

Social Planning Cowichan

Cowichan Valley Living Wage 2018

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What is a Living Wage?

The living wage is defined as the hourly pay an individual must receive in order to earn enough to completely cover basic living expenses such as food, clothing, rental housing, transportation, childcare (in the case of a family), and a small amount of savings for the event of illness or an emergency.¹ The living wage varies based on the specific markets of a region, but it consistently encourages employers to pay significantly above the minimum wage to ensure the financial security of their employees and the wellbeing of their business(es).

“Families who work for low wages face impossible choices: buy food or heat the house, feed the children or pay rent?”² As a result, many parents are forced to work multiple low wage jobs and often more than full-time to earn enough to support their families, which leaves little time to spend with children or to participate in community life outside of work.³ The living wage is intended to provide individuals and families with a basic income that suitably ensures all needs are met, as calculations consider factors that promote healthy child development, the ability to participate in activities considered an ordinary element of community life, and allow for the avoidance of the chronic stress brought about by life in poverty.⁴

The living wage calculation is a conservative, reasonable amount—predicated upon rentals, used vehicles, and other affordable options—intended to compensate for Canada’s stagnant wages, which have failed to rise to scale with the price of consumer products and the cost of living.⁵ Additionally, the living wage practice has been shown to be an effective business model, and as such, has already engendered significant support from communities and business across British Columbia.⁶

Illustrated in this report is both the social and economic merit of a living wage practice, as well as the specific calculations of the 2018 living wage for the Cowichan Valley.

¹ Igilka Ivanova, Tess Raithby, “Working for a Living Wage 2018,” *Canadian Centre for Policy Alternatives*, published May 2018 from <https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2018/04/CCPA-BC-LW-calculation-guide-2018.pdf>.

² Tim Richards, Marcy Cohen, Seth Klein, Deborah Littman, “Working for a Living Wage 2008,” *Canadian Centre for Policy Alternatives*, published September 2008 from https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC_Office_Pubs/bc_2008/ccpa_bc_living_wage_2008.pdf.

³ Ibid.

⁴ Ibid.

⁵ Amy Minsky, “Average hourly wages in Canada have barely budged in 40 years,” *Global News*, last modified June 15, 2017, from <https://globalnews.ca/news/3531614/average-hourly-wage-canada-stagnant/>.

⁶ *Living Wage Canada*, “Vancity – A Living Wage Employer,” last modified 2013, from <http://www.livingwagecanada.ca/index.php/living-wage-employers/>.

Methodology

Working for a Living Wage is a calculation guide developed by the Canadian Centre for Policy Alternatives (CCPA), an independent, non-partisan research institute, as well as First Call: BC Child and Youth Advocacy Coalition, and it is a part of the Living Wage for Families Campaign.⁷ This guide has been utilized to calculate Metro Vancouver and Greater Victoria living wages since 2008 and is updated annually to reflect the most current and accurate information, including yearly Consumer Price Index (CPI) statistics and modern studies.⁸ The guide considers those factors necessary to determining a rudimentary living wage that permits paid fulltime work to provide for basic family needs in a given region. The calculation guide, methodology guide, and sources can be downloaded free of charge from the CCPA at: <https://www.policyalternatives.ca/livingwage2018>.

Use of the CCPA calculation guide requires the input of local prices reflective of the Cowichan Valley, and it is notable that these figures are ever changing pieces of information regarding family expenses and government transfers and taxes. Consequentially, the information provided within this report is guaranteed accurate only as of the date of its publication. The Cowichan Valley Living Wage report is updated annually to ensure its reflection of market conditions and government assistance remain as accurate as possible.

