


Living Wage Update Report: Rural Belize, 2022

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Cost of decent standard
of living for a family

BZ\$ 1,477
(USD 738)



Living wage
per month

BZ\$ 963
(USD 482)



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Living Wage Update Report: Rural Belize, 2022

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Abstract:

This report provides updated estimates of living income expenses and living wages for rural areas of Belize. The update for 2022 takes into account inflation and changes in payroll deductions since the original Anker living wage study carried out in May 2018 (Koen, Anker & Anker, 2021).

Keywords: Living costs, living wages, Anker Methodology, Belize.

JEL classifications: J30, J50, J80.

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1. BACKGROUND

This report provides updated estimates of family living income expenses and living wages for rural areas of Belize. The update takes into account the amount of inflation since the original study in May 2018. This is done by updating the May 2018 net living wage and living income expenses to December 2021 by inflation and then adding expected inflation for 2022 according to the International Monetary Fund (IMF). This provides average living wages and family living expense estimates for 2022. Without accounting for inflation, the net living wage estimated in 2018 would not be sufficient for workers to have a basic but decent standard of living in 2022 because the purchasing power of the living wage would have decreased. The gross living wage (aka living wage) also takes into consideration income taxes and mandatory deductions from pay that workers would need to pay on the updated 2022 living wage. This is done using the new contribution schedule in effect from 4 April 2022.

2. LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM MAY 2018

The original living wage country report estimated the net living wage as BZ\$ 869 in May 2018. This was the required take-home pay for workers for decency in May 2018. The gross living wage, which also takes into account income taxes and mandatory deductions from pay for social security, was estimated as BZ\$ 890 in May 2018. The family living income expenses for a basic but decent standard of living for a reference family in the original country report was estimated as BZ\$ 1,382 in May 2018 (Koen, Anker & Anker, 2021).

3. INFLATION RATE USED FOR UPDATE

The Statistical Institute of Belize (SIB) is the government body responsible for reporting price indices in Belize. SIB computes a national Consumer Price Index (CPI), as well as indices for each major expenditure group.¹ For this update, we use the national CPI with base October 2020 = 100.

