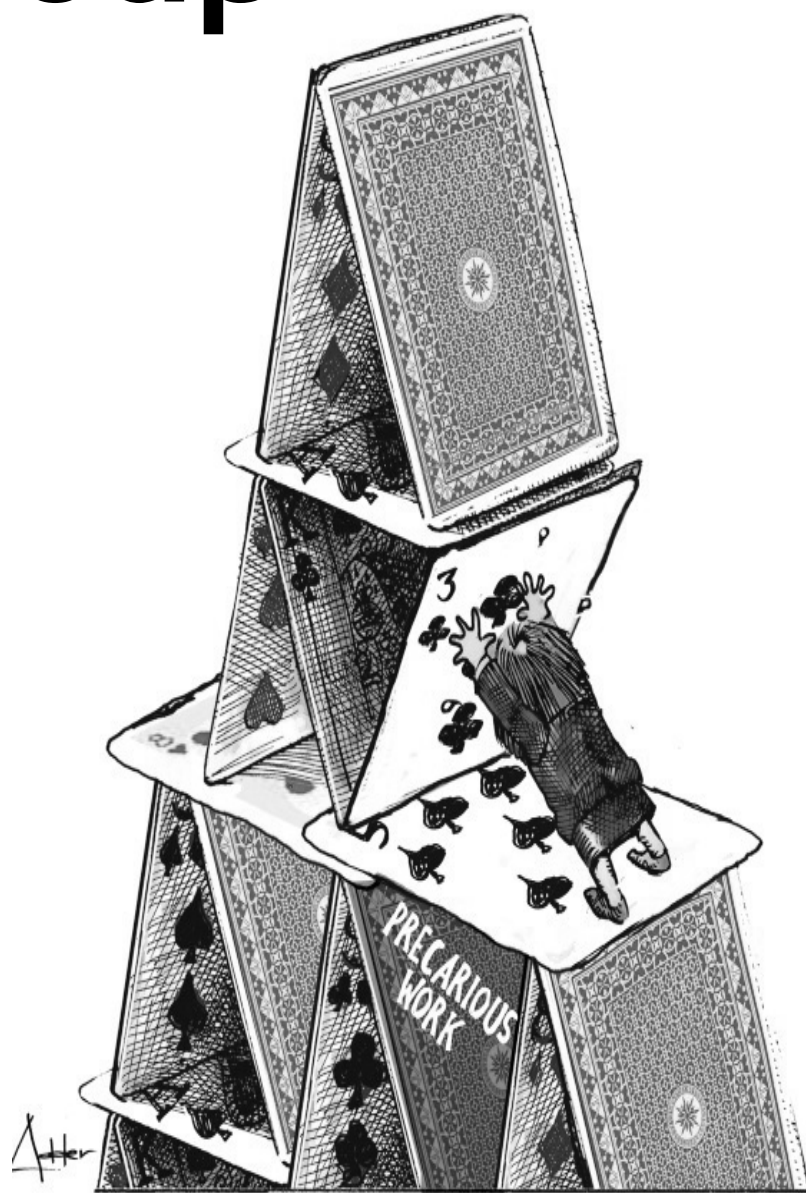


Final Report of the Precarious Work Group

January 2015



PEACE & JUSTICE
GREY BRUCE



Some Early Reviews ...

The Grey Bruce Health Unit welcomes the Final Report of the Precarious Work Group of Peace and Justice Grey Bruce. This thoroughly researched Report includes the recognition that lower income from under unemployment or no employment challenges the ability to provide basic necessities. People with low income or without a job tend to experience more health problems including adult onset diabetes, heart attacks and mental health issues such as depression, anxiety and increased suicide rates.

— *Dr. Hazel Lynn, Grey Bruce Medical Officer of Health*

In our work over the past few years, we have noted an increase in families who survive on part time, seasonal or casual employment. In 2013 we surveyed people in Bruce Grey who were living in poverty or who had done so in the recent past. They told us the most important thing they needed was a living wage. We have seen the toll that precarious work is taking on individuals and their families.

— *Jill Umbach, Coordinator, Bruce Grey Poverty Task Force*

This is an important study which addresses significant social and economic issues in Grey and Bruce. But are we willing to work together to find solutions? Do we have the political will to do so? We ignore the substance of this report at our peril.

— *Rev. David Shearman, Central Westside United Church, Owen Sound*

Peace & Justice has done Grey and Bruce counties a tremendous service by pulling together such a broad range of research showing the threat to the local quality of life if the long-term shift from manufacturing to the service economy continues. The report does a great job of humanizing and localizing a trend that has been documented at the provincial and national level in Canada: growing precarious work is one of the contributing factors to worsening income inequality. The report sharply lays out real solutions that local government could be acting on today.

— *Trish Hennessy, director, Canadian Centre for Policy Alternatives, Ontario*

I read the Final Report of the Precarious Work Group of Peace and Justice Grey Bruce with interest and admiration. Wearing my hat as a professional public policy advisor, I found the economic and social analysis that underlies the Report's conclusions and recommendations to be rigorous and persuasive. The Final Report is particularly valuable for its clear focus on the causes and consequences of precarious work in Grey Bruce. In my view, it is essential that local community and private sector groups and governments put aside their differences and work collaboratively and effectively to address this epidemic. Time is of the essence.

— *Trent Gow, former Senior Economic Advisor to the Cabinets of Prime Ministers Trudeau and Clark, Vice President of BMO and Chase Manhattan Bank, Vice Chair of the Ontario Development Corporation; and, currently, a proud member of the Advocacy Committee of the Chamber of Commerce of Owen Sound and District.*

The Grey Bruce Labour Council was pleased to partner with the Peace & Justice Grey Bruce Precarious Work Group in presenting a public forum in Walkerton. The Final Report is a well-documented paper on the relationship between precarious work, under-employment and low income, and the growing income inequality in our Grey Bruce area. It highlights the importance of a living wage and enforced health and safety legislation to provide dignity for all workers. The Grey Bruce Labour Council and its affiliated members know first-hand that good paying jobs with benefits support the community and society as a whole in economic and social wellbeing.

— *Hazel Pratt-Paige, President Grey Bruce Labour Council*



PEACE & JUSTICE GREY BRUCE

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Online at <http://tiffanyweb.bmts.com/~gbpeace/FinalReportPrecWrkGrP&J-Append.pdf>

Final Report of the Precarious Work Group of Peace and Justice

In December 2013, Sally's choice was this: either pay the heating bill or fix her car. She chose the car because without it she couldn't get to work, and if she couldn't get to work, she wouldn't be paid. Sally is a personal support worker making \$15 an hour after a decade on the job. But today, on one of the coldest days of a very cold winter, she's walking the picket line, on strike for a better deal. She's not sure how long she can afford to do this because, while she's on the line, she's making \$0 an hour.¹

Precarious is the nature of this sort of work—low wage, full-time or part-time or 'self-employed' work that does not even meet the cost of getting to the end of the month. A huge amount of research (some of which is referenced in this report) now defines precarious work, its rise in the proportion of jobs being created, and its consequences for individuals, families, communities, and countries.

Precarious work—any work that does not pay well enough to meet basic expenses—is a major driver of social inequality which does its own social and economic damage. It is fast becoming the principle worry of organizations such as the Organization for Economic Co-operation and Development, the International Monetary Fund and the United Nations.

When Peace and Justice Grey Bruce first looked at this matter in October 2013, everyone around the table—health care workers, teachers, First Nations people, ministers—had stories about how such work had, at one time or another, affected them or someone they knew. This report is a summary of the research, open forums and community discussions that the Precarious Work Group of Peace and Justice Grey Bruce held between April 2014 and December 2014.

In April 2014, the Group organized two public forums, one in Owen Sound and one in Walkerton. The Group also made contact with organizations charged with dealing with poverty in the Grey Bruce area, principally the United Way of Bruce and Grey, the Bruce Grey Poverty Task Force and the Grey-Bruce Health Unit. The Group also reached out to people who are precariously employed, such as Personal Support Workers in Grey and Bruce.

