



Working for a Living Wage

Making paid work meet basic family needs in Metro Vancouver

2023 UPDATE

By Iglia Ivanova, Anastasia French & Tania Oliveira

NOVEMBER 2023



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office



Working for a Living Wage: Making paid work meet basic family needs in Metro Vancouver 2023 Update

BY IGLIKA IVANOVA, ANASTASIA FRENCH & TANIA OLIVEIRA

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ACKNOWLEDGEMENTS

The authors thank our community partners across the province for their participation in the annual community calculation process, for their insightful feedback on the calculation methodology and for always pushing us to refine the living wage calculation to better capture the realities of low-wage workers. Thanks also to our fantastic publication team at the CCPA-BC and Living Wage for Families BC for helping make this report clearer and easier to read and for ensuring that it has a wide reach.

The opinions and recommendations in this report, and any errors, are those of the authors and do not necessarily reflect the views of the publishers and the funders of this report.

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ISBN 978-1-77125-663-6

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Contents

- Summary4
- Why a living wage?5
- What’s in a living wage?.....6
- Explaining the increase in the 2023 living wage.....7
 - Cost of living continues to increase rapidly in Metro Vancouver8
 - Increases to government benefits take some pressure off stretched family budgets 12
- Getting there: The role of employers and government..... 13
- Box: Living wage rates across BC 17
- Conclusion 17

A LIVING WAGE IS:
The hourly rate that each of two parents working full-time needs to earn in order to support a family of four. With a living wage that reflects the actual cost of living in a particular community, workers are able to afford the necessities, support the healthy development of their children, escape severe financial stress, and participate in the social, civic and cultural lives of their communities.

For Metro Vancouver, the 2023 living wage is \$25.68



Summary

The 2023 living wage for Metro Vancouver is \$25.68 per hour. This is the hourly rate that each of two parents working full-time must earn to support a family of four in Metro Vancouver. The living wage is enough for a family with two young children to cover the necessities, support the healthy development of their children, escape severe financial stress and participate in the social, civic and cultural lives of their communities. It affords a decent if still very modest standard of living without the extras many of us take for granted.

Although inflation has come down from the historic highs recorded in 2022, the cost of living in Metro Vancouver continues to increase rapidly. New public investments to substantially reduce child care fees and provide a dental benefit for children, and increases to key income-tested BC government benefits have helped counterbalance some of the increases in the cost of living, but the savings are entirely eaten up by rising prices.

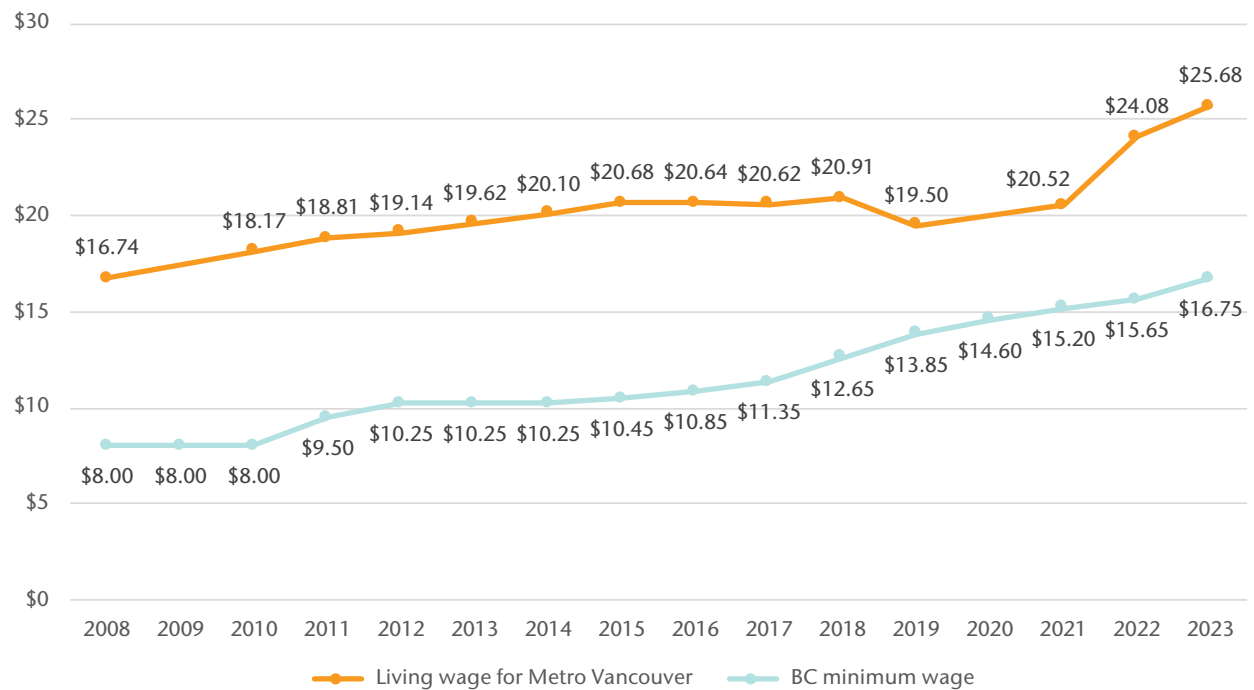
Skyrocketing rents, soaring food costs and high prices for gas and other necessities, all of which have seen price increases higher than the general inflation rate, drive this year's increase in the Metro Vancouver living wage to \$25.68 per hour—up \$1.60 from \$24.08 per hour in 2022, or 6.6% higher.

A strikingly large gap exists between the 2023 Metro Vancouver living wage and BC's current minimum wage of \$16.75 per hour. Many families earn less than the living wage and struggle to make ends meet. A third of two-parent families in Metro Vancouver have total family incomes below the living wage family income (32%).¹ Many are pushed into Metro Vancouver's farther suburbs or out of the region entirely.²

1 Data from Statistics Canada. Table 11-10-0013-01. "Census families by total income, family type and number of children." 2023. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110001301>.

