



# Left Behind: Low-Paid Workers in Canada

*Based on a presentation to  
CPRN Board of Directors  
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# The Vulnerable Workers Project

- Goal: to describe the problems of vulnerable workers and stimulate discussion about addressing them. (Completion: fall 2005)
- Aspects of vulnerability:
  - persistent low pay
  - low job security
  - not covered by minimum employment standards
  - few employment benefits
  - lack of access to learning opportunities
- Today: what we have learned so far (with a focus on low pay)



# Low pay in Canada today

- **24% of jobs** held by people aged 17-64 in 2004 **paid below \$10/hr** (2001 \$).
- 13% paid under \$8.00 per hour.
- **16.3% of full-time workers** aged 15-64 **paid less than \$10/hr** in 2000. Yields less than \$19,500/year at 37.5 hours/week.



# Low pay is not temporary

- **47%** of low-paid full-time, full-year workers in 1996 **failed to move up by 2001** (for women, 72%)<sup>1</sup>
- Chances of moving up 1996-2000 no better than in 1985-89.

<sup>1</sup> Janz (Statistics Canada, 2004): Focus on full-time, full-year workers. **“Low-paid” based on Low Income Cutoff (LICO)** for family of 2 living in large urban area, **1996**. “Moving up” defined as wages at least 10% above LICO for 2001.



# Trends since the early 1980s

- No increase in median wages 1981-2004; share of jobs paying under \$10 per hour (in 2001 \$) almost the same in 2004 as in 1981.
- Proportion of low-paid workers living in low-income households same as in 1980 (30%).
- Median wages for new hires<sup>1</sup> fell 13% for men (1981-2004), 2% for women.
- Real annual earnings have fallen for:
  - low-educated males
  - men who recently immigrated
  - young, less-educated couples

<sup>1</sup> Workers aged 25-64 with 2 years' seniority or less.

