

CUPE ECONOMIC

BRIEF

March 13, 2007

Low Paid Work and Comparative Minimum Wages

According to the Labour Force Survey, in 2006:

- More than 2 million workers, or 15.7% of the employed workforce, were paid less than \$10 an hour.
- Over 60% of the low-paid workforce was women, representing one in five employed women.
- More than 1.1 million full-time workers, or 10% of the full-time workforce, was paid less than \$10 an hour; for women this ratio is 13.2%.
- Over 1 million adults were paid less than \$10 an hour in 2006, including 721,000 adults who worked full-time – representing 7% of all adults who worked full-time.
- One in five working seniors was paid less than \$10 an hour, and one in six seniors who worked full-time.

A high proportion of workers in the following occupations and industries were paid less than \$10 an hour:

- Retail sales (55.5%) and food service (42.6%)
- Child care and home support (23.7%) and other services (45.2%)
- Occupations unique to primary industry (22.4%)
- Labourers in processing, manufacturing and utilities (22.2%)

CUPE members at U of T Press have been on strike since March 5, asking for a modest increase in their wages to \$10 an hour. They currently earn \$9.36 an hour with no benefits and many of them need to hold down two or three jobs just so their families can survive.

http://www.cupe.ca/strikes/Warehouse_workers_at

Contact Mary Catherine McCarthy (416) 292-3999
or Wendy Forbes (cell) (416) 892-8716

CUPE workers at the K.C. Irving Regional Centre in Bathurst are now in contract negotiations. They earn \$7.70 an hour starting salary, rising to a maximum of \$8.65 with no guarantee of hours.

http://cupe.ca/media/First_collective_agr

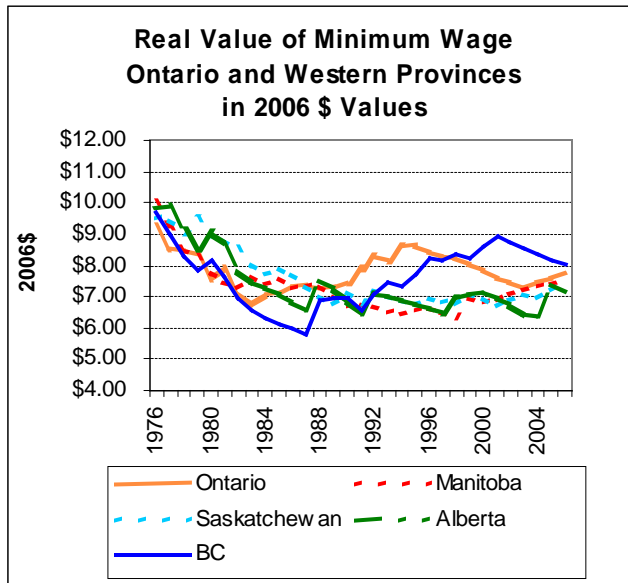
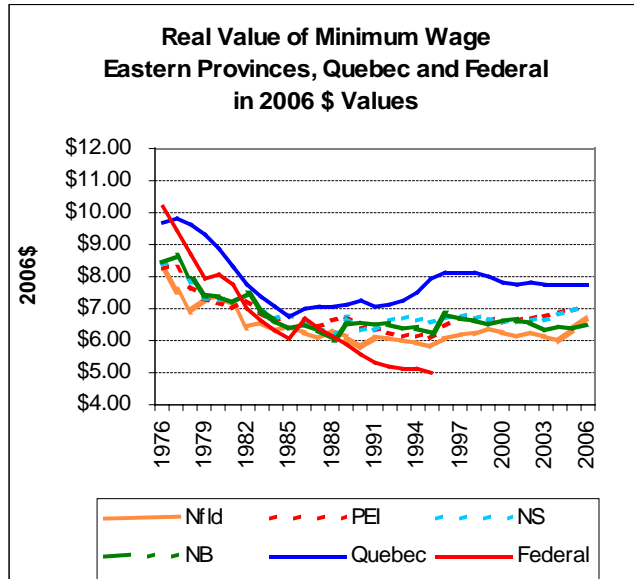
Contact Louise Thibodeau at (506) 548-8815

Real Value of Minimum Wages

The real value of the minimum wage is still far below what it was 30 years ago in every single province in Canada.

The average minimum wage in 1976 would be equivalent to \$9.13 in today's dollars after adjusting for inflation. The federal minimum wage from 1976 would be worth in \$10.19 now.

If minimum wages had increased at the same rate as Gross Domestic Product per capita (the average amount that each Canadian produces) they would be an average of \$14 today.



The most widely accepted poverty income levels for Canada are based on Statistics Canada's low income cut offs (LICOs). In 2005, these were \$17,895 for an individual living in a mid-sized city in Canada, and \$20,778 for an individual living in a large city.

This means that a person working full-time would need an hourly wage of least \$10 to escape poverty in a large city and \$9 an hour in a mid-sized city. Not one province in Canada has a minimum wage that provides this.

