brought stuff home for him. And you know, bills went unpaid because he had daycare expenses and he needed diapers."*

The participants shared all the strategies they use to try and make ends meet, but as one said, *"I like, budget to the best of my knowledge that I can do, but I mean you can't budget what you don't have."*

Living on low income takes a toll...

Many of our participants highlighted the extent to which the gap between the cost of living and their wages forces them to make hard decisions about their own lives. Some have had to take on far longer hours to cover expenses, which is physically and emotionally draining over the long term. A rural resident in the eastern region told us how hard this trade-off was,

"I haven't had a day off in four months. So, yeah, I am doing better on a paycheck level. On a mental health and physical level, I'm completely depleted. Because you can't very well go out and afford to live as healthy as we'd like, which is exactly what our body's demanding of us when we're exhausted, because we're working so much. So, it becomes this vicious cycle where you're malnourished and your mental health is suffering because you're depleted and you can't afford to reinvigorate."

Another participant told us simply: *"now I have so much pain in my body from physical labor."* Another told us that what money they had was used to support the physical toll their work life was taking, *"The first big expenditure I made on myself after working for four months was a pair of properly orthopedic Arthritic shoes, as someone who's on my feet every day I thought this was time to splurge and the difference it made having a good pair of shoes."*

For many that we talked to, there was just a general sense of frustration and exhaustion, *"It seems unfair too that I have tried and tried and tried, and*

at this point, I still don't really get a reward, and that's the thing too, like, you go to work, you expect there'd be a reward at the end of the day."

What earning a living wage would mean...

While skeptical that there are easy answers to these problems, and also in some instances doubtful that a living wage would solve every problem, many were optimistic that it would help, *"I feel like living wage should be paying all your bills, and doing your groceries, paying your rent and still having enough savings which you can use for the time where it's emergency or anything so we should be able to save some amount of savings from the wage we get every month."*

Others were blunter, *"It would be great if we could eat food that didn't kill us and sleep schedules that didn't kill us and live in homes that didn't kill us. I think that that's a pretty reasonable expectation of any society."* They expressed frustration that the system is broken, *"I don't know that I'm looking for anything unreasonable. I think I'm looking for security. And for some level of comfort, so that my life isn't just a futile existence."*

Many see better options elsewhere...

One somewhat surprising thing we heard was that several of our participants who have lived elsewhere believe things are worse for low-income workers in this province. Participants believe wages are higher elsewhere and that there are unique cost of living challenges in this province – particularly in child care, food and transportation costs, which means there is a better deal for people elsewhere. One participant who had just moved from BC shared their experience buying food in Labrador: *"It's like double, triple price, maybe because we're in a secluded place or I'm not sure. We don't have any option."* For a province struggling with labour force shortages in some areas and real demographic challenges, hearing young families openly question what their future is here ... should make governments pay attention.

Current budget challenges that need attention...

Understandably, given the current context, **housing costs and availability** are a sore spot. People with housing that meets their needs now fear losing it as prices rise steeply. Others told us they were living in bad situations because of costs, *"We sacrifice being able to afford this apartment, but I mean*

there's mould there, I'm constantly going with the bleach and cleaning up the mould all the time and air quality it is disgusting. In the winter time we don't have access because our windows are at ground level, so we're literally barred in the apartment with snow."

Participants linked this to a series of concerns about the lack of housing, the lack of quality public housing, and the absence of government programs in general to address the problems. One said, *"I know there's different parts in Canada that have things like rent regulations, ... you can't exceed an X amount. They have to do that here. Newfoundland, to me, is the most outrageous, out-to-lunch rent I've seen."*

Transportation costs were also tagged as problematic. Participants shared that it was almost impossible to live without a car; in some households, more than one, *"...where you have to depend upon a car way more than just a luxury or a necessity. It was like your lifeline, especially for health care."*

But owning a car is also challenging. People own older, deteriorating vehicles, and a number told us maintenance costs had gone up, *"I have an eight-year-old car, and I do home care, so I absolutely got to have it to be able to go between clients. Luckily, I've got it paid off. It took a bit of scrounging, but I've got a paid off, but I still have my insurance... this summer the car broke down twice and I spent \$2100 just on maintenance alone."* Owning a car also comes with another layer of stress: *"But that's a constant stress again. Every single time I go to work, wondering, am I going to break down today? If I don't have the money to pay for it, how am I going to get to work?"* Many felt transportation costs for the representative household might be higher, or at the very least that there would be surprise costs not covered by the budget, and the fear of surprise expenses is palpable. One underlined just how expensive the gas was, especially in such a cold place (as Labrador), *"And for the gas especially winter time, it's like weekly, at least a week you need to gas up because you need to reheat your car and everything."*

Even in places where people had access to public transit, they shared how inaccessible and ineffective it was, with buses available only at limited times and on certain days. As one shared: *"And we only have to bus in here, the metro bus, every hour, once on the hour. So, I mean, you cannot depend on that if you're doing home care or almost any type of work."* Another shared that a bus service did two runs a day in a small town, *"but it doesn't operate on the weekends or in the night ... it starts at 9 in the morning and ... finishes at I'm thinking it's 4 in the evening."*

Participants in Labrador told us expensive taxis often fill the gap in trying to get to work. *"Yeah, it's hard to, because at certain times the cab runs, and*

then there's certain days I do believe still in the week the cab doesn't even run because it's not enough business in this town to keep it going." They shared having to walk at 4 am, "I walk going to work, like in negative 40 degrees."

