



Social Planning Cowichan

Cowichan Valley Living Wage 2016



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What is a Living Wage?

A living wage is the hourly pay a family would need to receive in order to cover basic expenses such as food, clothing, rental housing, transportation, childcare, and a small amount of savings for illness or emergencies¹. The living wage varies based on costs in each region, but consistently encourages employers to pay a fair wage that ensures families have enough financial security to achieve a quality of life that goes beyond living paycheck to paycheck, or having to make sacrifices and hard decisions in order to make ends meet. The living wage calculation considers factors that promote healthy child development, the ability to participate in activities that are an ordinary element of life in a community, as well as avoiding the chronic stress of living in poverty.² Ensuring individuals can meet their core living expenses supports peace of mind, including mental, physical and emotional well-being.

Why a Two-Parent, Two-Child Family as the Living Wage Model?

For the purposes of this calculation, the living wage is determined for a two-parent family with two children –the most common family unit in BC.³ This family model is consistent with the one used in Vancouver and Victoria for the purposes of comparison, but it is important to acknowledge that household sizes and needs vary widely and individual family circumstances may mean that a family requires more or less income to make ends meet. Other types of families will require different wage levels to achieve the same standard of living as our model family. For example, a single-parent family with 2 children may expect to see reduced costs from having a smaller family unit, however the loss of a second income is not equivalent to those reduced costs.

The 2015 Child Poverty Report Card produced by First Call⁴ explains why child poverty in BC is very much a low-wage story, as one out of every three children facing poverty in BC have at least one adult working full-time, all year. In fact, the majority of poor children in BC live in working poor families.⁵ Two parents with two children, both working full-time, full-year at the current minimum wage would have earned \$38,038 in 2015, leaving them \$1,158 below the before-tax poverty line of \$39,196 for this family.⁶ “Families who work for low wages therefore face impossible choices: buy food or heat the

¹ http://www.livingwageforfamilies.ca/what_is_living_wage

² CCPA BC Living Wage Calculation Guide 2016

³ http://www.livingwageforfamilies.ca/what_is_living_wage

⁴ BC Child and Youth Advocacy Coalition, <http://firstcallbc.org/>

⁵ <http://firstcallbc.org/living-wage-for-families/>

⁶ BC Child Poverty Report Card First Call FactSheet6 2015

house, feed the children or pay rent. The result can be spiraling debt, constant anxiety, and long-term health problems.”⁷ Many parents are forced to work multiple jobs and often more than full time to earn enough to support their families, which leaves little time to spend with their children or to participate in community life outside of work.⁸

Meet Our Living Wage Family

The family characteristics and assumptions in the Living Wage 2016 Calculation are as follows: two parents, one female, one male, both between the ages of 31 and 50, receiving an equal hourly wage working 35 hours/week each. The two children include a boy aged 7, and a girl aged 4.

Methodology

The following expenses are estimates based on the best and most current information available. This method was developed by the Canadian Centre for Policy Alternatives, the Living Wage for Families Campaign, as well as First Call, and has been used to calculate Metro Vancouver and Greater Victoria living wages since 2008.⁹ Specific sources are cited in the body of the report at the bottom of the page. All figures are calculated using the spreadsheet and formulas provided in the document *Working for a Living Wage: Making Paid Work Meet Basic Needs in Metro Vancouver*, and are adjusted to reflect the current costs and expenses in the Cowichan Valley.¹⁰ For a detailed breakdown of calculations, please refer to this free online guide.

The living wage is based on ever-changing information regarding family expenses and government transfers and taxes; therefore, the following information is accurate as of the date of this writing. Thus, the living wage must be revised annually to ensure its accuracy. It is notable to mention that the Calculation Spreadsheet was updated this year and modified from previous versions to reflect the most precision possible, and may partially account for the significant rise in the living wage calculated for the Cowichan Valley since last year (from **\$17.55** to **\$18.20**).¹¹

⁷ Working for a Living Wage, 2008

⁸ BC Child Poverty Report Card First Call FactSheet6 2015

⁹ Working for a Living Wage Calculation Guide; report prepared by Igluka Ivanova and Tanyss Knowles, April 2016

¹⁰ Ibid.

