

SCRD STAFF REPORT

DATE: July 13th, 2011
TO: Community Services Committee – July 21st, 2011
FROM: Julie Clark, Sustainability Education and Outreach Coordinator and Dion Whyte,
Manager of Sustainable Services
RE: **Working for a Living Wage**

RECOMMENDATION

THAT the report entitled "Working for a Living Wage" be received for information;

BACKGROUND

During the development of the draft Regional Sustainability Plan (*We Envision – One Coast: Together In Nature, Culture and Community*), the planning team raised questions concerning the Living Wage for residents of the Sunshine Coast. As part of the "Addressing Poverty" strategic direction, the draft plan identifies as a target the need to increase the number of full-time, living wage jobs on the Sunshine Coast by 2020. Calculating a living wage for the local community is identified as a proposed first step. This report presents the living wage calculations for the Sunshine Coast based on standard formulas developed by the Canadian Centre for Policy Alternatives (CCPA).

DISCUSSION

What is a Living Wage:

"A living wage is based on the principle that full-time work should provide families with a basic level of economic security, not keep them in poverty. The amount needed for a family of four with two parents working full-time to pay for necessities, support the healthy development of their children, escape financial stress and participate in their communities. For Metro Vancouver, the living wage in 2011 is \$18.81. For Metro Victoria, the living wage in 2011 is \$18.03"¹

Details about these calculations are found below, however it is important to note that the living wage is based on the assumption of a two-parent, 2 child family, with both parents working full time at 35 hours per week.

¹ CCPA, May 2010, Working for a Living Wage: Making Paid Work Meet Basic Family Needs in Metro Vancouver." Found at <http://www.policyalternatives.ca/livingwage2010>

Why Calculate the Living Wage for the Sunshine Coast?

Increasingly, organizations on the Sunshine Coast who provide services to our residents are citing a growing gap between high and low income earners – and an increasing need to provide services for those in the lowest income brackets.²

Also – groups such as the Sunshine Coast Community Foundation and VOICE on the Coast are reminding us that the Sunshine Coast is experiencing a critical deficit in young adults between the ages of 25 and 44. Jobs and income are one of the critical factors that determine whether young adults and young families make their home here. Calculating the living wage is one way of facilitating an understanding of what it takes to live on the Sunshine Coast – and what employers and local governments' roles could be in supporting a shift away from these current trends.

The recently released “We Envision” plan articulates the need for increased living wage jobs on the Sunshine Coast, via increased commitment from employers for living wage terms. Step one in working towards this goal is to know what our living wage is.

For background information on the living wage please see the attached document from the CCPA titled: “Working for a Living Wage: Making Paid Work Meet Basic Family Needs in Metro Vancouver, 2011 Update. It can also be found here:
<http://www.policyalternatives.ca/livingwage2011>

The CCPA has led the work on generating a Living Wage Calculation tool for communities to use in determining their living wage. A calculation for the Sunshine Coast has recently been completed.

The living wage for the Sunshine Coast is: \$18.80. This calculation is based on the assumption of a 2-parent, 2-child family, meaning that both parents are working full time, each earning a minimum of \$18.80 per hour to cover the basic necessities of living on the Sunshine Coast.

Notes and assumptions regarding the calculation of the Sunshine Coast Living Wage.

1. Assumptions

A family of two parents with two children aged four and seven.

(In BC, 85 percent of families are headed by couples, and 62 per cent have two or more children. And while the poverty rate is particularly high for single parent households, 67 per cent of poor children live in two-parent families.)

- Both parents working full-time, at 35 hours per week. (Full-time employment for both parents is the norm for families with children in BC.)
- Estimated family expenses in 10 categories (see box on page 3).
- The cost of government deductions (provincial and federal taxes, Employment Insurance premiums and Canada Pension Plan contributions).
- The value of government transfers like the Canada Child Tax Benefit (more on this below).
- Employers providing minimal paid vacation and sick time³

² Thomson, M. 2010. Homelessness and risk on the Sunshine Coast –a Needs and Strengths Assessment.
<http://www.scrd.ca/ResourceRegional>

