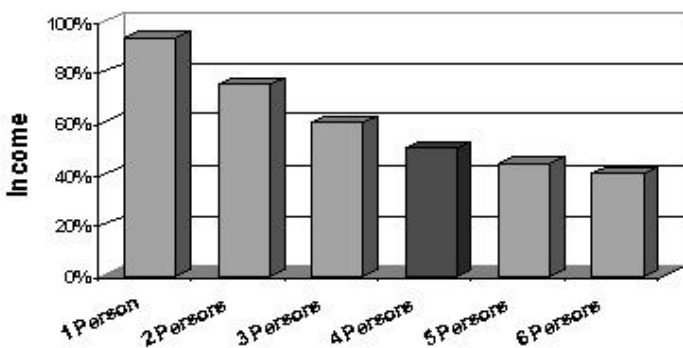




If that person is the sole bread winner in a family, the gap between earnings and the low income cut-off increases considerably. Minimum wage was originally brought in to ensure that every worker could make a decent living and that people who are doing work that is valuable to an employer and to society, should earn enough to live in dignity. Clearly the present minimum wage does not allow this.

**Figure 2: Full Year Minimum Wage as Percentage of LICOs, by Family Size**



The primary cause of the poverty of the “working poor” is the hourly wages being earned, not the number of hours worked. The Canadian Council on Social Development points out that many jobs do not pay high enough wages to provide full-time workers with enough income to support their families adequately. As we can see from Figure 2, at minimum wage, one worker in a family of four would bring home only 50% of the income necessary to raise the family out of poverty. Such distressingly low income is far below the intent of the minimum wage legislation adopted 60 years ago, which declared its purpose to be “... the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers.”

### Working But Not Getting Ahead

Many people think that holding a job protects a family against poverty, but, as George Gershwin’s song tells us, “it ain’t necessarily so!” In 1997, about 52% of low-income families were headed by people who worked in the paid labour force at least some of the year, but remained

poor because they earned low wages and/or could find only seasonal or part-time work. About 14% (1/7) of all poor people in the Region have full-time, full-year jobs.<sup>3</sup> The working poor are the fastest growing segment of the poverty population. Because of the 20% reductions in the last few years in social assistance, the number of people who are employed but remain poor can be expected to continue to grow.

### The “working poor”

*My husband works full-time but only makes \$340 a week. We couldn’t pay to fix our car when it conked out so we had to scrap it, and now he has to take two buses to get to work. We had to give up our townhouse because it was too expensive, so we’re living in a campground until we can save the money for first and last month’s rent for an apartment that we can afford. It’s hard on our two children, but what other choice do we have?*

*Married mother of two in the Waterloo Region*

### Who Are The “Working Poor”?

Most of the working poor live in families with children, so their poverty affects others as well. The majority are couples with children, and 51% have more than one earner in the family.<sup>4</sup> The working poor hold the lowest paying and most unstable jobs.

*So many young families now just don’t get the opportunities for permanent employment. You get two parents both working at lots of jobs, lots of hours, but they are living in poverty.*

*Cathy Brothers, Executive Director, Catholic Family Counselling Centre, Region of Waterloo*

About 5% of all employees in Ontario worked for minimum wage or less in 1998. More than half of minimum wage earners are workers under 25 years of age, the majority of whom are students trying to pay for their education. Most adults over 25 who are earning minimum wage are women, and minimum wage earners are three times more likely to work part-time. About one-third of minimum wage workers are married, and 14% were the sole adult providers in the family. About one-third of minimum wage workers are married, and 14% were the sole adult providers in the family.

*I get paid a little more than minimum wage, and it's really hard on that amount to provide for my two kids. I really want to work and set a good example for my children, but every year it seems to be more and more difficult with the same little amount of money and bigger bills. I can't see it getting any better, so maybe I'll have to go back on assistance.*

*Single mother of two in Waterloo Region*

Most low-earning parents in Waterloo region are in low-paying retail trade or services.<sup>5</sup> And many people get stuck in minimum and other low wage jobs – there's no chance for wage improvements or employment benefits, such as extended health care. Health suffers.

*If either of my children gets sick and I end up having to shell out \$300 or \$400 in prescriptions, something has got to give. I don't make a whole lot of money, so that something that has to give is me.<sup>6</sup>*

*Single mother of two*

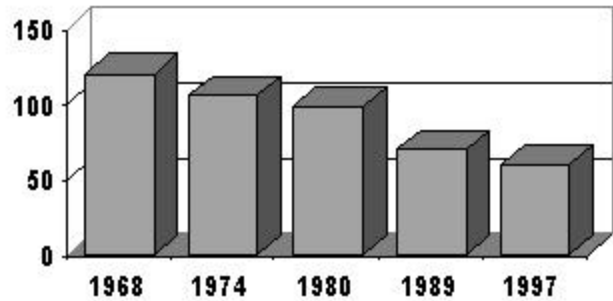
Another cause of poverty among people who are working is the unstable employment situation. Even though we have seen an increase in employment levels in Canada and in this Region, many people are “under-employed” – they are working part-time when they want full-time work, or cannot get a job in their field. The working poor are also the most likely to suffer from involuntary layoffs.