¹¹ Cowichan Valley Living Wage 2015, Social Planning Cowichan

Breakdown of Basic Household Expenses Per Month

Food: \$842.43

This number was calculated using the report of the Provincial Health Services Authority, *Food Costing in BC 2015*¹², which calculates the cost of food in each provincial health authority based on a random sample of grocery stores and on the federal government's standardized food costing tool.¹³ The report provides monthly food costs for both adults and children by gender and age categories, and is altered using specific values for the Cowichan Valley. It is notable to mention that the 2016 Food Price Report¹⁴ estimates a 2-4% increase in food prices over the course of this year, which could result in families spending on average \$345 more on food this year. This is significantly higher than inflation, and would raise the living wage amount from \$18.81 to \$19.05, a 24¢ difference.

Clothing and Footwear: \$183.53

This figure was calculated using the Stats Canada Market Basket Measure (MBM) amount for 2013¹⁵, and adjusted to reflect current prices using the CPI for 2013 and 2015.¹⁶

Shelter (Rent + Utilities + Telephone + Content Insurance on Possessions): \$1144.44

Rent: \$918.00

The latest Canada Mortgage and Housing Corporation (CMHC) data on the median rent for a three-plus bedroom apartment in the Cowichan Valley is \$900,¹⁷ however the BC Rental Report from the fall of 2015 for a private row (townhouse) & apartment amount of \$918 was used, as this housing option is more common throughout the Cowichan Valley.¹⁸

Utilities: \$129.65

This figure was obtained using BC provincial data from 2007, and updated using the CPI for "Water, fuel and electricity" 2007 and 2015 from Stats Canada, CANSIM Table 326-0021.

¹² phsa.ca/population-public-health-site/Documents/2015%20Food%20Costing%20in%20BC%20-%20FINAL.pdf

¹³ The National Nutritious Food Basket 2008, which is based on the Canada Food Guide

¹⁴ The Food Institute of the University of Guelph

¹⁵ CANSIM Table 206-0093 for "Clothing"

¹⁶ Stats Canada BC

¹⁷ Retrieved from the Housing Market Information Portal

¹⁸ Single detached homes make up 76% of Cowichan Valley based off of 2011 Census (<http://www.cvrld.bc.ca/DocumentCenter/View/63345>) CVRD Housing Indicators Report

Contents Insurance: \$28.57

This estimated monthly quote is based off of a 4 person, single detached house with electric heating, with a minimum claim of \$40,000 worth of possessions.¹⁹

Telephone: \$38.22

The information for a basic phone plan (unbundled, price after the first six months promotional rate) was attained from the Telus website, and includes one residence line (voicemail included), long distance, GST and PST.

Transportation: \$876.57

This cost assumes the family has two vehicles, although the methodology from the CCPA calculation guide calls for the use of one car and an eight-month public transit pass. However, taking into consideration the sporadically spaced urban centers of the Cowichan Valley and the commutes its residents are often required to make in order to go to work/school, it is unrealistic locally to rely on one car and public transit, so this family was therefore allotted two cars. This calculation was based on the MBM 2013 amount for rural communities in BC (which represents the costs of owning and operating a second-hand vehicle), and was adjusted by the CPI to 2015 prices.²⁰

Other Household and Social Participation Expenses: \$773.57

This number was automatically calculated in the spreadsheet, whereby the MBM calculation for the ‘Other’ expense is at 75.4% of the combined expense for Food, Clothing and Footwear. This amount is intended to cover toiletries and personal care, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, Internet, minimal recreation and entertainment, family outings (ex. museums and cultural events), birthday presents, modest family vacation and some sports and/or arts classes for the children.²¹

Childcare: \$1106.33

This estimate assumes the four year old is in full-time day care (licensed group child care) and the seven year old is in before and after school care during the school year, with three weeks of full-time care during winter and spring breaks, and in one month and two weeks

¹⁹ Estimate obtained from BCAA Home Insurance website
<https://www.bcaa.com/Apps/Home/Quote/GettingStarted>

²⁰ This figure (\$5389 annually) was then multiplied by 2 (two cars)

²¹ CCPA-BC-Living-Wage-Calculation-Guide-2016 p. 11

of full-time summer care.²² The cost of summer care was calculated by taking an average of the price of summer programs throughout the Cowichan Valley. It is notable to mention that childcare for infants up to three years old is substantially more expensive and can be more difficult to find, which would alter this figure significantly for a younger family.

