

A living wage for St. John's, Newfoundland and Labrador

Christine Saulnier





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A living wage for St. John's, Newfoundland and Labrador

1. Background: Living Wage Calculation in Canada

The living wage has been calculated in hundreds of communities across Canada. Following the Canadian Living Wage Framework, the living wage is calculated as the hourly rate at which a household can meet its basic needs, once government transfers have been added to the family's income and deductions have been subtracted (such as income taxes and Employment Insurance premium).¹

The Living Wage is not a legally determined and sanctioned wage like the minimum wage, but is rather a wage paid voluntarily by employers. In communities where there are living wage campaigns, hundreds of employers have signed on to be living wage employers in Canada 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*)² and the technical calculation guide was published.

2. Why does St. John's need a living wage?

The living wage as it is calculated here is designed with key principles as outlined in the Canadian Living Wage Framework.³ The living wage is designed to:

- Enable families who are working to escape poverty
- Foster healthy childhood development
- Encourage gender equality
- Alleviate severe financial stress and provide some level of economic security
- Allow for active participation in the social, cultural, and civic life of the community

It is for all these reasons that St. John's needs employers to pay a living wage. The living wage is an important benchmark that puts a spotlight on what it means to earn a living that allows for a good quality of life. Newfoundland and Labrador (NL) has the third lowest minimum wage in the country (\$11.40 per hour). A \$15 minimum wage would be a good start to getting to a living wage.⁴

Far too many people are living in poverty in the city (22.2%).⁵ The child poverty rate in the province is 20%, which means 1 in 5 children are living in poverty and 23.4% of those who are aged 6 and under are living in poverty. Of the families served by the food banks in the province, 11.5% are two parent families, and 21.4% are single parent families. Considering the age of individuals being served by food banks, the largest percentage by age category are children aged 0–17 years (36.6%).⁶

It is clear that advancing gender equality is important as well. The gender pay gap in Newfoundland and Labrador is one of the largest in the country with women earning 66 cents for every dollar a man earns. Women make up 69% of part-time workers and 66% of all minimum wage workers in the province.⁷

People are struggling to pay for their daily needs: Newfoundland and Labrador has the most expensive food in the country for any province.⁸ 13.4% of households in the province experience food insecurity.⁹

2.1 In their own voice: why workers need a living wage

It is important to listen to the experiences of low wage workers in every community. Low wage is defined as those living at or around minimum

wage, but also refers to those who might be earning more than minimum but have no set hours, are contract to contract, and/or in part-time or otherwise precarious, insecure jobs. These experiences provide qualitative evidence of the need for a living wage. These stories highlight the real struggles community members are experiencing, and show their resilience.

The workers in the focus groups in St. John's talked about how difficult it is to keep up with costs when wages are too low and not growing, even with strict budgets, and while accessing what one worker called the "emergency social security net for female supplies, bus tickets, anything I can find." These workers talked about how they have to make difficult choices; as one shared, "I go to school full time, I have a kid, student loans do not pay enough. I am a sex worker because it pays for what I need."

When you live to work, you hardly have time to spend with your family and friends, and you are less likely to be involved in our community. As one worker said: "What is the point of going to work? I am not enjoying my children. I was working 2 jobs when my husband had got laid off. Why do I even bother? It is very challenging as a parent to get up every single day to go to work." Another said it frankly: "We can't live, we are struggling to live. It makes no sense."

One of the participants said that they wanted more for their kids, but that it was very difficult. "I want him to get an education, but I couldn't save for this even at \$50 per month. With the day to day costs, even help with clothing, food and what not from organizations, I can't do it on a monthly basis just to help your child get a better life than you." Another said, "We try to make sure we have something to help our kids who might go to university, to do RESP, but it is very small. My child has another 10 years and what will those fees be like?" As yet another said, "If not free tuition, at least lower tuition for parents to be able to provide opportunity for their kids."

The workers' experience put a spotlight on the lack of quality jobs and what it means to do work that you love. One worker shared: "I did homecare work, I loved that. Overall, I loved it. It didn't pay enough. Expected to do all the stuff that a nurse would do, but paid minimum wage. Even with the training, you gonna break your back. You have to go to different places and you have to get there on your own and I couldn't afford it."

As one participant said of working at jobs that are 'casual', having no set hours per week takes a toll. "It is feast or famine because so many jobs are casual or call-in, 75 hours in a week and then not enough [the next]. You can't say no to hours. No vacation, no benefits. Sometimes kids do not see a parent for many days." Another worker also talked about this problem as well,

“You don’t get hired as [a] permanent employee, to qualify for the benefits, you are always casual and work full time hours but never get benefits.”

