

# A LIVING WAGE FOR GRANDE PRAIRIE

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*Summary  
Report*



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## Introduction

In its Strategic Plan for 2012-2014, the City of Grande Prairie states its Mission as:

***Together, building a community that we are all proud of.***

Grande Prairie is not unique from other communities in that poverty and its effects can pose a challenging obstacle in the journey towards achieving such a vision.

The City's Community Social Development department has taken action to address poverty and promote social objectives. The City of Grande Prairie's Recreation Access Program (RAP) and the United Way Emergency Fund are examples. These programs have been efficiently implemented by tying eligibility to income thresholds such as Statistic Canada's Low Income Cut-offs (LICOs) or Market Basket Measures (MBMs).

A community's actions to address poverty can encompass other approaches as well. This report summarizes research conducted on a poverty reduction tool which is gaining momentum amongst municipalities in Canada – Living Wage<sup>1</sup>.

## What is Living Wage?

All descriptions of Living Wage convey a similar meaning and underlying objective despite differences in authors and applications.

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 that 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 (Vibrant Communities Calgary, 2012).

## What is Grande Prairie's Living Wage?

**\$15.55**  
per adult per hour

**is Grande Prairie's 2012 Living Wage for a family with 2 working parents and 2 children without employer health benefits.**

## What is the purpose of Living Wage?

Living Wage supporters believe that working families should earn enough to avoid living in poverty. Although poverty reduction is typically the main objective of Living Wage implementation, other benefits have been cited including: improved health outcomes; decreased reliance of government programs; enhanced community pride; and a healthier local economy (Trent Applied Research, 2004; Wayland, 2011). Living Wage is not intended to replace government programs that target low income households. Living Wage rates can work alongside tax benefit and subsidy to ensure that households are able to achieve a decent standard of living.

<sup>1</sup> A living wage background report provides detailed information respecting: 1) living wage, its estimation, and its implementation; 2) employment, income, and other relevant socio-economic data; and 3) details of the living wage calculation for Grande Prairie.

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## How was Grande Prairie's Living Wage calculated?

Grande Prairie's Living Wage rate was calculated using the household budget approach developed by Canadian Centre for Policy Alternatives (CCPA). The methodology and assumptions used are consistent with the draft *National Living Wage Framework* developed by representatives from communities which are connecting through Vibrant Communities Canada<sup>2</sup>.

Hamilton's Living Wage Working Group also recently chose to use CCPA's methodology because:

*The CCPA is an independent, non-partisan research institute... This methodology has been "field tested" in several areas of the country and thereby has acquired some legitimacy, and it can be readily adapted... (City of Hamilton, 2011, p. 5).*

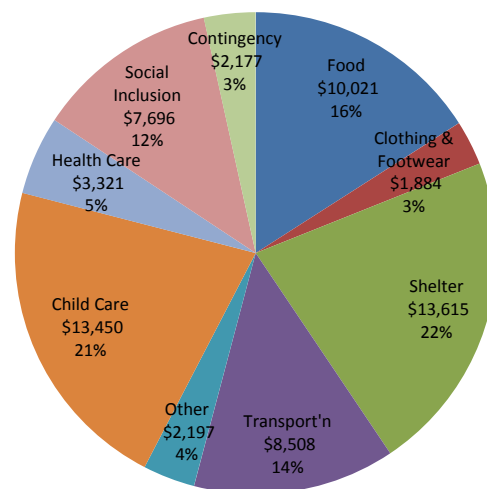
The calculation method estimates the hourly wage rate that allows the following formula to balance:

$$\text{Annual Expenses} = \text{Employment Income} + \text{Income from Government Transfers} - \text{Taxes}$$

The adjacent pie chart shows the household budget that was used in the 2012 living wage calculation. Almost 60% of the budget was spent on shelter, child care and food.

Several government programs are designed to help offset the expenses faced by low-income working families. The programs which the reference family remained eligible for given the estimated family income level were factored into the living wage calculation. These included:

- Canada Child Tax Benefit;
- Universal Child Care Benefit;
- Alberta Family Employment Tax Credit; and,
- Alberta Child Care Subsidy.



## How can Living Wage be implemented?

There are a number of different options available to communities considering adding Living Wage to other local actions to address poverty. These options could be used alone or together and include:

Municipal Bylaws	Some municipalities have passed bylaws which require that all contracts that the municipality enters into with businesses include a provision that all the business' employees and all its subcontractors pay a living wage. This could be extended to all businesses that rent/lease property from the municipality as well as general suppliers.
Living Wage Zones	Living wages have been implemented in the United States in the form of "living wage zones" where there is high tourist traffic and the businesses have high revenue levels.
Financial Incentives for Employers	Some municipalities have encouraged living wage implementation within the local business community by offering financial incentives such as property tax or businesses license rebates.
Employer Certification	A municipality could also implement a certification or recognition program for local employers that voluntarily chose to pay above the local living wage. The program could align with the process and criteria being developed as part of the <i>National Living Wage Framework</i> .
Support for NGO Campaigns	There are a number of non-government organizations and campaigns in Canada that are involved in encouraging the private sector to adopt living wage thresholds. These include Public Interest Alberta, Vibrant Communities Canada, A Living Wage for Families (BC) and several others.

Sources: (Trent Applied Research, 2004); (Garces, 2011).

<sup>2</sup> To learn more about Vibrant Communities Canada please visit <http://vibrantcanada.ca/>.

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