

From the BC Business Online Blog "The Boss Ladies," by Lauren Bacon  
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Can you afford to pay your employees a full ten bucks above minimum wage?  
The better question might be, can you afford not to?

B.C.'s businesses have a screaming deal when it comes to minimum wage: At \$8 an hour, B.C.'s minimum wage is the lowest in Canada – and it's been frozen at that level for eight years now, even as other provinces and territories have increased their minimum wages. And as we all know, it ain't cheap to live here in Lotusland.

But how much *does* it cost to live and work in B.C.? Most of us who are in a position to hire others to work for us are earning well above minimum wage, so it can be hard to know what it would be like to survive on just \$8 an hour (which, by the way, would pay a full-time, 40-hours-a-week employee a grand total of \$16,000 a year, *before taxes*).

Researchers at the Canadian Centre for Policy Alternatives (full disclosure here: they're a client of mine) crunched the numbers two years ago and came up with what they call a "living wage." Today they released updated figures:

In 2008, the CCPA, First Call and Victoria's Community Council published the inaugural report Working for a Living Wage. That report calculated that the living family wage was \$16.74/hour in Metro Vancouver, and \$16.39/hour in Metro Victoria. That full report, detailing the principles, rationale, methodology, data sources, and business case for the living wage calculation can be found at [www.policyalternatives.ca/livingwage2008](http://www.policyalternatives.ca/livingwage2008). Since then, however, family costs have continued to rise and changes have occurred to government taxes and transfers. And so this short report updates our calculation, providing the 2010 Living Wage for Metro Vancouver – now \$18.17/hour.

That \$18.17 an hour is calculated based on a family of four (two parents and two kids), with both parents working full-time, and factors in the costs of covering the family's basic needs, with government transfers and tax deductions applied.

So what's a small business owner to do? Can you afford to pay your employees a full ten bucks above minimum wage?

The better question might be, can you afford not to?

I know that payroll accounts for a huge portion of most entrepreneurs' overhead costs, but hear me out. I think that beyond the argument that it's just the right thing to do, there's a real opportunity here for forward-thinking business owners. Here's why:

Perhaps the most obvious benefit is the advantage you get in **employee retention and loyalty**. Well-paid employees are far more likely to stick with you (and to show up for work – frankly, I'm not sure I'd show up on time and work hard for just eight bucks). And we all know that retaining your best employees saves you a ton of money.

**Employees will buy products and services from their employers if they can afford it.** If they're underpaid, chances are slim that they'll ever become a customer.

Even if they don't buy directly from you, the money they're paid **goes back into the economy** and ultimately benefits the business community at large. (And money spent on lower-wage workers is more likely to go back into the economy because they usually can't afford to save it.)

As with many other socially conscious business practices, there are **branding and marketing** advantages to being seen as a company that cares about your community.

**The payroll taxes we pay come back to businesses.** The government can't give back to the business community without our tax dollars.

In a perfect world, I'd love to see B.C. adopt the living wage as our minimum wage – after all, paying people less than a living wage is essentially guaranteeing that they'll remain trapped in the cycles of poverty. Maybe that could happen if the business community joined forces with the other voices seeking progress on this issue, because my suspicion is that right now our provincial government regards it as a labour-led issue rather than something their entrepreneurial constituents are concerned about.

In the UK, the living wage has been adopted by many leading employers in the corporate, government and non-profit sectors – according to the CCPA, the list of living wage employers there includes HSBC Bank, KPMG, PriceWaterhouseCoopers, greater London Authority, London's Underground subway system, four east London health trusts, Queen Mary University, London School of Economics, the School of Oriental and African Studies, and Westway Development Trust.

It's worth noting that the living wage includes benefits, so if that \$18.17 hourly wage makes you balk, consider how your employee benefits might lower that figure to a comfortable level.

There's lots more info for employers on the Living Wage for Families website, including a handy PDF form you can use to apply to become an official Living Wage Employer.

Our company is doing it. Who's with us?

Read more: <http://www.bcbusinessonline.ca/bcb/bc-blogs/boss-ladies/2010/05/07/living-wage-investment-bc-employers#ixzz0nYd1MBmp>