



## WORKING, YET POOR IN ONTARIO

### A CALL FOR FAIR WAGES AND WORKING CONDITIONS, AND GOVERNMENT ACTION

#### ***"A job is the best route out of poverty."***

That common wisdom was heard often when federal and provincial ministers met in the 1990s to talk about child and family poverty. But is it really true? The stark reality is that for many people in Ontario, a job is no passport out of poverty. One-third of all low income children in Ontario live in families where their parent/s work full time, full year. There are workers whose home is a shelter, whose grocery store is the food bank.

The problem is that Ontario's minimum wage is too low and employment standards are out of date and ineffective.

#### **Ontario Needs Fair Wages...**

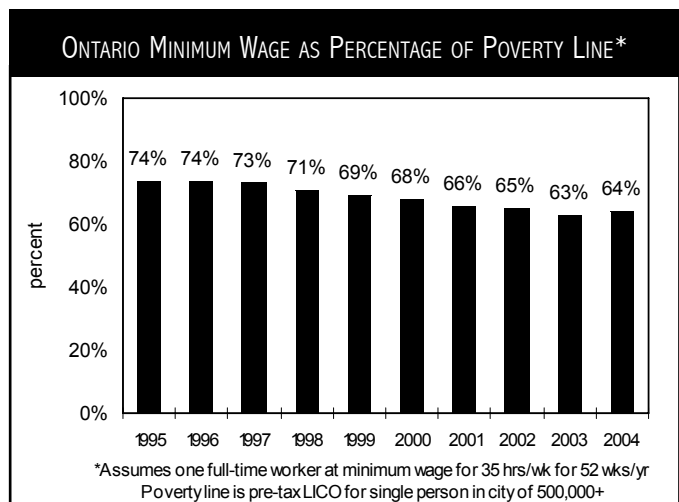
*"My husband and I are both working - how come our family is still living below the poverty line?"*

If you work full-time at Ontario's minimum wage (\$7.75 an hour as of 2006) you could not come close to reaching the poverty line. In fact, if you live in a large city, you need to earn at least \$10 an hour to reach the poverty line. Thousands of workers are working below that line.

#### **...and Fair Working Conditions**

*"My wife, teenaged daughter and I had been in Canada less than a year and had trouble finding work. We were hired by a small contractor to clean a major department store but after four weeks of consecutive night shifts our contractor refused to pay us."*

Fair wages are only part of the story. The Ontario government does a poor job protecting basic employment rights for workers.



Source: Statistics Canada, Ontario Ministry of Labour and Ontario Ministry of Finance. Calculated using Statistics Canada's Pre-tax LICO.

#### **If so many parents are working, why are so many families poor?**

In Ontario 16.1% of children are living in poverty- that's about 443,000 children. Yet one-third (33%) of low income children are living in families where their parent/s are working full time, full year. This figure has doubled since 1993 when 15% of low income children lived in working families<sup>1</sup>.

The Ontario government is keen to move people off social assistance and into the workforce. But getting a job is not always a pathway out of poverty. Poverty is a problem for many working families. We need to look at current conditions in Ontario's workplaces.

## Poor Pay

Why do we have such a high rate of child and family poverty when such a large percentage of low income parents are working?

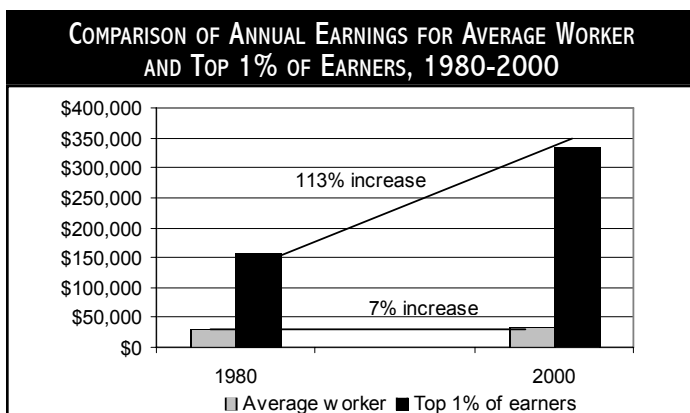
It's because so many jobs pay poor wages. One in every four jobs in Canada pays less than \$10/hour<sup>2</sup>. Ontario's minimum wage is \$7.75. Even though it's scheduled to rise to \$8.00 by 2007 that still won't be enough to ensure that working people earn wages that allow them to live above the poverty line.