2 See, for example, Cheung, Christopher. "Where Did Vancouver's Children Go." *The Tyee*. April 29, 2022. <https://thetyee.ca/Analysis/2022/04/29/Where-Did-Vancouver-Children-Go/>.

Figure 1: Living wage for Metro Vancouver compared to the BC minimum wage (\$ per hour)



Sources: *Working for a Living Wage: Making paid work meet basic family needs in Metro Vancouver* reports, 2008 to 2023.

Why a living wage?

People who work for low wages face impossible choices—buy groceries or heat the house, keep up with bills or pay the rent on time. The result can be spiraling debt, constant anxiety and long-term health problems. In many cases it means working long hours, often at multiple jobs, just to pay for basic necessities.³ Parents end up having little time to spend with their families, much less to help their children with school work or participate in community activities and we are all poorer for it.

For low-wage workers, earning a living wage is a game changer. With a living wage that reflects the actual cost of living in a particular community, workers are able to afford the necessities, support the healthy development of their children, escape severe financial stress, and participate in the social, civic and cultural lives of their communities.

The living wage is a powerful tool to ensure paid work results in a decent standard of living and enables a life that is about more than a constant struggle to get by.

The living wage is not the same as the minimum wage, which is the legal minimum all employers must pay and often does not reflect the true expenses people face. The living wage has always been higher than the minimum wage but the gap narrowed considerably between 2018 and

The living wage is a powerful tool to ensure paid work results in a decent standard of living and enables a life that is about more than a constant struggle to get by.

3 In a BC-wide survey conducted in late 2019, 29% of workers aged 25 to 65 reported having worked multiple jobs at the same time in the last three months. See Ivanova et al. "Working multiple jobs to make ends meet: More common in BC than we may think." *Policy Note*. May 6, 2020. <https://www.policynote.ca/multiple-jobs-bc/>.

2021 thanks to a combination of minimum wage increases and policy changes that improved affordability for families, including the elimination of Medical Services Plan (MSP) premiums, the creation of a new provincial child benefit and significant child care investments. However, the gap between the minimum wage and the living wage has widened rapidly in the last two years and is now close to \$9 per hour, which explains why too many people are struggling to make ends meet. Recent increases to the minimum wage (based on general inflation rates) have been welcome but clearly far from sufficient, and more must be done urgently to better support low wage workers in BC.

What's in a living wage?

CALCULATING THE LIVING WAGE

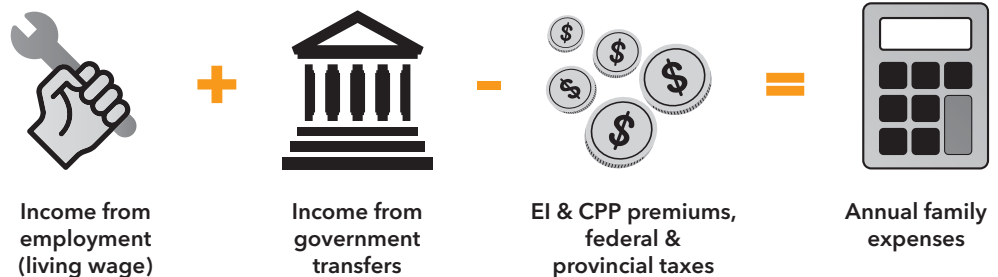
Those seeking to calculate the living wage in other BC and Canadian communities should contact the CCPA-BC office or Living Wage for Families BC for additional resources and calculation support.

Across BC, the living wage is the hourly rate that each of two parents working full-time needs to earn in order to support a family of four in their community. To calculate the living wage, we start by determining the cost of a basket of basic goods and services that reflect a decent, if modest, standard of living. The living wage also takes into account the various government benefits available for British Columbians to make life more affordable as well as the taxes and deductions that workers pay (such as income tax and Employment Insurance premiums).

This living wage methodology was developed in 2008 in collaboration with academic and social policy experts and organizations that work with low-income families and was informed by feedback from focus groups of low-income working parents and employers.⁴ It became the foundation for the Canadian Living Wage Framework and the model for living wage calculations across the country. More than 60 communities in Canada, including over 20 in BC, have used this approach to calculate their local living wage (see livingwage.ca).

The BC living wage methodology is reviewed regularly in consultation with social policy experts, community partners and other advisors, and refinements are made as needed to ensure that it continues to reflect the costs of a reasonable standard of living. For more details on the methodology and data sources used to calculate the 2023 Metro Vancouver living wage, see the stand-alone Technical Appendix accompanying this report, which can be found at policyalternatives.ca/livingwage2023.

LIVING WAGE FORMULA

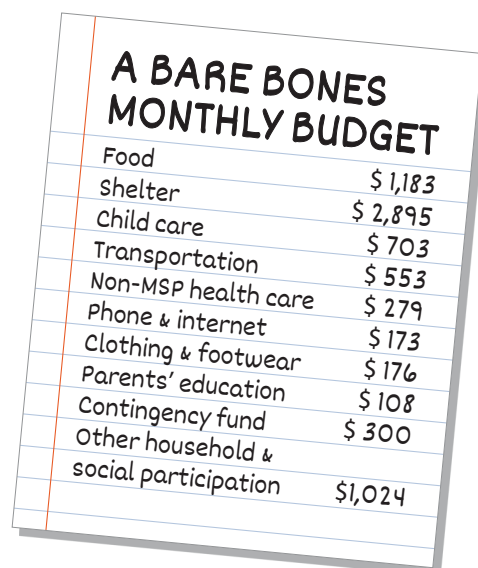


⁴ The full details are available on page 23 of the original 2008 report, which can be found at <https://policyalternatives.ca/livingwage2008>.