MSP Premiums: \$150.00

Premiums are currently based on family size,²³ and are mandatory contributions to the provincial health program. This calculation was made automatically in the spreadsheet based off of “net adjusted income,” where families with an amount lower than \$30,000 are eligible for at least partial subsidy.

Non-MSP Health Care Expenses: \$145.00

This estimate assumes the family’s healthcare expenses are equivalent to the cost of purchasing private health insurance²⁴ under the following circumstances: the Blue Choice Family Plan (with the oldest person aged 35-44), including Extended Health Care coverage, the Prescription Drug Option, as well as the Dental Option.

Parent Education: \$109.08

Vancouver Island University (VIU) was the local institution of choice for this calculation,²⁵ using a Credit-Based Undergraduate Program (includes career and technical programs) at \$142.02 per semester credit hour (2 courses, 3 credits/course), a student activity fee at 4% of tuition/semester (\$17.04), a Students’ Union Monthly Fee of \$11.27 (for Duncan specifically), and a Student Services Fee of \$6.27/credit. An estimate provided by VIU for textbooks is \$800/semester for a full course load, making 2 courses worth \$320 in books.

²² These figures represent an estimate of the best information available from the CCRR (Child Care Resource & Referral), but are not overarching as many child care facilities self-report, and information may therefore be incomplete.

²³ BC Budget 2016 announced that as of January 2017, MSP premiums would be based on the number of adults in the family and premium assistance would be expanded. These changes will be incorporated in the 2017 living wage (retrieved from calculation guide).

²⁴ This amount has been obtained from the expense of purchasing Pacific Blue Cross insurance (updated as of July 1, 2016).

²⁵ Based on good connections with local communities and proximity to home for residents of the Cowichan Valley, as well as competitive wages offered by VIU Student Union

Contingency Amount: \$219.45

This amount provides some cushion for unexpected events, like the serious illness of a family member, transition times between jobs, etc. It is provided as an expense for each parent, and is calculated at [The living wage amount x hours worked per week x 2 weeks].²⁶

Summary of Monthly Expenses:

Monthly Expenses	Amount (\$)	% of Total
Food	842.43	15.3
Clothing and Footwear	183.53	3.3
Shelter	1114.44	20.2
Transportation	876.57	15.9
Other Household & Social Participation Expenses	773.57	14.0
Child Care	1106.33	20.0
MSP Premiums	150.00	2.7
Non-MSP Healthcare Expenses	145.00	2.6
Parent Education	109.08	2.0
Contingency Amount	219.45	4.0
Total Monthly Expenses	\$5,520.40	100%

Hourly living wage for each parent: \$18.81

It is important to note that this does not include additional expenses such as:

- Debt repayments from credit cards, loans or other interest payments
- Future savings for home ownership, retirement or children's university education
- Anything beyond minimal recreation, entertainment and holiday costs
- Costs of caring for a disabled, seriously ill or elderly family member²⁷

²⁶ Working for a Living Wage Calculation Guide 2016, p.13

²⁷ http://www.livingwageforfamilies.ca/what_is_living_wage

*All government deductions, taxes, and subsidies are calculated in the spreadsheet provided by the CCPA based off of the living wage amount from 2015 for the Cowichan Valley.

Comparison of Living Wages in BC²⁸:

Region	Amount (\$)
Clayoquot Sound	19.27
Cowichan Valley	18.81
Port Alberni	17.22
Nanaimo	17.99
School District 69, Parksville-Qualicum	16.76
Victoria	20.02
Vancouver	20.64
Powell River	21.30
Fraser Valley	16.28
Cortes Island	16.29
Central Okanagan	18.42
Lower Columbia Region	18.15
Kamloops	17.21
Golden	20.46
Revelstoke	18.87
Kitimat	20.61
Prince George	16.52
Terrace	18.17

²⁸ http://www.livingwageforfamilies.ca/living_wages_in_bc_and_canada

History of the Living Wage

The living wage movement began in 1994 in Baltimore, Maryland, and since then has gained support throughout the United States, United Kingdom, and Canada. The Living Wage for Families Campaign currently works with 21 communities across BC who have calculated their local living wage. A regional calculation allows communities to identify policy advocacy that would positively impact poverty in their community²⁹.

