

Charlottetown Living Wage 2020

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We acknowledge that our work is located in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq. We are all Treaty people. Decolonization and reconciliation are our collective responsibility and are integral to our vision of a transformative society for all.

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Charlottetown Living Wage 2020

Introduction

The living wage rate for Charlottetown, PEI is \$19.30 per hour. This 2020 living wage is calculated to follow the principles and methodology laid out in the Canadian Living Wage Framework.¹ The calculation for Charlottetown follows how the wage has been calculated in our Atlantic Canadian jurisdictions, including the most recent report with wages calculated for various communities in Nova Scotia, as well as Saint John in New Brunswick.² In 2019, the living wage was calculated for St. John's in Newfoundland and Labrador.³

The living wage is calculated to show exactly how much a household would have to earn to cover all basic necessities *and* enjoy a decent quality of life. The wage is calculated to help avoid severe financial stress, support the healthy development of their children, and enable workers to participate in the social, civic and cultural lives of their communities. Actual expenses are used to calculate the wage to reflect the rate of pay needed to meet their basic needs given the costs, available government supports and services, and norms of a specific community.

TABLE 1 Charlottetown Living Wage 2020**Individual Living Wage 2020**

Hourly Living Wage	\$19.30
Annual Employment Income (gross)	\$35,126.00
Monthly (gross)	\$2,702.00

Household Details 2020 (2 adults)

Total Annual Income from Employment	\$70,252.00
- EI, CPP, Fed. and Prov. Taxes	\$11,094.68
Equals Family Take Home Pay	\$59,157.32
+ CCB, GST	\$8,535.96
Equals Total Disposable Family Income	\$67,693.27
- Family Expenses	\$67,595.53

How is the living wage calculated?

The hourly living wage is the 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) (see *Table 1* for details and the full spreadsheet is also available for download). The 2020 living wage is calculated based on a reference family of four with two parents each working full-time (35 hours) at the calculated hourly rate to pay for necessities and provide a cushion above the poverty line. While it is designed using a four-member family, two adults with two young children (aged 2 and 7), the research has shown that there are not significant differences in the hourly living wage rate (and monthly and annual income) needed to sufficiently meet the needs of a single adult and a lone parent with one child. The rate we have calculated is conservative and would likely not be enough for other family types, however, such as those with more than two children or younger children needing more expensive child care (infant care) or single parents with two or more children.

What's included in the living wage household budget?

As can be seen in *Table 2*, the most significant expense in the budget is the cost of shelter, which amounts to almost 25% of the budget, followed by child care (17.8%), and food (19.1%). When comparing Charlottetown to

TABLE 2 Summary of Household Expenses

Item	Monthly	Annually	% of Total
Food	\$1,076.48	\$12,917.77	19.1%
Clothing and Footwear	\$185.40	\$2,224.83	3.3%
Shelter	\$1,398.06	\$16,776.78	24.8%
Transportation	\$458.19	\$5,498.30	8.1%
Child Care	\$1,005.45	\$12,065.38	17.8%
Private Health Insurance	\$176.33	\$2,115.96	3.1%
Contingency/Emergency	\$225.17	\$2,702.00	4.0%
Parent Education	\$90.17	\$1,082.00	1.6%
Household Expenses	\$610.63	\$7,327.51	10.8%
Social Inclusion	\$407.08	\$4,885.01	7.2%
Total	\$5,632.96	\$67,595.53	100.0%

communities that have similar living wages—Saint John, NB (\$19.55) and Antigonish, NS (\$19.55). Compared to Antigonish, Charlottetown’s rentals costs are lower, as is transportation and the child care fees for the toddler. What stands out in comparison to Saint John is that while child care for the toddler is less expensive in Charlottetown, the city has very high shelter rates, as well as high food costs. Charlottetown’s higher food and shelter isn’t enough to offset Saint John’s higher child care and transportation even when considering the tax differences. Like the households in Nova Scotia, the income threshold for phase out of the PEI sales tax credit is too low and therefore the household does not qualify for it. There is no provincial child tax benefit in PEI, though the living wage household doesn’t qualify for this benefit in Nova Scotia or New Brunswick. New Brunswick’s sales tax credit is more generous in terms of the income at which it phases out, and the province also has a provincial working income tax benefit. In addition, New Brunswick’s marginal tax rates are also slightly lower than both Nova Scotia and PEI.

