

A Higher Standard

The case for holding low-wage employers
in Ontario to a higher standard

Sheila Block





CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
ONTARIO OFFICE

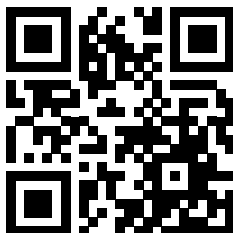
ISBN 978-1-77125-211-9

This report is available free of charge at www.policyalternatives.ca. Printed copies may be ordered through the CCPA national office for a \$10 fee.

PLEASE MAKE A DONATION...

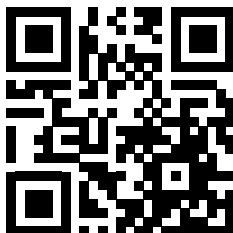
Help us to continue to offer our publications free online.

Click / scan the QR code below to make a tax-deductible donation to the CCPA-Ontario.



Stay up to date with the latest news and reports from the CCPA-Ontario office.

Click / scan the QR code to subscribe to our e-newsletter.



ABOUT THE AUTHOR

Sheila Block is a senior economist at the CCPA-Ontario office.

ACKNOWLEDGEMENTS

The author would like to thank Pam Frache, Mary Gellatly, Brad James, Mark Rowlinson and Kaylie Tiessen for their comments on an earlier version of this paper, and Alexandra Weiss for excellent research assistance.

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/ontario or call 416-598-5985 for more information.

The CCPA-Ontario office is based in Toronto. We specialize in provincial and municipal issues. We deliver original, independent, peer-reviewed, non-partisan research.

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

A Higher Standard

- 5 Executive summary
- 7 Introduction
- 8 Who are Ontario's low-wage workers?
- 17 Declining union density
- 24 Conclusion
- 26 Appendix A
- 28 Notes

A Higher Standard

The case for holding low-wage employers to a higher standard

Executive Summary

The Ontario government is reviewing the province's *Employment Standards Act* (ESA) and *Ontario Labour Relations Act* (OLRA). This study draws on Statistics Canada data to track a growing reliance on low-wage, precarious employment in Ontario and how precariously employed workers have less access to the protections of membership in a trade union. This highlights the need to modernize both the ESA and OLRA to better protect marginalized workers. Some of the changes in precarious work are eye-popping:

Growing number of minimum wage jobs: The share of workers earning the minimum wage in Ontario skyrocketed from 2.4 per cent of all employees in 1997 to 11.9 per cent in 2014 – a five fold increase over a 17-year time frame.

Growing number of low-paying jobs: The share of workers making within \$4 of the minimum wage, \$15 in 2014, also exploded over this time period. It rose from 19.8 per cent in 1997 to 29.4 per cent in 2014 – a 48 per cent rise in the share of low-wage workers in Ontario.

Harder to land a 40-hour-a-week job: There is also a bigger share of employees in Ontario working less than 40 hours a week today than there was in 1997: this share grew by 19 per cent, from 42.5 per cent in 1997 to 50.5 per cent in 2014. In other words, one out of two workers in Ontario don't have a 40-hour-a-week job.

Unpredictable hours of work: In 2014, 62.9 per cent of Ontario workers who earned the minimum wage worked in jobs where their hours of work varied from week to week. In other words, unpredictable hours are the norm for most minimum wage workers (six in 10) and for many workers earning between \$11 to \$15 an hour (four in 10).

Unpaid time off the norm for low-wage workers: For those earning more than \$15 an hour, 56.8 per cent were paid when they were away from work for a week. That dropped to 24.9 per cent for those earning between \$11 and \$15 an hour and only 16.8 per cent for those at or below \$11 an hour. The lower the pay, the more likely an Ontario worker is to be forced to take unpaid time off if needed.

Less access to union membership for racialized workers and recent immigrants: Racialized workers had a 30 per cent lower unionization rate than non-racialized workers – 21.8 per cent as compared to 28.4 per cent for non-racialized workers. There is a similar gap for recent immigrants compared to the rest of the population.

Unionization rates for workers in small workplaces: Only 6.7 per cent of workers in private sector workplaces with less than 20 employees are members of a union; this compares to 23.7 per cent of workers in workplaces with 500 or more employees.

While there are new limitations on available data from Statistics Canada, constraining our ability to paint a demographic picture of Ontario's precarious workforce, what is available indicates that racialized, new immigrant, and women workers are far more likely to work in low-paying jobs with fewer guarantees of paid leave, an unpredictable work schedule, and with less likelihood of union membership.

The findings make a very compelling case for modernizing the outdated regulatory laws for workers in Ontario, especially given the dramatic rise in low-paying, insecure jobs and the inadequacy of existing legislation to protect workers.

The report also concludes there is scope for the province to raise the minimum wage, to require employers to schedule more predictable work hours, to set a higher standard for paid leave, and to make it easier for low-wage workers to unionize.

Introduction

Mounting evidence that Ontario's job market is becoming more precarious and fuelling income inequality¹⁷ is driving an emerging provincial conversation about potential solutions. At the centre of the current policy discussion are the *Employment Standards Act* (ESA) and the Ontario *Labour Relations Act* (OLRA), both under review by the provincial government.

Table 1 illustrates the relationship between access to union membership, low-wage work, and the sharp increase in employment in private sector services in Ontario. Employment growth in trade (retail and wholesale), business services (which includes temporary agencies, cleaning, and security services), and accommodation and food services outpaced overall Ontario employment growth. All of these industries have median wages that are far below the median for all workers. And very few of them are able to gain access to collective bargaining rights or to maintain those rights, given the discontinuity between the structure of employment in these industries and the OLRA.

The shift away from jobs on the factory floor to jobs serving coffee

TABLE 1: Union Density, Wage Rates and Employment

	Union Density 2014 (%)	Employment Growth 2000-2014 (%)	Median Hourly wages 2014 (\$)
Total Employment	27.0	18.3	21.2
Trade	11.5	19.1	14.4
Business, Building and Other Support Services	14.3	39.2	15.0
Accommodation and Food Services	6.0	32.4	11.4

Source: Statistics Canada CANSIM
Tables 282-0220, 282-0078, 282-0008, 282-0072

and cleaning offices has reduced access to trade union representation for low-wage Ontarians. The sharp rise in employment in these industries increased the share of Ontario workers in low-paid, precarious jobs as cleaners, security guards, in retail and as food servers. These are most often jobs in smaller workplaces, with more part-time workers,

more racialized workers and more workers who are recent immigrants. The data in this paper will show that all of these factors make it less likely for workers in Ontario to be represented by a trade union.