Another shared, “Pretty much every job is casual, and you do not get access to those benefits. Very hard to get a job with job security.” If the job is not ‘casual,’ it is contract, and as another said: “When a contract is over, constantly looking for new jobs. Retraining yourself on your own dime, to then maybe get a job that is better paying, is just a cycle of low wage work that is impossible.”

The workers are keenly aware of the pressure to leave to find work; many of them had migrated or had family members who did. As one participant said, “I have many friends who wouldn’t even consider coming back. It isn’t just about material goods, it is about dignity.” Another said they are pressured by those living elsewhere, “People say to me, why don’t you just move away...[to] Alberta or Ontario. This is where I am from, what if I want to stay here?”

Struggling to make ends meet takes a toll on people’s health, mental and physical. As one worker shared about their struggles, “I used to have panic attacks every night for years because I was so stressed out about worrying about how am I going to pay for my life.” When you have kids, these struggles are magnified. There are additional concerns when you do not get the help you need, as one said: “Child services is always in my life.” As another said: “Stress is hard. Relationship wise it is not good. If I am stressed and my husband is stressed. It puts a stress on relationship with your kids. It seems like you are constantly saying no, you are constantly being a bad parent. It feels like being robbed of your dignity.”

While many of the participants had children, others expressed concerned about never being able to afford to have children. As one worker said: “I am barely getting by as one person, I cannot imagine having a child, (then) it is important to have a car, bigger home. I didn’t think about clothing and footwear.” Another shared their family’s decision-making: “We are looking at trying to start a family. It is really intimidating and discouraging. It is still very difficult to accumulate savings.” Similarly, another said: “ Adding another person into the mix is really scary. Maybe we won’t be able to or it would mean raising them in poverty.”

2.2 What does a living wage mean to them?

The workers explained what they understood to be a living wage in terms of the impact it would have on their lives. One said: “A living wage means you

get to live comfortably and to pursue happiness and without basic financial stress impeding their lives and including the ability to save money.”

Emphasizing lower stress was a common theme, as one worker said, a living wage would mean “not be stressed out, to be able to put your feet up”.

Another said simply: “Economic security and stability.”

Making a living wage would mean: “Being able to raise a family”.

3. Calculating the living wage

The living wage for St. John’s is \$18.85 per hour. The wage was calculated based on the Canadian Living Wage framework and building on the lessons learned via the three other calculations completed in Atlantic Canada (Halifax and Antigonish in NS, and Saint John in NB).¹⁰

The calculation of the living wage provides communities with information about:

- *Real life/real time costs of living and raising a family in a given community:* What are the most significant costs? What can be done to lower the costs? Which public policy, program or public service could have an impact?
- *How a given community compares with others across Canada:* Using a consistent national methodology allows for comparing costs, taxes, and government programs across the country; What is being done or can be done at the local, provincial, and/or federal level to support families to have a good quality of life?

This methodology assumes the following scenario:

- A healthy family of four with two healthy children
- One child in full-time daycare, one in before- and after-school care
- Full-time (35) hours of employment per week for each of two parents
- One parent taking evening courses at a local college to improve employment capacity
- Costs of living including transportation, food, rental housing, clothing, childcare, medical expenses and other
- Inclusion of any applicable tax credits, returns and government benefits

TABLE 1 Living Wage Calculation Summary

Total Annual Family Income from Employment	\$68,614.00
- EI, CPP, Fed. and Prov. Taxes	\$9,583.84
Equals Family Take Home Pay	\$59,030.16
+ CCB, GST credit	\$8,544.41
Equals Total Disposable Family Income	\$67,574.56
- Family Expenses	\$67,468.55
Equals Income less expenses	\$106.01

The living wage is the amount needed for a family of four with two parents working full-time at the calculated hourly rate to pay for necessities. The wage is calculated such that the family should be able to escape severe financial stress, support the healthy development of their children, and participate in the social, civic and cultural lives of their communities. While it is designed using a four-member reference family, two adults with two young children (aged 2 and 7),¹¹ the research has shown that there are not significant differences in the hourly living wage rate needed to sufficiently meet the needs of a single adult as well. In St. John's, 81% of families with two or more children are couple families.¹² For households without children, the living wage budget allows those families to address expenses that may arise later, such as savings for post-secondary education, or paying off student debt, or addressing medical concerns that arise in the senior years, or allowing some savings for a decent retirement income.

