



A Living Wage for Red Deer and Central Alberta



Central Alberta Poverty
Reduction Alliance

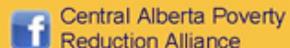
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CAPRA is working towards reducing the number of barriers that exist for persons living in poverty to ensure Central Alberta is **A Vibrant Community Where Everyone Thrives.**

www.capovertyreduction.ca



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INTRODUCTION

“My income is not enough to meet our basic needs.... Prior to getting government support, I had to work 14 hours/day.”

“I am a single mom with a kid and making just enough to cover the bills and child care... The single worst stressors in my life are financial ones.”¹

These statements by two Central Alberta residents are representative of many of the region’s working poor. Despite working full-time hours (or more in some cases), many individuals and families do not earn sufficient income to escape poverty and its effects.

And the effects are pervasive. As stated in a recent report on poverty in Alberta

[Poverty] wears away at the vibrancy of our communities, it reduces the size, resiliency and diversity of our economies, and it burdens our health, justice and social assistance programs. Poverty is linked causally to an increased likelihood of chronic health concerns and of educational and skill-based deficits. Growing up in poverty increases the likelihood of living in poverty as an adult and experiencing those health and educational deficits. As a result, our economies suffer a substantial loss in productivity and tax revenue (Briggs & Lee, 2013, p. 19) .

¹ Both quotes are taken from the Straight Talk Report (Slobogean, et al., 2011)





Given its persistence in society and the pervasiveness of its effects, poverty has long been a key social policy concern. However, the focus has often been on alleviating the effects of poverty rather addressing its root causes and reducing its incidence. But this appears to be changing.

Publications such as *Poverty Policy* (Torjman, 2008), *Poverty Costs: An Economic Case for a Preventative Poverty Reduction Strategy in Alberta* (Briggs & Lee, 2013), and *Poverty Costs 2.0: Investing in Albertans* (Hudson, 2013) have built a case for preventative approaches that focus on poverty reduction. These reports have also affirmed that communities can play an important role in poverty reduction. Hudson (2013) argues that

Communities are uniquely suited to not only understand the make-up of poverty in their community but also can provide a local, unique vision for leveraging social infrastructure, developing human capital, removing barriers, and promoting liveable incomes. This community-level approach also provides the ideal conditions to recognize the value of prevention in ensuring meaningful and enduring poverty reduction occurs (p. 34) .

Central Alberta is well positioned to tackle poverty using a community-level approach. In April 2012, represented by the Central Alberta Poverty Reduction Alliance (CAPRA), Red Deer and Central Alberta became the 29th region to sign up as a *City Reducing Poverty* with Vibrant Communities Canada movement.

In 2012 and 2013, CAPRA engaged the community in discussions and identified a number of poverty reduction priorities. One of these priorities was to: Research, Determine and Publish Red Deer's Living Wage.





Living Wage is a poverty reduction tool that is gaining momentum amongst municipalities in Canada. Implementation of Living Wage programs is recommended within the *Poverty Policy, From Words to Action, Poverty Costs* and *Poverty Costs 2.0* reports.

Torjman (2008) states that

Communities can also play a critical role in wage adequacy by encouraging local governments to adopt a living wage policy for both their own employees and those of their suppliers, and by convincing employers to pay higher wages than the legislated bare minimum. Employers actually benefit from paying living wages through reduced employee turnover and improved morale (p. 12).

And Hudson (2013) argues that

For Albertans, a strong, vibrant and inclusive society begins with ensuring sustenance. Sustenance is concerned with the basic needs of living ... (p. 6) This requires that the basic needs of life such as adequate income supports, clothing, food, transportation, utilities, housing and liveable wages are provided (p.12).

This report examines Living Wage in the Red Deer and Central Alberta context. It lays the foundation for community discussions respecting Living Wage implementation in support of the broader goal of poverty reduction.

The report is organized into six sections. The first section provides background information on Living Wage including its calculation. The next two sections focus on Red Deer: Section 3 describes the Red Deer context by presenting employment, income, and other socio-economic information relevant to Living Wage discussions; and Section 4 details the calculation of Living Wage rates for Red Deer. Sections 5 and 6





examine the socioeconomic context in Central Alberta and discuss the calculation of Living Wage rates for communities within the region.



BACKGROUND

1.1. WHAT IS LIVING WAGE?

Living Wage (LW) has been defined in a variety of ways by different authors and organizations. Although each definition states the concept a little differently, a similar meaning is conveyed.

Lee and Briggs (2013) clarify the distinction between a Living Wage and Living Income:

Living Wage refers to income earned from employment; it does not refer to a form of guaranteed income support for people who may be under or unemployed or who cannot be employed full time (p. 45).

Recent Definitions of Living Wage

What earners in a family need to bring home, based on the actual costs of living in a specific community (Vibrant Communities Canada, 2013).

A rate of pay high enough that allows families to afford a decent and dignified life (Garces, 2011).

An hourly wage that allows employees and their families to meet their basic needs (Wayland, 2011).

The amount of income an individual or family requires to meet their basic needs, to maintain a safe, decent standard of living in their communities and to save for future needs and goals and devote quality time to friends, family and community (Vibrant Communities Calgary, 2012).





1.2. WHAT IS THE PURPOSE OF LIVING WAGE?

Living Wage informs the community about the amount of income that is required to meet basic needs. This knowledge is important to understanding and addressing the challenges facing some individuals and families.

Living Wage campaigns often have a poverty reduction objective. According to Vibrant Communities Canada (2013),

living wage is a call to private and public sector employers to pay wages to both direct and contract employees sufficient to provide the basics to families with children (p. 1).

Many Living Wage advocates believe that current minimum wage levels are insufficient to ensure that individuals and/or families can escape poverty. There is evidence that supports this claim. According to Public Interest Alberta, one-half of Albertans living in poverty work full-time for the full year (Kolkman, Ahorro, & Moore-Kilgannon, 2012, pp. 8-9). As well, Alberta has the highest rate of food bank use by those working full-time, full-year (Alberta College of Social Workers and the Parkland Institute, 2012, p. 26).

By paying a Living Wage, employers can help to keep employees out of poverty and, at the same time, experience potential benefits such as improved labour productivity and decreased employee turnover. Living Wage can be considered a Corporate Responsibility initiative and may confer benefits associated with such initiatives such as improved customer loyalty and corporate income (Lee & Briggs, 2013).

Living Wages are not intended to replace government programs that target low income households. Living Wage advocates argue that, in addition to tax benefits and subsidy programs, policies which implement voluntary or mandated living rates can also play a role in ensuring that households can achieve a decent standard of living.





1.3. HOW IS A LIVING WAGE DIFFERENT FROM FAIR WAGE & MINIMUM WAGE?

Sometimes Living Wage is confused with Fair Wage. As explained by Garces (2011) LW and Fair Wage have different origins and different purposes:

While poverty reduction, social equality, and social inclusion are often the driving force behind Living Wage campaigns, Fair Wage policy was developed to ensure that local government contractors pay their workers the minimum union rates of pay and benefits, even if their workers are non-unionized. Fair Wage policy aims to reduce competition between unionized and non-unionized workers (p. 5).

Living Wage is also different than minimum wage. Minimum wage is the lowest hourly rate of pay that an employer is legally permitted to pay employees. In Canada, minimum wage levels are mandated through provincial and territorial legislation. Living Wage is typically higher than minimum wage and is not legislatively mandated (Garces, 2011).

Those who argue for a Living Wage often do so because they believe that the current provincial minimum wage is inadequate and does not provide enough income to cover the typical cost of food, housing, childcare, utilities or other basic necessities. As a result, even full-time minimum wage workers may be living below the poverty line (Trent Applied Research, 2004).

In Alberta, the current general minimum wage is \$9.95/hr; the minimum wage rate for employees who serve liquor as part of their employment is \$9.05/hr (Alberta Human Services, 2013). The following table compares minimum wage rates across the country.





Minimum Wage Rates in Canada

Jurisdiction	Wage (\$/hr)	Effective date	Comments
Alberta	9.95	Sept. 1, 2013	\$9.05 for liquor servers. Any further increases will be set on a yearly basis using the Consumer Price Index as well as average weekly earnings in Alberta.
Québec	10.15	May 1, 2013	Workers receiving gratuities receive \$8.75.
New Brunswick	10.00	Apr. 1, 2012	
Newfoundland and Labrador	10.00	Jul. 1, 2010	
Northwest Territories	10.00	Apr. 1, 2011	
Prince Edward Island	10.00	Apr. 1, 2012	
Saskatchewan	10.00	Dec. 1, 2012	
Nova Scotia	10.30	Apr. 1, 2013	\$9.80 for inexperienced workers (less than 3 months employed in the type of work). On April 1 of each year, this rate is to increase to reflect changes in Statistics Canada's Low Income Cut-Off figures for the previous year.
British Columbia	10.25	May 1, 2012	\$9.00 for liquor servers.
Manitoba	10.45	Oct. 1, 2013	Workers involved in construction have a higher starting minimum wage.
Ontario	10.25	Mar. 31, 2010	Students (< 18, working 28 hours or less per week while school is in session or during a school break): \$9.60. Liquor servers: \$8.90. Homeworkers: \$11.28.
Yukon	10.54	April 1, 2013	Yukon currently uses the CPI to determine annual increases (every April 1) .
Nunavut	11.00	Jan. 1, 2011	Currently the highest in Canada.

Source: (Retail Council of Canada, 2013)





1.4. HOW IS LIVING WAGE ESTIMATED?

Determining Living Wage using estimates of local living expenses for a pre-determined household type is the most common approach that has been taken by municipalities in Canada and is most consistent with definitions of what Living Wage is intended to represent. In a few cases, Living Wage rates have been inferred from low income measures such as Statistics Canada’s estimates of Low Income Cut-Off (LICO) for specific household sizes.

The “household budget approach” to estimating Living Wage was developed by the Canadian Centre for Policy Alternatives (CCPA) in recognition of the importance of considering local conditions and prices when determining the level of income (and corresponding wage) needed to attain a decent standard of living within a community. In 2008, the CCPA released a guide on the use of the household budget approach and has applied the approach to several communities².

In May 2013, Vibrant Communities Canada (VCC) released the *Canadian Living Wage Framework* (CLWF) which provides a consistent Living Wage definition, principles, and calculation methodology (Vibrant Communities Canada, 2013). The CLWF advocates the use of the CCPA’s household budget approach and provides a set of standardized assumptions intended to promote national consistency in application of the approach. However, the framework also recognizes the need for some flexibility in calculation methodology in order to “incorporate provincial and municipal differences in cost of living” (p. 2).

² The detailed guide is available at

http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC_Office_Pubs/bc_2008/ccpa_bc_living_wage_2008.pdf





Canadian Living Wage Framework

Principles

A Living Wage:

- enables working families to have sufficient income to cover reasonable costs
- promotes social inclusion
- supports healthy child development principles
- ensures that families are not under severe financial stress
- is a conservative, reasonable estimate
- engenders significant and wide ranging community support
- is a vehicle for promoting the benefits of social programs such as childcare

Reference Household

Healthy couple family with 2 children • both parents working 35-40 hours per week • 1 child in full-time daycare, 1 in before- and after-school care • 1 parent taking evening courses at a local college

Inclusions

Food • Rental housing • Transportation • Clothing & Footwear • Childcare • Medical expenses • Parent education • Contingency • Other reasonable living costs • Tax credits, returns, & government benefits

Exclusions

Credit card, loan or other debt/interest payments • Savings for retirement • Owning a home • Anything beyond minimal recreation, entertainment and holidays • Costs of caring for a disabled, seriously ill, or elderly family member • Anything other than the smallest cushion for emergencies or hard times

Calculation Method

Living Wage is the hourly wage rate that allows this formula to balance:

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

As shown above, Living Wage is determined by calculating “the hourly rate of pay at which a household can meet its expenses once government transfers have been added and government deductions from wages and government taxes have been subtracted” (Vibrant Communities Canada, 2013, p. 3).





There are several other important points within the CLWF worth highlighting. First, although the framework recommends using a family of four as the reference household, it also indicates that it is “important to keep track of the costs and benefits experienced by other family types, and ensure that the Living Wage among other family types do not diverge substantially” (p. 4). Second, savings for children’s future education is not listed as a budget inclusion, childcare is not a perpetual expense and this component of the budget could be directed towards savings for post-secondary education as children age. Third, the CLWF recommends that the specific number of hours used to reflect a full-time work week in a community’s Living Wage calculation is determined based on what typically reflects full-time hours in the province/territory.

Before the Living Wage rate can be determined the other components of the equation – annual budget expenditures, income from government transfers, and taxes - need to be estimated for the reference household(s). The process can be undertaken using the following steps:

Step 1: Confirm budget items needed to reflect local cost of living

Step 2: Estimate budget expenditures

Step 3: Determine government transfers and taxes

Step 4: Calculate available income

Step 5: Adjust Employment Income to balance budget expenditures and available income

Estimation of budget expenditures (Step 2) requires collecting appropriate data and researching local costs.





It is important to keep in mind that the Living Wage estimate is based on the defined household composition and specific assumptions respecting budget expenditures. In reality, there is considerable variation in household compositions as well as their budget choices and corresponding expenditures. It is not possible to account for this variation in the calculation. The assumptions made are intended to reflect a reasonable set of conservative spending choices for the specified household composition.

However, it is important to keep in mind the implications that conservative spending assumptions and budget exclusions might have on some households. These include, but are not limited to:

- Hampering the ability to care for elderly or disabled family members at home
- Difficulty accommodating special dietary needs
- Decreased quality of life due to a restricted ability to partake in hobbies, athletic programs, social and culture programs
- Inability to retire early or retire without support
- Settling for living arrangements that are not preferred (i.e. single adults sharing accommodation despite a desire to live alone, lack of safe outdoor play space for children, limited private space for older children)





1.5. ARE LIVING WAGE ESTIMATES AVAILABLE FOR ALBERTA?

Grande Prairie

In conjunction with joining Vibrant Communities Canada in spring 2013, the City of Grande Prairie’s Community Social Development department released a Living Wage report which compared local Living Wage calculations for 2011 and 2012 for three household types: a couple with two children; a lone parent with one child; and, a single adult with no dependents. The calculation followed the recommendations outlined in the CLWF.

	2012	2011
 Couple with 2 children	\$15.55/hr	\$14.06/hr
 Lone Parent with 1 child	\$16.19/hr	\$14.43/hr
 Single Adult	\$11.28/hr	\$10.53/hr

Medicine Hat

In February 2013, *Reducing the Cost of Poverty in Medicine Hat: Moving from Charity to Investment* (Briggs & Lee, 2013) was released. The report includes Living Wage estimates for a couple with two children, a lone parent with one child, and a single adult with no dependents. The household budget approach was used to determine the estimates.

	2013
 Couple with 2 children	\$13/hr
 Lone Parent with 1 child	\$19/hr
 Single Adult	\$13/hr





Calgary

From 2007 to 2009, the City of Calgary investigated Living Wage implementation options but, Calgary City Council decided not to make payment of a Living Wage a requirement for doing business with the City (The City of Calgary, 2013). The background research that informed Calgary City Council’s decision included review of the possible costs and benefits and calculation methods (The City of Calgary, 2009); (The City of Calgary, 2009); (The City of Calgary, 2009); (The City of Calgary, 2008).

Calgary’s 2008 Living Wage for a single person with benefits was calculated at \$12.00 per hour based on the before tax Low Income Cut-Off (LICO) for a single adult working full-time with no dependents (The City of Calgary, 2013). The following formula was used in the calculation:

	2011	2008
 Single Adult	\$14.50/hr	\$12.00/hr

$$\text{Living Wage} = \text{LICO} / 52 \text{ weeks per year} / 35 \text{ hours per week}$$

Vibrant Communities Calgary’s Living Wage Action Team updated Calgary’s Living Wage estimate in 2011 to \$14.50 without benefits or \$13.00 with benefits³. The 2011 estimate was based on Statistics Canada’s before tax LICO for 2011 (\$23,298). The validity of LW estimates based on LICOs would be challenged by Living Wage advocates that support the Household Budget Approach to Living Wage estimation.

³ Note that although these living wage estimates are provided on the Vibrant Communities Calgary website, the result of using the 2011 before tax LICO for Calgary actually results in slightly different values, namely \$12.80 for a single person.





Other Alberta Communities

Several Alberta communities have participated in the Living Wage Community of Practice hosted by Tamarack – An Institute for Community Engagement⁴. Continued involvement in this group may lead to further work on Living Wage implementation in these communities.

⁴ See http://tamarackcommunity.ca/g2_CofP.html#lw for more information.