Eating healthy is impossible on current budgets. Participants made clear that they knew what it takes to eat healthy, but that no matter what they did, buying the healthier options was too expensive. They shared how they must be *"economical and creative," "watch the flyers,"* and travel to the store where some things might be cheaper. They shared how stressful it was to go to the grocery store in general: *"I take my son in there, and he likes watermelon; like he goes straight for it. And I looked at like a full watermelon, and I was like, I can't even look at that."* People told us they were buying fewer healthy things, particularly dairy, as prices are high. Parents shared that they are sacrificing food for their child: *"My child has everything he'd ever want and then some, like he's not lacking whatsoever. But like myself, I live off peanut butter sandwiches, you know."*

The nutritional food basket budget included in the living wage calculation does not cover the costs of special diets. Several participants discussed the challenge of dealing with someone having diabetes in their household and not being able to buy the appropriate food. One shared: *"You can buy the rye bread and stuff like that, but it's \$5 a loaf for a diabetic, you know?"* One family worried about what would happen if their child's stomach issues required special food.

However, the most consistent message was that food costs more than they can manage, more than they are used to paying and that they don't have a lot of options, *"...if I didn't have food banks, there'd be a lot of meals missed or other issues. I'd buy stuff on reduce, on clearance, and whatnot. So you find ways to survive within your budget. But it almost stunts your ability to think beyond that."* Those in Labrador shared just how expensive food was, going to the grocery store with a two-week paycheck: *"And when we go up to groceries last Saturday, my whole salary is just for the groceries."*

Health expenses and benefits in case of illness. Participants told us it's a real stressor given how tight their budgets are, *"I don't have any benefits. So, if I get sick, if I have to go to the hospital, I have nothing."*

People have to pay a significant amount out-of-pocket for health care, with the lack of public health care coverage for many expenses, including prescription drugs, eye care, and mental health care. As one shared: *"I'm a diabetic, but if I didn't have insurance, I wouldn't be able to buy my insulin and needles and testing strips and anything else that I need."* Another, *"I need to get dentures, or I was going to get those screw-in ones, but I can't get*

them because I can't afford to do that.” They shared that they needed them because “I have to have all my teeth removed because of the bad dental care I had growing up. And it's going to cost me an arm and a leg to do it.” This speaks to the need for preventative health care, including dental care, to be provided, which would be less expensive than dealing with issues that arise later.

Child care, for those going through the system, raised a lot of concerns. People told us a lot about their struggles to find and then afford adequate child care and the extent to which they rely on families to fill in the gap — something that many residents cannot access. Their frustration was not surprising.

In Newfoundland and Labrador, 79 percent of younger children live in child care “deserts” where coverage falls below 33 percent, and at least three children are in potential competition for every licensed space.²⁶ Children fare better in St. Johns than in smaller towns and rural areas; however, even in St. John's, the proportion of children living in a “child care desert” is greater than the national average, at 53 percent, and there is only a 5 percent coverage rate for infants. In smaller towns and rural areas of the province, all children, effectively, live in child care deserts, with at least three kids in potential competition for one spot.

This is a key point that requires some discussion. The failure to deliver “\$10 a day” child care across the province greatly impacts lower-wage household budgets and what households need to earn to cover their expenses.

For example, Table 5 illustrates the impact of \$ 10-a-day child care on the living wage in the Eastern Region. If families could access child care at this cost, the living wage required to meet the household budget would be 10 percent lower this year — which translates into a living wage that could be \$2.20 less per hour. This significantly closes the gap between wages and household expenses.

These are the trade-offs in public policy that the living wage calculation illustrates — poor access to affordable child care means employers have

TABLE 5 Potential Impact of \$10 a day Child Care

Details	Eastern Child Care Costs	\$10 a day
Toddler	\$8,712.00	\$2,600.00
7 Year old Before/After/Breaks	\$3,400.00	\$3,400.00
Total Child Care Costs	\$12,112.00	\$6,000.00
Living Wage 2023	\$24.20	\$22.00

to pay higher wages. This was a key takeaway in some of our focus group discussions.

Clothing and footwear are a luxury. Some participants found the budget for these kinds of expenses difficult to afford. A number complained that they were wearing out their existing clothes; others, new to the province, noted that the cost of winter coats and boots wouldn't fit in the budget. Participants shared the struggle to keep up with the needs of growing children. Clothing and footwear needs vary and are often seen as a luxury to be able to afford even though they shared thrifting when they could. In many places, especially in Labrador, they found few choices and goods at bargain stores, like winter clothes, that were sold out quickly. *"Yeah, like as soon as they put it in, it's gone. It's gone before they even got it out of the box to put it on the shelf."*

Social inclusion – it's about the little things as well...