*Right now I'm in the process of looking for another job. Hopefully it's not a contract this time. Hopefully it's full time. I heard that the economy is really booming, but I don't know. I'm looking for full-time permanent work but if a contract comes up I'll take it. I don't have a choice because I want to work, I need the money and I'll just have to take it.<sup>7</sup>*

*Single mother of two*

Minimum wage does not change as costs rise – it has not increased in Ontario since 1995. But in 1998, the top 100 CEOs in Canada had a 56% increase in their compensation.<sup>4</sup> And the minimum wage has consistently fallen in purchasing power over the past couple of decades, leaving those with minimum-wage jobs with far less purchasing power over time. (See Figure 3.)

**Figure 3: Annual Income of Full-Time Minimum Wage Workers: Percent of Poverty Line of 3, Selected Years**



If we compare the living standards of minimum wage earners compared to average wage earners in the Waterloo Region, it gives us some idea of relative wealth. In comparison with the average wage, in 1995 a minimum wage earner (full-time, full year) earned just less than 50% of the average income in Waterloo Region. When we look at total income of working age families, poor families earn less than one-quarter (22.5%) of the average total income of all families.<sup>9</sup>

Employment costs money. When wages are low, child care and other employment expenses, such as transportation and appropriate clothing, make it that much more difficult to climb the “poverty wall”. The cost of raising children is a major reason why so many families fall below the poverty line, in spite of their labour market participation.

*My wife is working. This means without a doubt that we can't give much attention to the children. My son is 13 years old, and he has spent his summer vacation locked up in the house. Our daughter is 9 years old, and she has had to spend time with us at work, standing there all day. They haven't been able to enjoy their childhood.<sup>10</sup>*

*Married father of two*

In conclusion, the financial stability of most low-wage earning families remains precarious. Poor people are struggling to deal with low wages and part-time jobs as they try to find affordable housing and child care, feed themselves and keep healthy.

*My income is not enough to meet our needs, but what am I going to do? My main concern is to pay the rent and then buy the food. Whatever is left over, I can sort of juggle.<sup>11</sup>*

*Single mother of three*

### **So What? A few points to ponder:**

- In the last decade, food banks have found that the greatest increase in people who are hungry has been among the working poor. Despite the strength in the economy and their own hard work, they cannot always make ends meet.
- Low wages have remained the same, but all other costs have increased. People who are poor and are working in the labour force are falling farther and farther behind..
- People who can only get part-time employment are taking 3 or 4 part-time jobs, just to try to make ends meet. In their attempts to provide for their families, low -earning parents end up sacrificing time with them..
- The cost of child care is a major financial drain on poor families already on the edge of poverty.
- Unlike higher paid positions, in low-income jobs there are seldom training and personal development opportunities. The working poor, then, have few opportunities for skill upgrading or in-house training to prepare themselves for more highly paid work.

### **End Notes:**

1. Kevin K. Lee. *Urban Poverty in Canada: A Statistical Profile*. Canadian Council on Social Development, 2000, p.59.
2. *Poverty Profile 1997*, National Council of Welfare, 1999.
3. Kevin K. Lee, *Urban Poverty in Canada: A Statistical Profile*. Canadian Council on Social Development, 2000.
4. David P. Ross, Katherine J. Scott & Peter J. Scott. *The Canadian Fact Book on Poverty*. Canadian Council on Social Development, 2000.
5. *The Canadian Fact Book on Poverty*
6. Kate Bezanson & Susan McMurray. *Booming for Whom? People on Ontario Talk About Income, Jobs and Social Programs*. Caledon Institute of Social Policy, 2000.
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8. The Centre for Social Justice, *The Growing Gap*, 1999.
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10. Kate Bezanson & Susan McMurray. *Booming for Whom? People on Ontario Talk About Income, Jobs and Social Programs*. Caledon Institute of Social Policy, 2000.
11. *Booming for Whom?*

## **~ For More Information ~**

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Produced and Published by the  
Regional Municipality of Waterloo

HDP&EP001

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# Let's Talk About Poverty

## Resources and Initiatives - Fact Sheet #5

The following is a listing of some of the community resources available to people living in poverty in Waterloo Region. Please contact them for additional information on their various programs and services. Many of the community agencies operate through the efforts of their volunteers and welcome your support. In order to obtain information about other services in Waterloo Region, please call:

**Community Information Waterloo Region** - (519) 579-3800

**Information Cambridge** - (519) 740-3030

**Woolwich Community Information Centre** - (519) 669-5139/1-800-661-7918

### **Government of Ontario Ministry of Labour**

Employment Standards Branch  
155 Frobisher Drive, Unive G  
Waterloo ON N2V 2E1  
Tel.: (519) 885-5191  
Fax: (519) 883-5694

### **Human Resource Development Canada**

Employment Centre  
409 Weber Street West  
Kitchener ON N7M 6B2  
Tel.: 1 - 800 - 277 - 9914  
TTY: 1 - 800 - 255 - 4786  
[www.canada.gc.ca](http://www.canada.gc.ca)

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### **The Working Centre**

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## **Watch for Upcoming Fact Sheets**

Through the fall and winter of 2000, the Urban Poverty Consortium will be releasing additional poverty fact sheets on the following topics:

- ✓ Children
- ✓ Youth
- ✓ Sole Support Parents

Previous poverty fact sheets have covered the following topics and are available by contacting members of the Urban Poverty Consortium:

- ✓ The Poverty Gap
- ✓ New Canadians
- ✓ Persons with Disabilities
- ✓ Seniors