

# ***What Should Be Done?***

## ***Improving Life and Work Opportunities for Vulnerable Workers in Saskatchewan***

Saskatchewan Federation of Labour  
Submission to  
Commission on Improving Work Opportunities for  
Saskatchewan Residents

October 6, 2005



# What Should Be Done?

## Improving Life and Work Opportunities For Saskatchewan Residents

### INTRODUCTION

The Saskatchewan Federation of Labour (SFL) welcomes the opportunity to provide its comments and outline its concerns to the Commission on Improving Work Opportunities for Saskatchewan Residents.

The SFL represents more than 90,000 unionized workers across the province from every sector in the economy. In our submission today we speak not only on behalf of *these* members and their families but also on behalf of workers with *no* organized voice, many of whom are the “vulnerable” workers that this Commission is concerned about.

Our submission has been developed with the expectation that the Government of Saskatchewan, through the recommendations of this Commission, will take meaningful, concrete, and timely action to lessen the degree of vulnerability and economic hardship so many in this province face in their working lives.

We understand that forces such as globalization and technological change have presented major challenges to businesses as they struggle to remain competitive. We understand that Government is working hard to attract business to the Province, and to hold on to the businesses already here. We understand

and appreciate the risks and tensions that must be successfully dealt with if our province is to prosper.

But we strongly condemn the pattern that we see in this province of shifting risk onto workers' shoulders. This is a pattern created by an abdication of responsibility by both employers and the Government.

We believe that this province can achieve both its economic and its social objectives without sacrificing one for the other. No single piece of legislation or policy alone will solve the problems that vulnerable workers face. Rather, a mix of policies and supports is needed from a range of actors, including Government, employers, community-based organizations and groups, and organized Labour.

### Who Are Vulnerable Workers?

The Commission's consultation paper "Vulnerable Workers in Saskatchewan" describes the conditions that leave workers vulnerable. The SFL agrees with the Commission's characterization.

To reiterate, the Commission describes vulnerable workers as those who are:

- Chronically low paid
- Part-time, seasonally employed or self-employed
- Eligible for few or no work-related benefits
- Possessing lower levels of education and having poor access to higher education and training
- Lacking opportunity for career advancement and with poor job prospects
- Having limited job security
- Having "precarious" employment
- Having limited access to safe and affordable child care

To this depressingly long list of hardships vulnerable workers face, we would add:

- Often not covered by minimum employment standards (non-compliant employers)
- Often not unionized
- Often piecing together a living by working multiple part-time jobs

Workers are vulnerable not because they are lacking in capacity to do a job or lacking in the will to find better working situations for themselves. They have difficulty accessing decently paid work offering conditions that meet basic social norms because of the circumstances that surround them. These circumstances include poor access to benefits such as EI, extended health, dental plans and drug plans. They also have poor access to social supports such as affordable daycare. These circumstances include poor access to union representation and poor access to learning opportunities.

Women, youth in the 15-24 age group, Aboriginal people, immigrants, racialized Canadians, and visible minorities are part of the vulnerable workers category in numbers disproportionate to their overall participation in the workforce.<sup>1</sup>

There is a strong gender dimension to low pay and precarious employment. Workers who are both part-time and temporary have the most precarious employment. In 2001, women constituted 63% of this category nationally -- even though they made up only 46% of the workforce in that year (Cranford et al, 2002, cited in Saunders: Risk & Opportunity, CPRN, p. 9).<sup>2</sup>

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<sup>1</sup> (Saunders, R. Left Behind: Low-Paid Workers in Canada, Power Point slides).

<sup>2</sup> (Cranford et al, 2002, cited in Saunders: Risk & Opportunity, CPRN, p. 9)

There have been profound changes in family structure over the last several decades. Among women with children under the age of 16, 72% were part of the labour force in 2003, compared to 56% in 1986.<sup>3</sup>

In trying to balance family responsibilities with the need to earn an income, many mothers and some fathers have chosen to work less than full-time hours. While part-time and other non-standard employment can be a strategy for balancing work and family demands, it also generally means lower earnings and less access to benefits.

During the recent debates about the Most Available Hours Bill, a common argument among opponents was that most Saskatchewan people who work part-time do so voluntarily. But while it may be true, technically, that most people in the province are part-timers voluntarily, the circumstances around this statistic require further investigation. For example, we suggest that more mothers would choose to work full time -- and earn more -- if they had access to safe and affordable daycare.

