



**Select Standing Committee on Finance and Government Services:
Budget 2022 Consultation Submission**

Living Wage for Families BC

September 2021

Caroline's story

Caroline lives on Vancouver Island. She works for a Living Wage Employer as a Housing Support Worker. In previous jobs, where she's not earned a living wage, it was very different. To make ends meet, she would work every day.

"I was 100% always worried. It was really stressful".

Earning a living wage means that she can afford to go to the dentist, buy a winter jacket and buy healthier groceries. However, for Caroline, the biggest difference that earning a living wage has had, is on her independence.

"I no longer have cosy up in relationships with men that I don't want to be in"

Recommendations

1. Implement a living wage policy for all direct and contracted provincial government staff and any company receiving COVID-19 benefits from government.
2. Raise the minimum wage with regular, predictable increases until it meets the cost of living, and then index future increases annually.
3. Introduce a permanent paid sick leave program for all workers.
4. Address growing income and wealth inequality by establishing a fairer, more progressive personal and corporate income taxation system.
5. Prioritize new child care investments
6. Scale up funding to build thousands of new social and affordable rental housing units and implement policies to help lower the cost of rent for families in BC
7. Work with the federal government to introduce universal coverage for all Canadians for prescription drugs, dental care, eye care and hearing aids as essential aspects of health care.



Living Wage
for Families BC

Work should lift you out of poverty,
not keep you there

Background

What is a Living Wage?

A living wage is the hourly amount that each of two parents, both working full time, would need in order to afford basic expenses like food, clothing, rent, and child care.

This map shows the 2019 Living Wage rates for communities across British Columbia, we will be updating these calculations in November 2021.



A Living Wage is good for employees

“Before I was earning a Living Wage. I was just surviving. I had to share a bedroom with two other people, visit food banks and buy all my clothes from thrift stores. Life was really hard. I didn’t have a partner who could help me. Now, I feel very appreciated and valued for the work I do. There are people who have worked here for ten years, and they feel the same way I do – good staff and good management. I feel much more comfortable and free.”

Vlada works for the 2400 Motel as a front desk agent. Owned by the City of Vancouver, the 2400 Motel is the only certified Living Wage motel in British Columbia, agreeing to pay their staff and contracted workers a Living Wage.

- Employees working one living wage job, rather than multiple low-wage jobs, have more time to spend with their families
- A Living Wage offers independence and peace of mind. Employees don’t have to stress about how they will make rent or afford food for their families.
- Staff feel valued and appreciated for the work that they do.



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A Living Wage is good for employers

“We strongly believe that the quality of life and overall morale and happiness of our crew translates into success for the company as a whole, with a positive ripple effect out into the greater community - not just by their positive attitude, but also by allowing them to support other local business because their wage affords them to. We feel a sense of duty to pay rent in the communities where we work and live, and being a Living Wage Employer really allows us to put our best foot forward and lead by example so that other companies may be encouraged to do the same if it is within their reach to do so. We see it as a positive way to invest in our crew and our company as a whole so that we can continue to do what we are passionate about for many years to come.” Mike Marshall, Kinsol Timber Systems.

- 93% of Living Wage Employers in the UK have benefited from certifying as an employer
- Numerous studies have found lower overtime, absenteeism, and turnover rates, as well as higher rates of employee training, within employers who pay a living wage.
- Improved staff performance: Major companies like KMPG, the San Francisco Airport, and Costco have reported improved staff performance, increased productivity, and higher staff morale after choosing to pay higher wages.

A Living Wage is good for communities

“A living wage will ensure that families of all backgrounds can afford to live and work in Vancouver, making our neighbourhoods healthier and stronger.”

-Gregor Robertson, former Mayor of Vancouver

- When children live in poverty, or when parents must work multiple jobs to stay afloat and end up with little time with their families, all of society pays the price. It is the municipality that pays for additional social services and educational resources.
- When employers commit to pay their staff and contracted a Living Wage they become community champions and this money is trickled through the local economy.
- Low-income earners tend to spend proportionally more of their income than those with much higher incomes, because those with low incomes have more essential spending needs. Those with lower incomes also tend to spend more money locally. This will help strengthen small and community-focused businesses in BC.



About Living Wage for Families BC

Living Wage for Families BC aims to reduce poverty for workers and their families. The program signs on employers to pay their staff and contractors a living wage, and advocates for complementary government policies that would help families make ends meet.

The Living Wage for Families BC is a program of First Call Child and Youth Advocacy Society. It was established in 2008. Since then, in partnership with the Canadian Centre for Policy Alternatives, we calculate annually the living wage in Metro Vancouver, and we also support over 15 communities across BC in calculating their local living wages.

