

One Step Forward

Assessing the labour market impacts
of Ontario's 2018 minimum wage increase

Sheila Block and Grace-Edward Galabuzi





CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
ONTARIO OFFICE

ISBN 978-1-77125-593-6

This report is available free of charge at
www.policyalternatives.ca.

PLEASE MAKE A DONATION...

**Help us to continue to offer our
publications free online.**

With your support we can continue to produce high quality research—and make sure it gets into the hands of citizens, journalists, policy makers and progressive organizations. Visit www.policyalternatives.ca or call 613-563-1341 for more information.

The CCPA is an independent policy research organization. This report has been subjected to peer review and meets the research standards of the Centre.

The opinions and recommendations in this report, and any errors, are those of the authors, and do not necessarily reflect the views of the funders of this report.



ABOUT THE AUTHORS

Sheila Block is a senior economist with the Canadian Centre for Policy Alternatives' Ontario office. Grace-Edward Galabuzi is a professor in the department of politics and public administration at X University.

ACKNOWLEDGMENTS

The authors would like to thank David Macdonald and Mary Gellatly for their thoughtful comments on an earlier version of this paper. Thanks also to Tania Oliveira for excellent research assistance.

This research was funded by the Canadian Race Relations Foundation (www.crrf-fcrr.ca) as part its research mandate in support of the elimination of racism and all forms of racial discrimination in Canadian society.

One Step Forward

4 Executive summary

6 Introduction

6 Years in the making: how \$14 happened

9 Who are Ontario's minimum-wage workers?

10 Minimum-wage workers are more likely to be women

10 New immigrants are more likely to work in minimum-wage jobs

11 Most minimum-wage workers are adults

13 Employment and earnings went up in low-wage industries after Bill 148

15 The minimum-wage increase helped low-wage workers
earning more than the minimum

16 Bill 148 helped narrow the racial wage gap

16 Minimum-wage workers are more likely to be racialized

19 Estimates of the impact of Bill 148 on the racial wage gap across all occupations

20 Estimates of the impact of Bill 148 on the racial wage gap across all industries

22 Conclusion

24 Technical appendix

26 Notes

Executive summary

MORE THAN A million Ontario workers got a pay raise when Ontario increased its minimum wage to \$14 an hour on January 1, 2018 as part of the then provincial government’s commitment to reach a \$15 minimum wage by 2019. At the time, the politics of fear were rife: corporate lobbyists warned of massive job losses. This report looks at which workers benefited from the \$14 minimum wage and finds those job loss warnings were wrong. In fact, there were many myths exposed during that historic moment where workers’ advocacy efforts led to some of the most significant workers’ rights protections in a generation—many of which were swiftly undone when a new government came to power in 2018.

Among the key findings in this report:

Raising the minimum wage wasn’t a “job killer”: Between 2017 and 2019, employment grew, unemployment fell, and wages increased in Ontario. Comparing annual averages, total employment increased by 1.7% in 2018 and by 2.8% in 2019. The annual average unemployment rate fell from 6% in 2017 to 5.7% in 2018 and 5.6% in 2019. Across the Ontario economy, the average hourly wage rate increased by 3.4% between 2017 and 2018. All industries with lower-than-average wages, except for agriculture and manufacturing, had increases in employment. Three industries known for low wages and precarious employment saw sharp increases in earnings: accommodation and food services (9.7%), retail and wholesale trade (5.6%), and business, building and other support services (11.9%).

Racialized workers, especially women, saw gains: As a result of the gendered nature of low-wage work, wage gains were larger for women than they were for men across all racialized groups. On an hourly basis, the estimated increases were larger for Black women (4.9%) and racialized women (4.7%) than they were for non-racialized women (4.1%). Weekly earnings showed a similar pattern, with Black women seeing pay rise by 5.2% compared to increases of 4.7% for racialized women and 4.2% for non-racialized women. The faster pace of increase in earnings for racialized and Black women reduced the racial and gendered earnings gap in Ontario. The results are clear: raising the floor for all workers contributes to reducing the racialized wage gap, particularly for working women.

While there was a slightly larger positive impact on estimated hourly earnings by occupation for Black and racialized men (3.5%) than for non-racialized men (3.4%), the data for men is mixed, both for weekly earnings by occupation and earnings by industry.

The majority of minimum-wage workers were adults: While the majority of working teenagers in 2019 earned minimum wage, only 30% of minimum-wage workers were teenagers—70% of minimum-wage workers were adults. In fact, there was a sharp increase in the share of minimum-wage workers who were 25 years of age and older between 2017 and 2018. A sizable proportion of adult workers were earning close to the minimum wage in 2017. They benefited from the increase in minimum wage in 2018 and will continue to benefit from the long-delayed increase to \$15 an hour that occurred on January 1, 2022.

