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the **view** from **here**

how a living wage can reduce poverty in Manitoba
CALCULATION GUIDE

NOVEMBER 2009



The Collaborative Process

This Living Wage project was sponsored and facilitated by the Canadian Centre for Policy Alternative, Manitoba (CCPA Mb). The CCPA is an independent, non-partisan research institute concerned with issues of social and economic justice. CCPA Mb. would like to thank its sister office, CCPA B.C. for allowing us to use its original research and methodology so we could produce this Manitoba-specific report (*Working for a Living Wage: Making paid Work Meet Basic Family Needs in Vancouver and Victoria*, available at: <http://www.policyalternatives.ca/reports/2008/09/reportsstudies1958/?pa=4B59033D>.)

This report is the result of a collaborative process with the Social Planning Council of Winnipeg (SPCW), Winnipeg Harvest, and the United Way of Winnipeg. The project was partially inspired by reports prepared by Winnipeg Harvest and the SPCW called, *a.l.l. (one for 2001, another for 2003): Acceptable Living Level, Manitoba*. The a.l.l. reports are clear and well researched analyses of how much income Manitoban families needed to live at an acceptable, but modest, level. The reports relied on low-income consultants from local communities to research the prices of life's necessities. They also consulted with these community researchers about the challenges and realities of trying to make ends meet with limited resources. The lived experience of these researchers lent an authenticity to the results that even Human Resources and Skills Development Canada recognized when it adopted elements of the 2001 report for its *Low Income in Canada 2000-2006: Using the Market Basket Measure*.

Recognizing the value in the a.l.l. reports, CCPA Mb. saw the need to update the data. It also wanted to add

more depth to the income debate by including the role of government initiatives such as the Child Tax Credit. This living wage report blends the methodologies of the a.l.l. report and CCPA B.C.'s living-wage report and as such is not simply a remake of the a.l.l. It is a comprehensive look at the roles of both the public and private sector in determining a living wage. It will be an invaluable resource for all who advocate for economic justice in Manitoba.

Acknowledgments

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Introduction

The purpose of this guide is twofold: first, it is designed to assist others to calculate a living wage for their communities, using the method developed by the CCPA-BC and First Call to calculate Vancouver and Victoria living wages in 2008; secondly, it serves as a technical appendix for those interested in the details of the calculation of the living wage undertaken in *the view from here: how a living wage can reduce poverty in Manitoba*. This guide is a modified version of the previously published technical appendix, and is designed to supplement the living wage report. While the original calculation guide will be most useful for the calculation of the living wage in communities in BC, this appendix is designed for Manitoba communities¹. The method used by both appendices can be applied in other provinces and territories; however, the government transfer and tax information would need to be adjusted accordingly. Those calculating a wage for Ontario communities may wish to consult *A Living Wage for Toronto* by Hugh Mackenzie and Jim Stanford².

This guide serves as a technical appendix to a public report on a living wage for Manitoba that promotes the concept of a living wage and the

arguments in favour of its adoption by employers. The report presents the amounts of the living wages (using for the most part data as of the end of 2008) for Winnipeg, Brandon and Thompson, and summarizes the assumptions in the calculation, the formula that calculates the living wage, and how the family expenses were calculated. Both the full report and a short summary can be downloaded at http://www.policyalternatives.ca/reports_studies/. This detailed, step-by-step guide explains how you can calculate the amount of a living wage for your community.

This exercise involves calculating family expenses, government transfers and government taxes. You could proceed by making adjustments only to family expenses based upon costs in your community (skipping Stages 2 and 3 as outlined in the next section), and hope that the government transfer and tax formulas do not change due to the income level of the family. However, as you read through the guide, you will appreciate that this hope may not be well founded, and it is prudent to work through the details of the government transfer and tax information as well.

The report focuses on the living wage for a two-parent family with two children. However,

the living wage was also calculated for single parent families with one and two children, as well as a single individual and single full-time student. This guide notes the changes to the calculation that this requires.

As a caution, the living wage amount is based upon ever-changing information regarding family expenses and government transfers and taxes. Therefore, the information provided is accurate as of the date of this writing. Bear in mind that it must be revised to ensure its accuracy. Finally, the living wage amount is an estimation based on the assumptions outlined below and summarized on pages [10–11] of *A Living Wage for Manitoba*.

The precise expenses of any given family will obviously vary. The purpose of the family ex-

penses calculation is to ensure that the family has the income to:

- Feed, clothe and provide shelter for their family;
- Promote healthy child development;
- Participate in activities that are an ordinary element of life in a community; and
- Avoid the chronic stress of living in poverty.

If you or your organization uses our methodology to calculate a living wage for your community, the *CCPA-MB* would very much appreciate hearing from you and learning which community you live in and the living wage amount.

Calculating the Living Wage

Overview of the Calculation Process

Calculating the living wage is complex. As you work through the steps, keep in mind the following stages.

Stage 1: Calculating Family Expenses

Stage 2: Calculating Government Transfers: CCTB, UCCB, GST

Stage 3: Calculating Government Deductions and Taxes

Stage 4: Determining the Living Wage Amount

Stage 5: Manitoba Child Care Subsidy

Stage 6: Verifying the Calculations

The living wage is calculated by using the Excel spreadsheet that accompanies this guide (and which is also available for download at http://www.policyalternatives.ca/reports_studies/). In addition, there are numerous sources you will need to consult in regard to family expense amounts, and formulas for government transfers and taxes. Whenever possible, these are identified in the guide.

The method of calculating the living wage remains constant. However, the following will change and require updating.

- Family Expenses: Require the most recent data sources and CPI (Consumer Price Index) data.
- Government Transfers: The CCTB and the GST rebate amounts remain the same from July of one year to June of the next. However, the formulas may change each July.
- Government Taxes: The tax rules and formulas change for each tax (calendar) year.

Background Information

The primary determinates of the living wage are income from employment and family expenses. However, the calculation also factors in the income the family receives from government transfers and deductions from income for statutory contributions (EI and CPP) and taxes. Thus, the living wage is the hourly rate of pay at which a household can meet its expenses once govern-

ment transfers have been added and government deductions have been subtracted.

Thus, the living wage is calculated using the following formula:

$$\begin{array}{r}
 \textbf{Annual Family Expenses} \\
 \hline
 \text{Income from Employment (Living Wage)} \\
 \textbf{PLUS} \\
 \text{Income from Government Transfers} \\
 \textbf{MINUS} \\
 \text{EI Premiums, CPP Premiums,} \\
 \text{Federal Taxes, and Provincial Taxes}
 \end{array}$$

The Excel spreadsheet integrates the information regarding family expenses with the calculations for government transfers and deductions from income, as indicated in this formula.

The Question of Timing

Because all the elements of the calculation of the living wage (family expenses, government transfers, and government deductions and taxes) are frequently changing, you need to make decisions regarding the point in time at which you fix expenses, transfers and taxes.

For our calculations for the living wage for 2009, we chose:

- Family expenses amounts at the end of December of 2008;
- Government transfer amounts for the July 2008 to June 2009 time period; and
- Government deductions and taxes for the 2008 tax year.

The Mechanics of the Excel spreadsheet

The following explains the structure and components of the Excel spreadsheet and how the elements of the spreadsheet are integrated to calculate the living wage. The spreadsheet has the following five tables.

Table I: Family Expenses

Table II: Non-Wage Income (Government Transfers)

Table III: Family Income less Family Expenses

Table IV: The Living Wage and Government Deductions and Taxes

Table V: Family Income less Government Deductions and Taxes plus Government Transfers

Table I, II and IV each calculate one element of the formula presented above. Table III compares family income with family expenses, and based upon this the wage in Table IV is adjusted to calculate the living wage. The details of this are as follows.