The Group also contacted candidates in the recent municipal elections. Over 200 invitations to briefings on precarious work were sent to people who were registered candidates in Grey and Bruce Counties. Along with invitations all candidates received a copy of a 'Backgrounder on Precarious Work' (see appendices). The Poverty Task Force distributed the Backgrounder to its 34 member agencies and at its Symposium, October 17, 2014.

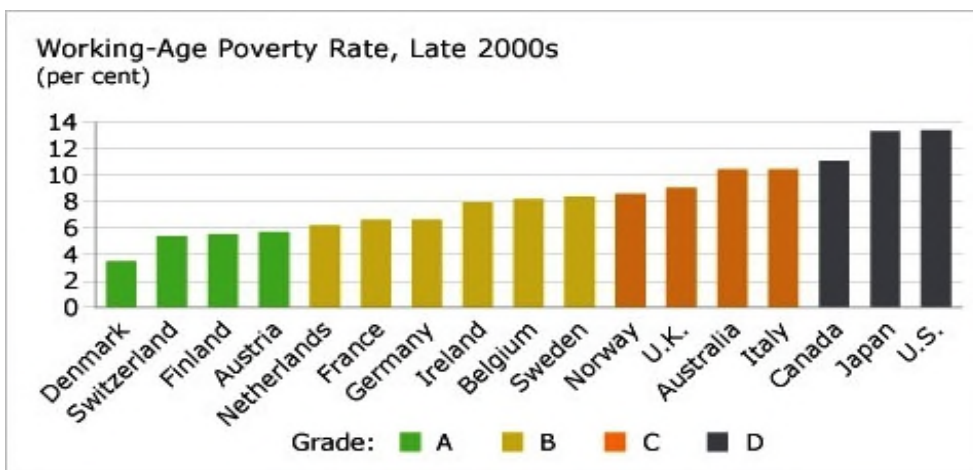
Even this Final Report is not intended to be a comprehensive accumulation of all the reports the Group has looked at. However, by the variety of the sources reported here,² the Precarious Work Group hopes to impress upon policy makers the broad consensus that is emerging on the seriousness of the problem and its solutions.

There are 8 main points that readers and policy makers should take from the research in our report:

1. Ontario's economy has shifted from manufacturing to service (fast food, big box retail, professional). The vast majority of new jobs being created are low wage precarious service jobs.
2. Among the consequences of this shift is more people are either falling out of the middle class and into working poverty, or are hanging on by taking on household debt³ and multiple jobs.
3. Another consequence is rising inequality—seen now as a problem by organizations across the political spectrum—from the Canadian Centre of Policy Alternatives, to the Conference Board of Canada, to the CD Howe Institute.
4. Neither austerity programs (*eg*, cutting wages and jobs) nor 'trickle down' agendas (*eg*, lowering taxes and increasing grants to corporations) are working. In fact, they appear to be making things worse.⁴
5. The best response to the current economic situation is a multi-layered one: tax reform, improving universal access to education (both post secondary and early childhood), direct benefits to those who are struggling, and creative national and provincial strategies to build an innovation economy.
6. All orders of government should be involved, but some of the most innovative responses are coming from the municipal level (in housing, in legislating a living wage, in economic development).
7. Lower and upper tier municipalities in Grey Bruce can also play a leading role. They already have the authority under the Municipal Act.
8. A resolution for further action by Councils appears in the Recommendations.

Where we are

You would think a country like Canada, with all its natural and capital wealth would be able to provide a living wage for every working person. According to the Conference Board of Canada, however, we have the 3rd highest poverty rate of working-age people (aged 18-64) among 17 countries with similar economies.



Source: <http://www.conferenceboard.ca/hcp/details/society/working-age-poverty.aspx>

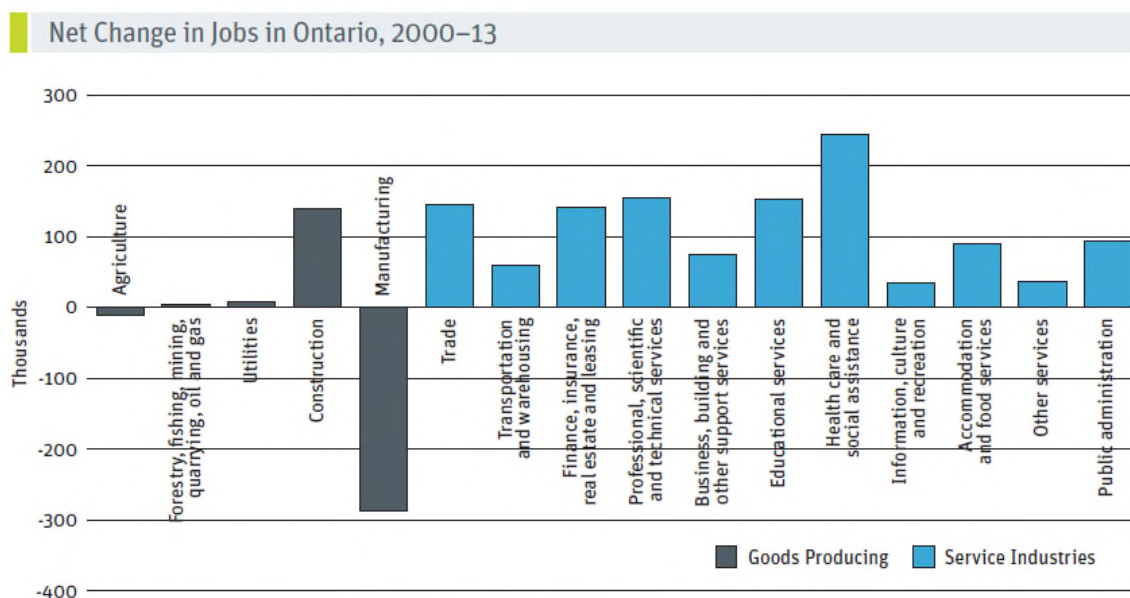
Driving working-age poverty is the rapid rise of precarious work. In its ‘Canada’s Labour Market Sputtered in 2013’ the Canadian Chamber of Commerce reports:

- Employment growth for 2013 as a whole was a mere 0.6 per cent, the slowest pace recorded since 2009.
- Employment gains were concentrated among men and women aged 55 and over.
- 95 per cent of the net jobs created were in part-time positions.
- All the net jobs created were in the services sector.
- More than 86,000 net new positions were created in one industry (oil and gas).
- Almost 70 per cent of the net new jobs were concentrated in one province (Alberta).⁵

Not all jobs in the service sector are precarious, although those in retail and food (especially franchises) certainly are. In fact, the Canadian Chamber of Commerce reports the greatest rise in jobs occurred in the so-called ‘creative economy’: professional, scientific and technical (*ie*, legal services, design, architectural services, advertising). But even these are not full time and many may be professionals who, given the decline in manufacturing, are now freelancing as ‘self-employed.’

But too many new jobs are in low-paying, precarious work. And many of these workers are older—55 and up. Perhaps you have noticed the changing demographic of servers in fast food and coffee franchises. Those used to be entry level jobs but, as the report notes, youth unemployment is rising.

Meanwhile, Ontario is bleeding manufacturing jobs. These once represented well paid, full time employment. Not any more. Ontario has shed some 300,000 full time jobs since the beginning of the Recession, according to a report from the Canadian Centre of Policy Alternatives.⁶ Replacing them, especially in rural Ontario, are part time jobs in the service industry. Most of the workers in those kinds of jobs would prefer to be working full-time.



