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Low paid work widespread in Canada

Despite strong economic growth, historically low unemployment rates and much discussion about labour shortages, about one in six of all employed workers in Canada – almost 2.2 million – was low paid and earning poverty wages in 2006¹.

- One of every five female employees – over 1.3 million workers – was paid less than \$10 an hour, equal to 62% of the low-paid workers in Canada.
- More than 1.1 million full-time workers, or 10% of the full-time workforce, were low-paid.
- Over 1 million adults were paid less than \$10 an hour in 2006, including 721,000 adults who worked full-time – representing 7% of all full-time adult workers.
- One in five working seniors was paid less than \$10 an hour.

This is a low estimate of the number of low wage workers in Canada: many more self-employed workers who didn't earn an hourly wage or salary took home less than \$10 for every hour they worked.

A wage of less than \$10 an hour is widely considered to be low pay in Canada because a single individual working full-time all year would need at least this amount to reach the poverty line. Statistics Canada's low income cut-off for one person in a larger city was \$21,202 in 2006². Single parents and those with dependents would require at least \$13 an hour to reach their low income cut-off level.

No province in Canada provides a minimum wage that would reach this poverty line. The top provincial minimum wage in Canada was only \$8 an hour in 2007³. Ontario has promised that it would increase its minimum wage to \$10.25 by March 2010, but by that date, the minimum wage that a full-time single worker would need to meet the low income poverty line will likely be more than \$11.50 an hour⁴.

Some have argued that raising the minimum wage is not an effective way to reduce poverty because they say that a majority of low paid workers are youth who work part-time. This argument is wrong on a number of counts.

- Less than 35% of all the low-paid workers in 2006 were youth (aged 15-24) who worked part-time.
- Many of those classed as working part-time actually held a number of part-time jobs that added up to more than full-time hours.
- Some provinces, such as Ontario, have a separate lower minimum wage for young or inexperienced workers and for other occupations.

Increasing federal and provincial minimum wages to at least \$10 an hour would be the most effective single measure to eliminate poverty for a majority of the 3.4 million Canadians living in poverty. Other measures are also necessary, such as improving public services, providing affordable housing, and increasing EI, social assistance and seniors benefits⁵. The federal government's *Working Income Tax Benefit* is positive, but it is only a small step. It phases out for incomes below the poverty line and so will do little or nothing to bring people out of poverty. The poorly-paid need decent living wages for their work – not another inadequate tax break.

Most studies have shown that raising the minimum wage would have little impact on employment levels and would provide many other benefits for both workers and employers, such as increased productivity⁶. It can be done with little cost and often with fiscal benefits for governments. Canadian business profits are at all-time record levels and we are importing over 100,000 temporary foreign workers a year to address supposed labour shortages. The federal minimum wage from 1976 would be worth over \$10.40 in today's dollars. A decent wage increase for the lowest paid in our society is long overdue.

¹ These figures are calculated using Statistics Canada's *Labour Force Historical Review 2006* CD-ROM (cat no. 71F0004XCB), tables Cd3t06an and Cd3t07an. The tables provide wage distribution ranges of \$2 per hour in the \$8 to \$30 range so it is not possible to calculate a consistent real wages over a number of years.

² Statistics Canada, 2007. *Low Income Cut-offs for 2006 and Low Income Measures for 2005*
<http://www.statcan.ca/bsolc/english/bsolc?catno=75F0002M2007004>

³ HRSDC. Database on Minimum Wages.
<http://srv116.services.gc.ca/wid-dimt/mwa/menu.aspx>

⁴ See Ontario Ministry of Labour.
<http://www.labour.gov.on.ca/english/news/pdf/2007/07-85b.pdf>.

The LICO rate increased at a rate of 2.2% a year for an individual from 2001 to 2006. This assumes a similar rate of increase.

⁵ Ron Saunders. *Lifting the Boats: Policies to Make Work Pay*. Canadian Policy Research Networks, June 2005.

⁶ Stuart Murray and Hugh Mackenzie. *Bringing Minimum Wages above the Poverty Line*. Canadian Centre for Policy Alternatives, March 2007.