The living wage for St. John's is \$18.85 per hour for each adult working 35 hours per week in order to ensure the family receives a liveable annual income (see *Table 1*)—each adult's income is \$34,307 per year (gross). The living wage for 2019 is based on the following (see the spreadsheet that accompanies this report for details):

- Household costs for 2018 (see *Table 2*);
- Plus government transfer amounts for the July 2018 to June 2019 time period (except Canada Child Benefit includes 6 months of the 2018-19 rates (January to June 2019) and 6 months of the 2019-20 rates) July to December 2019); and
- Minus government deductions and taxes for the 2018 tax year.¹³

TABLE 2 Monthly Budget for Family of Four

Food	\$1,104.23
Clothing and Footwear	\$166.54
Shelter (includes power)	\$1,140.54
Communications	\$149.50
Transportation	\$625.15
Child Care	\$1,151.28
Health Care	\$173.05
Contingency/Emergency	\$219.92
Parent Education	\$66.17
Household Expenses	\$413.00
Social Inclusion	\$413.00
Total	\$5,622.38

The living wage methodology “reflects what earners in a family need to bring home, based on the actual costs of living in a specific community.”¹⁴ In order to better understand those costs of living, we convened focus groups with low-wage workers in St. John’s. The focus groups provided first voice feedback on what earning a living wage would mean to people working for low wages, and some sense of their current experiences as low-wage workers. Participants were presented with the monthly/annual budget along with an explanation of how it was calculated, and asked to provide their feedback. Participants were recruited via community groups including advocacy organizations and front-line service providers. Two focus groups were convened in April and included nine workers from a variety of sectors. The conversations were recorded and transcribed. All participants freely gave informed consent and were provided with details explaining that they were not obligated to participate, that their participation would have no impact on services they received, and that they would remain anonymous except to the other members of the group. All participants were compensated for their time with a grocery store gift card. Transportation costs were covered if needed with bus tickets or taxi chits, and child care costs were covered. Both focus groups lasted just under two hours. Direct quotes are included throughout the report to forefront the voices of workers and attributed only as St. John’s worker or focus group participant.

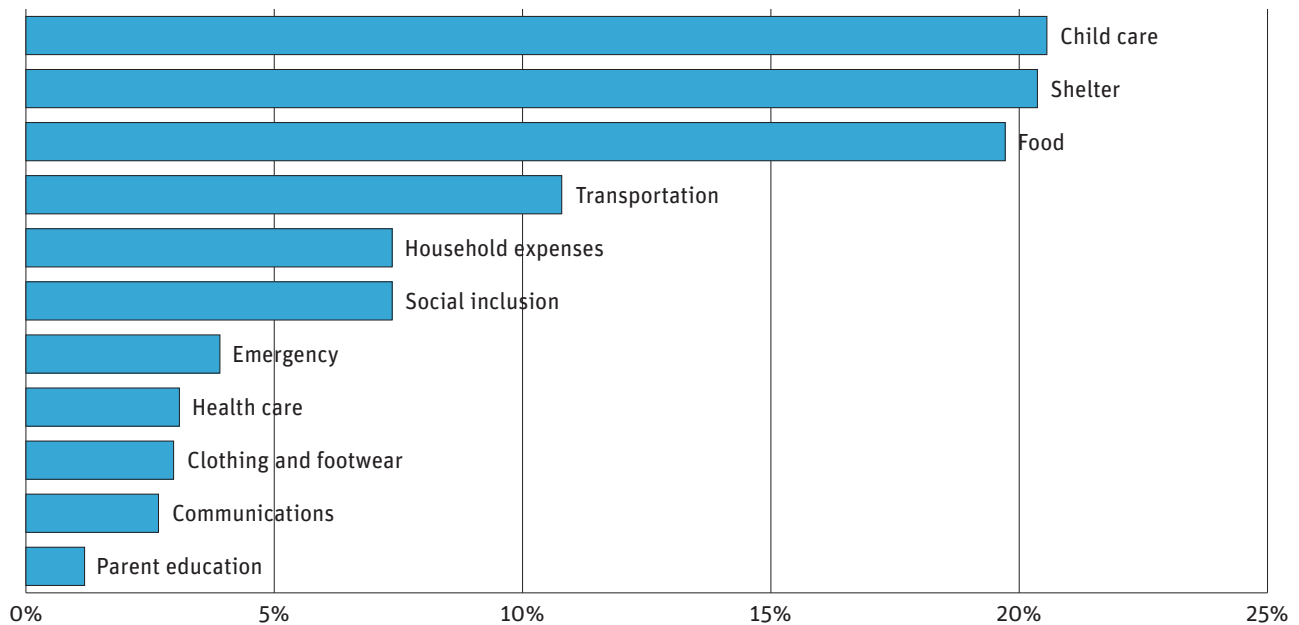
3.1 Living Wage Expenses

The living wage for any given community is a very conservative estimate. It includes 11 expense categories: food, clothing and footwear, shelter (includes content insurance and utilities), communications, transportation, child care, basic 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 annual 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).

Living Wage Budget

The three most expensive items (see *Figure 1*) in the budget make up just over 60% are: child care (20.6%), shelter (20.4%) and food (19.7%). The fourth most expensive item is transportations costs (11.1%).

