



Working for a Living Wage Report 2014 Update

A report of the



COMMUNITY SOCIAL PLANNING COUNCIL
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\$18.93



BC has one of the highest poverty rates in the country. With a high cost of living, far too many British Columbians find it difficult to make ends meet. Many households must make tough choices every month about their household spending priorities – pay the heating bill or buy new shoes for the kids; buy groceries or pay the rent. British Columbia now has the highest child poverty rate in the country with low wages as one of the key contributors to child poverty in BC (First Call BC, 2013, http://worstincanada.org/wp-content/uploads/2013/11/First_Call_Report_Card_2013_web_FINAL.pdf). The number of households facing an affordability challenge in the Capital Region continues to rise.

The Living Wage, calculated and released each year by the Community Social Planning Council, reflects the real costs of living through the hourly wage required to enjoy an adequate quality of life in our region. When we look behind the number to see the costs that drive that required wage up or down, we have an opportunity to engage our community in dialogue around strategies to prevent and reduce poverty. Our region's affordability, especially the high costs of housing, childcare, and transportation, affects our ability to attract and retain staff and sustain a healthy and vibrant economy and community.

In 2008, *Working for a Living Wage* report calculated the living family wage for Metro Vancouver and Greater Victoria, and was co-published by the Canadian Centre for Policy Alternatives, First Call, and Victoria's Community Council. This year, the Community Social Planning Council is releasing the living wage calculation in conjunction with Metro Vancouver and the Fraser Valley in an effort to increase the use of living wages to reduce and prevent poverty in communities across British Columbia and Canada.

In 2014, the wage required to maintain an adequate quality of life in BC's Capital Region is calculated at \$18.93 per hour.

Hourly Wage Rates 2009 to 2014

Data Release	Hourly Wage	Difference	Change Rate
2009	\$17.02	\$ 0.63	+ 3.8%
2010	\$17.31	\$ 0.29	+1.7%
2011	\$18.03	\$0.72	+4.2%
2012	\$18.07	\$0.04	+0.2%
2013	\$18.73	\$0.66	+3.7%
2014	\$18.93	\$0.20	+0.1%

This calculation assumes two adults working 35 per week each while providing a home for two children.

Total annual income would be \$68,915.84.

What does the living wage measure?

It is the hourly rate of pay that allows a family to enjoy an adequate quality of life. While it is more than a survival wage or minimum wage, it is not an affluent wage, and it is lower than what is needed to obtain much of what it considered normal in our community.

With these earnings, a family ...

- ✓ Can adequately feed, clothe and shelter their household
- ✓ Can maintain the health of family members
- ✓ Can participate in activities that are an ordinary part of community life
- ✓ Can receive up to two weeks paid time off for illness annually
- ✓ Rents rather than owns their home
- ✓ Can own a car and uses public transit
- ✓ Can take two courses a year at Camosun College to increase earning potential
- ✗ Cannot save for children’s education, to purchase a home, holidays or retirement
- ✗ Cannot service debts or credit card bills
- ✗ Cannot afford to care for an elderly relative or a disabled family member

Monthly Costs of Living for a family of four in BC’s Capital Region - December 2013

Item	Monthly	% of total expenses
Shelter: 3-bedroom unit, telephone, utilities, contents insurance	\$1,385.79	26.3%
Food	\$ 761.33	14.5%
Clothing	\$ 194.81	3.7%
Transportation	\$ 463.25	8.8%
Other Household Expenses**	\$ 720.93	13.7%
Child Care	\$ 1,161.67	22.1%
Medical Services Plan (MSP)	\$ 138.50	2.6%
Non MSP Health Expenses	\$ 136.00	2.6%
Emergencies (2 weeks’ pay)	\$ 220.88	4.2%
Parent Education	\$ 83.60	1.6%
Total	\$5,266.76	100%

** Other household expenses include personal care items, household supplies and furnishings, small appliances, recreation, laundry, banking, computer, internet, and children’s toys.



The required wage has been calculated for a typical family in BC's Capital Region, a two parent family:

- with two children: one who is seven and one who is four years old
- with two parents each working 35 hours per week
- with the four year old in day care because both parents are employed, and the seven year old attending out-of-school care
- renting a 3 bedroom apartment

\$18.93 per hour

For a household with 2 employed parents and 2 children: 1 school-aged and 1 preschooler

Understanding the Income

Income Earner	Hourly Wage	Annual Wage (Gross)	Monthly Wage (After Tax)
1 st Parent: 35 hours/week	\$18.93	\$34,457.92	\$2,541.05
2 nd Parent: 35 hours/week	\$18.93	\$34,457.92	\$2,432.26
TOTAL		\$68,825.42	\$4,973.31

The Living Wage is based upon the hours worked per week by both parents employed all year, each working 35 hours per week. If either parent is unable to work this number of hours per week, or does not have year-round employment, the wage amount will have to increase or the family will not afford their monthly expenses.

This Living Wage calculation does include a sick time benefit but does **not** include other employment benefits such as extended health, pension plans, bonuses or transportation incentives.

Calculating the wage

Total Gross Income	\$68,825.42
minus EI, CPP, provincial and federal taxes	\$9,236.15
equals Take Home Pay	\$59,679.69
plus Federal Child Tax Benefit and Universal Child Care Benefit	\$3,521.35
equals Total Take Home Income	\$63,201.04
Family Expenses (\$5,266.46 x 12)	\$63,201.04
Income less expenses equals	\$0.00

Explaining the Increase

The 2014 Living Wage for the Capital Region (\$18.93) is 1% higher than the 2013 Living Wage (\$18.73). Shelter and transportation costs have slightly decreased, moderating the effects of increases seen in clothing, child care, healthcare and education expenses.

