



Submission to the Ontario Ministry of Labour A Consultation Paper on Ontario's Minimum Wage

The Ontario Secondary School Teachers' Federation (OSSTF/FEESO) welcomes the opportunity to provide comment on the consultation paper on Ontario's minimum wage. Specifically, the purpose of the consultation is to seek input on approaches for determining future adjustments to the minimum wage.

OSSTF/FEESO is a trade union that represents 60,000 members across the province of Ontario. The union works to protect our diverse membership in over 150 bargaining units in elementary and secondary schools, private schools, and universities. Our members include public high school teachers, occasional teachers, educational assistants, continuing education teachers and instructors, early childhood educators, psychologists, secretaries, speech-language pathologists, social workers, plant support personnel, university support staff, and many others in education.

On a daily basis our members observe the impact of an inadequate minimum wage on the lives of students we serve. As educators we witness the effects of child poverty including hunger, lack of adequate clothing, poor physical and mental health, delayed cognitive development, lower achievement, less participation in extra-curricular activities and interrupted attendance. Child poverty is the result of family poverty. Parents, often single female parents, are more likely to work in precarious employment and in minimum wage jobs.¹ Children in racialized households and Aboriginal children are more likely to live in poverty. The reason is the same: the parents of racialized and Aboriginal children are more likely to work in part-time, temporary, employment, often in the retail or service sector.²

The Ontario Liberal government committed to reducing child poverty in 2008 with a stated goal of a 25% reduction in five years. The Ontario Child Benefit, introduced at that time, resulted in a 1% decrease in child poverty over the next two years and was an important first step. It also demonstrates the value of thoughtful public policy and points to the need for government to implement a comprehensive policy that first establishes the appropriate minimum wage and then includes an ongoing mechanism for maintaining an adequate minimum wage year over year. Increasing family income and matching it to the actual cost of living is the most important factor in the reduction of child and family poverty.

In schools where our members work, they witness large numbers of students who struggle to combine school and part-time work in order to supplement family income. These students suffer from lack of sleep and proper nutrition and their ability to function well academically is impaired.

Many students grapple with the need for a job to pay post-secondary tuition and the need to maintain adequate grades for acceptance into such programs. Data from Statistics Canada shows that between 2010 and 2012, university tuition fees grew faster in Ontario than any other province.³ Our university support staff members encounter students who are forced to postpone or end their studies as they work in minimum wage jobs, unable to afford the costs of post-secondary education.

As youth unemployment rises, the stress on high school and post-secondary students increases. Many become disillusioned. Their career aspirations dwindle. One of the factors contributing to higher youth unemployment is the increased number of seniors working in minimum wage jobs that have been traditionally held by students. The recession has led to a greater percentage of seniors who live in poverty and many are forced to work at low-paying minimum wage jobs to supplement the Old Age Security pension.⁴ This situation points to a longer term problem: Ontario citizens who rely on minimum wage jobs will never have the income that allows them to invest in retirement savings. The ongoing attacks on private and public pension plans, especially defined benefit plans, means that fewer Ontarians will live securely in retirement and there will be an even greater proportion of seniors working at minimum wage jobs and relying on government assistance.

Determining Minimum Wage Rates

Although OSSTF/FEESO applauds the Ontario Liberal government for steadily increasing the minimum wage to \$10.25 per hour, following a freeze from 1995-2006, it is time to reconsider the latest three-year freeze and its impact on families and the economy. The Ontario government uses the Low Income Measure After Tax or (LIM-AT) as a measure of the “poverty line.” Since 2010, the LIM-AT has risen steadily with inflation, yet minimum wage has gone unchanged. The result is a significant gap between income and living expenses for the 534,000 Ontarians, nearly one in ten workers, who work at minimum wage jobs. Many of these people have attempted to fill the gap by working at multiple jobs, using food banks and other social support mechanisms, and seeking shared living arrangements to reduce costs. This wage gap impacts overall health and well-being of both the workers and their families due to poor nutrition, sleep deprivation, and ongoing stress, all of which lead to increased costs for the health care system and greater reliance on government assistance. Effectively, a low minimum wage negatively impacts all Ontarians.