In this calculation method, family expenses are divided into 10 categories. The living wage calculation uses Human Resources and Skills Development Canada's Market Basket Measure (MBM)—“a measure of low income based on the cost of a specified basket of goods and services representing a modest, basic standard of living”⁹—to determine expenses for the following areas: clothing and footwear, transportation, and other household expenses.¹⁰ Local data is inserted to determine the prices of food, shelter, child care, and parent education and transportation. MSP Premiums, non-MSP medical expenses, and contingency amounts are calculated separately.¹¹

The Two-Parent, Two-Child Family Model

Traditionally, the living wage in British Columbia is calculated for a family consisting of two adults, both aged 31-50, and two children, one aged seven, the other aged four—the most common family unit in BC.¹² The parents each work 35

⁷ Igilka Ivanova, Tess Raithby, “Working for a Living Wage 2018,” published May 2018.

⁸ Ibid.

⁹ *Statistics Canada*, “Market Basket Measure (MBM),” last modified June 30, 2017, from <http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop165-eng.cfm>.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

hours per week and both earn an equal hourly wage. In this report, living wage calculations have also been included for a single parent with a child under five-years-old, a single parent with a child five-years or older, and a single individual aged 50-years or older, in order to more accurately reflect the demographic makeup of the Cowichan Valley.¹³

The utilized calculation guide from CCPA is intended for the standard two-parent, two-child model, so meaning alterations to the guide were necessarily made for this report. In adjusting the calculation model, slight variations in accuracy may have occurred due to missing information or an increased need to rely on averages to determine expenses; however, the living wages produced remain consistent with other communities' findings and so should still be treated with weight. It is also pertinent to acknowledge that household sizes and needs vary widely, and an individual family's circumstances may mean that their family requires a greater or lesser income to achieve an equal quality of life, beyond that which is suggested by this report. For example, a single-parent family with two children may expect reduced costs from having a smaller family unit, but the loss of a second source of livelihood will unequally reduce family income.

Breakdown of Basic Household Expenses Per Month

*All prices are reported in Canadian dollars (CAD).

Food

Obtaining food costs can provide valuable information for population and public health planning, as sufficient, safe, and nutritious food is critical to the health and well-being of our communities.¹⁴ Food security is accordingly concerned with much more than simply having enough to eat, as it instead seeks to provide for a nutritionally adequate, balanced diet that is safe and culturally appropriate. Reports demonstrate that the monthly cost of the National Nutritious Food Basket (NNFB) in BC is steadily increasing over time, which has the highest impact among households with the lowest incomes.¹⁵

The cost of food was calculated using the *Food Costing in BC 2015* report produced by the Provincial Health Services Authority, which calculates the cost of food in each provincial health authority region based upon a random selection of

¹³ Statistics Canada. 2017. *Cowichan Valley, RD [Census division], British Columbia and British Columbia [Province]* (table). *Census Profile*. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E> (accessed August 7, 2018).

¹⁴ Provincial Health Services Authority. (2016). *Food Costing in BC 2015*. Vancouver, B.C.: Provincial Health Services Authority, Population and Public Health Program.

¹⁵ Ibid.

grocery stores and on the federal government's standardized costing tool.¹⁶ 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. At present, the 2015 report is used as the most current survey, with numbers adjusted for inflation using 2015 and 2017 CPI data. The 2017 report is forthcoming and will supplement and augment this report once available. Using the 2015 data, it appears that food prices have increased by nearly three dollars from 2017, however, this is likely a depressed number reflecting the outdated study being utilized and not a true reflection of market prices. Nevertheless, the monthly breakdown of food costs are as follows:

- Two-Parent, Two-Child Family: \$870.95;
- Single Parent with Child Any Age: \$435.48;
- Individual 50 or Older: \$217.74.

Clothing and Footwear

This figure was calculated automatically for British Columbia using the MBM amount for 2016, which was then adjusted to reflect current prices using the CPI for 2016 and 2017.¹⁷ Annual clothing costs have decreased since last year, which is likely due to the findings of the new 2016 MBM report. Annual clothing costs are as follows:

- Two-Parent, Two-Child Family: \$1,753.64;
- Single Parent with Child Any Age: \$876.82;
- Individual 50 or Older: \$438.41.