Source: Author's calculations with data from Statistics Canada, Labour Force Survey, CANSIM Table 282-0060

In addition to the Canadian Chamber of Commerce and the Canadian Centre of Policy Alternatives studies quoted above, a number of other studies demonstrate the spread of precarious work and precarious living. Here is a sampling:

- 40% of workers in the Greater Toronto and Hamilton area are in precarious jobs and are feeling more stress (with consequences to health and family cohesion) as a result.⁷
- The Globe and Mail summarizes a number of studies that show the proportion of involuntary part time jobs in Canada is increasing.⁸
- In the US, where income inequality is worse and rising faster than in Canada, nearly half of households surveyed could not come up with \$2000 to avert economic catastrophe.⁹ In other words, they are a car wreck away from bankruptcy. Fewer households in Canada are at risk, but only because of our more progressive tax system and our government sponsored health care.

What precarious work is

Charlie wrecked his back dragging rock out of a limestone quarry. The doctor at the ER said he should rest it for at least 6 weeks. But that's what's left of the work season. There's no union at the quarry, so no benefits, no time off if he's sick, no one to back him up if his boss tells him to do something dangerous. So he does what he's done for the last week. He drags himself out of bed, downs an oxycontin with his coffee and waits for his buddy to pick him up.

'Charlie' isn't his real name (and 'Sally' isn't her real name). But both are real and both live in Grey Bruce.

The characteristics of precarious work are outlined in a McMaster-United Way report on Poverty and Employment Precarity in Southern Ontario.¹⁰ Compared to those in secure jobs, people in precarious work:

- Earn 46% less and report household incomes that are 34% lower. (They are therefore more likely to be working more than one job.)
- Have experienced more income variability in the past and expect to experience more in the future.
- Rarely receive employment benefits beyond a basic wage.
- Are often paid in cash and are more likely not to be paid at all. (This is called wage theft and there are anecdotal reports of this in Grey Bruce.)
- Are more likely to fear that raising an issue of employment rights at work might negatively affect future employment. (This is especially a problem in small towns and rural areas, where the job market is small.)
- Often don't know their work schedule a week in advance and often have unexpected work schedule changes and often work on call. (One of the complaints of part time workers at the LCBO.)
- Have limited career prospects and are less likely to be satisfied with their job. (Companies may claim there is room for advancement, but how realistic is that when there are 10 part time jobs for every full time job?)

- Have more weeks without work and are more likely to anticipate future hours reductions. (In fact, many employers, such as fast food franchises, deliberately scale back hours to avoid paying health care premiums.)
- Are less likely to be unionized. (And therefore have no way to grieve employment practices, including demands for unsafe work.)
- Rarely receive training provided by the employer and often pay for their own training.

Why we should be worried

What ever its roots, precarious work costs us all more than we think, economically and in social and political alienation. Some of that cost comes from the nature of precarious work itself and some from the inequality it spawns.¹¹

Economic Costs

If you can't keep up with expenses, you are likely to rely on charity: family, food banks, maybe soup kitchens, and on utility funds such as the one sponsored by the United Way. Food bank usage has increased in Canada and the patterns of usage have changed from seasonal to year-round.¹²

Charity is important spiritually (to the giver) and materially (to the receiver), but it is neither reliable nor sustainable. It tends to trap the receiver in a long tunnel of dependency for which they feel obliged to be grateful. Charities are filling basic needs such as food and hydro. Should the provision of basic needs depend on the ability of charities to raise the cash? And why should our neighbours, in Canada, in 2015, be obliged to feel grateful for a handout?

It seems incredible, but the research shows large, profitable corporations are adding to the problem by off-loading some of their employee costs onto the public purse. Not paying employees enough to live on means workers in the US must resort to Medicaid and SNAP (Supplemental Nutrition Assistance Program—food stamps). The fast food industry costs American taxpayers some \$7 billion a year.¹³ Big box retail is just as bad. Walmart alone costs taxpayers \$5,815 per employee or about \$2.6 billion a year.¹⁴

In fact, until it was publicized, McDonald's US maintained a hot-line phone number that its employees could phone and learn how to apply for Medicaid and food stamps.¹⁵

The cost of precarious work to the Canadian economy is much harder to determine. We don't have food stamps programs and our universal health care system makes it hard to track who uses what service. However, as the Grey-Bruce Public Health Unit points out, in a video and brochure on 'Let's Start a Conversation about Health (and not talk about healthcare at all)', people in precarious jobs are likely to use expensive ER services more frequently.¹⁶

They are also more likely to fall ill—a consequence of stress, poor diet and perhaps poor housing. Roughly 50% of health outcome depends on social standing and income.

That is why Dr Gary Bloch of St Michael's hospital prescribes money. He helps patients who come in for medical reasons apply for programs such as disability and welfare if they qualify. "I absolutely see the improvement in my patients' health," Bloch said. "For patients that we do manage to get on income supports, their lives often really turn around."¹⁷

Research in Canada and other developed countries identify a number of things, besides income, that contribute to health status and outcome.¹⁸ Here is a partial (annotated) list:

- Employment (precarious work, especially in jobs that degrade a person or are unsafe)
- Education (the more accessible higher education is, the better)
- Early childhood development (including education and socialization at day care)
- Food security (people working in poverty rely on food banks and grocery store sales of food low in nutritional value)
- Housing (draughty, mouldy houses are not healthy)
- Social exclusion (the very fact of being poor is isolating and working irregular hours doesn't help)
- Gender (most single parent households are led by a mother in a precarious job).

Employers have a role to play here, according to the research. And big box retail and fast food companies can afford to play it.

If big box retail stores increased prices so that we all paid about 15 cents (US) more per shopping trip, and if that revenue was put to employees' wages, one million people could be raised out of poverty in the US and Canada, and another 2 million out of near poverty.¹⁹

The minimum wage in Australia is now over \$16 an hour. But a Big Mac in Sydney costs about 6 cents more than in the US.²⁰ There is no reason why McDonald's can't pay its workers a living wage.²¹

Then there is the economic damage to communities (especially small rural communities) of residents simply not having enough money to buy things. As precarious work replaces good paying jobs, fewer people are engaged in the economic life of the community. Stores and small businesses begin to close, leaving even fewer jobs. It's a downward spiral.

This is one of the reasons a number of organizations, including the Organization for Economic Co-operation and Development²² and the International Monetary Fund²³ are now reversing themselves on austerity economics. Laying people off and cutting wages in order to meet budgetary targets is revealing itself to be a mug's game that nobody can win. Redrawing tax systems, public investment in infrastructure and making sure the poorer 50% of people have access to quality education and health care are all recommended ways of reducing the drag of inequality on modern economies.

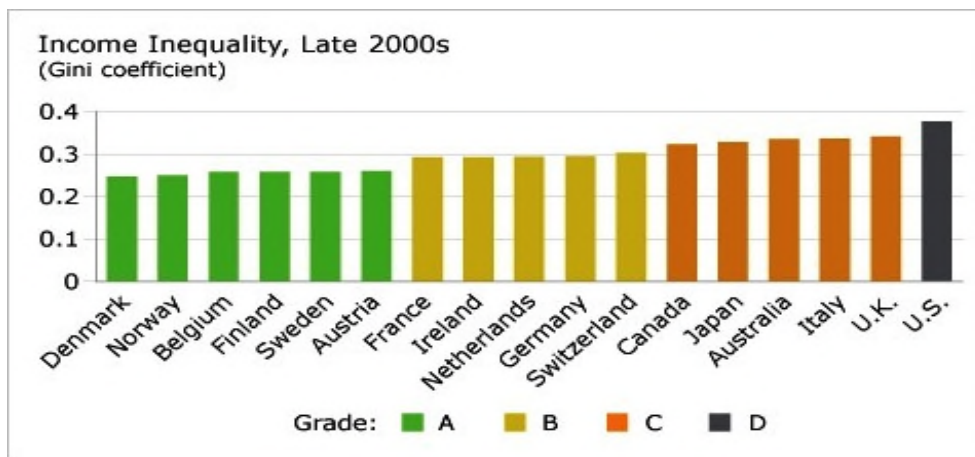
It should escape no one's notice that Canada's own conservative think tank, the CD Howe Institute agrees with the OECD's analysis: income inequality is a very big problem and the tax system needs to be reformed in order to deal with the increasing mobility of individual and corporate income. The Institute recommends adding higher tax brackets for those making over \$250,000, cleaning up the morass of tax credits, and adopting two tax systems—one for income and one for capital.²⁴

Governments need revenue to deal with these challenges, but cutting taxes in the hope that jobs will fall out of the sky like manna has been revealed as a sham.²⁵ A new source of revenue that is being considered seriously is a miniscule (about 0.01%) tax on all financial transactions—buying and selling of securities—that are not currently being taxed. It would not affect the market and it would eliminate the deficit and take a chunk out of debt.