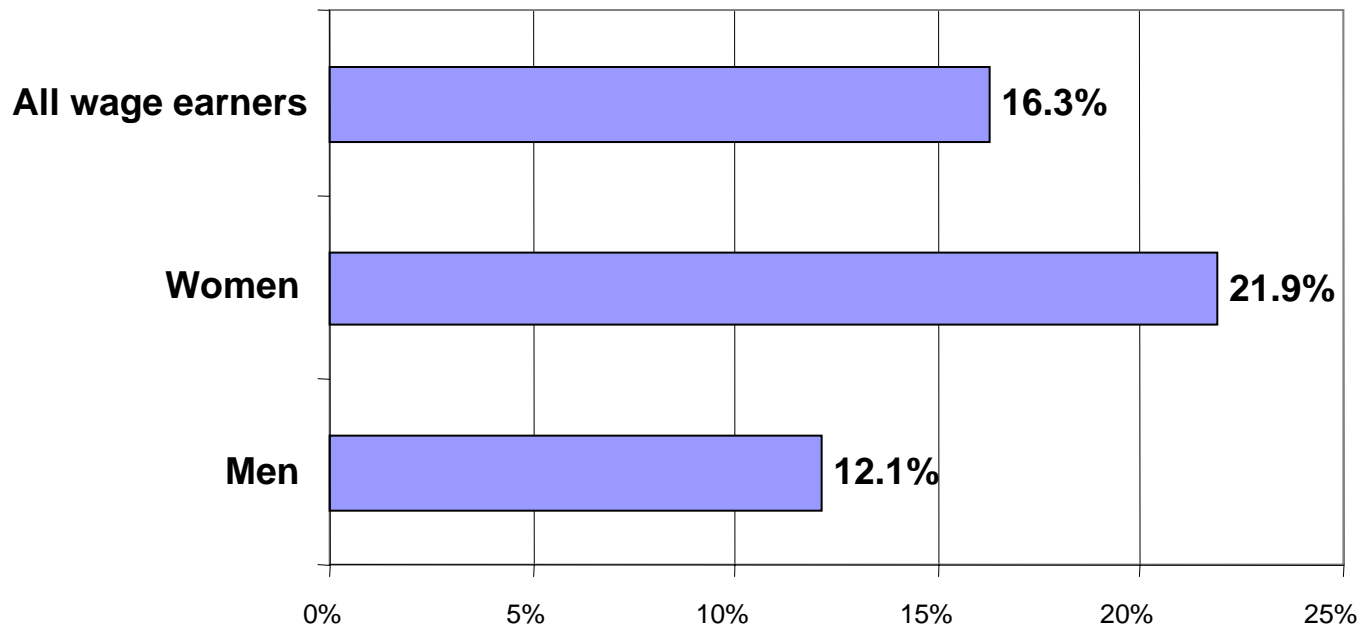


# Who works for low pay?

- **Women** (22% of full-time female workers are low-paid)
- **Young people** (45% of 15-24); but sizeable shares in all age groups (13% for 35-44)
- The **less-educated** (26% if no high school diploma); but some PSE no guarantee
- **Recent immigrants**, esp. if visible minority
- **Lone mothers**



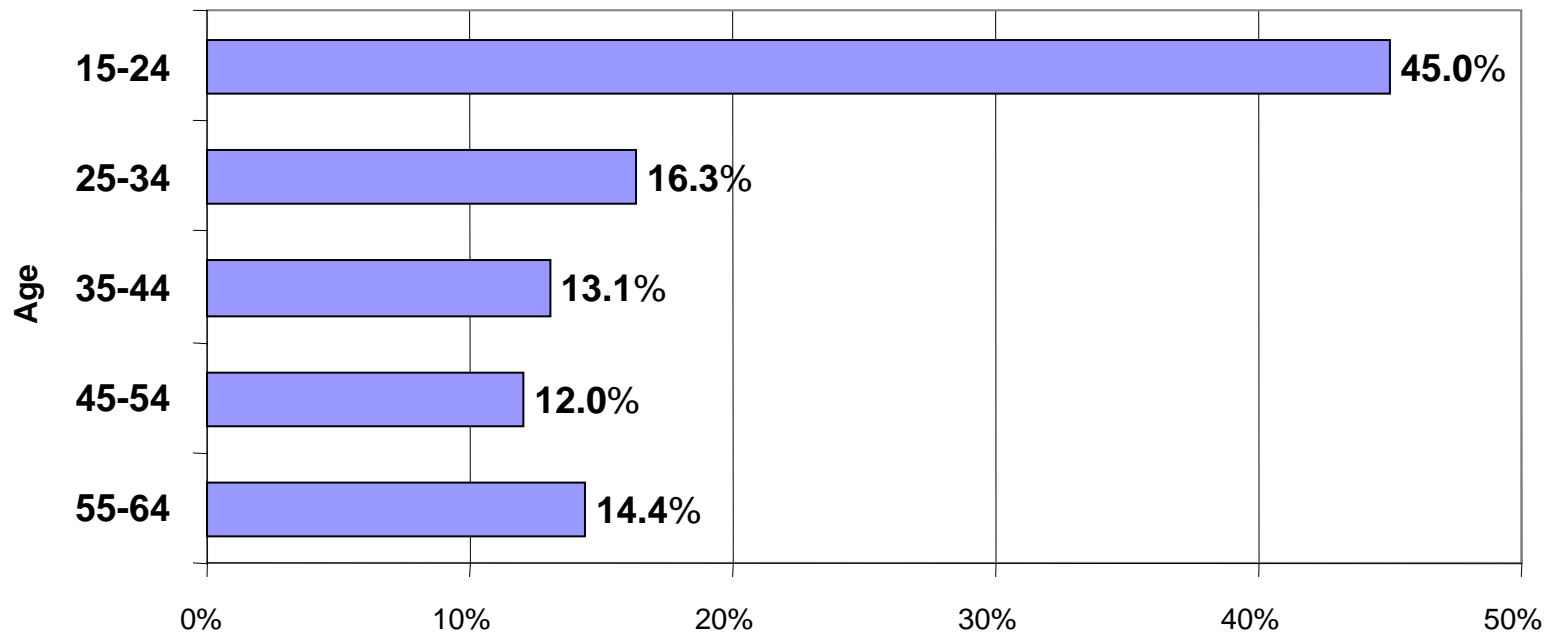
## Proportion of all full-time wage earners who are low-paid workers, 2000, by gender



Data source: Census data reported in Morissette and Picot (2005), adapted from Chung (2004).



