

PERSPECTIVES

ON LABOUR AND INCOME

Minimum wage

Minimum-wage legislation exists in every province and territory as part of provincial employment standards legislation. The minimum wage is the lowest wage employers can pay employees covered by the legisla-

tion (see *Data source and definitions*). To evaluate the potential impact of any changes, it is important to understand who works for minimum wage and what types of jobs they hold.

Data source and definitions

The Labour Force Survey (LFS) is a monthly household survey of about 53,000 households across Canada. Demographic and labour force information is obtained for all civilian household members 15 years of age and older. Excluded are persons living in institutions, on Indian reserves, or in the territories.

Every province and territory stipulates a minimum wage in its employment standards legislation. It is an offence for employers to pay eligible employees less than the set rate, regardless of how remuneration is calculated (hourly, daily, weekly, monthly, or on a piecework basis). Likewise, employees are prohibited from accepting pay that is less than the applicable minimum. The minimum wage rate varies from province to province, and a change can become effective at any time of the year.

The self-employed are not covered by minimum wage legislation and as such are not included in the analysis. Unpaid family workers are also excluded.

Other exclusions and special coverage provisions vary and include young workers (Ontario and Newfoundland and Labrador), workers with disabilities (Alberta, Manitoba and Saskatchewan—rarely used), domestic and live-in care workers (New Brunswick, Prince Edward Island, Manitoba and Quebec), farm labour (Alberta, Manitoba, Ontario and Saskatchewan), and home-based workers (for example, teleworkers, and pieceworkers in the clothing and textile industry). Other specific minimums cover non-hourly and

tip-related wage rates (for example, Ontario has a special minimum wage rate for employees who serve alcoholic beverages in licensed establishments). A more complete description of exclusions and special rates is available from Human Resources and Social Development Canada's database on minimum wages (<http://srv116.services.gc.ca/wid-dimt/mwa/>).

The number of employees working for minimum wage was calculated using the applicable minimum wage for experienced adult workers (also known as the general adult rate) for each province for each month of 2008. The average of these 12 monthly observations provides the annual estimate for each province and for Canada.

To determine whether an employee worked at or below the general adult rate wage for each province, usual hourly earnings were used based on the reported wage or salary before taxes and other deductions, including tips, commissions and bonuses. In principle, tips, commissions and bonuses should have been excluded to capture only those whose true base hourly wage was at or below the provincial general adult rate, but the required information is not collected. The result is a slight downward bias in the number of employees working at or below the official general adult rate set by each province. However, none of the exclusions or special minimum wage rates (such as special minimum wage rates for tip earners and young workers) were used, which introduces an upward bias.



Minimum wage

In 2008, some 751,400 individuals worked at or below the minimum wage set by their province. This represented 5.2% of all employees in Canada, up slightly from 5.0% the previous year. Minimum wages ranged from \$7.75 per hour in New Brunswick to \$8.75 per hour in Ontario. Newfoundland and Labrador had the highest proportion of employees (7.7%) working at or below the minimum wage. Alberta continued to have by far the lowest proportion of

employees working at or below minimum wage (1.6%). Alberta's average hourly wages were highest at \$23.68, while Ontario's were \$22.15, and its unemployment rate was by far the lowest (3.6%). Newfoundland and Labrador had one of the lowest average hourly wages at \$18.85 (only Nova Scotia, New Brunswick and Prince Edward Island posted lower averages), and by far the highest unemployment rate (13.2%).