Shelter

Rent:

The CCPA living wage calculation guide utilizes the Canada Mortgage and Housing Corporation's regional housing prices from their Housing Market Information Portal.¹⁸ The portal suggested that the cost of a three-bedroom+ rental in the Cowichan Valley had decreased by \$30 a month for 2018, which fundamentally contradicts all local reports and research.¹⁹ With this discrepancy

¹⁶ Melanie Kurrein, Crystal Li, & Drona Rasali, "Food Costing in BC 2015," *Provincial Health Services Authority*, from <http://www.bccdc.ca/pop-public-health/Documents/2015%20Food%20Costing%20in%20BC%20-%20FINAL.pdf>.

¹⁷ Igilka Ivanova, Tess Raithby, "Working for a Living Wage 2018," published May 2018.

¹⁸ Ibid.

¹⁹ *Canada Mortgage and Housing Corporation*, "Housing Market Information Portal," from <https://www03.cmhc-schl.gc.ca/hmportal/en/#Profile/1/1/Canada>.

under consideration, SPC elected to conduct a month-long survey of rental prices for the relevant model homes, the average of which has alternatively been used to calculate monthly rental costs. The average was chosen as opposed to the median to reflect the supply shortage at play in the Cowichan region which drastically limits choice when seeking rental units. Whereas the Housing Portal stated that a three-plus bedroom apartment/townhouse/single detached rental (assumed for the two-parent, two-child family) costs \$909, a two-bedroom apartment/townhouse/single detached rental (assumed for a single parent with any child) costs \$820, and a one-bedroom apartment (assumed for a single individual) costs \$612 monthly, SPC's findings for monthly costs are as follows:

- Two-Parent, Two-Child: \$1,977.14;
- Single Parent with Child Any Age: \$1,306.66;
- Individual (50+): \$1,090.00.

Utilities:

This figure was obtained automatically through the calculation guide, which uses BC provincial data from 2007 that is then augmented using the 2007 and 2017 CPI statistics for "Water, fuel, and electricity" from Stats Canada, CANSIM Table 326-0021.²⁰

- Utilities: \$102.00.

Cell Phone and Internet Plans

Canadian families are increasingly moving away from landlines to cellphones in recent years, while also, internet access at home has become a requirement for participating in community and work life, as well as accessing government services and education, particularly in small towns.²¹ As such, the CCPA has in recent years updated the living wage calculation guide to account for a high-speed internet subscription and two basic Canada wide unlimited talk-and-text cell phone plans.²² The least expensive unlimited talk and text cell phone plan available in the Cowichan Valley is offered by Rogers at \$25.00 per month per person before tax. Of note, this plan does not come with any data and does not factor any start-up fees or other one-time costs. The most cost-effective internet provider is TekSavvy, which offers High Speed DSL 6 internet for 29.99/month before tax. The monthly costs are as follows:

²⁰ Igilka Ivanova, Tess Raithby, "Working for a Living Wage 2018," published May 2018.

²¹ Canadian Radio-Television and Telecommunications Commission Survey.

²² Igilka Ivanova, Tess Raithby, "Working for a Living Wage 2018," published May 2018.

- Two-Parent, Two-Child: (after tax) \$89.56;
- Single Parent or Individual: (after tax, monthly) \$61.59.

Contents Insurance

The estimated monthly price for renter's insurance used in this methodology was obtained from a BCAA Home Insurance quote, in which a generic rental unit with electric heating and an average price per month +/- \$200 of the Cowichan Valley Regional District's (CVRD) metrics for house type rental information was used. Quotes can vary greatly, however, depending on house location, renter's history and age, and other factors. For the two-parent, two-child family, a four-bedroom, single detached house with a minimum claim of \$60,000 worth of possessions was used. A single parent with a child any age is placed in a two-person apartment with a minimum claim of \$30,000 worth of possessions, and an individual is considered to be in a one-bedroom apartment with a minimum claim of \$20,000. Monthly quotes are as follows:

- Two-Parent, Two-Child: \$54.68;
- Single Parent with Child Any Age: \$42.36;
- Individual: \$37.50.