FIGURE 1 Monthly Budget for Family of Four



Detailed Explanation of Costs and Discussion

Shelter: The living wage budget shelter line includes rent, contents insurance, and utilities. For rent, we use the average for renting a 3-bedroom apartment (\$895 per month); data is from the Canadian Mortgage and Housing Association for St. John's Census Municipality. The shelter amount also includes the cost of basic contents insurance (\$33 per month).¹⁵ The Newfoundland Power¹⁶ amount (\$212.54 average per month) assumes that water is included in the rent and heat is electric.

The workers in the focus groups thought that it would be difficult to find a decent apartment at the average amount we listed. They talked about how quality is an issue: "you could rent a basement apartment for this amount, but would you want a family with kids in this place?" They were also concerned that the power amount was far too low, especially considering that many rentals are improperly insulated, are very drafty and "suck the heat out". The participants underlined how important it is to have stable, secure, safe, quality housing; as one said, "Everybody needs a safe place to lay their head. It is a torment, where am I going to lay my head tonight, bouncing from couch to couch, to be somewhere safe and warm." Sometimes the compromise is to just have a roof over your head, but it can be very stressful, especially for those who have to live in a rooming house or poorly kept up housing.

Food: The living wage costs in the budget are based on basic nutritional food basket costs for St. John's for four people (2 adults and 2 children) of \$1,104.23 per month, as calculated in the Newfoundland and Labrador Market Basket Measure (NLMBM) food costing data.¹⁷ When asked about the food expense, the workers shared how hard it was to cover their food needs in St. John's. They emphasized how difficult it was to afford healthy food in particular. One worker said: "To eat properly is hard. It isn't good living out of can. Even half healthy is expensive." Another talked specifically about certain food groups: "Fruit, vegetables milk cheese are very expensive". Those who had gone to the food bank expressed concern about what was available: "Quality of food at the food bank is canned, high sugar." The food basket used for the living wage calculations does not provide for the increased costs associated with special diets. As one participant said, "Any special diets are too expensive, like gluten free bread." For another participant, going to a food bank meant they got almost nothing because "they were diabetic and had allergies."

Participants with children shared that feeding their kids was an added stress. As one mother said: "I have gone 2 or 3 days without eating so my child can eat, and that is going to the food bank once a month." It is hard to

be able to provide enough calories and sometimes the compromise is to buy less healthy options because, as another parent said, “All this nutritional advice, but you cannot afford to it. You have to fill the hole, kids have to eat.” One parent’s children were at a school that had subsidized school lunches, but they expressed some dismay with the nutritional value of those lunches.

Clothing: The living wage expense for clothing and footwear is to cover what’s needed by all members of the family for work, school and recreational purposes. This figure is based on actual purchases of families in the second income quintile as calculated in the NLMBM (\$166.54 per month). Participants in the focus groups thought this expense was too low and said, “Even if you go to second hand store for clothes, it is still not cheap.” Parents talked about how it is a struggle to keep up with kids’ growth, especially considering how expensive footwear can be. According to one parent, “My son is 11 and constantly growing, [I’m] constantly having to buy more clothes...he has had 3 growth spurts in this past year”. Another said, “One is 8 and one is 9 and the two [have] growth spurts every few months.”

Other participants talked about the additional expenses, like needing to pay for work clothes or uniforms. Also, kids in child care often require additional clothes like indoor shoes or rain gear, another expense to consider.

Communications: The living wage budget includes a specific budget category for communications-related expenses. We recognize that it is a household essential to have some ways to communicate for work, for education purposes, for health and emergency purposes, and also to stay in touch with family, and friends. This budget line provides enough to cover the least expensive basic cell phone plans (unlimited text and limited calling for 2 phones at \$30 each)¹⁸ and basic internet (\$80.50).¹⁹ As the participants pointed out, these cell phone rates are likely not sufficient if you do not already own a basic phone. As one participant said, a data plan is important: “My job depends on me to go in and get numbers, if [there is] no WiFi, I can’t actually do my work without having data.” Given that people talked about not being able to afford to travel to see family, on the island of Newfoundland, let alone to the mainland or further away, it is important to provide ways for people to stay in touch with family.

Transportation: The living wage budget includes the expense for a used vehicle (including gas, insurance, repairs at \$467.15 per month), as well as an adult bus pass (\$78 per month), and some money to support two short

taxi trips per week (\$30 per week for 8 months while in school). Even though the reference family lives in St. John's proper, the budget includes owning a second-hand car because it is too difficult with two working parents, and two children, with one parent also going to evening classes twice a week, to get to and from where they need to go on the bus alone. The participants agreed saying quite frankly, "The bus system sucks," while another called it "a torment." It is very difficult to rely on the bus to get to work or anywhere on time given how infrequent it is. According to another participant, it only comes "Every 30–45 minutes...and if you miss the bus, what do you do?" Moreover, another said that workers are, "Paying a lot for a limited service." Another said for example, "The bus doesn't cover all the areas of the city that you might need to go like Paradise." We included a bus pass in case one parent does have to rely on the bus because the other works different shifts or/and in different parts of the city.