### Proportion of all full-time wage earners who are low-paid workers, 2000, by age

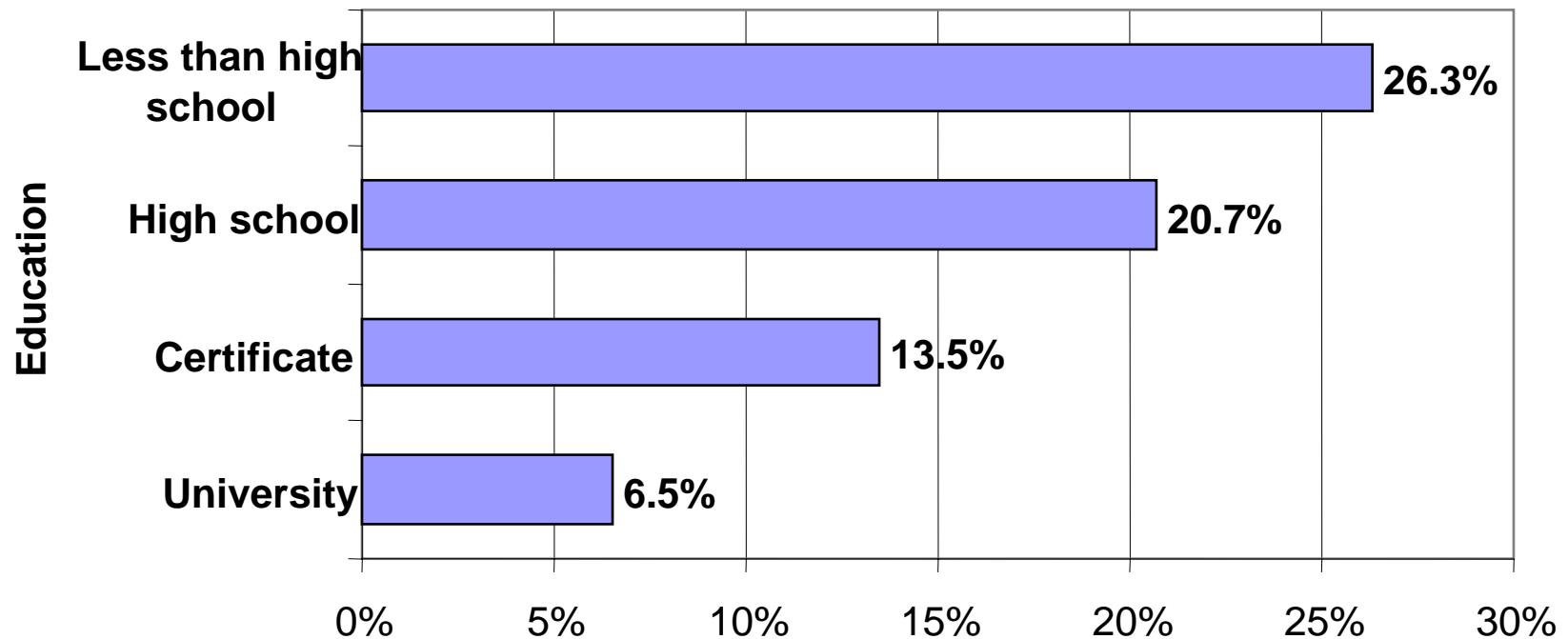


Data source: Census data reported in Morissette and Picot (2005), adapted from Chung (2004).