Transportation

The methodology suggested by the CCPA calculation guide includes the use of one car and one eight-month public transit pass for the two parent, two child model.²³ This predictor has been altered to suit the Cowichan Valley, allowing these calculations to account for the sporadically spaced urban centers of the Cowichan region, which often require its residents to commute in order to go to work/school. For the two parent, two child model then, this cost assumes the family operates two vehicles, and for the single parent and individual models it is assumed each household operates a single vehicle. The calculation is then based upon the MBM 2016 and 2017 amounts for rural communities in BC (which represents the costs of owning and operating a second-hand vehicle) and was adjusted by the CPI to reflect current prices.²⁴ The annual costs are as follows:

- Two parent, two child model: \$10,846.72;
- Single Parent or Individual (50+): \$5,423.36.

²³ Igilka Ivanova, Tess Raithby, "Working for a Living Wage 2018," published May 2018.

²⁴ Ibid.

Other Household and Social Participation Expenses:

This number is automatically calculated by the CCPA calculation guide, using the 2016 MBM that calculates “Other” expenses at 75.4% of the combined expense of Food, Clothing, and Footwear. This amount is intended to cover toiletries and personal care items, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, minimal recreation and family entertainment, family outings (ex. museums and cultural events), birthday presents, modest family vacation time, and—when relevant—some sports and/or arts classes for the child(ren).²⁵ Annual costs are as follows:

- Two-Parent, Two-Child: \$9,202.63;
- Single Parent with Child Any Age: \$4,601.31;
- Individual (50+): \$2,300.66.

Childcare

For the family models that include children, this estimate assumes the four-year-old to be in full-time day care (licensed group child care) and the seven-year-old to be in before and after school care during the school year, full-time daycare for three weeks during winter and spring breaks, and in six weeks of full-time summer care.²⁶ Notably, childcare for infants up to three years old is generally substantially more costly and often more difficult to find, which would alter this calculation substantially for a younger family. Similarly, many child care facilities face lengthy waitlists which can cause families to be unable to be able to find standard or cost-effective child care options. For these calculations, a survey of daycare, before and after school care, professional development day care, and summer programs was conducted by SPC, from which the average prices were used to best represent the lack of financial choice available due to waitlists. The results of the survey were that full time licensed group care cost \$8,575.43, out of school care came out at \$3,673.50, full-day Care during winter and spring break amounted to \$585.96, and the cost of summer programs was \$1,048.00. For the family models, the annual results are as follows:

- Two-Parent, Two-Child: \$13,882.89;
- Single Parent with Child Younger than Five-Years: \$8,575.43;
- Single Parent with Child Five-Years or Older: \$5,307.46.

²⁵ Igilka Ivanova, Tess Raithby, “Working for a Living Wage 2018,” published May 2018.

²⁶ Ibid.

MSP Premiums:

MSP Premiums are mandatory contributions to the provincial health program, which are based on family size.²⁷ This calculation is made automatically in the CCPA calculation guide based upon the “net adjusted income,” where families with an income below \$30,000 are eligible for at least partial subsidization.²⁸ For 2018, the provincial government cut MSP premiums by half, the results per annum are as follows:

- Two Parent, Two-Child: \$75.00;
- Single Parent with Child Any Age: \$37.50;
- Individual (50+): \$37.50.

Non-MSP Health Care Expenses

This estimate assumes that the family’s health care expenses are equivalent to the cost of purchasing private health insurance. This amount has been obtained from the expense of purchasing Pacific Blue Cross Insurance, including coverage on the extended health care plan, prescription drug option, and dental option.²⁹ For the individual aged 50-years or older, the metric is imprecise as costs begin to increase more rapidly at growing ages.³⁰ For the purposes of this conservative estimate, the age range 55-64—the lowest available—was used. The monthly costs are as follows:

- Two-Parent, Two-Child: \$151.00;
- Single Parent with Child Any Age: \$106.00;
- Individual (50+): \$78.00.

