

# WORK ISN'T WORKING for Ontario Families

## *The Role of Good Jobs in Ontario's Poverty Reduction Strategy*

### EXECUTIVE SUMMARY

Ontario needs a strong and stable labour market offering opportunity and prosperity to all. In today's labour market, many Ontario parents cannot achieve financial security and create a supportive family environment for their children, not because they cannot find work, but because they cannot find a good job.

In the face of mounting evidence on the role of the labour market in family poverty, Campaign 2000, the Toronto & York Region Labour Council and the Canadian Labour Congress (Ontario Region) call on the provincial government to ensure that Ontario's Poverty Reduction Strategy includes a Good Jobs Strategy. This joint discussion paper is intended to draw attention to the need to address current labour conditions as an essential step to success in reducing poverty.



### WORK ISN'T WORKING

Work isn't working well for many Ontario parents. Their jobs don't provide an adequate living standard for their children or enough financial security to weather the crises of everyday life and plan for the future. Ontario parents are working more and longer hours. All but the richest 10% of Ontario families with children spent more time working in 2004 than parents 30 years earlier. Working long hours or several jobs to make ends meet robs time from their children and their communities. When parents have time to share, children

gain the opportunity to grow up into self-directed youth who see their best future within the social order, not outside it. When parents have time to invest outside the home, strong, safe communities are structured and maintained through the guidance of caring adults.

The shift to non-standard work has created jobs with lower pay, poorer benefit coverage, less security and unsatisfactory, sometimes unsafe, working conditions - in short, bad jobs. As a result, most low-income parents in Ontario work in jobs that don't provide enough income to lift a family out of poverty:



- 41% of children in low-income families in Ontario live in a family where at least one parent worked full-time, all year
- 70% of low-income children in Ontario live in families where at least one parent participated in the workforce in the previous year.

## GOOD JOBS DISAPPEARING

Across the Ontario labour market an increase in precarious or non-standard work has meant lower unionization rates, more unstable hours and higher incidences of low income. Ontario experienced significant manufacturing job losses since 2002, increasing rapidly through 2007 and the first quarter of 2008. Large losses are occurring in well-paid, unionized manufacturing sectors like the automotive sector. There has also been an increase in temporary work, and in the unregulated sub-contracting of full-time work for a single employer, skirting labour legislation protections. The loss of good jobs impacts families. The average worker who replaces a lost manufacturing job with new work experiences a 25% cut in income. For a worker in a lower-paid job, that

25% cut can mean a direct slide from making ends meet into poverty. The impact of replacing a lost automotive sector job with one in the expanding retail sector is evident in the \$20 gap between the 2006 median hourly wages for motor vehicle manufacturing (\$31.30) and for retail (\$10.50). A worker making that shift would lose over two-thirds of their income if able to find full-time work in retail, a sector where part-time work predominates.

## DISCRIMINATION IMPACTS LABOUR MARKET ACCESS

There is clear evidence of disproportionately higher rates of poverty among families in racialized groups, whether immigrants or Canadian-born, at the same time as the proportion of the workforce coming from racialized communities has grown to almost 25%. Racialized youth make up one quarter of Ontario's young people and nearly half of Toronto's. Poverty reduction will require ensuring racialized workers access to the labour market without having to surmount barriers of discrimination.

## IMMIGRANTS FACE BARRIERS

Until 1985 the poverty rate for Canadian-born Ontarians and immigrants was the same. Since the mid-1980s newcomers start behind and don't catch up despite arriving with higher levels of education. That immigrants have been increasingly drawn from racialized groups has been identified as a major factor in this change. For poverty reduction to succeed, employment access and ability to advance must be based on training, skills and experience without barriers of discrimination.

## PATHWAYS TO GOOD JOBS

Campaign 2000, the Toronto & York Region Labour Council and the Canadian Labour Congress (Ontario Region) see roles for government, labour and the private sector in increasing the availability of good jobs in Ontario to re-build a broad middle-income sector and enable more Ontario parents to lift their families out of poverty. Restoring the centre to manufacturing workers is one challenge; gaining the centre for marginalized workers in bad jobs is another.

Within the broad range of its powers, the provincial government can do much to lead labour and the private sector into a change process to the benefit of low-income children whose parents are struggling to build a secure life. Regulation, unionization, stimulation of manufacturing for a green planet and public investment can all support parents toward a more secure standard of living for their families and recreate a broad, stable social base for Ontario.

Strategic approaches to strengthening the labour market in Ontario for low-income parents include:

- Turning bad jobs into good jobs through regulation and unionization
- Investing in essential public resources and maximizing the public benefit of public procurement
- Stimulating manufacturing for the global green economy.

## 1 TURN BAD JOBS INTO GOOD JOBS

### Unionize to Improve Job Quality

Unionization helped develop Ontario's broad middle class in the mid-20th century and unionization can play a similar, positive role in the 21st century. Union wages, with their ripple effect, raise the wages of low-paid non-union workers, improving labour market conditions for low-income parents. In 2006, 27.9% of Ontario's service sector was unionized, the second lowest provincial rate in Canada. As part of its poverty reduction strategy, Ontario needs to:

- Reinstate card certification across all sectors, including the service sector, to protect vulnerable workers from intimidation in the voting process
- Update the Labour Relations Act to create fair access to unionization for precarious workers
- Offer provincial government support to union and management cooperating on joint training models to improve skills and job prospects
- Increase unionization of racialized workers through engaging the diverse unrepresented workforce.