1.6. WHAT IS THE LIVING WAGE IN CANADIAN CITIES OUTSIDE ALBERTA?

Living Wage has been calculated for several Canadian cities in other provinces. All these local Living Wage estimates were based on estimates of local living expenses

Living Wage Calculations from Canadian Cities

City	Family Type	Year	Living Wage (/hr)	Organization
Abbotsford, BC	2 working parents, 2 children	2013	\$16.37	Vibrant Abbotsford
Brandon, MN	2 working parents, 2 children	2013	\$13.41	CCPA, Manitoba Office (Jarosiewicz, 2013)
Cranbrook, BC	2 working parents, 2 children	2011	\$14.16	Cited in CCPA Report (Ivanova & Klein, 2013)
Fraser Valley, BC		2012	\$16.37	
Hamilton, ON	2 working parents, 2 children	2011	\$15.05	No Health Benefits Poverty Roundtable Living Wage Working Group
	1 working parent, 1 child		\$14.85	
	1 working adult, no dependents		\$14.90	
	Average		\$14.95	
Kamloops, BC	2 working parents, 2 children	2012	\$17.95	Kamloops Homelessness Action Plan
Kelowna, BC	2 working parents, 2 children	2011	\$16.98	Cited in CCPA Report, (Ivanova & Klein, 2013)
Kingston, ON	2 working parents, 2 children	2011	\$16.29	The Kingston Community Roundtable on Poverty Reduction, Living Wage Working Group
Metro Vancouver, BC	2 working parents, 2 children	2013	\$19.62	Canadian Centre for Policy Alternatives
Parksville/ Qualicum, BC	2 working parents, 2 children	2012	\$16.94	District 69 Living Wage Coalition
Prince George, BC	2 working parents, 2 children	2012	\$16.90	Cited in CCPA Report, (Ivanova & Klein, 2013)
Sunshine Coast, BC	2 working parents, 2 children	2011	\$18.80	Cited in CCPA Report, (Ivanova & Klein, 2013)
Terrace, BC		2013	\$17.65	
Toronto, ON	2 working parents, 2 children	2008	\$16.60	Canadian Centre for Policy Alternatives
Victoria, BC	2 working parents, 2 children	2013	\$18.73	Greater Victoria Social Planning Council
Waterloo Region, ON		2007	\$13.65	
Winnipeg, MN	2 working parents, 2 children	2013	\$14.07	CCPA, Manitoba Office (Jarosiewicz, 2013)
Williams Lake, BC		2011	\$15.77	Cited in CCPA Report, (Ivanova & Klein, 2013)





RED DEER CONTEXT

For purposes of data collection and dissemination, the City of Red Deer is categorized as a census agglomeration (CA) by Statistics Canada. The Red Deer CA is located within Census Division 8 (CD8) which forms the central segment of the Calgary-Edmonton Corridor and is the smallest census division in Alberta based on area (Alberta Finance, 2012).

Statistics Canada Definitions

Census Subdivision

Census subdivision (CSD) is the general term for municipalities (as determined by provincial/territorial legislation) or areas treated as municipal equivalents for statistical purposes (e.g., Indian reserves, Indian settlements and unorganized territories).

Census Agglomeration

A Census Agglomeration (CA) is a census subdivision consisting of one or more neighbouring municipalities situated around a core... population of at least 10,000.

Census Division

Census Division (CD) is the general term provincially legislated areas (such as county, municipalité régionale de comté and regional district) or their equivalents. Census divisions are intermediate geographic areas between the province/territory level and the municipality (census subdivision).

Source: Census Dictionary - (Statistics Canada, 2012).





To improve readability of the remainder of this section, Red Deer will be used to refer to the Red Deer CA and Central Alberta will be used to refer to CD8.

With 90,564 residents, Red Deer is the third largest city in Alberta. The median age of Red Deer residents is about 2 years lower than the provincial median age. Red Deer has a greater proportion of residents falling between age 15 and 59 than the Alberta population.

Source: (Statistics Canada, 2012)	Red Deer	Central Alberta	Alberta
2011 Population	90,564	189,243	3,645,257
2006 to 2011 population change (%)	8.9	7.9	10.8
Land area (km ²)	104	9,909	640,082
Population density (/km ²)	868.4	19.1	5.7
Median age	34.7	36.1	36.5
Population aged 14 or younger (%)	18.3	19.5	18.8
Population aged 15 to 59 (%)	73.4	70.8	71.6
Population aged 60 and over (%)	15.0	16.6	16.1
Total number of census families	24,535	52,720	999,530

There are more residents in their prime work working years (age 15 to 59) in Red Deer compared to the populations of Central Alberta and Alberta.





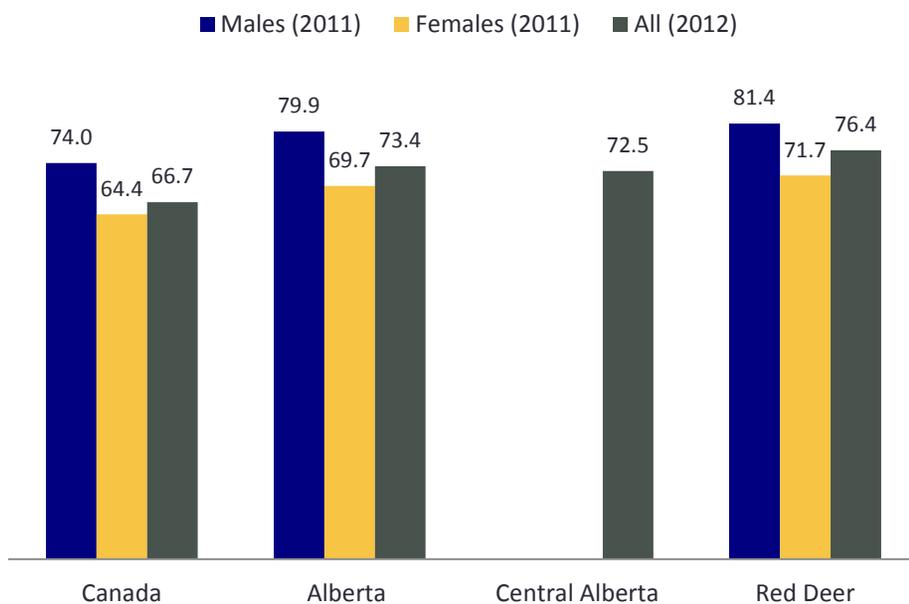
The remainder of this section uses additional information available from Statistics Canada’s online databases and other published sources to outline employment, wage and income levels, and working conditions in Red Deer and Central Alberta. The intent is to provide context to the discussion of Living Wage implementation and the calculation of Living Wage rates in Red Deer and Central Alberta.



2.1. HOW MANY PEOPLE IN RED DEER WORK?

The labour force participation rate includes both individuals that are working as well as those actively looking for work.

Labour Force Participation Rate (%), Age 15 & Over



In Red Deer, labour force participation rates are higher than provincial rates.

Source: CANSIM Tables 111-0018 & 282-0055

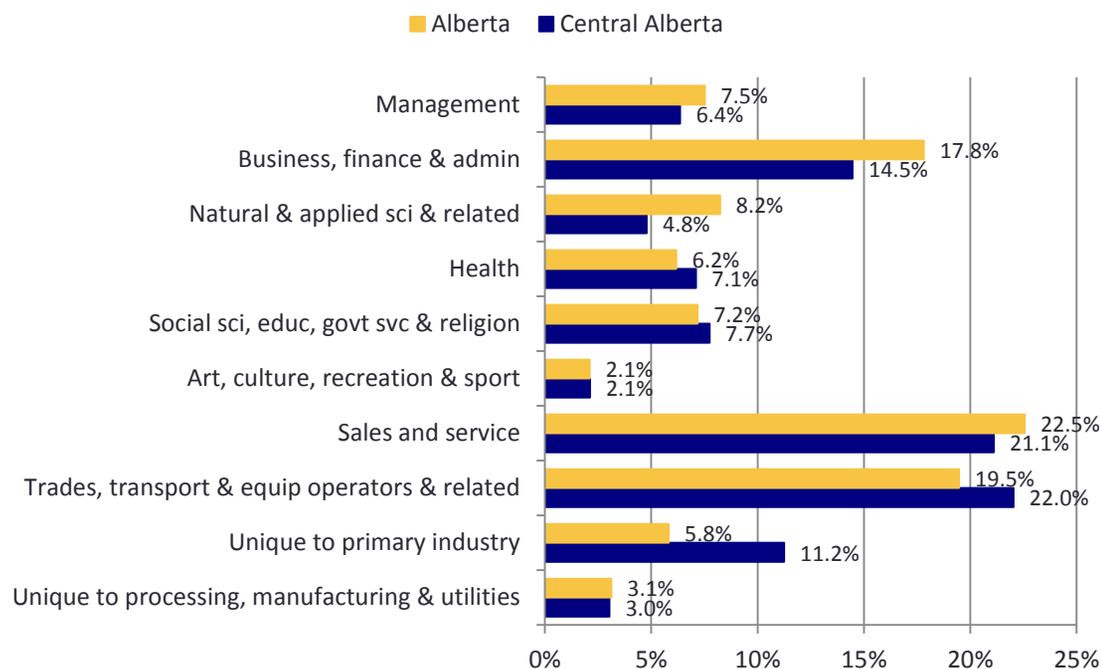




2.2. WHAT TYPE OF WORK ARE PEOPLE EMPLOYED IN AND WHAT DO THEY EARN?

A recent breakdown of employment by occupation category is not available for Red Deer specifically. However, Statistics Canada's labour force survey estimates include employment data for Central Alberta.

Employment by Occupation Category, 2012



About 43% of workers in Central Alberta are employed in occupations related to trades, transport, and equipment operation or sales and service occupations.

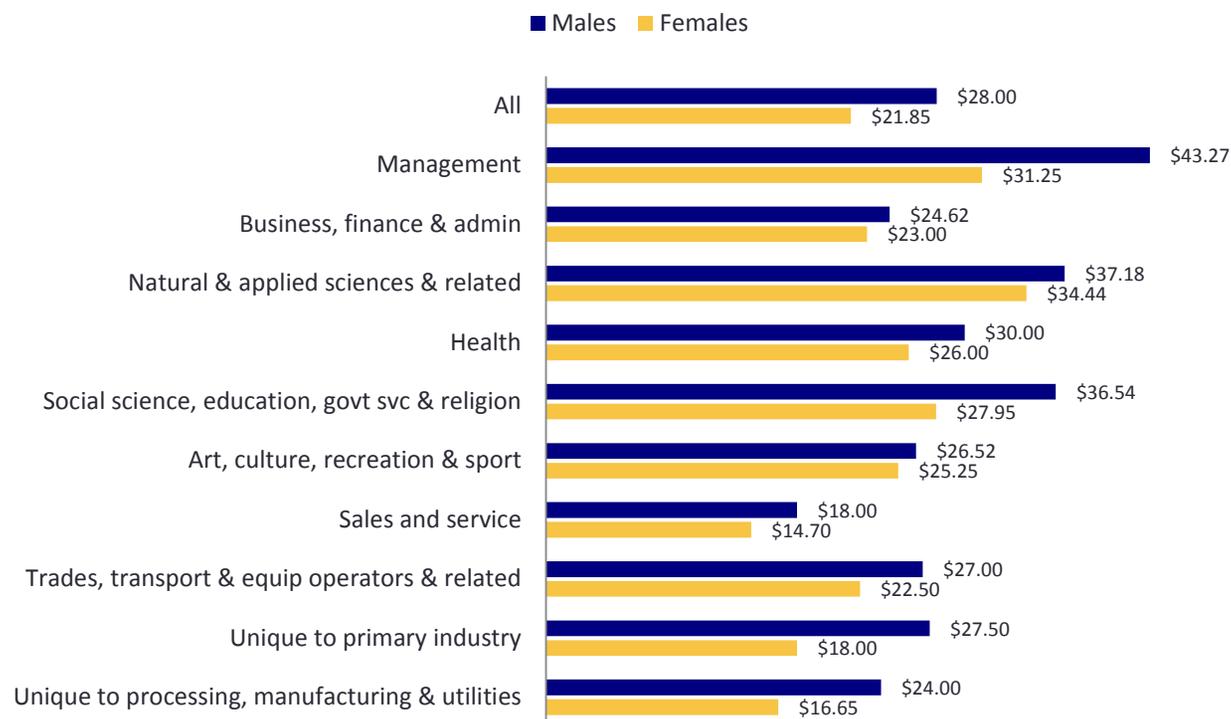
Source: CANSIM Table 282-0063





A sense of what workers in different occupations earn can be gained from comparing hourly wages rates by occupation category. The finest geographic scale for which comparative wage information is available from Statistics Canada's online database is the provincial/territorial level. The chart below compares median hourly wage rate for male and female full-time employees in Alberta by occupation category.

Median Hourly Wage Rate for Full-time Employees by Occupation Category, 2012, Alberta



Wages are lowest in sales and service occupations.

Females earn lower wages than males within the same occupation category.

Source: CANSIM Table 282-0070

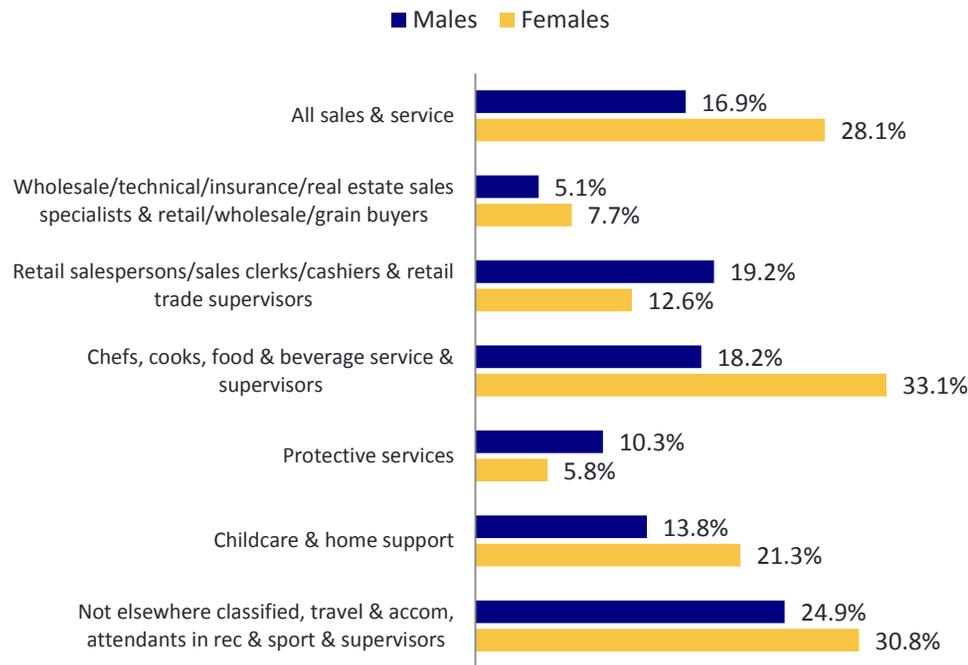




2.3. WHAT TYPE OF JOBS ARE LOW-WAGE WORKERS EMPLOYED IN?

As shown in section 2.2, wages tend to be lowest in the sales and service occupation category. It is possible to take a closer look at wages earned by occupations within the sales and service category. Statistics Canada publishes detailed wage distribution data but only at the national level.

Full-time Sales and Service Employees Earning Under \$12/hour by Occupation Type, October 2013, Canada.



Of full-time sales & service employees in Canada:

- About 17% of males earn below \$12/hr
- About 28% of females earn below \$12/hr
- Wage rates below \$12/hr are most common for: 1) chefs, cooks, and food & beverage sales & service employees, & 2) other sales & service employees including those in travel & accommodation & sport & recreation.

Source: CANSIM Table 282-0206





2.4. HOW MUCH DO RED DEER FAMILIES EARN?

Wage and employment data help to paint a picture of where individuals work and how much they earn. However, more than one person may be employed in a family. When reporting income data, Statistics Canada often provides data for census families— couple families and lone parent families— and persons not in census families.

Statistics Canada Family Definitions

Census Family

Families are comprised couple families and lone parent families. Persons who are not matched to a family become persons not in census families.

Couple Family

A couple family consists of a couple living together (married or common-law, including same-sex couples) living at the same address with or without children. Beginning in 2001, same-sex couples reporting as couples are counted as couple families.

Lone Parent Family

A lone-parent family is a family with only one parent, male or female, and with at least one child.

Person not in a Census Family

A person not in a census family is an individual who is not part of a census family, couple family or lone-parent family. Persons not in census families may live with their married children or with their children who have children of their own. They may be living with a family to whom they are related or unrelated. They may also be living alone or with other non-family persons.