Table 1 Lowest proportion in Alberta

Province	Total employees '000	Minimum wage		General adult minimum wage \$/hour	Date	Average hourly wage \$/hour	Unemployment rate %
		Total '000	Incidence %				
Newfoundland and Labrador	197.0	15.1	7.7	8.00	April 2008	18.85	13.2
Ontario	5,684.9	374.3	6.6	8.75	March 2008	22.15	6.5
Nova Scotia	396.1	25.4	6.4	8.10	May 2008	18.12	7.7
Quebec	3,339.3	195.6	5.9	8.50	May 2008	20.03	7.2
Prince Edward Island	60.9	3.4	5.6	8.00	October 2008	16.96	10.7
Manitoba	521.3	27.7	5.3	8.50	April 2008	19.24	4.2
Canada	14,496.2	751.4	5.2	21.32	6.1
New Brunswick	324.2	15.6	4.8	7.75	March 2008	17.79	8.6
Saskatchewan	419.2	16.1	3.8	8.60	May 2008	20.34	4.1
British Columbia	1,886.0	50.8	2.7	8.00	November 2001	21.46	4.6
Alberta	1,667.3	27.4	1.6	8.40	April 2008	23.68	3.6

Source: Statistics Canada, Labour Force Survey, 2008.

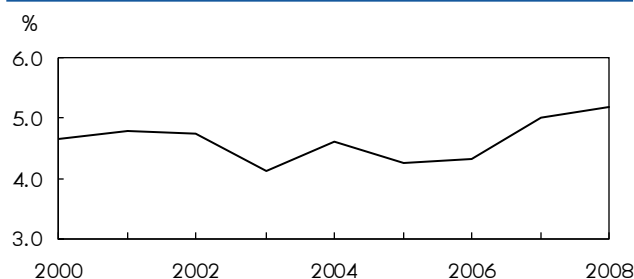
Table 2 Share of employees working for minimum wage or less, by province

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Canada	4.7	4.8	4.8	4.1	4.6	4.3	4.3	5.0	5.2
Newfoundland and Labrador	8.7	5.7	7.4	8.4	6.5	6.1	7.6	7.4	7.7
Prince Edward Island	3.7	3.2	4.4	4.0	4.4	5.1	4.7	6.9	5.6
Nova Scotia	4.9	4.1	4.6	5.9	5.6	5.1	5.9	6.2	6.4
New Brunswick	6.0	4.2	4.2	4.1	2.5	3.1	4.1	5.6	4.8
Quebec	5.4	7.0	6.1	5.1	4.4	4.6	4.2	5.4	5.9
Ontario	4.6	4.1	3.9	3.5	5.3	4.3	4.7	6.3	6.6
Manitoba	5.1	4.5	4.8	4.5	4.9	4.9	4.8	5.5	5.3
Saskatchewan	5.9	4.4	4.8	5.0	3.3	3.9	5.4	3.2	3.8
Alberta	2.0	1.5	1.1	1.1	0.9	1.3	1.7	1.0	1.6
British Columbia	4.5	6.0	7.7	5.6	6.2	5.6	4.6	3.4	2.7

Source: Statistics Canada, Labour Force Survey.

All provinces except British Columbia raised their minimum-wage rates in 2008. The proportion of minimum-wage workers increased in six provinces: Newfoundland and Labrador, Nova Scotia, Quebec, Ontario, Saskatchewan and Alberta, while decreasing in four: Prince Edward Island, New Brunswick, Manitoba and British Columbia.

Chart Proportion of employees earning minimum wage or less increased for the second consecutive year



Source: Statistics Canada, Labour Force Survey.

Women accounted for 60% of all minimum-wage workers, but just under half of all employees. This translated into a higher proportion of women working for minimum wage: nearly 1 in 16 compared with nearly 1 in 25 men. The overrepresentation of women was observed for all age groups.

Nearly 35% of teenagers age 15 to 19 worked for minimum wage. This age group traditionally has, by far, the highest rate of minimum-wage workers—almost half of all minimum-wage workers were teenagers. Another 17% were age 20 to 24. In total, more than 60% of minimum-wage workers were under 25, while this age group represented only 17% of all employees. This translates into an incidence rate eight times that of those 25 and older—18.9% versus 2.3% respectively. A very large number of these young minimum-wage employees attend school full time or part time.

A sizeable proportion (29%) of minimum-wage workers were age 25 to 54. As was the case for the other age groups, women remained the majority of these workers. For these individuals in their core working and peak earning years, minimum-wage work may be less temporary.