- Cell C20 in Table I is the amount of the family's total annual expenses.
- Cell C31 in Table II is the total annual amount of government transfers received by the family.
- Cells B45 and C45 in Table IV are the hours per week of employment for each parent.
- Cells B46 and C46 in Table IV are the hourly wages for each parent. These are set to be equal.
- Cells B48 and C48 in Table IV are the annual incomes from employment for each parent.
- Cell D55 in Table IV is the total annual amount of employment income available for the family after government deductions and taxes have been subtracted.
- Cell C37 in Table III is the family's total annual income: the sum of government transfers and employment income after government deductions and taxes.
- Cell C38 in Table III reproduces the family's total annual expenses.
- Cell C39 in Table III indicates the gap between the family's annual income and its annual expenses.

Table IV summarizes the family's overall finances, presenting its income from employment, total government taxes, total government transfers, and its annual net surplus.

STAGE 1

Family Expenses

Calculating the living wage requires deciding upon the characteristics of the family listed in Table 1. The table presents the assumptions used in the living wage calculation for Winnipeg.

The Categories of Family Expenses

Family expenses are divided into the ten categories listed below. The first five categories are from the HRSDC Market Basket Measure (MBM). The living wage calculation uses the MBM amounts for the following three expenses: Clothing and Footwear, Transportation and Other. Local data were used for Food, Shelter, Child care, Parent Education and Transportation.

1. Food
2. Clothing and Footwear
3. Shelter
4. Transportation
5. Other
6. Child care
7. MSP Premiums
8. Non-MSP Medical Expenses

9. Parent Education

10. A Contingency Amount

The following sections explain the source of the data for each expense, provide links to the data sources when available, and present the calculation formula used. Some family expenses are calculated on a monthly basis, and the others are calculated on an annual basis.

Because the living wage is only meant to provide an adequate level of wellbeing, the family expenses are based on conservative or lower than average family expense amounts. This is accomplished in part by adopting the Market Basket Measure amounts, as the MBM was developed to provide a perspective on low-income in Canada. The MBM expenses of food, clothing and footwear, and shelter are based on median expenditures, and transportation and other expenses are based on less than median expenditures. Median family expenditures are almost invariably less than average family expenditures. The reason for this is that average expenditures are pulled upward by elevated incomes and expenditures of higher income families. To be consistent with this approach, when possible we use

TABLE 1 Family Characteristics and Assumptions in the Living Wage Calculation

Family Characteristics	Living Wage Assumptions for Winnipeg				
	Model 1: Two-parent, two-child family	Model 2: Single-parent, one child	Model 3: Single-parent, two children	Model 4: Single student	Model 5: Single adult
Adults					
Number	2	1	1	1	1
Gender	1 female, 1 male	female	female	female	male
Age	25-44	25-44	25-44	19-24	25-44
Number of adults in paid work	2	1	1	1	1
Hours of paid work per adult	35	35	35	35	35
Hourly wage	equal for both				
Children					
Number	2	1	2	0	0
Gender and age	boy aged 7, girl aged 4	girl aged 4	boy aged 7, girl aged 4		

median expenses when incorporating expense amounts from other sources.

Calculating Each of the Family Expenses

The information in this section explains how each of the family expenses is calculated.

1. Food

Information Needed:

- Dataset from “Could the recommendations of Canada’s most recent food guide affect the cost of purchasing a nutritiously adequate diet?” by Rideout and Peitsch (2009)
- “Consumer Price Index, food, by province” published by Statistics Canada (<http://www40.statcan.ca/lo1/csto1/econ156a-eng.htm>)

2008 food cost data for Winnipeg were obtained through surveying costs at 56 Winnipeg food stores. Needs and subsequent costs were specified for 23 different groups according to age and gender based on the 2007 Canada Food Guide. To calculate the yearly amount for each

family, add up the weekly rates and multiply by 52. If calculating a living wage for later than 2009, inflation in foods costs can be incorporated by multiplying the amount by the relevant CPI ratio = $CPI \text{ in year of interest} / CPI \text{ in } 2008$.

Step 1: Add up the weekly total food cost for the individuals in the family as listed in the dataset.

Step 2: Multiply by 52 to get the annual food cost.

Step 3: Multiply the amount by the CPI for food in the year for which you are doing the study divided by the CPI for 2008.

For families other than the reference family, the cost estimates are scaled to reflect economies of scale. When a family of four is considered the break-even point, the per-capita cost of feeding smaller families is higher than it is in a four person family. For a family of one, the amount is multiplied by 1.15. For a family of two the amount is multiplied by 1.10. For a family of three the amount is multiplied by 1.05.

Food prices for Brandon were based on the estimate for Winnipeg and the food price difference according to the 2006 MBM, which shows food prices in Brandon 2.3 per cent higher than Winnipeg.

Food prices for Thompson were obtained by conducting food price surveys in 4 stores in Thompson undertaken in September of 2009. The methodology used to calculate the prices was similar to the one used for the calculation of the Winnipeg food prices. Prices in Thompson for food may be underestimated in our analysis compared to Winnipeg; Three of the four stores surveyed in Thompson were large discount retailers, while in Winnipeg 128 stores were surveyed, leading to a larger representation for smaller, higher-priced retailers. This was partially accounted for by ignoring food price inflation that took between the surveying of the Winnipeg stores (October 2008) and the Thompson stores (September 2009), which was estimated to be 4.6 per cent.³

2. Clothing and Footwear

Information Needed:

- Human Resources and Skills Development Canada (HRSDC) report Low income in Canada 2000–2006: using the Market Basket Measure (MBM) (http://www.hrsdc.gc.ca/eng/publications_resources/research/categories/inclusion/2008/sp-864-10-2008/page00.shtml)
- Statistics Canada's Consumer Price Index (CPI) data for clothing and footwear for Manitoba (<http://www40.statcan.ca/lo1/cst01/econ159h-eng.htm>).

Data on clothing and footwear cost in 2006 are obtained from page 81 of the Low Income in Canada 2000–2006 report. The indicator used by Low Income in Canada is based on the clothing and footwear basket developed by the Social Planning Council of Winnipeg and Winnipeg Harvest in their Acceptable Living Level report published in 2001. See Appendix C on page 65 of the Low Income in Canada report for a listing of the contents of the clothing and footwear basket.

The MBM uses an equivalence scale to apply their results for their reference family of two adults and two children to other family sizes. The scale is as follows: The first adult in the family is counted as 1.0, the second and all additional adults are counted as 0.4, as is the first child. The second child is counted as 0.3, as are subsequent children. The reference family is therefore valued at 2.0. To calculate a scaling factor for other families, the relevant values for each family member are added up, and then divide by 2. Multiply the amount for the reference family by this number to get the new value for 2006.

This number then is adjusted for inflation using Statistics Canada's CPI data for clothing and footwear. Inflation in clothing and footwear costs can be incorporated by multiplying the amount by the relevant CPI ratio = CPI in year of interest / CPI in 2006. For example, to get the inflation rate from 2006 to 2008, divide the CPI value for 2008 (113.4) by the CPI value for 2006 (108.7). Multiply the result (1.043) by the 2006 cost estimate to get the 2008 value.

Step 1: Find the estimated annual clothing and footwear amount for 2006.

Step 2: Multiply by the relevant scaling factor for family size.

Step 3: Multiply the amount by the CPI for clothing and footwear in the year for which you are doing the study divided by the CPI for 2008.

For Thompson, clothing and footwear amounts were calculated by multiplying the MBM amount for Winnipeg by the price differential on a fixed basket of goods, which was calculated to be 36.8 per cent. See Appendix B for the method used for calculating the price differential.

3. Shelter

The shelter expense uses the following formula:

Shelter = Rent + Utilities + Content Insurance on Possessions

Rent and Utilities

Information needed:

- Median Market Rent data (<http://www.gov.mb.ca/fs/housing/hil.html>)

Data on the median market rent, inclusive of utilities, is compiled by the federal government and is available on the Government of Manitoba website. The families with 2 children are assumed to rent a 3 bedroom apartment, the 1 child families a 2 bedroom apartment, and the single adult families a one bedroom apartment.