Recent experience in the United Kingdom, where the government

raised the minimum wage quite rapidly to over £5.00/hour (now at £5.35/hour over C\$11.00) was considered to have resulted in no negative effect on jobs and to have a positive impact on productivity¹.

¹ UK Department of Trade and Industry *National Minimum Wage*
<http://www.dti.gov.uk/employment/pay/national-minimum-wage/index.html>

Comparative International Minimum Wages

Even after planned increases to the minimum wage to \$8 an hour in Ontario and Quebec, Canada's average minimum wage will be far below minimum wage levels in the U.K., Ireland, France and most other Western European countries that have national minimum wages².

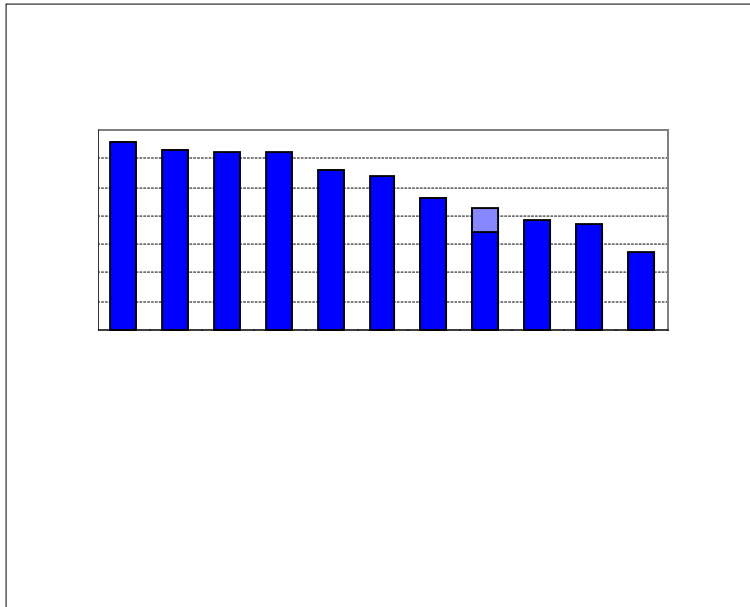
The average provincial minimum wage in Canada will rise to \$7.63 after all currently planned increases for this year have been made. This is only two-thirds of the current minimum wage levels in Ireland, France, Australia and the UK, which are all at more than \$12 in Canadian dollar terms.

All Canadian provinces, with the exception of Manitoba and Saskatchewan, already have lower minimum wages than virtually all their bordering U.S. States. If proposed increases to the US federal minimum wage go forward then there will be no exceptions.

The value of the federal minimum wage in the United States will be \$8.53 in Canadian dollars in two years if the *Fair Minimum Wage Bill* goes through and increases the U.S. federal minimum wage to US\$7.25 within two years. It would take two years of increases at 6% for Canadian minimum wages to catch up to this level.

Higher minimum wages in U.S. border states haven't resulted in higher unemployment rates or economic damage.

The U.S. Congressional Budget Office estimates the annual costs of the recent proposal for a higher federal minimum wage at 0.05% or lower of U.S. GDP³.



² There are no legislated national minimum wages in Italy, Germany or in Scandinavian countries. Instead minimum wages are set through industry-specific collective bargaining agreements, which are then applied to all workers in the industry. In some cases, the government has legislated minimums for specific industries where there has been undercutting. For instance, Germany recently set a minimum wage for cleaners in Western Germany of \$7.87 Euros – equal to almost C\$12 per hour.

³ CBO Cost Estimate H.R. 2 <http://www.govtrack.us/data/us/110/bills.cbo/h2.pdf>

PROVINCIAL AND BORDER U.S. STATE MINIMUM WAGES			
Canadian province or territory		Border States	in C\$*
B.C. (Nov01)	\$ 8.00	Alaska	\$ 8.41
		Washington	\$ 9.33
		Idaho	Federal level
Alberta (Sep05)	\$ 7.00	Montana	\$ 7.24
Saskatchewan (Mar07)	\$ 7.95	North Dakota	Federal level
Manitoba (Apr07)	\$ 8.00	Minnesota	\$ 7.24
Ontario (Feb07)	\$ 8.00	Minnesota	\$ 7.24
		Wisconsin	\$ 7.65
		Michigan	\$ 8.41
		Ohio	\$ 8.06
		Pennsylvania	\$ 8.41
		New York	\$ 8.41
Quebec (May07)	\$ 8.00	New York	\$ 8.41
		Vermont	\$ 8.86
		New Hampshire	Federal level
New Brunswick (July07)	\$ 7.25	Maine	\$ 8.24
Nova Scotia (May07)	\$ 7.60	Maine	\$ 8.24
PEI (Apr07)	\$ 7.50	Maine	\$ 8.24
Newfoundland (Jan07)	\$ 7.00	Maine	\$ 8.24

* Using exchange or purchasing power rate of 0.85

Sources: HRDC Current and Forthcoming Minimum Hourly Wages for 2007;
<http://srv116.services.gc.ca/wid-dimt/mwa/index.aspx?report=report1>
 US Department of Labor: Minimum wage Laws in the States

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