

**United Way of Bruce Grey**

**Submission to:**

**Ontario Ministry of Labour Minimum Wage Review**

**October 2013**



**United Way**  
**Bruce Grey**

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[unitedwayofbrucegrey.com](http://unitedwayofbrucegrey.com)



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**Ontario Ministry of Labour Minimum Wage Review**

**A “living wage” is needed for people to avoid poverty in today’s economy.**

A recent survey carried out by the Bruce Grey Poverty Task Force for the Ontario Poverty Reduction Strategy Review submission heard from low-income wage earners of Bruce and Grey Counties.<sup>i</sup>

*“When you don’t have money, you don’t have choice. No extra money for pizza days, milk cards, ordering books at school. Everything is getting more expensive; wages are not keeping up to par.” Christopher*

*“I’m hardworking and enthusiastic. Living in poverty has pushed my emotional levels to near depression and has caused me to have anxiety and depression issues. Every day is a struggle. I cannot enjoy life as others do. For example, family vacations, family outings, a reliable vehicle.” James*

The majority of people surveyed (total 82) were aged 45-65, with lived experience or living in poverty; they prioritized the provision of a “living wage” as the most important thing to reduce poverty for families and individuals.

A significant number of people interviewed are engaged in ‘precarious’ employment. A recent report *It’s More than Poverty* highlighted how employment precarity aggravates many of the social problems facing families.<sup>ii</sup>

*In Bruce and Grey Counties, there is an increase in families surviving on part-time, seasonal and casual employment.*

The families do not have the security or benefits enjoyed in more traditional employment relationships. Many zero hour contracts exist resulting in people being employed but receiving no payment for being on-call for work i.e. Personal Support Workers. Many families are resorting to food banks in order to get by. These precarious employment relationships are becoming the ‘new normal’ for our workforce.

People indicated a living wage is needed for people to stay above the poverty line. A person working full-time at the current minimum wage of \$10.25 would earn less than Statistics Canada's Low Income Cut-off (LICO), a provincial standard poverty line.

***The United Way calculated that a living wage in the City of Owen Sound is \$13.21 and in Bruce Grey is \$15.11. (May 2012)***

This living wage is calculated on what it costs to live in rural Bruce Grey and the small urban municipality of Owen Sound - recognizing that the rates change from community to community as living expenses change (Attached Calculation Chart).

This rate includes cost of living, rental housing, food, clothing, child care, transportation and medical expenses; the living wage only enables modest opportunities for social inclusion — such as only children's recreation. The living wage rate doesn't cover things like owning a home, saving for retirement, paying down debt or saving for a child's education. Paying a living wage isn't just about meeting basic needs; it's about giving people opportunities to participate in society and contribute to the local economy; and shape their own lives.

An increasing share of the Ontario workforce is working at minimum wage. It is significant to see that almost 40% of people earning \$10.25/hour wage are women, visible minorities and immigrants over the age of 25. Another one million workers, most of whom are 25 or older, earn slightly above minimum wage at between \$10.25 and \$14.25.<sup>iii</sup> According to Statistics Canada surveys, average annual household incomes and the cost of labour in the Owen Sound Region tends to be lower than the national average. The median income for families in Bruce Grey was well below the 2006 provincial average of \$69,156. Female led lone parent families in the two Counties were at the lowest levels (Bruce \$33,206, Grey \$30,605).<sup>iv</sup> An increase in the minimum wage would therefore contribute to closing the wage gap between men and women.

While Bruce Grey has a low immigrant and visible minority population, we do have many migrant workers in the agricultural sector. Many migrant farm workers are excluded from minimum wage laws altogether. It is recognized that farmers are concerned that an application of minimum wage for farm workers will reduce farmers capacity to compete with other growing areas in the USA, where minimum wage is \$2-\$3 lower than Ontario's, while growers in other countries supplying products to the provincial market, such as Peru, Chile, and Ecuador, pay their workers just \$1 an hour or even \$1 a day.<sup>v</sup> However, the labour rights of migrant workers should be protected.

The impact of an increase of minimum wage rate on Bruce Grey Counties' business community needs further consultation and analysis. Some local business people and economists believe that a significant rise will increase unemployment, thereby increasing poverty. The Ontario Chamber of Commerce surveyed its members and recommended that if the government does make an increase that it be done in a predictable, transparent and fair manner to businesses.<sup>vi</sup> However, over the past two decades, academic research has found that minimum wage increases did not lead to job loss, even during periods of high unemployment.<sup>vii</sup> Most provinces and territories in Canada increased their minimum wages during the recession of 2007-2009 without attributable job loss. In fact, Ontario increased its minimum wage from \$7.75 to \$10.25 and added almost 150,000 jobs to the sales and service sector between 2006 and 2012, where minimum wages dominate.<sup>viii</sup>



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The United Way of Bruce Grey supports the following recommendations:<sup>ix</sup>

- 1. A minimum wage should bring workers and their families out of poverty.** The minimum wage should be set 10% above the poverty line, using the Low Income Cut-Off (LICO).
- 2. The minimum wage should be calculated based on a 35-hour work week.** Ontario's hourly paid employees work, on average, less than 35 hours a week. We should assume a 35-hour work week when calculating a minimum wage that will bring workers out of poverty.
- 3. The minimum wage should be adjusted every year with the cost of living.** Ontario should join the four other provinces and territories that have already adopted this policy.
- 4. Wages for farm or migrant workers, who are currently exempted from Ontario's minimum wage laws, be regulated.** Ontario should consider the labour rights of migrant workers.
- 5. Further engagement on the positive impact of an increase of minimum wage rate on Bruce Grey Counties' business community be undertaken as part of the preparation for any increases.** The engagement with the local business community is critical if they are to plan for future increases in minimum wage rates.