Contents Insurance

Information Needed:

- CANSIM Table 203-0003 v32192118 Manitoba; Tenants' insurance premiums; Median expenditure per household reporting (dollars) (http://cansim2.statcan.ca/cgi-win/cnsmcgi.pgm?regtk=&C2Sub=&ARRAYID=2030003&C2DB=&VEC=&LANG=E&SrchVer=&ChunkSize=&SDDSLOC=&ROOTDIR=CII/&RESULTTEMPLATE=CII/CII_PICK&ARRAY_PICK=1&SDDSID=&SDDSDESC=)
- Statistics Canada's Consumer Price Index (CPI) data for shelter for Manitoba (<http://www40.statcan.ca/lo1/csto1/econ157h-eng.htm>).

Median household expenditure on tenants insurance is available from Statistics Canada's CANSIM table 203-0003. The last available year for the statistic is for 2006 and was \$200 for Manitoba. This number then is adjusted for inflation using Statistics Canada's CPI data for shelter.

To get the total Shelter expense, add the above expenses for rent inclusive of utilities and content insurance.

4. Transportation

Information Needed:

- Human Resources and Skills Development Canada (HRSDC) report: Low income in Canada 2000-2006: using the Market Basket Measure (MBM) (http://www.hrsdc.gc.ca/eng/publications_resources/research/categories/inclusion/2008/sp-864-10-2008/page00.shtml)
- Statistics Canada's Consumer Price Index (CPI) data for Transportation for Manitoba (<http://www40.statcan.ca/lo1/csto1/econ160h-eng.htm>).
- Public transportation costs

The general formula for the transportation expense is as follows:

Transportation = Vehicle + Public Transit

For the vehicle expense, the two-parent and single-parent families are assumed to have use of a vehicle. For public transit, the two-parent family also has the expense of one monthly bus pass. The single adult household has the expense of a monthly adult bus pass, and the single student has the expense of one post-secondary monthly bus pass.

Vehicle expenses are taken from page 81 of the Low income in Canada 2000-2006 report. The MBM in this report are calculated as follows: If households are located in a major centre with a population greater than 30,000 with a public transit system, the family is allocated the cost of two adult monthly transit passes plus one \$16 round-trip taxi ride a month. Remaining households are allocated the cost of paying for and operating a five-year-old, four-door, four-cylinder Chevrolet Cavalier, which includes:

- 20% of the cost of a 2000 model of this vehicle including interest charges on a 36-month loan for the vehicle's purchase price;
- the annual fee for an adult driver's licence;
- the annual cost of registering the vehicle;

- the cost of annual mandatory insurance for the vehicle;
- the cost of 1,500 litres of regular unleaded gasoline for the vehicle;
- the cost of two oil changes and one tune-up annually.

The annual vehicle amount for 2006 is taken from the MBM (which appears as the transportation amount for rural and <30K in Manitoba, and is \$4,301). This number then is adjusted for inflation using Statistics Canada's CPI data for private transportation. Inflation in private transportation costs are incorporated by multiplying the amount by the relevant CPI ratio = CPI in year of interest / CPI in 2006. For example, to get the inflation rate from 2006 to 2008, divide the CPI value for 2008 (119.1) by the CPI value for 2006 (114.7). Multiply the result (1.038) by the 2006 cost estimate to get the 2008 value.

Monthly Winnipeg Transit bus passes in 2009 are \$72.80 for adults and \$58.30 for post-secondary students. Monthly Brandon Transit bus passes in 2009 are \$62.00 for adults and \$41.00 for post-secondary students. The monthly adult bus pass rate is \$68.40 in Thompson and \$36.60 for post-secondary students.

5. Other

Information needed:

- Human Resources and Skills Development Canada (HRSDC) report: Low income in Canada 2000–2006: using the Market Basket Measure (MBM) (http://www.hrsdc.gc.ca/eng/publications_resources/research/categories/inclusion/2008/sp-864-10-2008/page00.shtml)
- Statistics Canada's Consumer Price Index (CPI) data for Manitoba (<http://www40.statcan.ca/lo1/cst01/econo9h-eng.htm>).
- Statistics Canada's Median Household Expenditure data for Manitoba ([http://cansim2.statcan.ca/cgi-win/cnsmcgi](http://cansim2.statcan.ca/cgi-win/cnsmcgi.exe?Lang=E&RootDir=C11/&ResultTemplate=C11/C11_pick&Array_Pick=1&ArrayId=203-0001)).

http://cansim2.statcan.ca/cgi-win/cnsmcgi.exe?Lang=E&RootDir=C11/&ResultTemplate=C11/C11_pick&Array_Pick=1&ArrayId=203-0001.

The Other category is a remainder category to capture all other expenses incurred by the representative household. Data on Other expenses in 2006 are obtained from page 81 of the Low Income in Canada 2000–2006 report. The Other category is designed to account for a wide range of goods and services including but not limited to:

- Communication services and equipment
- Household supplies
- Furniture and other household furnishings and accessories
- Climate control equipment
- Small and medium kitchen appliances
- Other electrical parts and equipment
- Food preparation and eating utensils
- Service maintenance of household equipment
- Personal care
- Sporting equipment
- Entertainment
- Children's toys
- Education supplies and reading materials
- Bank service charges

For a more detailed list see appendix F of the HRSDC report. The Other expense is estimated using a multiplier representing these expenditures as a proportion of average spending on food and clothing and footwear based on the expenditure patterns of the second decile of the reference family of the MBM. The estimated Other expense for Winnipeg using the MBM is \$6,573 for 2006.

For family sizes different than the reference family (two adults, two children) the MBM equivalence scale is then applied. The scale again is as

TABLE 2 Estimated Median Spending, Selected Categories, Winnipeg

	Est. median Other spending, 2006	% of total Other spending	CPI 2006	CPI 2008	CPI ratio	CPI ratio × % of total Other spending
Household operation, furnishings and equipment	\$3,135	38.2%	103.6	104.6	1.010	0.385
Healthcare and personal care	1,980	24.1%	106.0	107.1	1.010	0.244
Recreation, education and reading	3,097	37.7%	100.8	102.8	1.020	0.385
Total	\$8,212	100.0%				1.014

(= Weighted CPI ratio)

follows: The first adult in the family is counted as 1.0, the second and all additional adults are counted as 0.4, as is the first child. The second child is counted as 0.3, as are subsequent children. Add the values for each family member then divide by 2. Multiply the amount for the reference family by this number to get the new value for 2006.

The Other expense amounts are then adjusted for inflation using a weighted average of the inflation rates for the following three components of the CPI:

- Household operations, furnishings and equipment
- Health and personal care
- Recreation, education and reading

The weighted average CPI is based on the relative share of each of these groups of expenditures in 2006 and is calculated as in Table 2. Total Spending Data is from Cansim Table 203–0001 and is specifically for Winnipeg (data from Manitoba is also available from the same source); CPI data for Manitoba is from publicly available Statistics Canada data. CPI ratios are multiplied by their percentage of the total Other spending then summed to get the new CPI ratio. To calculate the final value, multiply the MBM amount adjusted for family size by the new CPI ratio.

Step 1: Find the estimated annual MBM Shelter amount for 2006.

Step 2: Multiply by the relevant scaling factor for family size.

Step 3: Calculate the weighted CPI as outlined in Table 2.

Step 4: Multiply the amount from Step 2 by the CPI for shelter in the year for which you are doing the study divided by the CPI for 2008.

For Thompson, the Other MBM amount was calculated by multiplying the MBM amount for Winnipeg by the price differential on a fixed basket of goods, which was calculated to be 36.8 per cent. See Appendix B for the method used for calculating the price differential.

Since the MBM measure for Other goods is not based on the actual prices of the goods in the category, additional research was undertaken to price out a sample basket of Other goods to see if it could be met within the budget given by the MBM. The sample basket was a slightly modified version of the basket used by the 2003 Acceptable Living Level Report. The Appendix to this guide outlines the procedure as to how the amount was calculated. It was found that the MBM amount was sufficient to cover the cost of a broad range of necessities and a modest amount for recreation and leisure activities.