## Proportion of all full-time wage earners who are low-paid workers, 2000, by education

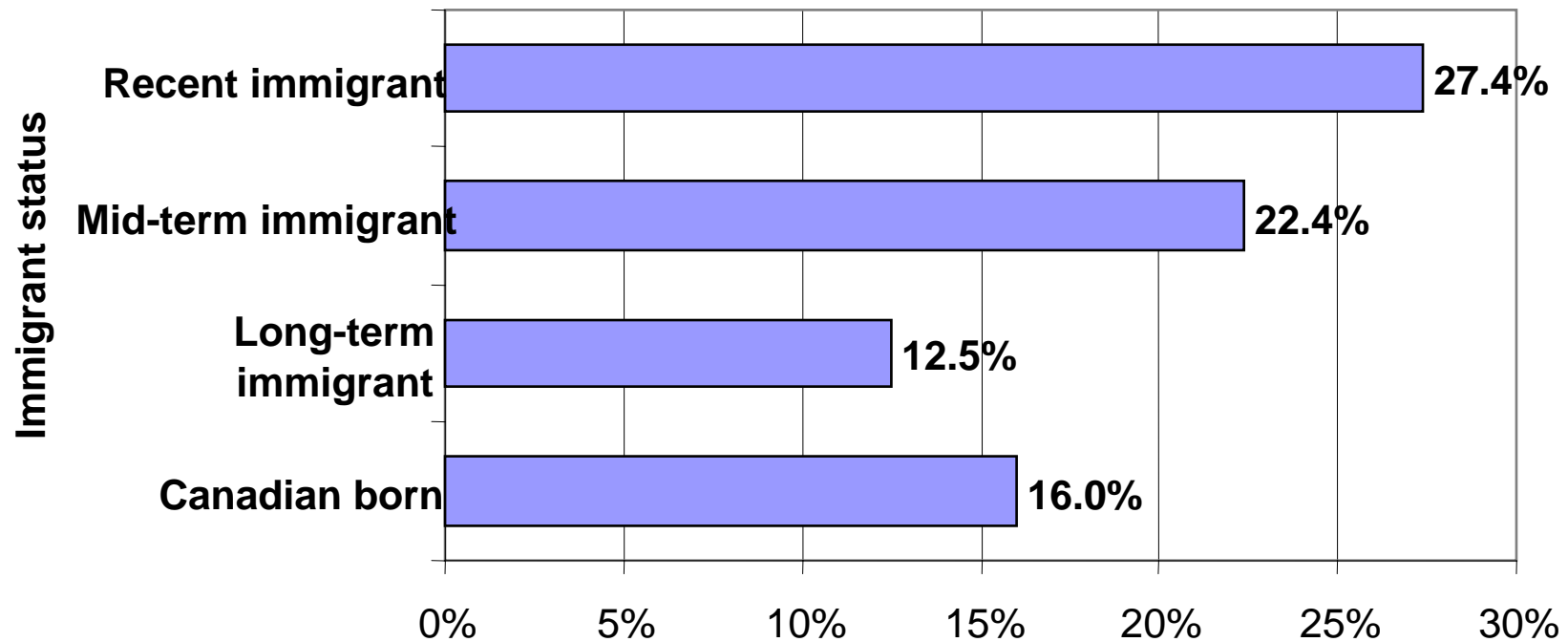


Data source: Census data reported in Morissette and Picot (2005), adapted from Chung (2004).

**Note: 37% of the low-paid have some PSE.**



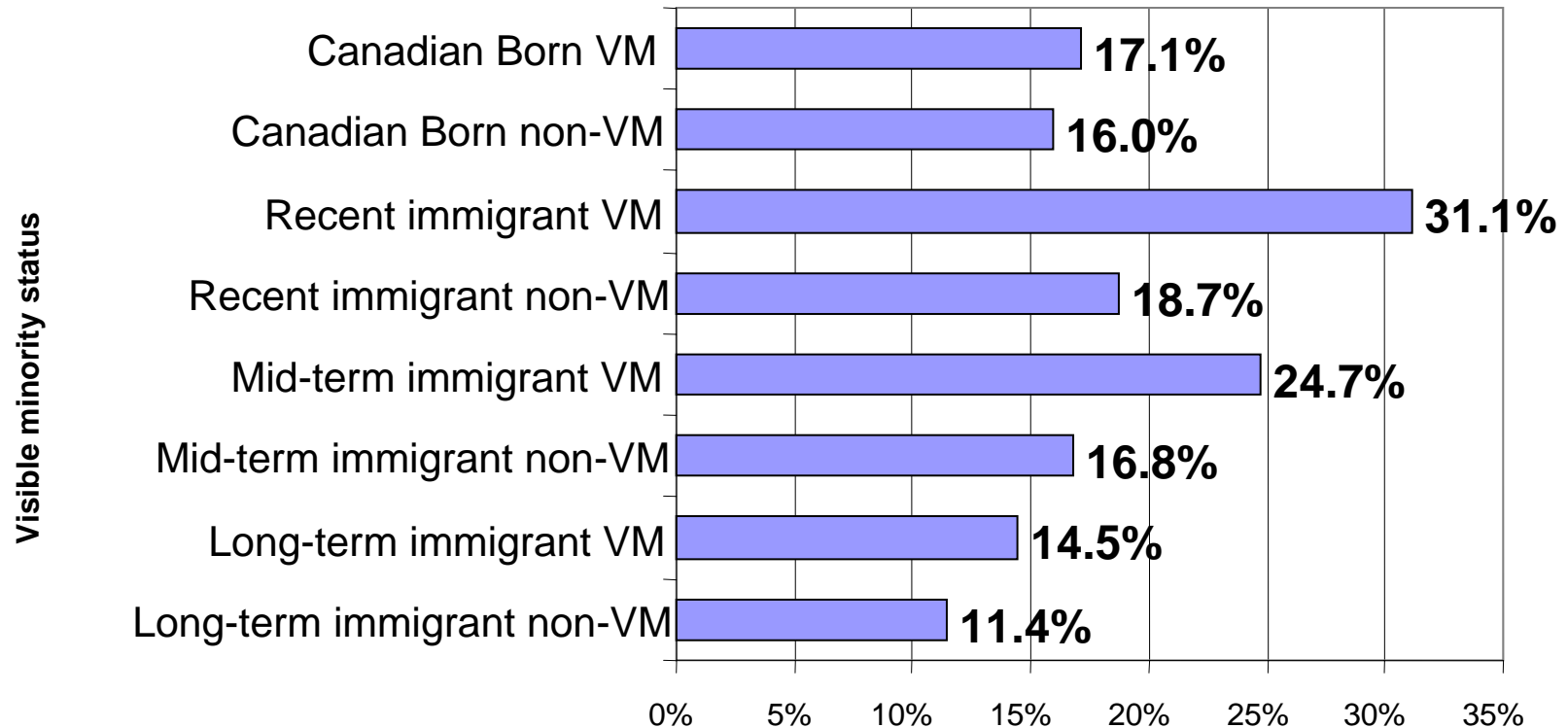
Proportion of all full-time wage earners who are low-paid workers, 2000, by immigrant status



