



When all workers' wages allow them to meet the real costs of living, quality of life improves for the whole community. The Living Wage is calculated to allow a family to enjoy a basic, modest quality of life. **BY RUTH GILLESE**

What Does it Cost to Live in B.C.'s Capital Region?

IT IS IMPORTANT for all of us to talk seriously about living wages. Housing costs in B.C.'s Capital Region are among the highest in the country. Rental rates are rising and, at the same time, there are fewer rental units available.

While the unemployment rate (3.8%) in the Capital Region is the lowest in nearly four decades, employment trends are toward more low-wage, part-time jobs that support the service sector.

High costs of housing and low paying jobs negatively impact the diversity and dynamism of our community. Not many families with children can afford to settle here. Only a small number of new immigrants make their home here and young people tend to move away.

“A living wage begins to close the income gap and reduce the number of people who are disadvantaged because of poverty. This strengthens both individual families and our community, and lowers the shared social costs of poverty.”

When more people are paid a wage that allows them to meet the real costs of living, the quality of life in the community improves. A healthy economy attracts families, business, and tourists. A living wage begins to close the income gap and reduce the number of people who are disadvantaged because of poverty. This strengthens both individual families and our community, and lowers the shared social costs of poverty.

How Is the Living Wage Defined?

A living wage is the hourly rate of pay that allows a family to enjoy a basic, modest quality of life.

While it is more than a survival wage or minimum wage, it is not an affluent wage. It is lower than what is needed to obtain much of what it

considered normal in our community. A family earning a living wage:

- Adequately feeds, clothes, and shelters its household;
- Maintains the health of family members;
- Participates in activities that are an ordinary part of community life;
- Rents rather than owns their home;
- Uses public transit rather than owning a car;
- Cannot save for children's education, home, car, holidays, or retirement;
- Cannot afford house insurance;
- Cannot service loan debts or credit card bills;
- Cannot afford to care for an elderly relative or a disabled family member.

What any one person or family needs to earn in order to live varies dramatically depending on his or her circumstances. Is he single and living at home with his parents? Is she paying off heavy student loans? Do they have children, a dependant spouse, or elderly relative? Has he been out of the work force for a while because of an injury and has a large debt load? Are they carrying a mortgage in this expensive housing market?

Tax brackets and tax breaks also affect how much a given individual needs to earn. It is impossible to state a single wage that is a living wage for everyone. For this reason, the Living Wage was calculated based on the costs of living for a statistically typical family in B.C.'s Capital Region (see sidebar on page 18).

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TABLE 1: Monthly Costs of Living for a Family of Four in BC's Capital Region¹

Family Expense	Monthly Cost
Rent, 3 bedroom apt.	\$950.00
Utilities	\$75.83
Food	\$654.46
Phone	\$52.30
Transportation	\$183.00
Clothing	\$173.28
Child Care	\$570.00
Health Care	\$245.16
Personal Care	\$72.50
Schooling	\$12.50
Recreation	\$229.01
Household Furniture	\$46.00
Household Supplies	\$40.42
Laundry	\$54.17
Banking	\$10.00
Emergencies	\$60.00
RRSP & RESP	0
Other	\$51.67
Total Monthly Costs	\$3,480.29

¹ Figures are based on data from many sources including Canada Mortgage and Housing Corporation; 2004 CRD Survey of Household Spending, BC Transit, Telus; Victoria Child Care Resource and Referral Centre; Dentists, Opticians, Vancouver Island Health Authority. See details in Living Wage report, <www.qolchallenge.ca>.

TABLE 2: Calculating the Living Wage²

Total Gross Income	\$46,410.00
minus EI, CPP, provincial and federal taxes	– \$7,133.65
equals Take Home Pay	= \$39,276.35
plus Child Tax Benefit and GST Rebate	+ \$2,493.40
equals Total Take Home Income	= \$41,769.75
minus Family Expenses ³ (\$3,480.29) x 12	– \$41,763.48
equals Income less expenses	= \$6.27

² The Living Wage was calculated prior to federal budget May 2, 2006.

³ See Table of Monthly Expenses, above.

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TABLE 3: The Living Wage

Income Earner	Living Wage Annually	Living Wage Monthly	Living Wage Hourly
1st parent: 40 hours/week	\$30,940.00	\$2,578.33 ⁶	\$14.88
2nd parent: 20 hours/week	\$15,470.00	\$1,289.17 ⁷	\$14.88
Combined Gross Income	\$46,410.00		

⁶ Take-home pay after EI and CPP deductions and taxes equals \$2,058.88.

⁷ Take-home pay after EI and CPP deductions and taxes equals \$1,214.65.

TABLE 4: Rising Cost of Housing in the Victoria Census Metropolitan Area 2004 to 2005³

Apartment Size	Average Rent		Increase
	2004	2005	
Bachelor	\$516	\$540	5.0 %
1 Bedroom	\$630	\$657	4.3 %
2 Bedroom	\$799	\$837	4.8 %
3 Bedroom +	\$918	\$976	6.3 %

³ Canada Mortgage and Housing Corporation, Rental Market Report, Victoria CMA. October 2005.

TABLE 5: Number of Apartments in the Victoria Census Metropolitan Area 2004 to 2005⁴

Apartment Size	Total Units		Change
	2004	2005	
Bachelor	2,671	2,661	0.0 %
1 Bedroom	13,381	13,299	0.0 %
2 Bedroom	7,181	7,194	0.0 %
3 Bedroom +	476	455	4.4 %
All Units	23,709	23,609	0.0 %

⁴ Canada Mortgage and Housing Corporation, Rental Market Report, Victoria CMA. October 2005.

The Living Wage has been calculated for a two-parent family with two children, one school aged and one four years old. The four-year-old child is in day care because both parents are employed. The family rents a three-bedroom apartment.

The Living Wage is based upon this family's monthly costs of living. To be able to meet the costs listed in the table to the left, with both parents employed all year, one at 40 hours per week, the other at 20 hours per week, both parents would have to be earning \$14.88 an hour.

If either parent is unable to work this number of hours per week, or does not have year-round employment, the living wage amount will have to increase or the family will not afford the expenses listed in the table.

THE MOST TYPICAL FAMILY IN THIS REGION:

- Is a two-parent family (84%).
- Has children living at home (45% of the two parent families).
- Includes two or more children (60% of two parent families).
- Has one parent working full-time and one working part-time (24%). The next most common family has both parents employed full-time (21.7%).

Sources: CRD Regional Planning Services, Municipal Profiles, Statistics Canada, 2001 Census, Statistics Canada, 2000.

The Living Wage Calculation

The Living Wage is calculated “back to front.” That is, in order to determine the hourly wage needed to meet the costs listed in the table, the calculation starts with the couple’s combined gross income.

From the combined gross income, Employment Insurance (EI) and Canada Pension Plan (CPP) contributions, and federal and provincial income tax are subtracted. The result is the couple’s take-home pay. However, the calculation does not end there. The amount of Child Tax Benefit and GST rebate to which this family is entitled is based on their take home pay. These amounts are added to the couple’s take home pay because they assist in defraying

the family’s monthly costs. The resulting amount equals the total take home income of this family.

When their monthly expenses are subtracted, only a few dollars remain. ■

The Quality of Life CHALLENGE undertook the Living Wage research in 2005–2006. The CHALLENGE is launching this data in B.C.’s Capital Region to engage employers in a dialogue about enhancing the quality of life of their employees. See <www.qolchallenge.ca> for more information.



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