Spiritual Costs ...

In their book, *The Spirit Level*, British authors Richard Wilkinson and Kate Pickett crunch the numbers and discover strong links between levels of inequality within developed nations and social problems. Countries with higher levels of income inequality (such as the US, Portugal and the UK) have higher rates of incidence and prevalence across a host of challenges: imprisonment, substance addiction, heart disease, obesity, low social mobility, and social trust.²⁶

Canada is in the bottom half of a pack of 17 developed countries, in spite of its universal health care and progressive tax system. This is confirmed by the Conference Board of Canada, which gives Canada a 'C' on inequality:



Source: <http://www.conferenceboard.ca/hcp/details/society/working-age-poverty.aspx>

Obviously the kind of social problems that Wilkinson and Pickett have identified come with their own cost to the public purse and the economy. But, as the authors also point out, inequality erodes social trust.

In the US, trust (in other people and in institutions) has fallen to a historic low. Researchers attribute this to the widening gap between rich and poor. In fact the wealth gap may be the *cause*, and not just an effect of lack of trust. They determined that measures of inequality are the best *predictors* of lack of social trust and of increases in poverty and violent crime.²⁷

Ironically, but perhaps tellingly, the number of entrepreneurs in the workforce *increases* with social trust (which also reduces commercial uncertainty). A 16.4% increase in trust increases the number of entrepreneurs by 34.8%.²⁸

Not so surprisingly, lack of social trust is leading to a growing disengagement from our democratic political process, especially among the young who, in increasing numbers are not voting. Canadian research backs this up.²⁹

Then there is the damage precarious employment does to our relationships with one another. Social exclusion is a recognized contributor to poor health (see above). Exclusion presents in a number of ways: not enough money for kids to take part in activities outside of school, no time for single working mothers or fathers to socialize with friends, no money to take part in the economic and social life of the community, the stigma that comes from simply never having enough.

The best antidote the Precarious Work Group has seen to social exclusion and the stigma that comes with it, is a book called *Scarcity: Why having too little matters so much*.³⁰ The authors collect research from around the world on the effects of not having enough— time, friendship, love, money, but mostly money. It soon becomes clear that anyone can fall into scarcity and it's not always their fault.

With the loss of full time manufacturing jobs and the rise of poor paying service jobs, it's not hard to see how folks who previously enjoyed a middle class life are now struggling to make ends meet. The authors (and other researchers)³¹ demonstrate how scarcity (of time or love or money) can 'colonize' your mind to the point where filling that scarcity becomes your principle goal. That the working poor do so well with so little for so long is a testament to hope, perseverance and sheer grit.

Charity is good, but engaging the poor in getting rid of working age poverty is better. Right now, both are needed.

Living precariously in Grey Bruce

The trends reported in this paper are common to all members of the OECD. They are true for Canada. They are true for Ontario. They are true for Grey-Bruce. However, here are some measures—symptoms if you like—of the impact of precarious work in our region.

In general, family income levels in Grey-Bruce are well below the Provincial average of \$59,377. Single-parent families led by women in Grey Bruce report a median income of \$31,132, which is at poverty line.³² The authors use the 2006 long-form census because of the unreliability of the 2011 voluntary census. Unfortunately, these numbers may not capture the impact of the Recession.

However, a look at more recent Statistic Canada data³³ reveal that 41% of lone-parent families (in Owen Sound-Georgian Bluffs) make a median income of only \$15,590—half what the United Way of Bruce Grey says is needed to live on (\$31,463) and half of Stats Can's Low Income Cut-Off for a family of four.

Other social determinants of health that serve as indicators of precarity in our area include:

- Significantly higher than average alcohol consumption in Grey-Bruce compared to Ontario and Canada.

- Significantly higher than average number of visits to the ER for unintentional injury (Grey Bruce residents have twice the Ontario incidence rate).
- Significantly higher than average number of people who are overweight, higher than average numbers who are obese (but average incidences of cardiovascular disease).
- The number of households that qualify for subsidized housing far exceeds the number of rent-geared-to-income units available.
- A significantly higher proportion of our population is without a high school diploma.
- Unemployment (number receiving EI benefits) rose by about 50% in the year 2007-8. Participation rates in the labour force are now skewed by a number of factors: the increase in part time and sporadic work, those who given up looking and no longer qualify for benefits, and the rise in the numbers of 'self-employed'.
- Self-reports of social inclusion ("belonging to the local community") are dropping, but not significantly and are not below Provincial averages.³⁴
- The cost of a nutritious food basket is rising about 4% a year (over the past two years, 4.5% over last year), but wages have not kept pace. Families scarce on money are often scarce on nutrition as meagre finances go to cheap, filling food.³⁵
- The number of visits to food banks in Grey Bruce has jumped 50% over 2011 to 2103 even though the number of food banks has increased from 14 to 20. Some food banks are seeing a 220% increase in customers.³⁶

The United Way of Bruce Grey points its finger at the rise in precarious work in the area. Indeed, in its submission to the Ontario Ministry of Labour Minimum Wage Review, the agency reported that in a 2013 survey conducted by the Bruce Grey Poverty Task Force, most people were in precarious employment and that kind of work was increasing.

Workers know all too well that Ontario's minimum wage leaves them below the poverty line. What people interviewed wanted was a *living wage* so they could be more certain of covering basic expenses between paycheques.³⁷

What can be done

The Precarious Work Group has looked at a number of studies and reports—many of which are referenced in this paper. They have been written by a wide range of academics, government organizations, NGOs and think-tanks from the left and the right of the political spectrum.

Generally speaking, all these reports agree on the following policy directions:

- Equity should be at the centre of any national plan and include equitable access to education, decent housing, special needs and other key areas. (See other studies, referenced above, that demonstrate inequality is a drag on the economy as well as eroding social trust and well-being.)
- Renovate existing tax systems to redistribute national wealth and make collecting tax revenue more efficient. (This would entail reducing boutique tax credits, applying higher rates to higher income earners, closing loopholes that encourage tax avoidance.)

- Adopt universal programs that would make access to health care and higher education or training easier and more affordable. The goal here is to use new revenue to enhance opportunities for people in all income groups to improve social mobility.
- Adopt programs that specifically target lower income groups. (For example: retraining, money management, micro-loans, innovative affordable housing).

Another important report was released September 2014. UNICEF's 2014 Innocenti Report Card 12, 'Children of the Recession' looks at the kinds of programs implemented in developed countries that protected children through the recession and continue to work to reduce child poverty.³⁸

The Innocenti report is among those which recommend programs that guarantee certain key social standards. These can be valued social targets such as eliminating working-age poverty or ensuring a base income by, for example, legislating a living wage that would allow everyone to participate in the social and economic life of their community. Or, even more inclusively, legislation to implement a guaranteed income.³⁹

Canada has had its own brush with 'mincome' (minimum income). A social experiment in Dauphin, Manitoba from 1974-9 saw 1,000 families' income topped up once a month if they would otherwise have fallen below what they needed to live. When the federal government changed in 1979, the experiment was stopped. A final report was never released but Prof Evelyn Forget, a researcher at the University of Manitoba, has combed the boxes of records and talked to some of the participants. She found that:

- poverty was eliminated over the course of the study.
- hospitalization rates for injuries and mental health reasons dropped.
- people's willingness to work or to retrain was not diminished.⁴⁰

Now, because of the replacement of good manufacturing jobs with poor service industry jobs and in light of the failure of Canada's welfare system in meeting the post-Recession challenge,⁴¹ even conservative economists⁴² and some politicians⁴³ want to start a conversation about a guaranteed annual income.