Data source: Census data reported in Morissette and Picot (2005), adapted from Chung (2004).



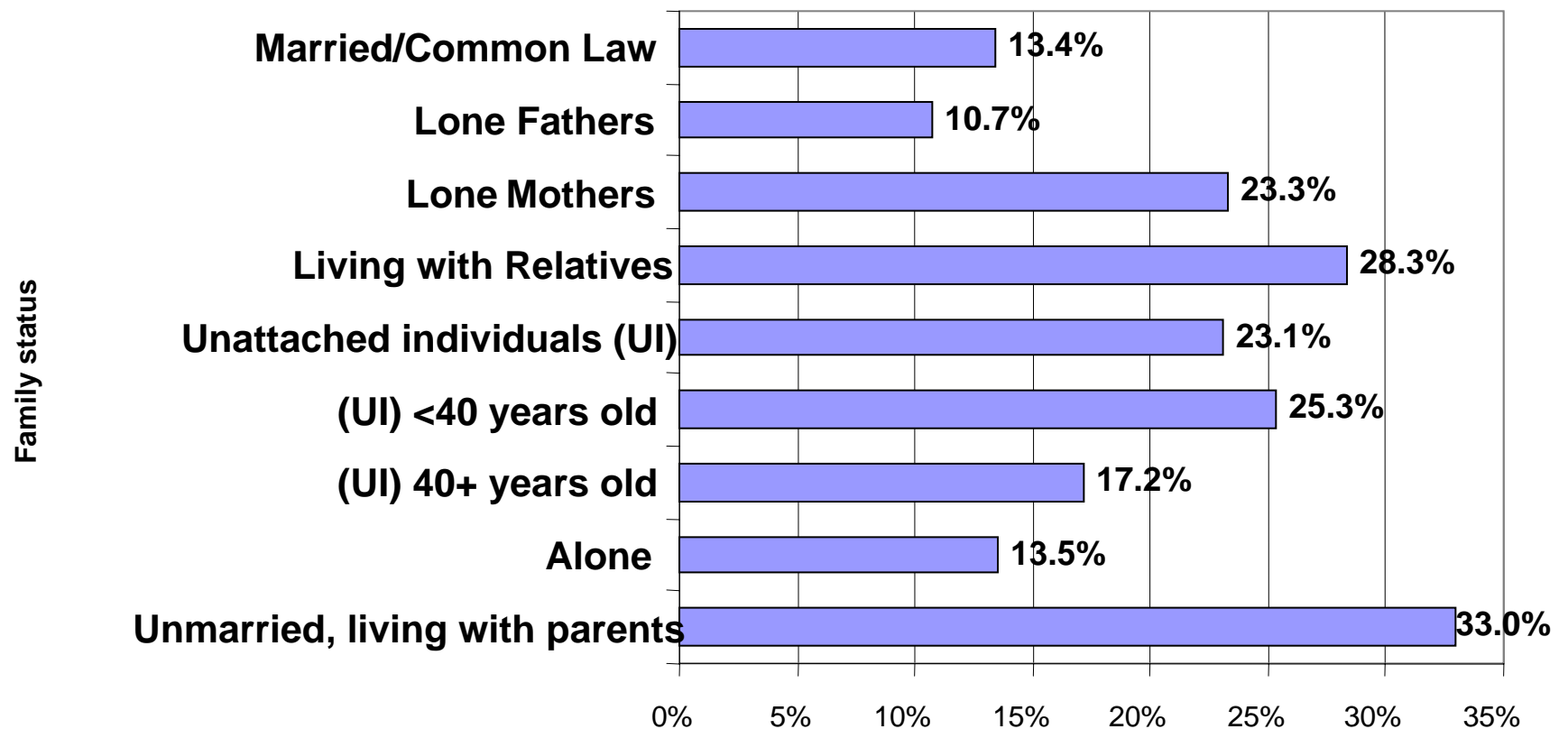
**Proportion of all full-time wage earners who are low-paid workers,  
2000, by visible minority status**