Our calculations also include a few taxi trips because taxis might be needed depending on how late the college classes run. However, one participant said that the amount we allocated for taxi service would allow for very little travel, explaining that the upfront flat fee is \$3.50 and "My house to downtown on taxis would be half a day's wage".

One participant, (a parent with two children) thought that the car expenses were too low, and that a Ford Focus (the car that was part of the scenario) would be too small. One family had two used vehicles. They expressed how difficult it is to afford gas for the car, and that unexpected repairs can be very costly. "If you don't have kids it helps, I can live close to my work and spend much less on transportation." Another participant who is also student pointed out that the university does not offer a discounted bus pass.

Child Care: Child care makes up a significant portion of the reference family's budget. Our living wage budget includes the cost of full-time regulated child care for the two-year-old for the full year (\$726/month).²⁰ It also includes care for the 7-year-old's before and after-school care for 10 months (\$17/day).²¹ Additionally, in the summer, the 7-year-old will be in summer day camp for 6 weeks (\$156.67 average per week).²²

Very few of the parents who participated in our focus groups could afford child care. The ones who tried couldn't keep their kids in. "I had child in day care until she went to school and the only way could get it was if I got the subsidy and it covered 90% and I couldn't afford it." Another said that it wasn't just the cost of the child care, it was also the extras like raingear, sunscreen, hats..."there was a huge list". According to participants, child

care centres are “strict around signs of illness, if they have a fever, runny nose they aren’t able to make it”, making it difficult to find care for kids when they are sick. This can be challenging for workers who do not have a back-up and cannot take time off work.

One mother shared her solution to covering child care while working: “I had to go to employer to see if I could break my schedule because I had to get my kids at school and bring them to lunch and back during the day.” However, as she said, “I would like to have my lunch breaks back”. Many of the parents in the focus groups talked about not getting access to subsidies because those benefits are based on gross income and have low eligibility thresholds. As one mother said, she cannot afford child care but the threshold says that she can because she can’t qualify for a subsidy. The cut-off is too low.

One mother did get her child into a centre for low-income parents, but the centre expected that parents were not working full-time: “It is only until 2 in the afternoon. It is for low-income. You have to be involved.” Another said that she pays for childcare from 9 AM to 5 PM two days a week. Subsidized it is \$33.50 per day. Another said: “I was going to work, but I was paying more to work and put my daughter in day care. It costs more for day care than I make in a day at work. And I don’t get to be with my child.”

Many of the parents made the point that people incorrectly assume that there is no cost once the child is in school, but that after-school care is too expensive. One parent says, “I call around and ask neighbours to watch my kid after school.” Another said that they have been lucky to have family who can help them. Another said that they “might move to be close to our parents even though we don’t want to,” because “we need child care support.” It isn’t just after-school care; children need care during the summer months as well. “When they come out of school you still have to have place for them to go like in the summer. It is just unreasonable. Such long waitlists for programs. You have to take time off to try and get your child in.”

Health Care: The living wage budget recognizes that public health care does not cover all required health care needs, so the budget includes enough to pay for a basic private health insurance plan (\$173.05 per month).²³ This plan would include coverage for services not covered by Medicare including medicine, dental care, optical expenses, physiotherapy, etc. While this coverage would include very limited counselling, one participant observed that there were many “things considered luxury or not essential including mental health services”. The participants talked about taking “extreme measures to get what we need”, and referred to checking themselves into

the Waterford Psychiatric Hospital to get mental health and addition support services. Another said they “had to go to detox to get a therapist,” while another said they had to “get locked up, in order to get additional help.”

In addition to mental health care, many of the participants flagged dental health care as an important issue. One participant said: “I didn’t go the dentist for 11 years because I couldn’t afford it, I was only lucky I didn’t have big problems.” Another shared: “I had to get a root canal and have no insurance.” When participants have had access to public subsidy programs they have only covered emergency care and teeth extraction. As one participant said: “Take out my teeth and my self-esteem?”

Of course, medication costs are very concerning for those unable to afford medical insurance and who cannot get access to the pharmaceutical drug subsidies that are only for the unemployed and those on income assistance.²⁴ One participant said: “I can’t afford medical insurance, I have medication needs that is \$200–\$300 per month”. Another mentioned that health care was “tracking them down to pay ambulance fee, which is \$130.” The few participants who had access to an insurance plan at work talked about how expensive the plans were (\$300 per month), and that the waiting time to get access to the plan is too long.