As a result of this shift in the types of jobs available and declining union density, the ESA is more important in the lives of working Ontarians. While the Act was conceived as a minimum floor for workers' rights and employers' responsibilities when it was written 15 years ago, it now determines the wages and working conditions of many more low-wage workers. And it is failing to ensure that all Ontarians have access to decent work and basic workplace protections.

The government's stated objective for the legislative review is to improve security and opportunity for those made vulnerable by the structural economic pressures and changes being experienced by Ontarians.⁸ To help inform the way forward, this paper focuses on two areas.

The first section describes employment conditions of Ontario workers that are critical to informing the review of the ESA. It starts with estimates of the share of low-wage workers in Ontario, those who are earning minimum wage and those who earn between the minimum wage and \$15 an hour – the broadly proposed target goal for Ontario's minimum wage. It also analyzes the demographic characteristics of these low-wage workers. Further, it explores other issues essential to informing the ESA review, including the share of employees with less than 40 hours a week of work, those with variable hours, and those with access to paid time off.

The second section explores the relationship between access to union membership and precarious work in Ontario. The paper briefly describes access to union membership in Ontario by gender, for public and private sectors workers, and for racialized workers and recent immigrants. It also explores the relationship between markers for precarious work: part-time work and work in small establishments with unionization.

Throughout the paper, recommended changes to the ESA and the OLRA are woven into the description of the data.

Who are Ontario's low-wage workers?

This analysis uses data from Statistics Canada's Labour Force Survey (LFS) and the Survey of Labour and Income Dynamics (SLID).

An important dimension of precarious work is the over-representation of racialized workers and recent immigrants. Data from the 2011 SLID show

that racialized workers are 47 per cent more likely to be working for minimum wage than the total population and recent immigrants are more than twice as likely to be working for minimum wage.⁹ We attempted to update this data to 2014 but the sources of Statistics Canada data available to analyze the labour market for racialized workers are shrinking. There are also limitations on the availability of data by immigration status. (For a full description of the data, see Appendix A).

Rising prevalence of low-wage work

Table 2 shows the share of low-wage employees from 1997 to 2014, both those who are working for minimum wage and those who are earning within \$4 of minimum wage. It shows a sharp rise in the share of minimum wage workers over that period, increasing from 2.4 per cent of all employees in 1997 to 11.9 per cent in 2014. The share of women working for minimum wage rose at about double the pace of men. It also shows a 48 per cent rise in the share of low-wage workers in Ontario, rising from 19.8 per cent in 1997 to 29.4 per cent in 2014. The low point for the share of low-wage work was 2001, just before manufacturing employment in the province began to plummet.

Over this period, there were a number of changes in Ontario's labour market: in the industrial composition of the economy, in the demographic characteristics of the labour force, and in the government's policies on the minimum wage. All of these factors contributed to the increasing share of low-wage work.

Gender inequality

Gender pay inequality is still entrenched in Ontario's labour market¹⁰ and that is reflected in the low-wage workforce: the share of women who are low-wage workers has consistently been higher than the share of men. In 2014, 14.9 per cent of women employees were working for minimum wage, compared to 8.8 per cent of men. The share of women making within \$4 of the minimum wage increased from 24 to 34.3 per cent over the same period. This compares to a rise from 16.1 to 24.5 per cent for men.

Table 3 shows the 2014 age distribution of minimum wage workers and those earning between \$11 and \$15 an hour.

In 2014, there were 695,000 minimum wage earners in Ontario. *Table 3* also shows that over a million workers earned between \$11 and \$15 an hour.

TABLE 2: Share of Employees at Minimum Wage, Ontario (%), 1997-2014

	≤ Minimum wage			≤ Minimum wage + \$4*			Minimum Wage (\$)
	Men	Women	Both	Men	Women	Both	
1997	2.2	2.7	2.4	16.1	24.0	19.8	6.85
1998	1.9	2.0	2.0	14.5	24.3	19.3	6.85
1999	1.6	1.7	1.7	14.3	23.6	18.8	6.85
2000	1.4	1.2	1.3	13.5	21.2	17.2	6.85
2001	1.4	1.9	1.6	12.2	21.1	16.5	6.85
2002	1.3	2.3	1.8	14.8	23.6	19.1	6.85
2003	1.3	2.1	1.7	15.5	21.8	18.6	6.85
2004	3.2	5.5	4.3	15.8	26.7	21.1	7.15
2005	3.2	4.8	4.0	15.5	24.9	20.1	7.45
2006	3.6	5.2	4.4	16.5	26.5	21.4	7.75
2007	4.6	6.4	5.5	17.3	25.3	21.3	8.00
2008	5.2	8.3	6.8	19.3	28.9	24.1	8.75
2009	5.7	10.2	8.0	20.7	30.2	25.6	9.50
2010	8.7	12.7	10.7	21.2	30.3	25.8	10.25
2011	7.7	11.5	9.6	23.6	30.8	27.2	10.25
2012	8.1	10.5	9.3	22.4	30.2	26.4	10.25
2013	7.8	10.6	9.2	21.9	29.7	25.8	10.25
2014	8.8	14.9	11.9	24.5	34.3	29.4	11.00

* this number is the statutory minimum wage
+ \$4 constant 2014 dollars

Source: Statistics Canada, 2015 special tabulations based on the Labour Force Survey

TABLE 3: Low-Wage Employees by Age Group, Ontario, 2014

	≤ \$11	\$11 - \$15	\$15+	Total
Employees (%)*				
15-24	44.6	34.0	21.4	100
25-54	5.9	14.0	80.1	100
55+	6.0	17.0	76.9	100
Total	11.9	17.6	70.6	100

Employees (000s)				
15-24	400	305	192	898
25-54	234	554	3,172	3,960
55+	61	171	771	1,002
Total	695	1,030	4,135	5,859

Distribution (%)**				
15-24	57.6	29.6	4.6	15.3
25-54	33.7	53.8	76.7	67.6
55+	8.7	16.6	18.6	17.1
Total	100	100	100	100

* % of all employees

** % of minimum wage employees

Source: Statistics Canada, 2015. Special tabulation based on Labour Force Survey

Add to that the number of minimum wage workers and more than 1.7 million Ontarians work for low wages – almost 30 per cent of all workers.