Parent Education

For credit-based undergraduate programs (including career and technical programs) at Vancouver Island University, tuition fees are \$147.76 per semester credit hour.³¹ Calculations are for two courses (3 credits/course), with a student activity fee at 4% tuition, and a student services fee of \$6.53 per credit.³² The Cowichan campus also has a student union monthly fee of \$7.67.³³ The cost of textbooks was then obtained by surveying all required texts for summer 2018

²⁷ *British Columbia Provincial Government*, “Monthly Rates (Premiums),” from <https://www2.gov.bc.ca/gov/content/health/health-drug-coverage/msp/bc-residents/premiums>.

²⁸ Igilka Ivanova, Tess Raithby, “Working for a Living Wage 2018,” published May 2018.

²⁹ *BlueCross*, “Blue Choice Rates,” from https://pac.bluecross.ca/pdf-bin/370/34-70-210_rates.pdf.

³⁰ *Ibid.*

³¹ *Vancouver Island University*, “Tuition Fee Schedule,” last modified April 1, 2018, from <https://www.viu.ca/admissions/tuition-fee-schedule>.

³² *Vancouver Island University*, “Tuition Fee Schedule,” last modified April 1, 2018.

³³ *Ibid.*

courses and using the average to model the costs of a full degree program; the cost for textbooks is \$102.26. Per semester, the costs are:

- Two-Parent, Two-Child: \$655.42;
- Single Parent or Individual (50+): \$327.71.

Contingency Amount

This source of savings is meant to provide some element of protection in the case of unexpected events like the serious illness of a family member or transition times between jobs.³⁴ It is provided as an expense for each parent and is calculated by the equation: (The living wage amount * hours worked per week * two weeks). The yearly contingency amount is:

- Two-Parent, Two Child: \$3266.20;
- Single Parent with Child Five or Older: \$1,321.60;
- Single Parent with Child Young than Five-Years: \$1,468.60;
- Individual (50+): \$1,320.90.

Hourly Living Wage

Two-parent, Two-Child: \$23.33;

Single Parent with Child Under Five-Years: \$20.98;

Single Parent with Child Five-Years and Older: \$18.88;

Individual (50+): \$18.87.

It is important to note that this calculation fails to include additional expenses such as:

- Debt repayments from credit cards, loans, or other interest payments;
- Future savings for home ownership, retirement, or children's post-secondary education;

³⁴ Igilka Ivanova, Tess Raithby, "Working for a Living Wage 2018," published May 2018.

- Anything beyond minimal recreation, entertainment, and holiday costs;
- Costs of caring for a disabled, seriously ill, or elderly family member.

*All government deductions, taxes, and subsidies are calculated in the spreadsheet provided by the CCPA based off the living wage amount from 2017 for the Cowichan Valley

2017 vs. 2018: Understanding the New Living Wage

The findings of the 2018 report are striking when compared with those from 2017, so necessitating an explanation of why this year's result for the two-parent, two child model shows an increase of 22.47% (from \$19.05/hour), while the other three family units have seen the requisite living wage decrease. From a policy perspective, the differences in 2018 are rooted in changes to the costs of MSP premiums, childcare, and clothing. For 2018, MSP premiums have been cut in half for all family types, so creating a universal decrease in costs for all models. For childcare, a new subsidy has been introduced by which all families receive a \$100 fee reduction for each month for up to eight months—a reduction that has lowered prices for all other than the single individual, so bringing the cost of living closer together for the family models and the single individual model. Additionally, the newest survey on the market clothing basket has predicted lower costs for clothing in 2018, so too decreasing prices for all.