6. Child care

Information Needed:

- Child care rates from the Community Child Care Standards Act Child Care

TABLE 3 Child care Cost Calculations

	Days	Cost per Day	Annual Cost
Days in year	365		
Weekend days	104		
Statutory holidays	8		
Total number of workdays = child care days for 4 year old	253	\$18.80	\$4756.40
School days	193		
In-service, parent-teacher, evaluation and administration days	10		
Remembrance Day	1		
Days of full-day child care for 7 year old	71	\$18.80	\$1334.80
Days of before and after school child care for 7 year old	182	\$8.00	\$1456.00
Total cost for child age 7			\$2790.80
Total cost for children aged 4 and 7			\$7547.20

Regulation (<http://web2.gov.mb.ca/laws/regs/pdf/c158-062.86.pdf>).

- Number of days for which child care is required (<http://www.edu.gov.mb.ca/k12/schools/schooldiv.html#students>).

Estimates of local child care expenses are based on the assumption that the four-year-old is in full-time day care and the seven-year-old in care before and after school, as well as during workdays that are non-school days. Maximum child care rates are legislated in Manitoba, and can be obtained from page 84 of the regulations accompanying the Manitoba Community Child Care Standards Act. Table 3 outlines the calculation of child care costs for the children. It is assumed the children attend a licensed child care centre and the centre charges the maximum daily rate, which is standard practice.

Single parent families are also allocated funds for child supervision for 3.5 hours x 26 weeks to attend their adult education class. Assuming the child care provider is paid the 2008 minimum wage of \$8.50, the annual cost is \$773.50.

7. Health Costs

Health Costs = Cost of Private Health Insurance + Allocation for Deductible

Private Health Insurance

Information Needed:

- Insurance Rates for “Plus Plan” from Manitoba Blue Cross (http://www.mb.bluecross.ca/products/individual_plans/plus_plan_details/rates.html) or equivalent
- Student health and dental plan rates for local colleges and universities, if available/offered

In addition to the allocation for health expenses in the MBM other category, we budget for a private health insurance plan to help cover expenses not covered by Manitoba Health. The rates for the Plus Plan for adult(s) aged 35–44 is \$53.55 for a single adult and \$134.70 for a family. The plan includes ambulance and hospital benefits, prescription drug coverage, vision and dental among other services. For details on the

TABLE 4 Full time Student Health and Dental Plan Rates, 2008–2009

	Red River College	University of Manitoba	University of Winnipeg	Average
Health	130.00	97.75	153.00	126.92
Dental	106.00	123.05	66.48	98.51
Administration	0.00	5.75	6.83	4.19
Total Annual Fee	236.00	226.55	226.31	229.62

plan see: http://www.mb.bluecross.ca/products/individual_plans/plus_plan/

For the single student in Winnipeg, health plan fees were based on an average of the student union health plan fees at the Red River College, the University of Manitoba, and the University of Winnipeg. Rates are based on coverage for 12 months for the 2008–2009 school year, includes health and dental, and is for a single full-time student. Table 4 outlines the rates.

Sources:

Red River College:

- Rates: <http://www.rrc.mb.ca/index.php?pid=430>
- Plan details: <http://www.gallivan.ca/studentnetworks/members/RedRiver/rrcbro.pdf>

University of Manitoba:

- Rates: <http://www.umsu.ca/content/view/19/19/>
- Plan details: <http://www.umsu.ca/content/view/8/4/>

University of Winnipeg:

- Rates: http://www.theuwsa.ca/index.php?section_id=79
- Plan details: http://www.theuwsa.ca/index.php?section_id=74

For the Brandon student, the Student Union Health Plan Fees at Brandon University were applied (\$250).

Deductible on Insured Health Costs

8. Adult Education

Information Needed:

- Statistics Canada’s estimate of average undergraduate tuition in Manitoba (<http://www40.statcan.ca/101/cst01/educ50h-eng.htm>).

The expense from a local college for the following costs for two courses of three units each, including:

- Tuition;
- Textbooks and other materials; and
- Student fees.

The full time student is assumed to take 30 credit hours per year. Each other adult is allocated the expenses for two 3 credit courses each year.

The cost of full-time tuition estimated by Statistics Canada for the 2008–2009 school year is \$3,276. This works out to \$328 per three credit hour course, assuming a 30 credit hours full-time course load, or \$656 for six credit hours. Textbook and materials expense for a full-time student are estimated to be \$1,705 per year for a full-time first year student⁴. This works out to \$341 for six credit hours. Additional student fees are estimated to be \$581 for a full time student and \$264 for a six credit hour course load⁵.

The total estimated educational cost is therefore \$5,562 for the full-time student and \$1,261 per adult for the other households.

TABLE 5 Estimated Adult Educational Expenses

	Full-time (30 credit hours)	Part-time (6 credit hours)
Tuition	\$3,276	\$656
Textbooks and materials	\$1,705	\$341
Ancillary Fees	\$581	\$264
Total	\$5,562	\$1,261

9. Contingency Amount

The Contingency Amount is provided as an expense for each adult. For each, it is calculated as:

The living wage amount x hours worked per week x 2 weeks

STAGE 2

Government Transfers

This information is calculated in Table II of the Excel spreadsheet.

Government transfers reduce the amount of the living wage by providing a source of income for family expenses.

The possible transfers are:

- Canada Child Tax Benefit (CCTB);
- Universal Child Care Benefit (UCCB);
- GST Rebate; and
- Provincial Child Care Subsidy.

The CCTB and the GST Rebate are based on formulas set in July of each year and the amount remains the same until the following June.

1. The Canada Child Tax Benefit (CCTB)

Information needed:

- Canada Child Benefits guide (<http://www.cra-arc.gc.ca/E/pub/tg/t4114/README.html>)

The CCTB is an income-tested benefit received for children under 18 years of age. The amount is affected by two factors:

- The number of children; and
- The family's net income.

The CCTB formula has the following three components:

- The Basic Benefit, which is a monthly amount multiplied by the number of children;
- The Benefit Reduction, by means of which the CCTB is reduced when a family's net income reaches a specified amount; and
- The National Child Benefit Supplement (NCBS), which provides an additional amount for families with low income, based on the number of children and the family's net income.

The CCTB amounts are based on the CCTB formulas for the July 2008 to June 2009 time period. The Basic Benefit for 2008–2009 is \$108.91 per month for each child under 18 years of age plus an additional \$7.58 per month for the third and each additional child. The basic benefit is reduced if family net income is more than \$37,885. For a family with one child, the reduction is 2% of the

TABLE 6 Child Tax Benefit Formula For Two-parent Two-Child Family

CCTB	=	Basic benefit (BB)	-	BB reduction (for families with income > \$37,885)	+	National Child Benefit Supplement (NCBS)	-	NCBS reduction (for families with income > \$21,287)
CCTB (2 Children)	=	\$108.91 × 2 children × 12 months	-	(Net income - UCCB - \$37,885) × 0.04	+	(\$168.75 for first child + \$149.33 for 2 nd child) × 12	-	(Net income - UCCB - \$21,287) × 0.23
CCTB (1 Child)	=	\$108.91 × 1 child × 12 months	-	(Net income - UCCB - \$37,885) × 0.02	+	\$168.75 for 1 st child × 12	-	(Net income - UCCB - \$21,287) × 0.122
				(if negative set = to 0)				(if negative set = to 0)
				(if > BB, set = to BB)				(if > NCBS, set = to NCBS)

amount of family net income that is more than \$37,885. For families with two or more children, the reduction is 4% of the amount of family net income that is more than \$37,885. For purposes of the CCTB, UCCB income is not considered a part of net income.