Unanswered questions: Importantly, we do not know what the impact of Bill 148 would have been had the Conservative provincial government not rolled back changes to the *Employment Standards Act* that were particularly targeted to precarious work, e.g., the equal-pay-for-equal-work provisions of the bill, or its efforts to reduce misclassification of employees as independent contractors. Given the over-representation of racialized workers in precarious work, it stands to reason that these measures would go some distance to reducing the racial wage gap. Unfortunately, there is no data for this alternate scenario.

Introduction

AT THE STROKE of midnight on December 31, 2017, Ontario's general minimum wage increased from \$11.60 an hour to \$14 an hour. People working at the general minimum wage, as well as those being paid at minimum wage rates for students, liquor servers, homeworkers (whose pay had ranged from \$9.90 an hour to \$12.55 an hour) saw their hourly pay increase by more than 20%. But it wasn't only minimum wage workers who saw an immediate benefit: others earning more than the minimum wage but less than \$14 also saw their pay go up. More than a million Ontario workers were suddenly doing better.

Given that minimum-wage workers in Ontario are disproportionately female, racialized, and recent immigrants to Canada (compared to the workforce overall), the 2018 minimum wage increase was not only a step forward for all low-wage workers, it also very likely reduced the wage gap, to some degree, between women and men and between racialized and non-racialized workers. This report describes the makeup of the minimum-wage workforce and tracks how increasing the minimum wage affected the racial wage gap for women and men.¹

Years in the making: how \$14 happened

The 2018 minimum wage increase took effect overnight, but it was years in the making—the culmination of a long struggle by worker activists to address increasing labour market inequality and a substantial rise in precarious work

in the 2010s.^{2, 3, 4} The Fight for \$15 and Fairness campaign was a concerted, multi-year advocacy effort from community organizations and the labour movement to improve wages and working conditions for Ontario workers, specifically through amendments to the *Employment Standards Act* (ESA) and the *Labour Relations Act* (OLRA). The campaign called on government to increase the minimum wage, modernize employment standards to better protect low-wage, precarious workers and improve labour legislation to increase access to union representation.

As a result of that advocacy, the Ontario government initiated the Changing Workplaces Review in 2015, which included a wide-ranging examination of the ESA and the OLRA. The review included two rounds of public consultation, an interim report, and a final report. The interim report was issued in July 2016 and contained approximately 50 discussion topics and over 225 options for further consultation. Following these consultations, the review issued its final report in May 2017.⁵

On June 1, 2017, the provincial government introduced Bill 148, the *Fair Workplaces, Better Jobs Act*. It was the largest set of amendments to Ontario's labour and employment laws in 25 years. The bill introduced important new protections for Ontario workers, particularly those in precarious employment. The amendments included universal paid sick leave; equal pay for part-time, temporary, and casual workers; new rules designed to give workers more certainty in their work schedule; enhanced vacation rights for long-service workers; and greater protections for workers attempting to unionize or on strike. While Bill 148 left out significant improvements called for by organized labour and workers' rights organizations, it remained a significant step forward for Ontario's working people.⁶

In the months following its introduction, Bill 148 was the target of concerted efforts from the business lobby, which opposed the bill, and from labour and workers' rights groups, which supported and sought to strengthen it. There were committee hearings across the province after both first and second reading of the bill. To support the legislation, the Fight for \$15 & Fairness campaign brought together unions, community organizations, faith leaders, health care professionals, students, and local activists from over 45 cities.⁷

Bill 148 received royal assent in November 2017. While the bill included numerous and wide-ranging improvements to the ESA and the OLRA, some of the changes promised significant and immediate improvements to pay rates and working conditions for low-wage workers.⁸ Along with the 21% increase in the minimum wage, Bill 148 provided:

- Improved protections for casual, contract, part-time, seasonal and temporary workers through equal pay provisions, effective April 1, 2018;
- Two paid days of personal leave for all Ontario employees; and
- More stringent rules to protect employees from being misclassified as independent contractors excluded from protections under the ESA.

While a new government elected in June 2018 soon repealed these and many other changes to the ESA, including a commitment to increase the minimum wage again on January 1, 2019, the minimum wage increases brought in on January 1, 2018 remained in place.

Low-wage workers had taken a step forward.

Who are Ontario's minimum-wage workers?

THE SHARE OF Ontario workers earning the minimum wage increased sharply, from 2.4% in 1997 to 11.9% in 2014.⁹ This dramatic rise was the result of a number of shifts in the labour market and the structure of work: the loss of many well-paid manufacturing jobs, declining unionization rates in the private sector, increasing polarization in the labour market, and increasingly precarious employment options for many workers. Table 1 shows the number of employees working at minimum wage and the share of employees working for minimum wage for the period 2015 to 2019.

As Table 1 shows, the share of minimum-wage workers as a percentage of the total workforce doubled between 2017 and 2018, from 7.2% of employees in 2017 to 15.1% in 2018. In 2019, the share of employees working at minimum wage dropped down to 11%, similar to the share of total employment in 2015 and 2016. The total number of minimum-wage workers rose to 926,000 in 2018. While it fell to 743,000 in 2019, this was still considerably higher than it had been in previous years. This drop in the number of minimum-wage workers was accompanied by an increase in the number and share of workers who were making within \$2.60 above the new minimum wage (see Table 6).