Low Paid Workers by Province, Age, Sex and Type of Work – 2006

Employees paid less than \$10/hr	Canada	NL	PEI	NS	NB	Que	Ont	Man	Sask	Alberta	BC
All paid less than \$10/hr	2,194,100	57,300	15,000	96,100	75,700	524,900	829,800	97,100	78,000	174,400	245,700
% of all all employed workers	15.7%	30.5%	26.0%	24.7%	24.2%	16.1%	14.9%	19.4%	19.7%	11.3%	13.8%
Youth (aged 15-24)	1,180,600	20,200	7,300	45,400	32,100	273,500	463,900	53,600	43,400	101,200	133,000
% of employed youth	48.3%	76.8%	63.5%	67.2%	61.0%	51.7%	50.2%	55.1%	51.5%	31.9%	39.8%
% of total low-paid	53.8%	35.3%	48.7%	47.2%	42.4%	52.1%	55.9%	55.2%	55.6%	58.0%	54.1%
Adults (age 25+)	1,013,600	36,800	7,700	50,500	43,400	249,300	365,900	42,900	33,900	71,900	111,000
% of employed adults	8.8%	22.7%	16.6%	15.7%	16.7%	9.1%	7.9%	10.6%	10.9%	5.9%	7.7%
% of total low-paid	46.2%	64.2%	51.3%	52.5%	57.3%	47.5%	44.1%	44.2%	43.5%	41.2%	45.2%
Older Workers (age 55+)	190,900	5,400	1,500	7,500	6,600	48,700	67,600	8,900	5,900	12,900	17,100
% of older workers	11.4%	24.1%	19.5%	15.5%	18.0%	12.6%	10.0%	13.7%	12.6%	7.6%	7.8%
% of total low-paid	8.7%	9.4%	10.0%	7.8%	8.7%	9.3%	8.1%	9.2%	7.6%	7.4%	7.0%
Women (15+)	1,355,100	38,600	9,500	59,800	46,300	315,800	507,400	55,600	47,000	114,700	158,600
% of employed women	19.7%	40.3%	30.6%	30.0%	29.5%	19.9%	18.4%	22.5%	23.7%	15.7%	17.9%
% of total low paid	61.8%	67.4%	63.3%	62.2%	61.2%	60.2%	61.1%	57.3%	60.3%	65.8%	64.6%
Men (15+)	839,000	17,200	5,400	36,300	28,700	209,000	322,300	41,100	30,500	57,600	87,200
% of employed men	11.8%	18.7%	20.1%	19.2%	18.4%	12.5%	11.5%	16.2%	15.5%	7.1%	9.7%
% of total low-paid	38.2%	30.0%	36.0%	37.8%	37.9%	39.8%	38.8%	42.3%	39.1%	33.0%	35.5%
Full-time (30 hrs+)	1,137,400	40,000	10,000	56,800	47,600	278,900	389,900	50,400	41,900	87,700	133,700
% of full-time employees	9.9%	25.0%	20.5%	17.9%	18.0%	10.4%	8.5%	12.5%	13.0%	6.7%	9.3%
% of total low-paid	51.8%	69.8%	66.7%	59.1%	62.9%	53.1%	47.0%	51.9%	53.7%	50.3%	54.4%
Part-time (at main job)	1,056,700	17,000	5,000	38,900	27,100	244,700	439,900	45,900	35,600	85,400	110,600
% of part-time employees	43.0%	60.9%	54.9%	54.6%	55.8%	41.5%	45.7%	46.6%	48.3%	36.1%	32.4%
% of total low-paid	48.2%	29.7%	33.3%	40.5%	35.8%	46.6%	53.0%	47.3%	45.6%	49.0%	45.0%
Full-time adults 25+	721,100	28,600	6,200	36,500	32,200	179,100	251,300	30,100	23,800	51,000	81,500
% of full-time adult employees	7.1%	19.8%	14.9%	13.0%	13.9%	7.5%	6.1%	8.6%	8.8%	4.7%	6.6%
% of total low paid	32.9%	49.9%	41.3%	38.0%	42.5%	34.1%	30.3%	31.0%	30.5%	29.2%	33.2%
Full-time women (15+)	679,900	26,300	6,100	32,900	28,300	160,400	230,500	26,200	23,900	53,700	82,000
% of full-time women employees	13.2%	34.7%	24.9%	22.0%	23.0%	13.6%	11.1%	14.7%	16.4%	9.6%	12.8%
% of total low paid	31.0%	45.9%	40.7%	34.2%	37.4%	30.6%	27.8%	27.0%	30.6%	30.8%	33.4%

Source: Labour Force Historical Review 2006 CD-ROM (cat no. 71F0004XCB). These numbers are based on the number of employees: e.g., excluding the self-employed. If the self-employed were included, these numbers would be higher.

For more information, please contact:

Toby Sanger
Senior Economist
Canadian Union of Public Employees
tsanger@cupe.ca

mf/cope491
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