

THE CHAMBER.

GREATER VICTORIA
CHAMBER OF COMMERCE

November 29, 2017

Presentation to the Fair Wages Commission

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Often workers are forced to work for minimum wage due to a lack of employment opportunities or because they are new to the workforce.

Increasing the minimum wage is a means of making life more affordable for those who can't find a higher paying job.

This doesn't really address the problem we have in Greater Victoria.

We have as close to full employment as we are ever likely to see. Our unemployment rate is the lowest in the country at under 4%.

The biggest problem our employers have is finding and keeping workers.

In October, The Chamber hosted a round table discussion among 30 of Victoria's largest employers and they unanimously said it was their biggest problem.

These employers are not paying minimum wage.

The reason they can't find and keep workers is that workers can't afford to live here. We don't have a shortage of jobs – we have a shortage of everything else it takes to function in the workforce.

It comes down to three main issues.

First, there's the high cost and unavailability of housing. I'm not even going to talk about home ownership in a discussion about the minimum wage. Except to say that when you can't afford to buy, you rent.

Our vacancy rate is now at .07% according to CMHC's latest numbers. That's a step up from .05% and .03% over the last couple of years.

The average rent for a two bedroom place is almost \$1300 a month. Anecdotally, it's more like \$1650 for a place you'd actually want to live in. But we'll go with \$1300. That's \$15,600 a year for rent.

Second, there is the high cost and unavailability of child care. The average price in Victoria for full time licensed care is \$970 a month. That's if you can find it. We have one licensed child care space for every 8 infants and toddlers. And our population of children under 11 grew by 9 percent from 2011 to 2016. But, let's say we can find child care at \$970 a month. That's \$11,600 a year.

The third issue is the high cost and unavailability of transportation options. We need enough public transit that it's a viable alternative to the car. That means it comes frequently and it gets to your destination quickly and it's cheap. Otherwise you need a car and that costs between \$8,000 and \$9,000 a year. That doesn't include parking if you can find it. A year's worth of bus passes is about \$1000.

Let's add those costs together:

Rent for a year is \$15,600

Childcare for one child is \$11,600 a year.

A car for a year is \$8,000

That is a total of \$35,200

Full time work at \$15 per hour, is about \$31,000 a year, before taxes.

Another note about wages. They have been rising at or above the cost of living in BC. They rose 2.5% in 2017 and 2.2% in 2016, according to the Conference Board of Canada. CPI is at 2%.

So employers are keeping up with inflation, but they can't overcome the lack of availability and affordability of these other key factors that make it possible to work.

So, with regard to the first point of your mandate: yes. The minimum wage should be increased at a pace that does not cause financial trauma to employers who pay minimum wage. The more predictable and gradual the increase the better. Three years is a minimum. Longer would be better!

But to help the majority of employers and workers, here are some additional things that the province could do to help:

1. Figure out a way to help U Vic build student housing. There have been efforts for years to overcome the Province's restrictions on the university's ability to borrow to build housing. The university's estimate is that at least 10,000 rental units are being used in the region to house students living off-campus.

Ten thousand new units on campus would free up a lot of low rent housing for lower wage workers.

2. The government promised ten dollar a day child care. That would have a huge transformative effect for the better on child care. That would drop the average cost from \$11,600 to under \$3000.
3. Finally, we need funding for bus operations. The mayors in the region have asked for 2 cents a litre of gas tax to be allocated to our regional bus system by the Province. And we need bus lanes to the Westshore so the bus can get through traffic faster than the car and people will see it as a real alternative.

If the Province helped by doing those three things to make life more affordable it would help all workers and employers, and help bring the minimum wage closer to a living wage in this region.

Thank you.