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ONTARIO FEDERATION OF INDIAN FRIENDSHIP CENTRES



**Submission to the
Minimum Wage
Advisory Council**

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About the Ontario Federation of Indian Friendship Centres

The Ontario Federation of Indian Friendship Centres (OFIFC) is a provincial urban Aboriginal Organization composed of member Friendship Centres, located in towns and cities across Ontario. Founded in 1971, the OFIFC was created to represent the collective interests of the Friendship Centres:

To improve the quality of life for Aboriginal people living in an urban environment by supporting self-determined activities which encourage equal access to and participation in Canadian Society and which respects cultural distinctiveness.

The OFIFC continues to advocate on behalf of member Friendship Centres across all levels of government in key policy and program areas to advance the priorities and needs of urban Aboriginal communities in Ontario. Currently, the OFIFC administers a number of culture-based programs which are delivered by local Friendship Centres in the areas of health, justice, children and youth, family support, and education. OFIFC programs are wholistic and are designed to support urban Aboriginal people in each area of the Lifecycle Responsibility Medicine Wheel, which details the traditional roles of every member of a community from infant to grandparents and Elders, creating a safe space for all community members who access Friendship Centres. Friendship Centres function as a central hub of social service provision in communities across Ontario and their programming is essential to the wellbeing of whole communities.

Today the Friendship Centre movement represents the most significant off-reserve Aboriginal service infrastructure across Ontario and Canada; dedicated to achieving greater participation of all urban Aboriginal peoples in all facets of society, inclusive of First Nation – Status/Non-Status, Métis, Inuit and people who identify as Aboriginal.

Introduction

For over forty years the OFIFC has worked towards advancing urban Aboriginal social justice issues with all levels of government. Today, Friendship Centres continue to play a crucial role in advocating for and supporting urban Aboriginal people through front line service delivery efforts at the community level. It is in large part due to such efforts that a proportion of urban Aboriginal people now make up middle income earners in the province of Ontario,¹ a rather recent phenomenon that must be both sustained and increased. While the upward socio-economic mobility of a segment of the urban Aboriginal community represents an impressive milestone, the realities faced by a far larger proportion of urban Aboriginal families reflect the disingenuous policies of a government that fails to meet the needs of urban Aboriginal communities and threatens to further erode supports through austerity measures.

¹ In 2007, more than 22 percent of Urban Aboriginal Task Force (UATF) respondents belonged to the middle class. OFIFC., OMAA and ONWA (2007). Urban Aboriginal Task Force (UATF) Final Report. Toronto, Ontario: 91. Available at <http://www.ofifc.org/pdf/UATFOntarioFinalReport.pdf>

Poverty issues have been at the crux of our work since inception. A disproportionate number of urban Aboriginal people experience poverty in addition to a myriad of complex issues born from colonial policies like Residential Schools and the 60s Scoop in which community displacement, loss of culture, the apprehension of children, and disenfranchisement have inflicted trauma that continues to affect the wellbeing of current generations that deal with the fallout from this legacy without adequate supports. The high rates of inadequate housing, addictions, mental health issues, victimization, criminal justice involvement, and low educational attainment experienced by urban Aboriginal people represent this legacy and compound issues of poverty. Perhaps most insidious, the ingrained institutional racism within education and employment sectors works to further drive the economic inequality of urban Aboriginal people. This discrimination has led to higher rates of precarious employment, lower rates of educational attainment and an over representation in minimum wage employment for urban Aboriginal people in comparison to their non-Aboriginal counterparts.

As a result of this confluence of factors and inadequate minimum wages, a disproportionate number of urban Aboriginal people in Ontario remain caught in a cycle of poverty that is hard to escape. Increasing the minimum wage represents a critical first step to achieving the provincial government's *Poverty Reduction Strategy* and reducing the socio-economic gap between the urban Aboriginal population and the non-Aboriginal population that should be coupled with efforts to ensure adequate community-based supports and programming for urban Aboriginal people. It is within this context that the OFIFC is pleased to present to the Minimum Wage Advisory Panel comments and recommendations for consideration in response to the Consultation Paper on Ontario's Minimum Wage.

The OFIFC's Position on Minimum Wage in Ontario

The urban Aboriginal population is the youngest and fastest growing population in Ontario. More than 50 percent of Ontario's Aboriginal population is under the age of twenty-seven,² of which 35.7 percent are children and youth aged 19 and under.³ As a result of the growing urban Aboriginal population, it is estimated that more than 100,000 Aboriginal youth will come of age to enter the labour market by 2026.⁴ Additionally, the Aboriginal population in Ontario is becoming increasingly urban; 80.4 percent of Aboriginal people in Ontario live off-reserve and 62.1 percent live in urban areas.

