

A Living Wage

for the Clayoquot Sound Biosphere Reserve Region

2015 REPORT

clayoquotbiosphere.org



The Clayoquot Biosphere Trust (CBT) is a community foundation that works with all communities in the Clayoquot Sound Biosphere Reserve region. The CBT manages the Canada Fund, an endowment entrusted to the region on the creation of the Clayoquot Sound UNESCO Biosphere Reserve.

Our Vision

To live sustainably in a healthy ecosystem, with a diversified economy and strong, vibrant and united cultures while embracing the Nuu-chah-nulth First Nations “living” philosophies of lisaak (living respectfully), Qwa’ aak qin teechemis (life in the balance), and Hishuk ish ts’awalk (everything is one and interconnected).

Our Work

- We provide grants to non-profit organizations and other qualified donees working in all sectors of the community.
- We convene and coordinate regional initiatives that benefit us all.
- We offer expertise to donors wishing to establish charitable funds.
- We support community organizations with workshops and training.
- We fund research about our region.

About the *Vital Signs* Program

Vital Signs is a biennial report by the CBT that brings together social, cultural, economic, and environmental information to tell a story about the Clayoquot Sound Biosphere Reserve region and measure the vitality of our communities. This *Living Wage* report is an important piece of the *Vital Signs* research program.

clayoquotbiosphere.org/vital-signs



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Summary - A Living Wage for the Clayoquot Sound Biosphere Reserve region

A 'living wage' is the hourly wage that each parent must earn to cover the basic expenses of an average family of four. Earning a living wage provides security for families to avoid severe financial stress and is associated with better health for children, families, and their communities.

A Living Wage for the Clayoquot Sound Biosphere Reserve Region reflects the real costs of living for the residents of our eight communities. It helps us understand and inform strategies and policies that influence affordability and the vitality of our region.

The Living Wage for the Clayoquot Sound Biosphere Reserve region is:

\$19.27 / hour

What is a Living Wage?

A 'living wage' is the hourly wage that each parent must earn to cover the basic expenses of a family of four (two adults and two children). The calculation for the living wage considers the cost of housing, food, transportation, childcare, health insurance, and other basic expenses, and is the "bare-bones" figure that a family requires to achieve an adequate quality of life.

A 'living wage' enables working families to cover reasonable costs to achieve an acceptable quality of based on the actual costs of living in a specific community, in the case of this report, the Clayoquot Sound Biosphere Reserve region.

"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 — a living wage reflects what earners in a family need to bring home, based on the actual costs of living in a specific community."¹

Work should lift a person out of poverty, not keep them there. Working families that do not earn a living wage may face difficult choices, such as deciding between paying rent and purchasing healthy food. Earning a living wage provides security for families to avoid severe financial stress and is associated with better health for children, families, and their communities.

Why a Living Wage?

The Clayoquot Sound Biosphere Reserve region on the west coast of Vancouver Island is comprised of eight communities and while it is renowned for attracting thousands of visitors annually to its natural beauty and unique culture, many residents face cost of living challenges due to the rural and remote location, limited local services, and the often seasonal nature of employment.

A Living Wage reflects the real costs of living for residents in our region. By looking at the expenses of an average family, we can understand the costs that drive wages and quality of life up or down and engage our communities in strategies and policies that influence affordability.

Regional snapshot

For more snapshot data and information on these numbers, refer to CBT's 2014 Vital Signs www.clayoquotbiosphere.org/vital-signs



Benefits of a Living Wage

- It gives families opportunity to be lifted from poverty through economic security.
- It is associated with better health for children, families, and their communities.
- It promotes social inclusion and lets people participate as active citizens in our community.
- It supports healthy child development principles.
- It is a vehicle for promoting the benefits of social programs and policies.

How is the Living Wage decided?

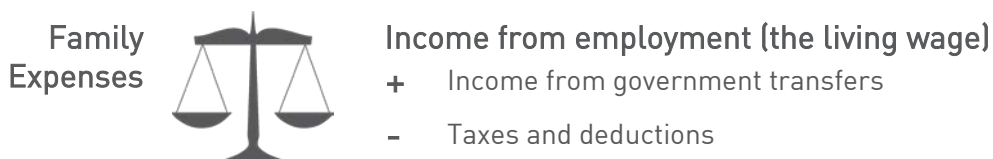
The CBT uses a national standard for the living wage calculation: The *Canadian Living Wage Framework*, developed by the Canadian Centre for Policy Alternatives (CCPA) in partnership with First Call: BC Child and Youth Advocacy Coalition.^{2,3} The CCPA and First Call are joined by non-profit and community foundations across the country to form a 'living wage community of practice' to promote the methodology and work toward building national consistency with living wage policies.