The monthly budget graphic shows what a two-parent family with two young children could afford with \$25.68 per hour in Metro Vancouver—or \$46,738 annually for each parent working full-time.

The 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 other unforeseen expenses.



A BARE BONES MONTHLY BUDGET	
Food	
Shelter	\$ 1,183
Child care	\$ 2,895
Transportation	\$ 703
Non-MSP health care	\$ 553
Phone & internet	\$ 279
Clothing & footwear	\$ 173
Parents' education	\$ 108
Contingency fund	\$ 300
Other household & social participation	\$1,024

Earning a living wage gets families out of severe financial stress by lifting them out of poverty and providing a basic level of economic security. But it is also a conservative, bare-bones budget without the extras many of us take for granted.

While the living wage calculation is based on the needs of two-parent families with young children, it is also meant to support workers throughout life so that young adults are not discouraged from having children and older workers have some extra income as they age. When the methodology was originally developed in 2008, the Metro Vancouver living wage for a two-parent family was sufficient to support a single-parent family with one young child. However, this is no longer the case due to sharp increases in the cost of living, particularly housing, that have not been offset by correspondingly large increases in government support for single parents. Despite recent enhancements to the BC Family Benefit that specifically targeted single parents, a single parent earning the living wage in Metro Vancouver does not have sufficient after-tax income to cover market rent, and the increasing cost of food and other basics.

Explaining the increase in the 2023 living wage

The 2023 Metro Vancouver living wage is \$25.68 per hour—up \$1.60 from \$24.08 per hour in 2022, or 6.6% higher. Increases to key income-tested government benefits and new public investments to substantially reduce child care fees and provide a dental benefit for children take some pressure off stretched family budgets. However, the savings are entirely consumed by soaring prices, especially for food and shelter, which are rising much faster than general inflation.

Cost of living continues to increase rapidly in Metro Vancouver

SHELTER: \$2,895 per month. This includes a modest rent estimate for a three-bedroom apartment plus utilities and insurance on home contents.⁵

Shelter costs for the Metro Vancouver living wage family jumped by 16.6% this year—or an additional \$411 per month—largely due to rapidly rising market rents in the region. Rent has been the most expensive item in the Metro Vancouver living wage family budget since the calculation was first produced in 2008 and rental (un)affordability continues to worsen as demand for rental housing outpaces the increase in supply.



While renters lucky enough to have stable housing have benefited from BC's rent control measures, newcomers and tenants who have to move face low vacancy rates and rapidly rising rents.

While renters lucky enough to have stable housing have benefited from BC's rent control measures, including below inflation rent increase limits in recent years, newcomers and tenants who have to move face low vacancy rates and rapidly rising rents. Concerningly, BC leads the country in evictions, a grim reality that is partly driven by BC's reliance on the secondary rental market (i.e., renting privately owned houses and condos or basement and other secondary suites).⁶

The large gap between the rents of units that turn over to a new tenant and the ones that did not has been well documented, including in our report on the 2022 Metro Vancouver living wage and in recent Canada Mortgage and Housing Corporation (CMHC) Rental Market Reports.⁷ Last year, in order to reflect that gap and develop a more realistic estimate of rent costs in Metro Vancouver and other BC communities, we used 2016 census data to estimate the “moving penalty” faced by households who had to find housing within the previous year.

Data from the 2021 census obtained through a custom tabulation from Statistics Canada show that the gap in rents paid by BC renters who moved in the last year and those who did not increased substantially between 2016 and 2021, which is consistent with the CMHC analysis. We use the 2021 census data to estimate the moving penalty for the 2023 Metro Vancouver living wage calculation.

The skyrocketing rents of units that turn over to a new tenant explain the increase in shelter costs in the 2023 Metro Vancouver living wage. Despite the big jump, the living wage family shelter budget of \$2,895 per month represents a modest estimate of the true cost of rent, utilities and tenant insurance for a three-bedroom unit in the region.

Soaring rents are forcing many families further out into suburban communities, increasing their transportation costs (as many of these communities are underserved by public transportation) and lengthening their commutes to work.

5 For more detailed information on the methodology and data sources for each budget item, see the Technical Appendix accompanying this report, available at <https://policyalternatives.ca/livingwage2023>.

6 Based on Statistics Canada data from the 2021 Canadian Housing Survey. See Griffiths, Nathan. “BC leads country in household evictions over the past five years.” *Vancouver Sun*. July 25, 2022. <https://vancouversun.com/news/local-news/b-c-leads-country-in-evictions>.

7 CMHC. *Rental Market Report: January 2023 Edition*. The last three annual editions of this report can be found at https://www.cmhc-schl.gc.ca/chic/Listing?item_ID={BD1A76B4-359A-4E39-A010-43F96C5940C2}.

FOOD: \$1,183 per month. This reflects the cost of purchasing Health Canada’s National Nutritious Food Basket,⁸ which includes a nutritious diet but does not consider special dietary needs, cultural or other food preferences and take-out or restaurant meals.

Food is the second-most expensive item in the living wage family budget and one of the fastest-growing, dwarfed only by the costs of shelter. Food prices in BC (and across Canada) are increasing nearly twice as fast as general inflation, as indicated by the Consumer Price Index for food. Food costs rose by 6.1% since last year, adding an extra \$68 per month to the family budget.

High food prices, accompanied by record profits for big grocery chains, prompted a study by Canada’s Competition Bureau and a review from a federal parliamentary committee, both of which have now produced reports with recommendations.⁹ In October 2023, the federal government outlined initial steps of their plan to stabilize food prices across the country, which—if successful—would moderate living wage increases in 2024.