The urban Aboriginal population is significantly impacted by an inadequate minimum wage, as a higher proportion of Aboriginal people are employed in low-wage occupations – a result of barriers to education and employability. The current minimum wage, frozen at \$10.25 since 2010, is not reflective of the cost of living in Ontario and has not kept pace with an ever increasing rate of inflation. In fact, the current minimum wage places individuals working full-time below the poverty threshold.

The provincial government has an obligation to ensure that full-time employment is a pathway out of poverty, and as such the minimum wage “floor” must be increased from its current state. Given that the minimum wage represents a regulatory tool by which government can accelerate economic involvement and spur consumerism, it is expected that individuals who are employed full-time, in any occupation, should be able to lift themselves and their families out of the cycle of poverty. This is not the case for a large and growing number of income earners who are living on minimum wage salaries, a disproportionate number of whom are urban Aboriginal people who are unable to afford basic necessities, including rent, child care, and nutritious food.

An adequate minimum wage would bring workers out of poverty and contribute to economic growth. An increase in the minimum wage to an adequate living standard is a critical element of effective poverty reduction; however it must not work in isolation. An increase in minimum wage must be implemented as part of, and supported by the larger Ontario *Poverty Reduction Strategy*, which needs to ensure culture-based policies and programs are in place to effectively reduce poverty in urban Aboriginal communities.

Rise in Precarious Employment and of Minimum Wage Occupations

The shift to an increasingly knowledge-based economy over the past decades, coupled with the global recession that commenced in 2008 has had tremendous impacts on the Ontario labour market, in particular low-skilled workers. There has been an increase in precarious employment (part-time, contract, and temporary work that is characterized by low-wages, job insecurity, and few benefits) concurrent with a sharp increase in high-skill occupations (it is estimated that 70 percent of new jobs require post-secondary

² Government of Ontario, *Breaking the Cycle, Ontario's Poverty Reduction Strategy*, 2008, p15. Available at: http://www.children.gov.on.ca/htdocs/English/documents/breakingthecycle/Poverty_Report_EN.pdf

³ Ministry of Finance. (2006). “2006 Census Highlights: Fact Sheet 9”, Statistics Canada. Available at: <http://www.fin.gov.on.ca/en/economy/demographics/census/cenhi06-9.pdf>

⁴ Government of Canada. (2009). Hope or Heartbreak: Aboriginal youth and Canada's future. *Horizons: Policy Research Initiative*, 10:1.

education, while only 6 percent do not require a high school diploma⁵). Meanwhile, part-time workers are six times more likely to earn minimum wage than full-time workers.⁶ It is worrying that fewer employers are creating full-time, well-paying jobs. In fact, according to the Law Commission of Ontario, approximately 22 percent of jobs in Ontario are precarious with low-wages, defined at less than 1.5 times the minimum wage.⁷

Recognizing that precarious employment is correlated with low wages, Ontario is also experiencing an increasing amount of individuals working in minimum wage occupations. The percentage of workers earning minimum wage in Ontario has increased from 4.6 percent in 2000, 4.7 percent in 2006, and to 8.1 percent in 2009.⁸ There is a common misconception that minimum wage jobs are often just part-time employment for youth living with their parents, however the statistics indicate otherwise. The 2009 *Labour Force Survey* found that 40.7 percent of minimum wage earners are over the age of 25.⁹ In fact it is reported that of those who start working at minimum wage will not move up to a higher wage within five years,¹⁰ indicating the long-term reality of many minimum wage earners. Additionally, many urban Aboriginal youth are self-supportive or earn an income to off-set their parent's low income. However, these Aboriginal youth are unable to adequately support themselves on minimum wage, let alone afford post-secondary education to increase their employment outcomes.

Individuals who are employed in minimum wage or low-wage precarious employment experience significant challenges in transitioning into higher wage employment. They are often unable to access the training or skills upgrading necessary to move into higher wage employment because they lack sufficient funds or their employer does not provide this sort of benefit – perpetuating the cycle of low-wage precarious work. This is evident in the urban Aboriginal population who experience longer periods of low-income.

These trends are troubling for the urban Aboriginal population in Ontario who experience significant gaps in educational attainment and are more likely to work-part-time, and other forms of precarious employment compared to their non-Aboriginal counterparts. Additionally, youth in the labour market have been more severely impacted by the rise of precarious employment and the urban Aboriginal population is significantly younger than the non-Aboriginal population.