The remainder of the changes are due to substantive changes in the calculation method used by Social Planning Cowichan. The greatest cause of increase to the living wage—most easily seen in the two-parent, two-child model—was the inclusion of our own housing survey for the Cowichan region. While this is not the prescribed method by the calculation guide, it more accurately reflects market conditions in the region and has now indicated a more correct understanding of the cost of living in the Cowichan Valley. Counteracting this inflationary change in the single parents and individual model, however, is the adjustment made to the calculation of MSP premiums, food costs, and clothing costs. 2017 was the first year Social Planning Cowichan adjusted the calculation guide to create our additional three models, and in doing so, certain key oversights were made: the cost of MSP premiums were inaccurate, as these are pegged to family size but were instead listed uniformly; and, the cost of both food and clothing was inaccurately adjusted to represent the different family sizes. With these changes made, it appears that the living wage for single parents and individuals has decreased from 2017 to 2018, but in truth, these wages have too almost certainly increased—as with the two-parent, two-child model—for 2018. It is with this understanding that Social Planning Cowichan freely admits to error in the 2017 report and suggests the 2018 living wage report be the first to be sourced when considering trends in the cost of living for single parent and individual models.

History of the Living Wage

The living wage movement began in earnest in 1994 in Baltimore, Maryland and has since gained support throughout the United States, Canada, and the United Kingdom as an effective means to combat stagnant wages and poverty.³⁵ “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, immigrants, and community groups.”³⁶ The Living Wage for Families Campaign currently works in British Columbia with 21 communities—including the Cowichan Valley—who have calculated their living wage in an effort to provide regional data that allows communities to identify policy advocacy that would combat poverty in their community.³⁷ It has also developed a Living Wage Employer recognition process to acknowledge those employers across BC who have adopted the policy of paying a living wage.³⁸ Additionally, the campaign has worked with local partners to encourage local municipalities to pass living wage bylaws.³⁹

The Economic Context for the Living Wage

In Canada and in developed countries around the globe, stagnant wages have increasingly become a significant issue for the working class, as tougher competition for steadily inferior wages has led to greater income inequality and a diminished working class. While the nominal average wage in Canada has increased steadily, creating an illusory effect of superior return to work (or at least a return pegged to inflation), the truth in terms of real hourly wages is that the average wage in Canada reached its apex in 1976 at \$11/hour, which in 2018 dollars amounts to \$45 of purchasing power.⁴⁰ Since then, wages have remained largely stagnant, seeing the average wage increase in nominal terms only to \$27.70, a real wage decrease of \$17.3/hour.⁴¹ Meanwhile, inflationary pressures have continued to increase prices on consumer goods, accounting for the average price of a home in the Cowichan Valley to rise from \$394,000 to \$510,000 in just the past two years (2016-2018), while Statistics Canada reports inflation from May 2017 to June 2018 being the

³⁵ Jenifer Grady, “What is the Living Wage Movement,” *Library Worklife*, published June 2004, from <http://ala-apa.org/newsletter/2004/06/16/what-is-the-living-wage-movement/>.

³⁶ Igilka Ivanova, Seth Klein, “Working for a Living Wage 2016,” *Canadian Centre for Policy Alternatives*, published April 2016, from <http://livingwagecanada.ca/files/3914/6194/1180/CCPA-BC-Living-Wage-2016.pdf>.

³⁷ Ibid.

³⁸ Igilka Ivanova, Tess Raithby, “Working for a Living Wage 2018,” published May 2018.

³⁹ Ibid.

⁴⁰ Amy Minsky, “Average hourly wages in Canada have barely budged in 40 years,” last modified June 15, 2017.