Data source: Census data reported in Morissette and Picot (2005), adapted from Chung (2004).



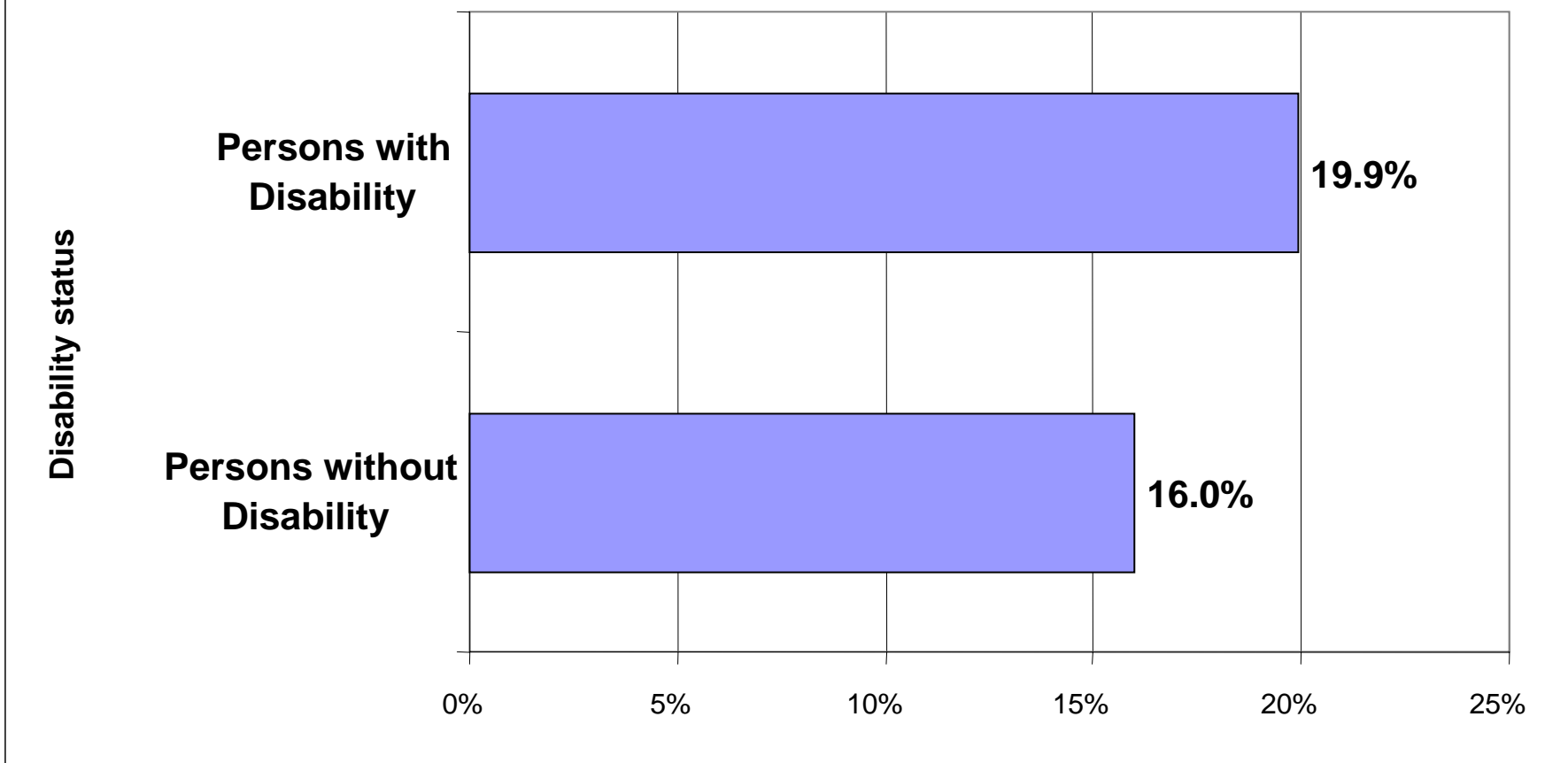
## Proportion of all full-time wage earners who are low-paid workers, 2000, by family status