CLOTHING | Household clothing costs for the Living Wage Family increased by 1.7% over the 2013 clothing costs. The Market Basket Measure figure for clothing for a two-parent, two-child family is \$194.81 per month in 2014.

NON-MSP HEALTH AND DENTAL | The Living Wage includes an extended health and dental plan for a family of four, to cover medications and dental care which would be more costly without this plan. The cost for a *Blue Choice Plan* coverage under Pacific Blue Cross is \$136.00 per month, representing a 2.25% increase from 2013. (Pacific Blue Cross, 2014 http://www.pac.bluecross.ca/pdf-bin/370/34-70-210_rates.pdf)

PARENT EDUCATION | Education plays an important role in increasing future earnings capability. The Living Wage includes two university-transfer, three-credit arts or social sciences courses at Camosun College, with associated fees and textbooks. The cost for this education increased by 3.4% from 2013.

CHILDCARE COSTS | Monthly child care costs represent 22.1% of the living wage family's monthly household expenditures, and have increased at 3.5% over 2013, a faster rate than most other costs. Out of School care for the seven year old increased by \$23.00 per month from an average of \$320 per month to \$353 per month, while group child care costs for the four year old increased \$8 to \$784 per month. The total cost of child care for the Living Wage family increased \$468.00 from 2013 to 2014. (Child Care Resource and Referral, 2013, <http://www.childcarevictoria.org/resources/statistics>)

MEDICAL SERVICES PLAN PREMIUMS | MSP rates continue to increase at a faster rate than other costs for the Living Wage family: monthly premiums are now \$138.50, a rise of 4.1% from 2013 to 2014.

Healthcare Costs have steadily increased since the living wage was first calculated for the Capital Region.

Since 2008, monthly MSP premiums for the Living Wage family has increased by \$30.05, which translates to a **28%** in rates over **6 years**.

Monthly Premium for a Family of 3 or More



Source: Community Social Planning Council, [Living Wage reports](#) 2009-2014 inclusive.

A Family Snapshot: Who Is Affected by Living Wage?

Family Facts

There are 14,520 families with two parents and two children in Greater Victoria

The median income for this family type is \$106,040.

Source: Statistics Canada, 2011

3270

Families Struggling

There are 3270 two-parent, two-child families in our region whose household income is below \$70,000.

That's **6540 children** whose parents struggle to meet their needs on a daily basis.

2140

Working Poor Families

In our region, 2140 two-parent, two-child families are earning over the minimum wage (approximately \$40,000 annual household income) and under the living wage (\$68,825 annual household income).

That's at least **4280 kids** with two working parents who are in constant financial stress.

Source: Statistics Canada. CANSIM Table 111-0013, accessed online: April 16, 2014

Some Options for Action

The Living Wage is intended to engage the community to take action to reduce costs of living, increase incomes and reduce poverty. The Living Wage provides a snapshot of affordability for working families in our region and highlights the costs that can be reduced through community action and policy changes.

Public Decision-Makers:

- Support the development of affordable housing options in neighbourhoods
- Begin to legalize secondary suites in all municipalities
- Improve accessibility and reduce costs of child care
- Explore solutions to reduce costs of transportation
- Support the implementation of Living Wage policies for your public-sector organization
- Create more opportunities for local suppliers through procurement practices.

Employers:

- Look at wage scales to see how long a person must be employed before earning a wage required for an adequate quality of life. Consider how you can work with employees to sustain higher wages through training, productivity improvements and reductions in turnover.
- Besides pay, increases look for other ways to improve the quality of life of your lowest wage earners such as flexible work hours, subsidized bus passes, on the job training.
- Learn more about your staff's housing and child care challenges and solutions.

- Demand the same integrity you aspire to from your suppliers and colleagues. Look beyond the lowest financial offer and consider how the firms you deal with treat their employees when awarding contracts.
- Consider ways you, your business partners, and your employees can work together to reduce costs of living related to child care, housing, food and transportation.

Consumers:

- Speak out to elected decision-makers and municipal officials in support of the development of affordable housing, transportation and child care options in your community.
- Consider your wage rates when hiring people for work around your home
- Shop with locally-owned businesses to promote a healthy local economy

Everyone:

- Endorse the Capital Region Community Action Plan on Poverty and pledge one “action” you will take this year to help reduce or prevent poverty. www.ActiononPoverty.ca

INTERESTED IN BECOMING A BECOME A LIVING WAGE EMPLOYER?

The Community Social Planning Council leads the Living Wage Employers Campaign in the Capital Region, as part of a province wide project, to support and endorse employer commitments to contributing to a Living Wage and actions that reduce the costs of living for employees. The Employers Campaign is recognized as an important component to poverty reduction and prevention efforts at the community level.

About the Community Social Planning Council

The Community Social Planning Council is the leading independent, non-partisan, and knowledgeable voice on socio-economic issues in BC’s Capital region; it fosters social innovation and integrated action aimed at social, economic and environmental conditions and to help create sustainable communities.

For more information:

- Visit the **Living Wage for Families** website: <http://livingwageforfamilies.ca/>

The Community Social Planning Council recognizes the generous support from our funders:





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