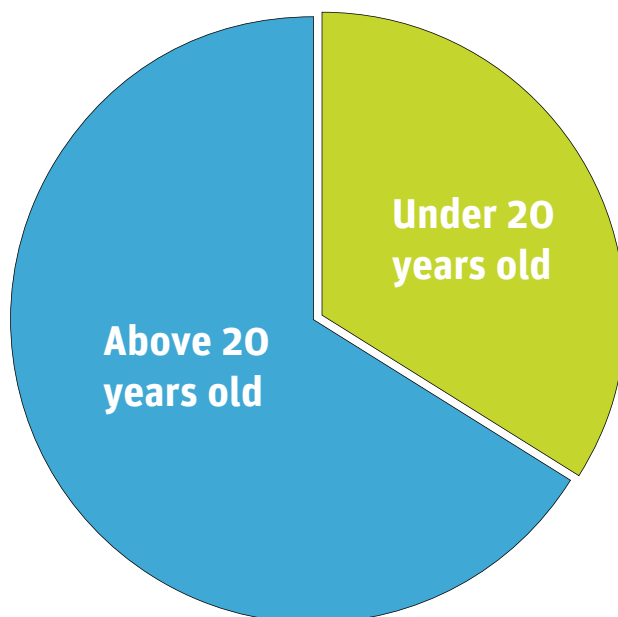
Among those minimum wage earners, 234,000 (one in three) are of prime working age, 8.7 per cent are older than 55; and 57.6 per cent are under 25. The age distribution of workers making between \$11 to \$15 per hour shifts dramatically: 70 per cent of those workers are 25 years and older.

There is the myth that minimum wage earners are teenagers who are working for the latest smart phone. *Chart 1* shows the distribution of minimum wage workers between teenagers and those who are 20 and older. It shows that 66 per cent of minimum wage workers are older than 20 and only 34 per cent are teens. In other words, 6.6 out of 10 minimum wage earners are adults trying to make ends meet on a minimum wage that keeps a full-time, full-year worker below the poverty line.

Low-wage work and variable hours

One of the markers of precarious work is insufficient hours or variability/unpredictability of hours. *Table 4* shows that there is a bigger share of

CHART 1 Distribution of Minimum Wage Employees by Age, Ontario, 2014



Source Statistics Canada, 2015. Special tabulation based on Labour Force Survey

employees in Ontario working less than 40 hours a week today than there was in 1997: this share grew by 18.8 per cent, from 42.5 per cent in 1997 to 50.5 per cent in 2014.

While the share of women working less than 40 hours a week rose slightly between 1997 and 2014, from 56.1 to 59.6 per cent, the share of men working less than 40 hours a week over that time span rose more sharply, from 30.2 to 41.3 per cent.

TABLE 4: Share of Employees Working Less than 40 Hours per Week (%), Ontario, 1997-2014

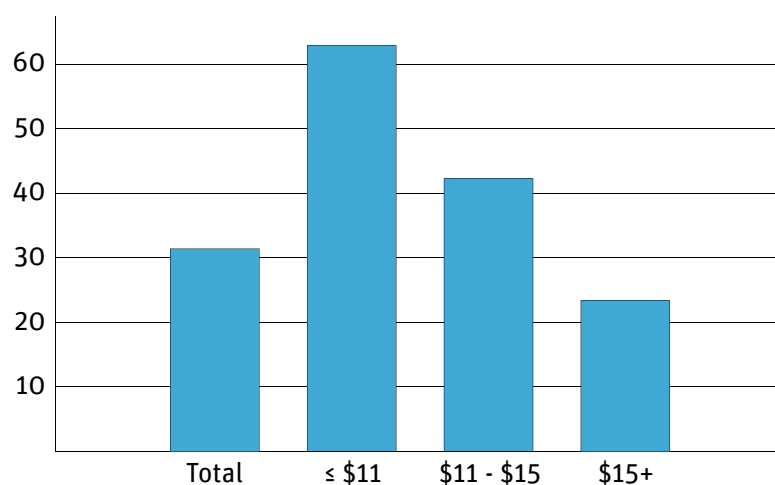
	Total	Male	Female
1997	42.5	30.2	56.1
1998	42.8	30.5	56.2
1999	42.5	30.1	55.8
2000	41.7	29.5	54.6
2001	45.1	33.7	57.0
2002	44.7	33.7	56.4
2003	48.5	37.8	59.7
2004	46.0	35.2	57.1
2005	45.7	35.1	56.7
2006	47.6	37.3	58.2
2007	46.6	35.8	57.4
2008	47.4	37.3	57.3
2009	50.5	41.3	59.4
2010	50.4	40.4	60.1
2011	48.4	38.4	58.2
2012	47.4	37.0	57.5
2013	48.7	39.1	58.0
2014	50.5	41.3	59.6

Source: Statistics Canada, CANSIM Table 282-0022

Chart 2 shows that Ontarians with lower hourly wages are more likely to work in jobs where their hours vary from week to week instead of having secure, regular work hours that they can bank on – another feature of precarious work.

In 2014, 62.9 per cent of Ontario workers who earned the minimum wage worked in jobs where their hours varied from week to week.

CHART 2 Share of Employees with Variable Hours (%), Ontario, 2014



Source Statistics Canada, 2015. Special tabulation based on Labour Force Survey

In other words, unpredictable hours are the norm for most minimum wage workers (six in 10) in Ontario today. The situation is slightly better for those earning between \$11 and \$15 an hour: 42.3 per cent of those workers had hours that varied from week to week. But it still means four in 10 low-wage workers earning between \$11-\$15 an hour can't rely on predictable work hours.

In sharp contrast, only 23.4 per cent of workers who make more than \$15 an hour had variable hours.