⁴¹ Ibid.

largest yearly increase since 2012—with inflation in BC sitting at 3.08%, the third highest in Canada.⁴² This is why a class of working poor has developed who, despite maintaining full-time jobs, cannot provide a quality of life for themselves or their families reflective of Canada's wealth as a country.⁴³ Compounding these effects is the increasing trend of wealthy retirees relocating to the Cowichan Valley, money that further inflates prices, particularly in the housing market.⁴⁴

The Cowichan Valley is rapidly growing unaffordable and unlivable for average families, which is why the living wage seeks to provide for an income that more accurately reflects current prices and living expenses to compensate where provincially mandated minimum wage requirements have failed. Wage increases have often been resisted on the basis of contributing themselves to inflation, so negating the wage increase; however, reviews of the research done on the effects of wage increases for those in the lower classes of society have soundly rebutted this logic, illustrating that in the real world, wage increases—even when swift—fail to causally contribute to substantial inflationary pressures as it does not alter the money supply in the economy and only minimally augments the money in circulation, while the loss to businesses in wages can and is most often offset by increased productivity.⁴⁵ As such, the argument for the living wage holds in macroeconomic terms, as the process can instead promote money circulation and investment—an economic stimulus for local economies.

Why Child Poverty in BC is a Low-Wage Issue

According to the updated Child Poverty Report Card for 2017, produced by First Call: Child and Youth Advocacy Coalition, one out of every five BC children are poor, or 153,300 children.⁴⁶ Child poverty is largely due to BC's the stagnant income of parents as one out of every three children facing poverty in BC have at least one adult working on a yearly, full-time basis.⁴⁷ In fact, the majority of poor

⁴² *Statistics Canada*, "Consumer Price Index, June 2018," from <https://www150.statcan.gc.ca/n1/daily-quotidien/180720/dq180720a-eng.htm>.

⁴³ *Ibid.*

⁴⁴ Peter Mitham, "Retirement Ready: Retiring to Vancouver Island," *Business Vancouver*, last modified January 31, 2017, from <https://biv.com/article/2017/01/retiring-vancouver-island>.

⁴⁵ Sara Lemos, "The Effect of the Minimum Wage on Prices," *IZA Institute of Labor Economics*, published March 2004, from <http://ftp.iza.org/dp1072.pdf>.

⁴⁶ First Call, "2017 BC Child and Poverty Report Card," published 2018, from <https://still1in5.ca/wp-content/uploads/2017/11/2017-BC-Child-Poverty-Report-Card.pdf>.

⁴⁷ *Ibid.*

children in BC live in working poor families, a classification given to those who work but do not earn a net income above Canada's poverty line.⁴⁸

Becoming a Living Wage Employer: A Business Case for the Living Wage

Often viewed as conflictual are the interests of business and its employees; however, along with improving working conditions and the financial security of labourers, employers and businesses can too gain from the adoption of a living wage policy. Studies have found that in the case of living wage practices, business can expect to see improved job quality, productivity, and service delivery, as stresses from economic anxiety are eliminated and incentives are restructured, so resulting in an instant return in terms of productivity.⁴⁹ Additionally, lower rates of absenteeism and employee turnover follow, the latter causing savings in hiring and training, and both contributing even further to heightened output.⁵⁰ Local businesses can also expect to see a stimulated economy as increased “disposable income [is] likely to boost purchases more for lower-income than for higher-income households.”⁵¹ Lastly, businesses will experience greater corporate social responsibility and firm reputation which leads to becoming an employer of choice, necessary for retaining a talented and motivated workforce.⁵² As a mayor of London—a living wage city—once put it, “what may be viewed to a company [as] an unaffordable cost [a living wage]... should more often be viewed as a sound investment decision.”⁵³

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.

⁴⁸ *First Call*, “Living Wage for Families,” last modified June 22, 2015, from <https://firstcallbc.org/living-wage-for-families/>.

⁴⁹ *Living Wage Canada*, “The Business Case for Paying a Living Wage,” from http://livingwagecanada.ca/files/7213/8269/9483/Living_Wage_doc...pdf.

⁵⁰ *Ibid.*

⁵¹ Doug Elmendorf, “The rich are harder to stimulate than the poor,” *The Economist*, last modified December 9, 2010, from <https://www.economist.com/democracy-in-america/2010/12/09/the-rich-are-harder-to-stimulate-than-the-poor>.