The social inclusion portion of the budget is designed to allow the household to participate fully in their community, to afford expenses that might alleviate the stigma they feel from their economic situation, and to enable them to go to a movie or do something for themselves. One participant said: *"We work to survive, and that's it. There's no such thing as a vacation. There's no such thing as going out and buying new clothes. There's no such thing as having a me day where I could go get my hair done."* Another said, *"Oh, sports fees, not realistic. Then you got holiday gifts, budgeting for tickets for a movie. Sure, for me and my son to go to a movie, it's over \$50."* Indeed, a number told us that the idea of "treating themselves" wasn't a thing anymore given the increased costs of going out, getting haircuts, etc. One household told us they couldn't afford it if their child wanted to do a sport requiring more equipment, which affected their choices in kid's activities. People often want to travel to visit friends and family, to get away, but many expressed how much of a luxury that is, *"I can't travel. I can't afford to travel. I can barely afford to eat."*

Some didn't think the budget was large enough for these "inclusion" costs, particularly in light of the looming Christmas holidays (focus groups were conducted in November). A number told us that was an awful time of the year for them, *"...this has to be the hardest time of the year to try to survive."* And, *"A lot of pressures this time of year."*

People need a cushion and want to get ahead. ..

Finally, one theme that emerged was that people feared they were living on thin margins. The living wage budget includes a modest budget for emergencies, which would likely only cover a few not-budgeted-for expenses, such as something more than regular maintenance on your car. One person shared: *“We’re lucky to be able to keep a roof over our heads and some food in the fridge. And that’s about it. That’s it. There’s nothing else. And then if something goes wrong, you’re... Yeah, well, you’re put back right down to the ground again. Now, climb out of that.”*

The living wage budget also includes a budget line for education, recognizing it as an investment that could make a big difference for some workers. As one said: *“I’m just one of the lucky ones. But I’ve seen poverty, and I made preparations for later life, right? Because I said, I’m not going to stay poor, I’m going to get my education, and I’m going to go to university, and I’m going to get myself a good job and whatever.”* The desire to find the budgetary space to make changes is an important takeaway from the participants. Another participant shared just how hard it is to return to school, *“I did my A.B.E, my upgrading. Because I quit school in grade 7, it was always on my mind to go back and get my education. Because nowadays you can’t even go against the wind. Unless you got an education...Oh my God, was it ever hard. I had to start from grade 5. I had to work my way all through.”*

Government isn’t helping...

One alarming concern apparent in both our data and the feedback we received from volunteers is that our representative household would be ineligible for several government programs – they do not qualify for the Newfoundland and Labrador Child Benefit or the Newfoundland and Labrador Prescription Drug Plan. All the representative households would receive the Federal Child Care Benefit (CCB) but are ineligible for the GST credit.

Access to these programs was a sore spot in our discussions with focus group volunteers – people feel like the qualifying thresholds are too low, and they are being punished for trying to earn more. A number of participants suggested government programs don’t match their changed cost of living reality, *“They kind of need to steer away from the stereotypical, okay, if you make less than \$30 000, you are the dead poor. In this day and age, you make less than \$50,000, you’re the dead poor.”* Another focused on how automatic clawbacks and eligibility thresholds are cutting working poor people off from

anti-poverty programs. One single mother told us that getting a higher salary hadn't helped her, *"My salary was \$48 000. That's a single mom living with a child. That's a good salary, you know. So, my expenses, I still couldn't survive off that rate. And that was a disgrace ... what was shocking to me, because I make that much, I'm not entitled to anything that the government is giving out, like nothing; I can't get a drug card, which blows my mind."* Others said simply, *"The threshold really, really needs to go up on everything. It's is so outdated"* and that, *"... things should just be less inflexible. Like you pass a threshold, you're \$100 over it; you still need that money."*

Recommendations for Achieving a Living Wage

CALCULATING A LIVING wage is a call to employers to pay a living wage. Some employers in Newfoundland and Labrador are already doing so.

As this section also outlines, it is critical to think about supporting workers by decreasing the cost side of the living wage equation. Indeed, many of the costs that make up a significant portion of the living wage budget could be addressed at a societal level through social programs and public infrastructure funded through fair taxation. In addition to direct income transfers, public services can significantly reduce the cost of living.

The bottom line is that there are several different pathways to a living wage. The higher the threshold is for households to receive the Canada Child Benefit or GST credits and similar provincial programs, the less that family must earn in the labour market to meet basic expenses. Because of the high cost of living, particularly in Labrador and the North, our baseline household must make over \$90,000 a year before taxes and transfers because they find themselves ineligible for the support they would get at a lower income.