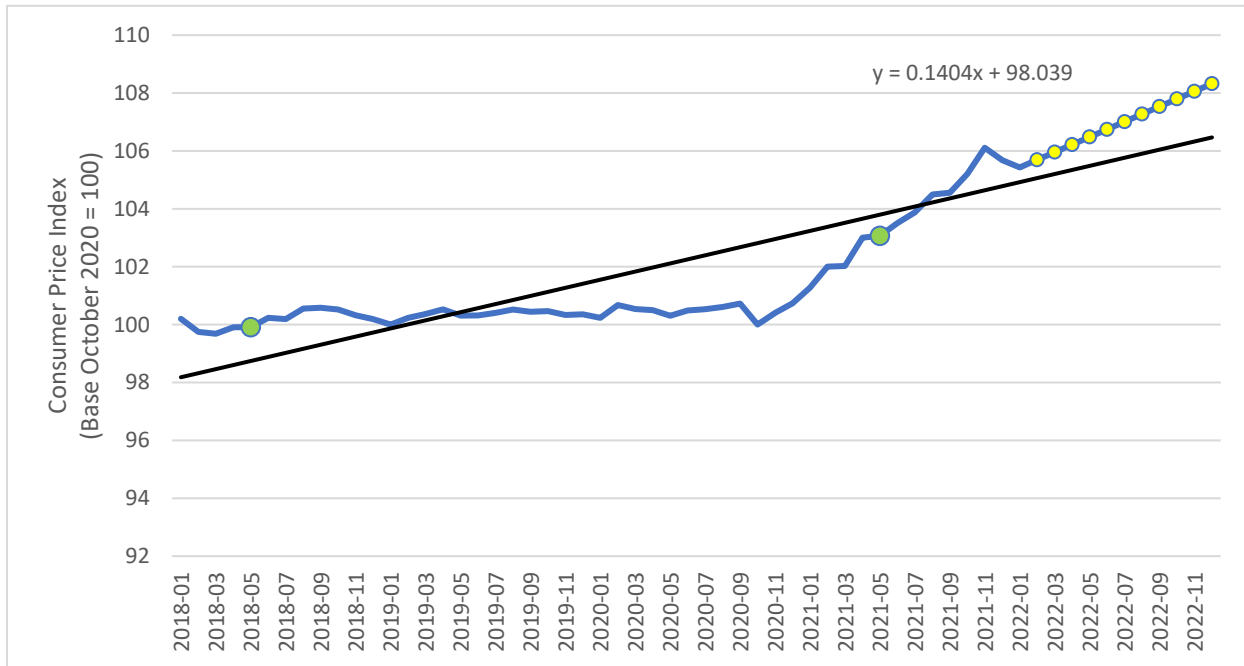
4. RECENT LEVEL OF INFLATION

Belize had very stable prices before the COVID-19 pandemic, with virtually no inflation between 2014 and 2020. Only in 2021 did prices start increasing, but still at a modest rate. Between May 2018 and December 2021, total inflation in Belize was 5.77%. The IMF projects that the inflation rate in Belize for 2022 will be 2.5%², and this projection was added to the Consumer Price Index numbers shown in Figure 1.

¹ See <http://sib.org.bz/statistics/consumer-price-index/>.

² See <https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC/BLZ>. Information accessed 27 March 2022.

Figure 1: Consumer Price Index for Belize from January 2018 to December 2022



Notes: Green circles indicate the months of the original study and the earlier updates. Yellow circles show the forecasts for 2022.

Source: Authors’ calculations based on CPI data from SIB.

5. MANDATORY DEDUCTIONS

The most important mandatory payroll deduction for workers is for Belize’s Social Security Board (SSB), which administers two insurance schemes: 1) Sickness and Maternity; and 2) Old Age, Disability and Survivors. At the time of the original living wage report (May 2018), the contributions were about 2.4% over the net living wage (Koen, Anker & Anker, 2021).

However, a Contribution Reform has been taking place since then and the final phase of the reform will be effective from April 4, 2022. We use the new rates for the 2022 update (see Table 1). The estimated living wage is in the range of BZ\$ 220 – 260/week, which means the weekly employee contribution is BZ\$ 7.94, which corresponds to BZ\$ 34.41/month.

Table 1: SSB Contribution Schedule in effect from 4 April 2022

Wage band (BZ\$/week)	Employee contribution (BZ\$/week)
UNDER 70.00	1.03
70.00 - 109.99	1.69
110.00 - 139.99	2.44
140.00 - 179.99	3.94
180.00 - 219.99	5.94
220.00 - 259.99	7.94
260.00 - 299.99	9.94
300.00 - 339.99	11.94
340.00 - 379.99	13.98
380.00 - 419.99	16.15
420.00 - 459.99	18.45
460.00 - 499.99	20.86
500.00 - OVER	23.40

Source: https://www.socialsecurity.org.bz/wp-content/uploads/2022/03/Cont_Ben_Schedule.pdf

As in the original study, the living wage is low enough to be exempt from income tax. Only monthly incomes higher than BZ\$ 2,167 have to pay income taxes.³

³ See <https://www.belize.org/trade-investment-zone/investment-regime/tax-regime/>.

6. UPDATED LIVING WAGES AND FAMILY LIVING EXPENSES FOR 2022

The updated net living wage, or take-home pay, for 2022 is BZ\$ 929 per month. The gross living wage, which also takes into account mandatory payroll deductions, is BZ\$ 963 per month for 2022. These are average estimates for the year 2022.

Table 2 provides details of the original and the updated living wages and family living expenses.

Table 2: Living wages and living expenses for Rural Belize for original study year and latest updates (in Belize Dollars and US Dollars)

	Original study: May 2018		Update 1: May 2021		Update 2022	
	BZ\$	USD	BZ\$	USD	BZ\$	USD
Family Living Expenses	1,382	691	1,401	701	1,477	738
Net Living Wage	869	435	881	441	929	464
Total mandatory payroll deductions and income tax	21	11	24	12	34	17
Gross living wage	890	445	905	453	963	482

Note: * The Belize dollar has been pegged to the US dollar at a rate of 2 to 1 since 1976.

Source: Authors' calculations.

7. REFERENCES

Koen, V., Anker, R., & Anker, M. (2021) *Living Wage Report: Rural Belize (May 2018 – updated to May 2021)*. Available online: https://www.globallivingwage.org/wp-content/uploads/2021/06/LW_Rural-Belize_FINAL.pdf