TABLE 1 Share and number of employees at minimum wage, Ontario (2015–19)

	2015	2016	2017	2018	2019
Share of employees at minimum wage					
Men	8.7%	7.7%	6.1%	12.8%	9.2%
Women	12.2%	10.5%	8.3%	17.5%	12.8%
Total	10.4%	9.1%	7.2%	15.1%	11%
Minimum wage (October)	\$11.25	\$11.40	\$11.60	\$14.00	\$14.00
Number of employees at minimum wage					
Men	253,000	224,000	183,000	390,000	314,000
Women	356,000	312,000	250,000	536,000	429,000
Total	608,000	536,000	434,000	926,000	743,000

Sources: Statistics Canada, Labour Force Survey, Public Use Microdata File (PUMF) and authors' calculations.

Minimum-wage workers are more likely to be women

Gender pay inequality is still entrenched in Ontario's labour market and a consistently larger share of women employees work for minimum wage than do men. In 2018, 17.5% of women employees worked for minimum wage, compared to 12.8% of men. When the share of women working at minimum wage fell to 12.8% in 2019, the share of men working for minimum wage fell to 9.2%.

New immigrants are more likely to work in minimum-wage jobs

Table 2 shows the share of minimum wage workers by immigration status. It shows that more recent immigrants (those who have been in Canada for less than 10 years) are more likely to be working for minimum wage than immigrants who have been in Canada for a longer period or those who were born in Canada. The gendered dimension of low-wage work is evident here. In 2018, more than one in four women who were recent immigrants were working for minimum wage. While this share dropped back to one in five in 2019, it remained higher than any other demographic group.

TABLE 2 Share of employees working for minimum wage, by immigration status, Ontario (2017–19) (%)*

	2017	2018	2019
Immigrants ≤10 years			
Men	7	16	12.1
Women	11.7	25.5	19.7
Total	9.3	20.5	15.9
Immigrants >10			
Men	3.7	9.4	6.4
Women	6.2	15.1	10.5
Total	5	12.3	8.5
Not immigrants			
Men	6.7	13.4	9.8
Women	8.7	17.5	12.7
Total	7.7	15.5	11.2

Sources Statistics Canada, Labour Force Survey, Public Use Microdata File (PUMF) and authors' calculations.

* PUMF data by immigration status data became available from 2017 onward.

Most minimum-wage workers are adults

Table 3 shows the age distribution of minimum-wage workers. One of the arguments used by opponents of increasing the minimum wage is that minimum-wage workers are mostly teenagers and that they do not need the increase in wages because they presumably live with their parents and that they would lose their job if their wages rose. The data shows otherwise: while the majority of working teenagers in 2019 earned minimum wage, only 30% of minimum-wage workers were teenagers—70% of minimum-wage workers were adults. In fact, there was a sharp increase in the share of minimum-wage workers who were 25 years of age and older between 2017 and 2018. A sizable proportion of prime-age workers were earning close to the minimum wage in 2017. They benefited from the increase in minimum wage in 2018 and will continue to benefit from the long-delayed increase to \$15 an hour that occurred on January 1, 2022.

TABLE 3 Distribution of minimum-wage workers, Ontario (2015–19) (%)

	2015	2016	2017	2018	2019
Share of total age group					
15–19	80.1	69.8	53.8	81.4	63.4
20–24	22.5	20	15.1	33.7	24.7
25–54	4.4	3.9	3.2	8.3	5.8
55+	5.6	5	4.3	11	7.7
Total	10.4	9.1	7.2	15.1	11
Share of total minimum wage workers					
15–19	39.6	38.8	38	27.9	29.6
20–24	22.5	22.4	21.3	22.4	22.5
25–54	28.3	28.7	29.5	36.0	34.4
55+	9.6	10.1	11.2	13.8	13.5
Total	100	100	100	100	100

Sources Statistics Canada, Labour Force Survey, Public Use Microdata File (PUMF) and authors' calculations.

Employment and earnings went up in low-wage industries after Bill 148

PART OF THE tsunami of opposition from the business lobby included research that purported to predict the loss of employment and income that would result from increasing the minimum wage and improving labour standards.¹⁰ These predictions went against the weight of economic research, which showed increases in the minimum wage were not, in fact, “job killers;”¹¹ employment in Ontario increased after the 2018 minimum wage boost.

Table 4 shows that between 2017 and 2019, before the start of the pandemic, employment grew, unemployment fell, and wages increased. Comparing annual averages for 2017 to 2018, total employment increased by 1.7%, and by 2.8% in 2019. The annual average unemployment rate fell from 6% in 2017 to 5.7% in 2018 and 5.6% in 2019.