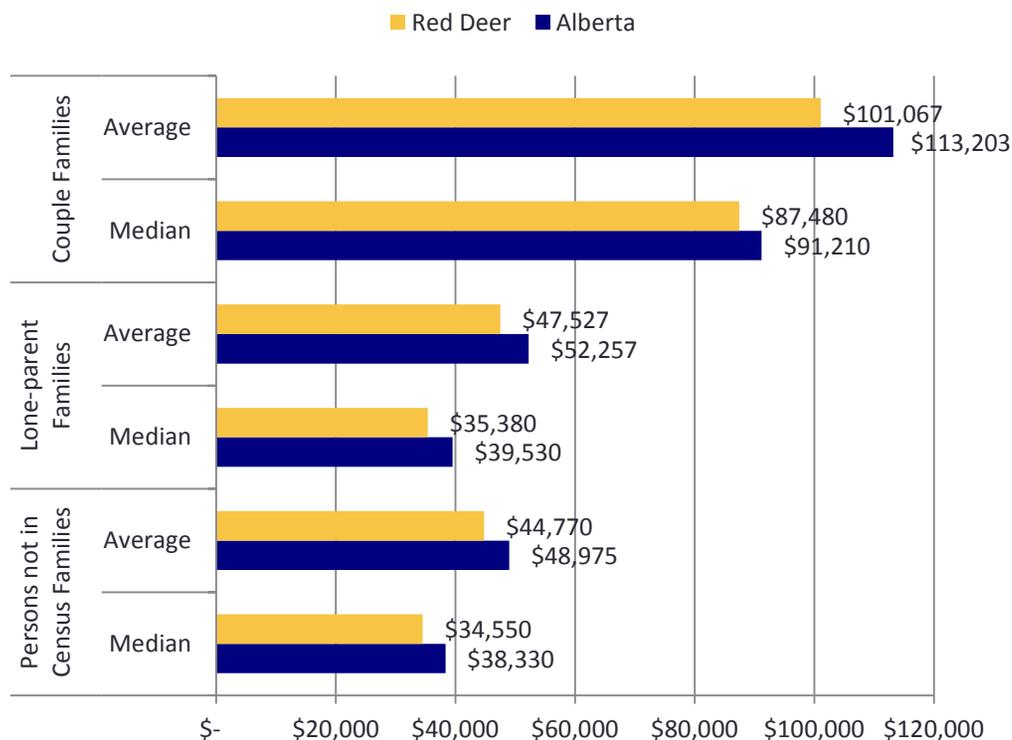
Source: CANSIM Table 111-0017





The chart below compares how much income families and persons not in census families in Alberta and Red Deer earn from employment. Comparable data is not available for Central Alberta.

Median and Average Employment Income, 2011



Couple families, lone parent families and persons not in census families all earn less in Red Deer compared to Alberta overall.

Sources: CANSIM Tables 111-0016 & 111-0017

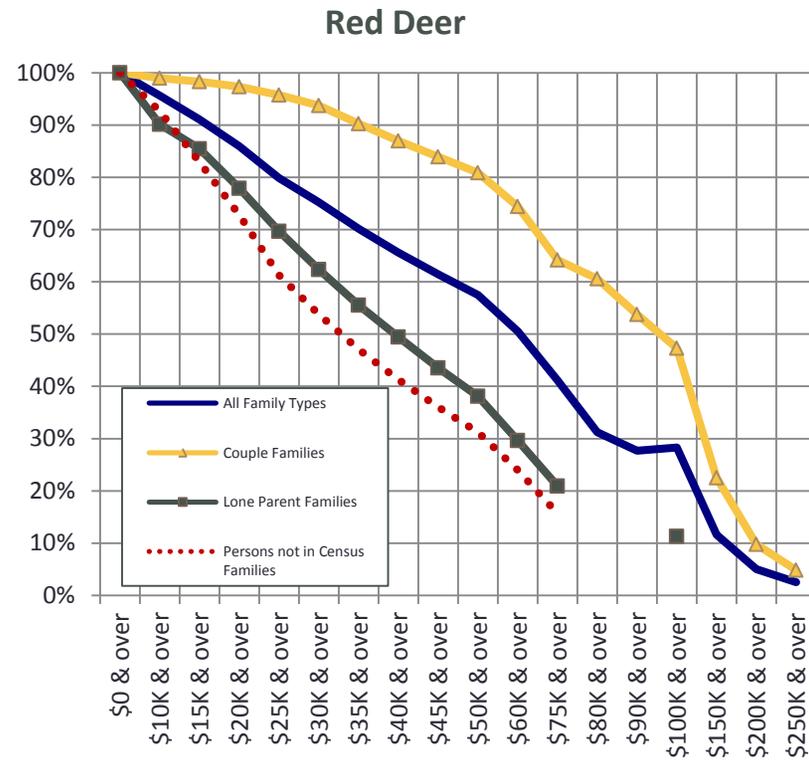
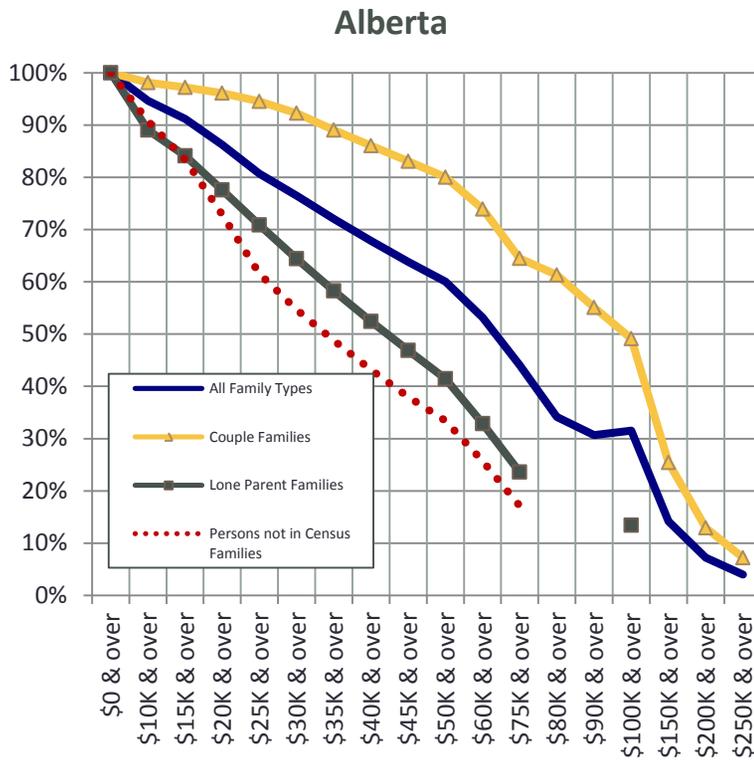




2.5. WHAT ARE FAMILY INCOME LEVELS IN RED DEER?

A family may gain income from sources other than employment (i.e. government transfers). To get an idea of how income levels compare for families and persons not in census families, total income data for 2011 is provided for Alberta and Red Deer below. Comparable data is not available for Central Alberta.

Distribution of Total Income, 2011





In both Red Deer and Alberta, couple families have the highest income levels, followed by lone parent families, and then persons not in census families. Also, in both Red Deer and Alberta just over half of couple families have incomes over \$100,000. However, there are some small differences worth highlighting.

There are more persons not in census families with income levels under \$15,000 in Red Deer compared to Alberta.

In Alberta, 16.6% of persons not in census families have income levels under \$15,000. In Red Deer, on the other hand, 17.1% of persons not in census families have income levels under \$15,000.

Lone parent families are less likely to have income levels over \$25,000 in Red Deer compared to Alberta.

In Alberta, 70.9% of lone parent families had income levels over \$25,000; in Red Deer, 69.6% of lone parent families had income levels over \$25,000. The gap widens to about 3% at \$75,000 with 23.6% of lone parent families in Alberta with income above this mark compared to 20.9% in Red Deer.

Couple families are less likely to have income levels over \$75,000 in Red Deer compared to Alberta.

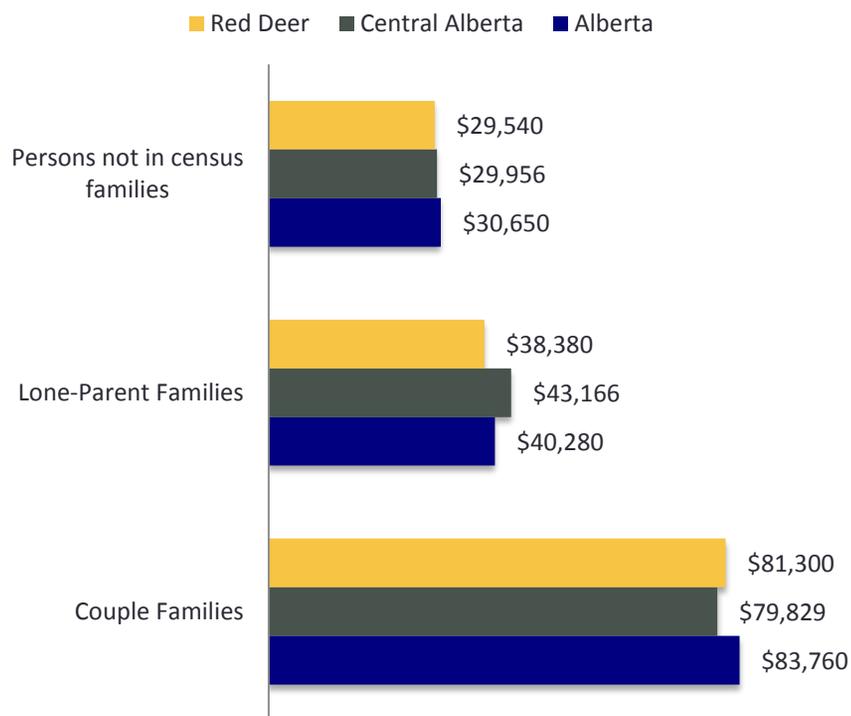
Up until about \$75,000, income distribution for couple families is very similar in Red Deer compared to Alberta. At \$75,000, the income distribution patterns diverge as the proportion of couple families with income levels above \$75,000 in Red Deer drops off more quickly than within Alberta overall.





The above discussion suggests that median income levels vary somewhat between Alberta and Red Deer. Median total after-tax income levels are compared for couple families, lone parent families and persons not in census families below. In this case, data is available for Central Alberta as well.

Median Total After-Tax Income, 2011



In Red Deer, median total income is lower for couple families, lone parent families and persons not in census families compared to Alberta.

Source: CANSIM Table 111-001

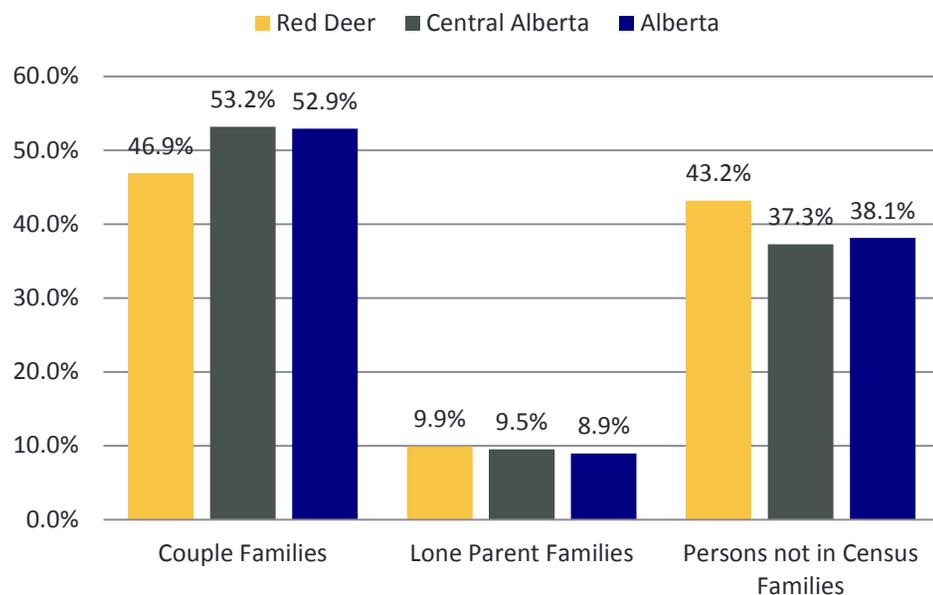




2.6. WHICH FAMILY TYPES ARE MOST COMMON IN RED DEER?

In the chart below the proportion of couple families, lone parent families and persons not in census families in Red Deer is compared to Central Alberta and Alberta.

Proportion of Couple Families, Lone Parent Families and Persons not in Census Families, 2011



Compared to Alberta, Red Deer has:

- fewer couple families
- more lone parent families
- more persons not in census families

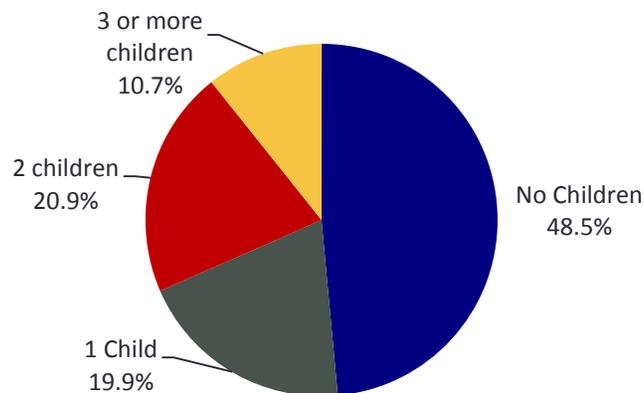
Source: Census Profile Data





More detailed data which further describes families by presence of children is available for Red Deer.

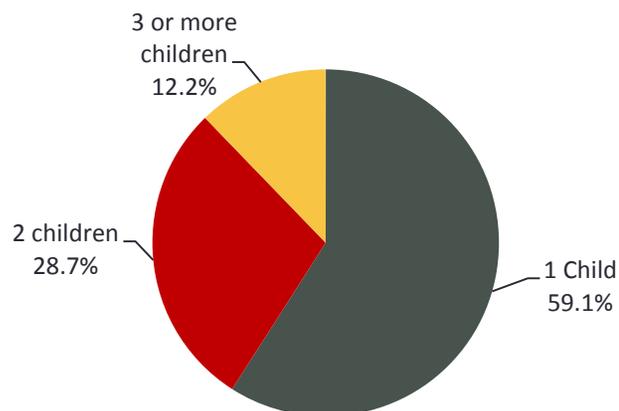
Composition of Couple Families, 2011, Red Deer



Just over half of couple families in Red Deer have children.

Of couple families with children, most have 2 children.

Composition of Lone Parent Families, 2011, Red Deer



The majority of lone parent families in Red Deer have 1 child.

Source: CANSIM Table111-0015





2.7. HOW MANY LOW INCOME FAMILIES ARE THERE IN RED DEER?

Statistics Canada uses its low income measure (LIM) to determine whether a census family or person not in a census family is categorized as low income. LIM is described as “a fixed percentage (50%) of adjusted family income where adjusted indicates a consideration of family needs... A family is considered to be low income when their income is below the LIM for their family type and size” (Statistics Canada, 2013). The number and percentage of low income families and persons in Red Deer is compared below.

Red Deer Families, 2011

Family type	Family composition	All	Low Income	% Low Income
All Family Types	With or without children	43,910	5,900	13.4
	No Children	28,010	3,780	13.5
	1 Child	7,010	920	13.1
	2 children	5,950	640	10.8
	3 or more children	2,950	560	19.0
Couple Families	With or without children	22,630	1,250	5.5
	No Children	10,980	480	4.4
	1 Child	4,500	220	4.9
	2 children	4,720	220	4.7
	3 or more children	2,430	330	13.6
Lone Parent Families	With or without children	4,250	1,350	31.8
	1 Child	2,510	700	27.9
	2 children	1,220	420	34.4
	3 or more children	520	230	44.2
Persons not in Census Families		17,030	3,300	19.4

In 2011, about 5,900 (13%) of Red Deer’s 43,910 census families were classified as low income.

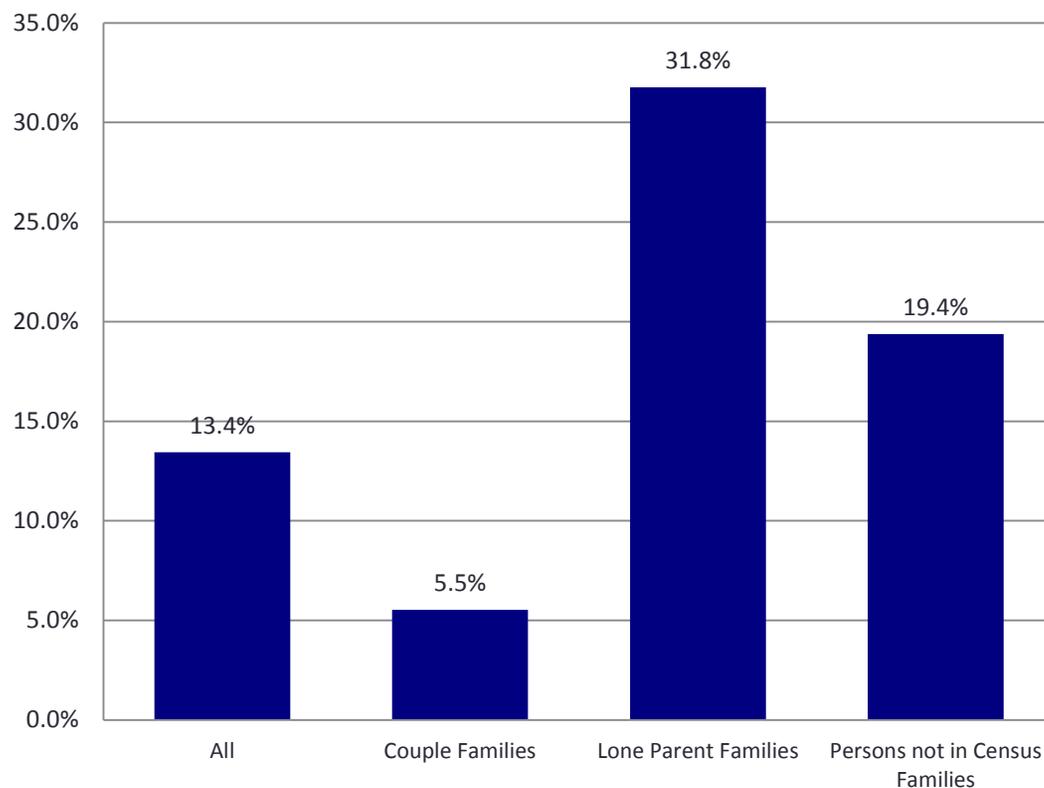
Source: CANSIM Table 111-0015





The chart below provide further visual comparison of the data related to low income status.