The Living Wage Family

The Living Wage is based on a family of two parents with two children aged four and seven. It assumes each parent works full time, 35 hours a week, year round.⁴ In our region, 64% of families with children are headed by couples (married or common law). Overall, at least 20% of households across the eight communities are a possible 'living wage family'.⁵ While some BC communities have determined that their living wage is also enough for single parent families, this has not been calculated for the Clayoquot Sound Biosphere Reserve region.

The Living Wage Calculation

The purpose of a living wage is to balance the expenses needed for a basic quality of life with income. Thus, the living wage is the hourly rate of pay at which a household can meet its expenses after government transfers have been added (e.g. Child Tax Benefits, GST) and government deductions have been subtracted (taxes, CPP, EI).⁴ Family expenses are described on page 6. Methodology notes on page 7 provide detail on calculation and the transfers and deductions included.



Communities of the Clayoquot Sound Biosphere Reserve region included in the Living Wage



A Living Wage for the Clayoquot Sound Biosphere Reserve Region

The amount needed for a family of four with two parents working full time to pay for necessities, support the healthy development of their children, escape financial stress and participate in their communities is \$19.27 per hour, or \$35,071.40 annually for each parent.

The family monthly expenses are based on conservative or lower than average amounts to provide just an adequate level of well-being based on what a family requires.⁴

The Living Wage for the Clayoquot Sound Biosphere Reserve region is:

\$ 19.27/hour

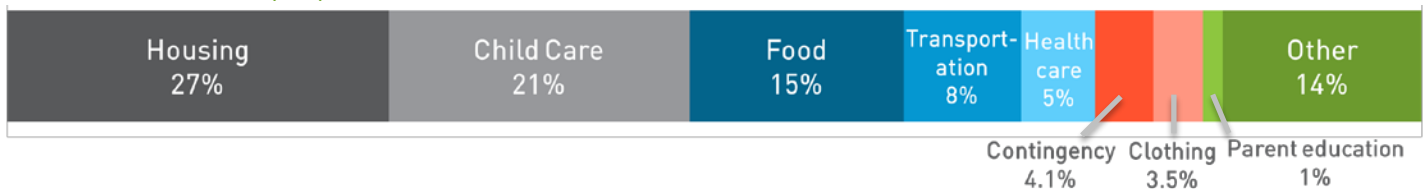
Expenses not included in the living wage:

- ✗ Credit payments
- ✗ Savings for retirement
- ✗ Children’s post-secondary education
- ✗ Cost of owning a home
- ✗ Care of elderly parents or relatives in need

Monthly expenses

Housing	\$ 1,464.17
Food	\$ 820.24
Transportation	\$ 450.29
Child care	\$ 1,154.81
Health care – MSP	\$ 144.00
Health care – extended	\$ 139.00
Clothing & Footwear	\$ 190.57
Parent education	\$ 75.58
Other household costs & social participation	\$ 762.15
Contingency	\$ 224.82
Total	\$ 5,425.62