Women, immigrants and workers of colour are more likely to be found in jobs with the worst wages. About 25% of all Ontario workers are low paid (earn less than \$10/hour). The figures are much higher for women workers where almost one-third of women and people of colour are low paid. The number jumps to 38 percent for women of colour<sup>3</sup>.

The impact of poor pay is reflected in child and family poverty rates which are also higher among these vulnerable groups. For example, one-half of children in female lone-parent led families live in poverty, and 32% of visible minority children in Ontario are poor. Nearly one-half (47%) of the children of recent immigrant families are living in low income<sup>4</sup>.

A lot of low paid jobs are part-time or temporary. While wages in general stagnated through the 1980s and 1990s, average wages for part-time and temporary work declined. Ten dollars an hour is considered a 'living wage' because a single person working full-time in a large urban centre would earn enough to reach the poverty line.

## Can We Afford to Pay a Living Wage?



Source: HRSDC, *Hourly Minimum Wages in Canada for Adult Workers since 1965*, and Saez, E. and Vaell, M. *Evolution of High Incomes in Canada, 1920-2000*, National Bureau of Economic Research Working Paper, 2003.

The Canadian economy has grown over past 20 years. We are just not sharing the wealth. To pay a living wage and to be able to earn a living wage is a basic requirement of social justice.

## Poor Working Conditions

The growth of insecure, unstable work and work that is not protected by labour legislation is also part of the reason why Ontario has a high child poverty rate despite the fact that so many low income parents are in the workforce.

It has become harder to find a full-time permanent job with benefits, especially for youth entering the workforce, new immigrants to Canada, and people of colour. For example, in 1989, 11% of recently hired workers held temporary jobs, but 15 years later that number had almost doubled to 21%<sup>5</sup>.

The workforce has changed over the past few decades. Now 37 per cent of all jobs are "non-standard"<sup>6</sup>. They are part-time, temporary, contract jobs or self-employed work. These jobs have little security and limited access to rights and protections. Many low income families end up being forced to juggle 2 or 3 part-time jobs to pay the bills.

This trend toward the growth of insecure, unstable work also includes a growing number of employers who hire people through temporary agencies. In Toronto it is estimated that there are over 500 temp agencies. In addition, employers are hiring people as independent contractors to avoid paying out basic employment benefits like overtime or vacation pay. Employers misclassify workers to lower the costs of running their business. Workers end up paying the price because they lose out on benefits and contributing to programs like *Employment Insurance (EI)* and the *Canada Pension Plan (CPP)*. Only 30% of Ontario's unemployed received employment insurance in 2004.

Workers in temporary and contract jobs are at higher risk of unpaid wages, wages below the legal minimum, and unpaid statutory holiday and overtime pay. Women, immigrants and visible minorities are disproportionately found in jobs with the worst wages and working conditions. Some of the reasons include: gender and racial discrimination; lack of recognition for foreign credentials and work experience; predatory employers; weak government enforcement of workers' rights, and outdated laws that assume we all work full-time, full-year.

## The Role of Unions

Research shows that a high level of unionization increases the likelihood of high wages, and reduces wage inequality. The number of unionized jobs has declined in Canada from 37.2% in 1984, to 30.4% in 2004<sup>7</sup>. The number of newly organized workers has fallen from 32,116 in Ontario in 1995, to 12,173 in Ontario for 2004.

Insecure work makes it difficult for workers to unionize. Under Ontario's Labour Relations Act workers in small workplaces must be organized and bargained for on a workplace by workplace basis, rather than in large occupational groups. The growing number of temporary workers find it almost impossible to unionize. Temp workers may be prevented from legally unionizing altogether given that they do not have a shared workplace.

## Ministry of Labour: Falling Down on the Job

The Ontario Government has a poor track record for enforcing labour laws. Low wage workers have little protection from violations of rights while on the job. The Ministry of Labour estimates that at least 1 in every 3 Ontario employers violates Ontario's Employment Standards Act<sup>8</sup>. The most common complaints from workers are: unpaid wages; no right to refuse excessive hours of work; and harassment or firing for attempting to exercise their rights.

Yet the Ministry of Labour conducts few inspections of Ontario workplaces. There's a low chance that our workplaces will be inspected so the responsibility is put onto workers to file a complaint. Most do so only after they have left the job.