⁵² *Living Wage Canada*, “The Business Case for Paying a Living Wage,” from http://livingwagecanada.ca/files/7213/8269/9483/Living_Wage_doc...pdf.

⁵³ David Skelton, “The Moral, Social and Economic Case For A Living Wage,” *The Tory Referendum Group*, last modified May 30, 2010, from <https://www.trg.org.uk/the-moral-social-and-economic-case-for-a-living-wage/>.

The Social Case for the Living Wage

The goal of the living wage is to promote social health and sustainability; it is designed to enhance the long-term well-being of the employee, as well as that of his or her family and community.⁵⁴ At the current minimum wage of \$12.65/hour, there are thousands of families in British Columbia who are living below the poverty line.⁵⁵ For families, this means children are unable to live a stable lifestyle due to frequent movement and the resulting lack of continuity in their education and with friends. Moreover, parents are forced to work more at lower wages, leading to less time spent with their children. A statement from Ellen Pekeles, the Senior Vice President of Operations at Vancity—BC’s largest living wage employer—addressed this saying, “If both parents in a family are working full-time, their children should not be living in poverty. Just as we consider our environmental footprint, it’s our hope that more BC employers will consider their social and economic impact and pay their employees a living wage.”⁵⁶

Additionally, according to the Living Wage for Families Campaign, income is perhaps the most important determinant of health.⁵⁷ This occurs because our income level shapes our overall living conditions, affecting psychological functioning and influencing health-related behaviours.⁵⁸ In terms of civic engagement, allowing adults to work fewer hours to get by allows for greater participation in community life and ability to provide volunteer services, and the opportunity to spend more time with children in both personal and community capacities, while also the opportunity to pursue further education and/or skills training in order to qualify for higher-paying positions is now readily available. In these ways, the cause of a living wage is the cause of a bettered community, whereby the economy will be stimulated, and social health will improve for all.

Supporting a Living Wage

If your business can afford to invest in a living wage policy, the case is clear and you can begin the process of becoming a living wage employer here: http://www.livingwageforfamilies.ca/become_a_living_wage_employer. However, not all employers are capable of paying a living wage to all employees, yet this does not

⁵⁴ *Living Wage Canada*, “The Business Case for Paying a Living Wage,” from http://livingwagecanada.ca/files/7213/8269/9483/Living_Wage_doc...pdf.

⁵⁵ *Living Wage For Families Campaign*, “Living Wage Myths and Facts,” from http://www.livingwageforfamilies.ca/tags/poverty_line_bc.

⁵⁶ *Living Wage Canada*, “Vancity – A Living Wage Employer,” last modified 2013.

⁵⁷ *Living Wage for Families Campaign*, “Living Wages are good for your health,” from <http://www.livingwagecanada.ca/files/2913/8443/7004/Health-Fact-Sheet1.pdf>.

⁵⁸ *Ibid.*

prevent the adoption of the living wage philosophy. There are several 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 – Relevant skills for future positions or other employment;
- Provide Incentives – For obtaining specific training objectives;
- Offer “Personal Days” rather than “Sick Days” to provide greater flexibility in usage.

Conclusion

The merit of the living wage is both social and financial, micro and macroeconomic, moral and industrial; and, in a community like the Cowichan Valley, dependent on local business, divided by growing income inequality, and undergoing heightened costs of living due to a retiree-immigrant supported housing market, the adoption of the living wage makes outstanding sense. Families will increasingly be forced to choose whether they can continue to afford to live in the Cowichan Valley, and without the assurance of a living wage, employers will see those talented young professionals necessary to successful business operations vacate the region. Simultaneously, these same businesses will experience decreased money circulation as income inequality grows and community health deteriorates, directly impacting local sales. The adoption of a living wage has been shown to counteract all of these concerns, while simultaneously resulting in increased productivity and business wellbeing. It is a rare moment where corporate responsibility for social and employee wellbeing and internal financial policy have aligned, and as such, it is the recommendation of Social Planning Cowichan that those who can, adopt the practice of a living wage.