### Regulate to Improve Job Quality

Much service sector work is precarious: substandard, insecure and unstable. Along with unionization, regulation can improve the quality of these jobs and the lives of Ontario children in low-income families. Ontario must update the Employment Standards Act (ESA) and ensure rig-

orous enforcement of labour laws. As part of a Poverty Reduction Strategy that supports good jobs:

- Expand the ESA definition of employee to cover all workers in precarious work
- Expand the ESA to hold employers legally responsible for employment standards for both direct and indirect work, including workers hired through a temporary agency, nominal subcontractor or on own account
- Increase workplace inspections and prosecutions of violations and non-payment of orders.

### Address Workplace Discrimination

Fairness, equity, maintenance of the social fabric and future labour market demands require a labour market free of discrimination. This goal lies within the combined capacity of government, labour and the private sector.

- Implement measures such as employment equity to ensure racial discrimination is not a barrier in the workplace
- Support initiatives to remove barriers to employment for immigrants
- Ensure gender discrimination is not a barrier in the workplace and pay equity is addressed.

## 2 INVEST IN ESSENTIAL PUBLIC RESOURCES AND MAXIMIZE THE BENEFIT OF PUBLIC PROCUREMENT

### Maintain Public Infrastructure with Good Jobs

Much public spending occurs on essential services and physical infrastructure central to the functioning of private industry. Public spending should provide maximum public benefit and ensure jobs in these sectors

do not leave families in poverty:

- Public capital investment should also be seen as labour market investment that creates good jobs in the building and maintenance of public infrastructure
- Maintain stable, good jobs in municipal and other public services.

### Maintain Public Sector Health and Education

Access to quality health services and education provides children in low-income families with a fair chance at the future. Delivering quality health services and education creates good public sector jobs that provide parents with a chance to improve families economically and socially. To reduce poverty, the Ontario government needs to:

- Maintain access to quality health services and education
- Maintain stable, good jobs in health and education.

### Support Strong Social Services

Social services provide value-added work that builds a stable, safe society and reduces costs by preventing expensive emergencies and crisis





interventions. To benefit low-income parents and children as consumers of social services and workers in the sector, the Ontario government should:

- Recognize professionalism and up-grade pay in the social service sector.

### Increase Ontario's Domestic Transportation Content Stipulation

Domestic content stipulations for public spending can generate good jobs and prevent loss of existing manufacturing jobs. In public transportation procurement, exempt under NAFTA, 29% of spending goes to wages, 15% to taxes. To create good jobs and reduce poverty, the provincial government should:

- Review Ontario's 25% transportation content stipulation with a view to raising it to levels commensurate with those of major trading partners (50-60%).

## 3 STIMULATE MANUFACTURING SECTOR FOR THE GLOBAL GREEN ECONOMY

Seventy-five per cent of manufacturing occurs in nations with advanced economies. Ontario accounts for 47% of Canada's almost 2 million manufacturing jobs and, in North America, is second only to California in raw number of employees in manufacturing. In the United States, cross-sectoral coalitions like the Apollo Alliance and the Blue Green Alliance are working to create jobs and renew the manufacturing sector by focusing on green economic opportunities. With a strong manufacturing base and infrastructure, Ontario has a clear strategic opportunity to do the same. Government has a leadership role to play providing policy frameworks, incentives and direct support for development of new green manufacturing and servic-

es. Recent fast-tracking of the start-up of the Next Generation of Jobs Fund is a step in the right direction.

### The Renewable Energy Sector

Strong government stewardship can stimulate new industries and good jobs. Technological innovation and design, and high quality manufactured goods are central to development of alternative energy sources. Production, assembly, component supply, installation and servicing require workers with similar skills to those used in automotive and auto supply manufacturing. In terms of job creation, the energy efficiency industry is more labour intensive than energy generation. The Ontario government should:

- Provide opportunity and stimulus for labour, environmentalists and green innovators to connect on strategic initiatives for sustainable job creation.

### Municipal Strategies

Internationally, cities are establishing manufacturing market niches based on technology and design. The Ontario government should:

- Partner with municipalities to promote economic clusters for growth in employment and investment.

### Natural Supply Chains and New Industries

Sectoral strategies can develop manufacturing capabilities where Ontario has natural supply chains or capacity that can be redirected. The provincial government should:

- Initiate sector strategy forums in sectors where value can be added, such as in wood, steel and public transit.

## FROM POVERTY TO SECURITY: REBUILDING MIDDLE-INCOME ONTARIO

The strategies discussed in this paper should be read as directional signs on the pathway to rebuilding middle-income Ontario. Poverty reduction must include policies for creating and sustaining good jobs that support Ontario families beyond minimally adequate living conditions. The long-term Poverty Reduction Strategy for Ontario should include strong provincial government commitments to using the levers at its disposal to support the growth of good jobs. Working together, government, the private sector and labour can reverse the current trend, and re-build secure livelihoods for Ontario parents and their children.