Social programs that “kneecap” people from achieving a living wage aren’t very effective, and governments need to think more carefully about how government transfers interact with low-wage work.

Again, this is not a minimum wage — though the living wage calculation should inform debates about minimum wages. To put it bluntly, the province’s 2022 Minimum Wage Review Committee findings are amply supported by

living wage research. In the review, the Committee identified that while minimum wages could be a tool used for addressing inequality, for many, the rate is a “poverty wage” that makes it impossible for people to provide “necessities for themselves and their families, as well as having something left over at the end of the month.”²⁷ Even at \$15 an hour (Effective October 1, 2023), minimum wage leaves workers far short of a living wage.

Governments must consider the interaction between labour market wages and government transfers to address these problems. Still, the government also needs to think critically about arguments against increasing the minimum wage – wages that are too low to meet basic living costs and too low to attract workers aren’t helping anyone. The living wage calculation illustrates WHY people can’t work for current minimum wages.

Recommendations

1. Pay a Living Wage

Both private and public sector employers should strive to pay all their employees, directly and by contract, a living wage. Governments should refrain from contributing to the problem by using contractors that pay poverty wages.²⁸ Municipalities should be living wage employers, as should hospitals and other public bodies, and all public procurement should include provisions for paying contract workers a living wage like the Halifax Regional Municipality does.²⁹

It may be difficult for some employers to commit to raising their wages to the living wage, and they may choose to work toward the goal with incremental changes in recognition of the need to support their employees better. Other employers may pay their employees the living wage hourly rate now but need to provide them with sufficient hours to allow the employee to cover their expenses. On the other hand, employers may be paying less than a living wage but offer full-time work or permanent status with some benefits (which greatly impact living wage calculations). The challenge of precarious employment and the trade-offs involved for individuals are complex.

Employers who cannot find ways to pay their employees a living wage (whether through direct compensation or the arrangement of benefits for workers) have a responsibility to at least advocate for other ways to decrease the gap that workers face between income and costs. Calling for across-the-board tax cuts is not the answer. These workers would benefit more from expanding the fairness and progressive character of the tax system to pay for

quality public services and income support. Employers should proactively advocate for improvements in universal services and programs and investments in public infrastructure. Government budgets are impacted by the high costs of poverty, whether by productivity loss or by the pressures on its budget to help people manage to live on a low income. In NL, we estimated to cost nearly a billion dollars in 2017.³⁰

2. Create Decent Working Conditions

Newfoundland and Labrador has some of the least generous benefits entitlements of any province in Canada, from sick leave (only three days unpaid), minimal or non-existent provision for other leaves, and barriers to unionization.

No worker should have to go to work sick because they risk losing wages if they stay at home. Minimally, workers deserve ten paid sick days.³¹ With such draconian leave provisions, parents also struggle to take care of sick children. Workers also deserve more coverage for statutory holidays and additional paid vacation and leave to cover personal time.³² It takes over 15 years at one employer for a minimum wage worker to earn the right to a third mandatory vacation week. The provincial government should extend labour standards to all workers currently exempt and proactively enforce the standards. It should also seek to remove barriers to unionization. Modernizing labour standards would ensure that workers are safe and healthy and able to be as productive as possible by being supported to bring their best to work. The provincial government also needs to strengthen pay equity by extending it to cover the private sector, not just the public sector, and enacting pay transparency legislation.³³ The average hourly wage gap for men and women was 13 percent in 2022.³⁴

3. Raise the Minimum Wage

With the minimum just reaching \$15, the gap between the minimum and living wages is significant (from \$8 to \$11). The minimum wage in Newfoundland and Labrador is regularly adjusted for inflation. However, if there are significant increases in costs, as in the past few years, this creates a considerable lag before workers will see any growth. Moreover, adjustments need to be made to an adequate base — existing minimum wages were built on all sorts of false assumptions — the most important of which has been the idea that higher minimum wages are “bad” for the economy and that firms paying such low

wages will always be able to find workers — an assumption every employer in the province now knows, just isn't true.³⁵

The living wage provides evidence of the need for a significant increase to the minimum wage. Raising the minimum helps level the playing field for all employers. As the statutory minimum, a substantial boost to the minimum wage would result in more money in the pockets of a large chunk of Newfoundland and Labrador's workforce — the province relies heavily on low-paid workers. In Newfoundland and Labrador, 36 percent of one-person households earn the equivalent of a full-time minimum wage job, the highest proportion in Atlantic Canada, and 22 percent of two or more persons households have an income equal to or below the equivalent of two full-year, full-time minimum wage jobs.³⁶

When debating minimum wages, old stereotypes persist. Many workers in the province have incomes between \$15 and \$23 an hour; it's not just teenagers living at home and working in accommodations and food services. Only one-quarter of people earning a minimum wage are teenagers, and there is evidence that minimum wage is becoming more common in the goods-producing sector. While 32 percent of retail workers earn minimum wage, 33 percent of forestry and logging jobs earn minimum wage.³⁷

Strong minimum wage policies reduce the need to use the tax and transfer system for redistribution. In addition, these workers will spend their additional earnings and stimulate the economy.