The incidence of working for minimum wage declines sharply with age before rising slightly among those 55 and older. The latter could reflect some of the low-wage occupations in which a number of working seniors tend to be concentrated: retail salespersons and sales clerks; general office clerks; janitors, caretakers and building superintendents; babysitters, nannies and parents' helpers; and light duty cleaners.

The proportion of employees earning minimum wage or less increased for the second consecutive year in 2008. The increase from 2007 to 2008 was less (0.2 percentage points) than that from 2006 to 2007 (0.7 percentage points).

Table 3 Most minimum-wage workers are women and young

	Total employees '000	Minimum wage	
		Total '000	Incidence %
Both sexes			
15 and over	14,496.2	751.4	5.2
15 to 24	2,522.1	476.2	18.9
15 to 19	992.7	345.4	34.8
20 to 24	1,529.5	130.7	8.5
25 and over	11,974.1	275.2	2.3
25 to 34	3,275.2	73.2	2.2
35 to 44	3,334.8	68.0	2.0
45 to 54	3,439.9	76.8	2.2
55 and over	1,924.3	57.3	3.0
Men			
15 and over	7,301.6	299.9	4.1
15 to 24	1,262.5	205.0	16.2
15 to 19	485.2	150.3	31.0
20 to 24	777.3	54.7	7.0
25 and over	6,039.0	94.9	1.6
25 to 34	1,695.4	29.8	1.8
35 to 44	1,692.5	21.5	1.3
45 to 54	1,685.8	22.0	1.3
55 and over	965.3	21.6	2.2
Women			
15 and over	7,194.6	451.5	6.3
15 to 24	1,259.6	271.2	21.5
15 to 19	507.4	195.1	38.4
20 to 24	752.1	76.1	10.1
25 and over	5,935.1	180.3	3.0
25 to 34	1,579.7	43.4	2.7
35 to 44	1,642.3	46.5	2.8
45 to 54	1,754.1	54.8	3.1
55 and over	959.0	35.6	3.7

Source: Statistics Canada, Labour Force Survey, 2008.

Table 4 Education makes a difference

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Education	14,496.2	751.4	5.2
Less than high school	1,818.7	294.0	16.2
Less than grade 9	312.7	37.2	11.9
Some high school	1,506.0	256.9	17.1
High school graduate	2,906.3	163.2	5.6
At least some postsecondary	9,771.2	294.2	3.0
Some postsecondary	1,299.5	107.8	8.3
Postsecondary certificate or diploma	4,706.3	110.8	2.4
University degree	3,765.3	75.6	2.0

Source: Statistics Canada, Labour Force Survey, 2008.

Minimum-wage work is concentrated in the service sector. Accommodation and food services had by far the highest incidence, with more than 1 in 5 workers at or below minimum wage. Working for minimum wage is also very prevalent in trade where the proportion was 1 in 9. These industries are characterized by high concentrations of youth and part-time workers, both of whom often have less work experience and weaker attachment to the labour force. Also, these industries generally do not require specialized skills or postsecondary education, and have low levels of unionization. Many jobs are part time, which may favour a higher presence of women or young people.

Agriculture continues to have an increased incidence of minimum-wage workers—more than 1 in 8. Farm labour has traditionally been excluded from minimum-wage provisions. Workers in this industry are not often unionized, but may profit from non-wage benefits such as free room and board as compensation for lower wages.

Highly unionized industries such as construction, public administration and manufacturing were among those with the lowest shares of minimum-wage workers.

Those with less than a high school diploma were five times more likely than those with at least some postsecondary training to be working for minimum wage or less—1 in 6 compared with 1 in 33. Four in 10 minimum-wage workers did not have a high school diploma compared with 1 in 8 employees in general. This is in line with the high rates of minimum-wage work among young people, many of whom have not yet completed their studies.

Table 5 Where do they work?