To date, we have certified more than 270 Living Wage Employers, impacting over 30,000 direct staff, countless contracted workers, and their families. Certified employers include local governments like the City of Vancouver and the City of Victoria, large companies like Vancity Credit Union and Lafarge and small businesses such as Inter Mountain Enterprise in Kelowna and Technaflora Plant Products Ltd in Mission.

The impact of Covid-19 on low wage workers and employers

The COVID-19 pandemic has deeply affected Canadians and the Canadian economy. It exposed the dangers low wage and minimum wage workers face and grown the argument for all workers to earn a living wage.

When the pandemic hit in March 2020, it was those who worked in minimum wage jobs, like retail, who lost their jobs as businesses closed and public health initiatives took hold to protect citizens from disease and death. Low wage workers in healthcare and long-term care found themselves becoming ill and working in dangerous situations. The crisis brought to the general public's knowledge that many workers were employed in numerous sites and jobs, putting themselves at increased risk, just to make ends meet for themselves and their families.

When the province began to re-open, it was low wage workers in the service industry who were putting their lives on the line to keep us safe, fed and entertained.

Employers experienced challenges and uncertainties they never experienced before. They had to furlough or lay-off staff and close their doors while still needing to pay rent and other bills. However, for many, reopening again gave them an opportunity to ensure that their staff were safe and looked after – and paying a Living Wage has been key to these plans.

As a result, we have seen a 36% increase in the number of Living Wage Employers than before the pandemic. These employers know that paying a Living Wage is key to their economic recovery and overcoming the labour shortage.





Recommendations for Change

The majority of poor children in BC live with at least one working adult. Low wages and the high cost of living are a significant cause of family poverty¹.

The provincial government can take steps to both increase wages for low wage workers and decrease the cost of living across BC. In 2019, the Living Wage rates dropped across British Columbia due to child care supports introduced by the provincial and federal governments. Because of these investments the Living Wage for Metro-Vancouver was \$19.50 an hour, while without them, it would have been \$22.47 per hour. The lower living wages show the impact of good public policy. When more is provided in universal public services that everyone can benefit from, the cost of living decreases, and Canadians don't need to struggle to pay for basic goods and services privately.

There are several actions that the provincial government can take to lift low wage workers out of poverty:

1. Implement a living wage policy for all direct and contracted provincial government staff and any company receiving COVID-19 benefits from government.

The BC Government plays a significant role in local economies through its role as an employer, contractor, and investor.

Committing to pay a living wage to all government employees and enabling government-funded agencies to also pay a living wage, would highlight the government's commitment to poverty reduction. Further, it would signal to other employers that paying fair wages will become a normal and acceptable part of doing business in British Columbia.

28%
of new Living Wage
Employers who certified
this year did so because
they want to do business
with a Living Wage
Municipality.

Particular sectors that are vulnerable to low wages include social services, child care and some (non-unionised) health care. These are sectors that have been on the frontline keeping people safe and cared for during the pandemic, and at the very least should be earning a living wage for their work. The government should also look at contracts more broadly: all catering, cleaning and security that is procured and any construction work that is funded through public capital investments.

In addition, the BC Government has been very generous in providing support to many businesses that are struggling because of COVID-19. They should look to include Living Wage clauses in any future support they provide to ensure that it trickles down to low wage workers.

¹ https://firstcallbc.org/wordpress/wp-content/uploads/2020/12/First_Call_Report_Card_2020_Dec_web_final.pdf



2. Raise the minimum wage with regular, predictable increases until it meets the cost of living, and then index future increases annually.

The minimum wage should be a floor that protects low-wage workers, keeps them above the poverty line, and reduces wage inequality. We welcome the steps that the provincial government has taken to lift the minimum wage to over \$15 an hour.

However, there is still a \$4.30 gap between the minimum wage and the Living Wage for the most populated parts of BC. Minimum wage workers have to work For minimum wage workers in Victoria and Vancouver, that means they need to work an extra 10 hours a week just to make ends meet.

The Government should move forward with its promise to increase the minimum wage annually with regular, predictable increases until it meets the cost of living.

With predictable increases, employers would be able to plan in advance and not be surprised by unexpectedly higher business costs. The minimum wage should be enough for people to be able to afford to live in their communities.

3. Introduce a permanent paid sick leave program for all workers.

Over a year into a global pandemic, we're happy to see that the BC Government have finally taken steps to introduce paid sick leave for workers ill with COVID-19 and have committed to introducing a longer term paid sick leave scheme.