4. Improve Direct Government Income Transfer Support

As our findings in this report suggest, one crucial way to support families' ability to cover the cost of living is to increase government transfers — programs like the Canada Child Benefit (CCB) significantly impact low-income households. Ensuring programs like this recognize how living costs have shifted and raise eligibility thresholds is a crucial task for governments. The more generous and accessible the government transfers are, the less employment income is required to cover those costs.

It is critical that governments carefully consider and make evidence-based decisions when setting the income levels for when transfers phase out and at what rate they are clawed back for every additional dollar earned. While all the living wage households in our report qualify for the Canada Child Benefit (CCB), to receive the full benefit, the adjusted net family income would need to be \$34,863 or less (and some of these households also face an additional clawback from the second threshold which is \$75,537). There

has been some optimism that the Canada Worker Benefit changes would help more workers. However, even though the threshold for the 2022 tax year increased, it was still well below the phase-out income of \$43,212 and \$33,015 for an individual.³⁸ These thresholds exclude many families living below the poverty line. One participant who had just arrived to work in Labrador reminded us that some workers don't qualify at all, *"I didn't yet get the child benefits because we're still in the process of the permanent residency."*

In our case, the reference family's net income is too high for them to qualify for many of the tax credits that are currently available, including the Newfoundland and Labrador Child Benefit. The living wage family also does not qualify for the GST credit. There is a significant difference across the country regarding the amount of support provided to families with children and the eligibility thresholds for that support. The new poverty reduction strategy, announced in November of 2023, provides additional support through the NL child benefit, but does not change the thresholds.³⁹ The support still only amounts to about \$1200 per year for the first child, which is an improvement for those families who will be *eligible but will not help any household making a living wage because the income cut-off is too low*. The same is true of the Prenatal-Infant Nutritional Supplement (\$150 a month), now for children up to age five; you are only eligible if you had a family net income for the previous tax year less than \$25,726.⁴⁰

More generous transfers, lower thresholds, and low clawback rates would help people transition into the labour force and into better-paying jobs. A recent federal government report has shown that "single parents, lower-income households, and recent immigrants are more likely than other workers to lose more to the tax system for extra earnings."⁴¹ Those groups of workers were more likely to see 50 percent or more of their earnings offset by higher taxes, a clawback in benefits, or a combination of the two. Women are more likely to lose more (up to 60%).

The tax-transfer system must be improved and designed to be more sensitive to what happens when small increases to earnings, result in steep reductions in public benefits. The living wage calculations should inform decisions about the level of income benefits, thresholds, and clawback provisions that would support families to stay out of poverty and the stress accompanying it. Increasing these thresholds to the MBM level would be an improvement. Governments need to raise the income level at which families or individuals no longer receive the maximum benefit amount (phase-out threshold) and raise the threshold when they are no longer eligible for any benefit (the ineligibility threshold).⁴² The maximum amount of support

provided must also increase to meaningfully contribute to bridging the income and cost gap.

5. More Progressive Taxation

Part of the call for paying a living wage is also about tackling income inequality in the province. The top 1% in NL hold 11.8 percent of the total income in the province, with an average income of \$401,800.⁴³ This data shows: “In 2021, Canada’s financial elites rode a wave of high stock markets and real estate values to sizable profits. They scooped up rentier checks and watched their assets’ value boom. There’s no question as to who “won” the pandemic—the rich made out like bandits. The question is what to do now, as the rich pull away from the rest of us.”⁴⁴

One eye-opening comparison for people in Newfoundland and Labrador comes from British Columbia’s living wage calculation. Provincial income tax in British Columbia is more progressive. The bottom tax rate on earnings is 42% higher in Newfoundland and Labrador. When combined with better access to public services — child care in particular, plus access to more provincial government support — many regions in BC require a lower living wage⁴⁵ in market income to make ends meet — workers get a better deal there.

As an illustration, the Federal income tax system, based on a recognition that costs of living are higher in Canada’s north, offers Northern Residents special income tax deductions to help close the gap between wages and living costs. While, based on our data, these deductions do not do enough to deal with this imbalance, it is important to note that they only apply to Labrador in this province (the living wage in Labrador would be \$2 an hour higher without it). Our “Labrador-Northern Peninsula” region does not all receive this benefit despite some similarities in living costs. In the same way that making the provincial income tax system more progressive helps reduce the living wage, Federal action to respond to rural Canada’s unique cost of living challenges would do likewise.

We should ensure that our tax system is responsive to the reality of what income levels are needed to afford essentials and better reflect the ability to pay given costs. The government could introduce more tax brackets, for example. Lowering taxes on one group and increasing benefits would require ensuring those in a much more advantageous income and wealth bracket pay more of their fair share, including instituting additional taxes on wealth and fully taxing capital gains.

