

# The real cost of raising a family in Metro Vancouver

By Seth Klein, Marcy Cohen and Tim Richards, Vancouver Sun May 4, 2010

Families who work for low wages face impossible choices -- buy clothing or heat the house, feed the children or pay the rent. The result can be spiralling debt, constant anxiety and long-term health problems. In many cases it means working long hours, often at two or three jobs, just to pay for basic necessities. Parents end up with little time to spend with their families, help their children with school work, or participate in community activities.

For six years running, B.C. has had the highest child poverty rate in Canada. The story of child poverty is very much a story of low wages. More than half of B.C.'s poor children (56 per cent) have at least one parent working full-time all year. That's why the living wage is one of the most powerful tools available to address this troubling state of poverty in B.C.

In 2008, the Canadian Centre for Policy Alternatives, the First Call Child and Youth Advocacy Coalition, and Victoria's Community Council copublished the inaugural report *Working for a Living Wage*. That report calculated that the living family wage was \$16.74 an hour in Metro Vancouver and \$16.39 an hour in Metro Victoria. Since then, however, family costs have continued to rise and changes have been made to government taxes and transfers.

Today, the CCPA, First Call, and the Living Wage for Families campaign released an updated 2010 Living Wage for Metro Vancouver -- it is now \$18.17/hour.

Importantly, a living wage is not the same as the minimum wage, which is the legal minimum all employers must pay. The living wage sets a higher test -- it reflects what earners in a family need to bring home, based on the actual costs of living in a specific community. It is the hourly rate at which a household can meet its basic needs, taking into account both government transfers to families (such as the Canada Child Tax Benefit) and deductions such as income and payroll taxes.

The calculation is based on a family of four with two young children, and presumes that both parents are working full time. (Importantly, the living wage is also enough to support a single parent with one child.) But this is also a conservative budget, with virtually no wiggle room for extras many of us take for granted. It does not cover items such as: credit card or other debt/interest payments; savings for retirement; or savings for children's future education.

The 2010 Living Wage is 8.5-percent higher than two years ago. What's driving the increase? The food amount is up considerably, according to data from the Dietitians of

Canada. Rent increases are also a big driver, according to CMHC data. And child care fees jumped \$113/month after federal and provincial cuts that effectively cancelled out what families now receive in the federal Universal Child Care Benefit each month.

Notably, the costs of these essential items that low-income families cannot avoid have increased by more than the general rate of inflation (CPI).

The living wage campaign is a call primarily to large private-and public-sector employers to pay wages to both direct and contract employees sufficient to provide the basics to families with children.

And that is starting to happen. Two credit unions are now official living wage employers. So is Atira Women's Resources Society, a large social housing provider. And just last week, the City of New Westminster became the first municipality in Canada to adopt a comprehensive living wage policy, a truly bold decision.

Research has shown that paying living wages has concrete benefits for employers, including increased morale and productivity levels, reduced recruitment and training costs, and improved customer satisfaction.

In a time of economic recession or jobless recovery, it is particularly important that public-sector employers (municipalities, school boards, health authorities, etc.) and financially healthy private-sector companies mitigate the downturn by enhancing the earnings of low-income families. Given that low-income families tend to spend almost all their income in their local communities, boosting the earnings of these households is one of the most effective ways to stimulate the economy.

Government policies and programs also have a direct impact on the living wage calculation. If governments increased transfers like the Child Tax Benefit or the BC Rental Assistance Grant, then the living wage would be less. Similarly, if we had a universal publicly-funded child care system, the living wage would be dramatically less. Given this, a key way employers can reduce the payroll costs of the living wage is to advocate for these kinds of progressive policy changes.

Klein, Cohen and Richards are co-authors of *Working for a Living Wage 2010: Making Paid Work Meet Basic Family Needs in Metro Vancouver*, available at [www.policyalternatives.ca](http://www.policyalternatives.ca).

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