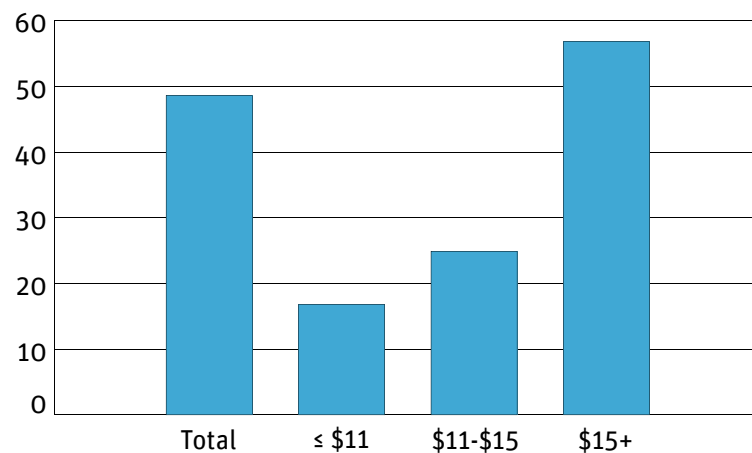
The prevalence of variable hours for low-wage workers underscores the importance of the proposed amendments to the ESA to regulate work scheduling, including: two weeks' advance posting of work schedules, requiring employees to receive compensation if schedules are changed within that two-week period, and protection from reprisals if workers request a change in schedule.¹¹

Access to leaves

On top of dealing with unpredictable hours, workers in precarious jobs have identified inadequate access to paid vacation and paid sick time as an issue that should be addressed in the review of the ESA.¹² The LFS data available on absence from work includes whether full-week absences are paid or unpaid. However, this variable doesn't provide the reason for leave.

Chart 3 shows the 2014 share of employees earning minimum wage, the share of workers who earn between \$11 and \$15 an hour, and the share of workers earning more than \$15 whose full-week absence from work was paid.

CHART 3 Share of Employees Whose Absences from Work were Paid (%), Ontario, 2014



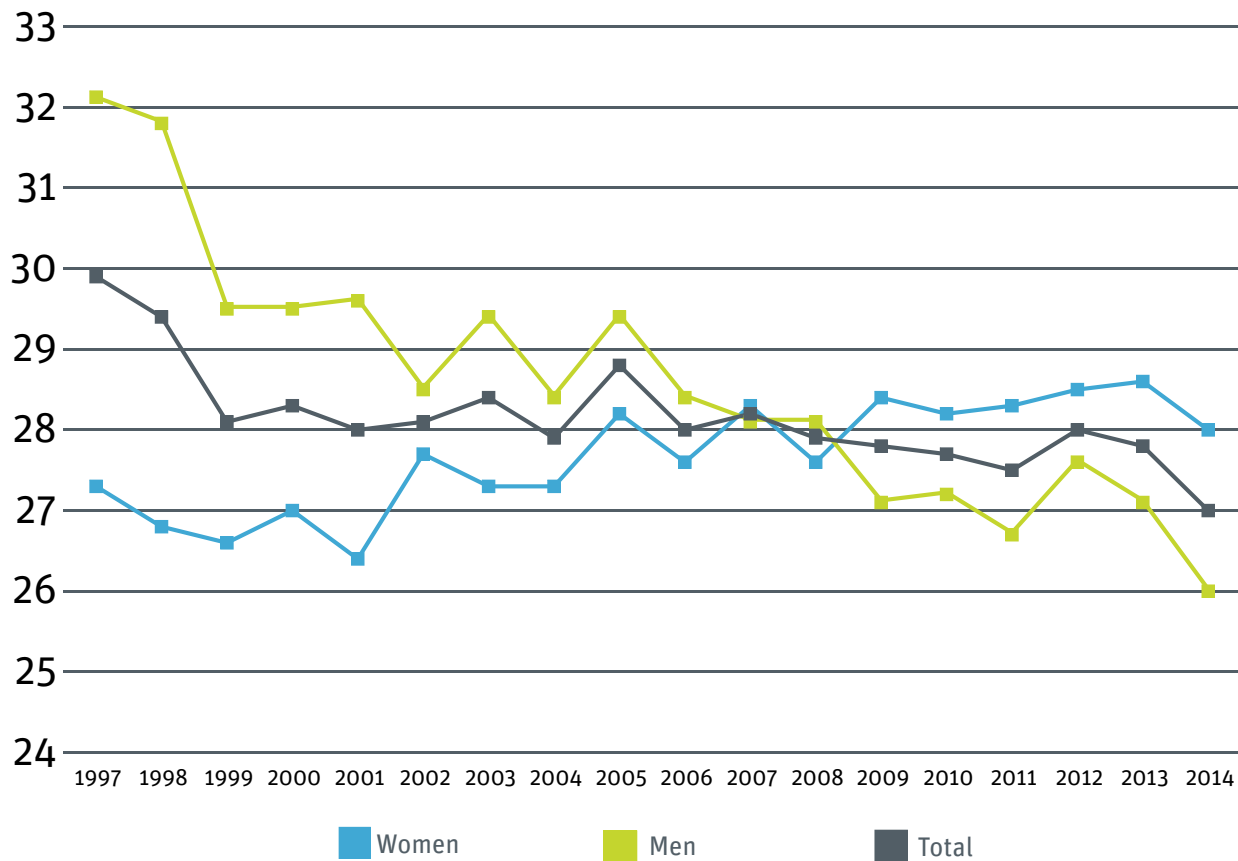
Source: Statistics Canada, 2015. Special tabulation based on Labour Force Survey

The trend here mirrors trends of unpredictable work hours: the lower a worker's earnings, the more likely an absence from work will be unpaid; the higher the worker's earnings, the more likely an absence from work will be paid. For those earning more than \$15 an hour, 56.8 per cent had an absence that was paid. That dropped to 24.9 per cent for those earning between \$11 and \$15 an hour and 16.8 per cent for those at or below \$11 an hour. Clearly, the lower the pay, the more likely an Ontario worker must take unpaid time off if needed.

These findings point to the need for enhanced leave provisions in the ESA, including proposals to extend access to emergency leave, to provide for paid sick leave, and to increase paid vacation entitlements.¹³

In short, a rising share of Ontario workers are in low-wage work. These workers are more likely than higher-wage employees to have variable hours where their schedule and pay is unpredictable. When they take time off, it is less likely to be paid. This suggests that amendments to the ESA that would increase predictability of scheduling and increase paid time off would provide an important improvement to the income and working lives of low-wage workers.