Detailed Explanation of Budgetary Expenses

It is important to note that living wage calculations use the previous year’s data. The PEI living wage household budget is based on 2019 costs and 2019 taxation and income benefits rates. This means none of the COVID related

spikes in food costs or additional income benefits for 2020 are included in this calculation.

Food

The food budget is based on the costs of food in the 2019 National Nutritious Food Basket, which is consistent with the new Canada’s Food Guide. The food budget does not consider special dietary needs, cultural or other food preferences or eating out.

Food Costs	
MBM Food costs (2018) CPI adjusted	\$12,917.77
Total Monthly	\$1,076.48

Source Statistics Canada, Market Basket Measure⁴ food costing, 2018 (adjusted for inflation)

Clothing and Footwear

The household budget includes the cost of clothes and footwear for school, work and play for a family of four.

Clothing	
Clothing MBM 2018 CPI adjusted	\$2,224.83
Total Monthly	\$185.40

Source Statistics Canada, Market Basket Measure clothing costing, 2018 (adjusted for inflation)

Shelter

The shelter budget is calculated based on the cost of renting a 3-bedroom accommodation in Charlottetown and the cost of basic tenant contents insurance. The rent amount is based on median rents for three-bedroom apartments and three-bedroom row houses, which means half of those who rent pay more than this and half pay less. The rental amount does not consider availability of accommodations, which is critical since Charlottetown’s vacancy rate is low—it was 0.9% for 3 bedrooms in October 2019, with an overall vacancy rate for Charlottetown on 1.2%. This amount also does not consider the location of the rentals or accessibility issues. Rental data need to better reflect the reality of the market, both considering what is

actually available, and detail on different segments of the market (for-profit, non-profit, public), as well as whether as ensuring the data reflect what is included in the rent (i.e. CMHC’s data collection doesn’t ensure that the costs shared include utilities).⁵

The shelter amount also includes the cost of utilities to pay for power and electric heat (1100/kwh per month), as well as basic internet and installation fees.

Shelter Costs

Rent (CMHC, Median for 3 brm+, Oct 2019)	\$1,100.00
Content Insurance	\$25.00
<i>Maritime Electric</i>	
Base Customer Charge	\$24.57
Rate/KWh (1100)	\$158.07
HST	\$27.40
Total	\$210.04
Basic Internet monthly	\$63.03
Total Monthly for all Utilities	\$273.06
Total Monthly for Shelter Costs	\$1,398.06

Sources Canada Mortgage and Housing, Survey, October 2019; Online insurance estimates; Online internet cost survey.⁶

Transportation

The transportation expense includes the cost of maintaining a second hand car⁷, plus a monthly bus pass, and a modest budget for a limited number of taxi trips. With two parents working and two kids needing to get to child care and school, plus a parent taking community college classes, this realistic transportation budget enables the family to ensure timely travel daily, plus having quality time at home.

Transportation

12 monthly bus passes for 1 adult	\$702.00
Private Vehicle (MBM 2018, CPI adjusted)	\$4,220.30
Taxi (4x5km trips over 12 months)	\$576.00
Total Annual	\$5,498.30
Total Monthly	\$458.19

Sources Statistics Canada, Market Basket Measure costing of private car ownership (transportation for rural population), 2018 (adjusted for inflation); Local transit⁸ and local taxi data⁹.

Child Care

This expense includes the cost of full-time child care for the two-year old, before and after school care for the seven-year old, as well as additional fees for when the older child would need full-time care, such as during the summer and winter breaks, on Professional Development days, snow days, non-statutory holidays. For other households in different life stages, the living wage budget allocated to child care allows them to address expenses that arise later for their children including saving for post-secondary education, for those families without children they could use this amount to pay for loans or any debt (which is not included in the budget), they could use this to save including for post-secondary education or to pay for post-secondary education for themselves, or to save for a house, or it may be needed for medical concerns that arise in the senior years, or a decent retirement income.

