

APPENDIX D

Comparison of Value of Payments to Caregivers

Methodology

The Value of Care incorporates data from various countries on payments to caregivers, including tax credits, caregiver allowances or wages, and pension supplements. In order to enhance the comparative value of this research in the relevant chapters we provide information on what these benefits are worth in terms of basic necessities like food, transportation and shelter.

The study from which we draw our figures on valuation is *Prices and Earnings: A Comparison of Purchasing Power around the Globe*.¹ This study was chosen because it possessed a well-established, 38-year history, was globally comprehensive, had been updated quite recently, and followed a basket of goods and services approach to comparison. The study provides an up-to-date cost of living comparison using the local cost of a reference basket of goods and services, including food, transportation and shelter, as well as wage comparisons. The study allows us to estimate the relative worth of a financial benefit based the cost of living and determine what **X** dollars could purchase in different cities.

Prices and Earnings is a survey published by economists at UBS Wealth Management Research every three years, beginning in 1971. UBS is a global network of financial analysts that conducts financial research on trends and events affecting global and local markets.

The survey compares 73 cities around the world. This year's survey was conducted in March 2009. The methodology involves several independent observers in each city who collected data, and overall more than 30,000 data points were used in this study. All amounts were converted into a single currency, ensuring that surveyed prices and earnings could be compared. To compensate for daily exchange rate fluctuations, an average exchange rate was used over the data collection period.

A standard "basket of goods and services" was used for pricing, based on Western European consumer preferences, but as it was impossible to take all regional consumer preferences into account, the reference basket was weighted identically for all cities in the survey. However, if a product or service was unavailable due to local circumstances, the price was replaced with the value of a typical local substitute or extrapolated based on local price levels so as not to skew the results.

Living costs were calculated based on a survey of 154 items in total, including 122 products and services that were used to calculate the reference basket of goods and services. The basket of goods and services, which included groceries, housing costs, transportation, health, beverages, tobacco products, were weighted so the prices added up to the approximately

¹ Andeas Hofert, Daniel Kalt & Christian Hilberath, *Prices and Earnings: A Comparison of Purchasing Power around the Globe*, 9th ed. (Vancouver: UBS Wealth Management Research, 2009) online <<http://www.ubs.com/research>>.

monthly consumption of a European family of three. Though the same basket of goods were used for all cities, regional price differences do result in deviations of the makeup of average expenses. Thus, for example, rent in South Africa is proportionately well below the global average of the reference basket of goods and services.

While the majority of items in the reference basket of goods and services have remained unchanged over the years, the composition of the baskets of goods and services has been tweaked to reflect changing consumer preferences. For example, in 2009, the electronic steam iron was replaced with an MP3 player.

Occupation and data collected included standard local incomes and working hours in addition to local consumer prices. The survey included 112 questions on wages, payroll taxes and working hours for fourteen separate occupations ranging from factory workers to engineers. The survey was conducted with maximum specificity with respect to marital status, work experience and education.

The only Canadian city that formed part of the survey was Toronto. By way of comparison, in Toronto various necessities that form part of the basket of goods were valued in the following manner, calculated in terms of US dollars:

Groceries – \$414 USD per month

Rent – \$1150 USD per month

Travel – Train Ticket for a journey of approximately 200km \$46.38 USD

In practice, reliance on this survey in *Care/Work* results in all references to benefits valued in local currency being translated into an equivalency in terms of the typical rent, groceries and transportation expenses of a family of three living in a large urban centre of the country in question.