The NCBS amounts are \$168.75 per month for the first child; \$149.33 per month for the second child; and \$142.00 per month for each additional child. The NCBS is reduced in a similar manner as the Basic Benefit. For a family with one child, the reduction is 12.2% of the amount of family net income that is more than \$21,287. For a family with two children, the reduction is 23% of the amount of family net income that is more than \$21,287. For families with three or more children, the reduction is 33.3% of the amount of family net income that is more than \$21,287.

Table 6 presents the CCTB formula. All of the numbers, and the formula itself, can change each July.

Remember that the Basic Benefit reduction only applies to families with a net income greater than \$37,885 and the NCBS reduction only applies to families with a net income greater than \$21,287. For families with net incomes under these amounts, do not make a reduction to the relevant benefit.

Also note that the benefit reductions cannot be greater than the benefits themselves, so if your calculations end up providing a reduction that is greater than the benefit itself, the total benefit

amount is simply zero. This applies separately to the Basic benefit and the NCBS.

The spreadsheet is set up so that only the dollar values and percentages from Table 4 need to be updated in the formulas in cells E26, F26, G26 and H26.

2. The Universal Child Care Benefit (UCCB)

Information needed:

- Canada Child Benefits guide (<http://www.cra-arc.gc.ca/E/pub/tg/t4114/README.html>)

This benefit is \$100/month for each child under six years of age.

3. GST Rebate

Information needed:

- GST/HST Credit guide (<http://www.cra-arc.gc.ca/E/pub/tg/rc4210/README.html>)

The living wage amounts are based on the GST rebate formulas for the July 2008 to June 2009 time period.

This is an income-tested benefit and is affected by three factors:

- Whether the parent has a spouse;
- The number of children; and
- The family's net income.

TABLE 7 GST Credit Formula for Two-Parent Two Child Family

GST Credit	=	Basic credit (BC)	-	BC reduction (families with income > \$32,312)
GST Credit (2 adults, 2 children)	=	\$248 x 2 adults + \$130 x 2 children	-	(Net income - UCCB - \$32,312) x 0.05
GST Credit (1 adult, 2 children)	=	\$248 x 2 (adult and first child) + \$130 (second child)	-	(Net income - UCCB - \$32,312) x 0.05
GST Credit (1 adult)	=	\$248 + (Net income - \$8,047) x 0.02 (to a maximum of \$248 + \$130)	-	(Net income - \$32,312) x 0.05

(if negative set = to 0)
(if > BB, set = to BB)

The base GST credit is calculated differently for different family structures:

- For a couple with children, each adult received a base credit of \$248 plus \$130 per child.
- For a single person without children, the base credit is \$248 plus 2 percent of the amount of net income that is greater than \$8,047 up to a maximum additional \$130.
- For a single person with children, the base credit is \$248 for the adult, plus \$248 for the first child, plus \$130 for each additional child, plus an additional \$130.

Each family's benefit is then reduced by an amount equal to 5 percent of family net income (not including UCCB income) greater than \$32,312.

Table 7 presents the GST Rebate formula. All of the numbers, and the formula itself, can change each July.

4. Provincial Child Care Subsidy

Information needed:

- Child care rates from the Community Child Care Standards Act Child Care Regulation, pages 74 to 77 (<http://web2.gov.mb.ca/laws/regs/pdf/c158-062.86.pdf>).

The Government of Manitoba provides subsidy for families with children attending licensed

child care facilities. This is an income-tested benefit and is affected by five factors:

- Whether the parent has a spouse;
- The number of children;
- The number of children in child care;
- Whether the family lives above or below the 53rd parallel;
- The family's net income (FNI).

The first step is to determine the subsidy amount is to calculate the total allowable deduction (TAD).

- For married couples below the 53rd parallel who share a residence, the deduction is equal to \$10,429 for the parent, \$5,164 for the spouse, plus \$2,889 for each child under the age of 18.
- For a single parent family below the 53rd parallel, the deduction is equal to \$10,429 for the parent, \$5,164 for the first child under the age of 18, plus \$2,889 for each additional child.
- For married couples above the 53rd parallel who share a residence, the deduction is equal to \$11,475 for the parent, \$6,224 for the spouse, plus \$3,686 for each child under the age of 18.
- For a single parent family below the 53rd parallel, the deduction is equal to \$11,475

TABLE 8 Manitoba child care fees with subsidy

Family Net Income (FNI)	Fee Charged
FNI < TAD (Total Allowable Deduction)	Zero (Full Subsidy)
FNI < TAD + \$4,524 x (# of children in care)	(FNI - TAD) x (0.25)
FNI > TAD + \$4,524 x (# of children in care)	[FNI - (TAD + \$4,524 x (# of children in care)) x 0.50 + \$1,131 x (# of children in care)

for the parent, \$6,224 for the first child under the age of 18, plus \$3,686 for each additional child.

The formula for determining a family’s subsidy amount depends on which of the three possible categories the family falls into with respect to its net income.

- If the family net income is less than the total allowable deduction, the family get a full subsidy.
- If the family’s net income is above this amount but less than the TAD plus \$4,524 for each child in care, the family pays 25 percent of the difference between their family net income and the TAD.
- If the family’s net income is above the TAD plus \$4,524 for each child in care, the family pays the family pays 50 percent of

the difference between their family net income and the TAD plus \$4,524 per child in care, plus \$1,131 for each child in care.

Information on how child care fees are calculated once the subsidy has been applied is outlined in Table 8.

The formulas for calculating the child care subsidy are found in cells E32, F32 and C30 of the spreadsheet. It is important to note that the “Fee Charged” in Table 6 does not include a \$2.00 per day charge for full day care and a \$1.80 charge for before and after school care that are not eligible for subsidy and must be paid for by the parent. This is taken into account in the formula in cell C30.

STAGE 3

Government Deductions and Taxes

Information Needed:

- The General Income Tax and Benefit Guide, and Schedules and Forms for Manitoba (<http://www.cra-arc.gc.ca/formspubs/t1gnrl/mb-eng.html>)
- EI Premium rate and formula (http://www.hrsdc.gc.ca/eng/employment/ei/premium_rate/index.shtml)

This information is calculated in Table IV of the Excel spreadsheet. The government deduction and tax formulas can change each year. For current information consult the main Canada Revenue Agency webpage (www.cra-arc.gc.ca).

To complete Table IV you will need the following information:

- EI Premium rate and formula
- CPP Premium rate and formula
- Federal Taxes:
 - Basic personal amount
 - Tax rates
 - Tax brackets and corresponding tax rates
 - Tax Credits

- EI Premiums
- CPP Premiums
- Child Tax Credit
- Employment Tax Credit
- Public Transit Credit (if applicable)
- Tuition, education and textbook amount
- Medical expenses
- Provincial Taxes:
 - Basic personal amount
 - Tax rates
 - Tax brackets and corresponding tax rates
 - Tax Credits
- EI Premiums
- CPP Premiums
- Tuition, education and textbook amount
- Medical expenses

In addition, for two-parent families you will need to allocate federal and provincial tax credits between the parents in the way that is most advantageous to the family. The formulas in the Excel spreadsheet indicate how these credits have

TABLE 9 Tax Calculations

Line	Explanation
Hours / Week	35 hours per week
Wage	This amount is determined after all the tables have been completed
Employment Income	This is total earnings = hourly wage x hours per week x weeks per year
Adjustments	= the UCCB amount – child care expenses claimed (These amounts must be claimed by the spouse with the lower income) - Northern Allowance
Taxable Income	= Employment Income plus Adjustments
EI Premiums	= Employment Income x premium rate; 2008 premium rate = 0.0173, up to maximum of \$711.03
CPP Premiums	= (Employment Income – \$3,500) x premium rate; 2008 premium rate = 0.0495, up to maximum of \$2049.30
Federal Income Tax	See below
Provincial Income Tax	See below
After Tax Income	= Employment Income – EI Premiums – CPP Premiums – Federal Income Tax – Provincial Income Tax

been assigned for the living wage calculations for Winnipeg, Brandon and Thompson.