If workers do file a claim for unpaid wages and are successful, they can't necessarily depend on the Ministry of Labour to collect their wages. And guilty employers are very rarely fined or prosecuted for breaking the law.

- The Ministry of Labour's current commitment to 2,500 surprise inspections means Ontario's 350,000 workplaces have less than a 1% chance of being inspected.
- Between 1990-2003, \$500 million of wages that employers had been ordered to pay were not collected by the Ministry and paid out to workers. There's an additional \$19 million identified in uncollected wages for 2003-2005.
- In 2004, only 2% of employers found guilty faced fines, and only 2% faced prosecution for breaking the law<sup>8</sup>.

## RECOMMENDATIONS:

- ❶ the Ontario Government should increase the minimum wage to \$10/hour. This wage should then be indexed to inflation. A \$10/hour minimum wage would bring a full-time worker's wages up to the poverty level.
- ❷ the Ontario Government must do a better job in enforcing the *Employment Standards Act* to ensure adequate standards for working conditions in all sectors.  
  
This will require political commitment and increased resources to:
  - carry out inspections in at least 10% of Ontario workplaces;
  - fine all employers who break the law;
  - prosecute repeat offenders;
  - collect unpaid wages.
- ❸ the Ontario Government should allow workers to organize by allowing card certification only in all workplaces (not just in the building trades), and make it easier under the *Labour Relations Act* for workers in small workplaces and precarious forms of work to organize.
- ❹ the Ontario Government should make changes to the *Employment Standards Act* to ensure that contract, temporary and self-employed workers, who are currently not protected by the *Act*, are included.

## SUMMARY

Our low wage economy and the growth of part-time, temporary and contract jobs mean that people who leave social assistance for the workforce are often still living in poverty because they are trapped in insecure, poorly-paid work. The failure of the Ontario Government to effectively enforce the *Employment Standards Act* means that our rights as workers are not protected.

If you aren't paid your wages, and lose your job it means trouble paying the bills and emotional stress for the whole family. In short, low wages, poor working conditions and the failure of the Ministry of Labour to do its job properly are some of the reasons behind Ontario's high child and family poverty rate.

## Notes:

1. Campaign 2000. *2005 Report Card on Child Poverty in Ontario*. [www.campaign2000.ca](http://www.campaign2000.ca) Note: the terms "poverty" and "low income" are defined by Statistics Canada's pre-tax Low Income Cut-Off (LICO).
2. Jackson, Andrew (2003). *Good Jobs in Good Workplaces: Reflections on medium-term labour market challenges*. Ottawa: Caledon Institute.
3. Statistics Canada, Income Statistics Division. 1999. *Survey of Labour and Income Dynamics, Custom Table R16253YC-1*.
4. Campaign 2000. Ibid.
5. Morissette, Rene & Garnett Picot (2005). *Low Paid Work and Economically Vulnerable families over the Last Two Decades*. Statistics Canada.
6. Community-University Research Alliance on Precarious Employment (2005). *Ten Ways of Seeing Precarious Employment*. Toronto: Toronto Training Board.
7. Statistics Canada, *Labour Force Survey*, and Ontario Labour Relations Board Annual Reports, 1994-95 & 2003-04.
8. Berinstein, Juana and Mary Gellatly (May 2005) *Effective and Enforced Employment Standards for Improved Income Security*. Unpublished paper for MISWAA available at [www.workersactioncentre.org](http://www.workersactioncentre.org)



Campaign 2000 is a national, non-partisan coalition of over 90 national, provincial and community partner organizations committed to working together to end child and family poverty in Canada. [www.campaign2000.ca](http://www.campaign2000.ca)



Citizens for Public Justice (CPI) is a national, non-partisan organization of citizens which promotes a public justice vision for Canada. We advocate for alternative public policies in response to God's call for love, justice and stewardship. We are justice-oriented Christians from many traditions and many political leanings, who engage the political process. [www.cpj.ca](http://www.cpj.ca)



The Workers' Action Centre is a worker-based organization in Toronto committed to improving the lives and working conditions of people in low-wage and unstable employment. We want to make sure that workers have a voice at work and are treated with dignity and fairness. [www.workersactioncentre.org](http://www.workersactioncentre.org)

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Photo: Courtesy of the Workers Action Centre and John Bonnar

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