

Minimum Wage Fact Sheet

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Who Makes Minimum Wage?

- In 2008, 751,400 Canadians worked at or below the minimum wage, representing 5.2 per cent of employees in the country.
- Women accounted for 60 per cent of workers who earned a minimum wage.
- About 35 per cent of teens aged 15 to 19 worked for minimum wage.
- 29 per cent of minimum wage workers fell between the ages of 25 to 54.
- One in four Canadian workers makes just \$10 an hour or less and close to half (44 percent) of low-income households have at least one working adult.
- Certain groups, including recent immigrants, persons with disabilities, Aboriginal Canadians and young single-parent families face disproportionately high levels of poverty.
- Low-wage workers are more likely to be people of colour and women – 60% of workers earning less than \$10 an hour are women. 32 percent of workers of colour fall into this group, as do 38% of women of colour. (Statistics Canada)
- Incidence of those working for minimum wage amongst those 55 and older is rising.
- Minimum wage workers include 30,000 who headed a family with no spouse present (almost all with at least one child under 18), 34,000 with a spouse who was not employed, and 31,000 who lived alone. These three groups, particularly those who support a spouse or a child under 18, have difficulty making ends meet on a minimum wage income alone. (*Labour Force Survey*).
- ***20 per cent of all Saskatchewan families have earnings less than \$17,626. And 30 per cent of all low income earners are families.***

Saskatchewan's Growing Income Gap

- Income inequality continues to widen, with a growing gap between rich and poor (Chief Public Health Officer 2008: 37; Yalnizyan 2007). Over the past 25 years, the average income of the wealthiest Canadians increased by 16.4 percent, while those in the poorest households dropped by 20.6 percent (Statistics Canada 2008)
- Inequality actually would be much worse if governments did not help reduce the problem both through redistributive social programs, and progressive taxes and benefits.
- The rise in numbers of working poor in SK and the current minimum wage, provides little incentive for more to leave social assistance and take up employment for minimum wage rates. This leaves them and their families below the poverty line, and worse off than they were on social assistance.
- In 2005, the Canadian Labour Congress (CLC) said a single person working full-time in Canada needed an hourly rate of at least \$10 to reach a poverty-line income. The CLC estimates that a quarter of all workers make less than that. Women, Aboriginals, visible minorities, part-timers, people with disabilities, those with less than a high school diploma, and recent immigrants are over-represented in the lowest-paid ranks.

- Particularly troubling is the growing income gap experienced by Aboriginal people. By 2005 the gap associated with being Aboriginal was substantial, with Aboriginal individuals averaging less than sixty per cent of their non-Aboriginal counterparts. Since Statistics Canada's income surveys exclude the Aboriginal population living on reserves, this likely understates overall income inequality in Saskatchewan.
- The gap between the richest and poorest families in Saskatchewan has increased substantially over the past generation and has mushroomed since 2000, during the best of economic times.
- In 2006, Saskatchewan's after-tax income gap was the third worst in Canada.

Minimum Wage as a “Living Wage”

- According to Human Resources and Skills Development Canada, a “living wage for Canadian workers must be implemented because minimum wage is an essential component of any meaningful anti-poverty program”. Further, “a living wage means an indexed \$10 per hour wage across Canada”.
- The Vanier Institute of the Family, in its 2005 submission to the Federal Labour Standards Review, said the minimum wage is now "not even close" to being a living wage. "No longer can a minimum wage employee hope to provide for a family," it said. "Even two minimum wages in a household will not protect its children from the short-term and long-term consequences of poverty." Similarly, research by Campaign 2000 (which fights child and family poverty) said 45 per cent of all low income children in 2002 lived in families where at least one parent worked full-time.
- *Rise in numbers of “working poor” in SK* (those holding down a job, or multiple jobs, yet are unable to cover basic monthly expenses). Based on 2009 reports, 14.5% of those who used SK food banks over the past year receive income from employment. As of 2007, this number was 7.0%. Clearly demonstrates a growing issue with “working poor” in the province
- The *minimum* wage is the statutory legal minimum in any given jurisdiction, and traditionally, minimum wage campaigns have tended to call for a minimum wage that would be high enough such that a single individual working full-time, full-year would have an income at the poverty line (in most of Canada, this would currently be about \$10.40). In contrast, the *living wage* is about what a family with children would need to earn in order to have an after-tax income that allows it to meet basic needs and to participate in the civic and social life of their community. But it is also a conservative, reasonable measure (Policy Alternatives, *Report 2009*). Consequently, these groups would be more likely to increase their participation in the labour market if the minimum wage were increased, thus improving the province's economic situation.

Why Increase Saskatchewan's Minimum Wage?

- Over the last several years Saskatchewan has recorded the highest child poverty rates in the country. Raising the minimum wage to a “living wage” (the hourly rate required for a

household to meet its basic needs, i.e. food, shelter, etc.) is a powerful tool in addressing the poverty of children and their families.

- Most children who live in poverty are in families with two adults. Most poor adults work, but have incomes so low that they can't afford housing and can't adequately feed or clothe their kids. If children belong to aboriginal or immigrant Canadian households, the odds are even much greater that they will be poor.
- Further, while about half of those on minimum wage are students living with a family member or relative, there is no data that shows the majority of these individuals are in comfortable middle class families. Often students and youth are providing necessary income to help provide basic necessities for the family. It is also the case that many young people are responsible for younger siblings and sick, aging, or disabled parents. In some situations, these young people are responsible for making the family's sole income.
- Concerns that a rise in minimum wage would only impact young workers who live at home are unfounded. While this is one group that tends to earn minimum wage, at least 30 percent of all workers making minimum wage are part of low income families, when low income individuals are factored in, this number is even higher. And despite Saskatchewan's relative economic stability, these numbers have risen significantly since 2001.
- Two key routes to improving Saskatchewan's economic outlook are (i) ending the outmigration that has affected the province for most of the past quarter-century, and (ii) fostering fuller participation in the provincial economy from the Aboriginal population, older workers, and underrepresented groups such as women, immigrants, and those reporting a disability. These are also the groups that are most likely to earn minimum wage. ("Demographics and the Pursuit of Prosperity in Saskatchewan", *C.D.Howe Institute*)
- In particular, the Government of Saskatchewan's efforts to increase the participation of Aboriginals in the labour market would be bolstered by an increase in the minimum wage. There is no incentive to work full time for a wage that leaves you worse off than supplements from assistance programs.
- A rise in minimum wage would reduce the gap between these traditionally disadvantaged groups and other workers, and improve access to basic amenities, health and overall wellbeing. While this is not the sole policy option required to solve the issue of disparity in Saskatchewan, evidence shows that given the groups most likely to make minimum wage, *it is an effective strategy for targeting those living at or below the poverty line*. It is a policy option that is directly available to our provinces decision makers, and one that would have an immediate impact on the health and wellbeing of Saskatchewan's low income individuals, families, and children.



The above table shows the projected minimum wage rates for all provinces and territories across Canada in 2010.

*Yukon, Alberta, and Nova Scotia have all tied minimum wage rates to some form of automatic annual adjustment. For Alberta, this is the average weekly wage and for Yukon and Nova Scotia, the Consumer Price Index (CPI).

**It is also important to note that a number of provinces, including New Brunswick, Manitoba, Quebec, and Prince Edward Island, are set to undergo a review to increase the minimum wage in the coming year. Since no automatic formulation for increase has been set up in these provinces, their projections for 2010 are based on 2009 increases.

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