Proportion in Low Income Status (%), 2011, Red Deer



In Red Deer, low income status applies to:

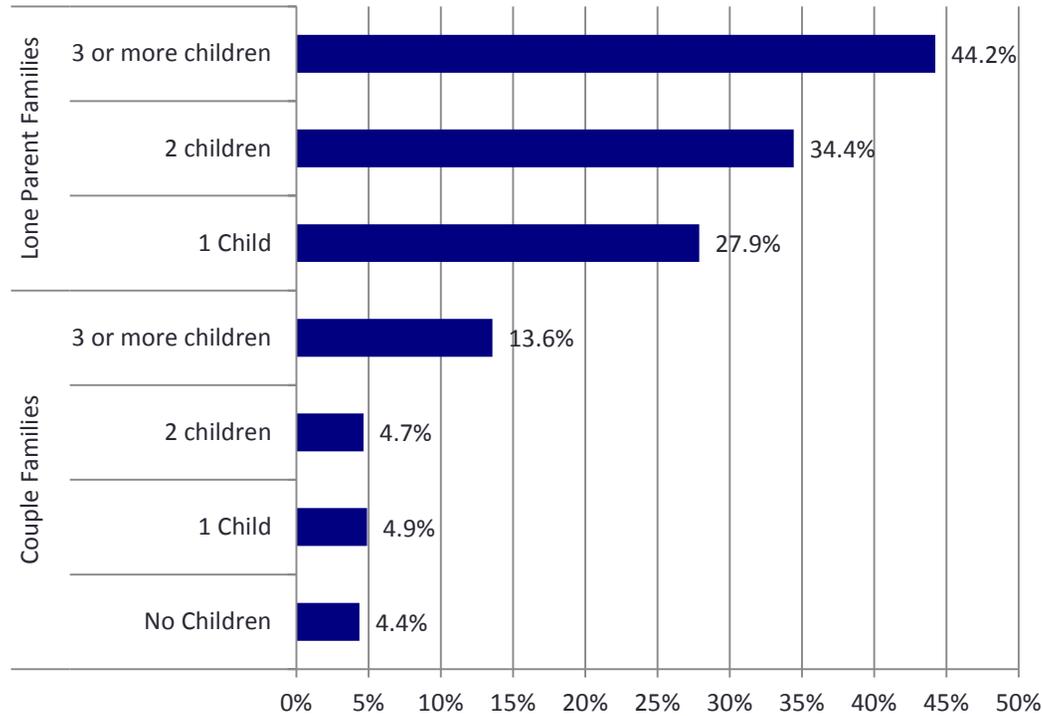
- almost 1 in every 3 lone parent families;
- about 1 in every 5 persons not in census families; and
- about 1 in every 20 couple families.

Source: CANSIM Table111-0015





Low Income Status by Number of Children, 2011, Red Deer



For lone parent families, the likelihood of low income status increases as the number of children increases.

For couple families, the likelihood of low income status does not rise significantly until the number of children exceeds 2.

Source: CANSIM Table111-0015





2.8. IS THERE PUBLISHED DATA RELATED TO LIVING COSTS FACED BY LOW INCOME FAMILIES IN RED DEER?

Living costs are dependent on the specific purchasing decisions of each family and therefore are difficult to determine without making a large number of assumptions. Unfortunately, there is no comprehensive, regularly published measure of basic living costs for Red Deer.

Statistics Canada publishes data related to the price of goods and services, household spending and household expenditures, but for the most part this data is only available at the provincial level and, sometimes, for Edmonton and Calgary.

Alberta Finance and Enterprise has published spatial price indices that compare the *relative* price of different commodity groups in different Alberta municipalities, but the actual expenditure information used to calculate the indices is not available.

There are a few other regularly published reports available online that include price, spending or expenditure data specific to Red Deer. Of these, one of the most relevant to basic living costs is Canada Housing and Mortgage Corporation's (CMHC) Alberta Market Rental Reports which compare the cost of renting an apartment in selected municipalities within the province⁵.

⁵ The City of Edmonton's Residential Property Taxes and Utility Charges Survey is another data source but only relevant to homeowners, few of whom are likely to be fall into the low-income category compared to renters.





Statistic Canada's market basket measure data and the most recent Alberta Spatial Price Survey and CMHC Alberta Market Rental Reports are reviewed below.

Market Basket Measure (MBM)

Statistics Canada publishes data related to the cost of purchasing a specific pre-determined basket of basic goods in communities of different sizes within each province and for selected census metropolitan areas (CMAs). According to Statistics Canada (2013), the market basket measure or MBM

attempts to measure a standard of living that is a compromise between subsistence and social inclusion...The MBM represents the cost of a basket that includes: a nutritious diet, clothing and footwear, shelter, transportation, and other necessary goods and services (such as person care items or household supplies).

In Alberta, the MBM is estimated for Edmonton and Calgary as well as groupings of smaller urban centres, small communities, and rural areas. Red Deer falls within the "30,000 to 99,999 persons" category. Statistics Canada also publishes estimates of the components of each MBM estimate, namely food, clothing and footwear, transportation, shelter, and other necessary goods and services.

Of each of the Alberta MBMs for 2008 through 2011, Edmonton's MBM was lowest and the MBM for communities of less than 30,000 persons was highest. The MBM estimate applying to Red Deer fell within the middle. In 2011, food, shelter, and other expenses were the highest cost components included in the MBM estimates.





Alberta MBM (\$), Reference Family of 2 adults & 2 children, 2008-2011

	2008	2009	2010	2011
Rural	33,872	35,658	35,578	36,055
Less than 30,000 persons	35,208	37,035	36,930	37,374
30,000 - 99,999 persons	33,769	35,966	35,699	36,242
Edmonton	33,656	35,715	34,931	35,462
Calgary	35,114	37,197	36,600	37,145

Source: CANSIM Table 202-0809

The MBM estimate that applies to Red Deer falls within the middle of Alberta's 5 MBM estimates.

Alberta MBM Thresholds (\$), 2011, Reference family of 2 adults & 2 children

	Total	Food	Clothing & Footwear	Transportation	Shelter	Other
Rural	36,055	10,851	1,882	4,278	9,448	9,596
Less than 30,000	37,374	10,851	1,882	4,278	10,767	9,596
30,000 to 99,999	36,242	10,851	1,882	2,371	11,542	9,596
Edmonton	35,462	9,950	1,882	3,061	11,652	8,917
Calgary	37,145	10,268	1,882	3,082	12,756	9,157

Source: CANSIM Table 202-0809

Food, Shelter, and Other Expenses make up \$30,000 or more of Alberta MBM estimates.





Alberta Spatial Price Survey

The 2010 Alberta Spatial Price Survey estimates price levels for a fixed basket of goods and services in selected Alberta communities compared to Edmonton in summer 2010. (Edmonton prices provide the reference and therefore Edmonton indices are set at 100). These indices give an idea of relative cost differences at the time the price survey was conducted. The table below compares the reported 2010 commodity indices for Red Deer and cities of similar size in Alberta. It is interesting to note that although each of these communities falls within the same grouping for purposes of the MBM (i.e. 30,000 to 99,999 persons) price levels vary considerably.

Alberta Spatial Price Indices, 2010

Index	Red Deer	Grande Prairie	Fort McMurray	Lethbridge	Medicine Hat
All Commodity	98.6	101.1	111.7	95.9	95.7
Food	100.5	102.6	105.3	96.1	96.1
Non-Food	98.2	100.8	113.0	95.9	95.6
Personal Care Products	99.5	105.6	103.5	98.7	100.0
Household Supplies	104.7	105.8	107.0	100.9	101.8
Household Services	99.1	88.0	105.9	98.7	101.2
Household Equipment	100.1	96.8	103.9	101.7	91.1
Recreation & Leisure	102.4	104.5	102.6	100.2	99.0
Transportation	107.3	111.1	105.3	96.4	107.3
Clothing	95.2	92.4	95.7	94.0	94.9
Shelter	94.4	93.2	139.7	87.0	82.5
Utilities	99.9	107.3	102.5	107.1	87.5

Compared to Edmonton, the cost of transportation and household supplies were higher in Red Deer.

The costs of clothing and shelter were about 4-5% lower.





CMHC Alberta Market Rental Reports

Shelter is considered a basic necessity and the cost of shelter often forms a large proportion of many household budgets. The housing situation and rental market within a community can have a significant impact on the ability of families, particularly those that include low-wage earners, to make ends meet.

CMHC bi-annually reports vacancy rates and average rents within CMAs and CAs in each province. Below CMHC reported vacancy rates and rent in Red Deer between April 2012 and October 2013 are compared. Note that CMHC defines rent as “the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit”.

Apartment Rents (\$/month) & Vacancy Rates (%), April 2012 – October 2013, Red Deer

Type	April 2012		October 2012		April 2013		October 2013	
	Cost	Vacancy Rate	Cost	Vacancy Rate	Cost	Vacancy Rate	Cost	Vacancy Rate
Bachelor	558	3.5	568	0.9	571	0.7	611	2.2
1 Bedroom	714	1.7	736	0.9	762	1.4	796	2.0
2 Bedroom	843	2.5	867	1.5	902	1.8	937	1.7
3+ Bedrooms	955	1.5	961	1.5	1,009	1.0	1,057	1.1

Since spring 2012, apartment rental rates in Red Deer have increased by about 10%.

Sources: (Canada Mortgage and Housing Corporation, 2012); (Canada Mortgage and Housing Corporation, 2013)





RED DEER LIVING WAGE CALCULATION

3.1. HOW IS LIVING WAGE CALCULATED FOR RED DEER?

As discussed in section 1, the *Canadian Living Wage Framework* (CLWF) outlines a standardized calculation approach. The CLWF is used as a guide for the estimating Red Deer's Living Wage.

Calculation Method - Living Wage is the hourly wage rate that allows this formula to balance:

Annual Family Expenses	=	Employment Income	+	Income from Government Transfers	-	Taxes
------------------------	---	-------------------	---	----------------------------------	---	-------

Reference Households

- | | |
|---|--|
| 
Couple with 2 Children | <ul style="list-style-type: none"> • Each parent works 40 hours per week • 1 female child age 4 in a full-time child care • 1 male child age 9 in after-school care |
| 
Lone Parent with 1 child | <ul style="list-style-type: none"> • Single Mom age 32-39 works 40 hours per week • 1 male child age 5 in full-time child care and kindergarten |
| 
Single Adult | <ul style="list-style-type: none"> • Male age 25 works 40 hours per week |





Although the CLWF recommends that the reference household be a couple family with two children, the framework also indicates that it is good practice to keep track of the variation in expenses faced by different family types. In Red Deer, where Statistics Canada data shows that persons not in census families and lone parent families make up a greater proportion of low income households than couple families, it is particularly important to ensure that variations in annual expenses faced by couple families as well as lone parent families and single adults be examined.

The formula above is a simplified representation of the Living Wage calculation. In reality, many government transfers are dependent on income levels. Therefore, there is endogeneity or interdependence between variables. For this reason, the calculation of the Living Wage rate, net income levels, taxes, and government transfers are linked within a spreadsheet. The Canadian Centre for Policy Alternative has developed a Living Wage Calculation Spreadsheet (Canadian Centre for Policy Alternatives, 2014) to accompany its estimation of Living Wage estimates for BC communities. The spreadsheet was customized for each reference household in this study in order to reflect the Alberta and Red Deer context and all tax, benefit, subsidy, and benefit formulas were updated to reflect the most recent information available from government websites.





3.2. WHAT ARE ANNUAL FAMILY EXPENSES?

The first step in calculating Red Deer’s Living Wage is the determination of annual family expenses based on a budget that covers basic needs and allows for a decent and dignified life. Using CLWF recommendations and input from CAPRA members respecting local realities, budget inclusions and exclusions were determined.

<i>Budget Inclusions</i>	<i>Budget Exclusions</i>
✓ Food	× Special dietary needs
✓ Shelter (rental housing)	× Owning a home
✓ Clothing and Footwear	× Credit card, loan or other debt/interest payments
✓ Transportation	× Savings for retirement
✓ Other household expenses	× RRSP, RESP, or RDSP contributions
- Bank Fees	× Costs of caring for a disabled, seriously ill, or elderly family member
- Personal Care Items	× Hobbies
- Household operation, maintenance, furnishings, and Equipment	× Pet ownership
✓ Child care	× Parking
✓ Health care	× Alcohol or tobacco costs
✓ Social inclusion	× Personal life or disability insurance
- Basic Cell Phone, TV and Internet	× Remittances to family members living abroad
- Recreation, Entertainment, and Gifts	
- Vacation	
✓ Contingency funds	





Estimation of each reference household's budget requires collecting appropriate data and researching local costs. For some budget items, specific assumptions need to be made respecting household spending choices. To do this for Red Deer, the CLWF's recommendations and existing Living Wage studies were consulted.

The resulting estimates for each budget component and the specific estimation methods and data sources used are detailed below. Data sources included local agencies, government and business websites, Statistics Canada databases, and Canada Housing and Mortgage Corporation reports.

FOOD

The food estimate was determined from the June 2013 Alberta Nutritious Food Basket Costs for Red Deer. The Alberta Nutritious Food Basket provides an estimate of the cost of healthy eating based on current nutrition recommendations. Food prices are collected biannually in communities throughout Alberta.

	Monthly	Annually
 Couple with 2 children	\$837	\$10,043
 Lone Parent with 1 child	\$426	\$5,110
 Single Adult	\$328	\$3,936

The collection of price information occurs through a partnership between Alberta Agriculture and Rural Development (Economics & Competitiveness Division, Statistics & Data Development Branch) and Alberta Health Services, Nutrition Services, with the support of local full-service grocery stores.





CLOTHING AND FOOTWEAR

Statistics Canada provides estimated costs for MBM commodity groupings. The 2011 Alberta MBM estimates for Clothing and Footwear in small urban centres (\$1,882, \$1,331, & \$941) are adjusted for inflation (using Alberta CPI values, clothing and footwear commodity group) to arrive at estimates for 2013.

	Monthly	Annually
 Couple with 2 children	\$154	\$1,848
 Lone Parent with 1 child	\$109	\$1,307
 Single Adult	\$79	\$943



SHELTER

The shelter estimate includes the average⁶ cost of renting an apartment (3 bdrm - \$1,057/mth, 2 bdrm - \$937/mth & 2 bdrm shared - \$468.50/mth) based on CMHC's October 2013 Rental Market Report and AMA quoted annual costs for tenant insurance (\$188, \$143, & \$131) for \$1 million in legal liability and \$40,000, \$20,000 and \$20,000 in contents, respectively.

	Monthly	Annually
 Couple with 2 children	\$1,073	\$12,872
 Lone Parent with 1 child	\$949	\$11,387
 Single Adult	\$479	\$5,753

⁶ Note that rents reported to CMHC do not consistently include utility costs. Therefore although average rents are used, they are considered conservative estimates of the cost of apartment living.





 **TRANSPORTATION**

It is assumed that the couple and lone parent family own and operate a compact sedan (\$7,957 annually (Canadian Automobile Association, 2012)). Also, one adult within the couple family uses a bus pass (\$65/mth (City of Red Deer, 2013)) to allow them to get to work independently. The single adult relies on the bus and taxi services (2 round-trips/month at \$30 each)⁷.

	Monthly	Annually
 Couple with 2 children	\$728	\$8,737
 Lone Parent with 1 child	\$663	\$7,957
 Single Adult	\$125	\$1,500

 **OTHER HOUSEHOLD COSTS**

Other household costs include: bank fees; allowance for children over 6; household operation, maintenance, furnishings, and equipment; personal care items; and reading materials.

The assumptions, methods, and sources used to estimate each of these expenses are detailed below.

	Monthly	Annually
 Couple with 2 children	\$211	\$2,532
 Lone Parent with 1 child	\$150	\$1,805
 Single Adult	\$109	\$1,311

⁷ Although Red Deer’s bus system is a viable option as the primary mode of transportation for some families, the latest National Household Survey (2001) indicates that only 4.4% of the working population in Red Deer relies on public transit to commute to work.





Bank Fees - Service fees apply to most chequing accounts. Mayo (2011) surveyed major banks websites and determined the average service fees to be \$11/month or \$132/year.

Allowance for Children over 6 - Many parents choose to pay their children a weekly allowance in exchange for help with chores around the house. An article in Canadian Living (Godfrey, 2013) suggests that a rule of thumb for the amount of allowance paid per week is the child's age in dollars. For the purpose of this study we have assumed a \$40 monthly allowance for a child of age nine.