### **Non-Standard Workers**

In any conversation about vulnerable workers, the term “non-standard” comes up. Non-standard workers are those who are not in paid, permanent, full-time employment with a single employer. The extent to which workers are economically vulnerable is directly tied to their employment status as non-standard workers – especially part-timers and self-employed (the latter approximately 97,000 strong in Saskatchewan, according to the 2004 Labour Force Survey).<sup>4</sup> Given the common features of low pay, no benefits and extreme

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<sup>3</sup> (Status of Women in Canada, 2005, Assessing Gender Equality, p. 4)

<sup>4</sup> CPRN, Risk & Opportunity, p. 15

employment insecurity, it may be more apt to refer to this kind of work not as non-standard but as sub-standard!

### How Do Workers Become Vulnerable?

As was noted at the beginning of this brief, workers become vulnerable not because they lack ambition or capacity but because the circumstances that surround them leave them vulnerable.

Globalization, technological change and demographics all have contributed significantly to the decline of what we've considered a "standard" job to be: full-time, permanent work for one employer.

And with the disappearance of so many of these standard jobs has also come the disappearance for so many of the income supports and benefits that have historically been attached to this standard employer-employee relationship. More about that later.

We all know that globalization has dramatically changed how business is done today, and significantly changed the nature of workplace life. In the heightened climate of competitiveness that is one by-product of globalization, employers have increasingly moved towards more flexible and adaptable ways of organizing their labour force. It is our view that employers, in order to maintain and increase profitability, have shifted risk from themselves onto their workforce.

Technological change has also brought about major changes in the labour market, most notably the shift away from primary and manufacturing industries towards service industries. With the increasing demand for highly skilled work there has been a parallel decrease in the need for less skilled labour.

It is not the intent of this submission to go into great deal about these mega-forces that have affected the world of work. We have all heard about impending work shortages as the baby-boomers reach retirement age; we've all heard about tech change and globalization.

All the forces we have been talking about here result in a significant proportion of “non-standard” working situations. These include part-time work, temporary work, short-term contract work, self-employment and employment through temporary help agencies. A significant proportion of workers in non-standard working arrangements hold multiple jobs. In fact, according to a study published in 2000, Saskatchewan, at 9%, had almost twice the national average for those holding multiple jobs.<sup>5</sup>

According to 2003 figures from Statistics Canada, temporary workers earned on average 16% less than their permanent counterparts; Seasonal workers earned 28% less, casual workers 24% less, and those using employment agencies a whopping 40% less.<sup>6</sup>

Although many people want to work in non-standard jobs during certain phases of their lives – as students or as parents of young children, for example, others do so only because that is all they can find. These non-standard jobs are responsible for poverty-line existence, hardship, poor health, and misery for too many Saskatchewan residents.

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<sup>5</sup> (Elliott, 2000 “Saskatchewan Labour Market Trends Report; p. 24).

<sup>6</sup> Statistics Canada, Perspectives on Labour and Income, Winter 2005, Vol 17, No. 4

## What Measures Will Decrease the Vulnerability of Workers?

Many work arrangements these days put workers outside the reach of protections and supports that are based on an outdated employer-employee relationship.<sup>7</sup> This situation is a major factor in non-standard workers' vulnerability. That vulnerability would be greatly decreased by the introduction of a variety of mandated "supports" – legislation and regulations, programs, and policies. These include:

- An increase in the minimum wage to a level that will be a "living wage"
- Adoption of revised Most Available Hours legislation
- A re-definition of the employee-employer relationship
- Increased access for non-standard workers to a variety of wage and social benefits
- Increased access for non-standard workers to skills upgrading, workplace essential skills training, and affordable Recognition of Prior Learning processes
- Increased access to safe and affordable day care
- Increased resources to monitor and enforce employer compliance to the Labour Standards and increased resources to educate employers and the public about Labour Standards and procedures for lodging a complaint for non-compliance to the Standards
- Increased workers' rights and a stronger Trade Union Act that would more effectively facilitate the certification process

This mix of supports would involve a re-distribution of risk away from vulnerable workers. Employers would bear a greater responsibility for all their employees

regardless of status. The Government would assume a stronger role in identifying and filling in gaps in the support network.

## A Living Wage

The minimum wage in Saskatchewan is so low that even working a full 40-hour week would not bring a person up to the Statistics Canada Low Income Cut-Off for a single person living in Regina. Could any of *you* survive on less than \$16,000 a year? I think we would all have trouble even imagining how we would live on that amount of money.

The minimum wage should be increased to at least \$10 an hour immediately, and adjusted annually to keep pace with inflation. This measure would greatly improve the well-being of vulnerable workers and their families. A living wage would also take some pressure off our social programs, which inevitably must fill the gap when wages are set too low.