Most of these policy initiatives are for provincial and federal governments to initiate. But there are signs that companies in the service sector are finally starting to get the message. Costco already pays its employees well.⁴⁴ Walmart is signalling it may raise the wages of their associates in a third of their stores in the US.⁴⁵ And Aetna Inc, with a nod to the social contract, has just announced a pay hike for their lowest paid employees to \$16 an hour.⁴⁶

What can be done in Grey and Bruce

Some of the candidates we briefed on precarious work said, "Yes, we see the problem. But tax reform and minimum wage legislation are the responsibility of other governments. What can we do?"

Well, quite a bit as it turns out. In May 2014, Seattle Washington passed bylaws obliging private sector employers within its jurisdiction to pay their employees a minimum of \$15 an

hour. It took a couple of years of wrangling, compromise and arm-twisting, but now all employers will have to phase in wage increases, starting with large employers (within 3 years) and ending with small businesses (within 5 years).⁴⁷

In September 2014, Los Angeles followed Seattle's lead with a city ordinance requiring large hotels to pay at least \$15.37 an hour. The US Conference of Mayors is starting to lobby the federal government for an agenda to help them deal with increasing inequality.⁴⁸

US mayors don't seem to be afraid of challenging the common notion that raising wages will also raise unemployment rates. Indeed there is evidence that increases in minimum wages do not necessarily cause unemployment to increase, especially in workers over the age of 25.⁴⁹ In fact, there is evidence that raising the minimum wage would boost the US economy. It would remove some costs associated with working age poverty from the public purse and it would give more people more money to spend.⁵⁰

The BC City of New Westminster has adopted Canada's first living wage policy. It obliges the City and its outside contractors to pay their employees a living wage for that area, currently at \$20.10 an hour.⁵¹ It uses the living wage calculator (which includes non-mandatory benefits) put together by BC's Living Wage for Families Campaign.⁵²

In Grey-Bruce, the United Way has calculated the living wage for areas outside of Owen Sound to be \$16.76 and within Owen Sound to be \$14.77, thanks largely to the City's public transportation system.⁵³ See the appendices for their calculations.

The United Way bases its calculations on the cost of basic needs plus social inclusion for a single parent of 2 children in a non-smoking household. It will cover the costs of food, rent, clothing, a car (assuming no repairs), child care (at \$100 a month), and some extended health benefits. It also allows for things important to the well-being of the family, such as, modest gifts, Internet access, and a short vacation in Ontario. For details see the Appendices for the 'United Way Bruce Grey Living Wage Report'.

It might be tempting for a municipal council, especially one caught between a looming deficit and calls from rate payers to reduce taxes, to find economies in its budget by cutting jobs and wages. In poor economic times such as these, austerity measures are a bad idea (as the OECD and the IMF have come to appreciate). For one thing, you are left with even fewer people who can afford to buy things in your towns.

Research on those municipalities that have instituted fair wage policies (as opposed to higher living wage policies) has found that the benefits outweigh the liabilities. For example, when Kamloops BC enacted higher wages for construction workers, project costs did not increase. In fact, the number of change orders (for work going over bid) decreased and the dollar amount of those orders was reduced.⁵⁴

Just as a union settlement will raise workers wages in a non-union shop, so raising wages in one part of the municipal economy, as the City of San Francisco did for airport employees prompted employers in businesses around the airport to raise their wages in order to attract and keep reliable workers.⁵⁵

Research regarding the effect of raising the level of wages on unemployment is mixed. The best survey of the literature the Precarious Work Group saw says that unemployment among teens and youth will increase by 1-3%. In general, it is unskilled, untrained workers in entry-level jobs who fare the worst from rises in minimum wage. There is no significant effect, however, on the employment rates of those aged 25 and older.⁵⁶

For policy makers and legislators, this means that passing living wage policies and bylaws must go hand-in-hand with training in order to raise the knowledge and skill levels of people applying for the kinds of work in their jurisdiction. But training and re-training is something that should be considered anyway.

It is important to realize that eliminating working-age poverty by eliminating precarious work demands more than one approach.

What else needs doing: housing and economic development

Publicly assisted housing is among the responsibilities that have been downloaded onto municipalities in the last 20 years. And yet, partly because of federal and provincial policies (a minimum wage that leaves people below the poverty line, and the inadequacy of welfare, are two examples), municipalities are being forced to bear the cost of housing people in the precarious economy.⁵⁷

Co-op housing, by its nature addresses inadequate housing budgets, as well as the need for inclusive communities and upgrading skills—the latter two are recognized social determinants of health, by the way. Municipal councils may want to add co-ops to their mix of rent-geared-to-income housing.

In the 1980s the federal government, through its Central Mortgage and Housing Corporation, built co-ops in many parts of Ontario. Each had a mix of people who paid market value for their rental units and people who did not.

However, the co-op is obliged by the terms of its mortgage to meet its payments. Since no profit is being taken, the operation is revenue neutral—the co-op can afford to subsidize units from those who pay market rent, pay for repairs and hire a coordinator. All decisions on the operation and social life of the co-op are made by the volunteer Board of residents.

Co-op housing has many advantages for ameliorating working-age poverty and it addresses a number of recognized social determinant of health:

- **Social Inclusivity:** residents run the co-op themselves which helps foster a community self-help.
- **Training:** skills are exchanged among residents of different backgrounds in a community where residents interact.
- **Healthy Housing:** units are well-kept with repairs made in a timely matter, often by residents themselves.
- **Employable Skills:** are learned by serving on the board or on any number of committees.
- **Access to Government:** those in poverty have much better access to those setting policies that affect them through the co-operative housing movement.

Other forms of housing are entering the public housing mix—tiny houses for example. There is, in many urban and rural areas, an important trend to living within a small footprint. It is finding expression in the design and construction of small dwellings, some no bigger than a shipping container. It's not an option for everyone, but it is an option—as long as municipalities adapt zoning and building bylaws to allow them.⁵⁸

Economic development was not something the Precarious Group was formed to examine (but then, neither was housing). However, in the course of our investigations and consultations, including with the Owen Sound Chamber of Commerce, it became clear that working-age poverty requires a variety of solutions. One of the more obvious is jobs.

From our research, it looks as though manufacturing will not be coming back to this region any time in the near future. Rather than falling back on tourism and agriculture—although both those sectors should be vigorously defended and enhanced—it might be time to think creatively about smart, regional economic development. Clearly, this is the best long-term solution to eliminating precarious work, reducing inequality and keeping our sons and daughters in the area.

There is a growing body of research that promotes the idea of the 'creative economy'. Engineers, designers, architects, and others who provide creative services, do not need to be based in urban areas if they have access to high speed Internet. Such people will often bring or establish their own innovative companies. Caframo in Wiarton, with its stove-top fans and its new LED light display that runs on candle power, is a good example.⁵⁹

Richard Florida and his colleagues in the Martin Prosperity Institute at the Rotman School of Management, University of Toronto, are perhaps North America's leading thinkers on the creative economy. Prof Florida literally wrote the book on the subject.⁶⁰ Two of their projects merit study, 'Ontario in the Creative Age'⁶¹ and 'Creativity, Tourism, Economic Development in a Rural Context: the case of Prince Edward County.'⁶²

The latter study is an examination of a county that has, according to the abstract of the paper, "leveraged its natural resources with a focus on the creative economy including gastronomy, oenology, culture and heritage, and the visual arts to create not only a desirable tourist destination but also vibrant regional economic development."

Contact information for the Martin Prosperity Institute and Prince Edward County are in the footnotes.