CHART 4 Ontario's Union Density Rates (%), 1997-2014



Source: Statistics Canada, CANSIM Table 282-0220

Declining union density

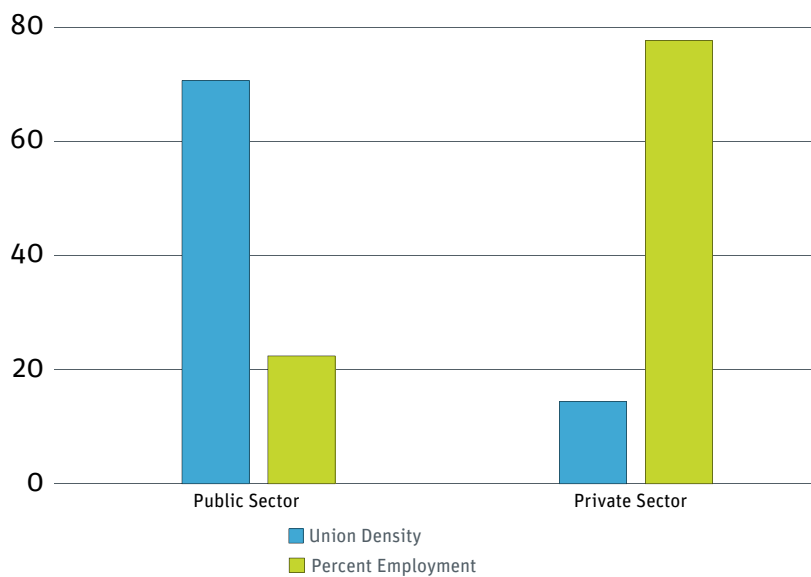
For low-wage workers, membership in a trade union is an effective way to have meaningful representation at work. Unionization provides resources and supports to help workers enforce their rights under the ESA as well as other rights. It also is key to improved wages, better working conditions, and the availability of benefits beyond minimum standards.

Chart 4 shows declining union density in Ontario from 1997 to 2014. Overall, union density in Ontario decreased by three percentage points between 1997 and 2014. However, this small drop masks very different patterns in union density between men and women, as well as between private sector workers and public sector workers. Union density for men dropped from 32 per cent to 26 per cent over this period. Union density for women rose slightly and then stabilized at around 28 per cent over this period.

The bigger decline in union density happened in the private sector – it fell from about 19 per cent in 1997 to about 14 per cent in 2014. Public sector union density stayed relatively stable, rising from about 70 to 71 per cent.¹⁴

Chart 5 shows that while union density is much higher in the public sector than it is in the private sector, most of the jobs in Ontario – about 78 per cent – are in the private sector, so a drop in unionization in that sector has a major impact on the labour market landscape.

CHART 5 Union Density, Private & Public Sector (%), Ontario, 2014



Source Statistics Canada, CANSIM Table 282-0078

TABLE 5: Union Density Rates by Racialization (%), Ontario**Total Employees**

	Not Racialized			Racialized		
	Total	Private	Public	Total	Private	Public
2000-2002	29.5	19.8	68.6	19.8	13.2	66.5
2003-2005	28.5	17.1	69.2	19.2	10.8	73.9
2006-2008	28.6	16.1	70.1	19.0	11.3	66.7
2009-2011	28.4	14.4	69.9	21.8	12.5	69.5

Men

	Not Racialized			Racialized		
	Total	Private	Public	Total	Private	Public
2000-2002	31.5	24.4	67.6	21.2	15.1	74.1
2003-2005	30.2	21.6	68.5	18.3	10.7	74.4
2006-2008	29.0	19.8	68.5	18.8	11.6	68.2
2009-2011	28.7	17.6	69.7	22.0	13.1	76.5

Women

	Not Racialized			Racialized		
	Total	Private	Public	Total	Private	Public
2000-2002	27.3	14.3	69.4	18.2	11.1	60.6
2003-2005	26.7	11.8	69.8	20.1	10.8	73.4
2006-2008	28.2	11.7	71.2	19.3	11.0	65.4
2009-2011	28.0	10.7	70.1	21.7	11.8	64.3

Source: Statistics Canada, 2015. Special tabulation based on Survey of Labour and Income Dynamics

Union membership by demographic group

Data from SLID show that access to unionization differs by immigrant status and by racialized group. *Table 5* shows three-year average union density rates for racialized and non-racialized Ontarians from 2000 to 2011.

The union density rate is consistently lower for racialized Ontarians than it is for non-racialized ones. However, the gap between the two populations is shrinking. Union density was 29.5 per cent for non-racialized workers in 2000-02 compared to 19.8 per cent for racialized workers. In 2009-11, the gap was smaller: 28.4 per cent of non-racialized workers were unionized compared to 21.8 per cent of racialized workers. Much of this difference is because private sector union density fell more sharply for non-racialized workers than it did for racialized workers.

There were notable differences in the union density rate between racialized and non-racialized women workers. While racialized and non-racialized women have similarly low union density rates in the private sector, the gap is larger in the public sector.

While non-racialized men working in the private sector still have higher union density rates than non-racialized women, the gap between racialized men and women's unionization rates in the private sector has dropped dramatically over this period.

Racialized men have consistently higher unionization rates in the public sector (76.5 per cent unionization rate) than racialized women (64.3 per cent) or non-racialized men (69.7 per cent).

There are also differences in union density rates between Ontarians who are recent immigrants and those who are not. *Table 6* shows three-year averages of union density rates for Ontario workers who have been in Canada for 10 years or less and all other Ontario workers between 2000 and 2011.

Over that time period, the gap in unionization rates narrowed somewhat, dropping from an 11 percentage point gap down to a 7 percentage point gap. Much of the narrowing of the gap is because private sector union density rates fell more quickly for workers who were not recent immigrants than for newcomers.

There is a larger and persistent gap in unionization rates in the public sector for recent immigrants and those who are not: 73.6 per cent of those who are not recent immigrants are unionized compared to 57.9 per cent of recent immigrants.

There is a different pattern in union density rates by gender. The gap between men who are recent immigrants and those who are not shrank

TABLE 6: Union Density Rates by Immigration Status (%), Ontario**Total Employees**

	Not Recent Immigrants			Recent Immigrants		
	Total	Private	Public	Total	Private	Public
2000-2002	27.7	19.7	69.9	16.8	14.8	52.3
2003-2005	26.3	16.2	72.6	14.8	12.2	47.2
2006-2008	25.5	15.4	72.3	17.5	13.3	50.3
2009-2011	26.0	15.2	73.6	19.0	11.9	57.9

Men

	Not Recent Immigrants			Recent Immigrants		
	Total	Private	Public	Total	Private	Public
2000-2002	30.6	23.8	70.5	19.4	18.1	52.9
2003-2005	28.2	19.6	72.7	17.4	15.5	54.8
2006-2008	26.3	17.7	73.7	17.2	14.7	40.3
2009-2011	26.0	17.4	77.4	22.8	13.2	66.7