An increase in the minimum wage will raise the standards for all Ontario employees. This increase will have a positive impact on those working at minimum wage and other low wage workers. The combined impact would mitigate income inequality and go a long way to reduce poverty in our community.

**Prepared and Submitted by:**



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## Endnotes

<sup>i</sup> Bruce Grey Poverty Task Force, *Submission to Ontario Poverty Reduction Strategy*, Oct 3<sup>rd</sup>, 2013.

<sup>ii</sup> *It's More than Poverty*, Poverty and Employment Precarity in Southern Ontario (PEPSO), Feb 2013.

<sup>iii</sup> Sheila Block, *Who is working for minimum wage in Ontario?* Wellesley Institute, October 2013 (using Statistics Canada data from 2003 to 2011)

<sup>iv</sup> Statistics Canada Cat. no. 92-591-XWE Mar. 13, 2007.

<sup>v</sup> Susan Mann, *Wage panel doesn't include anyone from agriculture*, August 12, 2013

<sup>vi</sup> Ontario Chamber of Commerce, *The Business Perspective on How to set Ontario's Minimum Wage: Transparent, Predictable, Fair*, September 2013.

<sup>vii</sup> John Schmitt (2013) Why Does the Minimum Wage Have No Discernible Effect on Employment? Centre for Economic and Policy Research, Washington, D.C. <http://www.cepr.net/documents/publications/min-wage-2013-02.pdf>

<sup>viii</sup> Hennessy, Trish and Jim Stanford, (2013) More Harm Than Good: Austerity's Impact in Ontario Centre for Policy Alternatives <http://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2013/03/More%20Harm%20Than%20Good.pdf>

<sup>ix</sup> The United Way of Bruce Grey is a member of the Ontario Campaign 2000. The first 3 recommendations are part of the joint Campaign to Raise the Minimum Wage coordinated by ACORN, Freedom 90, Mennonite New Life Centre, OCAP, Ontario Campaign 2000, Parkdale Community Legal Services, Put Food in the Budget, Social Planning Toronto, Toronto and York Region Labour Council and the Workers' Action Centre.

**Based upon single parent of 8 & 15 year old, non-smoking home**

LIVING WAGE

BRUCE GREY

**Grey Bruce**

	<b>Monthly Cost</b>	<b>Annual Cost</b>
<b>Basic needs</b>		
Food (Health Unit recommended for health eating)	\$ 573.00	\$6,876.00
Shelter (rent)	\$ 743.00	\$8,916.00
Shelter (utilities)	\$ 250.00	\$3,000.00
Clothing	\$ 50.00	\$600.00
Transportation car (including insurance and \$150 gas)	\$ 470.00	\$5,640.00
Child care	\$ 100.00	\$1,200.00
Extended health benefits (prescriptions, dental care)	\$ 130.00	\$1,560.00

**Items that contribute allow for fuller participation in society (also known as “social inclusion”), such as:**

Recreation pass and swimming lessons for children	\$ 69.50	\$834.00
Monthly family outing to local tourist attraction	\$ 50.00	\$600.00
Family vacation in Ontario	\$ 1,000.00	\$1,000.00
Gifts for family birthdays	\$ 100.00	\$100.00
School-related costs such as field trips. pizza days	\$ 35.00	\$ 315.00
Other items such as: bank fees	\$ 40.00	\$ 480.00
Tenants’ insurance	\$ 25.00	\$ 300.00
Telephone/internet	\$ 60.00	\$ 720.00

**Full time hourly wage \$ 15.11**

**City of Owen Sound**

	<b>Monthly Cost</b>	<b>Annual Cost</b>
<b>Basic needs</b>		
Food	\$ 573.00	\$6,876.00
Shelter (rent)	\$ 743.00	\$8,916.00
Shelter (utilities)	\$ 250.00	\$3,000.00
Clothing	\$ 50.00	\$600.00
Transportation: city transit	\$ 110.00	\$1,320.00
Child care	\$ 100.00	\$1,200.00
Extended health benefits (prescriptions, dental care)	\$ 130.00	\$ 1,560.00

**Items that contribute allow for fuller participation in society (also known as “social inclusion”), such as:**

Recreation pass and swimming lessons for children	\$ 50.00	\$ 600.00
Monthly family outing to local tourist attraction	\$ 50.00	\$600.00
Family vacation in Ontario (rental car)	\$ 1,500.00	\$1,500.00
Gifts for family birthdays	\$ 100.00	\$100.00
School-related costs such as field trips and pizza days	\$ 35.00	\$420.00
Other items such as: bank fees	\$ 40.00	\$480.00
Tenants’ insurance	\$ 25.00	\$300.00
Telephone/internet	\$ 60.00	\$ 720.00

**Full time hourly wage \$ 13.21**



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# More than a Minimum Wage

What is a Living Wage?

It's the hourly wage needed for a family to afford basic everyday expenses, such as housing, food, clothing, utility bills, and child care.

Our Living Wage sample family is a non-smoking single mom, with an 8 year old son and a 15 year old daughter, working 40 hours a week.

The Living Wage rate doesn't cover things like owning a home, saving for retirement, paying down debt or saving for a children's education.

A living wage is calculated on what it costs to live in Bruce Grey so the living wage rates change from community to community as living expenses change.

Making our sample family female led and non-smoking made the extended health benefits the cheapest possible, so we know the costs will only increase for other families.

There is no major daycare costs other than possibly the occasional afterschool cost if the daughter is otherwise occupied on PD days etc.

While there maybe recreational subsidies available, we did not take them into consideration because there is limited access to them.

Housing along lakefront communities tends to be significantly more expensive than inland communities.

Outside the City of Owen Sound there is no transportation so a vehicle is required.