Household Operation, Maintenance, Furnishings, and Equipment - Determining a household budget for household operation, maintenance, furnishings and equipment is a difficult task given that necessary expenditures will vary from year to year for households. Following the approach taken in City of Hamilton (2011), results from Statistic Canada's 2011 Survey of Household Spending (SHS) are used to determine the typical proportion of spending allocated to these type of expenditures for households in the second income quintile (excluding spending on pets, gardening, and communications)⁸. This proportion is then applied to the MBM applicable to Red Deer and adjusted for inflation.

		Couple, 2 children	Lone Parent, 1 Child	Single Person
Alberta MBM, population 30,000-99,999	2011	\$36,242	\$25,627	\$18,121
Proportion from SHS (for households in 2 nd income quintile)			4.43%	
	2011	\$1,606	\$1,135	\$803
Budget Estimate	2013	\$1,646	\$1,163	\$823

⁸ The second income quintile was chosen because the average household expenditures this quintile (\$59,600 in 2011).best corresponds to the annual family expenses for the family of four in this study.





Personal Care Items - As above, results from Statistic Canada's 2011 SHS are used to determine the typical proportion of spending allocated to personal care item expenditures for households in the second income quintile (excluding spending on pets, gardening, and communications). This proportion is then applied to the MBM applicable to Red Deer and adjusted for inflation.

		Couple, 2 children	Lone Parent, 1 Child	Single Person
Alberta MBM , population 30,000-99,999	2011	\$36,242	\$25,627	\$18,121
Proportion from SHS (for households in 2 nd income quintile)			1.87%	
	2011	\$679	\$480	\$339
Budget Estimate	2013	\$694	\$490	\$346

Reading Materials - It is assumed that each household relies on the internet and the public library to access reading materials. A Red Deer Public Library Card is free to citizens under the age of 18 and \$10 otherwise.





 **CHILD CARE**

With parents working full-time, it is assumed child care is needed for all children. The couple pays for after school care for the older child and day care for the younger child. The lone parent’s child attends a day care program that includes kindergarten programming. Costs are based on information provided by the Red Deer Child Care Society and City of Red Deer.

	Monthly	Annually
 Couple with 2 children	\$1,079	\$12,952
 Lone Parent with 1 child	\$798	\$9,570
 Single Adult	-	-

Red Deer Child Care Society program fees are provided below.

Program	Monthly Rate
Day Home Program (Part-time available)	\$725 - Full-time for 19-22 Days per month
Day Care Program (Only full-time)	\$950 - Normandeau & Johnstone Day Care (include kindergarten) \$850 - Woodlea Day Care
Pre/After School Care (6:45 am – 6 pm)	\$435 - full-time; \$290 - mornings only; \$340 - after school only

Source: Personal Communication with Program Staff

During the school year, the City of Red Deer offers relatively inexpensive “out-of-school” camps for about \$35 per day. The City also offers summer camps (price varies by camp) and Activ Kidz playground programs (\$7/Day) for children age 5 to 12 in July and August.

Below, cost information is combined with program assumptions to determine child care budget estimates.





	Couple, 2 Children	Lone Parent, 1 Child
Fall/Winter/Spring Care	Day Home Program for 12 mths: \$8,700 After-School Program for 10 mths: \$3,400	Day Care Program (incl. kindergarten) for 10 mths: \$9,500
Out of School Camps	Spring Break, Family Day Long Weekend, & Christmas Holidays (14 days): \$490	
Summer Camps	<p>Assumptions No care required for 2 week vacation but to maintain day home spot full month must be paid. Family or friend watches 9 yr old outside of summer camp hours of 9 am to 4 pm.</p> <p>City summer camps: \$362 (Monkey Around Camp: \$190 Super Hero Camp: \$172)</p>	<p>Assumptions No care during 2 week vacation. Child spends 4 weeks of summer with other parent. Family or friend watches child outside of summer program hours of 9 am to 4 pm.</p> <p>City summer program (2 wks): \$70 (\$7/day)</p>
Budget Estimate	\$12,952	\$9,570



HEALTH CARE

The health care budget estimates includes the cost of health insurance premiums and assumed out-of-pocket expenses. Annually, each household’s expenditure on health care premiums is estimated to be \$3,048, \$1,560 and \$1,008, respectively. Total out-of-pocket health spending is estimated at \$700, \$350, and \$245. Further details are provided below.

	Monthly	Annually
 Couple with 2 children	\$312	\$3,748
 Lone Parent with 1 child	\$159	\$1,910
 Single Adult	\$104	\$1,253





Health Insurance Premiums - The cost of health and dental insurance premiums is based on rates provided by Alberta Blue Cross in December 2013 for their “C” plan.

Alberta Blue Cross Rate Chart: Personal Choice Plans (Monthly rates for each family member as of January 2013)						
Plan Type	Age 4 & under	Age 5 - 20	Age 21 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64
A	\$12	\$32	\$53	\$57	\$65	\$75
B	\$14	\$39	\$70	\$78	\$91	\$109
C	\$16	\$46	\$84	\$96	\$121	\$143

Source: (Alberta Blue Cross, 2013)

Out-of-Pocket Health and Dental Expenses - Note that even under Plan C which is the most expensive and has the most extensive coverage, the coverage limitations (e.g. 80% for prescription drugs, \$50 per physiotherapist visit, \$85 maximum for an eye exam) are such that an individual or family is likely to incur additional out-of-pocket expenses. Assumptions respecting out-of-pocket expenses are outlined below.

Expense	Assumptions	Coverage	Out-of-Pocket Expenditures		
			Couple, 2 Children	Lone Parent, 1 Child	Single Person
Adult Eye Exam	1 exam per household \$85 at Costco less	\$250 in vision expenses /plan participant/ 2 years	\$0	\$0	\$0
Eye Glasses	1 pair per adult/yr \$200/pair	\$250 in vision expenses /plan participant/2 years	\$70	\$35	\$35
Prescriptions	\$150/person	80%	\$120	\$60	\$30
Physiotherapy	3 visits /adult at \$70 each	\$50/visit	\$120	\$60	\$60
Chiropractor	3 visits/adult at \$50 each	\$35/visit	\$90	\$45	\$45
Dental	2 check-ups/yr/person at \$188.38/visit	\$150.70 claim max	\$300	\$150	\$75
Budget Estimate			\$700	\$350	\$245

*Dental coverage based on Alberta Blue Cross Dental Fee Schedule. Dental procedure costs were obtained using on Sunlife Financial’s Alberta Dental Fee Finder and represent minimum for Red Deer.





SOCIAL INCLUSION

Social inclusion expenses relate to spending on goods and services that allow for fuller participation in society. Expenditures for cell phones for each adult, basic TV and internet service, adult education, recreation, entertainment, a modest vacation, and conservative spending on gifts are included. Further details are below.

	Monthly	Annually
 Couple with 2 children	\$575	\$6,894
 Lone Parent with 1 child	\$426	\$5,118
 Single Adult	\$349	\$4,184

Cell Phone(s), Cable and Internet - In December 2013, regular monthly fees (to the nearest dollar) for basic TV and internet bundles (as advertised online) were: Telus- \$79; Eastlink- \$94; and Shaw- \$105. An average cost (with GST) of \$98/month is used. For cellular service, in December 2013, Telus Mobility offered a Telus Lite (voice + basic data plan) for \$50/month and FIDO advertised voice and data plans for \$40/month. An average cost (with GST) of \$47/month is used.

Adult Education - For many low-wage earners, lack of post-secondary education limits access to employment opportunities that might allow them to step out of poverty. For this reason, the CLWF suggests assuming that one adult household member is engaged in a post-secondary or continuing education program through evening classes at a local college. In this case, it is assumed that an adult in





each family takes two courses per year at Red Deer College⁹. RDC’s estimated program costs (tuition, fees and books) for 2013/14 are \$109.50/credit for tuition, \$40/credit for books, and \$5/credit for fees¹⁰. An individual course is generally worth three credits.

		Couple, 2 children	Lone Parent, 1 Child	Single Person
Adult Education Cost		2 courses	2 courses	2 course
Expenses (including GST)	Fees	\$690	\$690	\$690
	Books	\$32	\$32	\$32
	Tuition	\$252	\$252	\$252
Budget Estimate		\$974	\$974	\$974

Recreation and Entertainment - The City of Red Deer coordinates a number of no-admission, family-friendly activities throughout the year. It is assumed that each household is able to participate in these activities at no expense. In terms of accessing other recreation and entertainment activities, it is assumed that each individual obtains a Collicutt card and each adult participates on one adult sports team each year at at cost of \$100 each (conservative estimate based on telephone discussions with local sports leagues). As well as six movie theatre and twelve restaurant outings are assumed during each year.

It is further assumed that each household has one computer which is used to access the internet for academic research, homework, reading materials, news, online games, etc. Computer costs are based on the 2011 Survey of Household Spending value for the second income quintile (CANSIM Table 203-0022). An

⁹ Telephone discussions with other local adult education facilities indicated similar costs.

¹⁰ Additional student fees may apply for full-time study.





estimate of the cost of children's toys is taken from the same source and split in half for the Lone Parent family with 1 child.

	Couple, 2 children	Lone Parent, 1 Child	Single Adult
Colicutt cards (The City of Red Deer, 2013)	Family membership: \$1,140	Adult Membership: \$510 Child Membership: \$255	Adult Membership: \$510
Adult Sports League	\$200	\$100	\$100
Children's Toys	\$61	\$31	
Computer equipment, software, & supplies	\$240	\$240	\$240
Movie theater outings (6)*	\$273	\$136.5	\$79.5
Restaurant Meals (12) (Assume avg cost per meal is \$25 for an adult and \$15 for a child)	\$960	\$480	\$300
Budget Estimate	\$2,874	\$2,053	\$1,230

*Admission only based on Cineplex.com - 3 regular movies for \$11.50/Adult; \$8/child; 3 3D movies - \$14.50/Adult; \$11/child

The 2013-2014 Foster Care Rate Schedule (Alberta Human Services, 2013) provides an annual recreation allowance of \$675 per child age 0-11. The above local estimates of recreation spending are in line with this provincial level figure.

Vacation - A two week camping vacation is assumed. Five nights are spent at Jarvis Bay Provincial Park on Sylvan Lake and five nights at Aspen Beach Provincial Park on Gull Lake, both of which are near Red Deer. The couple family and lone parent families use their vehicle for transportation. For the Lone Parent family and Single Adult, trips are coordinated with another family or friend and the cost of the campground site is shared evenly. Nightly site fees posted in the Alberta Campground Guide (Alberta Hotel and Lodging Association) are used.





	Couple, 2 children	Lone Parent, 1 Child	Single Adult
Vacation details and costs	Jarvis Bay Provincial Park – 5 nights at \$24.15/night Aspen Beach Provincial Park – 5 nights at \$24.15/night		
	Costs fully incurred	Cost-shared with another family	Cost-shared with a friend
Budget Estimate	\$241.50	\$120.75	\$120.75

These vacation cost estimates are conservative compared to the \$425 provided annually per child to foster parents for vacation and camp fees (Alberta Human Services, 2013).

Gifts – Conservative spending on family birthday, Christmas, and other gifts is assumed. Costs are assumed to be \$25 per child gift and \$40 per adult gift. For birthday parties, \$15 per gift is assumed.

	Couple, 2 children	Lone Parent, 1 Child	Single Adult
Christmas Gifts (1 for each child, spouse to spouse gifts)	\$130	\$25	
Birthday Gifts (1 for each child, spouse to spouse gifts)	\$130	\$25	
Birthday Party Gifts (each child attends 4 parties)	\$120	\$60	
Other Gifts (3) (Baby showers, weddings, etc.)	\$120	\$120	\$120
Budget Estimate	\$500	\$230	\$120



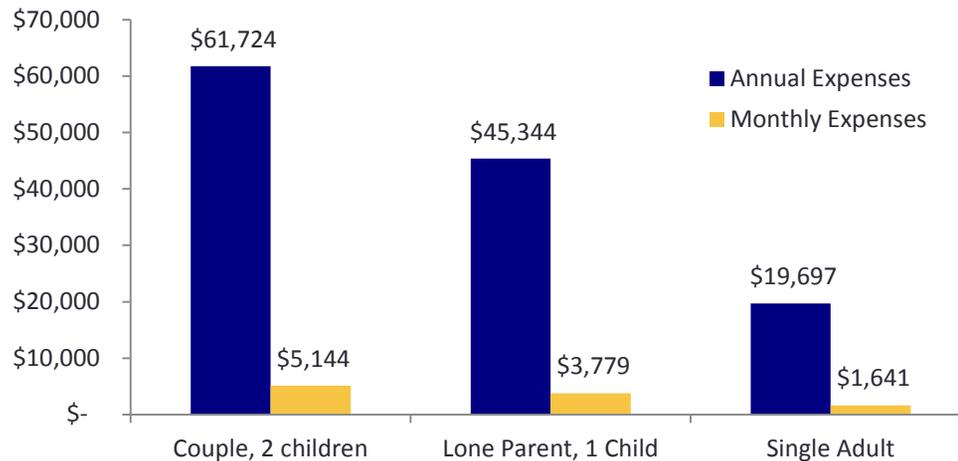


CONTINGENCY

It is assumed that in order to be prepared for emergencies and unforeseen expenses, each household put aside a small amount of their income each month. The total annual amount is based on two weeks of employment income (before-tax). The amount is calculated through a formula within the Living Wage calculation spreadsheet.

	Monthly	Annually
 Couple with 2 children	\$175	\$2,098
 Lone Parent with 1 child	\$102	\$1,221
 Single Adult	\$68	\$819

SUMMARY OF TOTAL FAMILY EXPENSES

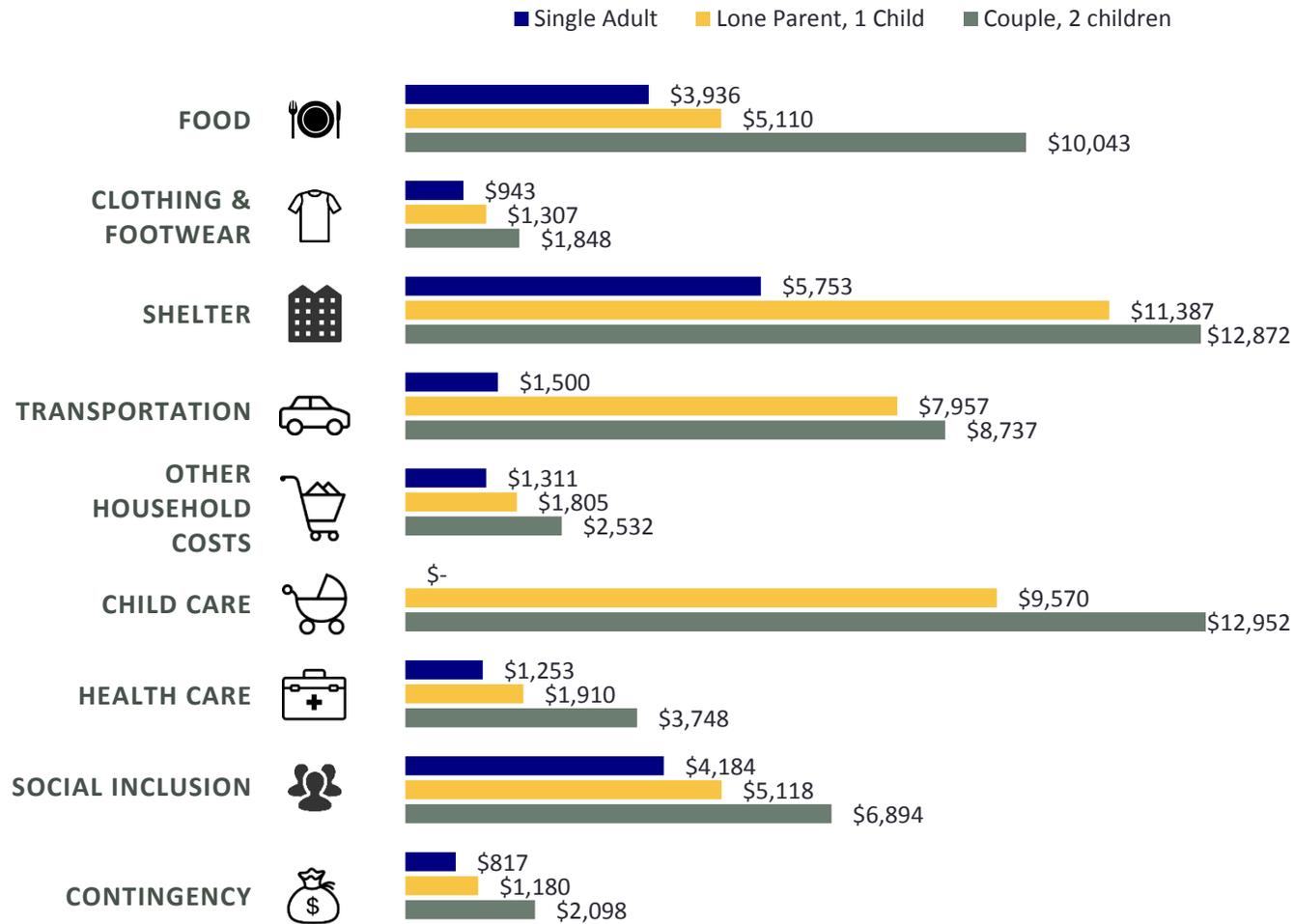


The couple family's expenses are highest at about \$61,000. The lone parent family's expenses are about $\frac{3}{4}$ of this amount and the single adult's expenses are about $\frac{1}{3}$.