Breakdown of monthly expenses



Description of Monthly Expenses

<p>Housing \$ 1464.17</p> <p>Median monthly rent of a three bedroom unit plus utilities, a land-line, and insurance.</p> <p>In our region:</p> <ul style="list-style-type: none"> Some communities lack three bedroom rental units, or have subsidized units, and this is not captured. The rental figure used covers about 71% of our population Median rent across communities varies greatly, from \$450 to \$1537 	<p>Food \$ 820.24</p> <p>Monthly cost of healthy eating for a family of four on Vancouver Island.</p> <p>In our region:</p> <ul style="list-style-type: none"> Food costs are up to 21% higher than neighbouring town, Port Alberni Only two of eight communities have adequate grocery stores, so families must travel outside of their communities, often by boat. Sample return trips by boat: Opitsaht \$10, Ahousaht \$40, Hot Springs Cove \$164, and by car: Macoah \$33
<p>Transportation \$ 450.29</p> <p>Monthly cost of owning, operating, and maintaining one used vehicle in a rural community.</p> <p>In our region:</p> <ul style="list-style-type: none"> Many families rely on transportation by water taxi or boat for everyday activities like visiting a doctor or grocery shopping, and this is not captured. There is no public transit 	<p>Child care \$ 1154.81</p> <p>Median monthly cost of full-time care for a four year old and out of school care for a seven year old.</p> <p>In our region:</p> <ul style="list-style-type: none"> No before school care Spring and winter breaks not covered Long wait lists for limited licensed spaces
<p>Clothing and footwear \$ 190.57</p> <p>The estimated monthly cost for a family of four.</p> <p>In our region:</p> <ul style="list-style-type: none"> That is \$47.64 per person each month There is a lack of access to a range of inexpensive or thrift clothing 	<p>Parent education \$ 75.58</p> <p>The cost of two courses at North Island College, including tuition, books, and student fees.</p> <p>In our region:</p> <ul style="list-style-type: none"> Does not consider time away from work or children, travel costs, or internet for remote, online coursework
<p>Health care – MSP \$ 144.00</p> <p>Monthly mandatory provincial cost for a family of three or more.</p> <p>In our region:</p> <ul style="list-style-type: none"> BC is the only province with basic care premiums Families must travel outside the region for medical care 	<p>Contingency \$ 224.82</p> <p>Emergency fund for unexpected events, based annually on two weeks of pay for two parents earning a living wage.</p> <p>In our region:</p> <ul style="list-style-type: none"> Does not include savings for retirement, child's education, or home buying
<p>Health care – extended \$ 139.00</p> <p>Health costs not covered by MSP such as prescriptions, eye care and dental if the family had a Pacific Blue Cross family plan.</p>	<p>Other household costs and social participation \$ 762.15</p> <p>A typical range of recreation, personal care, and other expenses calculated at 75% of the combined cost of food, clothing, and footwear.</p>

Methodology Notes

The *Canadian Living Wage Framework* includes a living wage definition and calculation methodology that has been adopted nationally as a standard.² A *Calculation Guide* specific to British Columbia, along with an accompanying worksheet were used by the CBT for this report.⁴ CCPA specialists were consulted throughout the process to verify our data and methods.

The overall formula for a living wage is:

$$\text{Working Income} = \text{Family expenses} - \text{Income from Government Transfers} + \text{Taxes and deductions} \\ \text{(The Living Wage)}$$

Government transfers reduce the amount of the living wage by providing a source of income for family expenses. The transfers considered are:

- Canada Child Tax Benefit (CCTB)
- Universal Child Care Benefit
- BC Early Childhood Tax Benefit
- GST Credit
- BC Low Income Climate Action Tax Credit
- BC Rental Assistance Program
- BC Child Care Subsidy.

Government deductions and taxes increase the amount of the living wage by taking away from employment income for taxes or premiums. This effect may be reduced through tax credits. The deductions and taxes included are:

- EI Premiums
- CPP Premiums
- Federal and Provincial taxes
- Federal and Provincial tax credits
 - Employment Tax Credit
 - Public Transit Credit
 - Children's Fitness and Arts Tax Credits
 - Tuition, education and textbook amount
 - Medical expenses
 - BC Tax Reduction

Family expenses were drawn where appropriate from provincial statistics, federal statistics, or CBT research and analysis. The full detailed methodology can be read in the British Columbia *Calculation Guide* from www.livingwagecanada.ca.⁴

Details on data sources or any deviations from the standard calculation applied by the CBT are noted below.

Taxes and transfers

Data for the living wage for 2015 was drawn from the following points of time: government transfer amounts (CCTB, GST credit and BCLICATC) for July 2014 to June 2015; UCCB and BC early childhood tax benefit for the calendar year 2015; and government deductions and taxes for the 2014 tax year.

BC Low Income Tax Credit

The Living Wage family in this report is not eligible for the credit. For a two-parent, two-child family, it ceases at a family net income of \$52,589.

BC Rental Assistance Program

The Living Wage family in this report is not eligible for assistance. Families are eligible if their gross household income (employment income plus the UCCB) is less than \$35,000.

Housing

The CBT has been collecting regional housing data since 2012 as part of the Vital Signs program. The data is collected by surveying rental advertisements on a monthly basis and requesting housing data from communities (such as through housing boards and public works, for example). No data was available from Hesquiaht or Toquaht First Nations, although in the latter it was noted that suitable 3-bedroom rentals are unavailable and a 'Living Wage Family' would likely live in neighbouring communities.

