

A living wage for Toronto

EXECUTIVE SUMMARY

Many working families in Ontario face an impossible monthly dilemma: How to pay the rent, foot all the bills, keep food on the table, and stay out of debt?

Many are fighting a losing battle, for one basic reason. Even though they work hard, in many cases year-round and full-time, the wages they earn are insufficient to lift themselves and their families out of poverty. They earn poverty wages. They are the “working poor.”

Ontario’s average hourly earnings were among the highest in Canada in 2007, but in sharp contrast, a Statistics Canada study¹ reveals 17.4% of Ontario jobs pay workers less than \$10 an hour (2002 dollars). Another jarring finding: Ontario is the only province in Canada in which the proportion of jobs that pay \$10 an hour or less *increased* in the last decade — this despite steady economic growth during this same time period.

It hasn’t always been this way. In 1997, Ontario had among the lowest proportion of jobs paying \$10 an hour or less in Canada, at 15.9% of the job market. In most other Canadian provinces the proportion of jobs in 2007 paying \$10 an hour or less went down; in Ontario the proportion went up. Ontario is slipping.

The growth in low-paying work (and the expansion of poverty among working people) has very real and harsh implications for Ontarians. This is especially true for those trying to raise a family in Toronto, which is cited by Mercer as the most expensive city in Canada to live.²

Many Toronto families struggle to make ends meet, living paycheck to paycheck and often finding themselves falling short at the end of the month. Food bank use in Ontario has increased by 14 per cent between 2001 and 2007 — at a time when the province’s economy was growing. Imagine how things will deteriorate now that the economy is heading into recession.

Summary of Expenses and Income

Expenses	Annual
Food	6,557
Clothing and Footwear	2,504
Shelter	
Rent & utilities	14,751
Telephone	656
Insurance	213
Internet	447
Cable TV	840
Transportation	
Vehicle	6,573
Transit	1,248
Other	
Family vacation 1/yr. 2 weeks	2,000
Monthly family dinner & movie	1,800
Household & furniture	1,063
Personal care	618
Recreation	1,475
Communication not telephone	169
Reading and entertainment supplies	517
Other services	1,120
Education (adults)	1,000
Child care	9,140
Non OHIP medical	2,461
Contingency amount	2,206
TOTAL COST OF LIVING (rounded to nearest 100)	57,400
Income	
Household employment income	64,783
PLUS Universal Child Care Benefit	1,200
Household Income	65,983
MINUS Tax after credits	6,092
Income after tax	59,891
MINUS CPP and EI Contributions	3,981
PLUS Child Tax Benefit	1,490
Income after tax and transfers	57,400
Living wage	16.60

In Ontario, much of the focus in the past few years has rightly been on increasing the minimum wage, which was held constant for too many years under the Harris Conservative government of 1995–2003. The subsequent Liberal provincial government agreed to a series of annual increases that will bring the minimum wage to \$10.25 an hour by early 2010.

But minimum wages are concerned with basic dignity and poverty-level survival.

What we mean by a living wage is the income a family needs to support its participation in the social, economic, cultural and political life of the community. Specifically, it is the wage level required for a family with two children, and two parents employed full-time and year-round, to meet a basic standard of living that allows for good health, education and entertainment opportunities and full participation in modern life.

After taking into account the various tax credits available, we estimate that a wage of \$16.60 per hour would be required to meet those expenses.

The difference between meeting that target and falling far below it is the difference between participation and marginalization. It is the difference between survival and citizenship.

1 René Morissette, Earnings in the Last Decade, in Perspectives, Statistics Canada Catalogue No. 75-001-X, February 2008, pp. 12 to 24

2 Mercer, Worldwide Cost of Living survey 2008 — City ranking. <http://www.mercer.com.hk/summary.htm?idContent=1311145>