Comparison of Annual Family Expenses by Budget Component



Shelter is the largest budget component for each household.

The lone parent family's spending on transportation and child care is within 10% of the spending of the couple family.

Social inclusion expenses represent more than 10% of expenses for each household.





3.3. WHAT TRANSFERS APPLY TO EACH HOUSEHOLD?

The annual family expense estimates above do not account for subsidies and payments that each household receives to help offset expenses. The next step towards determining Living Wage estimates for Red Deer is to account for the subsidies, benefits, and transfers that apply to each of the three reference households.

<i>Subsidy, Benefit, and Transfer Programs</i>		
Federal:	Provincial:	Municipal:
Canada Child Tax Benefit (CCTB)	Alberta Adult Health Benefit (AAHB)	Recreation Fee Assistance Program
Goods and Services Tax (GST) Credit	Alberta Child Health Benefit (ACHB)	
Universal Child Care Benefit (UCCB)	Alberta Child Care Subsidy (ACCS)	
	Alberta Direct to Tenant Rent Subsidy	
	Alberta Family Employment Tax Credit (AFETC)	

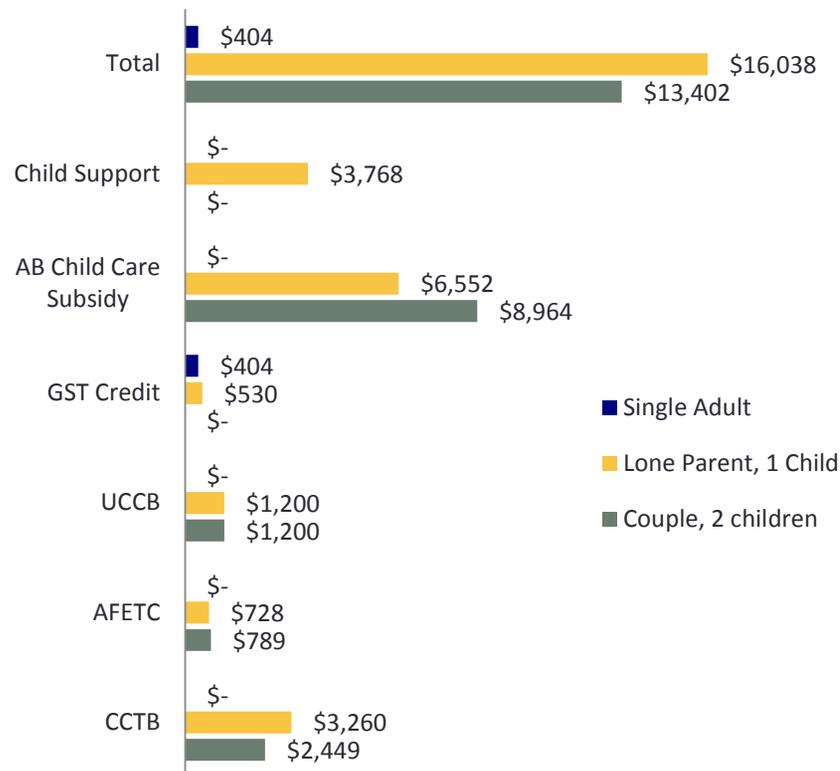
Descriptions of each of these programs and relevant eligibility requirements are provided in Appendix A. For most of these programs, eligibility and benefit levels are based on formulas which include net income or employment income as a variable. None of the reference households meet the eligibility requirements





for the Recreation Fee Assistance Program, AAHB, ACHB, or the Alberta Direct to Tenant Rent Subsidy program because their income levels are too high.

At the point of balance in expenses and income levels, the resulting benefit levels received by each household through the other programs are compared below.



Financial assistance through government programs is:

- Highest for the lone parent family
- Lowest for the single adult

The AB Child Care Subsidy provides the highest amount of support to families.

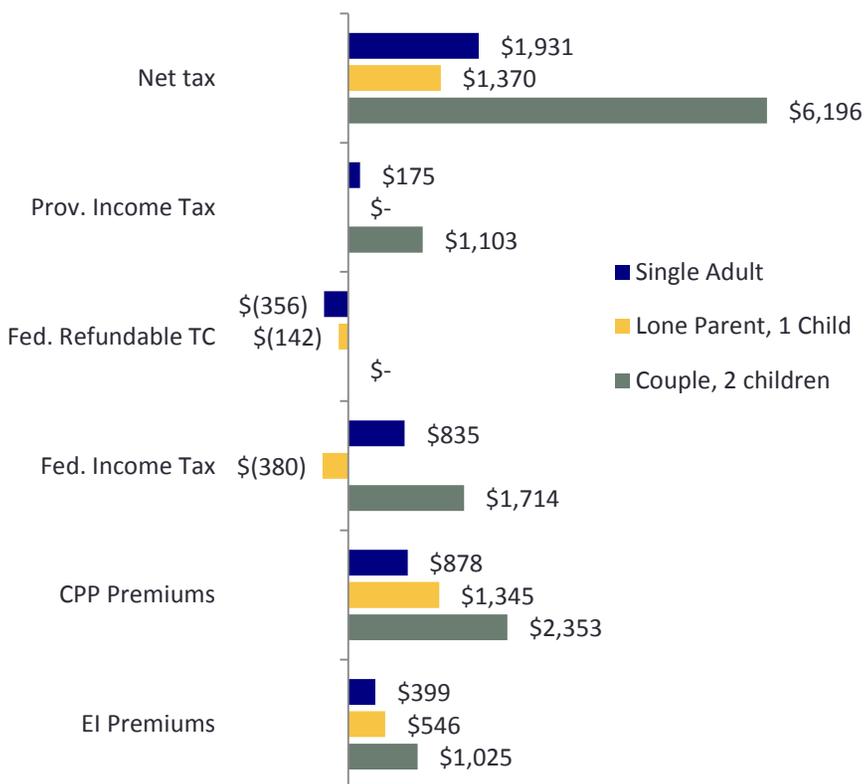
Child Support represents more than 20% of the support received by the Lone Parent.





3.3. HOW MUCH TAX DOES EACH HOUSEHOLD PAY?

Taxes are also a component of the LW calculation equation. Published tax formulas and indexing values were used to determine the tax contributions and credits applicable to each reference household (Alberta Treasury Board and Finance, 2013); (Canada Revenue Agency, 2014).



Net tax is:

- Highest for the couple family
- Lowest for the lone parent family

CPP premiums represent the largest share of tax contributions for each household.





3.3. WHAT ARE LIVING WAGE RATES FOR RED DEER?

With Annual Family Expenses, Government Transfer and Subsidy Programs and Taxes accounted for, the amount of Employment Income that each reference household needs to earn to make ends meet can be determined. The table below shows the resulting estimates of each component of the LW calculation.

	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children	\$61,724		\$54,538		\$13,402		\$6,200
 Lone Parent, 1 child	\$45,344		\$30,680		\$16,038		\$1,370
 Single Adult	\$19,697		\$21,237		\$404		\$1,935

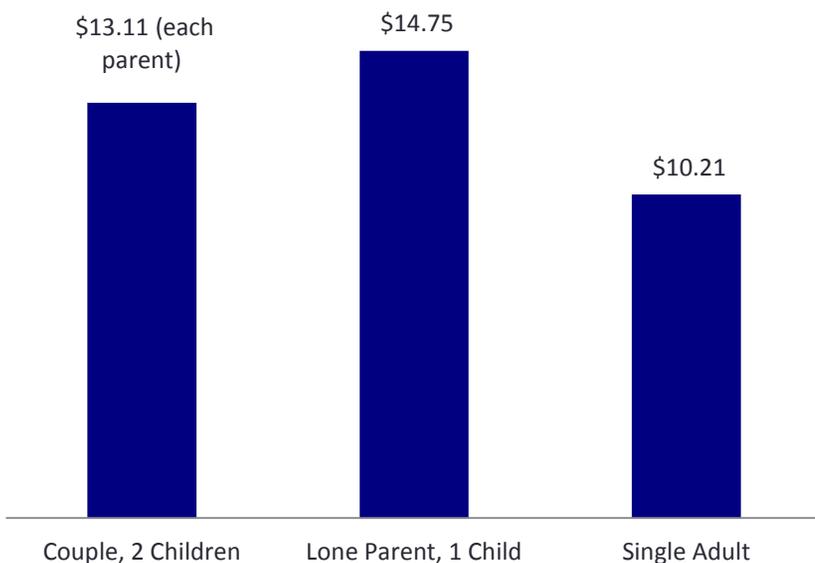
*Due to rounding, each equation may not balance equally.





Living Wage is the hourly rate of pay that provides the Employment Income indicated above based on a 40 hour work week.

The resulting Living Wage for each reference household is compared below.



Living Wage is:

- highest for the lone parent family
- lowest for the single adult
- above the current minimum wage (\$9.95)





CENTRAL ALBERTA CONTEXT

The Central Alberta Poverty Reduction Alliance (CAPRA) has chosen Census Division 8 (CD8) as its Central Alberta region¹¹. Therefore, for the purposes of this section, data available for CD8 will be used.

Communities in CD8

Cities

Red Deer • Lacombe

Towns

Bentley • Blackfalds • Bowden • Eckville • Innisfail • Penhold •
Ponoka • Rimbey • Sylvan Lake

Villages

Alix • Clive • Delburne • Elnora

Summer Villages

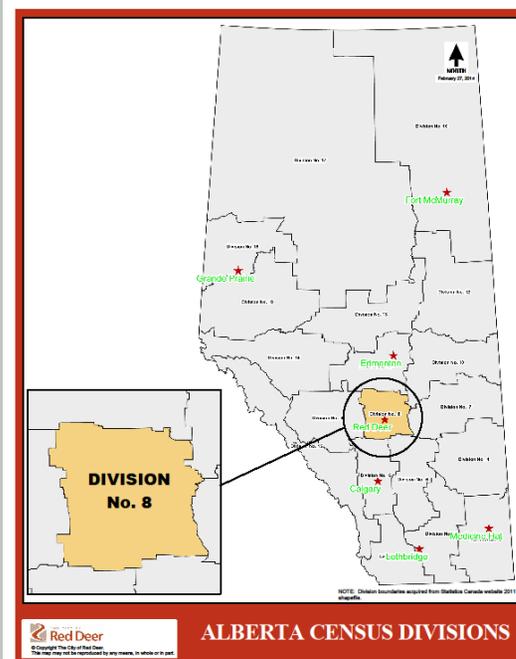
Birchcliff • Gull Lake • Half Moon Bay • Jarvis Bay • Norglenwold •
Parkland Beach • Sunbreaker Cove

Municipal Districts

Lacombe County • Ponoka County • Red Deer County

Indian Reserves

Montana 139 • Samson 137 • Samson 137A



¹¹ Census Division is defined on page 16.





The total population of Central Alberta is just under 190,000. Almost half (48%) of Central Alberta's residents live in the city of Red Deer. The only other city within Central Alberta is Lacombe which is about one ninth the size of Red Deer with a population of just over 11,000¹². The remaining population of Central Alberta resides in one of 9 towns, 4 villages, 7 summer villages, 3 Municipal districts, or 3 Indian reserves.

Source: (Statistics Canada, 2012)	Red Deer	Central Alberta	Alberta
2011 Population	90,564	189,243	3,645,257
2006 to 2011 population change (%)	8.9	7.9	10.8
Land area (km ²)	104	9,909	640,082
Population density (/km ²)	868.4	19.1	5.7
Median age	34.7	36.1	36.5
Population aged 14 or younger (%)	18.3	19.5	18.8
Population aged 15 to 59 (%)	73.4	70.8	71.6
Population aged 60 and over (%)	15.0	16.6	16.1
Total number of census families	24,535	52,720	999,530

There are fewer residents in their prime work working years (age 15 to 59) in Central Alberta compared to the populations of Red Deer and Alberta.

¹² Although it is town, Sylvan Lake's population (12,327 persons) is actually larger than Lacombe's population.





The median age of Central Alberta residents is about the same as the median age of the population of Alberta but 1.4 years older than the median age of Red Deer residents. Central Alberta has a greater proportion of residents age 14 or younger as well as residents age 60 or over than Red Deer and Alberta. Proportionately, there are fewer residents in Central Alberta in their prime working years (age 15 to 59) compared to Red Deer and Alberta.

The remainder of this section uses additional information available from Statistics Canada's online databases and other published sources to outline employment, wage and income levels, and working conditions in Central Alberta compared to Red Deer and Alberta. The intent is to provide context to the discussion of Living Wage implementation and the calculation of Living Wage rates in Central Alberta.

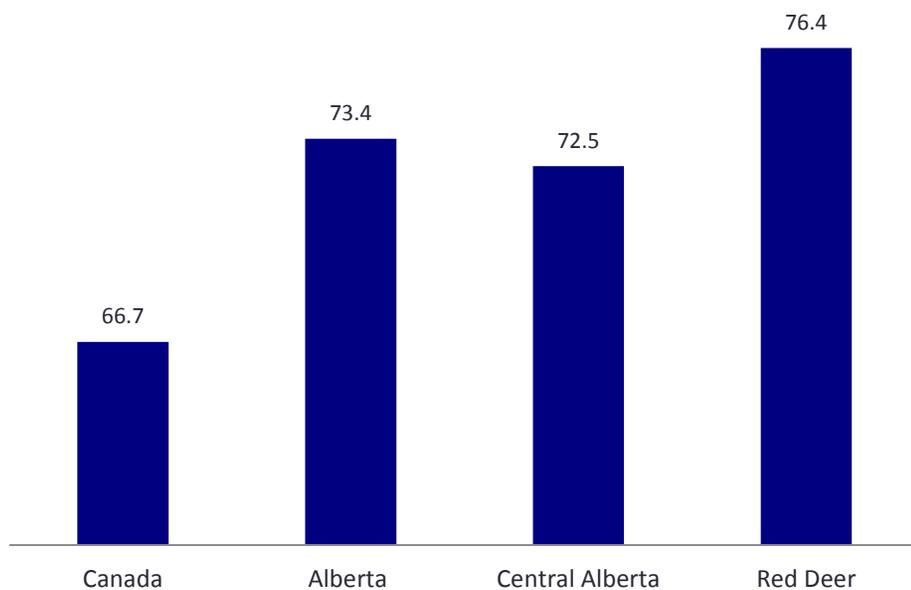




4.1. HOW MANY PEOPLE IN CENTRAL ALBERTA WORK?

The labour force participation rate includes both individuals that are working as well as those actively looking for work. The unemployment rate indicates the percentage of the labour force that was unsuccessful in attaining work.

Labour Force Participation Rate (%), Age 15 & Over, 2012



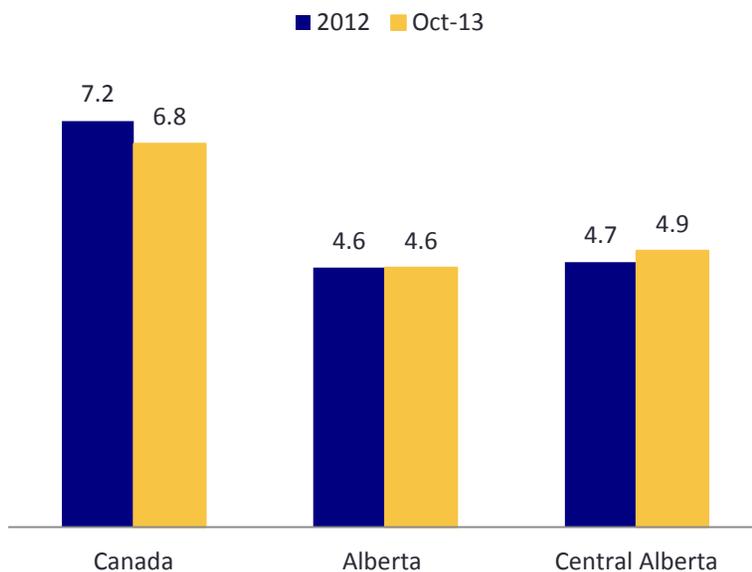
In Central Alberta, the labour force participation rate is similar to the overall provincial rate.

Source: CANSIM Tables 111-0018 & 282-0055





Unemployment Rate (%)¹³



The unemployment rate in Central Alberta is higher than the provincial rate but below the national rate.

Source: CANSIM Tables 282-0055 & 282-0054

¹³ Unemployment data specific to Red Deer was not available for comparison.