Child Care

Toddler Full Time (2y/o)	\$7,296.00
Before/After School (7y/o)	\$3,211.00
Summer & March Break (7y/o)	\$962.50
PD (11), Dec Break (8), Nonstat Holidays (2)	\$595.88
Child Care Subsidy (not included)	\$0.00
Total Annual	\$12,065.38
Total Monthly	\$1,005.45

Sources CCPA data:¹⁰ Survey of local child care.¹¹

A note on the child care subsidy: The PEI child care subsidy is not calculated into the family budget. Using the child care subsidy calculator¹² reveals that the living wage household might be eligible for a subsidy that leaves them to contribute \$295.16 max per month to fees for the toddler, should they find a space in an approved centre. If that were the case, that would save the family \$312.84 per month for the toddler or \$2.20 per hour for the living wage. It isn't clear whether the costs for the 7-year old would be covered. Since this is not a universal program, this subsidy is not included in the calculations. Moreover, subsidies are problematic for many reasons including because they do not guarantee a space to families who need them. Subsidies also often carry too many strings and stigma. Access to early childhood education and care should be possible for ALL families regardless of whether they are working, in training or any other criteria, and kids learning and care should not be

disrupted because someone loses a job. Imagine if that is how we provided access to our public schools? Public education has been proven to be the great leveller in our society when everyone has access. The investments that have been made by the PEI government to create a child-centred, play-based, seamless (all day, full year), quality, universal, affordable, accessible system of early learning and child care that ensures a living wage to its educators is to be commended and must continue.

Household Expenses

This covers the cost of necessary items needed to run a household, including mobile phone or landline, toiletries and personal care (e.g. 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.

Household Essentials (60% of MBM, other, 2018 adj)	\$7,327.51
Total Monthly	\$610.63

Source Statistics Canada, 60% of the Other essentials costing in the Market Basket Measure, 2018 (adjusted for inflation).

Private Health Insurance

The cost of a basic private health insurance plan (Blue Cross) is included in the budget. This is to cover health-related expenses such as dental care and prescription drugs, that are not covered by medicare. This is a modest estimate for household health expenses and would not be adequate for families with large medical expenses, such as households where one or more family member has a severe health condition or a disability requiring expensive equipment or medications.

Private Health Insurance	
Basic health insurance per month quoted	\$176.33
Total Annual	\$2,115.96

Source Blue Cross.³³

Contingency/Emergency

A modest allowance for unforeseen circumstances is included in the household budget. An amount equivalent to two weeks of pay per parent per year is included as contingency/emergency funds, and is a very small percentage of the overall household budget.

Contingency/Emergency

Monthly	\$225.17
Annual	\$2,702.00

Source See the living wage spreadsheet for calculation of weekly amount

Parent Education

Part-time education for one parent at community college is included in the budget because we recognize that low wage workers may want to upgrade their skills to facilitate getting a better paying job. This includes two courses per semester, as well as a small textbook allowance, and student fees for a part-time student.

Cost per unit	\$416.00
Student Fees	\$0.00
Textbooks	\$125.00
Total Annual (2 courses Holland College)	\$1,082.00
Total Monthly	\$90.17

Source Local College costs.¹⁴

Social Inclusion

The social inclusion category is meant to lessen stigma and allow household members to participate fully in the life of their community, whatever form that participation takes. The category would include expenses such as school supplies and fees, reading materials, minimal recreation and sports fees, art or music classes, child’s birthday or holiday gift, a small budget for entertainment (e.g. tickets for a movie, museum fees), restaurant meal, daytrip or children’s toys or games.

Household Essentials (40% of MBM, other, 2018 CPI adjusted)	\$7,327.51
Total Monthly	\$610.63

Source Statistics Canada, 40% of the Other essentials costing in the Market Basket Measure, 2018 (adjusted for inflation).

What’s not included in the budget

Credit card or loan payments, savings for retirement, life insurance, home ownership, or costs associated with a child or adult family member who has disabilities or serious illness requiring care or adaptive supports.

How are Taxes, Transfers and Income Benefits calculated?

In order to arrive at a gross hourly living wage, the calculation considers the ‘cost’ of provincial and federal income taxes (minus any tax credits), as well as the amount needed to cover Employment Insurance premiums and Canada Pension Plan contributions (see the summary table below, as well as the detailed spreadsheet).

The calculation also adds government transfers to the family’s income. The household net income is too high for the GST credit or the Canada Worker Benefit, and does not qualify for the full Canada Child Benefit (CCB).¹⁵ Nor does the family qualify for the PEI Sales Tax Credit.¹⁶

Conclusion

The living wage is calculated as part of a call for employers to increase their wages voluntarily, whether private or public employers. The living wage is not a recommended legislative minimum wage, but does call into question how the minimum is determined especially when the gap between the living wage and the minimum is as significant as it is on PEI. A living wage is also not a guaranteed or basic income, which is funded using public revenue and paid by government. The challenges facing low wage workers is about whether their base pay supports them to have a decent quality of life. These workers also require job security, as well as health and safety protections that support them with proactive enforcement of stronger labour standards.