Education and innovation go hand in hand. Georgian College in Owen Sound has done a good job in cornering the market in marine training. But it is a little surprising that it hasn't done the same for agriculture. As it happens, Guelph University is closing its Kemptville agricultural campus, but does not have a similar, hands-on facility to replace it. Now would seem to be a good time to approach Guelph and point out that Grey Bruce is one of the major agricultural areas in Ontario and includes a number of equestrian operations active in the Trillium circuit.

Such an initiative would also fit with the Grey and Bruce Ontario Farmers' Associations' objective of getting post-secondary education programs into this area—partly to grow innovative farm management practices and partly to keep young farmers in the area.

Finally, consider the number and quality of artists—writers, painters, musicians, craftspeople—in the region. There is no reason why they should not be considered part of a regional, creative economy, especially considering the enormous multiplier effect the arts industry has on the economy.⁶³

Council Authority

Some of the candidates we briefed questioned whether, as councillors, they would have the authority to take some of the measures that others have taken—Seattle's city ordinance on \$15 an hour, for example, or even New Westminster's Living Wage Policy. Summary legal advice obtained by the Precarious Work Group indicates that municipal councils have all the authority they need under Part II, Section 11 of the Municipal Act which says, in part:

11. (1) A lower-tier municipality and an upper-tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public, subject to the rules set out in subsection (4). 2006, c. 32, Sched. A, s. 8.
- (2) A lower-tier municipality and an upper-tier municipality may pass by-laws, subject to the rules set out in subsection (4), respecting the following matters ...
 5. Economic, social and environmental well-being of the municipality.
 6. Health, safety and well-being of persons.
 7. Services and things that the municipality is authorized to provide under subsection (1).
 8. Protection of persons and property, including consumer protection. 2006, c. 32, Sched. A, s. 8.⁶⁴

Recommendations to Councils in Grey Bruce

If one of the goals of municipal government is to increase the participation of all citizens in the economic and social life of the municipality, then it will be necessary to grapple with the problems created by precarious work.

To this end the Precarious Work Group of Peace and Justice Grey Bruce has four recommendations for councils in the Grey Bruce region.

1. **THAT** Council adopt a Living Wage Policy for its own employees that ...
 - is tied to an hourly rate established each year by the United Way Bruce Grey;
 - will apply to both full time and part time employees;
 - applies to persons who perform physical work on City premises and properties.
2. **THAT** staff bring back information to Council on the impact of implementing a Living Wage Policy for services contracted by the municipality, and a recommendation for Council consideration.

3. **THAT** Council join with other councils in the Grey Bruce region to strike a task force to examine options and strategies for developing a creative and innovative economy.
4. **THAT** Council strike a committee of Council to examine innovative alternatives to providing affordable housing, including design, size and co-operatives.

Respectfully submitted

by the Precarious Work Group of Peace and Justice Grey Bruce

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Thank you

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Society of Energy Professionals (Grey-Bruce)

Peace and Justice Grey Bruce

Grey Bruce Labour Council

Unifor Local 1106

Sacred Heart High School, Walkerton



List of Appendices

United Way of Bruce Grey Calculations for a Living Wage, 2014

New Westminster's Living Wage Policy

Backgrounder on Precarious Work (this document was circulated to all Grey Bruce candidates in the 2014 Municipal Election; it contains some information not in the Report)

References

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

LIVING WAGE

BRUCE GREY

Grey Bruce

	Monthly Cost	Annual Cost
Basic needs		
Food (Health Unit recommended for health eating)	\$ 596.35	\$7,156.20
Shelter (rent)	\$ 827.00	\$9,924.00
Shelter (utilities)	\$ 250.00	\$3,000.00
Clothing	\$ 75.00	\$ 900.00
Transportation car (including insurance and \$150 gas)	\$ 520.00	\$6,240.00
Child care	\$ 100.00	\$1,200.00
Extended health benefits (prescriptions, dental care)	\$ 220.00	\$2,640.00
Items that contribute allow for fuller participation in society (also known as “social inclusion”), such as:		
Recreation pass and swimming lessons for children	\$ 83.00	\$ 996.00
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	\$ 16.76	

City of Owen Sound

	Monthly Cost	Annual Cost
Basic needs		
Food	\$ 596.35	\$7,156.20
Shelter (rent)	\$ 827.00	\$9,924.00
Shelter (utilities)	\$ 250.00	\$3,000.00
Clothing	\$ 75.00	\$ 900.00
Transportation: city transit	\$ 125.00	\$1,500.00
Child care	\$ 100.00	\$1,200.00
Extended health benefits (prescriptions, dental care)	\$ 220.00	\$2,640.00
Items that contribute allow for fuller participation in society (also known as “social inclusion”), such as:		
Recreation pass and swimming lessons for children	\$ 83.00	\$ 996.00
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	\$ 14.77	



United Way
Bruce Grey



United Way
Bruce Grey

More than Just a 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 parent, 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.

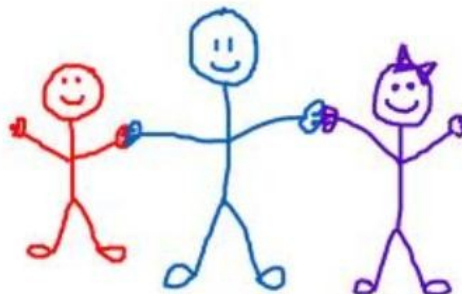
Making our sample family non-smoking made the extended health benefits the cheapest possible, so we know the costs will only increase for other families.

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.



Policy Title:	LIVING WAGE
Issue Date:	2011 JANUARY
Revised Date:	
Prepared by:	ROY MOULDER, Manager, Purchasing
Document #:	156183

1. Objectives

The purpose of the City of New Westminster's Living Wage Policy (LWP) is to ensure that all City Staff and Service Providers to the City who work on City premises for a specified period of time earn, at a minimum, a living wage.

2. Definitions

City refers to the Corporation of the City of New Westminster.

Declaration is a document signed by a service provider confirming their compliance in paying a living wage to their employees covered under this Policy.

Employees are all Union and Exempt staff employed by the City in either a full-time, part-time or auxiliary capacity.

Living Wage is the hourly rate of pay that enables wage earners living in a household to:

- Feed, clothe and provide shelter for their family
- Promote healthy child development
- Participate in activities that are an ordinary element of life in the community
- Avoid the chronic stress of living in poverty

This hourly rate is calculated based on the living expenses of a family of four with two children aged 4 and 7, with both parents working full-time (35 hours/week).

Premises are all City owned buildings, roadways, and parks.

Service Providers are companies and their employees that have a direct business relationship to the City of New Westminster. These employees are individuals that perform services to the City on City premises.

Sub-Contractors are companies and their employees that have been sub-contracted by our Service Providers. They do not have a direct business relationship with the City of New Westminster.

3. Implementation, Compliance and Enforcement

- The City will implement this Living Wage Policy effective January 1, 2011. Existing contracts still in force at the time of implementation will be grandfathered until such time as the contract expires or is renegotiated, whichever comes first.
- The Living Wage will be calculated annually by staff based on the methodology developed by the Living Wage for Families Campaign as noted above.
- This Policy will encompass all City employees, Service Provider and Sub-contractor employees with the following exclusions:
 - Students seeking work experience credits for educational purposes;
 - Volunteers
- The City, as a Living Wage Employer, will ensure all staff are paid no less than the living wage as established in the year of ratifying of any of the City's Collective Agreements with its Unions. The City will not open up any existing Collective Agreement during its existence to adjust hourly rates in the event those hourly rates dip below the Living Wage for that year. For example, if in year 2 of a 3 year Agreement an employee's hourly rate fall below the Living Wage hourly rate for that present year, no alteration to the Collective Agreement will be considered.
- The City has established the following criteria to determine a service provider's or sub-contractor's eligibility under the Living Wage Policy.
- An employee of a service provider or of its sub-contractor must perform services physically on City premises,
- Work must last longer than one continuous hour per occasion.