Women

	Not Recent Immigrants			Recent Immigrants		
	Total	Private	Public	Total	Private	Public
2000-2002	24.8	15.4	69.4	13.7	10.6	51.9
2003-2005	24.4	12.8	72.5	11.8	8.0	43.1
2006-2008	24.8	12.9	71.1	17.8	12.0	57.5
2009-2011	25.9	12.8	71.2	15.0	10.6	44.9

Source: Statistics Canada, 2015. Special tabulation based on Survey of Labour and Income Dynamics

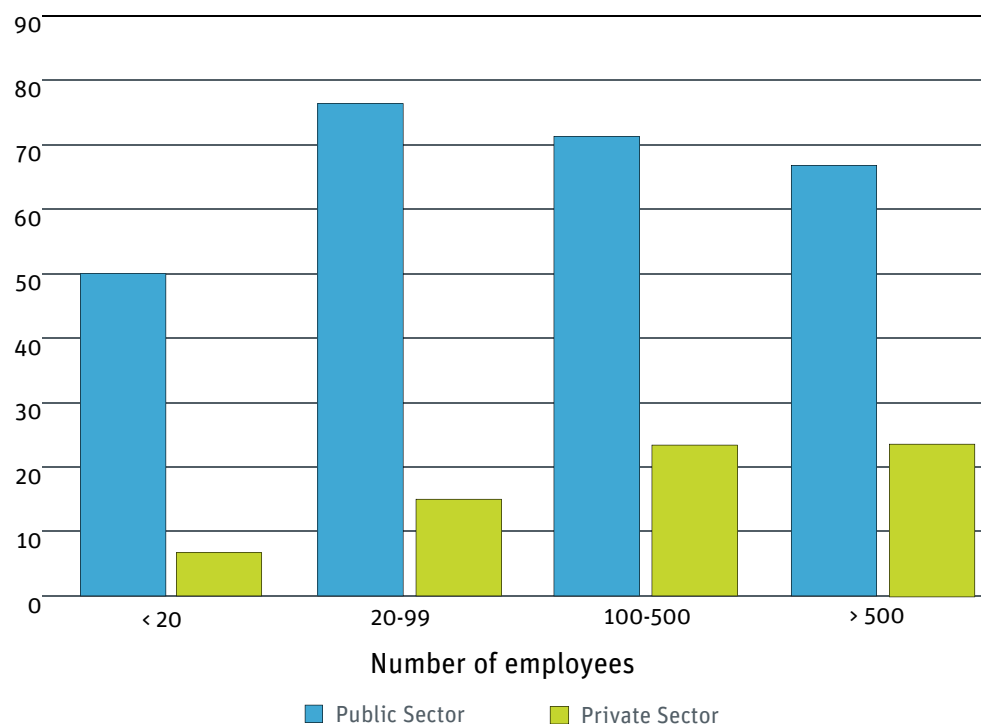
largely because of an increase in union density for recent immigrants in the public sector. There is a larger and more persistent gap in union density rates between women who are recent immigrants and those who are not.

We know that racialized workers and recent immigrants are over-represented in precarious work. Therefore, changes to the OLRA that increase access to union membership for low-wage workers will likely shrink the gap in union density between racialized and non-racialized workers, and between recent immigrants and those who have been in Ontario longer. However, the size of the gap also calls for further research to understand more fully the differences in employment opportunities for racialized and recent immigrant workers that lead to the gaps in union density.

Access to unionization in smaller workplaces

Precarious work is more prevalent in smaller workplaces.¹⁵ *Chart 6* shows the sharply lower union density rates in small workplaces in the private

CHART 6 Union Density by Establishment Size (%), Ontario, 2014



Source Statistics Canada, 2015. Special tabulation based on Labour Force Survey

and public sector. Union density in establishments with fewer than 20 employees stands at only 6.7 per cent in the private sector. It rises to 15 per cent for private sector employers with 20-100 employees; 23.4 per cent for establishments with 100 to 500 employees; and 23.7 per cent for those with 500 or more employees.

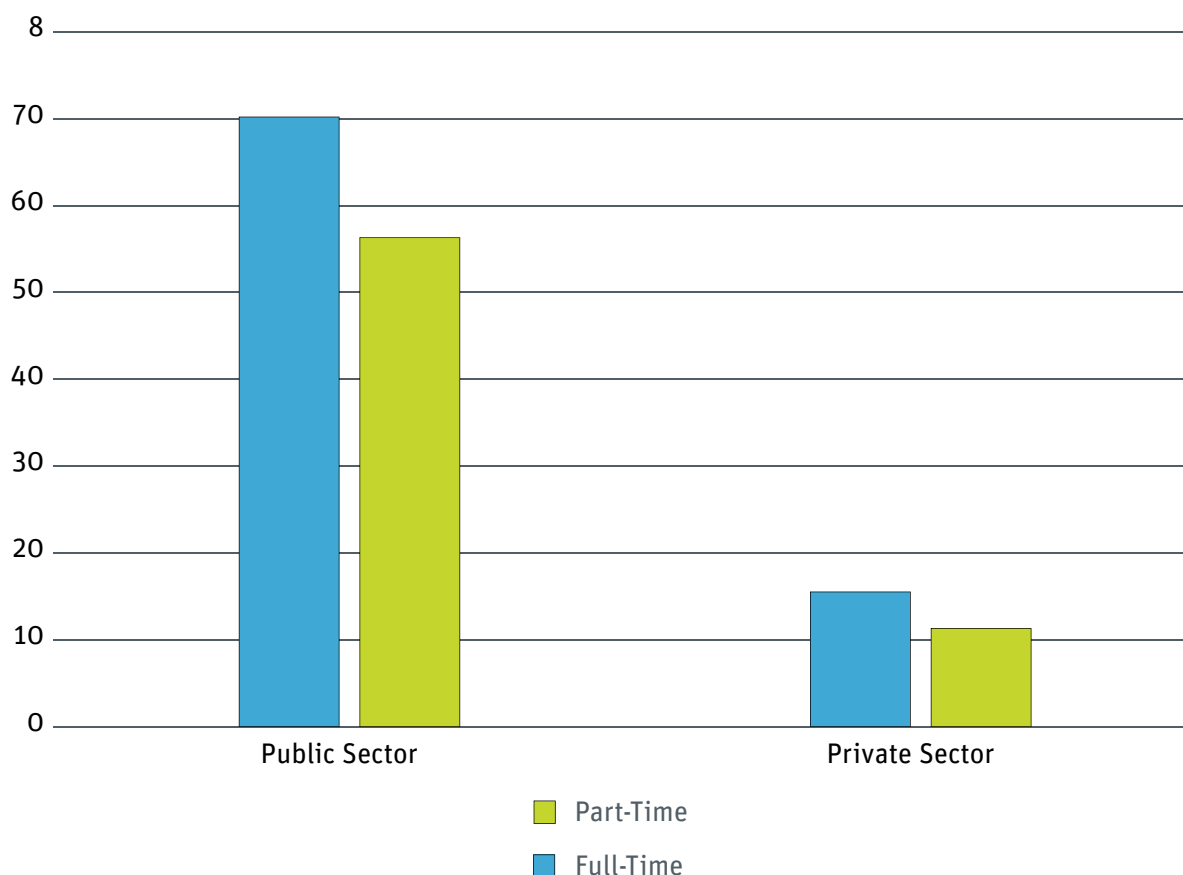
There is also sharply lower union density in small workplaces in the public sector. While 50 per cent of public sector workplaces with fewer than 20 employees are unionized, 76.4 per cent of public sector workplaces with 20 to 100 employees are unionized. Union density rates then drop off for larger public sector workplaces with 100-500 employees – 71.3 per cent – as well as for those with 500 or more employees – 66.8 per cent. However, workplaces with less than 20 employees remain the least likely to be unionized.