CHILD CARE EXPENSES: \$703 per month out-of-pocket. This includes child care fees averaging \$1,218 per month (for a four-year-old in full-time licensed group care and a seven-year-old in before- and after-school care, full-time care during three weeks of winter and spring breaks, and six weeks of full-time summer care) reduced by the amount of the BC Affordable Child Care Benefit for which the Metro Vancouver living wage family is eligible (an average of \$515 per month).¹⁰

Out-of-pocket child care expenses were 21% lower in 2023 than in 2022, the second-largest decline since the Metro Vancouver living wage was first calculated in 2008.¹¹ The decline is due to the substantial new fee reductions for licensed child care spaces. Parents of children under age five in licensed child care benefitted from large fee reductions implemented in December 2022 as part of the federal government’s historic Canada-wide Early Learning and Child Care initiative. Parents with children in licensed school-age care programs benefitted from new provincially funded fee reductions as of September 2023.¹² These new child care reductions have more than offset the impact of rising fees for summer programs and school-holiday care for school-age children on the living wage family budget. Additionally, BC has seen an increase in the number of licensed child care spaces charging only \$10 a day, although these still account for a small minority of available spaces (approximately 15% of all licensed spaces in Metro Vancouver as of June 2023).¹³

Child care expenses used to be the second-largest expense for the living wage family—rivaling the cost of rent—but a series of provincial and federal investments in child care affordability



Food is the second most expensive item in the living wage family budget, and one of the fastest-growing, dwarfed only by the costs of shelter.

8 BC Centre for Disease Control. *Food Costing in BC 2022: Assessing the affordability of healthy eating*. Vancouver: BC Centre for Disease Control, Population and Public Health Program, 2023. http://www.bccdc.ca/Documents/Food_Costing_in_BC_2022_Report_FINAL.pdf.

9 See Competition Bureau Canada. *Canada Needs More Grocery Competition: Retail Grocery Market Study Report*. Gatineau: Competition Bureau of Canada, 2023. <https://ised-isde.canada.ca/site/competition-bureau-canada/en/how-we-foster-competition/education-and-outreach/canada-needs-more-grocery-competition>, and Standing Committee on Agriculture and Agri-Food. *Grocery Affordability: Examining Rising Food Costs in Canada*. Ottawa: House of Commons Canada, 2023. <https://www.ourcommons.ca/DocumentViewer/en/44-1/AGRI/report-10/>.

10 The BC Affordable Child Care Benefit is an income-tested government payment designed to assist low- and middle-income families with their child care expenses. This benefit is paid directly to the child care provider which in turn reduces the fee payable by parents.

11 Out-of-pocket child care expenses fell by 42% for the living wage family in 2019 when the BC Affordable Child Care Benefit was introduced. See <https://policyalternatives.ca/livingwage2019>.

12 Both fee reduction programs require licensed child care providers to opt in, but an overwhelming majority of licensed providers have opted in according to the Ministry of Education and Child Care.

13 According to data provided by the Ministry of Education and Child Care, accessed on October 12, 2023. <https://studentsuccess.gov.bc.ca/childcare>.



Unfortunately, not all families with young children are benefitting from these substantial fee reductions because demand for licensed child care spaces far outstrips supply.

over the last five years have resulted in child care expenses dropping to a distant third, behind food. Affordability has improved enormously for families with a spot in a participating child care program. The out-of-pocket child care costs for the Metro Vancouver living wage family are half of what they were six years ago in the 2017 living wage (and the reduction is larger when inflation is taken into account). Families who are lucky enough to access \$10-a-day child care are seeing even larger savings.

Unfortunately, not all families with young children are benefitting from these substantial fee reductions. Securing a spot in a licensed child care program is easier said than done and often involves years-long waiting lists because demand far outstrips supply. Much of Metro Vancouver is a child care desert¹⁴ and there are only 2.7 licensed child care spots for every 10 children under five years.¹⁵ Many Metro Vancouver families are forced to choose between reducing the hours that they work or using unlicensed child care providers who are not eligible for the provincial fee reductions and charge considerably more. Unlicensed child care arrangements are eligible for much smaller dollar amounts under the BC Affordable Child Care Benefit, which further increases the gap in out-of-pocket costs between families that are able to access licensed child care and those that cannot. As a result, some families may pay higher out-of-pocket child care fees than those assumed in the living wage calculation.

TRANSPORTATION: \$553 per month. This includes the amortized cost of owning and operating a used car as well as a two-zone bus pass for one parent (which is replaced with a discounted student transit pass, the U-Pass, for eight months of the year). Transportation costs increased by 1.3%.

14 Macdonald, David. "Is my community a child care desert? New map shows availability across Canada." *The Monitor*. May 16, 2023. <https://monitormag.ca/articles/is-my-community-a-child-care-desert-new-map-shows-availability-across-canada/>.

15 Authors' calculations based on population estimates for children aged 0 to 4 in 2021 and data on child care spaces eligible for the BC fee reduction initiative and the \$10-a-day program in the first half of 2023. From Ministry of Education and Child Care, <https://studentsuccess.gov.bc.ca/childcare>. Accessed October 12, 2023. This is an overestimate of child care coverage because some of the spaces eligible for a fee reduction and approved to provide \$10-a-day child care are for school-aged children.



Transportation costs are higher in many smaller communities that have inadequate (or sometimes non-existent) public transit networks. In those communities, a family requires two cars to get around, which pushes up expenses and therefore increases the living wages in those communities.

NON-MSP HEALTH EXPENSES: \$279 per month. This is \$54 per month higher than in 2022. The cost of a basic extended health and dental plan with Pacific Blue Cross insurance is used as a proxy for out-of-pocket health expenses for workers not covered by employer-provided extended health and dental plans. Note that if the living wage family opted to purchase an extended health plan, they would face additional costs for the out-of-pocket portion of expenses only partially covered by the plan. The new interim Canada Dental Benefit, which is included in the 2023 Metro Vancouver living wage calculation, helps offset some of the family's out-of-pocket health expenses (see the section on government benefits below).

PHONE AND INTERNET: \$173 per month. This includes the cost of high-speed home internet, two mobile data plans and the purchase of two basic smartphones. This is \$23 lower than in 2022, reflecting a reduction in the costs of home internet and mobile data plans.