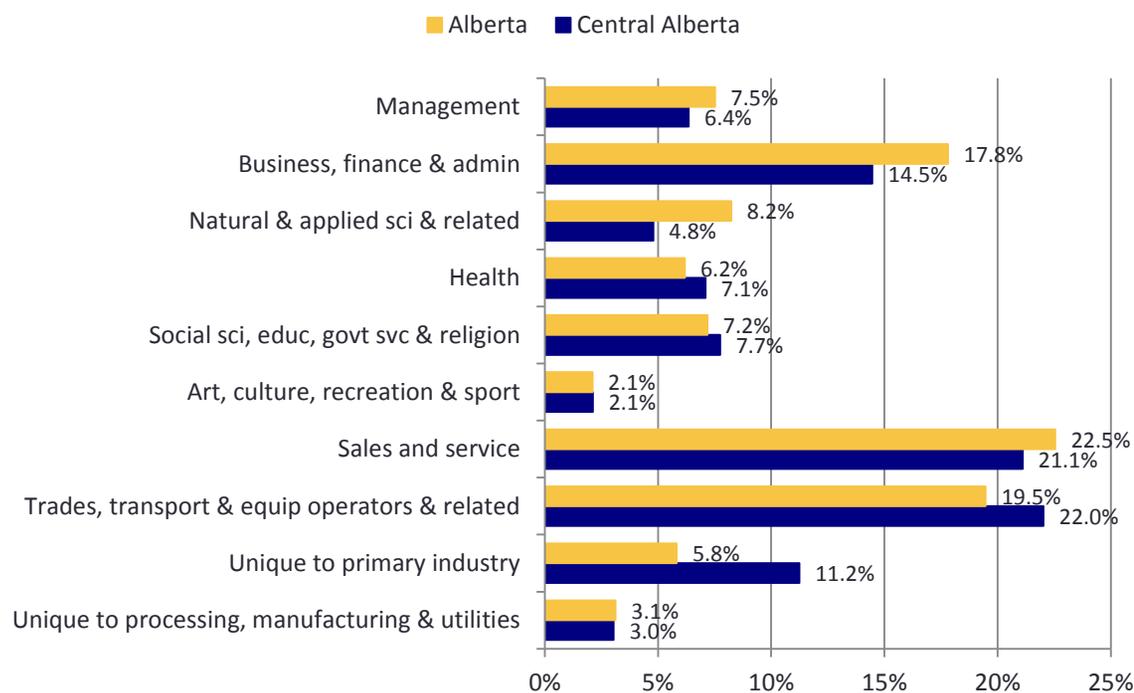




4.2 WHAT TYPE OF WORK ARE PEOPLE EMPLOYED IN AND WHAT DO THEY EARN?

A recent breakdown of employment by occupation category is available for Central Alberta and Alberta. Comparable data is not available for Red Deer.

Employment by Occupation Category, 2012



About 43% of workers in Central Alberta are employed in occupations related to trades, transport, and equipment operation or sales and service occupations.

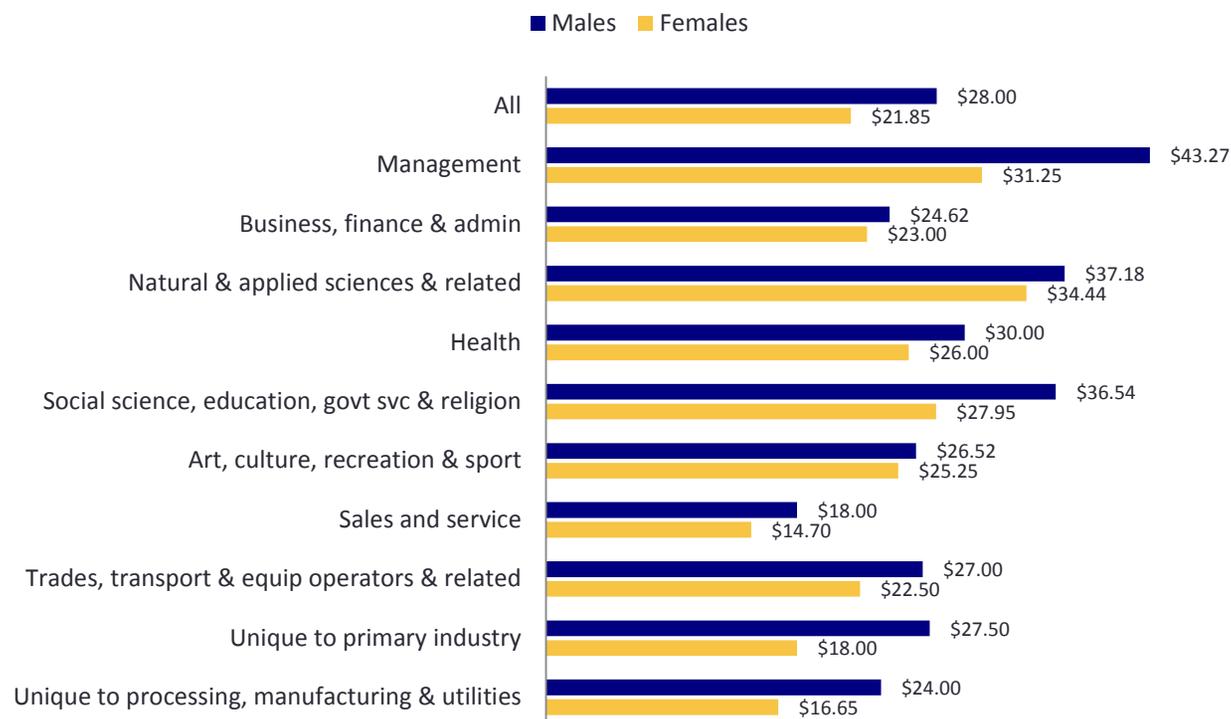
Source: CANSIM Table 282-0063





A sense of what workers in different occupations earn can be gained from comparing hourly wages rates by occupation category. The finest geographic scale for which comparative wage information is available from Statistics Canada's online database is the provincial/territorial level. The chart below compares median hourly wage rate for male and female full-time employees in Alberta by occupation category.

Median Hourly Wage Rate for Full-time Employees by Occupation Category, 2012, Alberta



Wages are lowest in sales and service occupations.

Females earn lower wages than males within the same occupation category.

Source: CANSIM Table 282-0070





Using custom data tabulations purchased from Statistics Canada, Public Interest Alberta (PIA) further describes low-wage workers in the Central Alberta region (Public Interest Alberta, 2013). PIA's Factsheet indicates that:

- the proportion of low wage workers in the region (25%) is significantly higher than the provincial average (21%);
- 16% of employed persons in the region earned less than \$13 per hour in 2012/13;
- 55% of low wage workers in the region are women; and,
- 75% of workers earning less than \$15 per hour are in their prime earning years (over age 20) and trying to go to post-secondary institutions or support themselves and their families.

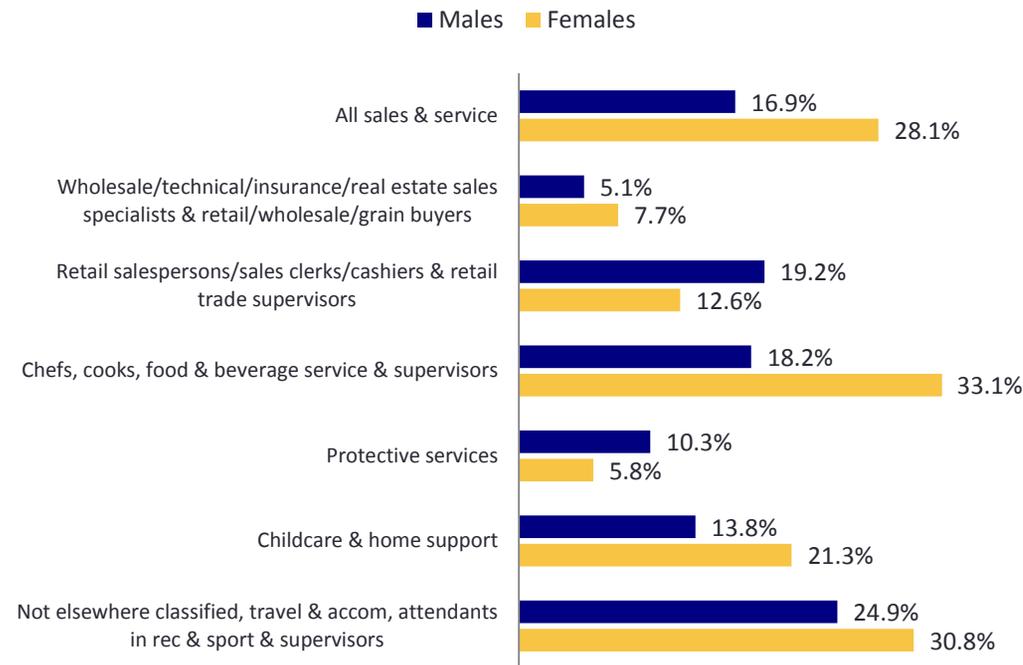




4.3. WHAT TYPE OF JOBS ARE LOW WAGE WORKERS EMPLOYED IN?

As shown in section 4.2, wages tend to be lowest in the sales and service occupation category. It is possible to take a closer look at wages earned by occupations within the sales and service category. Statistics Canada publishes detailed wage distribution data but only at the national level.

Full-time Sales & Service Employees Earning Under \$12/hour by Occupation Type, October 2013, Canada.



Of full-time sales & service employees in Canada:

- About 17% of males earn below \$12/hr
- About 28% of females earn below \$12/hr
- Wage rates below \$12/hr are most common for chefs, cooks, and food & beverage sales & service employees, & other sales & service employees including those in travel & accommodation & sport & recreation.

Source: CANSIM Table 282-0206





4.4. WHAT ARE FAMILY INCOME LEVELS IN CENTRAL ALBERTA?

A family may gain income from sources other than employment (i.e. government transfers). When reporting income data, Statistics Canada often provides data for census families— couple families and lone parent families—and persons not in census families.

Statistics Canada Definitions

Census Family

Families are comprised of couple families and lone parent families. Persons who are not matched to a family become persons not in census families.

Couple Family

A couple family consists of a couple living together (married or common-law, including same-sex couples) living at the same address with or without children. Beginning in 2001, same-sex couples reporting as couples are counted as couple families.

Lone Parent Family

A lone-parent family is a family with only one parent, male or female, and with at least one child.

Person not in a Census Family

A person not in a census family is an individual who is not part of a census family, couple family or lone-parent family. Persons not in census families may live with their married children or with their children who have children of their own. They may be living with a family to whom they are related or unrelated. They may also be living alone or with other non-family persons.

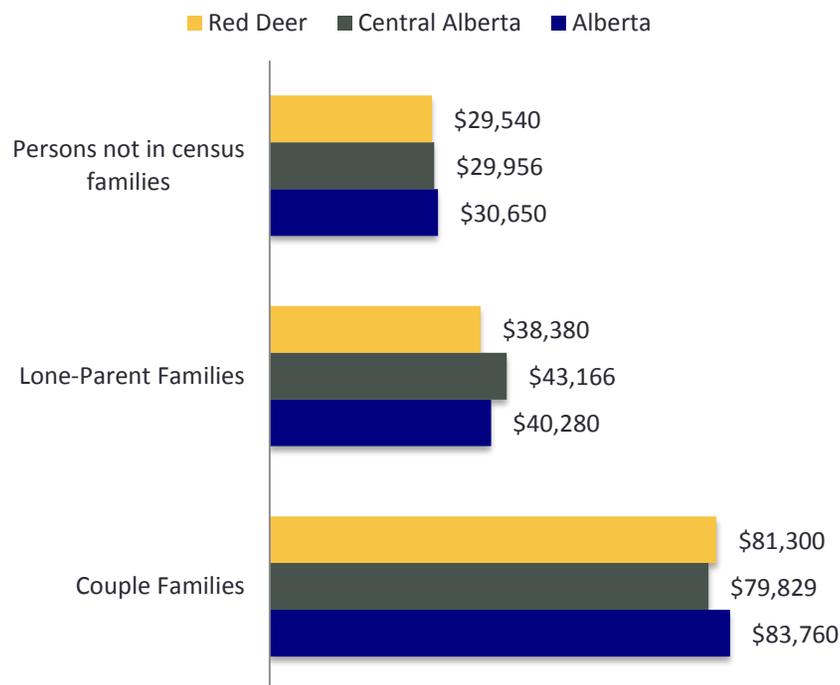
Source: CANSIM Table 111-0017





Below, median total after-tax income is compared for couple families, lone parent families and persons not in census families.

Median Total After-Tax Family Income, 2011



Compared to Red Deer and Alberta, median total income in Central Alberta is:

- Higher for lone parent families
- Lower for couple families

Source: CANSIM Table 111-001

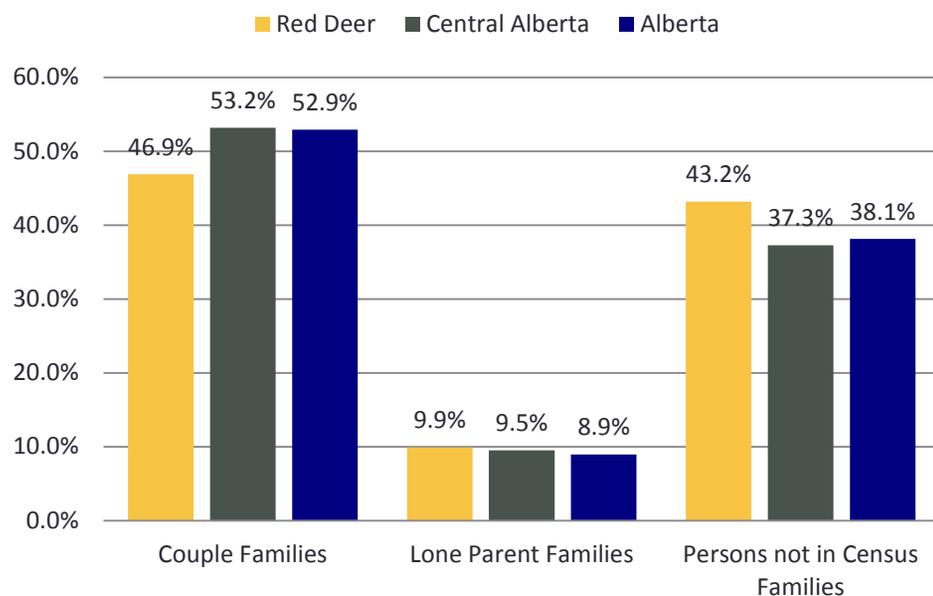




4.5. WHICH FAMILY TYPES ARE MOST COMMON IN CENTRAL ALBERTA?

Using 2011 census data, the proportion of couple families, lone parent families and persons not in census families in Central Alberta is compared to Red Deer and Alberta.

Proportion of Couple Families, Lone Parent Families and Persons not in Census Families, 2011



In Central Alberta, there are:

- about 5 times more couple families than lone parent families
- more couple families and fewer persons not in census families compared to Red Deer and Alberta

Source: Census Profile Data





4.6. IS THERE PUBLISHED DATA RELATED TO THE LIVING COSTS FACED BY LOW INCOME FAMILIES IN CENTRAL ALBERTA?

Unfortunately, there is no comprehensive, regularly published measure of basic living costs for Central Alberta. Statistics Canada publishes data, at varying levels of geographic resolution related to the price of goods and services, household spending and household expenditures, but this data is generally only available at the provincial level and, sometimes for Edmonton and Calgary.

MARKET BASKET MEASURE (MBM)

Statistics Canada publishes data related to the cost of purchasing a specific pre-determined basket of basic goods within each province. According to Statistics Canada (2013), the market basket measure or MBM

attempts to measure a standard of living that is a compromise between subsistence and social inclusion...The MBM represents the cost of a basket that includes: a nutritious diet, clothing and footwear, shelter, transportation, and other necessary goods and services (such as person care items or household supplies).

In Alberta, the MBM is estimated for Edmonton and Calgary and groupings of smaller urban centres, small communities, and rural areas. Communities within Central Alberta would be considered part of the “Less than 30,000 persons” or “Rural” category¹⁴.

¹⁴ Rural areas: includes communities with a population of less than 1,000 or with a population density less than 400 persons per square kilometer that are located outside Census metropolitan areas (CMAs) or Census agglomerations (CAs).





Alberta MBM (\$), Reference Family of 2 adults & 2 children, 2008-2011

	2008	2009	2010	2011
Rural	33,872	35,658	35,578	36,055
Less than 30,000 persons	35,208	37,035	36,930	37,374
30,000 - 99,999 persons	33,769	35,966	35,699	36,242
Edmonton	33,656	35,715	34,931	35,462
Calgary	35,114	37,197	36,600	37,145

Source: CANSIM Table 202-0809

In Alberta, the highest MBM is for communities of less than 30,000 persons.

Statistics Canada also publishes estimates of the components of each MBM estimate, namely food, clothing and footwear, transportation, shelter, and other necessary goods and services. In 2011, the highest cost components were food and shelter. Clothing and footwear represented the lowest cost component.

It is interesting to note that many of the MBM components are estimated to have the same value in each of the community groupings. For the groupings relative to Central Alberta – “Rural” and “Less than 30,000 persons” all cost components have the same estimated value except for shelter which is estimated to be about \$1,300 more in communities of less than 30,000 persons compared to rural areas. It is also interesting to note that transportation costs in rural communities and communities of less than 30,000 persons are reported to be significantly higher than in the other community groupings.





Alberta MBM Thresholds (\$), 2011, Reference family of 2 adults & 2 children

	Total	Food	Clothing & Footwear	Transportation	Shelter	Other
Rural	36,055	10,851	1,882	4,278	9,448	9,596
Less than 30,000	37,374	10,851	1,882	4,278	10,767	9,596
30,000 to 99,999	36,242	10,851	1,882	2,371	11,542	9,596
Edmonton	35,462	9,950	1,882	3,061	11,652	8,917
Calgary	37,145	10,268	1,882	3,082	12,756	9,157

Source: CANSIM Table 202-0809

Food, Shelter, and Other Expenses make up \$30,000 or more of Alberta's MBM estimates.