- The City requires all service providers and sub-contractors, whose services fall within the parameters established within this policy, to be compliant for the duration of their contract with the City. Any existing contracts that are in place at the time of inception of this policy will not require immediate compliance should their wage rates be lower than that established Living Wage rate. However, a contract will require compliance at time of renewal.
- The City will incorporate into all of its competitive bid documents (Invitations to Tender, Requests for Proposal, Quotes, etc.) a sample declaration to be signed as part of the Service Provider's contract with the City. Sample Declaration is attached.
- The City will enforce the Policy by performing audits of its Service Providers and Sub-contractors when notification of non-compliance is received by the City. These audits may take the form of a review of paystubs issued by the vendor under review or any other means pertinent to arriving at a determination.

Non-compliance may result in the cancelation of the Contract at the discretion of the City.

Doc. #156183

Supplementary Notes:

From: http://www.newwestcity.ca/business/living_wage_employer/living-wage-policy-and-declaration

The Declaration to be signed by employers is below.

Living Wage calculator credits the benefits provided to employees by a company but not payroll deductions (hourly wage + benefit = living wage). The City of New Westminster uses the online calculator of BC's Living Wage for Families Campaign.

Available at: <http://www.livingwageforfamilies.ca/employers/living-wage-calculator/>



DECLARATION – LIVING WAGE EMPLOYER

I, _____ as a duly authorized signing officer of

Company: _____

Address: _____

_____, confirm that all employees and sub-contractors under our contract with the City as outlined below, are paid not less than the “Living Wage” as calculated by the Living Wage for Families Campaign.

I understand that this requirement extends only to those employees and sub-contractors’ employees that perform work while on City premises and property for durations in excess of one continuous hour per occasion.

I understand that the City will conduct audits if and when notification of breach of this compliance is received by the City. I understand that in the event any breach of this declaration is found to be true, the City reserves the right to cancel its contract without penalty at any time once said authentication of the breach is made.

Contract Name: _____

Authorized Signatory:

Dated:



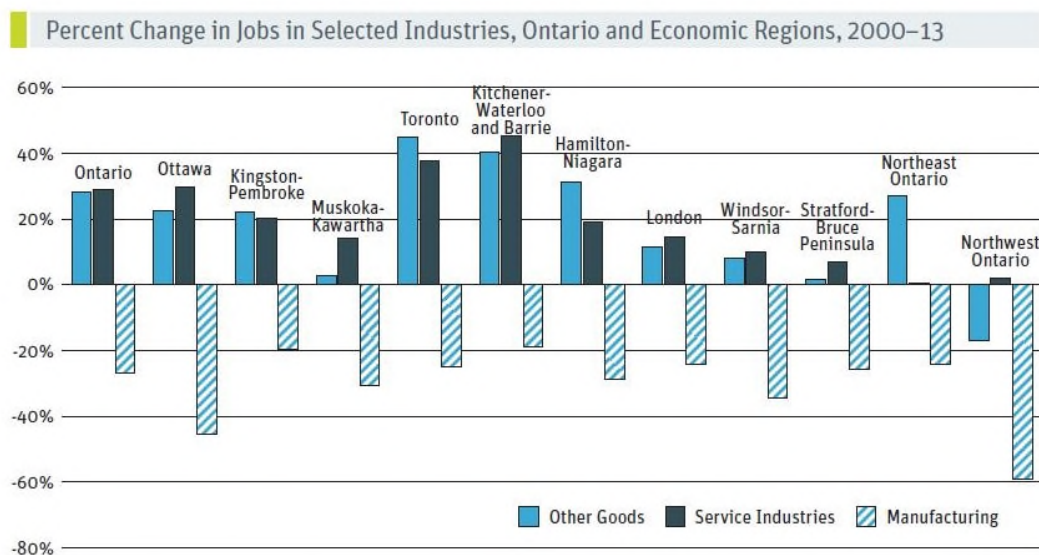
PEACE & JUSTICE GREY BRUCE

Backgrounder to Precarious Work

Precarious work is broadly defined as work that does not pay well enough to get you to the end of the month. Generally few if any benefits come with the work. It could include dangerous work with no on-the-job protection or benefits. It could include a series of part time jobs. It could include the self-employed, who are themselves under paid.

Ontario's shifting economy has spawned an increase in precarious work.

The economy of Ontario in general and of this region in particular has shifted from manufacturing to service ...



Source: Author's calculations with data from Statistics Canada, Labour Force Survey, CANSIM Table 282-0060
From CCPA, 'Seismic Shift: Ontario's Changing Labour Market' March 2014

Source: <https://www.policyalternatives.ca/publications/reports/seismic-shift>.

- Nearly 300,000 jobs have been lost in Ontario since the start of the recession in 2008.
- The Canadian Chamber of Commerce reports 95% of all new jobs created in 2013 were part time, most filled by older workers.

Source: http://www.chamber.ca/media/blog/140227-Canadas-Labour-Market-Sputtered-in-2013/140227_Canadas_Labour_Market_Sputtered_in_2013.pdf

The shift has serious economic consequences for Ontario communities.

- *It's More Than Poverty* (Feb/13): McMaster-United Way research on precarious work reports some 40% of workers in the GTA are in precarious jobs and that brings more stress and less time and money for the needs of family.

Source: <http://pepso.ca/>

- Grey-Bruce Public Health Unit 'Let's start a conversation' points to precarious work as a major factor in the erosion of people's health.

Source: http://www.publichealthgreybruce.on.ca/Healthy_Communities/LetsStartAConversation.htm.

The minimum wage in Ontario does not meet the living expenses of working families

- 20% of families in Owen Sound are low income with a median income of \$15,590 which is **half** the income required for a family of 4 to stay out of poverty, according to Stats Can.
- Single-parent families with low income (median \$15,590) are nearly **half** (41%) of **all** single-parent families in Owen Sound.

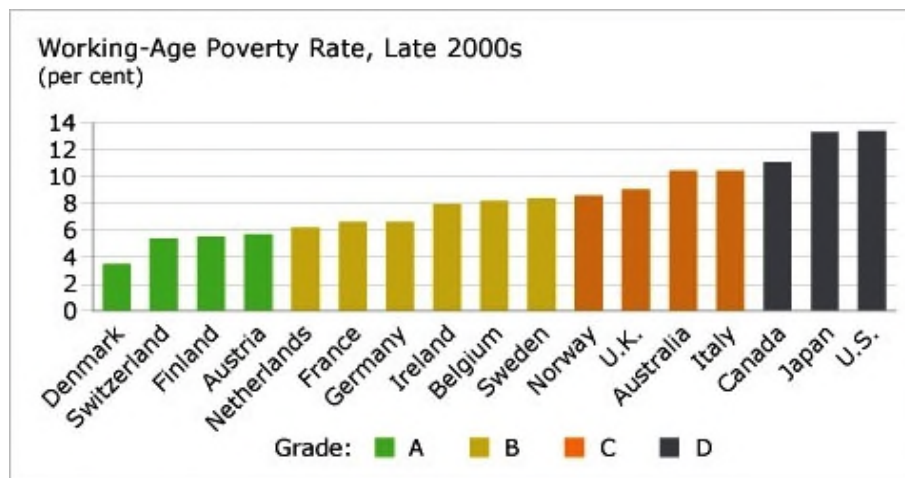
Source: Statistics Canada. Table 111-0015 - Family characteristics, Low Income Measures (LIM), by family type and family type composition, annual, 24 July 2014.

- Living wages vary from area to area. A living wage in Bruce-Grey is \$14.77 in Owen Sound and \$16.76 outside (mostly due to public transit options in the city).

Source: United Way of Bruce-Grey – Living Wage Bruce Grey (2014)

- Think of poverty as a scarcity of money and what scarcity of anything does to people.
Reference: *Scarcity: Why having too Little Matters so Much*, Mullainathan and Shafir (2013)

Canada has the **third highest** rate of working-age poverty among industrialized countries



Source: <http://www.conferenceboard.ca/hcp/details/society/working-age-poverty.aspx>

Nationally ...