Whenever it is suggested that the minimum wage be raised, many from the business sector claim that the higher minimum wage will destroy low-wage jobs and increase unemployment among those that the increase is supposed to help. This is an incorrect and unsupported assumption. In fact, in 2003, 85 economists and labour policy experts, including, for example, the former chief economist at the Toronto Dominion Bank, signed a document that stated:

There is a common, but incorrect, assumption that higher minimum wages destroy low-wage jobs and increase unemployment among those they are most intended to help. Modern economic research has

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<sup>7</sup> (Saunders, 2005, Risk & Opportunity (CPRN) , p. 33)

indicated, however, that the negative employment effects of minimum wages are negligible and can be overwhelmed by the positive impact of minimum wages on labour force participation and consumer spending. In other words, it is more likely that higher minimum wages are associated with enhanced employment and income opportunities for low waged workers.

Responsible employers who are already paying their work force a living wage should welcome a wage floor that stops them from being undercut by more unscrupulous competitors.<sup>8</sup>

### Pay equity

In any discussion about low-waged workers in Saskatchewan, Pay Equity must be mentioned as a factor that has a significant impact – the lack of pay equity contributes to the low wages of women in the Province. In fact, according to CUPE Saskatchewan, Saskatchewan women working full-time made an average of \$11,400 less than their male counterparts in 2002<sup>9</sup>.

The SFL calls on the Government of Saskatchewan to make good on its promise and enact comprehensive pay equity legislation. The New Democratic Party said it would introduce pay equity legislation during the 1991 provincial election. Former Saskatchewan Premier Roy Romanow repeated the promise in 1997, saying legislation would be introduced before he retired. The women of Saskatchewan are still waiting.

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<sup>8</sup> CAW brief, pp. 9-10, original document available on request).

<sup>9</sup> CUPE Saskatchewan Press Release, September 27, 2005, <http://www.cupe.ca/www/media/>

## Most Available Hours

We call on the Government to re-introduce Most Available Hours legislation -- but in a revised form that is an improvement over the rescinded legislation. We maintain, as we have all along, that the Most Available Hours legislation has the potential to make a significant difference for the better in the lives of economically vulnerable residents of Saskatchewan.

Tom Graham, President of CUPE Saskatchewan, articulated the benefits of Most Available Hours forcefully and clearly when he said, “Employers are already offering additional hours to their employees when they become available. This legislation will establish a system of fairness, in which senior, qualified part-timers who want additional hours will be offered the hours, eliminating any favoritism or discrimination as a factor in those decisions”

Most Available Hours will allow schedules to be arranged so that as many employees as possible can get as many hours as they want to a weekly maximum – without the employer hiring yet another person for just a few hours a week. It will also assist those who are currently working at multiple part-time jobs in order to meet their expenses.

Nothing in the Most Available Hours legislation would prevent staffing adjustments for slow and busy periods – but Most Available Hours would prevent the employer from adding part-time positions, creating yet more precarious work, making it harder for everyone to eke out a living.

The previous Most Available Hours Bill was flawed. For example, it was applicable only in worksites with 50 or more employees. There should be no such restrictions in a revised MAH bill. Though there were problems with the rescinded Bill, these problems could have been resolved, and there were trade unionists prepared to work with Government and others to work them out. Labour questions the decision to “throw out the baby with the bath water.”

### A Re-Definition of the Employer-Employee Relationship

Because non-standard work has grown so much over the last few decades, a great many workers have no access to the workplace protections and benefits that are predicated on an employer-employee relationship that is now outmoded. Those who move from one contract to the next, for example, or those who find work through temporary job agencies, don't fit into the conventional definition.

In particular, there should be a clearer distinction of what it means to be self-employed, a clearer distinction between someone who is genuinely an “entrepreneur” and those workers who sell their labour to multiple clients or employers. If employment standards are about the legal obligations that an employer takes on when hiring someone to perform work, then there should be wider inclusion in the employer-employee relationship so that contract workers have access to employment protections and benefits. Farm workers are another group that would benefit from this extended definition.