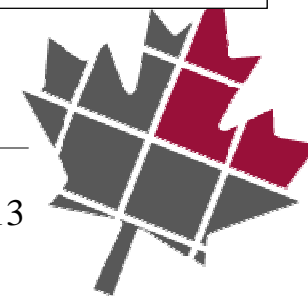
Data source: Census data reported in Morissette and Picot (2005), adapted from Chung (2004).



## Proportion of all full-time wage earners who are low-paid workers, 2000, by disability status



Data source: Census data reported in Morissette and Picot (2005), adapted from Chung (2004).



# Low pay and low income

In 2000, 30% of low-paid workers lived in low income households. High rates associated with:

- Source country/race (recent- and mid-immigrants, 44% and 39%; visible minorities, 39%)
- Single earner families (lone parents, over 50%; unattached individuals, almost 80%; people living alone, 70%)

Note: 5% of all full-time wage earners are both low-paid and live in low-income households. ( $16\% \times 30\% = 5\%$ )

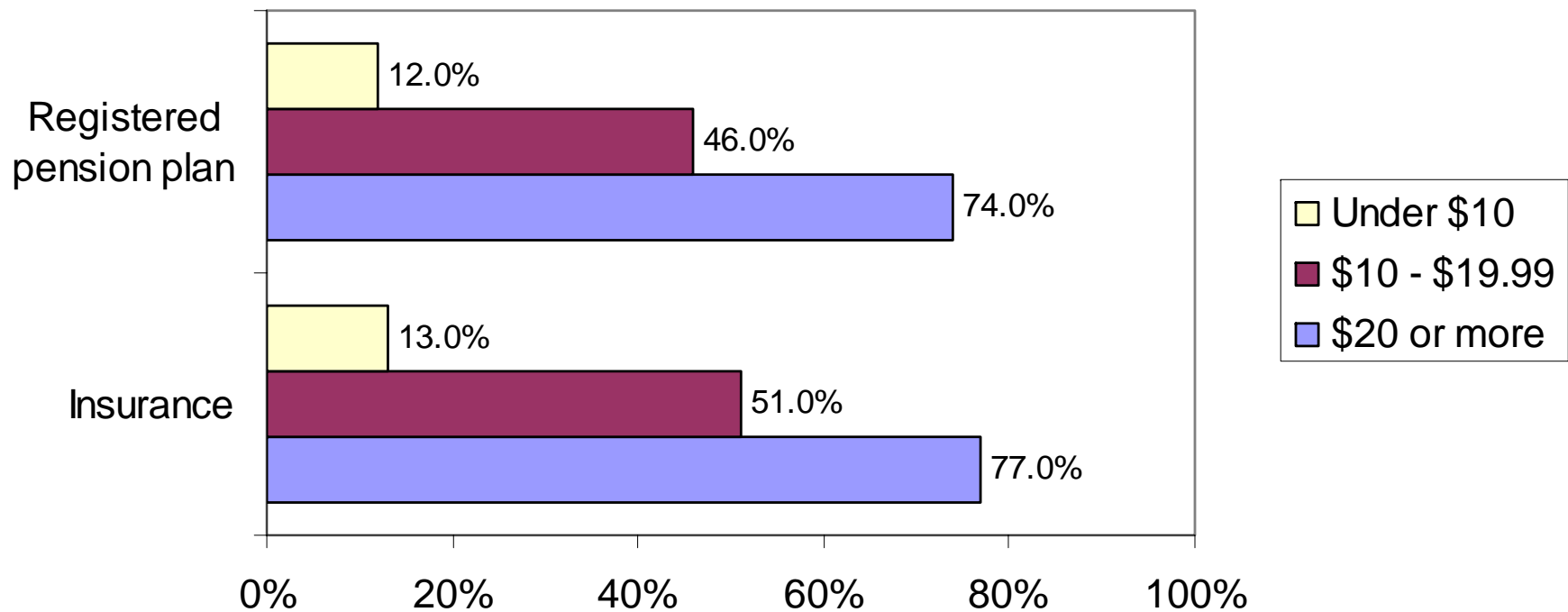


# Other sources of vulnerability

- Poor access to benefits and supports
- More precarious work arrangements/  
growth of non-standard work
- Poor access to employer-sponsored  
training
- Relatively low union coverage.



## Proportion of wage earners who have access to non-wage benefits, 2000, by wage rate group



Source: Marshall (2003).





# Poor access to learning opportunities for the working poor.

- Unlikely to receive employer-sponsored training.
- Ineligible for EI-supported training while employed; many unemployed no longer qualify for EI.
- Hard (in most provinces) for adults to get student loans for part-time programs



# Conclusions

- The 'knowledge economy' is leaving many working people behind.
- Despite rising levels of educational attainment low-paid work remains a large part of our labour market.
- With government cutbacks to social assistance, unemployment insurance, and skills upgrading programs in the 1990s, many of those left behind are not well-positioned to bounce back



# Policy Choices

- Should people who work full-time be this vulnerable?
- National wealth has continued to grow since 1980, but % earning low-pay is the same.
- Cuts to safety net and growth in 'flexible' work have contributed to vulnerability.