Parent Education: The living wage budget includes the cost for one parent to enroll in two courses per year and pay for the student fees at the College of the North Atlantic (annual cost of \$794.00).²⁵ Parent education is included because we recognize that even the living wage rate is on the low end of wages, and thus it would help to get a higher paying job, which may require more education and new skills. Unfortunately, we know that education doesn’t guarantee a better job. As one participant said, “I had pretty much a degree, but there was no job for this degree that would pay enough, so I quit”. It is also true that it is difficult to go back to school as an adult, as one participant shared: “If you are 16 and have a terrible home life and you quit school because of your life, and want to better yourself, that goes back to haunt you. Back track all them years is in itself a challenge to do.”

Contingency amount: This living wage budget includes a contingency fund, which represents two weeks’ pay per parent for the year and is designated as an emergency fund (annual amount of \$2639.00). When looking at the budgeted amount, one participant said, “Which emergency do you choose?” As another participant who did not qualify for employment insurance and didn’t have benefits said, “I was sick for 6 weeks and I couldn’t work, who

pays for your life then?” One of the participants who owned a car talked about how expensive it can be to maintain when you can only afford old cars. Travelling to care for an elderly parent as some participants needed to can also be very expensive.

Household expenses: The living wage budget goes beyond the bare minimum needed to keep a household and includes funds (\$413 per month) to cover other items that may not be considered essential for survival, but are necessary. The household expenses line covers costs such as household supplies (cleaning, foil, saran wrap), personal care (drugstore non-health insurance items like deodorant, menstrual products, etc.), laundry, bank service charges, etc. The amount allocated is based on half of the costs allocated based on the formula of the MBM ‘other’, which we split between household expenses and social inclusion expenses.²⁶ On an annual basis, the average amount spent by a household in NL on personal care is \$1188, while another \$2196 is spent on household furnishings and equipment.²⁷

Social Inclusion Expenses: This budget item is designed to address the stigma and social isolation that can be associated with living on a low income. The amount allocated (\$413 per month) is to help ensure that adults and their children can participate in activities in the community like other families, to pay for things like sports memberships, reading materials, school supplies or school trip fees, museum admission, a movie in the theatre once in a while, special occasion gift.

The participants in the focus group talked about how difficult it was to support their kids and take care of themselves. For example, one parent said that “there were no subsidized lunches at her school and it cost \$5-7 for a lunch, which other kids did and her kids would love but they could not afford, which makes it hard.” Another said, “I don’t do social events.”

Another shared, “My child is in activities. Family helps pay for many of those activities. We don’t do summer camp because I can’t afford it.” Another participant talked about the difficulties of getting access to subsidy programs, that the many rules and exclusions seemed arbitrary and unfair. According to one participant, “We accessed the REAL program, which will only pay for one activity and will only [allow] for one. If grandparent is paying for a second activity, [the benefit] will be entirely cut. Kids are not allowed to be in more than one [activity].” When the administrators of that program found out about the child who was in more than one recreational activity, the kid was kicked out of the program. Many participants talked about not getting

access because for “the few programs that are free, there is a long wait list for those and very hard to get kids into”.

Another parent said, “They are in swimming lessons...to me, [swimming lessons are] a life school and I think that is important. I just paid for two children: \$350 [for] one lesson a week for one session...January to June”. The reality is that kids need activities, as one parent said, “He needs activities to keep him busy.” Another participant said that many activities were too expensive: “I had to take them out of music because that was about \$800 per year”. As one parent said, “A movie for a family of four is \$70–\$80 to go, and that is not including the gas in the car.”

Birthdays or any special occasions are another challenge for parents on low incomes. As one parent explained, “Birthday parties for children is a tough one. We went to a party last weekend with my two children. My son absolutely loved it. I want to go here for my birthday. I looked at the prices. \$450 for 16 kids. My kids come home with invitations—classrooms are so big, you can’t invite all of the kids. Cheapest is still \$150 for a pool party for kid’s birthday is still expensive. Loot bags, cake, juice, pizza etc. All that stuff costs so much money.” The adults talked about how, “You always want to do the best for your child. The kids next door is in swimming and baseball and your kids wants to do it too”.

The living wage includes a social inclusion budget that would allow the parents some options for their children, but the budget is limited; being able to buy a gift for their own child or a gift for another child so their child can go to someone else’s party and not feel ashamed of the gift might be possible, but being able to afford a birthday party is not in this budget.

For these participants, putting themselves first is a challenge; “You want to feel good about yourself, [it’s] a challenge”. As another said, “I don’t do much for myself and my self-esteem has gone down.” When they have to spend money on work clothes and work supplies, and “meeting expectations in society such as heels, jewellery, clothes”, life can be very difficult.