Re-defining the Employer-Employee relationship is not a new concept. Among the many recommendations in the *Bernier Report*, published in Quebec in 2003, an expansion of the definition of an employee in labour statutes was listed as the first priority among 53 recommendations. The Report – considered to be a milestone in research into the social protection needs of non-standard workers -- recommends that the employer-employee relationship should include any person who works for another person for remuneration, any person who is economically dependent on the contracting person or company. Researchers in the Canadian Policy Research Network also recommend this expanded definition.<sup>10</sup>

### Benefits for Non-Standard Workers

The Dividing line between full-time and part-time work status has extreme consequences for the workers concerned. Just as the so-called self-employed have no access to benefits, many part-time workers, even those whose multiple part-time jobs make up a full-time work week, also have no access to benefits such as employer-paid extended health plans. The costs of

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<sup>10</sup> (Bernier 2003, Social Protection Needs of Individuals in Non-Standard Work Situations: Synopsis of Final Report, p. 15).

prescription medicines, vision and dental care, and retirement savings funds are costly for everyone. But here you have these high costs being shouldered by those who can least afford to cover them. There is neither logic nor justice in this situation!

Employment benefits and protections for all non-standard workers – including part-timers, the self-employed, and those working through temporary job agencies – would have an immediate beneficial impact on vulnerable workers within the labour force. Access to benefits would prevent employers from offering fewer hours to more workers in order to avoid paying benefits. Access to benefits would make an employer think twice before eliminating a full-time position and replacing it with a string of pay-for-performance short-term contracts.

The Labour Standards Act should, at the very least, mandate pro-rated benefits for all non-standard workers, without the restriction for size of workplace, number of hours worked, or status as full-time student. This was one of the recommendations resulting from the Donner Commission.<sup>11</sup>

## Social Rights

Some rights or benefits should be viewed as universal, as *entitlements* that ought to apply to all Saskatchewan residents regardless of any current connection to work. These benefits sometimes have been called “social rights”.<sup>12</sup> Prescription drug plans and dental care are two examples of this category of benefits. Indeed, a society such as ours, which values and

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<sup>11</sup> (Recommendation 14).

<sup>12</sup> (e.g. Saunders, *Risk & Opportunity*, CPRN, p. 35).

supports publicly funded health care, should by extension ensure that residents also have access to essential medicines and basic dental care.

This universal “floor” of benefits would recognize the rhythms of life today in Canada, a rhythm in which many people do not enter the workforce and remain there continuously until retirement. Workers may periodically take leave from the paid workforce to provide child or elder care, or to upgrade their skills and training. And many employers hire and lay-off in cycles as they struggle to survive within the extremely competitive globalization model.

### Access to Training

There is a shortage of skilled workers in this province. This is what we hear from Government, from politicians, from employers, from researchers. We also hear that continuous learning and upgrading of skills is a reality in today’s workplace.

Vulnerable workers have very little access to training. In other words, not only do they have little opportunity to accumulate financial capital, but also little opportunity to develop their human capital. Vulnerable workers who have precarious employment can’t access employer-sponsored training that would expand their skills and knowledge and assist them to find less precarious work.

There needs to be equal access to employer-sponsored training for all workers, not only the full-time, permanent ones. There also needs to be more accessible training in workplace essential skills such as computer skills, document literacy and numeracy. Essential skills are transferable and

portable skills. They enable people to successfully develop the technical and operational skills our economy needs in order to flourish.

Recognition of Prior Learning (RPL) is a process that has been developed to recognize transferable and specific skills and knowledge people have acquired outside the formal education system -- through learning on the job, and through unpaid work in the family and community, as examples. Access to RPL processes could greatly assist vulnerable workers develop career paths for themselves, that is, identify the range of work they may be qualified to do and identify training gaps they would need to address to meet their career and life goals.

### Access to Safe and Affordable Daycare

There needs to be a universal, publicly funded childcare program. Without affordable, accessible daycare, there will continue to be a disproportionate number of women in precarious employment. According to a 2005 report from the Status of Women Canada, access to affordable, quality childcare is a key factor in women's employment.<sup>13</sup> Although the number of daycare spots has increased dramatically in recent years, the demand still far outweighs the supply.

How many non-standard workers would choose to work more hours in better paying jobs if they had access to affordable daycare? In one Saskatchewan study of part-time workers, most of whom were women, many participants said they were working part-time rather than full-time due to difficulties finding

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<sup>13</sup> Status of women Canada, August 2005: "Assessing Gender Equality", p. 5.

high-quality childcare. One participant said, “Finding a daycare is hell. Finding a great daycare is even worse.”<sup>14</sup>

In another study the cost of daycare was pointed to as a barrier to taking full-time employment. As one participant put it, “I work part-time because my day care costs are too high and I can’t afford to keep my children in day care for 10 hours a day.”<sup>15</sup>

### Compliance with the Labour Standards

Mandated rights and protections do not serve their purpose without monitoring and enforcement of compliance to them and without education, promotion and advocacy work with agencies and the general public.