- Evidence suggests we are in a low-wage equilibrium, which contributes to low productivity growth.
- Who should pay the social and economic costs? Employers? Governments? Vulnerable workers and their families?



# What are the policy options?

- There is no single policy change to solve the problem.
- Need a mix of instruments that distributes costs/risks across the actors.
- Need to address income, supports, assets.



# A policy mix

- Wages/income
  - Increase minimum wages
  - Provide wage supplements to the working poor
  - Improve enforcement of employment standards
- Benefits/supports
  - Provide more affordable housing, child care
  - Cover catastrophic drug costs on 'quasi-universal' basis
  - Improve access to EI benefits
- Asset building
  - Improve access to learning opportunities
  - Encourage savings and avoid asset-stripping



## Key References

Chung, L. 2004. "Low-Paid Workers: How Many Live in Low-Income Families?" *Perspectives on Labour and Income*, 16(4), 23-32.

Janz, T. 2004. "Low-paid Employment and Moving Up: A Closer Look at Full-time, Full-year Workers 1996-2001." Income Research Paper Series, Statistics Canada.

Marshall, K. 2003. "Benefits of the Job," *Perspectives on Labour and Income*, 4(5), 5-12.

Maxwell, Judith. 2002. *Smart Social Policy – "Making Work Pay,"* Ottawa: Canadian Policy Research Networks.

Morissette, R. and Picot, G. 2005. "Low-paid Work and Economically Vulnerable Families over the Last Two Decades." Analytical Studies Branch Research Paper, Statistics Canada.



# The Vulnerable Workers Project: Studies

## Published

- *Defining Vulnerability in the Labour Market*
- *Non-standard Work and Economic Vulnerability*
- *Towards Enhancing the Employment Conditions of Vulnerable Workers: A Public Policy Perspective*
- *Does a Rising Tide Lift All Boats? Low-Paid Workers in Canada*

## Forthcoming

- *Lifting the Boats: Policies to Make Work Pay*
- *New Approaches in Achieving Compliance with Statutory Employment Standards (with IPAC)*
- Synthesis report: key findings/policy implications.





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