6. Improve and Expand Public Services

While much of the attention in Newfoundland and Labrador has been on cutting public services in recent years, those cuts pass costs back onto citizens, and lower-income workers are amongst the most vulnerable. Government programs could be doing more to reduce the cost of living.

Early Learning and Child Care Expansion

Significant federal investment and some provincial investment in child care are to be applauded. The reduction in costs is significant for families who get access to them. A quality, publicly funded universal child care system available to families across the province would help working people with young children pursue training opportunities and re-enter the workforce more easily. Labour market participation rates, especially of women, could be boosted, which has been shown to ensure that this program pays for itself.⁴⁶

As illustrated above, the child care deserts across this province, where only some families can access licensed child care, and thus, the \$ 10-a-day discounted care dramatically increases the living wage. None of the living wage households would qualify for the current child care subsidy because the incomes are above the cut-off thresholds. To qualify also requires you to find a spot in a registered facility.⁴⁷

The child care calculus is complex — perhaps too complex to thoroughly interrogate in this report, but even if you could get it, “\$10 a day” is still not affordable for some families; as Macdonald and Friendly caution, “...what is affordable for families with different income levels, different numbers and ages of children, and different circumstances also needs to be taken into account.”⁴⁸ It is also problematic that Early Childhood Educators (ECEs) in Newfoundland and Labrador earn an average of \$20 an hour,⁴⁹ well short of a living wage. Resolving the child care dessert problem, requires more ECEs — it’s unclear how the province will provide the spaces needed without more funding. While the wage grid may be a step in the right direction, the government must also ensure ECEs have access to benefits, including health benefits, paid time for professional development and sick leave, and a pension plan.⁵⁰

Improve Public Transportation

Access to affordable public transit is important to managing higher living costs. Students, for example, could see their transportation costs decreased if a discounted pass was available to all post-secondary education students,

as is common in other jurisdictions. All low-income workers would benefit from more reliable and expansive transit – at least in areas where public transit exists.⁵¹ Transportation costs could also be significantly decreased if there was a provincial public inter-regional transportation system.

Provide More Affordable Housing

Rent and utilities are also significant expenses. In some jurisdictions, increasing housing costs are the biggest driver of living wage increases at the moment. Newfoundland and Labrador is currently experiencing an affordable housing shortage. The best way to combat skyrocketing housing costs for low-income people is for the provincial government to make more affordable housing available to families.

Investment in housing must be directed to the public and community (non-profit and co-operative) housing sectors, with a plan with targets to eliminate homelessness and core housing needs.

Other jurisdictions in Canada have had some success experimenting with rent control.⁵² Given the scale of the current crisis, the Government would be well advised to think about these kinds of measures locally. Again, higher shelter costs drive up the living wage – not addressing market failures in rental housing hurts the entire economy.

Prioritize Food Security

As of 2022, 22.9% of Newfoundlanders and Labradorians were experiencing food insecurity.⁵³ The province is highly dependent on food imports and is at the far end of a long supply chain. This puts even more budgetary pressure on families, particularly when fresh food rots before it can be used. A food security strategy that addresses the affordability and accessibility of food while ensuring that those who produce food locally are supported to do so would go a long way to assist.⁵⁴

Food insecurity is tightly tied to income, and modest changes to income can considerably impact their risk of food insecurity. It is critical to get at the systemic root causes of food insecurity and thus change the social and economic structures and processes.⁵⁵ For low-income people, it is essential to address not just food costs but the costs of obtaining and consuming the food, particularly transportation. The new poverty reduction strategy does provide additional funding to “ensure school lunch programs are available in all Pre-Kindergarten and K-9 schools.”⁵⁶ School food programs are undoubtedly important, but should not be introduced instead of direct income support for families to feed their children in their homes.

Extend Public Health Care

Out-of-pocket expenses for many health-related costs could be reduced if our public health care system included a robust national pharmacare program and provincial plans covered more essential health care costs, including mental health care services not currently covered.

One significant change to public investment in health care that might lessen out-of-pocket expenses is the Canada Dental Benefit for eligible families earning less than \$90,000 per year who do not have private coverage.⁵⁷ The interim benefit is up to two tax-free payments of \$260, \$390, or \$650 for each eligible child, depending on adjusted family net income. Should the living wage family stop paying for health insurance, the adults' health care costs, including dental for them, will exceed the benefit they might get from the new dental benefit for their children. A universal dentalcare program would remove barriers to access and ensure it covers the actual costs. It has been estimated that the Canada Dental Benefit has only disbursed 44 percent of the money it was supposed to by March 29, 2023.⁵⁸ In testing the impact of including the interim dental benefit, we found, for example, that the Eastern living wage would decrease by 45 cents an hour.