CLOTHING AND FOOTWEAR: \$176 per month, which represents a 1% increase over 2022.

PARENTS' EDUCATION: \$108 per month, which is up \$2 since last year. This amount allows for two college courses per year so one parent can work on upgrading their training as a way out of low-wage work. A small budget for education has been included in the living wage calculation since its inception in 2008 at the suggestion of participants in our focus groups of low-wage workers. Access to training has become even more important since then because automation and technological advances are rapidly changing the way work is done.

CONTINGENCY FUND: \$300 per month—based on a yearly contingency of two weeks' wages for each parent, which provides some cushion for unexpected events like the serious illness of a family member or transition time between jobs. Up \$19 per month, or 6.6%, to account for the need to replace higher wages to cover higher family expenses while one of the earners in the family is off work.

Transportation costs are higher in many smaller communities that have inadequate (or sometimes non-existent) public transit networks.

OTHER HOUSEHOLD AND SOCIAL PARTICIPATION EXPENSES: \$1,024 per month. This covers toiletries and personal care, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, school supplies, minimal recreation and entertainment, family outings (e.g., to museums and cultural events), birthday presents, modest family vacation and some sports and arts activities for the children. This component of the family budget grew by \$53 per month since last year, or 5.5%, adding to the financial pressures experienced by many families.

Increases to government benefits take some pressure off stretched family budgets

The rapidly rising cost of living for the Metro Vancouver family is partially offset by more generous government transfers in 2023. Without this extra income, the Metro Vancouver living wage would be significantly higher.

The Metro Vancouver living wage would be significantly higher without the extra income from more generous government transfers.

The heightened affordability crisis prompted action by all levels of government. Both the federal and the provincial governments provided temporary benefit enhancement to key low-income benefits in the first half of 2023 to help cushion the impact of high prices of food and other basics for lower-income households. The Metro Vancouver living wage family's income is above the eligibility threshold for the federal GST Credit enhancement (the so-called "grocery rebate") but the family benefited from the one-off top-ups to the BC Family Benefit and the BC Climate Action Tax Credit, receiving an extra \$1,035 in the first half of 2023.

Permanent increases to the BC Family Benefit and the BC Climate Action Tax Credit came into effect in July 2023. Although the dollar value of the enhancements is modest, every little bit helps to take off some pressure from stretched family budgets. A two-parent family with two children can receive up to \$250 more per year from the family benefit and up to \$393.50 more per year from the climate action benefit.

The new interim Canada Dental Benefit is intended to help uninsured families with low and modest incomes cover the costs of dental care for their young children (under 12 years). The benefit is in place until June 30, 2024 at which time the federal government expects to have launched a public dental care plan for uninsured Canadians earning less than \$90,000 per year. The benefit has a fixed dollar value based on income (up to \$650 per child) and does not represent reimbursement of actual child dental expenses. The Metro Vancouver living wage family is eligible for a partial benefit of \$390 for each of its two children. This offsets 23% of their total non-MSP health expenses and shaves off 31 cents from the 2023 Metro Vancouver living wage.

The Canada Child Benefit remains the single largest government transfer for living wage families in BC, providing over \$7,400 for the Metro Vancouver living wage family and more for families with lower incomes. The BC Affordable Child Care Benefit, discussed earlier in the report, is the second-largest transfer for the Metro Vancouver living wage family at over \$6,000 in 2023. Notably, this benefit remained unchanged after the introduction of large new child care fee reductions, meaning that some lower-income BC families are now paying less than \$10 per day for licensed child care. Unfortunately, the existing shortage of child care spaces means that not all families with young children are able to benefit.

Employers get behind the living wage

A growing number of BC employers are seeing the value of paying living wages—there are nearly 400 certified Living Wage Employers across BC, including many small businesses, non-profit organizations, unions and cooperatives. Ten municipalities, three First Nation Councils and three school boards have adopted living wage policies as of October 2023, including the cities of North Vancouver, Quesnel and Victoria as well as Métis Nation BC and Squamish Nation. In 2022, YVR airport became the first Living Wage airport in Canada.

These employers have committed to pay all their direct staff and contract employees a living wage and to require their major service providers to also pay a living wage, including for janitorial, security and food service contracts. Living Wage for Families BC, a program of the Vancity Community Foundation, runs the living wage certification for employers in BC.

Regrettably, the City of Vancouver decided to end its living wage policy in early 2023. The decision was made in a closed-door meeting with no public consultation.

For the full list of Living Wage Employers or to become a Living Wage Employer, please contact Living Wage for Families BC at www.livingwageforfamilies.ca.



Paying living wages can have concrete benefits for employers, including reduced absenteeism and staff turnover, increased skill, improved morale and productivity levels, reduced recruitment and training costs and improved customer satisfaction.

