



Calgary's Living Wage 2018

Background

Since 2008, Vibrant Communities Calgary (VCC) has been updating the living wage figure for Calgary on an annual basis. The framework for calculating a living wage is adopted from the Living Wage National Framework created by the Canadian Centre for Policy Alternatives¹. There are many living wage communities across Canada, and formally established networks in Ontario², and B.C.³. Edmonton, Cochrane, and Calgary, Canmore, Cochrane and Central Alberta organizations have signed memoranda of understanding to establish a formal living wage network for Alberta.

Calgary's 2018
living wage is
\$16.45/hour

Living Wage Principles

At Vibrant Communities Calgary we believe that an adequate income that covers the actual cost of living in any given region is a vital component to a healthy and thriving society. People need more than the bare minimum to be healthy and to stay out of poverty, this includes enough income to cover bank fees, education and training, internet costs, and the ability save for the future. Other principles identified by Living Wage Canada include a wage that enables working families to have sufficient income to cover reasonable costs, promote social inclusion, and support healthy child development.

Minimum Wage vs. Living Wage

Calgary's living wage is not the minimum wage. Minimum wages are legislated by the provincial government and are set so that no employer may pay below the legal minimum⁴. A living wage is a proxy for the cost of living in any given community. It is not an arbitrary number, but is instead determined by calculating average expenses, taxes and government transfers for a given household. A living wage considers the basic needs of an average family of four with two working parents and two children, plus additional costs we all incur from time to time, to allow for a family to fully participate, thrive and build their human and financial assets (e.g., education and savings).

Methodology

Vibrant Communities Calgary has recently changed the methodology used to calculate the living wage for 2018 to include a claim of child care expenses, leading to a decrease in family net income. This change in methodology was necessary to accurately reflect a family's desire to minimize the taxes they pay and maximize their eligibility to receive benefits.

¹ The National Living Wage Framework was created by Living Wage Canada, a collaborative effort by a national set of partners to create a consistent approach to calculating and communicating a Living Wage across participating communities and municipalities. For more information about Living Wage Canada, visit <http://livingwagecanada.ca/>

² [Living wage by region - Ontario Living Wage Network](http://www.livingwageforfamilies.ca/)

³ <http://www.livingwageforfamilies.ca/>

⁴ For Alberta's minimum wage visit <https://www.alberta.ca/minimum-wage.aspx#toc-1>

The living wage is calculated on the income needs of a two-parent family with two young children. It takes into account the hourly rate of pay needed for a household to meet its basic needs, once

The Living Wage Formula

$$\begin{aligned} \text{Annual Family Expenses} &= \text{Income from Employment} \\ &+ \text{Income from Government Transfers} \\ &- \text{Premiums \& Taxes} \end{aligned}$$

government transfers have been added to the family's income and taxes have been subtracted. It is also important to note that the methodology assumes that **both parents are working full time hours of employment**. Indicators include more than the basics of food, clothing and shelter, the calculator also takes into account unexpected costs, small investments in parent education, and home costs. A comparison between the cost of living for a family of four in 2017 and 2018 is provided in the table below.

Table 1: Family Expenses for a family of four, Calgary, 2017 vs. 2018

Type of Expense	Monthly (2017)	Monthly (2018)	Annually (2017)	Annually (2018)
Food	\$963.99	\$965.35	\$11,567.88	\$11,584.20
Clothing and Footwear	\$156.83	\$158.67	\$1,881.96	\$1,904.05
Shelter	\$1,258.00	\$1,258.00	\$15,096.00	\$15,096.00
Transportation	\$474.08	\$466.24	\$5,688.96	\$5,594.84
Utilities	\$99.48	\$92.75	\$1,193.76	\$1,113.00
Bank Fees	\$4.00	\$4.00	\$48.00	\$48.00
Landline/Cellphone/Internet	\$128.13	\$134.00	\$1,537.56	\$1,608.00
Child Care	\$1,599.55	\$1,599.55	\$19,194.60	\$19,194.60
Health Premiums	\$255.70	\$255.70	\$3,068.40	\$3,068.40
School Fees	\$27.08	\$24.58	\$324.96	\$295.00
Parent Education	\$89.83	\$104.83	\$1,077.96	\$1,258.00
Other (Furnishing, Supplies, etc.)	\$295.84	\$296.57	\$3,550.08	\$3,558.84
Contingency Expenses	\$211.52	\$206.16	\$2,538.24	\$2473.96
TOTAL FAMILY EXPENSES	\$5,564.03	\$5,566.41	\$66,768.36	\$66,796.89

Table 2: Non-wage income (government transfers) for a family of four, Calgary 2017 vs. 2018

	Revised ⁵ Annually (2017)	Annually (2018)
Alberta Climate Leadership Adjustment ⁶	\$80.04	\$540.00
Alberta Family Employment Tax Credit ⁷ (AFETC)	\$1,287.24	\$1,431.36
Canada Child Benefit (CCB) ⁸	\$9,557.88	\$10,164.12
Goods and Services Tax (GST) Credit ⁹	\$345.00	\$520.92
TOTAL NON-WAGE INCOME	\$11,270.16	\$12,656.40

Table 3: Family income - government deductions / taxes + government transfers, Calgary 2017 vs. 2018

	Revised ⁵ Household (2017)	Household (2018)
Employment Income	\$62,608	\$59,878
Taxes	\$3,300	\$2,136
Employment Premiums ¹⁰	\$3,773	\$3,593
Non-Wage Income	\$11,270	\$12,656
AVAILABLE INCOME	\$66,805	\$66,804

Findings

Using the revised methodology, the living wage rate for 2017 was \$17.20, a decrease of \$0.75 from 2017 to 2018. As we can see in Table 1, monthly expenses remained largely the same, and rental rates did not change in Calgary. There have been some important changes to the amount of government transfers received by the family of four. An increase in the G.S.T. credit, Canada Child Benefit, and Alberta Climate Rebate has resulted in a total increase in non-wage income of \$1,386 annually, attributing to the decrease in the living wage for 2018. The increase in government transfers is only available **to those who file their taxes**, failure to do so would mean the potential loss of \$12,656 in annual income.

Advocacy

The Living Wage Initiative allows for a variety of interesting advocacy opportunities. The living wage calculation reflects a minimum, modest standard of living in Calgary, and can be used to guide the development of many social policies at various levels of government. The methodology can also influence decisions on income thresholds and poverty measures. It is imperative that we consider the living wage as a reflection of the income that is needed to not just survive, but to be healthy, and fully participate in our community. Most importantly, the living wage provides advocates with a leverage point to discuss adequate compensation, and as the number of living wage employers grow, they can enjoy lower turnover rates, higher performance, and a much more motivated workforce.¹¹

⁵ The revised methodology used for the 2018 calculation was applied to the 2017 calculation of government transfers for a more accurate comparison.

⁶ This is a quarterly benefit.

⁷ This is a semi-annual benefit.

⁸ This is a monthly benefit.

⁹ This is a quarterly benefit.

¹⁰ Considered Employment Premiums are deductions for Canada Pension Plan and Employment Insurance.

¹¹ For more information about the benefits of paying a living wage visit the Living Wage for Families Campaign at <http://www.livingwageforfamilies.ca/>