The majority of workers in Canada (58 per cent) don't have employer-paid sick leave and the number jumps to over 70 per cent for those earning less than \$25,000.

We look forward to working with the BC Government to shape the long term paid sick leave program so that it works for both employers and low-income workers. The quicker this legislation can be introduced the more workers will be protected. No one should have to choose between working while sick and not being able to pay rent.

4. Address growing income and wealth inequality by establishing a fairer, more progressive personal and corporate income taxation system.

Leveling the playing field is one of the best investments government can make to ensure people thrive and become full participants in society and the economy. Inequality reduces social mobility, undermining the promise of a fair society and increasing social alienation for those left behind. Currently, the richest Canadians are increasing their share of total national income, while the poorest and middle-income groups have been losing ground and the pandemic has only exacerbated these divides.² As a result, socioeconomic position has become one of the most important social determinants of education outcomes and social mobility. And studies have shown

² <https://www.policynote.ca/covid-jobs-inequalities/>



that high rates of economic inequality negatively impact on both the rich and the poor on a range of health and wellness measures³.

Beyond negative health effects, growing socioeconomic inequity erodes social cohesion, empathy and compassion, which leads to increased social isolation, stigmatization and marginalization of the poor, distrust, crime, stress and despair.

5. Prioritize new child care investments

The government's investments in child care to date are laudable. The benefits of BC's progress to date are already evident - 98% of families in \$10aDay programs report reduced financial stress and improved quality of life. BC needs to build on this momentum, and move forward with their plans to introduce a \$10aDay system.

At the moment, child care is still the second highest expense for the living wage family in most BC communities, and comprises 22% of the family budget in Metro Vancouver. Before the pandemic, parents struggled to find convenient, high quality, affordable child care, while child care providers struggled to attract and provide decent wages for early childhood educators and to keep parent fees manageable.

This situation has been exacerbated during the pandemic. In November 2020, 60% of mothers with children under the age of 13 were working less than half their usual hours, citing child care and reduced hours as reasons⁴. The lack of affordable, accessible, high quality child care remains a gaping hole in our social and economic infrastructure, which forces many parents—especially mothers—out of full, paid employment.

6. Scale up funding to build thousands of new social and affordable rental housing units and implement policies to help lower the cost of rent for families in BC

The biggest and fastest-growing expense in the living wage budget we calculate each year is housing. For example, in 2019 the median monthly rent for a three-bedroom unit in Metro Vancouver rose by \$103 to \$1,703, a whopping 6.4% increase from 2018. This is far above the 2.5% maximum allowable rental increase per year that landlords can charge to new tenants.⁵

To protect housing affordability and slow down the rapid increases in rent, the provincial government should protect the existing affordable housing stock and help create more affordable housing options for families across BC. The Province could provide incentives to local governments to protect and build housing, and could also provide more provincial funding.

Furthermore, the government should implement rent control whereby allowable rent increases would be tied to the unit, not to the tenant. This would prevent landlords from increasing rent by greater than the allowable 2.5% percent when a tenant moves out, and would give both renters and landlords greater security.

³ <https://www.bchealthyliving.ca/healthy-living/health-inequities/>

⁴ https://campaign2000.ca/wp-content/uploads/2020/12/Campaign-2000-Beyond-the-Pandemic_Rising-up-for-a-Canada-free-of-Poverty_2020-report-card.pdf

⁵ <https://www.policyalternatives.ca/livingwage2019>



7. Work with the federal government to introduce universal coverage for all Canadians for prescription drugs, dental care, eye care and hearing aids as essential aspects of health care.

There is no more basic need than that of good health and, when needed, access to resources that ensure medical needs are met.

Access to prescription medication for low-income people was a major problem pre-pandemic. One in five people also reported they were not taking medications because of their prohibitive costs, leading thousands annually to end up in hospital.⁶ The COVID-19 health pandemic has made the need for a universal, single-payer public system of prescription drugs more acute.

Canada is the only high-income country in the world with a universal health care system that does not include a universal drug plan. Instead, we have an expensive patchwork system that is costly to families and businesses, and results in inequitable access to important medications.

Provincial health care plans should also be supported to include dental and eye care, as well as hearing aids.

Conclusion

The provincial government has demonstrated care for our most vulnerable neighbours and a commitment to reducing poverty and inequality during COVID-19. Budget 2022 should build on these exciting foundations and implement further initiatives to support a just recovery for low wage workers.

⁶ <https://www.cmajopen.ca/content/6/1/E63>