The first step in addressing the minimum wage issue is to increase it to account for inflation since 2010. Ideally, the minimum wage should be set 10% above the LIM-AT, to allow workers and their families to meet their cost of living needs and assist them out of poverty. This means that for 2013 the minimum wage should be set at \$14 per hour. Raising the minimum wage to this level will result in working families who gain the capacity to spend money at local businesses, thus benefitting the local economy. Household spending drives 54% of the gross domestic product, so increasing the minimum wage will effectively boost Ontario’s economic recovery.⁵

Although \$14 per hour will bring minimum wage earners above the LIM-AT, it must be noted that this is an average measure. Many of those currently living below the poverty line and working in minimum wage jobs do so in large urban centres like Toronto. In 2008, the living wage in Toronto was \$16.60/hour and is the amount needed to allow a family to experience a decent standard of living.⁶

Although many hourly-paid employees in Ontario work fewer than 35 hours per week on average, the minimum wage should be calculated on a 35-hour work week. Workers who work full time at minimum wage should be paid an hourly wage that brings them above the poverty line.

In addition to raising the minimum wage above the poverty line, the Government must reconsider the number of workers who are exempted by the Employment Standards Act. Some workers in agriculture, domestic work and caregivers do not receive the minimum wage and this must end.

Tying Minimum Wage to Economic Indicators

While the first step is to increase the minimum wage to offset the three year wage freeze, the second step is to create a process that ensures the minimum wage is updated annually and indexed to inflation.

Indexing minimum wage so that it increases each year with the cost of living is a basic way to reduce poverty in this province and to boost the economy through increased household spending. There will be sustained improvements in the health and welfare of workers and their families, reducing the burden on the healthcare system. Children of minimum wage workers will fare better physically, emotionally and cognitively, thus improving their chances of contributing to society in a more positive way.

The Consumer Price Index, or CPI, is a common tool for measuring cost of living adjustments and should be used in part to index minimum wage on a yearly basis. Because CPI is an average and reflects the price change on a fixed set of goods and services, it has limited value as the sole measure for indexation of minimum wage. A more comprehensive method would be an indexation process that includes the Low Income Cut-Off, (LICO) income thresholds below which a family will likely devote a larger share of its income to the necessities of food, shelter and clothing than the average family. Statistics Canada constructs LICOs by estimating a threshold at which families are expected to spend 20% more of their income than the average family on food, shelter and clothing. LICOs are produced for seven different family sizes and five different “area of residence” populations. Ontario should use the LICO for an average family size in a large urban center as most of the minimum wage earners in Ontario fit within this category. Because the collection of data and construction of these LICOs is delayed, the use of CPI will allow the government to increase minimum wage appropriately using CPI as the indexation factor. Nova Scotia uses this approach for indexation of minimum wage.

Establishing a Review Process

Ontario needs to establish a mandatory review process that is conducted annually. The process should involve an Advisory Panel that is comprised of an equal number of employer and employee representatives. The Advisory Panel would conduct a review of minimum wage and prepare a report for the Minister of Labour with recommendations. The Minister would then be required to make the report public and to publish a response within set timelines.

Notice Period

Once the statutory review process is underway with established timelines, employers and employees should expect a 3 month notice period of any changes to the minimum wage. The Advisory Panel would report to the Minister of Labour in January of each year, with a response from the Minister published by March 1st. If implementation is set for June 1 of each year, there is a three month period for employers to adjust their payroll systems.

Conclusion

OSSTF/FEESO supports an immediate increase in minimum wage to \$14 per hour. In addition, a statutory review process that examines minimum wage in the context of LICO and CPI with recommendations for changes on a yearly basis, following set timelines, is the best way to ensure that the most vulnerable people in Ontario are allowed an opportunity to achieve a decent living for themselves and their families. As educators we witness on a daily basis the deleterious impacts of poverty on children and young people. OSSTF/FEESO recognizes that child poverty is a complex issue that holds lifelong consequences for health and well-being and we urge the Ontario government, to renew its commitment to end child poverty, by adopting a robust public policy on minimum wage.

REFERENCES

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