Table 5 shows employment growth and wage increases by industry. Across the Ontario economy, the average hourly wage rate increased by 3.4% between 2017 and 2018. The hourly earnings column in Table 5 shows that all industries with lower-than-average wages, except for transportation and warehousing, saw wage increases that were higher than average: from 11.9% for business, building and other support services to 3.8% for information,

TABLE 4 Unemployment, employment, and average wage, Ontario (2017–19)

	Employment (000s) (persons)	Employment growth (%)	Unemployment (000s) (persons)	Unemployment rate (percentage)	Average hourly wage (\$)	Average weekly wage (\$)
2017	7,052.50	-	454.0	6.0	26.4	965.7
2018	7,173.30	1.7	435.5	5.7	27.3	998.4
2019	7,376.90	2.8	439.4	5.6	28.3	1,033.4

Sources Statistics Canada. Table 14-10-0023-01 and Table 14-10-0064-01, and authors' calculations.

TABLE 5 Growth in employment and earnings by industry, Ontario (2017–18) (%)

North American Industry Classification System (NAICS)	Employment growth	Hourly earnings	Weekly earnings
Accommodation and food services	3.8	9.7	8.1
Agriculture	-1.0	9.4	9.7
Business, building and other support services	1.6	11.9	12.3
Wholesale and retail trade	0.2	5.6	4.2
Other services (except public administration)	6.8	6.6	6.0
Information, culture and recreation	1.1	3.8	4.0
Transportation and warehousing	9.8	-0.6	-1.1
Manufacturing	-0.1	4.0	4.1
Construction	3.2	3.1	4.1
Health care and social assistance	-1.7	2.7	4.0
Finance, insurance, real estate, rental and leasing	1.8	3.8	3.5
Forestry, fishing, mining, quarrying, oil and gas	-1.7	7.7	10.6
Educational services	5.7	1.4	1.4
Professional, scientific and technical services	0.6	-2.2	-2.5
Public administration	-3.0	4.4	5.2
Utilities	21.2	-0.7	-0.9
Total, all industries	1.7	3.4	3.4

Sources Statistics Canada. Table 14-10-0023-01, Table 14-10-0064-01 and authors' calculations.

culture and recreation. The average weekly wage saw a similar pattern (see weekly earnings).

In summary, Table 5 shows all industries that had earnings below the average had increases in employment, except for a small decrease in manufacturing (-0.1%) and agriculture (-1%). Three industries known for low wages and precarious employment saw increases in employment: ac-

TABLE 6 Number of people earning between \$14.01 and \$16.60, Ontario (2017–19)

	Share of total employment (%)	Number of people	Increase by year	
			Number	%
2017	7.5	563,531	-	-
2018	10.1	717,758	154,227	27.4%
2019	11.9	871,524	153,767	21.4%

Sources Statistics Canada, Labour Force Survey, Public Use Microdata File (PUMF) and authors' calculations.

accommodation and food services (3.8%), retail and wholesale trade (0.2%), and business, building and other support services (1.6%).

These data illustrate that the increase in minimum wage did not have the negative labour market impacts that were predicted by the business lobby.

The minimum-wage increase helped low-wage workers earning more than the minimum

The data suggests that the increase in the minimum wage had a positive impact on workers who were earning just above the minimum wage in 2017 (between \$11.60 and \$14 an hour). Table 6 shows the number and share of employees who were earning between \$14 and \$16.60 per hour (i.e., just above the 2018 minimum wage) in 2017, 2018, and 2019. Their share of total employment rose from 7.5% of employees in 2017 to 10.1% in 2018 to 11.9% in 2019, and the number of employees in this earnings band increased as well. This suggests that the increase in the minimum wage had a positive impact on low-wage workers making just above the minimum by increasing their wage rates as well.