Note that the formulas may lead to the result that the amount payable is less than \$0.00 or negative. In this situation, where tax rules permit, transfer tax credits to the spouse who is paying income tax. If this is done and the result is still negative, then enter \$0.00 as the tax payable.

Table 9 explains the lines in Table IV of the Excel spreadsheet.

To calculate the living wage, you need to determine both employment income and taxable income.

Calculating Taxable Income from Employment Income

The following three adjustments are made in calculating Taxable Income from Total or Employment Income for the sample families:

- The UCCB amount is added to Employment Income.
- Child care expenses are deducted from Employment Income.
- The Northern Allowance is deducted from Employment Income

Therefore:

$$\text{Taxable Income} = (\text{employment income}) + (\text{UCCB}) - (\text{child care expenses}) - (\text{Northern Allowance})$$

Regarding this calculation, there are two relevant tax rules (2008):

- The spouse with the lower income must claim the UCCB and child care expenses.
- The amount of child care expenses that can be claimed is limited as follows:
- For children born 2002 or later, \$7,000.
- For children born between 1992 and 2001, \$4,000.

See Revenue Canada’s “Information About Child Care Expenses” for more detailed information (<http://www.cra-arc.gc.ca/E/pbg/tf/t778/t778-08e.pdf>).

The Northern allowance is based on the zone of residency and has three parts: the basic residency amount, the additional residency amount and the travel deduction. For details see the following Revenue Canada publications:

- T4039: Northern Residents Deductions - Places in Prescribed Zones (<http://www.cra-arc.gc.ca/E/pub/tg/t4039/>)

TABLE 10 Federal Tax Credits (2008)

Tax Credits	Comments	Claimed By Parent 1 or Parent 2 or Both
Basic Personal Amount	= \$9,600 in 2008	Both
EI Premiums	= Employment Income x premium rate; 2008 premium rate = 0.0173, up to maximum of \$711.03	Both
Child Tax Credit	= \$2,038 per child in 2008	"2"
CPP Premiums	= (Employment Income – \$3,500) x premium rate; 2008 premium rate = 0.0495, up to maximum of \$2049.30	Both
Canada Employment Amount	= \$1,019 in 2008	Both
Public Transit Credit	= Amount of monthly bus passes (\$72.80 x 12 for adult, \$58.30 for post-secondary student)	"2"
Tuition, education and textbook amount	For part time adults: = \$656 + \$120 x 8 (= \$120/month x 8 months in school) + \$20 x 8 (= \$20/month x 8 months in school (textbooks)) For full time student: = \$3,276 + \$400 x 8 (= \$400/month x 8 months in school) + \$65 x 8 (= \$65/month x 8 months in school (textbooks))	Both
Medical expenses	= Family medical expenses: C16 in the Excel spreadsheet – Taxable Income (B50 in the Excel spreadsheet) x 0.03 <i>Note: To be eligible to claim medical expenses, the family's annual medical expenses must be greater than 3% of the taxable income of the person claiming the expenses.</i>	"1"

• T2222: Northern Residents Deductions

(<http://www.cra-arc.gc.ca/E/pbg/tf/t2222/>)

For the living wage calculations for Thompson, the basic residency amount and the additional residency amount are each equal to the number of days of residency in the relevant zone X \$4.125. Each adult in the family can claim the basic amount while only one member of the household can claim the additional amount. In the two-parent family this additional amount should be assigned to the parent who has the higher net income before taking the Northern Allowance into account.

Federal Income Tax

The structure of the federal income tax calculation is as follows:

$$\text{Tax} = (\text{taxable income} \times \text{tax rate}) - (\text{tax credits} \times \text{tax credit rate})$$

Federal Tax Brackets

For 2007, the tax rate on taxable income less than \$37,178 is 15%. For taxable income between \$37,178 and \$74,357, it is 22%. Therefore, if the taxable income of either parent increases above \$37,178, the formula for "Taxable Income x tax rate" becomes:

$$\text{Taxable income} \times \text{tax rate} = (\$37,178 \times 0.15) + ((\text{taxable income} - \$37,178) \times 0.22)$$

The calculation of the Federal Tax Credits is outlined in Table 10. Note that the formulas and rates may change each tax year.

For medical expenses, each family is assumed to spend \$50 plus \$50 per person in addition to the cost of private health insurance in Cell C16.

Provincial Income Tax

The structure of the provincial income tax calculation for Manitoba is as follows:

TABLE 11 Non- Refundable Manitoba Tax Credits (2008)

Tax Credits	Comments	Claimed By Parent 1 or Parent 2 or Both
Basic Personal Amount	= \$8,034	Both
EI Premiums	= Employment Income x premium rate; 2008 premium rate = 0.0173, up to maximum of \$711.03	Both
CPP Premiums	= (Employment Income – \$3,500) x premium rate; premium rate = 0.0495, up to maximum of \$2049.30	Both
Tuition, education and textbook amount	For part time adults: = \$656 + \$120 x 8 (= \$120/month x 8 months school) For full time student: = \$3,276 + \$400 x 8 (= \$400/month x 8 months school)	Both
Family Tax Benefit	= \$2,065 - (Net Income x 0.09)	"1"
Family Tax Benefit	= \$2,065 + \$2,752 per child - (Net Income x 0.09)	"2"
Medical expenses	= Family medical expenses: C16 in the Excel spreadsheet – Taxable Income (B50 in the Excel spreadsheet) x 0.03 <i>Note: To be eligible to claim medical expenses, the family's annual medical expenses must be greater than 3% of the taxable income of the person claiming the expenses.</i>	"1"

TABLE 12 Refundable Manitoba Tax Credits (2008)

Tax Credits	Comments
Basic Credit	= \$190 in 2008
Basic Credit for spouse or common-law partner	= \$190 in 2008
Credit for dependant children	= \$25 per child
Family income reduction	= - (Family Net Income - UCCB) x 0.01
Education property tax credit	\$600

Provincial Income Tax = (Taxable Income x tax rate) - (Non-Refundable Tax Credits x Non-Refundable tax credit rate) - Manitoba Credits

Taxable income is the same as for the Federal tax calculation.

Provincial Tax Brackets

For 2008, the tax rate on taxable income less than \$30,544 is 10.9%. For taxable income between \$30,544 and \$66,000, it is 12.75%. Therefore, if the taxable income of either parent in-

creases above \$30,544, the formula for "Taxable income x tax rate" becomes:

$$\text{Taxable income x tax rate} = (\$30,544 \times 0.109) + ((\text{taxable income} - \$30,544) \times 0.1275)$$

The calculation of the Non-Refundable Credits is outlined in Table 11. Note that the formulas and rates may change each tax year.

The Non-Refundable tax credit rate for 2008 is 10.9 percent.

Manitoba Credits, as opposed to Non-Refundable Manitoba Credits, can only be claimed by one parent in the family.

STAGE 4

Determining the Living Wage Amount

Examine Table 111 in the Excel spreadsheet. Cell C39 is the Gap between Available Annual Income and Annual Family Expenses. The Living Wage amount is the wage at which the gap is as small as possible while still being greater than \$0.00.

If the Gap line is negative, increase the Living Wage amount in Cell B46. If the Gap line is positive, reduce the Living Wage amount in Cell

B46 until the Gap is negative, and then increase it until the Gap line has its lowest possible positive amount. Each time you change the Living Wage amount all formulas in the spreadsheet need to be recalculated. The shortcut for this is F9 in Excel 2007 (Windows) and Cmd+= in Excel 2008 (Mac).

STAGE 5

Verifying the Calculations

You can verify some of the calculations that are part of the living wage calculation through online calculators.

CCTB calculator: www.cra-arc.gc.ca/bnfts/clcltr/menu-eng.html. Note however, that the

calculation in the Excel spreadsheet uses the formula for the July 2008 to June 2009 period.