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. As one parent said, her child needs autism support and these costs are not included. Some participants talked about how important their pets are,

and how this should be reflected in the living wage budget. We know that the average amount that someone spends in NL on pets annually is \$521.²⁸

The living wage budget includes limited costs for communication and a limited transportation budget. One participant shared how difficult it is when a family member is incarcerated: “costs of just keeping in contact if someone in your family is incarcerated, phone calls are very costly. Having to check in for probation. Miss probation, need doctor note, doctor charges for these notes.” Participants also shared how costly it is for previously incarcerated individuals to surmount the barriers to getting a job, or into college programs; “Applying for a pardon, costs \$800 and takes a lot of time...also some jobs require you to pay for a criminal record check, or getting a copy of high school transcripts, needing certain identification, etc. These are all barriers.” Low wage workers struggle with multiple barriers to transitioning into the labour market that often involve high costs that should be addressed.

Another participant pointed out that individuals undergoing transgender hormone therapy are sometimes on the hook for the cost of their treatments, and that, “if you need new ID, new birth certification etc., it is hundreds of dollars just for identification.”

As one participant observed, the living wage budget assumes that “Everybody has to fit into a certain box.”

The other major expense not included is debt, as one participant said: “No debt is included in the expenses and everyone has debt.”

3.2 Calculation of Taxes and Transfers

Government transfers represent a source of income for the reference family. Transfers are added to total disposable family income, decreasing the amount our 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. Payroll deductions (CPP, EI) and taxes are also considered in the calculation, along with the impact of any tax credits or other deductions that need to be made.

As noted by several workers, the thresholds for many subsidy programs and income transfers are far too low; only those working minimum wage or living below the poverty line get access to these programs. One worker expressed frustration that the “middle of the line workers...are falling through the cracks. We don’t qualify for the subsidies.” Another said, it is “hard to keep a healthy food balance with a low income, even a middle-class income. Next to impossible to avail of any services. I don’t qualify for anything.” The

transition to a better job should not result in claw-backs in all the programs that people earning low incomes are eligible for: those claw-backs stop people from ever getting ahead and escaping the cycle. Many of the participants in our focus groups talked about feeling like they were running in place; they were forced to make choices based on how much a job paid compared to how the work hours might impact other costs.

These concerns about the lack of support available through subsidies and transfers is borne out by our calculations: our living wage family does not qualify for child care subsidies, for the NL Child Benefit, or for the NL Prescription Drug Plan. They receive no GST credit either.

4. Comparison with other Atlantic Communities

We are unable to do a real comparison between the Atlantic Communities because the wage rates that have been calculated are for 2018 and have not been updated for 2019. It is likely that all three wage rates: Halifax (\$19), Antigonish (\$17.75) and Saint John (\$18.18)²⁹ would be slightly higher given cost of living increases and no significant changes to taxes, transfers or public services.

Comparing the trends, one can see that the living wage family in Newfoundland and Labrador pays the least amount of provincial tax because the province has the lowest marginal income tax for the living wage family in the region. As for transfers and tax credits, the New Brunswick family was able to access a little bit of support because of the combination of lower income and higher income thresholds for many benefits. The St. John's family does face paying the highest food of all the communities, and the second highest clothing costs (Saint John is slightly higher). Shelter costs are similar to Saint John—Halifax's costs are significantly higher. New Brunswick has the least expensive electricity rates in the region, while Nova Scotia has the most expensive per kilowatt per hour. In calculating heating costs for St. John's, we decided to include a winter top-up for heating in recognition of the combination of long, colder winter months and older housing stock in the city. St. John's also has the most expensive transportation costs of the four communities. Despite having the lowest income taxes of the three provinces, St. John's living wage is not significantly lower because of the higher cost of living, which points to the need to balance the role of government with sufficient revenue to help make life more affordable, and the role

of the employer to pay a decent wage and to contribute to the tax base that also supports their employees.

5. Achieving a Living Wage

5.1 The Role of Employers

The calculation of a living wage is a call to employers to pay a living wage. Some employers in St. John's are already paying a living wage to their workers. Indeed, despite the fact that there is no official certification or recognition program in Atlantic Canada, employers have voluntarily increased their wages to be in line with the living wage. We have heard from employers that paying a living wage is part of aligning their corporate vision and values with how they treat their employees. The Co-operators stated that: "Becoming a Living Wage Employer aligns with co-operative principles and our mission, which is to contribute to the financial security of Canadians and their communities." As they further stated, "We believe in building a more equitable and inclusive society, in which everyone enjoys a standard of living that allows them to thrive."³⁰ We know that The Co-operators ensured that all its corporate employees across the region earn a living wage (based on the \$20 Halifax 2015 living wage rate).

