
\$18.07



BC has one of the highest poverty rates in the country. With a very high cost of living (particularly housing costs), far too many British Columbians find it difficult to make ends meet. The number of households facing an affordability challenge in the Capital Region continues to rise.

The Living Wageⁱ, calculated and released each year by the Community 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.

Hourly Wage Rates 2006 to 2012

Data Release	Hourly wage	Difference	Change rate
2006	\$15.63	-	-
2008	\$16.39	\$ 0.76	+ 4.9% ⁱⁱ
2009	\$17.02	\$ 0.63	+ 3.8%
2010	\$17.31	\$ 0.29	+1.7%
2011	\$18.03	\$0.72	+4.2%
2012	\$18.07	\$.04	+0.2%

In 2012, the wage required to maintain an adequate quality of life in BC's Capital Region is calculated at \$18.07 per hour.

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

Family Facts

The most typical family in this region (Statistics Canada, 2006)

- ✓ Is a two-parent family (84% of all families)
- ✓ Earned a median income of \$71,500 in 2006.

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
- ✗ Cannot save for children's education to purchase a home, holidays or retirement
- ✗ Cannot service loan 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 2011

Item	Monthly	% of total expenses
Shelter: 3-bedroom unit, telephone, utilities, contents insurance	\$1,311.06	23.9%
Food ⁱⁱⁱ	\$ 744.60	14.7%
Clothing	\$ 183.12	3.6%
Transportation	\$ 452.68	8.9%
Other**	\$ 688.37	13.6%
Child Care	\$ 1,118.83	22.1%
Medical Services Plan (MSP)	\$ 128.00	2.5%
Non MSP Health Expenses	\$ 133.00	2.6%
Emergencies (2 weeks' pay)	\$ 210.82	4.2%
Parent Education	\$ 87.50	1.7%
Total	\$5,057.97	100%

*

** Other expense includes 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

\$18.07 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	Monthly after tax Wage
1 st Parent: 35 hours/week	\$18.07	\$32,887.40	\$2,443.44
2 nd Parent: 35 hours/week	\$18.07	\$32,887.40	\$2,331.81
TOTAL		\$65,774.80	\$4,775.25

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.

Calculating the wage

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.

Total Gross Income	\$65,774.80
minus EI, CPP, provincial and federal taxes	\$8,471.825
equals Take Home Pay	\$57,302.98
plus Federal Child Tax Benefit and Universal Child Care Benefit	\$3,410.59
equals Total Take Home Income	\$60,713.57
Family Expenses (\$5057.97 x 12)	\$60,695.66
Income less expenses equals	\$17.92

The Challenges of Housing

Affordable Housing

Housing is considered affordable when a household spends less than 30% of its income on housing (CMHC, 2011)

Families face increasing challenges related to housing. The cost of rental housing continues to increase slowly but steadily (*with the exception of a very small decrease for 3+ bedroom row/townhouses*). The latest local rental affordability indicator released by the Canadian Mortgage and Housing Corporation (CMHC) is **92**, which suggests that more than the median income is required to rent a two bedroom suite. The indicator is based on the premise that households should spend less than 30% of their income on housing^{iv}.

Average Cost of Rental Housing in the Victoria Census Metropolitan Area 2010 to 2011^v

Apartment Size	Average Rent		Percent change Oct 10 – Oct 11
	2010	2011	
Bachelor	\$665	\$676	1.6%
1 Bedroom	\$806	\$819	1.6%
2 Bedroom	\$1,024	\$1,045	2.0%
3+ Bedroom	\$1,233	\$1,244	0.9%

Private Row (Townhouse) Size*	Average Rent		Percent change Oct 10 – Oct 11
	2010	2011	
1 Bedroom	\$733	\$745	1.6%
2 Bedroom	\$1,041	\$1,075	3.3%
3+ Bedroom	\$1,529	\$1,518	-0.7%

* There are no bachelor private row (townhouse) units in Victoria CMA

Number of Units in the Victoria Census Metropolitan Area 2010 to 2011^{vi}

Unit Size*	Total Units		Gain/Loss of Units Oct 10 to Oct 11
	2010	2011	
Bachelor	2,566	2,565	-1
1 Bedroom	13,263	13,309	+46
2 Bedroom	7,328	7,319	-9
3 + Bedroom	795	794	-1
All Units	23,952	23,987	+35

* Includes apartments and row/townhouses



Poverty Statistics for BC's Capital Region

By any measure, BC has one of the highest poverty rates in the country. With a very high cost of living (particularly housing costs), far too many British Columbians find it impossible to make ends meet. A recent report released by the Community Social Planning Council of Greater Victoria indicates that the low-income rate in the Capital Region was at 13.1% in 2006 .

The poverty rate in BC increased in 2009, according to the Statistics Canada, to 12% which leaves BC with the highest poverty rate in the country for the 11th consecutive year in a row^{vii}. BC also continued to have the highest provincial child poverty rate in 2009 using Statistics Canada's Low Income Cut Off before-tax measure at 16.4%^{viii}. These findings are showing us the impact of the recession in BC. Most startling is the finding that the poverty rate for young children under 6 years old was higher at 20.2% than the overall provincial child poverty rate at 16.4% in 2009. Sadly, BC's under-six child poverty rate has been higher than the national rate since 2002.^{ix}

Based on annual estimates for census families and individuals (Statistics Canada, 2006), in BC's Capital Region more than one out of four two-parent, two-children families (27.2%) earn an income that is less than required to sustain an adequate quality of life.

According to a recent report released by the Community Social Planning Council, the working poor are a constant fixture in the labour market – over a ten year period (1996 to 2006) between 11% and 10% of those employed in the Capital Region were considered low-income. This means they have an annual household income of less than \$33,000.00^x. Clearly, this is well below the income of the living wage family presented here.

Some Options for Action

The Living Wage is intended to engage the community to take action to reduce costs of living and increase incomes.

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
- Sign on to the call for a Poverty Reduction Plan with legislated timelines and targets (<http://bcpovertyreduction.ca>)

- Support the implementation of Living Wage policies for your organization and incorporate them into your procurement practices.

Employers:

- Look at your 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 improve that over the next year, 2 years and 5 years
- Besides pay increases look for other ways to improve the quality of life of your lowest wage earners such as flexible work hours, 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 and your business partners and employees can take action to reduce costs of living related to child care, housing, food and transportation

Consumers:

- Speak out in support of the development of affordable housing options in your neighbourhoods
- Consider your wage rates when hiring people for work around your home
- Consider ways you, your family and friends can take action to reduce costs of living related to child care, housing, food and transportation

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. This website will be available for your input early June 2012. (www.CAPonPoverty.ca)

ⁱ Our calculation has been known as the Affordability Index for the past three years. This year we return to the term Living Wage.

ⁱⁱ Note this increase is over a two year period, and averages 2.5% per year.

ⁱⁱⁱ The cost of food used in this calculation is based on the Dieticians of Canada report The Cost of Eating in BC.

^{iv} CMHC, Rental Market Report Fall 2011

^v CMHC, Rental Market Report, Victoria CMA. October 2011

^{vi} CMHC, Rental Market Report, Victoria CMA. October 2011

^{vii} First Call BC, 2011

^{viii} Ibid.

^{ix} Ibid.

^x Community Social Planning Council, Growing Prosperity in the Capital Region, 2012.