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Industry	14,496.2	751.4	5.2
Goods-producing	3,296.3	56.9	1.7
Agriculture	123.5	14.5	11.8
Forestry, fishing, mining, oil and gas	291.9	4.1	1.4
Utilities	151.6	F	F
Construction	859.9	11.1	1.3
Manufacturing	1,869.4	26.3	1.4
Service-producing	11,199.9	694.6	6.2
Trade	2,388.7	258.0	10.8
Transportation and warehousing	711.0	14.8	2.1
Finance, insurance, real estate and leasing	896.6	19.8	2.2
Professional, scientific and technical	801.8	11.5	1.4
Management, administrative and other support	520.5	28.9	5.6
Education	1,140.9	24.5	2.1
Health care and social assistance	1,669.7	31.3	1.9
Information, culture and recreation	635.6	41.3	6.5
Accommodation and food	983.4	212.1	21.6
Public administration	925.7	11.3	1.2
Other services	525.9	41.0	7.8

Source: Statistics Canada, Labour Force Survey, 2008.

Table 6 Part-time employment prominent

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Both sexes	14,496.2	751.4	5.2
Men	7,301.6	299.9	4.1
Women	7,194.6	451.5	6.3
Full-time	11,910.6	306.5	2.6
Men	6,511.9	132.4	2.0
Women	5,398.7	174.1	3.2
Part-time	2,585.6	445.0	17.2
Men	789.7	167.5	21.2
Women	1,795.9	277.4	15.4

Source: Statistics Canada, Labour Force Survey, 2008.

More than half of minimum-wage workers had been in their current job for one year or less, compared with less than one-quarter of all employees. Working for minimum wage was most prevalent among those who had held a job for three months or less (1 in 7), and least common among those in a job for more than five years (1 in 71).

Four in 10 minimum-wage workers were employed by large firms (more than 500 employees) and another 32% by small firms (less than 20 employees). The incidence of working for minimum wage was highest in small firms—more than double that of large firms. Very few minimum-wage workers (9%) belonged to a union or were covered by a collective agreement, compared with almost one-third of all employees. Only 2% of union members worked for minimum wage or less, versus 7% of non-union members. The large number of part-time workers, as well as students and other young people working for minimum wage, combined with their sizeable presence in smaller firms, tends to limit the ability of these workers to organize, making unionization more difficult.

Minimum-wage work among part-time workers was almost seven times higher than among full-time workers (17.2% versus 2.6%). Almost 60% of minimum-wage workers worked part time, compared with less than 20% of all employees.

Table 7 Most minimum-wage jobs are short term, in both large and small firms, and rarely unionized

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Job tenure	14,496.2	751.4	5.2
1 to 3 months	1,140.9	154.7	13.6
4 to 6 months	978.4	116.5	11.9
7 to 12 months	1,351.1	138.9	10.3
13 to 60 months	4,639.9	250.3	5.4
61 months or more	6,385.9	91.1	1.4
Firm size	14,496.2	751.4	5.2
Less than 20 employees	2,806.9	243.2	8.7
20 to 99 employees	2,321.1	116.3	5.0
100 to 500 employees	2,061.1	77.2	3.7
More than 500 employees	7,307.0	314.8	4.3
Union membership	14,496.2	751.4	5.2
Union member or covered by collective agreement	4,527.0	69.1	1.5
Non-member and not covered by collective agreement	9,969.2	682.3	6.8

Source: Statistics Canada, Labour Force Survey, 2008.

Table 8 Most minimum-wage workers do not live with a spouse

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Member of a couple	8,341.2	183.8	2.2
Spouse not employed	1,553.9	42.9	2.8
Spouse unemployed	287.9	9.2	3.2
Spouse not in the labour force	1,266.0	33.7	2.7
Less than 55	771.9	19.8	2.6
55 and over	494.1	13.9	2.8
Spouse employed	6,787.3	140.9	2.1
Earning minimum wage or less	115.9	10.8	9.3
Earning more than minimum wage	5,715.7	105.2	1.8
Self-employed	955.7	25.0	2.6

Source: Statistics Canada, Labour Force Survey, 2008.

The vast majority of minimum-wage workers lived with their parents, alone or were the head of a household without a spouse. Only one-quarter of minimum-wage workers lived with a spouse. On the other hand, more than 75% had a spouse who earned more than the minimum wage.

Perspectives

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