Getting there: The role of employers and government

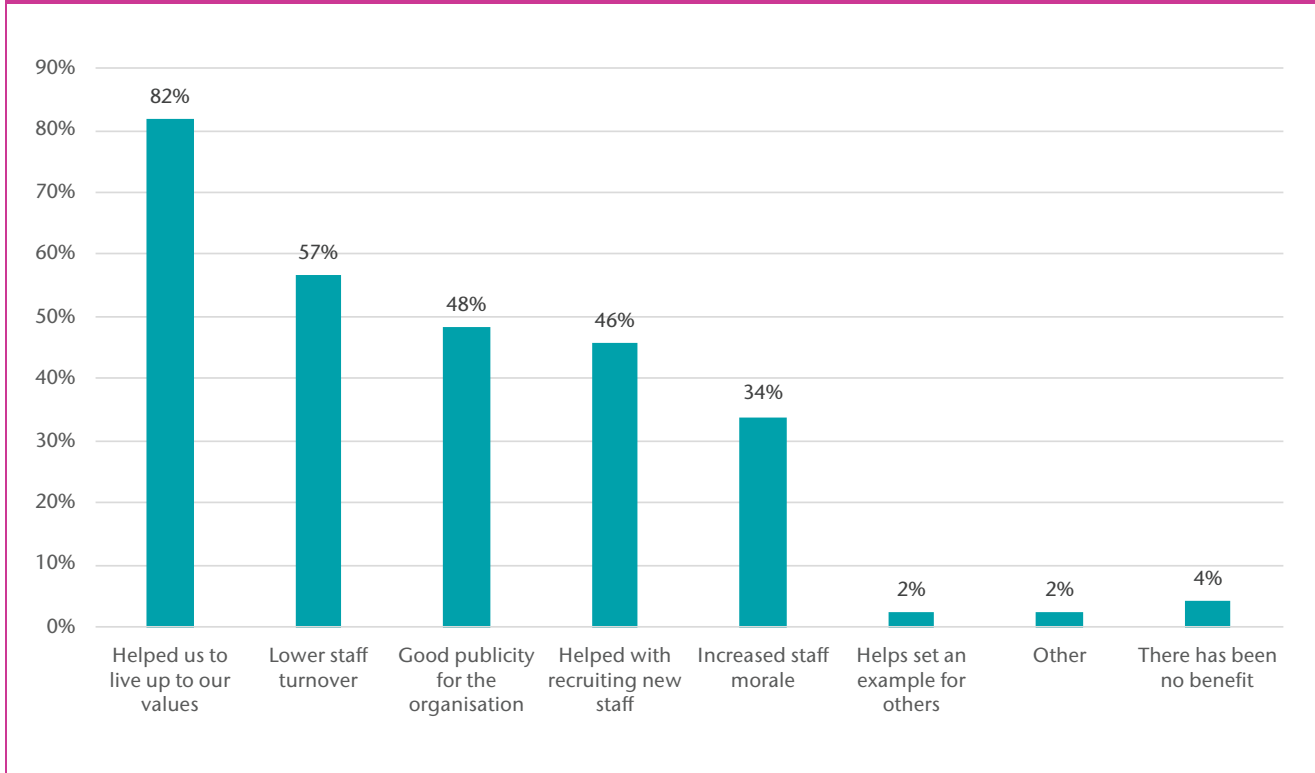
The living wage is first and foremost a call to employers to pay both direct and contract employees wages sufficient to support families. At a time of a sharply increasing cost of living, it is essential that both public and private sector employers take a closer look at the earnings of their lower-paid workers and consider how far these earnings stretch in our most expensive regions. Boosting the earnings of these households is a key contribution that employers can make to support poverty reduction efforts and pandemic recovery across the province. It is also an effective way of stimulating the local economy because lower-income families tend to spend almost all of their income in their communities.

Importantly, employer-paid benefits that reduce out-of-pocket costs for families—such as extended health and dental coverage, subsidized transit passes, paid sick time and vacation over and above the statutory minimums—can reduce the hourly rate needed to meet family expenses, just like government transfers do.

Paying living wages can have concrete benefits for employers, including reduced absenteeism and staff turnover, increased skill, improved morale and productivity levels, reduced recruitment and training costs and improved customer satisfaction. Being a living wage employer is also good for a company's reputation. For example, a study on living wage employers in London (UK) found that turnover rates were cut by 25% on average after organizations implemented a living wage policy.¹⁶

¹⁶ Wills, Jane and Brian Linneker. *The Costs and Benefits of the London Living Wage*. London: University of London and Trust for London, 2012.

Figure 2: Reported benefits of being a certified Living Wage Employer (% of respondents)



Source: 2023 BC Living Wage Employers survey conducted by Living Wage for Families BC.

The living wage is not just about employers—the labour market alone cannot solve all problems related to economic insecurity.

A recent survey of BC certified Living Wage Employers showed that 96% of Living Wage Employers have experienced some benefit from being part of the program (Figure 2).

But the living wage is not just about employers—the labour market alone cannot solve all problems related to economic insecurity. Our standard of living is a combination of earnings, benefits, government income supports and accessible public services that reduce the cost of living.

Direct government transfers can put money into the pockets of low- and middle-income households, as provincial and federal child benefits do for families with children. These benefits moderate the increase in the living wage amid a sharply rising cost of living. However, many direct transfers and subsidies are reduced or eliminated once a family reaches an income level well below the Metro Vancouver living wage. For example:

- The federal GST Credit is not available to families with combined net income above \$62,175.
- The BC Rental Assistance Program is not available to families with combined gross income over \$40,000, which is lower than the poverty line for a family of four anywhere in BC.
- The Canada Workers Benefit is not available to families with combined net income over \$43,212.

Provincial and federal governments must review all low-income transfers and credits regularly to ensure that they are not clawed back at income levels that leave many families struggling,

and that the amounts provided are in line with the actual expenses they are meant to defray (such as rent). For example, the maximum amount of the new BC Renter's Tax Credit introduced in Budget 2023 is \$400 per year, which is a drop in the bucket given the actual costs of rent in Vancouver. When government transfers fail to keep up, the families hardest hit include workers who are already marginalized in the labour market, including single mothers, Indigenous people and recent immigrants.

In addition to direct government transfers, accessible public services and infrastructure can reduce out-of-pocket costs for families and thus lower the wage needed to afford a decent standard of living.

Child care is a great example. As outlined earlier in this report, recent public investments in child care affordability (and to a lesser extent in expanding child care spaces) have resulted in substantial savings for parents with children under age five in licensed child care.

However, even with those investments, most BC parents continue to pay significantly more than what they would if BC fully implemented \$10-a-day child care, which is now also the goal of the new federal investments in child care. If BC had universal access to \$10-a-day child care (i.e., enough spaces so that all families who want it can enroll their children), the Metro Vancouver living wage would have been \$24.33—\$1.35 per hour lower. This highlights the power of public policy to reduce out-of-pocket costs for families.