CMHC Alberta Market Rental Reports

Shelter is considered a basic necessity and the cost of shelter often forms a large proportion of many household budgets. The housing situation and rental market within a community can have a significant impact on the ability of families, particularly those that include low-wage earners, to make ends meet.

CMHC bi-annually reports vacancy rates and average rents within communities with population greater than 10,000 persons in each province. Below CMHC reported 2013 vacancy rates and rent for in the two Central Alberta communities with populations over 10,000 are compared. Note that CMHC defines rent as “the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of





amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit”.

Apartment Rents (\$/month) & Vacancy Rates (%), October 2013

Type	Bachelor		1 Bedroom		2 Bedroom		3+ Bedrooms	
	Cost	Vacancy Rate	Cost	Vacancy Rate	Cost	Vacancy Rate	Cost	Vacancy Rate
Lacombe	**	**	664	1.4	786	1.4	831	0.0
Sylvan Lake	**	**	666	0.0	908	5.6	851	5.0
Red Deer	611	2.2	796	2.0	937	1.7	1,057	1.1

** Data suppressed to protect confidentiality or data not statistically reliable.
Source; (Canada Mortgage and Housing Corporation, 2013)

Apartment rental rates are lower in Lacombe and Sylvan Lake than in Red Deer.

Alberta Apartment Vacancy and Rental Cost Survey

The Province of Alberta conducts an Apartment Vacancy and Rental Cost Survey on an annual basis. The survey covers communities that meet the following criteria:

- A population between 1,000 and 9,999;
- Thirty or more rental units; and
- The community is not included in the Canada Mortgage and Housing Corporation’s (CMHC) bi-annual Rental Market Survey of communities with populations of 10,000 or more (Alberta Municipal Affairs, 2014).





Private rental rates reported in 2012 and 2013 for Central Alberta communities included in the survey each year are provided below.

		Bachelor	1 Bedroom	2 Bedroom	3 Bedroom
Blackfalds	2012	NA	735	877	1,073
	2013		825	926	1,120
Eckville	2012		500	653	671
	2013		500	647	708
Innisfail	2012		625	693	755
	2013	686	641	742	806
Penhold	2012		679	838	917
	2013		708	899	900
Ponoka	2012	498	577	718	923
	2013	498	605	728	943
Rimbey	2012		549	698	1,163
	2013		618	750	1,300

*NA – Not Available

Apartment rental rates vary across Central Alberta communities.

In 2013, 1 and 2 bedroom rents were:

- **Lowest in Eckville and Innisfail**
- **Highest in Blackfalds**





CENTRAL ALBERTA LIVING WAGE CALCULATION

5.1 WHAT ARE THE CONSIDERATIONS?

The calculation of Living Wage (LW) rates for Red Deer in section 3 of this report was guided by the Canadian Living Wage Framework (CLWF). The CLWF can also be used to inform the calculation of Living Wage rates for Central Alberta communities. However, the estimation of annual family expenses in small communities is often more challenging due to limitations in the availability of published data respecting local living costs at smaller geographic scales. For example, much of Statistics Canada data is only for CAs and CMAs.

The calculation of LW rates for smaller communities has been a topic of discussion within Vibrant Communities Canada. According to Donna Jean Forester-Gill, Vibrant Communities Canada's Project Manager for the Cities Reducing Poverty initiative, researchers have found that, for the most part, living expenses in small communities are generally not appreciably different than nearby urban centres. Variation in living costs is often attributable to differences in transportation expenses that arise from the limited availability of public transit options in small communities relative to urban centres, and longer commutes, not only to work, but to access amenities (Forester-Gill, 2013). This observation is echoed in several poverty





reports including *From Words to Action: Alberta Can Afford a Real Poverty Reduction Strategy* (Kolkman & Moore-Kilgannon, 2013) which states:

Experiences and challenges of poverty differ depending on location. For example, low income families living in rural or small town Alberta do not have access to public transit. Costs for transportation are therefore higher because of the need to have a vehicle (p. 7).

Shelter costs may also vary depending on differences in the supply of and demand for affordable housing across communities.

Comparing the AB MBM estimates by component for the Rural, Less than 30,000 persons and 30,000 to 99,999 persons categories supports the suggestion that transportation and shelter costs are likely to be the main contributors to variation in living costs for communities of less than 100,000 persons within Alberta.

Alberta MBM Thresholds (\$), 2011, Reference family of 2 adults & 2 children

	Total	Food	Clothing / Footwear	Transport -ation	Shelter	Other
Rural	36,055	10,851	1,882	4,278	9,448	9,596
Less than 30,000	37,374	10,851	1,882	4,278	10,767	9,596
30,000 to 99,999	36,242	10,851	1,882	2,371	11,542	9,596

Source: CANSIM Table 202-0809

Only transportation and shelter costs vary for MBM thresholds relevant to Red Deer and Central Alberta.





Section 4.6 presented data from the Alberta Vacancy Rate and Rental Cost Survey that clearly shows significant variation in the cost of renting an apartment in communities across Central Alberta.



5.2 HOW CAN COMMUNITIES IN CENTRAL ALBERTA MOVE FORWARD WITH CALCULATING LOCAL LIVING WAGE RATES?

Based on the above discussion, several recommendations can be provided to help communities in Central Alberta move forward with determining local Living Wage estimates.

Recommendations

#1 Use the Red Deer Living Wage Calculation as a Starting Point

Use the Red Deer Living Wage calculation as starting point

#2 Adjust Transportation Expenses

Reflect the reality of limited public transit options in rural and small communities by assuming that all working adults own and operate a private vehicle and adjusting transportation costs accordingly.

#3 Adjust Shelter Expenses

Use the Alberta Vacancy Rate and Rental Cost Survey and/or other locally available information to reflect local apartment rental costs.

#4 Adjust Other Expenses As Required to Reflect Local Realities

Where anecdotal evidence suggests that other family expenses vary considerably from those in Red Deer, consider options for collecting local data.





Where published data for the community is unavailable to support Recommendations 3 and 4, the following options are available:

- Using available data (for a larger area or larger nearby community) to infer estimates of local expenses
- Undertaking primary data collection by direct means (i.e. surveying local agencies and businesses)
- Undertaking primary data collection by indirect means (i.e. asking representative families to report or track their actual expenses)





5.3 HOW IS LIVING WAGE CALCULATED FOR CENTRAL ALBERTA COMMUNITIES?

Following the recommendations provided above, transportation and shelter costs within the Red Deer Living Wage calculation were adjusted to arrive at estimates for Central Alberta communities.

TRANSPORTATION

Transportation costs were adjusted to reflect the assumption that all working adults in Central Alberta own and operate a vehicle.

	Red Deer		Central Alberta	
	Monthly	Annually	Monthly	Annually
 Couple with 2 children	\$728	\$8,737	\$1,326	\$15,914
 Lone Parent with 1 child	\$663	\$7,957	\$663	\$7,957
 Single Adult	\$125	\$1,500	\$663	\$7,957

SHELTER

As detailed in Section 4.6, community-specific estimates of average apartment rental costs are available for the following Central Alberta communities: Blackfalds, Eckville, Innisfail, Lacombe, Penhold, Ponoka,





Rimbey, and Sylvan Lake. The same assumptions as applied in the Red Deer calculation are used therefore local average rental rates are applied as follows: couple family - 3 bedroom apartment rate; lone parent family – 2 bedroom rate; single adult – half the 2 bedroom rate.



5.4 WHAT IS LIVING WAGE IN CENTRAL ALBERTA COMMUNITIES?

Living Wage estimates were developed for each community for which local shelter costs were available. The resulting estimates of each component of the Living Wage calculation and corresponding Living Wage rates by community are shown below.

BLACKFALDS

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$16.48	\$70,196		\$68,557		\$12,281		\$10,624
 Lone Parent, 1 child	\$14.64	\$45,203		\$30,451		\$16,066		\$1,304
 Single Adult	\$15.25	\$26,491		\$31,720		\$404		\$5,625

*Due to rounding up to the nearest cent when determining LW, each equation may not balance exactly.





ECKVILLE

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$14.41	\$64,921		\$59,946		\$12,970		\$7,979
 Lone Parent, 1 child	\$11.73	\$41,622		\$24,398		\$16,319		-\$911
 Single Adult	\$14.02	\$24,719		\$29,162		\$404		\$4,835

*Due to rounding up to the nearest cent when determining LW, each equation may not balance exactly.




INNISFAIL

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$15.20	\$66,943		\$63,232		\$12,707		\$8,989
 Lone Parent, 1 child	\$12.74	\$42,843		\$26,499		\$16,319		-\$30
 Single Adult	\$14.44	\$25,322		\$30,035		\$404		\$5,105

*Due to rounding up to the nearest cent when determining LW, each equation may not balance exactly.





LACOMBE

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$15.03	\$66,496		\$62,525		\$12,763		\$8,771
 Lone Parent, 1 child	\$13.21	\$43,409		\$27,477		\$16,319		\$380
 Single Adult	\$14.63	\$25,601		\$30,430		\$404		\$5,227

*Due to rounding to the nearest cent when determining LW, each equation may not balance exactly.




PENHOLD

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$15.37	\$67,379		\$63,939		\$12,650		\$9,206
 Lone Parent, 1 child	\$14.35	\$44,856		\$29,848		\$16,139		\$1,130
 Single Adult	\$15.13	\$26,319		\$31,470		\$404		\$5,548

*Due to rounding to the nearest cent when determining LW, each equation may not balance exactly.




PONOKA

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$15.59	\$67,930		\$64,857		\$12,577		\$9,487
 Lone Parent, 1 child	\$12.59	\$42,633		\$26,187		\$16,319		\$161
 Single Adult	\$14.37	\$25,233		\$29,890		\$404		\$5,060

*Due to rounding up to the nearest cent when determining LW, each equation may not balance exactly.





RIMBEY

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$17.38	\$72,500		\$72,301		\$11,981		\$11,775
 Lone Parent, 1 child	\$12.83	\$42,946		\$26,686		\$16,319		\$49
 Single Adult	\$14.47	\$25,373		\$30,098		\$404		\$5,124

*Due to rounding up to the nearest cent when determining LW, each equation may not balance exactly.





SYLVAN LAKE

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 Children (each parent)	\$15.13	\$66,752		\$62,941		\$12,730		\$8,899
 Lone Parent, 1 child	\$14.45	\$44,972		\$30,056		\$16,114		\$1,190
 Single Adult	\$15.17	\$26,377		\$31,554		\$404		\$5,574

*Due to rounding up to the nearest cent when determining LW, each equation may not balance exactly.





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APPENDIX A: SUBSIDIES, TAXES, AND TRANSFERS

FEDERAL

Goods and Services Tax (GST) Credit

“The GST/HST credit is a tax-free quarterly payment that helps individuals and families with low or modest incomes offset all or part of the GST or HST that they pay” (Canada Revenue Agency, 2014). GST credit calculation charts are available online at <http://www.cra-arc.gc.ca/E/pub/tg/rc4210/rc4210-13e.pdf>.

Universal Child Care Benefit (UCCB)

As stated by the Canada Revenue Agency (CRA):

The UCCB is designed to help Canadian families, as they try to balance work and family life, by supporting their child care choices through direct financial support. The UCCB is for children under the age of 6 years and is paid in instalments of \$100 per month per child (Canada Revenue Agency, 2013).





Canada Child Tax Benefit (CCTB)

The following description is provided on CRA's website:

The Canada child tax benefit (CCTB) is a non-taxable amount paid monthly to help eligible families with the cost of raising children under 18 years of age. The CCTB may include the child disability benefit (CDB), a monthly benefit providing financial assistance for qualified families caring for children with severe and prolonged mental or physical impairments.

Also included with the CCTB is the national child benefit supplement (NCBS), a monthly benefit for low-income families with children. The NCBS is the Government of Canada's contribution to the national child benefit, a joint initiative of federal, provincial, and territorial governments, and First Nations (Canada Revenue Agency, 2013).

The calculation of CCTB is outlined on the CRA website at: http://www.cra-arc.gc.ca/bnfts/cctb/fq_pymnts-eng.html#q9

PROVINCIAL

Alberta Adult Health Benefit (AAHB)

The Alberta Adult Health Benefit program may be accessible to some low income individuals and families if they:

- are pregnant and have limited income
- have high ongoing prescription drug needs, and limited income





- leave Income Support and have income from employment, self-employment, or the Canada Pension Plan Disability program
- leave Assured Income for the Severely Handicapped (AISH) and have income from employment, self-employment, or the Canada Pension Plan Disability program.

Income eligibility requirements for families are the same as those listed above for the ACHB. If you are a single individual, your income must be under \$15,545 to qualify (Alberta Human Services, 2012).

Alberta Child Health Benefit (ACHB)

The ACHB program helps pay health care bills for families with limited incomes. For families that qualify, the plan pays for health services, such as eyeglasses, prescription drugs and dental care that are not available through standard Alberta Health Care Insurance. The health plan is for children up to age 18, and up to age 20 if they live at home and are attending high school up to grade 12.

Based on the Alberta Health Benefit page on Alberta Human Services website (Alberta Human Services, 2012), the relevant income eligibility thresholds for 2011 and 2012 were:

Family Type	Maximum Qualifying Income (effective August 1, 2008)
Single parent with 1 child	\$24,397
Single parent with 2 children	\$29,073
Single parent with 3 children	\$34,056
Single parent with 4 children	\$39,336





Couple with 1 child	\$29,285
Couple with 2 children	\$34,346
Couple with 3 children	\$38,997
Couple with 4 children*	\$44,000

*For each additional child, add \$4,663

Alberta Child Care Subsidy

The Ministry of Human Services provides financial assistance to eligible lower-income families using:

- Licensed day care centres,
- Licensed group family child care,
- Approved family day homes,
- Licensed out-of-school care centres,
- Licensed pre-schools, and
- Approved early childhood development programs (Alberta Human Services, 2012).

Maximum subsidy rates vary by program type and the age of child attending child care.

Alberta Direct to Tenant Rent Subsidy

Subsidy is based on the difference between 30 percent of a household's income and an agreed upon market rent, to a maximum subsidy established by the housing operator. Applicants must have a household





income below the relevant Core Need Income Threshold (CNIT) for their community (Alberta Municipal Affairs, 2013).

For Red Deer and other Central Alberta communities, the 2013 CNITs were:

	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom
<u>Cities</u>				
Red Deer	\$25,500	\$31,000	\$37,500	\$49,500
Lacombe	\$28,500	\$31,500	\$34,500	\$38,500
<u>Towns</u>				
Bentley	\$26,500	\$32,500	\$38,500	\$41,500
Blackfalds	\$32,000	\$37,500	\$44,000	\$52,500
Bowden	\$26,500	\$32,500	\$38,500	\$41,500
Eckville	\$26,500	\$32,500	\$38,500	\$41,500
Innisfail	\$26,500	\$32,500	\$38,500	\$41,500
Penhold	\$26,500	\$32,500	\$38,500	\$41,500
Ponoka	\$26,500	\$32,500	\$38,500	\$41,500
Rimbey	\$26,500	\$32,500	\$38,500	\$41,500
Sylvan Lake	\$26,500	\$29,500	\$34,500	\$37,500
<u>Villages</u>				
Alix	\$26,500	\$32,500	\$38,500	\$41,500
Clive	\$25,500	\$31,000	\$37,500	\$49,500
Delburne	\$26,500	\$32,500	\$38,500	\$41,500
Elnora	\$26,500	\$32,500	\$38,500	\$41,500

The CNITs are applied to an applicant's Total Annual Income to determine eligibility. Total Annual Income is the total gross income, including self-employment income from all sources of all members of the household 15 years of age or older.





Alberta Family Employment Tax Credit (AFETC)

If you meet the following criteria, you qualify for the AFETC:

- Resident of Alberta for at least one month,
- Parent of one or more children under 18,
- More than \$2,760 annual family working income, and
- A family net income of less than \$53,725 for families with one child, \$70,275 for families with two children, \$80,200 for families with three children, and \$83,500 for families with four or more children.

The maximum amounts (as of July 1, 2013) are as follows:

- first child - \$728
- second child - \$662
- third child - \$397
- fourth child - \$132 (Alberta Treasury Board and Finance, 2013).

To determine the appropriate subsidy level Adjusted Income is used. Adjusted income results from deducting any Child Tax Benefit, Family Employment Tax Credit, Goods & Services Tax credits, and other payments and subsidies (but excluding the Alberta Child Care Subsidy) from total annual income. A description of the calculation is available at http://www.cra-arc.gc.ca/E/pub/tg/t4114/t4114-e.html#P277_19666.





MUNICIPAL

Recreation Fee Assistance Program

The City of Red Deer administers a recreation fee assistance access program aimed at making participation in leisure activities more affordable for low income households. Through the program, low-income Red Deer and Central Alberta families and individuals may be eligible to receive up to a \$200 credit per individual to access any City of Red Deer Recreation, Parks and Culture program registrations, plus access to recreation facilities (City of Red Deer, 2013).