Bill 148 helped narrow the racial wage gap

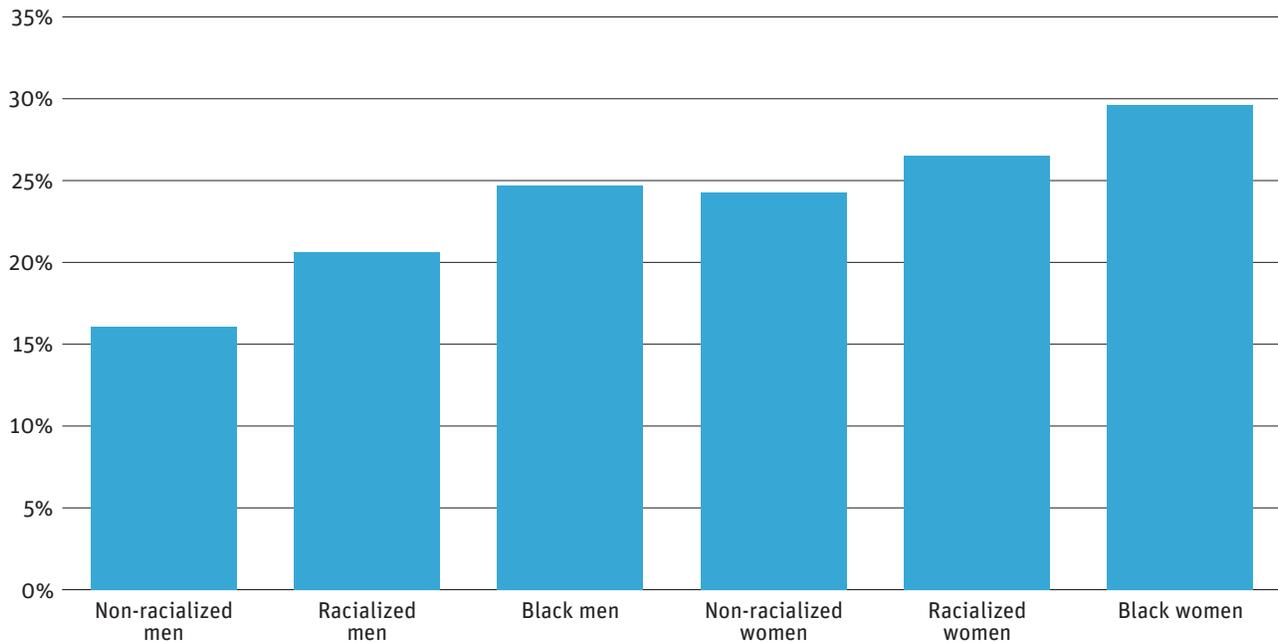
Minimum-wage workers are more likely to be racialized

The wage gap between racialized and non-racialized workers in Ontario is well documented. Using census data, our earlier research showed that racialized men earned 76 cents for every dollar non-racialized men earned in 2015. Racialized women earned 85 cents for every dollar non-racialized women earned. Labour market discrimination is, of course, both gendered and racialized: racialized women earned 58 cents for every dollar non-racialized men earned.¹²

The racial wage gap is a result of many aspects of racism in the labour market, including: differential access to higher-paying occupations and industries, to hours of work and to full-time and permanent positions, as well as barriers to promotion, training and mentorship opportunities.

Figure 1 shows the 2016 share of employment of racialized men and women, Black men and women, and non-racialized men and women in the five lowest-paid occupations: sales support, service support and other service occupations not classified elsewhere, service representatives and other customer and personal services, service supervisors and specialized service, and sales representatives and salespersons in wholesale and retail trade. A clear occupational hierarchy is visible. Overall, 30% of Black women and 25% of Black men work in these occupations. This compares with 21%

FIGURE 1 Share of workers in five lowest-paid occupations, Ontario (2016)



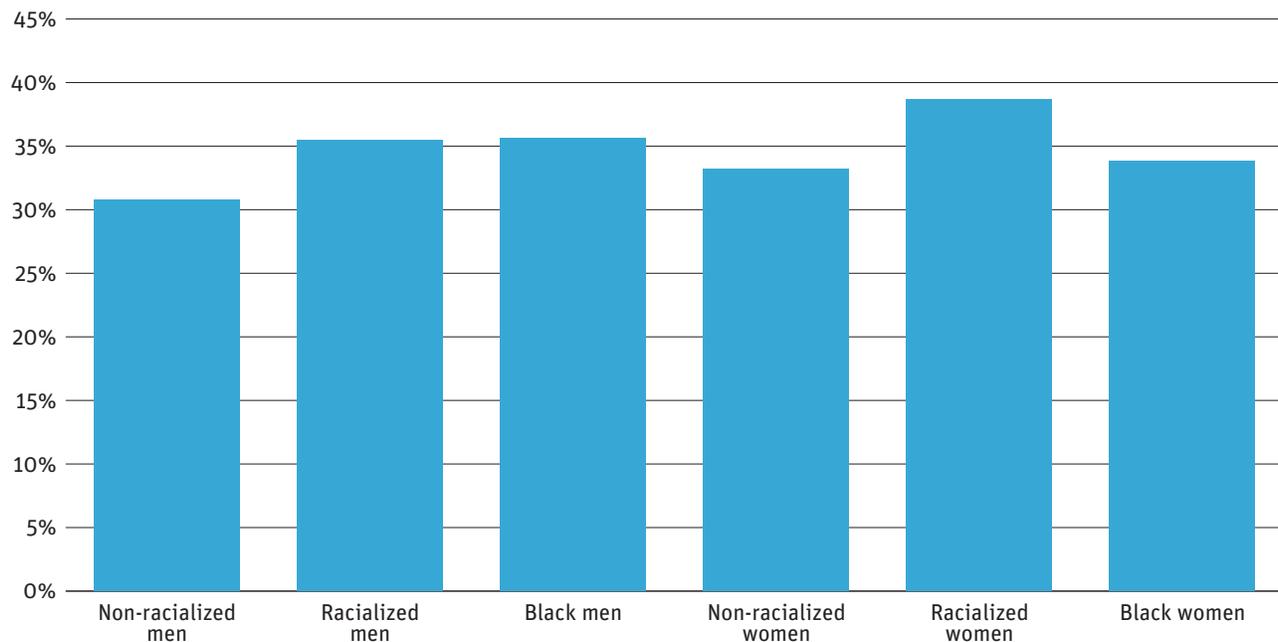
Source: Statistics Canada Census 2016, Table 98-400-X2016357.

of racialized men, 27% of racialized women, 16% of non-racialized men and 24% of non-racialized women. Table 7 shows the average annual earnings in those low-wage occupations and their share of the labour market average: they range from a low of 29% of average earnings for sales support occupations to a high of 58% for sales representatives and salespersons, wholesale and retail trade.