Another public program that moderates the living wage is the U-Pass—a low-cost transit pass for students in BC public post-secondary institutions. A parent taking one college course per semester is eligible for the U-Pass for eight months, which reduces the family's transit costs and shaves off 30 cents from the 2023 Metro Vancouver living wage. The introduction of free transit for children under 12 in BC also benefits many Metro Vancouver families by expanding their transportation options. Free transit for all would make it even easier for families to make more of their trips using active transportation options, which are healthier and generally less expensive than driving.

Outside Metro Vancouver, many smaller communities have inadequate (or sometimes non-existent) public transit networks. In those communities, a family requires two cars to get around, which pushes up expenses and therefore increases the living wages in those communities. If the BC government invested in expanding transit options in smaller towns and rural areas then the living wage in many communities across BC would be lower, making life easier for both workers and local businesses.

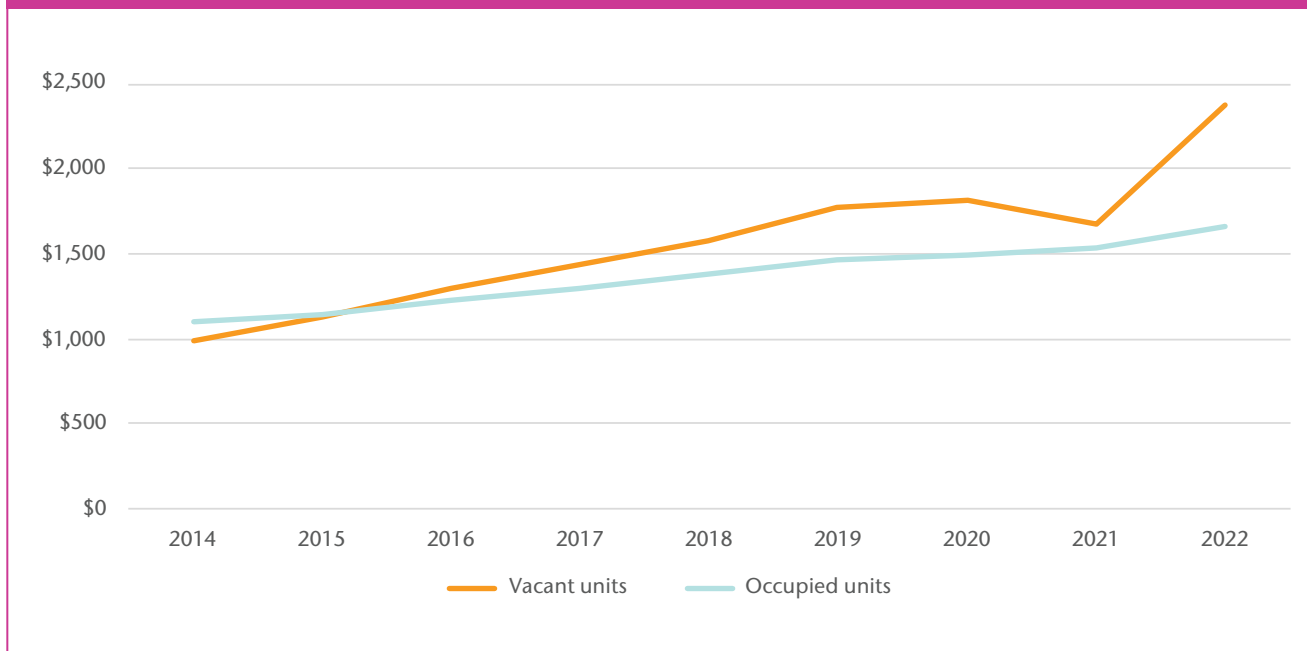
Skyrocketing rents put enormous pressure on family budgets in Metro Vancouver and across the province, hoovering up any savings from child care fee reductions and higher government benefits. While the BC government caps annual rent increases for existing tenants (up to 2% in 2023 and 3.5% in 2024), staggering rent increases occur when units turn over to a new tenant, affecting renters who need to move (Figure 3).

No government efforts to address the high cost of living can succeed without moving the dial on housing affordability. While it has been encouraging to see both provincial and federal leaders speak with increased urgency about tackling Canada's housing crisis over the last year,



Recent public investments in child care affordability have resulted in substantial savings for parents with children under age five in licensed child care.

Figure 3: Average rents of vacant and occupied apartments, all bedroom types, Metro Vancouver (\$ per month)



Note: One-bedroom units comprise 59% of the primary rental market stock in Metro Vancouver, with bachelor suites accounting for another 11%. This is why the average rents in this chart are much lower than the 3-bedroom rent estimate used in the living wage calculation. The corresponding CMHC estimates for the rents of vacant and occupied apartments in Metro Vancouver for a 3-bedroom or larger apartment are \$4,200 and \$2,484.

Source: CMHC. *Rental Market Report: January 2023 Edition*. 2023. <https://www.cmhc-schl.gc.ca/-/media/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2022-en.ashx>.

progress has been limited and the housing strategies tabled to date are an order of magnitude less ambitious than what is required.¹⁷

Improving housing affordability in Metro Vancouver and across the province would require a large-scale build out of non-market rental housing, an end to exclusionary zoning,¹⁸ and a major increase in the overall supply of rental homes.¹⁹ This should be combined with more effective tools to limit rent increases, such as vacancy control, which existed in BC in the 1970s.²⁰ Vacancy control ties rent to the unit and imposes restrictions on rent increases not only on continuing tenancy but also when renters move out and new tenants come in.

17 See Lee, Marc. "The federal government could make real progress on housing affordability." *The Monitor*. August 22, 2023. <https://monitormag.ca/articles/the-federal-government-could-make-real-progress-on-housing-affordability/> and Lee, Marc. "BC's Homes for People plan: Some positive steps but still behind on non-market housing." *Policy Note*. May 16, 2023. <https://www.policynote.ca/homes-plan/>.