The living wage calculations show that the more generous government transfers or public services are, the lower the private wage needed to cover costs. The tax transfer system and any social policy or program must also be sensitive to the benefit cliff where small increases in earning result in sudden, drastic reductions in access to public programs, services or income benefits. Low wage workers need support that is sensitive to transitions into and out of the labour market because of the precarious nature of their work. Decreasing these transitions is also imperative, as is ensuring that universal nonmarket public services are available regardless of income, citizenship or work status.

Investments in a universal child care system, an extension of public health care, and more affordable non-market housing, as well as the expansion of affordable, accessible public transit, and eliminating barriers to post-secondary education including high tuition costs, are critical to support low wage workers and build a healthier, more inclusive, productive and green community for everyone.

Notes

1 Living Wage Canada, *Canadian Living Wage Framework: A National Methodology For Calculating The Living Wage In Your Community*, http://livingwagecanada.ca/index.php/download_file/view/113/171. Any methodological and data changes for the 2020 wage calculations are noted in Appendix 1: A Note on Methodological Changes to the Living Wage Calculation.

2 Chelsea Driscoll and Christine Saulnier, *Living Wages in Nova Scotia and New Brunswick 2020* (Halifax: CCPA-NS). <https://www.policyalternatives.ca/publications/reports/living-wages-nova-scotia-and-new-brunswick-2020>

3 Christine Saulnier, *A living wage for St. John's, Newfoundland and Labrador 2019* (Halifax: CCPA-NS). <https://www.policyalternatives.ca/publications/reports/living-wage-st-johns-newfoundland-and-labrador>

4 The Market Basket Measure is Canada's official poverty line. It is based on the cost of a basket of goods for a reference family of one male and one female adult aged 25–49 with two children (a girl aged 9 and a boy aged 13) in different geographical areas within the ten Provinces. It costs food and other items in 38 cities across Canada. For more information on the Market Basket Measure, please see Djidel, S., Gustajtis, B., Heisz, A., Lam, K., Marchand, I. and McDermott, S. (2020). *Report on the second comprehensive review of the Market Basket Measure*. (Ottawa: Statistics Canada).

5 For detailed discussion on CHMC data and the housing market see, Catherine Leviten-Reid, B. Horel, R. Matthew, F. Deveaux, & P. Vasallo, Strong foundations: Building community through improved rental housing data. *The Journal of Rural and Community Development*, 14(3), 2019: pp. 74–86.

6 <https://www.findinternet.ca/en/charlottetown-prince-edward-island>

7 The MBM (2018-base) amount for transportation for communities under 30,000 is used for all communities in each province. This amount cover the purchase of eight-year-old compact car along with 1,200 litres of gas per year. It includes the cost of 36-month financing term at a rate corresponding to the published consumer loan rate, as well as the costs of insurance, maintenance, registration and driver's license renewals.

8 T3 Transit, <https://t3transit.ca/fares-and-passes/>

- 9** <https://www.numbeo.com/taxi-fare/in/Charlottetown>
- 10** David Macdonald and Martha Friendly, *In Progress: Child care fees in Canada* (Ottawa: CCPA, 2020). <https://www.policyalternatives.ca/publications/reports/progress>
- 11** <https://www.kidhub.ca/public/price-sheet.pdf>; <http://chancesfamily.ca/before-after-school-programs/>; https://www.charlottetown.ca/UserFiles/Servers/Server_10500298/File/Leisure%20and%20Recreation/Parks%20and%20Recreation/Program%20Brochure/2019%202020%20Fall%20Winter%20Program%20Brochure.pdf; <http://bellaliantcentre.ca/camps-programs/#recreation-programs>
- 12** <https://www.princeedwardisland.ca/en/feature/child-care-subsidy-calculator>
- 13** <https://www.mmhi.ca/apply-now/>
- 14** <https://www.hollandcollege.com/programs/credit-courses.php>
- 15** The GST/HST sales tax credit begins to phase out at a family net income of \$38,507. The Canada Child Benefit (CCB) begins to phase out at \$31,711 for family net income with a further phase out at \$68,708. The Canada Worker Benefit phases out at \$36,483. For the federal thresholds, see: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/adjustment-personal-income-tax-benefit-amounts.html#nrhc-metc>
- 16** <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/provincial-territorial-programs/province-prince-edward-island.html>



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