
\$20.01

Living Wage

DIALOGUE
ON THE REAL
COSTS OF LIVING

COMMUNITY
SOCIAL PLANNING
COUNCIL

The cost of living has increased, but the Living Wage has decreased (marginally) for the second year.

The Living Wage for 2017 of \$20.01/hour is a \$0.01 decrease from the 2016 Living Wage for Greater Victoria. The decrease is partially due to the 2016 introduction of the Canada Child Benefit¹ and partially by the increase of the maximum amount parents can claim for child care expenses federally. While this decrease shows the power of policy in lowering living costs for families, the Living Wage for the capital region still demonstrates that the cost of living continues to be high and that families feel like they are not getting ahead. Approximately 16% of children in the capital region live in families experiencing poverty.²

What is the Living Wage?

The Living Wage Rate reflects the real costs of living through the hourly wage required to enjoy an adequate quality of life in our region. The Community Social Planning Council of Greater Victoria calculates and releases this number each year, based on the best data available about costs in our region.

In 2017, the wage required to maintain an adequate quality of life in BC's Capital Region is calculated at \$20.01 per hour.

When we look behind the number to see the costs that drive that required wage rate, 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 health care – affects our ability to sustain a healthy and vibrant economy and community.

¹ Canada Revenue Agency, 2016. Accessed online: <http://www.cra-arc.gc.ca/bnfts/menu-eng.html#CCB>

² First Call BC (2016). BC Child Poverty Report Card.

Living Wage Rates: General Increases Over Time

Greater Victoria Living Wage Rates 2010 to 2016

| Data Release | Hourly Wage | Difference | Change Rate |
|--------------|----------------|----------------|---------------|
| 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% |
| 2015 | \$20.05 | \$1.15 | +5.9% |
| 2016 | \$20.02 | -\$0.03 | -0.1% |
| 2017 | \$20.01 | -\$0.01 | -0.05% |

This calculation assumes two adults working 35 hours per week each, while providing a home for two children, one in preschool and the other in grade two.

Total annual income would be \$ 71,315.70

Since 2010, the Living Wage for Greater Victoria has increased by 16%. This is more than twice the rate of inflation for BC since 2010.

What does the living wage measure?

It is the hourly rate of pay that allows a family with two full-time wage earners each earning the living wage 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 is considered normal in our community.

| Item | Monthly | % of total expenses |
|---|--------------------|---------------------|
| Shelter: 3-bedroom unit, utilities, contents insurance, 2 cell phones, internet | \$ 1,836.95 | 30.9% |
| Food | \$ 833.98 | 14.0% |
| Clothing | \$ 162.00 | 2.7% |
| Transportation | \$ 458.10 | 7.7% |
| Other Household Expenses* | \$ 750.97 | 12.6% |
| Child Care | \$ 1,284.50 | 21.6% |
| Medical Services Plan (MSP) | \$ 150.00 | 2.5% |
| Non MSP Health Expenses | \$ 145.00 | 2.4% |
| Emergencies (2 weeks' pay) | \$ 233.45 | 3.9% |
| Parent Education | \$ 87.48 | 1.5% |
| Total | \$ 5,942.43 | 100% |

Monthly Costs of Living for a family of four in BC's Capital Region (April 2017)

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

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 and access low-cost public transit pass
- ✗ 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

\$20.01 per hour

Total annual income would be \$ 71,315.70

Understanding the Income

| Income Earner | Hourly Wage | Annual Wage (Gross) | Monthly Wage (After Tax) |
|---------------------------------------|-------------|---------------------|--------------------------|
| 1 st Parent: 35 hours/week | \$20.01 | \$36,441.86 | \$ 2,731.19 |
| 2 nd Parent: 35 hours/week | \$20.01 | \$36,441.86 | \$ 2,522.28 |
| TOTAL | | \$ 71,315.70 | \$ 5,253.47 |

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 be unable to afford their monthly expenses.

