

Risk and Opportunity: Creating Options for Vulnerable Workers
Questions and Answers
January 2005

Q1: How many workers in Canada are ‘vulnerable’?

About 2 million workers are vulnerable: people whose participation in the labour market leaves their well-being at risk, because they have difficulty accessing work that is decently paid and/or offers conditions of work that meet basic social norms

About 1.7 million full-time workers earned under \$10/hour in the year 2000—about the level of earnings that an individual living on their own would need to avoid poverty. Some earning just above that level would still struggle to make ends meet, as would many part-time workers.

A narrower definition would focus on workers living in poor families. Thirty percent of low-paid, full-time workers, or about 510,000 workers, lived in households with combined income below Statistics Canada’s “Low-Income Cutoff,” which means that the household would devote such a large share of its income to the necessities of food, shelter and clothing that it would be “in strained circumstances.” To this group we would need to add: those making just above the \$10/hour level, but still in poor families; part-time workers in poor families; and workers with family incomes just above the LICO threshold, but with special needs (such as pharmaceutical costs) or an inability to find affordable housing or child care. (One might also add workers in households with combined income somewhat above the LICO threshold, but facing a strong risk of family break-up.)

Q2: What do you consider the single most important recommendation in the paper?

No single recommendation will solve the problem. It will take a diversity of changes in the way employers and governments share the risks with vulnerable workers.

A mix of factors contributes to making workers vulnerable, and we need a mix of policies to help them. In fact we have to think about four layers of changes: policies to directly improve their incomes, to increase access to worker protections, to raise skill levels, and to ensure access to basic social supports. The priorities in each area are as follows:

Improve incomes directly

- Increase minimum wages and commit to regular increases over time.
- Develop a program of modest income supplements for the working poor.

Increase access to worker protections

- Make sure that existing employment standards are complied with.
 - Promote awareness of the key standards among new entrants to the labour market (youth in school, new immigrants, new employers)
 - Randomly audit employers in high risk sectors;
 - Widen investigations of substantiated claims to the workplace as a whole (at least in high risk sectors);
 - Ensure that serious violations lead to real penalties.
- Change eligibility rules for EI to expand access to unemployment benefits, especially for non-standard workers and entrants and re-entrants to the labour market.
- Prohibit contract provisions that prevent temp agency employees from accepting regular employment with a client.

Raise skill levels

- Help workers acquire the skills they need to get ahead.
 - Enhance the availability of occupational qualifications in our high schools.
 - Provide low-paid workers with better access to opportunities to upgrade their skills; provide job protection for training/education leaves.
 - Provide recent immigrants with better access to language training that meets labour market needs, and bridging programs to help them acquire Canadian credentials.

Ensure access to basic social supports for all

- Provide coverage for catastrophic drug costs and basic dental care on a “progressive universal” basis.
- Continue to move forward on improving access to affordable child care and affordable housing.

Q3: What steps would you take first to implement your recommendations?

The recommendations that can and should be acted upon quickly are as follows:

- Increase minimum wages and commit to regular increases over time.
- Improve compliance with employment standards, through such measures as:
 - promoting awareness of the key standards among new entrants to the labour market (youth in school, new immigrants, new employers);
 - randomly auditing employers in high risk sectors;
 - widening the investigation of substantiated claims to the workplace as a whole (at least in high risk sectors);
 - ensuring that serious violations lead to real penalties.
- Improve access to affordable child care and affordable housing.

Other measures will require more time. In some cases they require careful program design work and/or legislation and/or negotiations between the federal government and the provinces.

Q4: Won't your recommendations, such as increasing minimum wages and increasing the regulation of minimum standards of employment, hurt businesses by adding to their costs?

No, the recommendations, as a package, will help, not hurt businesses.

We recognize the danger in too much regulation, which is why we recommend only a few, quite focused, regulatory changes, such as banning contract provisions that prevent client firms from hiring workers employed by temporary help agencies, as this seems a violation of basic rights.

Increases in the minimum wage have had no effect on employment of people over age 24, and little effect on those aged 20-24. There is evidence of a negative impact on the employment of teenagers, but this can be mitigated by having a lower minimum wage rate for teenagers than for other workers. Moreover, there is evidence that when people are paid fairly, turnover and absenteeism decline, so productivity improves.

Most importantly, we do not ask employers to bear all the costs of helping vulnerable workers. Our recommendations include a call for government-funded earnings supplements for the working poor. We also recommend that coverage for 'catastrophic' drug costs and basic dental care be provided by government on a 'progressive universal' basis (namely, a benefit for all, but with some tax-back of the costs at high levels of income). This would reduce labour costs for many businesses.

In addition, our emphasis on improving the skills of vulnerable workers, and those of young people before they enter the labour market, will help employers by increasing the supply of skilled workers.

Q5: A national pharmacare program has already been put forward and was rejected by the federal government. Why are you recommending it again?

Today, drug costs can be catastrophic for families with low and modest incomes. We can't expect either the worker or the employer to carry all this cost – the government has to share in that risk.

Moreover, provision of coverage for drug costs (or, at least, 'catastrophic' drug costs) would reduce the 'welfare wall' – the financial penalties that can arise as people move from welfare to work – since social assistance recipients generally have drug coverage, while low-paid workers not receiving a welfare cheque do not. Currently, we have a society in which benefits are available to the very poor and to those with good jobs, but not to those who are working and poor. This makes no sense.