18 Lee, Marc. *Upzoning Metro Vancouver's Low-density Neighbourhoods for Housing Affordability*. Vancouver: Canadian Centre for Policy Alternatives, BC Office, 2023. <https://policyalternatives.ca/publications/reports/upzoning-metro-vancouver%E2%80%99s-low-density-neighbourhoods-housing-affordability>.

19 Hemingway, Alex. "Five reasons supply matters to the housing crisis." *Policy Note*. September 14, 2022. <https://www.policynote.ca/housing-supply/>.

20 See Lee, Marc. "Vacancy control: taking the next step on housing affordability." *Policy Note*. February 11, 2021. <https://www.policynote.ca/vacancy-control> and Aiello, Daniela. *Flipping the Script on Vacancy Control: A Critical (Re)evaluation of Rent Control Literature and Policy in the Struggle for Housing Security in BC*. Burnaby: BC General Employees' Union, 2023. https://assets.nationbuilder.com/bcgeu/pages/13887/attachments/original/1694190228/Aiello_-_BCGEU_VC_Article__FINAL_VERSION_-_Sep_7_2023.pdf?1694190228.

Living wage rates across BC

This year, 19 BC communities are releasing their 2023 living wage calculations at the same time:

- Clayoquot Sound \$26.51
- Columbia Valley \$22.63
- Comox Valley \$22.02
- Cowichan Valley \$25.20
- Daajing Giids \$26.25
- Dawson Creek \$20.64
- Fraser Valley \$20.66
- Golden \$25.78
- Greater Victoria \$25.40
- Kamloops \$20.91
- Kelowna \$24.60
- Metro Vancouver \$25.68
- Nanaimo \$22.87
- Nelson \$21.14
- Powell River \$25.06
- Prince George \$22.09
- Revelstoke \$24.60
- Sunshine Coast \$25.61
- Trail \$21.55

For a full list of communities see www.livingwageforfamilies.ca.

Without a large-scale infusion of public affordable housing, stricter rent control measures tied to the unit rather than the tenant and addressing the overall shortage of homes, the costs of rent will continue to offset and effectively wipe out affordability improvements in other areas. The good news is that the BC government has the fiscal capacity to scale up public investments in non-market and below-market rental housing, and that affordable rental housing could be self-financing in the long run, as the CCPA–BC’s Alex Hemingway has demonstrated.²¹

A key way employers can help moderate increases in the living wage is to advocate for better income supports that reduce financial pressure on low- and middle-income earners and enhanced public investments in programs that reduce costs and improve quality of life for all families—like affordable housing, universal access to low-cost child care, free transit, a public dental care plan and pharmacare.

Conclusion

The 2023 living wage for Metro Vancouver is \$25.68 per hour. This is the hourly rate that each of two parents working full-time must earn to support a family of four with two young children in Metro Vancouver. Across the province, living wages range from \$20.64 per hour in Dawson Creek to \$26.51 per hour in Clayoquot Sound.

The living wage is more than just a financial benchmark; it is a commitment to ensure that everyone's labour is adequately rewarded and that paid work guarantees a decent standard of living. This is a higher bar than just meeting basic needs. With a living wage that reflects the actual cost of living in a particular community, workers can afford the necessities and also have the resources and time to participate in the social, civic and cultural activities that enrich our communities.

²¹ See Hemingway, Alex. “Financing public housing: how a massive expansion of rental homes can literally pay for itself.” *Policy Note*. April 21, 2022. <https://www.policynote.ca/financing-public-housing>.

Without a large-scale infusion of public affordable housing, stricter rent control measures and addressing the overall shortage of homes, the costs of rent will continue to effectively wipe out affordability improvements in other areas.



As the next provincial election looms, it is imperative that political parties put forward tangible strategies in response to the affordability crisis that workers continue to face across BC.

A strikingly large gap exists between BC’s minimum wage and the living wages in Metro Vancouver and in communities across BC. Many BC families earn less than the living wage and struggle to make ends meet. In the spring of 2023, over one quarter (27%) of British Columbians reported that it was difficult for their household to meet its financial needs in the previous year.²²

The living wage is first and foremost a call to employers to do their part and pay both direct and contract employees wages sufficient to support families. And a growing number of BC employers are stepping up. Ten municipalities, three First Nation Councils, three school boards and nearly 400 other employers have committed to pay their staff and contractors a living wage. These efforts need to be mirrored on a larger scale by the provincial government establishing a living wage policy for both its direct employees and contractors and by encouraging all BC public bodies to follow suit (e.g., universities, hospitals, school boards).

As the next provincial election looms, it is imperative that political parties put forward tangible strategies in response to the affordability crisis that workers continue to face across BC. Embedding living wage policies in government procurement systems and bridging the staggering gap between the living wage and the minimum wage in BC are effective ways to promote economic security for people across the province. In addition, BC needs more generous income supports to alleviate financial pressure on low- and middle-income earners, and enhanced public investments in programs and infrastructure that make life more affordable for all families such as affordable housing, universal access to low-cost child care, free transit, a public dental care plan and pharmacare.

22 Data from Statistics Canada’s Canadian Social Survey. Table 45-10-0086-01. “Difficulty meeting financial needs, by gender and province.” 2023. <https://www150.statcan.gc.ca/t1/tb11/en/tv.action?pid=4510008601>.



**Living Wage for
Families BC**

Living Wage for Families BC aims to reduce poverty for workers and their families. They certify and promote employers who pay their staff and contractors a living wage, and advocate for complementary government policies that would help families make ends meet. They are a program of Vancity Community Foundation.

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The Canadian Centre for Policy Alternatives is an independent, non-partisan research institute concerned with issues of social, economic and environmental justice. Founded in 1980, it is one of Canada's leading progressive voices in public policy debates.

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living wage
employer