Utilities (water, fuel and electricity) were determined from Vancouver Island data in the provincial Cost of Eating Report and adjusted using the 2014 Consumer Price Index.^{6,7} A monthly landline phone was based on an unlimited local calling plan from Telus.⁸ The estimate for insurance came from Westland Insurance in Ucluelet, for the minimum amount available, which was \$50,000.

Childcare

The cost includes the median cost of full-time, year round care for the four year old, and after-school, summer and PD day care (seven per year) for the seven year old. The cost does not include winter holidays or spring breaks.

The CBT conducted phone interviews with the eight licensed childcare providers throughout the region, and used the median cost. Living Wage child care costs typically include before-school care; however, this is not available in the region by licensed providers. Some First Nations' community care providers are closed during the summer.

Food

The cost of healthy eating for a family of four living on Vancouver Island was taken from the Cost of Eating Report and adjusted using the 2014 Consumer Price Index.^{6,7}

Comparative food costs between the region and Port Alberni are from CBT's Vital Signs.⁹ Sample costs of return trips to the grocery stores were standard water taxi fees from regional businesses.

Other household expenses @ social participation

The cost is based on a calculation provided by CCPA methodology and is determined as 75% of the combined expenses of food, clothing, and footwear, drawn from the Living Wage for the region.⁴ This amount is intended to cover toiletries and personal care, furniture, household supplies, laundry, school supplies and fees, bank fees, some reading materials, Internet, minimal recreation and entertainment, family outings (for example to museums and cultural events), birthday presents, modest family vacation and some sports and/or arts classes for the children. It is assumed that \$1,000 per year out of this budget (\$500 per child) is spent on sports and/or arts programs eligible for the Children's Fitness and Arts Tax Credits, for example on swimming lessons, dance classes, team sports or music lessons.

Transportation

The cost is taken from the 2011 Market Basket Measure amount for the ownership, use, and maintenance of one car in rural communities, and adjusted using the 2014 Consumer Price Index.^{7,10} The Market Basket Measure was developed by Statistics Canada to provide a perspective on low income in Canada, and transportation amounts are highly conservative, based on less than median expenditures.

Living Wage typically includes the cost of one public transit pass, but there is no public transit in the region. Therefore, the transportation cost is conservative as it does not consider potential additional costs for a second parent.

Contingency fund

This fund is reserved for use during unexpected events and is calculated at two weeks of pay at the living wage rate for each parent.

Clothing and footwear

The cost is taken from the Market Basket Measure and adjusted using the 2014 Consumer Price Index.

Health care

MSP - In BC, there is a mandatory provincial fee for the Medical Services Plan of BC. The Living Wage family cost is the premium for a family of three or more people earning a minimum of \$30,000/year

Extended - This cost is based on a Pacific Blue Cross family plan.¹¹

Parents' education

The cost was calculated from North Island College's July 2015 fees for a basic course (not a course with additional fees such as lab fees for a science course).

References

¹ Living Wage Canada. What is a Living Wage? (2015) www.livingwagecanada.ca/index.php/about-living-wage

² Canadian Centre for Policy Alternatives. Canadian Living Wage Framework. (2015) www.livingwagecanada.ca

³ Richards, T. et al. Working for a Living Wage: Making Paid Work Meet Basic Family Needs in Vancouver and Victoria. (2008) Co-published by the Canadian Centre for Policy Alternatives, First Call: BC Child and Youth Advocacy Coalition, and the Community Social Planning Council of Greater Victoria. www.policyalternatives.ca

⁴ Canadian Centre for Policy Alternatives. Working for a Living Wage: BC Calculation Guide. (2015) www.livingwagecanada.ca

⁵ Calculated by the Clayoquot Biosphere Trust from: Statistics Canada. Census Profiles (communities included: Tofino, Ucluelet, Opitsaht, Marktosis, Refuge Cove, Ittatsoo, Esowista, Alberni-Clayoquot Regional District Area C). (2011)

⁶ Provincial Health Services Authority. Food costing in BC 2013. (2014)

⁷ Statistics Canada. Consumer Price Index. (2014)

⁸ Telus. Quote online for Summer 2015 at www.telus.com/en/bc/

⁹ Clayoquot Biosphere Trust. Vital Signs 2014. (2014) www.clayoquotbiosphere.org/vital-signs

¹⁰ Statistics Canada. Market Basket Measure – 2011 base. (Accessed 2015)

¹¹ Pacific Blue Cross. Phone consultation for Summer 2015. www.pac.bluecross.ca/