- Barely half of workers are in permanent full-time jobs that provide benefits and employment security.
- At least 40% of those are in some sort of precarious employment.
- Precarious employment has increased by nearly 50% in the past 20 years.
- Workers in precarious employment earn 46% less than those in secure jobs and their household incomes are 34% lower.
- They receive few, if any benefits and frequently hold more than one job.

Source: *It's More Than Poverty* (<http://pepso.ca/>).

Locally, indicators point in the same direction:

- 41% of food bank users are on disability (the Canadian average is 16%).
- 13% of food bank users are working (the Canadian average is 11.5%).
- There were 3000 more visits in 2013 than in 2011.

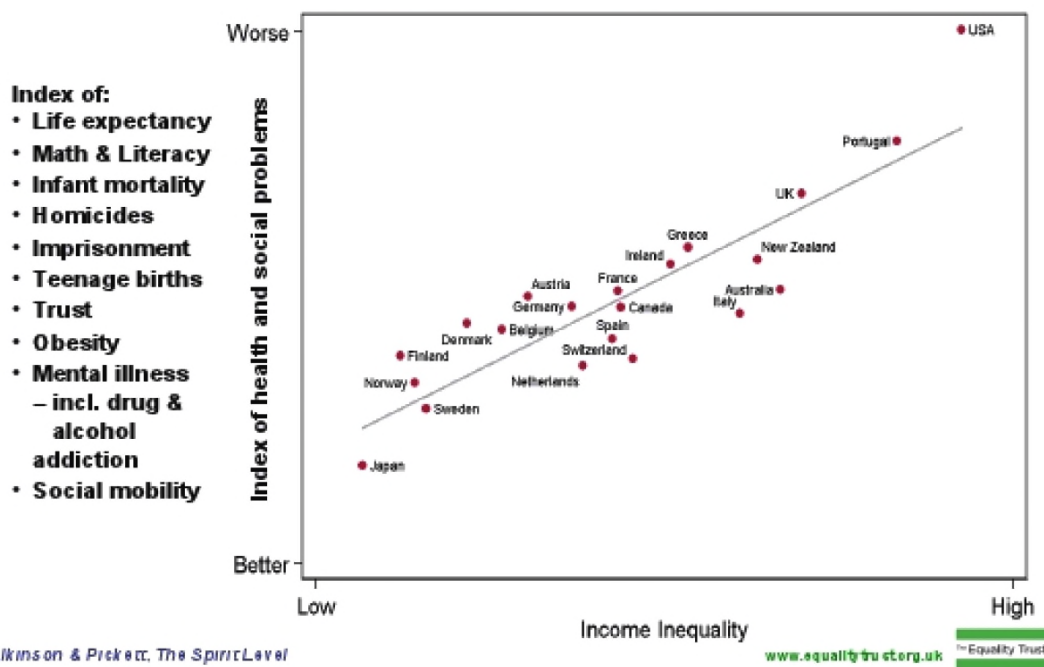
Source: United Way of Bruce Grey (<http://www.unitedwayofbrucegrey.com/news/2014-hunger-report>).

Precarious work is a major driver of income inequality

- Research indicates that inequality (rather other measures such as income/capita) is a better predictor of health and social problems.
- Some 50% of health outcomes are attributable to socio-economic factors.

Reference: Keon, WJ, Pepin, L. *A healthy, productive Canada: a determinant of health approach. Final report of the Senate Subcommittee on Population Health of Standing Senate Committee on Social Affairs, Science and Technology.* Ottawa: the Senate of Canada; 2009

Health and social problems are worse in more unequal countries



Inequality brings its own set of problems to societies, including Bruce-Grey.

- Bruce-Grey residents visit the ER with injuries **twice** as often as the Ontario average.
- The prevalence of obesity is much **higher** than that of Ontario.
- Alcohol abuse (binge drinking) is **higher** than the Ontario average.
- 18.6 % of women and 17.8 % of men aged 25-29 have not graduated from high school.

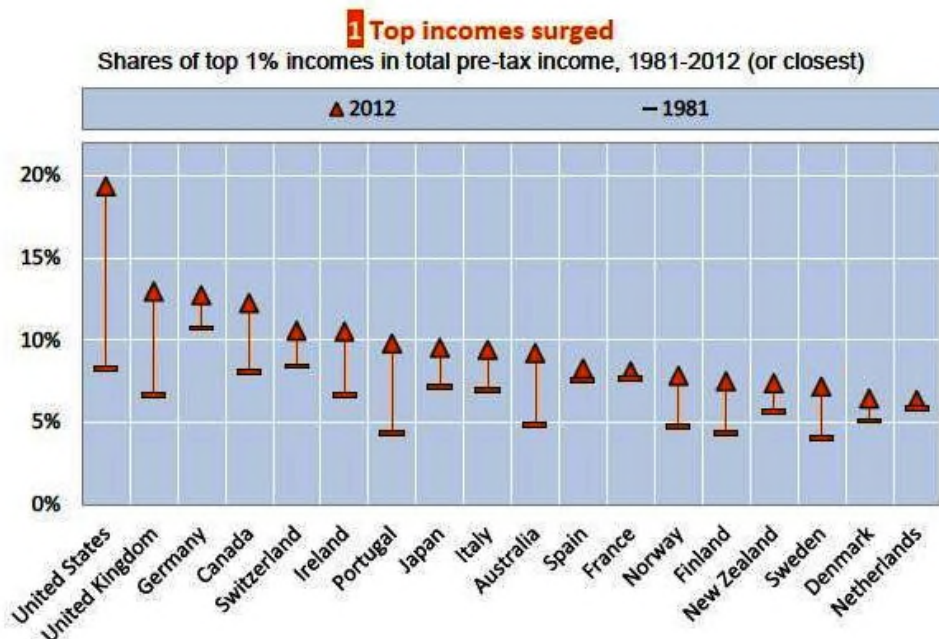
Source: Grey-Bruce Public Health

http://www.publichealthgreybruce.on.ca/Healthy_Communities/LetsStartAConversation.htm

A Living Wage ...

- Does not include retirement savings, paying down debt, owning a home, daycare, recreation, money for alcohol or tobacco, or saving for a child's education.
Source: United Way of Bruce Grey Submission to Ministry of Labour Minimum Wage Review 2013.
- Does not (if implemented wisely) create more unemployment or harm the economy.
Source: Centre for American Progress at
<http://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>
- Will save tax money as social problems related to inequality ease.

The OECD warns that income inequality in Canada is growing.



Source: <http://www.oecd.org/els/soc/OECD2014-FocusOnTopIncomes.pdf>

Municipalities can make a difference

The Ontario Municipal Act, in 11(2), enables upper and lower tier municipalities to pass bylaws “respecting the following matters”:

5. Economic, social and environmental well-being of the municipality.
6. Health, safety and well-being of persons.
7. Services and things that the municipality is authorized to provide under subsection (1).
8. Protection of persons and property, including consumer protection. 2006, c. 32, Sched. A, s. 8.

Source: http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_01m25_e.htm

The research (of which this is a small sampling) clearly shows the social and economic harm that precarious work can do. However, it is surely a matter of principle that anyone working a full complement of hours should not fall into poverty. Municipalities in the US and Canada (including New Westminster BC, Seattle WA) are enacting measures to:

- Pay all municipal employees, at minimum, a *living* wage indexed annually to the CPI.
- Ensure that all employers contracted to the municipality, as a condition of contract, also pay their employees, at minimum, a living wage indexed to the CPI.
- Work in concert with local chambers of commerce to improve wages, recognize ‘top employers’, and pursue economic development on a regional basis.
- Lobby the provincial government to abolish the minimum wage and legislate a living wage for all workers, to be phased in according to employers’ ability to pay and then indexed to the CPI.
- Lobby the federal government to adopt fair taxation policies and legislation with the goal of reducing the growing inequality in our community.