Small workplaces are associated with precarious work and with very low union density. This points to the need for changes to the OLRA to provide workers in small workplaces with increased access to union membership and to maintain collective bargaining rights. Governments in Ontario and British Columbia have considered a range of broader based sectoral bargaining proposals to address low union density in small workplaces.¹⁶ Changes to successorship rights to ensure that workers are able to maintain collective bargaining rights are also particularly important for workers in the private service sector.¹⁷

Access to union membership for part-time workers

Finally, part-time work can be another marker of precarity. *Chart 7* shows lower union density rates in both the public and private sector for part-time workers, compared to full-time workers. While union density for full-time workers in the private sector is 15.5 per cent, it is 11.3 per cent for part-time workers. There is a gap of similar proportions in the public sector, with a union density rate of 70.2 per cent for full-time workers and 56.3 per cent for part-time workers.

CHART 7 Union Density for Full-Time and Part-Time Employees (%), Ontario, 2014



Source Statistics Canada, 2015. Special tabulation based on Labour Force Survey

Workers in the private service sector, those who are working in small establishments and those who are part-time workers, are all less likely to be trade union members. However, they are often the workers who are most in need of representation to enforce their rights and in need of collective bargaining rights to enhance their wages and working conditions. Amendments to the OLRA that enhance the ability of these workers to join a union and maintain collective bargaining rights are needed.

Conclusion

Increasing precarity in Ontario's labour market has made the *Employment Standards Act* more important in the lives of working Ontarians. But, it no longer provides a robust enough minimum standard. While the Act was conceived as a minimum floor when it was written, it now determines the wages and working conditions of many more low-wage workers. And it is failing to curb the phenomenon of precarious work and to ensure that all Ontarians have access to decent work.

Using available data from Statistics Canada, this paper has shown a rise in the number of Ontarians who are low-wage workers making within \$4 of the minimum wage. More than 1.7 million workers in Ontario are low-wage – almost 30 per cent of Ontario workers. This is a sharp increase from its low point in 2001, when only 16.5 per cent of workers made within \$4 of the minimum wage.

The findings also show that low-wage work isn't simply the domain of young, teenage workers. Among those minimum wage earners in 2014, 234,000 (one in three) are of prime working age, 8.7 per cent were older than 55, and 57.6 per cent were under 25. The age distribution of workers making between \$11 to \$15 per hour shifts dramatically, with 70 per cent of those workers 25 years of age and over.

The *Employment Standards Act* sets out the rules for many more aspects of our working life than the minimum wage. It sets rules for hours of work and rights to paid and unpaid time off. The data show that low-wage workers are much more likely to be working variable hours (more than six out of 10 minimum wage workers), with the attendant insecurity of income that comes with not knowing how much work you will have from week to week.

The data on paid work absences reveals that only 16.8 per cent of minimum wage workers who were away from work for a week were paid, compared to 56.8 per cent of those who were earning more than \$15 an hour.

Lack of access to paid leave means that parents cannot stay home to take care of themselves or their children when they are sick. That has a negative impact on the health of those families and on their communities. Access to these rights should not be denied to low-wage workers and only available to those with higher earnings.

The ESA was drafted at time when the majority of low-wage workers were male and worked a 40-hour week in goods-producing industries. It needs to be updated to reflect the realities of low-wage workers in Ontario today. They are more likely to be working in the service sector, to be female, to

be racialized, to be recent immigrants, and to be denied predictable work hours and paid leave.

Increasing the minimum wage, regulating work scheduling, and providing greater access to more paid time off are changes to the ESA that are within its scope and can be implemented to improve the lives of low-wage workers.

However, there are limitations to what the *Employment Standards Act* can do to improve wages and working conditions, and to provide workers with meaningful representation. It includes resources and supports to enforce their rights under that Act as well as other rights. The most effective way to do that is to be a member of a trade union.

The shift away from jobs on the factory floor to jobs serving coffee and cleaning offices has also reduced access to trade union representation for low-wage Ontarians. The sharp rise in employment in business services, trade, and food and accommodation has meant an increase in low-paid, precarious jobs as cleaners, security guards, in retail and as food servers. These are jobs in smaller workplaces, with more part-time workers, more racialized workers, and more workers who are recent immigrants. The data in this paper show that all of these factors make it less likely for low-wage workers to be represented by a trade union. In today's low-wage jobs, it is hard to join a union and hard to keep your union. Changes should be made to the *Ontario Labour Relations Act* to make it easier for workers in these industries and workplaces to join and keep their union.

The *Ontario Labour Relations Act* was written and structured for a very different labour market – one in which the workers who needed the protection of a union were working in mines and manufacturing plants that employed thousands of people who were working full-time jobs. The nature of work in Ontario has shifted and so, too, has the workforce. The ESA and OLRA need to be modernized to reflect these shifts in Ontario's labour market and to bolster workers' rights.

Appendix A

This analysis uses data from Statistics Canada Labour Force Survey (LFS) and the Survey of Labour and Income Dynamics (SLID).¹⁸ LFS is conducted monthly nationwide, in both the provinces and the territories. Excluded from the survey's coverage are: Aboriginal peoples living on reserves; full-time members of the Canadian Armed Forces, residents of institutions, and households in extremely remote areas with very low population density.