Accessible Post-Secondary Education

For decades, post-secondary education in Newfoundland and Labrador was some of the most affordable in the country. Since 2021, fees have steadily increased. MUN's undergraduate tuition fees are \$6,240 for domestic students and \$20,790 for international students.⁵⁹ The provincial government needs to invest in making post-secondary education, both university and college, free. While governments work toward that goal, they must reduce tuition and allow more people to upgrade their skills and education without taking on a considerable debt load. More part-time college options should be available to support workers who want to remain in the workforce.

One thing that should be clear from our representative budget is that a household trapped below the living wage will have a hard time putting anyone through full-time post-secondary education — this province once saw that as a key pathway out of poverty.

7. More Robust Data to Inform Policy Decision

The government needs better public policy inputs to make better evidence-based decisions about public policies that impact how households navigate the current cost of living crisis. Calculating the living wage EACH year is a

valuable service to both potential living wage employers and the deliberations by Departments and Ministries and would be vital to any provincewide living wage employer certification system. This exercise needs to be done regularly.

While living wage calculations use the best available data that provide the most realistic and reliable cost estimations possible, there are challenges. There are data limitations that the provincial government could help address. It could invest in more provincial data collection, providing more and better data for smaller communities and intersectional analysis by increasing investment in community-based data systems and building on the Community Accounts.⁶⁰ The NLMBM, and the components of that poverty line measure, are valuable, providing locally sensitive data, and should be funded to be updated more frequently.

One obvious area where improvements are needed is rental data, with very little data available from CMHC outside of major population centres, while the NLMBM relies on census data. How governments are to tackle the current housing affordability crisis without data on what is going on in the rental market in this province is a bit of a mystery. An annual, robust rental survey is vital.⁶¹

Conclusion

THIS PROJECT IS the first provincewide effort to provide a reliable living wage calculation for Newfoundland and Labrador. While living wage calculations are normal in other jurisdictions, we hope they become a standard tool in public policy here. They are vital to informing public policy debates on various topics that impact both wages and the cost of living.

While this year's report lacks comparative data from previous years, it is clear from other provinces that living wages are going up sharply. Rapidly increasing costs for basic necessities of life, combined with governments' failures to provide public services and programs that help keep life affordable, means families in this province need to earn much more than they did in the past to make ends meet.

Indeed, living wage calculations underscore that non-income, non-market-based solutions are vital to managing the high cost of essentials, ensuring people pay less out of pocket for necessities. Even if the inflationary pressures ease somewhat, the province's multiple crises will not improve quickly without direct intervention.

While there are different pathways to providing a living wage, it's crucial that we work towards achieving this – it is the entire purpose of the economy. It is time to stimulate the economy from the bottom up and build a just, inclusive, caring and environmentally sustainable province.

Appendix A

Household Expenses – Sources and Explanations

Food

Costs are drawn from the NLMBM’s food component’s weighted average for health regions for 2021. The 2021 Newfoundland & Labrador Nutritious Food Basket (NLNFB) comprises 61 foods from the 2019 Canada’s Food Guide. The prices of specific amounts of these foods, combined with the nutrient needs of individuals and families, determine the basket’s cost. The food survey in Newfoundland and Labrador includes weekly food costs for the reference family (four-member family) in urban and rural regions within Metro St. John’s, eastern NL, central NL, western NL, Grenfell and Labrador areas.⁶² These costs better reflect local differences across the province than the national MBM for NL.

Like the MBM budget, the NLMBM does not cover additional costs for special dietary needs, cultural or other food preferences, or eating out. The 2021 NLMBM food costs are adjusted for inflation using the average CPI index for “food” for NL for the first half of 2023 (January to June).

Clothing and Footwear

Clothing and footwear costs are drawn from the MBM and cover the MBM’s family cost of clothes and footwear for school, work, and play, including

replacement costs for growth and wear. The 2022 MBM clothing costs are adjusted for inflation using NL's average CPI index for "clothing and footwear" for the first half of 2023.

Shelter

The shelter amount is based on the cost of renting a 3-bedroom accommodation, plus the costs of basic tenant contents insurance, utilities, and the internet.

The four regions' rental rates represent the community's costs within the geographic region with the highest calculated median rent. Most living wage calculations in Canada use Canada Mortgage and Housing Corporation's (CMHC) annual rental survey data. The smaller the community, the less likely it is that there is CMHC data available. In the case of NL, the only available data are for Gander, Grand Falls-Windsor, and St. John's.⁶³ The rental rates for NL's calculations are from the Canadian Rental Housing Index data based on 2021 census data. The rental amounts are then adjusted for inflation using the average rental accommodation for the Newfoundland and Labrador Consumer Price Index (CPI) for the first half of 2023 (January to June).

Tenant insurance costs are based on quotes for various addresses within each region to provide insurance coverage of \$30,000 in contents. The median quote was used.

Utilities costs for 2023 are based on the median amount spent on utilities (i.e., water, fuel and electricity) by NL couples with two children, as reported in the 2019 Survey of Housing Spending (the latest year available). The data were obtained from a Statistics Canada custom tabulation in 2022 and adjusted for inflation using average CPI for "water, fuel and electricity" for January to June 2023.