“The Living Wage for Families Campaign was formally launched in the fall of 2008 with the publication of *Working for a Living Wage* and is guided by an advisory committee made up of representatives from unions, businesses, parents, and immigrant and community groups. It has developed a Living Wage Employer recognition process to recognize employers across BC that pay a living wage. Furthermore, this campaign has worked with local partners to encourage local municipalities to pass living wage bylaws.”³⁰

Becoming a Living Wage Employer

The goal of becoming a Living Wage employer is to improve working conditions and give employees the ability to adequately cover their expenses. However, Living Wages benefit employers as well, allowing them to gain a competitive advantage as an employer of choice, particularly in industries where the average pay is below the living wage. Furthermore, paying a higher wage and treating employees well decreases employee turnover and absenteeism, and increases staff retention and productivity. With fewer employees leaving, the business will save on hiring and training new staff. Employees who are paid sufficient wages also have fewer outside concerns, furthering the ability of employees to focus on superior quality of work or customer service, making them more effective workers due to less stress.

The Living Wage for Families Campaign provides employers with guidelines and criteria to support those who wish to become certified as Living Wage employers. A fair Living Wage creates the same standard for both employers and external contractors. More information can be found on the Campaign’s website at www.livingwageforfamilies.ca.

²⁹ Ibid.

³⁰ Working for a Living Wage Calculation Guide 2016, p.28

Social Case for the Living Wage

The goal of the living wage is to promote social sustainability. It is designed to enhance the long-term well-being of the employee, as well as that of their family. Children gain stability when their parents receive higher payments, as they tend to move less frequently because of adequate income. This allows for more stable education, which is thought to improve reading test scores.

Economically speaking, early childhood development is an investment in human capital.³¹ Giving parents the ability to adequately cover their children's expenses sufficiently sustains the family over time, which makes children less vulnerable, and more likely to enjoy happy, healthy development. The Living Wage can therefore be seen as an investment in our community's future, through investing in our community's children.

Supporting a Living Wage

Paying the Living Wage to all employees is not an option for some employers, but that does not limit them from moving towards to philosophy of the Living Wage. There are many ways to add value to employees with little to no cost involved. The following is a short list of ideas to help you become an employer of choice:

- **Flexible Hours** –Take employee needs into account when scheduling
- **Eliminate Split Shifts** -These increase transportation and childcare costs
- **Phone-in Policy** -Allows children to call in at any time they wish
- **Provide employees with discounts on goods and services**
- **Free meal for employees** (food industry specific)
- **Strive to promote from within** -Make this known to employees
- **Move employees out of starting wage quickly**
- **Provide staff with ongoing training** -Relevant skills for future positions or other employment
- **Provide incentives** -For obtaining specific training objectives
- **Offer “personal days” rather than “sick days”**

³¹ See for more info on this perspective: http://www.earlylearning.ubc.ca/wp-uploads/2010/02/2009-09_15-by-15-Brief-Exec-Summary.pdf

Conclusion:

At \$18.81, the Living Wage in the Cowichan Valley is lower than either Victoria or Metro Vancouver, but is in line with many other areas in the province. The main difference that makes the Living Wage in the Valley lower compared to the metropolises is the price of rental housing, where monthly rental prices differ up to \$200.³² In general, Living Wages in BC are greater than those across Canada, with other major cities including Calgary at \$18.15³³ and Toronto at \$18.52.³⁴ The Living Wage for Families Campaign is working to raise awareness about the negative impact of low-wage poverty on families and communities throughout BC, and advocates for key solutions to the province's high poverty rates.³⁵

The living wage for the Cowichan Valley has increased from \$17.04³⁶ to \$18.81 in the past two years, with major differences seen in the areas of childcare, transportation, and education costs.

³² http://www.livingwageforfamilies.ca/living_wages_in_bc_and_canada

³³ <http://livingwagecanada.ca/index.php/living-wage-communities/alberta/>

³⁴ <http://www.livingwagecanada.ca/index.php/living-wage-communities/ontario/>

³⁵ <http://firstcallbc.org/living-wage-for-families/>

³⁶ Cowichan Valley Living Wage 2014, calculated by Victoria Jane McCreight