The SLID was discontinued after 2011. Participants for SLID were selected from the monthly Labour Force Survey (LFS) and shared its sample design. Data were collected from survey participants and extracted from administrative files. Between January and March, Statistics Canada interviewers collected information regarding respondents' labour market experiences and income during the previous year. The demographic characteristics of family and household members represented a snapshot of the population as of the end of each calendar year.

The data in Tables 2 and 3 and Charts 1 through 3 are based on LFS custom tabulations. These tables are based on data for October in each year focusing on employees whose earnings were at or below the Ontario adult minimum wage in that year and who were earning within \$4 (constant) of the minimum wage in that year. Some workers like farm workers are exempt from minimum wage and other workers such as teenagers and liquor servers have a lower minimum wage. We used the adult minimum wage to capture all of these workers. These data were cross tabulated with the following variables: age, gender, paid absence of a full week from their employment; and variable hours. CANSIM data was used to calculate the shares of workers with less than 40 hours of work per week.

In Tables five and six, union density rates (the share of the work force covered by a collective agreement) were calculated using SLID custom tabulations. These custom tabulations compare union density by racialization and recent immigrant status.¹⁹ Recent immigrants are defined as those who have been in Canada fewer than 10 years. Due to small sample size, we could not report on annual data for these variables. Instead, we grouped data over three-year periods: 2003-2005, 2006-2008, and 2009-2011. Charts 4 and 5 use publicly available CANSIM data. Charts 6 and 7 use LFS custom tabulations. All special tabulations in this paper were run by Richard Shillington of Tristat Resources.

An important dimension of precarious work is the over-representation of racialized workers and recent immigrants. The sources of Statistics

Canada data available to analyze the labour market for racialized workers are shrinking. SLID was the only inter-Census survey that provided labour force data by racialized group. The Canadian Income Survey (CIS), which replaces SLID, does not collect data on the labour market experience for racialized workers. And, the data on racialization in the household survey has many limitations.²⁰ There are also limitations on the availability of data by immigration status. It is not available in the variables available for use in the real time remote access program. As a result, we are unable to report on these important characteristics of precarious work in this paper. This is a serious limitation in the analysis.

Notes

- 1** Law Commission of Ontario. *Vulnerable Workers and Precarious Work-Final Report*. (2012). Law Commission of Ontario. www.lco-cdo.org/en/vulnerable-workers-final-report-sectionII
- 2** Lewchuk, W. et al. (2015). *The Precarity Penalty: The impact of precarious employment on individuals, households, and communities – and what to do about it*. Poverty and Employment Precarity in Southern Ontario.
- 3** Gellatly, M. (2015). *Still Working on the Edge: Building Decent Jobs from the Ground Up*. Workers Action Centre.
- 4** TD Economics. (March 26, 2015). *Precarious Work in Canada: Does the Evidence Square with the Anecdotes*. TD Economics. www.td.com/document/PDF/economics/special/PrecariousEmployment.pdf
- 5** CIBC Economics. (March, 5, 2015). *Canadian Employment Quality Index*. CIBC Economics. http://research.cibcwm.com/economic_public/download/eqi_20150305.pdf
- 6** Mojtehdzadeh, S. (January 21, 2015). *Toronto workers' wages shrinking in contrast to others province's think tank says*. Toronto Star. www.thestar.com/news/gta/2015/01/21/toronto-workers-wages-shrinking-in-contrast-to-other-provinces-think-tank-says.html
- 7** McDonough, L. et al. (2015). *The Opportunity Equation: Building Opportunity in the Face of Growing Income Inequality*. United Way of Greater Toronto.
- 8** Ministry of Labour. (February 2015). *Terms of Reference- Changing Workplaces Review*, Ministry of Labour. www.labour.gov.on.ca/english/about/workplace/terms.php .
- 9** Block, S. (2013). *Who is Working for Minimum Wage?* Wellesley Institute.
- 10** Cornish, M. (2014). *A Growing Concern: Ontario's Gender Pay Gap*. Canadian Centre for Policy Alternatives – Ontario.
- 11** Gellatly, M. (2015). *Still Working on the Edge: Building Decent Jobs from the Ground Up*. Workers Action Centre. P.29. www.workersactioncentre.org/wp-content/uploads/dlm_uploads/2015/03/StillWorkingOnTheEdge-WorkersActionCentre.pdf
- 12** *IBID*. P. 26 & P.30. www.workersactioncentre.org/wp-content/uploads/dlm_uploads/2015/03/StillWorkingOnTheEdge-WorkersActionCentre.pdf
- 13** *OpCit*. p. 25.
- 14** Statistics Canada. CANSIM table 282-0078. Accessed March 21, 2015.

15 Noak, A. and Vosko L. (2011). *Precarious Jobs in Ontario: Mapping Dimensions of Labour Market Insecurity by Workers' Social Location and Context*. Law Commission of Ontario. P. 12. www.lco-cdo.org/vulnerable-workers-call-for-papers-noack-vosko.pdf

16 See for example O'Grady, J. "Beyond the Wagner Act, What Then?" in Drache, D. (1992) *Getting on Track: Social Democratic Strategies for Ontario*. Canadian Centre for Policy Alternatives and McGill-Queens' University Press.

17 Ontario Federation of Labour. (May 2015). Briefing Note: Labour Law Reform. http://ofl.ca/wp-content/uploads/2015-Briefing.Note-Labour.Law_.pdf

18 Statistics Canada. Labour Force Survey. Definitions, data sources and methods. www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a2

19 ¹ The term "racialized" is used to acknowledge race as a social construct and a way of describing a group of people. Racialization is the process through which groups come to be designated as different and on that basis subjected to differential and unequal treatment. The racialized variable in this paper uses the visible minority variable in SLID. Visible minority status is self-reported and refers to the visible minority group to which the respondent belongs. The *Employment Equity Act* defines visible minorities as persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour. Census respondents were asked "Is this person...white, Chinese, South Asian, Black, Filipino, Latin American, Southeast Asian, Arab, West Asian, Japanese, Korean, Other (specify)."

20 Block, S. and Galabuzi, G. (2014). *The Colour Coded Labour Market by the Numbers*, Wellesley Institute. www.wellesleyinstitute.com/wp-content/uploads/2014/09/The-Colour-Coded-Labour-Market-By-The-Numbers.pdf



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
ONTARIO OFFICE