GST: The **CCRA** provides a **GST** rebate benefits calculator online at the same location: www.cra-arc.gc.ca/bnfts/clcltr/menu-eng.html.

You are finished.

APPENDIX A

Verification of the Other Goods amount

Verification of the Other Goods amount in the MBM for Winnipeg

Since the Other goods amount in the MBM is based on a proportion of the amount calculated for food clothing and footwear, it was decided to verify that the amount allocated by the MBM could cover a basket of goods which included a broad range of necessities with funds remaining for a modest amount of spending on recreation and leisure activities. The basket is a slightly modified version of the basket used in the 2003 Acceptable Living Level Report published by the Social Planning Council of Winnipeg and Winnipeg Harvest, and was calculated for the two-parent two-child family.

The list of goods, the estimated prices and the estimated quantities are presented in Table

A1 and A2. Table A3 presents the total cost of the basket. The approach taken was to obtain the price of necessities then increase more discretionary spending to reach the MBM amount. Prices for the vast majority were calculated as an average of prices at Superstore and Wal-Mart as surveyed in July 2009. In the surveys, the lowest price alternative, regardless of brand, was recorded. For furniture that was not available at one of the stores, prices were taken from the Jysk online catalogue. A few amounts were simply given a fixed budget, such as the deductible for insured health expense and the children's toy and home learning amount. To account for durable goods, the price was divided by the expected number of years the good would last.

TABLE A1 Cost of Non-Durable Other Goods and Services, Winnipeg

Item	Size	Quant./year	Cost/unit	Total annual cost
Household operations				
Laundry soap	5.6kg (150 washes)	1.2	\$19.23	\$23.07
Dryer softener sheets	120 Sheets/Box	1.8	\$4.74	\$8.53
Coin-operated laundry	Wash and dry	168	\$4.00	\$504.00
Multipurpose cleaner	1 Bottle	12	\$2.06	\$24.66
Toilet paper	24 Rolls (140 sheets per roll)	3	\$5.68	\$17.04
Paper towels	8 Rolls/pkg	3	\$6.48	\$19.44
Facial tissue	6 boxes (140 sheets)	6	\$4.75	\$28.51
Dish soap	1L	12	\$1.73	\$20.70
Garbage bags	Pkg of 80	3	\$6.57	\$19.71
Light bulbs, compact fluorescent	Pkg of 10	1	\$24.90	\$24.90
Stamps	Book of 10	12	\$5.40	\$64.80
Paper	1 small pad	12	\$1.33	\$15.96
Pens	12 pack	2	\$1.62	\$3.23
Plastic wrap	100m	2	\$2.25	\$4.50
Cleaning sponges	4 pack	3	\$3.13	\$9.39
Aluminium foil		2	\$2.99	\$5.97
Loose leaf	200 sheets	3	\$2.00	\$6.00
Drivers licence		2	\$60.00	\$120.00
Bank fees		12	\$5.00	\$60.00
Personal Care				
Shampoo	300ml	36	\$2.35	\$84.42
Conditioner	300ml	36	\$2.35	\$84.42
Toothpaste	170 ml	12	\$1.68	\$20.16
Floss		12	\$2.50	\$29.94
Toothbrush		8	\$1.59	\$12.72
Razors, disposable	32 razors	4.8	\$5.37	\$25.78
Feminine hygiene	48 pads	3.6	\$5.99	\$21.55
Feminine hygiene	40 tampons	12	\$6.08	\$72.96
Deodorant men	70g	6	\$2.14	\$12.84
Deodorant female	60g	6	\$2.39	\$14.31
Soap	90g x10	2.4	\$3.79	\$9.08
Haircuts		12	\$18.00	\$216.00
"Band-Aids"	80 assorted	1	\$3.40	\$3.40
Pain medicine (Generic)	200 Tablets	1	\$8.18	\$8.18
Cough syrup	250 ml	1	\$6.63	\$6.63
Makeup and skin care		12	\$15.00	\$180.00
Q-tips	500	3	\$2.50	\$7.49
Shaving cream	311g	24	\$1.50	\$36.00
Deductible for insured health costs				\$250.00

Education

School supplies fee	1	\$40.00	\$40.00
Arts and crafts fee	1	\$25.00	\$25.00
Field trip fees	1	\$25.00	\$25.00

Recreation and Leisure

Family swim at public swimming pool	52	\$10.49	\$545.48
Children's toys and home learning budget (books, art supplies, etc.)	1	\$350.00	\$350.00
Newspaper subscription (WPS)	12	\$22.75	\$273.00
Discretionary recreational spending	12	\$40.00	\$480.00

Home Communications and Entertainment

Basic cable, high speed internet and phone service	12	\$106.96	\$1,283.46
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TABLE A2 Cost of Durable Other Goods and Services, Winnipeg

Item	Durability in Years	Quantity	Cost	Cost per year
Cleaning				
Broom & dustpan	5	1	\$7.13	\$1.43
Mop	2	1	\$4.48	\$2.24
Toilet brush	10	1	\$4.73	\$0.47
Bucket	5	1	\$5.75	\$1.15
Vacuum cleaner	5	1	\$69.88	\$13.98
Small trash cans	15	4	\$3.63	\$0.97
Large kitchen trash can	15	1	\$17.45	\$1.16
Laundry hamper with bag	15	2	\$24.96	\$3.33
Linens				
Sheet set, queen	5	1	\$25.25	\$5.05
Sheet set, twin	5	2	\$16.00	\$6.40
Queen comforter	5	1	\$32.48	\$6.50
Twin comforter	5	1	\$34.98	\$7.00
Pillows	5	4	\$4.94	\$3.95
Bath towel	5	4	\$5.00	\$4.00
Hand towel	5	2	\$3.50	\$1.40
Bath mat	10	1	\$8.98	\$0.90
Shower curtain	15	1	\$8.23	\$0.55
Shower curtain rings	15	1	\$2.23	\$0.15
Tea towel	5	4	\$5.50	\$4.40
Kitchen washcloths	2	5	\$6.50	\$16.24
Oven mitts	10	1	\$5.94	\$0.59
Kitchenware				
Set of dishes for 4 (including mugs)	4	1	\$20.93	\$5.23
Set of eating utensils for 4	4	1	\$8.66	\$2.16
Set of 4 drinking glasses	4	1	\$5.98	\$1.50
Set of 4 plastic cups	10	1	\$3.98	\$0.40
Set of 3 mixing bowls	15	1	\$5.98	\$0.40

Set of cooking utensils	5	1	\$7.35	\$1.47
Can opener	5	1	\$5.96	\$1.19
Kitchen knife set	10	1	\$14.98	\$1.50
Cutting board	10	1	\$6.48	\$0.65
Plastic food storage containers - sandwich	2	1	\$3.99	\$1.99
Plastic food storage containers - small	2	1	\$3.99	\$1.99
Cooking pot set	10	1	\$48.96	\$4.90
Large non stick frying pan	3	1	\$8.98	\$2.99
Juice jug	15	1	\$6.03	\$0.40
Baking sheet	15	2	\$3.98	\$0.53
Strainer / colander	15	1	\$3.98	\$0.27
Measuring cups	15	1	\$4.48	\$0.30
Lasagne / baking dish	10	1	\$10.98	\$1.10
Small Appliances and Electronics				
Hair dryer	15	1	\$17.48	\$1.17
Microwave oven	15	1	\$54.50	\$3.63
Toaster	15	1	\$9.49	\$0.63
Electric kettle	15	1	\$9.69	\$0.65
Coffee maker	15	1	\$13.98	\$0.93
Thermometer	10	1	\$9.31	\$0.93
Clock radio	15	3	\$7.98	\$1.60
23" television	10	1	\$258.00	\$25.80
Desktop computer	5	1	\$498.00	\$99.60
Reading lamp	15	4	\$6.98	\$1.86
Extension cord for car (medium gauge)	15	1	\$11.74	\$0.78
Power bar with surge protection	15	1	\$10.99	\$0.73
Air conditioner	10	2	\$300.00	\$60.00
Telephone	10	1	\$20.00	\$2.00
Lamps	15	2	\$20.00	\$2.67
Furniture				
Sofa and loveseat	15	1	\$998.00	\$66.53
Coffee table	15	1	\$107.50	\$7.17
Queen mattress	10	1	\$309.44	\$30.94
Queen bed frame	15	1	\$199.00	\$13.27
Twin mattress	10	1	\$199.44	\$19.94
Twin bed frame	15	1	\$79.99	\$5.33
Dining room table and chairs	15	1	\$158.50	\$10.57
Night stand	15	4	\$35.00	\$9.33
Office chair	10	1	\$43.33	\$0.00
Other				
Backpack, child	3	2	\$11.50	\$7.67
Backpack, adult	5	2	\$14.00	\$5.60
Adult bicycle	4	2	\$200.00	\$100.00
Girls (4) bicycle,	2	1	\$80.00	\$40.00
Boys (6) bicycle	2	1	\$100.00	\$50.00