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

Calculating the wage

| | |
|---|---------------------|
| Total Gross Income | \$ 72,836.40 |
| minus EI, CPP, provincial and federal taxes | \$ 9,794.80 |
| equals Take Home Pay | \$ 63,041.60 |
| plus Canada Child Benefit and other tax rebates and benefits | \$ 8,274.10 |
| equals Total Take Home Income | \$ 71,315.70 |
| Family Expenses (\$5,791.19 x 12) | \$ 71,309.19 |
| Income less expenses equals | \$ 6.51 |

Explaining the Decrease

The 2017 Living Wage for the Capital Region (\$20.01) is 0.05% lower than the 2015 Living Wage (\$20.02). Two main factors influenced this year's decrease, both of which demonstrate the importance and impact of social policy: the 2016 introduction of the Canada Child Benefit³ as well as the increase of the maximum amount parents can claim for child care expenses federally which increased from \$11,000 in 2015 to \$13,000 in 2016. This means that parents that pay more than \$13,000 year on child care receive a reduction of their taxable income by \$2,000 which provides enough of a tax subsidy to affect the Living Wage rate.

Cost of Living Increases

While the overall Living Wage decreased slightly, it is important to note that the overall monthly expenses went up by 2.6% (approximately \$151.24/month) from \$5,791.19 to \$5,942.43. This increase in living expenses is largely due to the increase in shelter costs and child care costs.

SHELTER COSTS | Shelter costs make up the largest portion (30.9%) of the Living Wage Family's total family expenses. Included in the calculation are: the median rent for a three-bedroom apartment (\$1,550)⁴ in Greater Victoria, utilities for a typical couple family with two children, tenant's insurance, two mobile phones, and home internet service.

The Living Wage family is living in core housing need, paying more of their income for rent and utilities than is considered to be "affordable," like 47% of renter households in the Greater Victoria region.⁵ The basic shelter costs of rent and utilities amount to \$1602.00 a month, which represents 30.5% of the family's monthly income (\$5,253.47).

According to the most recent data, the median rent in Greater Victoria has surpassed that of Metro Vancouver. Median rent increased \$75 from 2016, which amounts to a \$900 increase for the year.

COMMUNICATIONS COSTS | Consistent with the Living Wage for Families Campaign throughout the province, this year, for the first time, the calculation has included two cell phones as well as an internet connection, reflecting the fact that more Canadians now have mobile phones than land lines and more families have internet connections at home. According to the Canadian Radio-Television and Telecommunications Commission, the lowest income 40% of families are more likely to be cell-phone-only households and no longer have land lines.

CHILD CARE COSTS | In 2017, the cost of child care for the Living Wage family was \$1,284.50 a month, or \$15,414.00 a year, which represents 21.6% of the family's overall household expenses. This is an increase of \$17.83 per month from 2016 when the monthly child care costs for the family were \$1,266.67. This increase accounts for an additional \$214.00 a year for child care. As noted above, this increase has been offset somewhat by the change to the child care claim amount and because of the introduction of the Canada Child Benefit.

³ Canada Revenue Agency, 2016. Accessed online: <http://www.cra-arc.gc.ca/bnfts/menu-eng.html#CCB>

⁴ Canada Mortgage and Housing Corporation, Fall 2015

⁵ Capital Region Housing Data Book and Gap Analysis, 2015

Working Together, Let's Make Life More Affordable in Greater Victoria!

Greater Victoria is becoming a region that is simply unaffordable for families raising children. Our future is not sustainable, so we all need to work together to drive changes that will allow families to thrive, and employers to attract and retain high-quality workers.

Social Planning is the process of understanding community needs and using socioeconomic indicators to support policy decisions that drive community well-being and prosperity. Through tools like the Living Wage, the Community Social Planning Council seeks to engage partners from all sectors to take action to reduce costs of living, increase incomes, and reduce poverty. Here are some of the actions that community partners can take to address affordability:

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

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 to help create sustainable communities.

For more information on the Living Wage for the capital region contact:

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For more information:

- Visit the **Living Wage for Families** website: www.livingwageforfamilies.ca/