Internet cost is based on a survey of the least expensive residential high-speed internet plans available in each region and accessible to residents across the region. The service must also provide a minimum speed of 50/10 Mbps and unlimited data. The budget also covers the modem cost, installation fees and taxes as applicable. This service is necessary for ensuring families can work, play, and do school from home. The level of service (the speeds and data access) also reflects the federal government's target minimum plan for all Canadians aimed at closing the digital divide.⁶⁴

Transportation

This budget item is calculated to cover transportation for daily needs, including shopping, work, getting kids to child care, and attending college. The included costs are drawn from the NLMBM, which captures the significant differences between those living in the Eastern region and those living in Labrador and those in communities that may be coastal, rural, or remote. The regional transportation costs use the weighted averages for the (old) health regions within the geographic boundaries drawn for the four living wage rates (Eastern, Western, Central and Labrador-Northern Peninsula). The budget may include maintaining one second-hand car or monthly bus passes (only for St. John's). Based on the 2016 Census work on commuting habits, some communities also have coverage for ferry trips. Northern Labrador communities include costs to cover air travel plus cab fees to service centres. Mud Lake residents are assumed to use snowmobiles and boats for transportation.⁶⁵ The NLMBM 2020 transportation costs for these regions are adjusted for inflation using the Newfoundland and Labrador average CPI index for “transportation” for January to June 2023.

Child Care

This covers the cost of full-time, full-year child care for the two-year-old and care for the seven-year-old. The toddler's average child care fees in St. John's are from the CCPA's annual report on child care fees for 2019 and are used as a proxy for all communities.⁶⁶ Unfortunately, given limited options for child care across the province, very few families can access licensed child care, and thus, the \$ 10-a-day discounted care is not included in these calculations. The budget consists of before and after-school care for the seven-year-old, full-time care for the March, summer and winter breaks, Professional Development/administrative days, and non-statutory holidays. Fees for the school-aged child are from our independent cost survey in 2023 and reflect average prices in each region where available or an estimated budget amount. The median cost for summer and March break camps is from a survey of camps in communities in each region where available (collected in June 2023). We assume parents take vacation days to cover some of the time needed (with each parent assumed to have access to two weeks of paid vacation). In communities without access to formal care, a budget based on other community costs approximates coverage for informal, private care arrangements. Many communities do not offer care for the seven-year-old

child outside the regular school day. Our survey data suggests that more after-school care is available and affordable across the province; however, only some communities have before-school care, and many communities have few options for families. Many communities have few options for programs covering Professional Development (PD) days, and most have limited options for March break and summer holidays.

Health Expenses

The budget includes the cost of a basic private health insurance plan. This insurance covers health-related expenses such as dental care and prescription drugs not covered by public health care in Newfoundland and Labrador. The family must still pay deductibles and the remaining costs after insurance, which are assumed to be covered under household expenses. The amount used province-wide is the 2023 cost of purchasing Blue Cross, assuming the oldest person is 37.

Contingency/Emergency

A modest allowance for unforeseen circumstances is included in the family budget, equivalent to two weeks' pay per parent per year, and is a small percentage of the overall household budget – a cushion for emergencies can make a big difference in averting further problems.

Parent Education

Part-time education for one parent at the College of the North Atlantic is included in the budget. This expense covers the 2023 tuition cost of two courses for the year, a small textbook allowance, and part-time student fees. The living wage framework recognizes that additional education and skills could assist low-wage workers in finding higher-paying jobs.

Household Expenses

This budget item covers other essentials not included elsewhere. It covers a cell phone,⁶⁷ and money for toiletries and personal care (e.g., toilet paper, tissue paper, toothbrush, toothpaste, deodorant, shampoo, menstrual

products), furniture, small kitchen appliances, or kitchen tools, household supplies (e.g., clingwrap, foil, cleaning supplies), bank fees and laundry costs. This expense represents 60% of the MBM’s “other” essential expenses category⁶⁸ using the 2022 MBM “Other” category and adjusting it for inflation Newfoundland and Labrador “all-items” average CPI for January to June 2023.

Social Inclusion

The social inclusion category is meant to include costs that help lessen stigma and allow family members to participate fully in the life of their community. What form that participation could take could “depend on the structure, age, location or other circumstances of a family.”⁶⁹ This category could be used for expenses such as school supplies and fees, reading materials, minimal recreation and sports fees, art or music classes, a child’s birthday or holiday gifts, a small budget for entertainment (e.g., tickets for a movie, museum fees), restaurant meals, family day-trips or children’s toys or games. This expense represents 40% of the MBM’s “other” category using the 2022 MBM “other” amount adjusted for inflation using NL all-items average CPI for January to June 2023.

What is not included in the budget

The expenses in the family’s budget **do not include** credit card or loan payments, savings for retirement, life insurance, home ownership, or costs associated with caring for a family member with disabilities, one who is seriously ill or otherwise needs additional support.

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