A range of processes to encourage and develop compliance should be developed – and used! These include:

- Substantial fines for non-compliance
- Prosecution of employers who break the law
- More resources– financial and human – invested to ensure compliance with the Labour Standards Act and Regulations
- Stronger support of community-based organizations and clinics that do advocacy work and education on employment standards
- An education program that promotes and publicizes the contents of the Labour Standards Act and Regulations as well as the process for lodging complaints

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<sup>14</sup> (Broad and Hagin (2004), “Women, part-time work and labour standards: The case of Saskatchewan”, p. 71).

<sup>15</sup> (Broad and MacNeil (1995), A matter of control: Saskatchewan labour standards and part-time work, p. 17).

- A promotion process that includes a system of recognition (e.g. an award) for employers who develop best practices in regard to working conditions and benefits in their companies

### Conclusion: Why Are People Leaving the Province?

In a recent article in the Regina *Leader Post*, the Saskatchewan Party Finance Critic was quoted as saying the reported decline in Saskatchewan's population is a reflection of the poor business climate created by the current government.<sup>16</sup> The evidence as presented in this brief suggests a different story.

We constantly hear from business lobbyists that corporate taxes are too high in this province.

Saskatchewan is, in fact, an excellent location for establishing a business. Year after year, KPMG has consistently rated Saskatoon and Regina in the top 10 most competitive places in North America to do business. The 2004 KPMG study reports that Saskatchewan's corporate manufacturing tax rate was the lowest of all Canadian provinces surveyed.<sup>17</sup> Other significant advantages include our comparatively low-cost provincially owned utilities and our affordable housing. It is simply irresponsible and self-serving for business and some politicians to constantly extract just a part of the facts and portray a piece of the puzzle as the whole puzzle. So if people are leaving the province, one needs to look for the reasons elsewhere.

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<sup>16</sup> Tim Switzer, *Leader Post*, September 29, p. B-1

<sup>17</sup> KPMG Consulting (2004), *Competitive Alternatives International Report*

Saskatchewan may be a great place for businesses, as the KPMG study suggests, but it's not a great place for workers. The reason for the exodus may well be found by looking squarely at the number of insecure, low-waged jobs that offer no benefits, no access to training and up-skilling, and no opportunity for advancement.

Let's take a look at some of the opinions and attitudes that Saskatchewan residents have about their employers. In 2003, Dr. Linda Duxbury and colleague Chris Higgins surveyed Saskatchewan workers along with counterparts in other Prairie Provinces. Duxbury and Higgins found that in comparison to other regions in Canada, workers in the Prairie region:

- had lower personal incomes
- were less likely to feel commitment to their employer
- were less likely to rate their organization as an above-average place to work
- were more likely to be thinking of leaving to find another job
- had lower levels of job satisfaction
- were more likely to report high levels of stress and depressed mood among "non-professionals".<sup>18</sup>

Duxbury and Higgins conclude their section on the Prairie region by saying that employers in the Prairie region "need to work on the benefits they provide employees and focus on work environment and supportive management issues."

The Saskatchewan Party Caucus, in its brief to this Commission, states that solutions to improving the lives and work opportunities for vulnerable workers will not be found solely by government. Rather, their Brief recommends a combined approach involving government, business, labour, learning institutions and community organizations. The Saskatchewan Federation of Labour agrees with this point.

A mix of instruments is needed here -- instruments that focus on incomes, on non-wage benefits, on social supports, and on opportunities for increasing both the financial and education assets of vulnerable workers. And it is not enough to develop remedies without also developing and enforcing a system of compliance and consequences for non-compliance.

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<sup>18</sup> Duxbury & Higgins (2003), *Where to Work in Canada?*, p. 8

## Recommendations

In order to improve the lives and work opportunities of vulnerable workers in Saskatchewan, the Saskatchewan Federation of Labour recommends the Government of Saskatchewan implement the following measures:

- 1. Increase the minimum wage to at least \$10 an hour, to be adjusted annually to inflation rates**
- 2. Implement Pay Equity legislation**
- 3. Develop and implement a revised Most Available Hours bill**
- 4. Re-define the employer-employee relationship so that it includes all those who sell their labour to another person or a company**
- 5. Increase access for non-standard workers to a variety of wage and social benefits**
- 6. Increase access for non-standard workers to skills upgrading, workplace essential skills training, and affordable Recognition of Prior Learning processes**
- 7. Increase access to safe and affordable day care**
- 8. Increase resources to monitor and enforce employer compliance to the Labour Standards Act and Regulations. Increase resources to educate employers and the public about the Act and Regulations and the procedure for lodging complaints for non-compliance**
- 9. Increase workers' rights and strengthen the Trade Union Act to facilitate the certification process**

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