2. Monthly Costs

	Notes	Monthly Costs
Food	Based on the Dietitians of Canada 2009 estimates for a nutritious diet for a family of four, adjusted for inflation. Our region is the Vancouver Coastal Health Authority calculation. ⁴	\$797.10
Clothing and Footwear	Based on Statistics Canada's calculations for the Market Basket Measure for BC communities under 30,000.	\$185.08
Shelter	Shelter costs are composed of four numbers. The first is rent for a 3-bedroom. This number was calculated based on a survey of classified ads between the end of January and the end of March (8 weeks). It should be noted that this survey excluded high-end rentals (i.e. luxury or holiday homes) from the survey calculation, and therefore represents a realistic average of rental family housing on the Sunshine Coast. Also included is a calculation of utility costs from the Dietitians of Canada 2007 report (not 2009 as it wasn't calculated as a separate number), adjusted for inflation. Phone bill and contents insurance estimates provided by CCPA calculation.	\$1366.16
Transportation	Calculation based on the operation of a vehicle and the cost of a bus pass annually. Based on Statistics Canada's 2008 MBM calculations for operating a vehicle in a BC community under 30,000. Bus pass cost provided by the SCRD.	\$445.79
Other	Statistics Canada's MBM calculates the Other expense at 74.9% of combined expense for food and clothing/footwear	\$735.65
Child Care	Based on Sunshine Coast Child Care Referral Centre's fee survey. \$800/month for full-time child care for the 4-year old; after-school care (\$14/day) and 6 weeks of summer care (\$150/week) for the 7-year old.	\$1108.33
Non-MSP Health Expenditures	Based on estimates for Pacific Blue Cross extended health insurance. Does not include costs only partly covered by insurance.	\$133.00
MSP	Provincial health care premiums.	\$121.00
Contingency Fund	Provides a cushion for unforeseen events. Based on 2 weeks pay for both parents annually.	\$219.33
Parent Education	Allows two college courses per year for one parent, to upgrade skills. Based on Capilano course and book fees.	\$88.66

³ Quote from the Canadian Centre for Policy Alternatives 2011 report, which can be found at: http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2011/03/CCPABC_Living_Wage_Update_2011_web.pdf

⁴ This is a large area - concerns or questions may arise as a result of communities like Bella Coola being included in this region's analysis. This concern is valid to an extent, but the survey is weighted by population, so the vast majority would be in the lower Mainland. The Sunshine Coast would come in at the top of the range by virtue of being a ferry community.

Not covered (from CCPA 2011 report):

“This living wage calculation does not cover:

- Credit card, loan, or other debt/interest payments;
- Savings for retirement;
- Owning a home;
- Savings for children’s future education;
- Anything beyond minimal recreation, entertainment, or holiday costs;
- Costs of caring for a disabled, seriously ill, or elderly family member;
- Much of a cushion for emergencies or tough times”

3. Comparative Costs for 2-parent, 2-child family in BC

Costs	Metro Vancouver	% of Total Expenses	Sunshine Coast	% of Total Expenses	Metro Victoria	% of Total Expenses
Food	\$768.00	14.7%	\$797.10	15.3%	\$744.19	14.7%
Clothing and Footwear	\$185.08	3.5%	\$185.08	3.6%	\$185.08	3.7%
Shelter	\$1,360.00	26.0%	\$1,366.16	26.3%	\$1,370.77	27.1%
Transportation	\$496.00	9.5%	\$445.79	8.6%	\$425.96	8.4%
Other	\$714.00	13.7%	\$735.65	14.1%	\$696.02	13.8%
Child Care	\$1,136.00	21.8%	\$1,108.33	21.3%	\$1,075.00	21.3%
Non-MSP Health Expenses	\$133.00	2.5%	\$133.00	2.6%	\$133.00	2.6%
MSP	\$121.00	2.3%	\$121.00	2.3%	\$121.00	2.4%
2 weeks pay	\$219.45	4.2%	\$219.33	4.2%	\$210.82	4.2%
Parent Education	\$89.00	1.7%	\$88.66	1.7%	\$87.50	1.7%
Total	\$5,221.08	100.0%	\$5,200.10	100.0%	\$5,049.33	100.0%

Some explanation:

- The food costs in Vancouver Coastal Health region are the highest in the province; Vancouver is lower because it is an average of the Fraser Valley food costs and VCH food costs, weighted by population.
- Shelter costs are higher because there is less available rental; the calculation for Vancouver rental covers the region; while there are higher costs in Vancouver proper, rental costs reduce significantly the further from the downtown core a family moves.
- Transportation costs are slightly higher than Victoria due to the subsidized bus pass included in the cost of parent education.

4. Comparison of Income to Living Wage in SC and Victoria

	Sunshine Coast	Victoria
Income Available from Employment with a Living Wage	\$68,432.00	\$65,774.80
Median income (Census 2006)	\$61,072.00	\$55,591.00
How much higher is the living wage than the 2005 median income?	12.1%	18.3%

Options for employers:

The living wage can be met by increasing wages, or increasing affordability (out of pocket costs) for families. Some examples of this include:

- Contributing to some or all MSP costs
- Providing group extended health care
- Providing group transit passes
- Child care contributions

Other things to consider:

- With low interest rates, mortgage payments on a house at \$300,000.00 may be more affordable than renting; however, down payments represent the biggest challenge for families working at or around this wage level. There may be opportunities for large employers to develop innovative loan schemes or contributions to down payments that could help families consider purchasing homes.

Examples of Communities and Businesses with Living Wage policies:

- See the PDF available from <http://livingwageforfamilies.ca/>