TABLE A3 Total Cost of Other Goods Basket

Subtotal	\$5,950.67
GST and PST (Estimated)	\$714.08
Total	\$6,664.75
MBM Amount	\$6,665.02
Difference	(\$0.27)

APPENDIX B

Calculation of the Price Differential between Winnipeg and Thompson

Since the MBM does not have specific calculations for Thompson and it was anticipated that the prices of goods in Thompson would be higher than average due to increased transportation costs, a survey of the price differential between Winnipeg and Thompson was undertaken to help estimate expenses in Thompson. The basket of goods used for this purpose was the basket used for checking the validity of the MBM's Other Goods price estimation found in Appendix A, minus the goods that were simply given budget lines (i.e. only goods for which actual prices were obtained from a store in Winnipeg were used).

Three stores in Thompson were surveyed, these included Canadian Tire, Wal-Mart, and Giant Tiger. Tables B1 and B2 show the average annual cost of each of the goods for the sample family. The quantity and durability assumptions are the same as in tables A1 and A2, but are not shown.

The price differential was calculated by finding how much more the basket cost in Thompson compared to Winnipeg. The results are shown in Table B3. Non-food goods according to this method were found to be 36.8 per cent higher in Thompson than in Winnipeg.

TABLE B1 Cost of Non-Durable Other Goods and Services, Thompson and Winnipeg

Item	Winnipeg Total annual cost	Thompson Total annual cost
Household operations		
Laundry Soap	\$23.07	\$27.52
Dryer Softener Sheets	\$8.53	\$14.68
Multipurpose Cleaner	\$24.66	\$48.74
Toilet Paper	\$17.04	\$43.54
Paper Towels	\$19.44	\$25.37
Facial Tissue	\$28.51	\$36.00
Dish Soap	\$20.70	\$35.54
Garbage Bags	\$19.71	\$34.33
Pens	\$3.23	\$3.70
Plastic Wrap	\$4.50	\$9.51
cleaning sponges	\$9.39	\$17.84
Aluminum Foil	\$5.97	\$12.76
Personal Care		
Shampoo	\$84.42	\$97.92
Conditioner	\$84.42	\$97.92
Toothpaste	\$20.16	\$35.66
Floss	\$29.94	\$39.24
Toothbrush	\$12.72	\$16.56
Razors	\$25.78	\$31.06
Feminine Hygiene	\$21.55	\$34.75
Feminine Hygiene	\$72.96	\$81.36
Deodorant Men	\$12.84	\$19.82
Deodorant Female	\$14.31	\$13.12
Soap	\$9.08	\$19.22
“Band-Aids”	\$3.40	\$4.77
Pain Medicine (Generic)	\$8.18	\$8.97
Cough Syrup	\$6.63	\$11.08
Q-tips	\$7.49	\$9.89
Shaving Cream	\$36.00	\$47.04
Total, non-durable	\$634.62	\$877.88

TABLE B2 Cost of Durable Other Goods and Services, Thompson and Winnipeg

Item	Winnipeg Total annual cost	Thompson Total annual cost
Cleaning		
Broom & Dustpan	\$1.43	\$1.65
Mop	\$2.24	\$5.00
Toilet brush	\$0.47	\$0.50
Bucket	\$1.15	\$2.09
Vacuum cleaner	\$13.98	\$15.99
Small trash cans	\$0.97	\$4.39
Laundry Hamper with Bag	\$3.33	\$2.67
Linens		
sheet set queen	\$5.05	\$5.90
sheet set twin	\$6.40	\$9.15
queen comforter	\$6.50	\$7.99
twin comforter	\$7.00	\$6.99
Pillows	\$3.95	\$5.24
Bath Towel	\$4.00	\$6.26
Hand towel	\$1.40	\$1.72
Bath Mat	\$0.90	\$1.16
Shower Curtain	\$0.55	\$0.91
Shower Curtain Rings	\$0.15	\$0.24
Tea towel	\$4.40	\$18.02
Kitchen washcloths	\$16.24	\$29.66
Oven Mitts	\$0.59	\$0.57
Kitchenware		
Set of Dishes for 4 (including mugs)	\$5.23	\$9.98
Set of eating utensils for 4	\$2.16	\$5.66
Set of 4 Drinking Glasses	\$1.50	\$1.62
Set of 3 mixing bowls	\$0.40	\$1.15
Set of Cooking utensils	\$1.47	\$2.96
Can opener	\$1.19	\$2.43
Kitchen Knife Set	\$1.50	\$2.00
Cutting Board	\$0.65	\$1.05
Plastic Food Storage containers - sandwich	\$1.99	\$1.88
Plastic Food Storage containers - small	\$1.99	\$1.88
Large non stick Frying pan	\$2.99	\$5.16
Juice Jug	\$0.40	\$0.51
Baking Sheet	\$0.53	\$1.57
Strainer / Colander	\$0.27	\$0.71
Measuring cups	\$0.30	\$0.50
Lasagna / Baking dish	\$1.10	\$1.01
Small Appliances and Electronics		

Hair Dryer	\$1.17	\$1.30
Microwave Oven	\$3.63	\$5.60
Toaster	\$0.63	\$1.53
Electric Kettle	\$0.65	\$1.44
Coffee Maker	\$0.93	\$2.44
Clock Radio	\$1.60	\$3.78
23" Television	\$25.80	\$27.40
Desktop computer	\$99.60	\$99.60
Reading Lamp	\$1.86	\$4.66
Extension Cord for car (medium gauge, 5m or 10m)	\$0.78	\$2.50
Power bar with surge protection	\$0.73	\$1.17
Furniture		
Queen Mattress	\$30.94	\$31.50
Queen bed frame	\$13.27	\$10.50
Twin mattress	\$19.94	\$26.99
Twin Bed frame	\$5.33	\$9.10
Dining room Table and Chairs	\$10.57	\$18.33
Night stand	\$9.33	\$26.63
Other		
Backpack, Child	\$7.67	\$9.99
Backpack, Adult	\$5.60	\$10.53
Total, durable	\$344.37	\$461.17

TABLE B3 Total Cost of Other Goods Baskets

	Winnipeg	Thompson
Total, non-durable	\$634.62	\$877.88
Total, durable	\$344.37	\$461.17
Total	\$978.98	\$1,339.05
Thompson Price Differential		36.8%

Notes

1 For the original calculation guide see: <http://www.policyalternatives.ca/reports/2008/09/reportsstudies1958/?pa=4B59033D>

2 See: <http://www.policyalternatives.ca/reports/2008/11/reportsstudies2010/>

3 Food CPI data available at: <http://www40.statcan.ca/lo1/cst01/cpis08h-eng.htm>

4 This estimate comes from the University of Manitoba table of estimated expenses for a full time first year student. See: <http://www.umanitoba.ca/student/admissions/finances/costs/>

5 This estimate is based on the fee structure at the University of Winnipeg. See: <http://www.uwinnipeg.ca/index/future-money-costs>

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