Figure 2 shows the distribution of Black, racialized, and non-racialized men and women in the five lowest-paid industries.¹³ As would be expected, the differences are smaller than the differences between occupations because there is a wider range of incomes within industries compared to within occupations, i.e., there may be high-paid jobs in lower-paid industries. As Figure 2 shows, 36% of Black and racialized men worked in the lowest-paid industries compared to 31% of non-racialized men. While 39% of racialized women worked in the five lowest-paid industries, 34% of Black women 33% of non-racialized women worked in these industries.

Measures included in Bill 148, like increasing the minimum wage, raised the floor for all low-wage workers. Because racialized workers are over-represented in low-wage occupations and industries, we expect that

FIGURE 2 Share of workers in five lowest-paid industries, Ontario (2016)



Source Statistics Canada census 2016, Table 98-400-X2016359.

implementing these measures would decrease the racial wage gap. We attempt to measure the impact of Bill 148 in this section.

We do not have any direct measure of the impact of Bill 148 on the racial wage gap. Until July 2020, census data was the only source of Statistics Canada data on the labour market experience of racialized workers (the most recent available data is from 2016). While the Labour Force Survey began collecting data about racialized workers in July 2020, it is not available to measure the impact of the increase in the minimum wage in 2018. The most recent data available on the share of racialized workers earning minimum wage is from 2011. In that year, racialized workers represented 24% of all employees but 35% of minimum-wage workers.¹⁴

Given the paucity of data, in order to estimate the impact of Bill 148 on the racialized wage gap, we combined the occupational and industry distribution of racialized workers' employment from the 2016 census with the 2018 wage increases by occupation and industry from the Labour Force Survey to produce two estimates. In the first, aggregating the changes in earnings by occupational structure, by gender, and by racialized group, we estimated the increase in average earnings across occupations for racialized, Black

TABLE 7 Average employment income in 2015 (\$) and share of average all occupations, Ontario (%)

Occupation—National Occupational Classification (NOC)	(\$)	%
Service supervisors and specialized service occupations	24,706	48.3
Sales representatives and salespersons—wholesale and retail trade	29,436	57.6
Service representatives and other customer and personal services occupations	25,696	50.3
Sales support occupations	14,783	28.9
Service support and other service occupations, n.e.c.	20,752	40.6
Average all occupations	51,105	100

Source Statistics Canada census 2016, Table 98-400-X2016357.

and non-racialized women and men. We then compared the rate of increase in earnings. If racialized workers' earnings grew faster than non-racialized workers earnings, this would reduce the overall racial wage gap. We then repeated these estimates by industry. While this method has limitations, it allowed us to use the available data to quantify the impact of the increase in the minimum wage on the racial wage gap across the labour market.

Estimates of the impact of Bill 148 on the racial wage gap across all occupations

Table 8 shows the estimated impact of Bill 148 on average earnings for men and women, using the occupational distribution of employment. As a result of the gendered nature of low-wage work, hourly wage gains were larger for women than they were for men across all racialized groups. The estimated increases were larger for Black women (4.9%) and racialized women (4.7%) than they were for non-racialized women (4.1%). There was a slightly larger positive impact on estimated hourly earnings for Black and racialized men (3.5%) than for non-racialized men (3.4%).

The estimates for average weekly wages show a slightly different pattern, with a slightly smaller increase in average weekly earnings for men than average hourly earnings. Table 8 also shows that estimated average weekly earnings for non-racialized men (3.3%) increased slightly more than for all racialized men (3.2%) and Black men (3%). The estimated average weekly earnings for women were higher than the estimates for hourly earnings. The increase for Black women, at 5.2%, was a percentage point higher than the

TABLE 8 Estimated increase in average hourly and weekly earnings, by occupation, Ontario (%) (2017–18)

	Increase in estimated average hourly earnings by occupation (%): 2017–18		Increase in estimated average weekly earnings by occupation (%): 2017–18	
	Men	Women	Men	Women
Non-racialized	3.4	4.1	3.3	4.2
Racialized	3.5	4.7	3.2	4.7
Black	3.5	4.9	3	5.2

Sources Statistics Canada census 2016, Table 98-400-X2016357. Labour Force Survey Public Use Microdata File (PUMF) and authors' calculations.