Hundreds of employers, of different sizes and business models, have become certified across Canada.³¹ While the goal of the living wage campaign is to ensure that employees are paid a living wage, each campaign also recognizes that the wage is calculated to consider 'discounts', and that there are other ways employers can narrow the gap between their employee's income and costs. Employers can:

- Support flexibility in the workplace to keep costs down. For example, offer parents an earlier or later shift so they can avoid paying for before or after school care for their children.
- Provide other extended benefits that help with costs such as subsidized bus passes or extended health benefits, paid professional development/education/training. Living wage campaigns often formally discount the hourly wage rate to include these benefits.³²
- Be advocates for policy changes that improve government benefits and social programs.

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 better support their employees. Other employers may pay their employees the living wage hourly rate, but without sufficient hours to allow the employee to cover their expenses. On the other hand, employers may be paying less than living wage, but offer full-time work or permanent status with benefits. The challenge of precarious employment cannot be understated.

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 tax cuts is not the answer: many of these workers make so little that they do not pay income tax, and for those who do, tax cuts do not provide sufficient income to make a difference. These workers would benefit more from expanding the fairness and progressive character of the tax system to pay for quality public services and income supports.

5.2 Role of the Government

It is also critical to think about how to support 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.

Direct Income Transfer Support: 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 NL Child Benefit and the child care subsidy program. The living wage family also does not qualify for the full Canada Child Benefit or the GST credit or the Working Income Tax Benefit. There is significant difference across the country in terms of the amount of support provided to families with children and the thresholds to qualify for those supports.³³ The evidence shows that income supports do make a difference; the child poverty rate in NL was 20% in 2016 because of the income transfers available to families with children.³⁴ More generous transfers and lower thresholds, and low claw back rates, would support more families as they transition into the labour force and into better paying jobs.

In addition to direct income transfers, public services can also have a significant impact on the cost of living.

Early Learning and Child care: If Newfoundland and Labrador had a system of public early learning and child care that was affordable, this family would need less income to cover their costs. For example, if families had access to a universal \$10/day child care program, the living wage could be as much as \$3 less per hour. A publicly funded universal child care program would help working people with young children to 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.³⁵

Improve public transportation: This family's expenses could be decreased if there was a discounted pass available to all post-secondary education students (part-time and full-time), taking the students' input into account to ensure it responds to their needs.³⁶ Transportation costs could be significantly decreased if public transit was a more affordable, accessible and viable alternative across the city and indeed the entire peninsula. This is a critical part of addressing affordability for those on a low-income—ease of access to transportation allows for comparison shopping for example.³⁷

Provide more affordable housing: Another significant expense for this family is housing. If our government made more affordable housing available to families, the hourly living wage could be lower.

Prioritize food security: The nutritious food basket also represents a significant expense for the reference family and while the costs in St. John's represent some of the higher costs in any province, this is at the lower end of costs within Newfoundland and Labrador. Given that 90% of fresh vegetables are imported, a food 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 this family.³⁸ Food insecurity is tightly tied to income, and "modest changes to income can have a considerable impact on their risk of food insecurity. On the other hand, there is no indication that increasing food skills or budgeting skills will reduce food insecurity."³⁹ It is critical to get at the systemic root causes of food insecurity and thus change the social and economic structures and

processes.⁴⁰ For those living on low-income, it is critical to address not just food costs themselves, but the costs of obtaining and consuming the food.⁴¹

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 if provincial plans covered dental costs and other essential health care costs including mental health care services not currently covered.

5.3 The Role of the Community

In Canada and around the world, communities have come together to build support for a voluntary living wage. Living Wage campaigns generally draw their organizing teams from a variety of stakeholder groups: people working for low wages join together with academics, health and social service providers, and representatives of labour and the business community to craft strategies for moving forward. In Newfoundland and Labrador, as part of their vision to end poverty, the Religious Social Action Coalition has called for a provincial living wage strategy.⁴²

6. Conclusion

Paying a living wage is a voluntary commitment made by public or private employers. As the living wage calculation shows, government policies and programs have a direct impact on our standard of living; the more generous government transfers or public services, the less the private wage has to be to cover costs. When people earn a living wage and live in a community with robust public services, it makes it easier to afford other things in the marketplace, or to save for university, or to make a decision to stay in the province, or to have children. A living wage is designed to work with, not replace government programs and services.

Calculating the living wage provides private and public employers with a credible wage level that will ensure income sufficient to cover the costs of living, help to address severe financial stress, and provide a basic level of economic security. This wage level has been proven to increase productivity, decrease turnover, and allow workers to fully contribute, in the workplace and beyond.

A living wage allows people more actual choices, to be able to enjoy their food and social interactions. When people are stressed because they are living to work, and not working to live, the entire community loses out because those families are unable to participate in civic life as they might want to. A living wage can have a ripple positive impact for general economic and social prosperity.

Notes

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