TABLE 9 Estimated increase in average hourly and weekly earnings by industry, Ontario (%) (2017–18)

	Estimated increase average hourly earnings by industry (%): 2017–18		Estimated increase in average weekly earnings by industry (%): 2017–18	
	Men	Women	Men	Women
Non-racialized	3.5	5.1	4.3	5
Racialized	3.3	5.5	3.3	5.4
Black	3.7	5.3	3.7	5.5

Sources Statistics Canada census 2016, Table 98-400-X2016359. Labour Force Survey Public Use Microdata File (PUMF) and authors' calculations.

increase for non-racialized women (4.2%). The estimated increase for all racialized women fell in between these two, at 4.7%.

While the estimates are mixed on the wage gap between Black and racialized men and non-racialized men, the faster pace of increase in earnings for racialized and Black women would reduce—and did reduce—the racial and gendered earnings gap.

Estimates of the impact of Bill 148 on the racial wage gap across all industries

Table 9 shows an alternative estimate of increases in average earnings, using the industrial distribution of employment. It shows that estimated increases in earnings for men, while similar in size to increases by occupation, do show a different distribution. Black men had the largest increase, 3.7%, while non-racialized men were next, 3.5%, and racialized men, 3.3%.

For women, racialized women had the largest estimated increase in hourly earnings, 5.5%, with Black women at 5.3% and non-racialized women at 5.1%.

There is a different pattern for average weekly earnings for men, with non-racialized men having the highest increase in estimated average weekly earnings, 4.3%, followed by Black men, 3.7%, and racialized men, 3.3%. The pattern differed for women, with the highest estimated wage increase for Black women, 5.5%, racialized women, 5.4%, and non-racialized women, 5%.

Similar to the estimates by occupation, the faster pace of increase in earnings for racialized and Black women reduced the racial and gendered earnings gap. The data is mixed on the wage gap between Black and racialized men and non-racialized men.

Conclusion

THE DATA CLEARLY show that the 2018 amendments to the *Employment Standards Act* increased low-wage workers' income without resulting in a decline in employment levels or increased unemployment. In addition, census data clearly shows us that racialized workers are over-represented in low-wage work. Raising the floor for all workers contributes to reducing the racialized wage gap.

Despite limitations, the estimates in this paper suggest that increases in minimum standards, specifically the legislated minimum wage, are an important policy tool to decrease the racial wage gap. The data show that gains were higher among women and that, in particular, Black women's earnings increased faster than other women and men. There was less of a differential impact for racialized men. This may be because of data limitations or differences in gendered labour market experiences. More detailed data and further research would be required to better understand the impact of these legislated changes on the earnings of low-income racialized men and women.

Understanding how policies like the minimum wage impact the racial wage gap is important to measure their success and to refine policies to make more progress on reducing the impact of racism on labour market outcomes. Limited data availability on the labour market experience of racialized workers limits our ability to evaluate and improve policies. Importantly, we do not know what the impact of Bill 148 would have been had the provincial government not rolled back changes to the ESA that were

particularly targeted at precarious work, e.g., the equal-pay-for-equal-work provisions of the bill, or its efforts to reduce misclassification of employees as independent contractors. Given the over-representation of racialized workers in precarious work, it stands to reason that these measures would go some distance to reducing the racial wage gap. Unfortunately, there is no data for this alternate scenario.

Technical appendix

THE ANALYSIS CONTAINED in this paper uses data from Statistics Canada's Labour Force Survey (LFS), the 2016 census, and the Public Use Microdata File (PUMF). Since the minimum wage in 2015, 2016, and 2017 increased in October of those years, the estimates for minimum wage workers are based on 10 months of the lower rate and 2 months of the higher rate. To further complicate matters, the hourly wage recorded in the Labour Force Survey for a worker isn't updated monthly, it is only updated upon entry into the survey sample and when a worker changes jobs. Every month, one sixth of the LFS sample is replaced. Therefore, the full impact of any change in the minimum wage isn't felt for six months, at which point the full LFS sample will have been replaced. Also, hourly wages in the LFS are only recorded for employed workers and not self-employed ones.

The data in Tables 1, 2, 3, 6, 8 and 9 are based on the LFS Public Use Microdata File (PUMF). These data were cross-tabulated with the following variables: gender, immigration status, and age. Tables 8 and 9 are also based on LFS Public Use Microdata File (PUMF) 2018 wages increases by occupation and industry, combined with 2016 census on occupation (Table 98-400-X2016357—National Occupational Classification (NOC) 2016) and industry (Table 98-400-X2016359—North American Industry Classification System (NAICS) 2012) distribution of racialized and non-racialized workers. The increases in estimated earnings were calculated by summing up the weighted increase in average earnings across these groups.

Table 7 and Charts 1 and 2 are based on the 2016 census data, respectively on tables 98-400-X2016357 and 98-400-X2016359. The result was the ranking of the five lowest-paid occupations and industries and the respective shares of racialized and non-racialized workers.

Tables 4 and 5 are based on LFS data on the employment, employment rate, unemployment, unemployment, average hourly and weekly wage between 2017 and 2019 by industry of employees 15 and over for men and women.

Notes

- 1 The experience of Indigenous workers is not analyzed in this report due to data limitations.
- 2 The term “precarious” relates to work characterized by an elevated level of insecurity: “Precarious work tends to be associated with the following forms of employment: part-time employment, self-employment, fixed-term work, temporary work, on-call work, home working, and telecommuting, which are more united by their divergence from the standard employment relationship...than by any common features... All tend to be distinguished by low wages, few benefits, the absence of collective representation, and little job security.” See: Fudge, Judy and Owens, Rosemary ,eds. (2006). *Precarious Work, Women, and the New Economy: The challenge to legal norms*. Oxford: Hart Publishing.
- 3 Block, Sheila. (2017) *Losing Ground: Income inequality in Ontario, 2000–15*. Canadian Centre for Policy Alternatives.
- 4 Gellatly, Mary. (2015). *Still Working on the Edge*. Workers’ Action Centre.
- 5 Ontario Ministry of Labour, Training and Skills Development. (2018). *The Changing Workplaces Review*. Accessed at <https://www.labour.gov.on.ca/english/about/workplace/>.
- 6 Goldblatt Partners. (December 18, 2017). *What Changes are Coming to Ontario’s Labour and Employment Laws?* Accessed at <https://goldblattpartners.com/wp-content/uploads/Bill148analysisDec.pdf>.
- 7 Workers’ Action Centre. (2018). *Annual Report April 2017-March 2018*. <https://workersactioncentre.org/wp-content/uploads/2018/09/WAC-Annual-Report-2017-18.pdf>.
- 8 Goldblatt Partners. (December 18, 2017). *What Changes are Coming to Ontario’s Labour and Employment Laws?* Accessed at <https://goldblattpartners.com/wp-content/uploads/Bill148analysisDec.pdf>.
- 9 Block, Sheila (2015). *A Higher Standard: The case for holding low-wage employers in Ontario to a higher standard*. Canadian Centre for Policy Alternatives. https://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2015/06/Higher_Standard.pdf.
- 10 For CCPA and other responses to those reports, see Jamasi, Zohra, and Rozworski, Michal. August 15, 2017. “5 Reasons to Be Skeptical of This \$15 Minimum Wage Report.” *Canadian Labour News and Analysis from a Critical Perspective*. <https://www.rankandfile.ca/ontario-chamber>

[of-commerce-peddles-more-myths-about-a-15-minimum-wage/](#). Rozworski, Michal. August 17, 2017. “The Ontario Chamber’s Economic Impact Analysis of Bill 148 Still Doesn’t Make Sense.” Progressive Economics Forum. <https://www.progressive-economics.ca/2017/08/the-chambers-economic-impact-analysis-of-bill-148-still-doesnt-make-sense/>. Rozworski, Michal. September 29, 2017. “Don’t Bank on TD’s \$15 Minimum Wage Impact Forecast.” The Monitor. <https://monitormag.ca/articles/dont-bank-on-tds-15-minimum-wage-impact-forecast/>. Block, Sheila. September 19, 2017. “Fraser Institute Cries Wolf over Ontario’s \$15 Minimum Wage.” The Monitor. <https://monitormag.ca/articles/fraser-institute-cries-wolf-over-ontarios-15-minimum-wage/>. Rozworski, Michal. September 12, 2017. “The Headline You Didn’t See: \$15 per hour will have a big net benefit. Progressive Economics Forum. <https://www.progressive-economics.ca/2017/09/the-headline-you-didnt-see-15-per-hour-will-have-a-big-net-benefit/>. Block, Sheila. September 27, 2017. “They Huff and They Puff: More overblown claims about a \$15 minimum wage.” The Monitor. <https://monitormag.ca/articles/they-huff-and-they-puff-more-overblown-claims-about-a-15-minimum-wage>.

11 Green, David. (2015). *The Case for Increasing the Minimum Wage: What does the academic literature tell us?* <https://www.policyalternatives.ca/publications/reports/case-increasing-minimum-wage>. Canadian Centre for Policy Alternatives.

12 Block, Sheila and Grace-Edward Galabuzi. (2019). *Persistent Inequality: Ontario’s colour-coded labour market*. Canadian Centre for Policy Alternatives. <https://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2018/12/Persistent%20inequality.pdf>.

13 These industries are: accommodation and food services; agriculture; business, building and other support services; wholesale and retail trade; and others services (except public administration).

14 Block, Sheila. (2013). *Who is Working for Minimum Wage in Ontario?* Wellesley Institute. <https://www.wellesleyinstitute.com/wp-content/uploads/2013/10/Who-Makes-Minimum-Wage.pdf>.



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES

CENTRE CANADIEN
de POLITIQUES ALTERNATIVES