The fastest growing sectors in Ontario are also the sectors with the highest incidence of minimum wage occupations. More than 90 percent of minimum wage jobs are in the

⁵ Human Resources Development Canada. (2002). *Knowledge Matters: Skills and Learning for Canadians*, p. 8. Available at: <http://publications.gc.ca/collections/Collection/RH64-13-2002E.pdf>

⁶ Statistics Canada. (2010). *Perspectives on Labour and Income: Minimum Wage*, p. 20. Available at: <http://www.statcan.gc.ca/pub/75-001-x/topics-sujets/pdf/topics-sujets/minimumwage-salaireminimum-2009-eng.pdf>

⁷ Ontario Law Commission. (2012). *Vulnerable Workers and precarious Work*, p. 15. Available at: <http://www.lco-cdo.org/vulnerable-workers-final-report.pdf>

⁸ Statistics Canada. (2010). *Perspectives on Labour and Income: Minimum Wage*, p. 16. Available at: <http://www.statcan.gc.ca/pub/75-001-x/topics-sujets/pdf/topics-sujets/minimumwage-salaireminimum-2009-eng.pdf> :

⁹ Ibid., p. 17.

¹⁰ Canadian Centre for Policy Alternatives. (2007). *Bringing Minimum Wage Above the Poverty Line*, p. 33. Available at: http://www.policyalternatives.ca/sites/default/files/uploads/publications/National_Office_Pubs/2007/minimum_wage_above_poverty_line.pdf

sales and service sector – 38.4 percent in sales and trade, an incidence of 12.3 percent in the industry, and 29.9 percent in accommodation and food, an incidence of 22.5 percent in the industry. Urban Aboriginal people are more likely to be employed in industries that have high rates of minimum wage occupations. While Aboriginal people account for 1.7 percent of the Ontario labour force,¹¹ 13.4 percent of Aboriginal people work in the trade and sales industry¹² and 8.4 percent work in the accommodation and food industry.¹³

The Current Minimum Wage Reflects a Working Poverty Level

Urban Aboriginal people who work full-time should not have to live in poverty. While there is no prescribed measure of poverty in Canada, the Low Income Cut-Offs (LICO) is often used by policy makers and economic experts. The LICO is an income threshold at which a family spends 20 percent or more of their income on food, shelter and clothing than the average spent by families of the same size; it is adjusted for community size.¹⁴

Working full-time on minimum wage should enable individuals to sustain themselves and their families at a reasonable standard of living. This makes sense not only in terms of reducing inequality, but also in terms of propelling the provincial economy and reducing reliance on costly public expenditures like emergency healthcare, homelessness, social assistance, and criminal justice and policing. Falling far short of these expectations, an individual working full-time at the current minimum wage rate for a year earns \$19,454, placing them below the 2011 before-tax LICO threshold in most community sizes (**note:** for this submission, full-time has been defined as 36.5 hours per week recognizing that this is the average hours worked in Ontario¹⁵). Charts 1 and 2 show a comparison of annual incomes before tax for a single person and for a single parent with two children, respectively, living in a city in Ontario (population between 100,000 to 499,999).

¹¹ Statistics Canada. (2006). *2006 Ontario Profile*. Available at: <http://www12.statcan.gc.ca/census-recensement/2006/dp-pd/prof/92-591/details/Page.cfm?Lang=E&Geo1=PR&Code1=35&Geo2=PR&Code2=01&Data=Count&SearchText=Ontario&SearchType=Begin&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=35>

¹² Statistics Canada. (2006). *2006 Aboriginal Population Profile*. Available at: <http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-594/details/page.cfm?Lang=E&Geo1=PR&Code1=35&Geo2=PR&Code2=01&Data=Count&SearchText=Ontario&SearchType=Begin&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=35>

¹³ Ontario Trillium Foundation. (date). *Aboriginal Communities in Profile*, p. 33. Available at: http://www.otf.ca/en/knowledgeSharingCentre/resources/Aboriginal_Profile_Ontario.pdf

¹⁴ Statistics Canada. (2012). *Low Income Lines, 2010-2011*, p. 7. Available at: <http://www.statcan.gc.ca/pub/75f0002m/75f0002m2012002-eng.pdf>

¹⁵ Human Resources and Skills Development Canada. (2012). *Indicators of Wellbeing in Canada: Work – Weekly Hours Worked, Regions*. Available at: <http://www4.hrsdc.gc.ca/3ndic.1t.4r@-eng.jsp?iid=19>

Chart 1: Comparison of annual incomes before tax for a single person (City size 100,000 to 499,999)

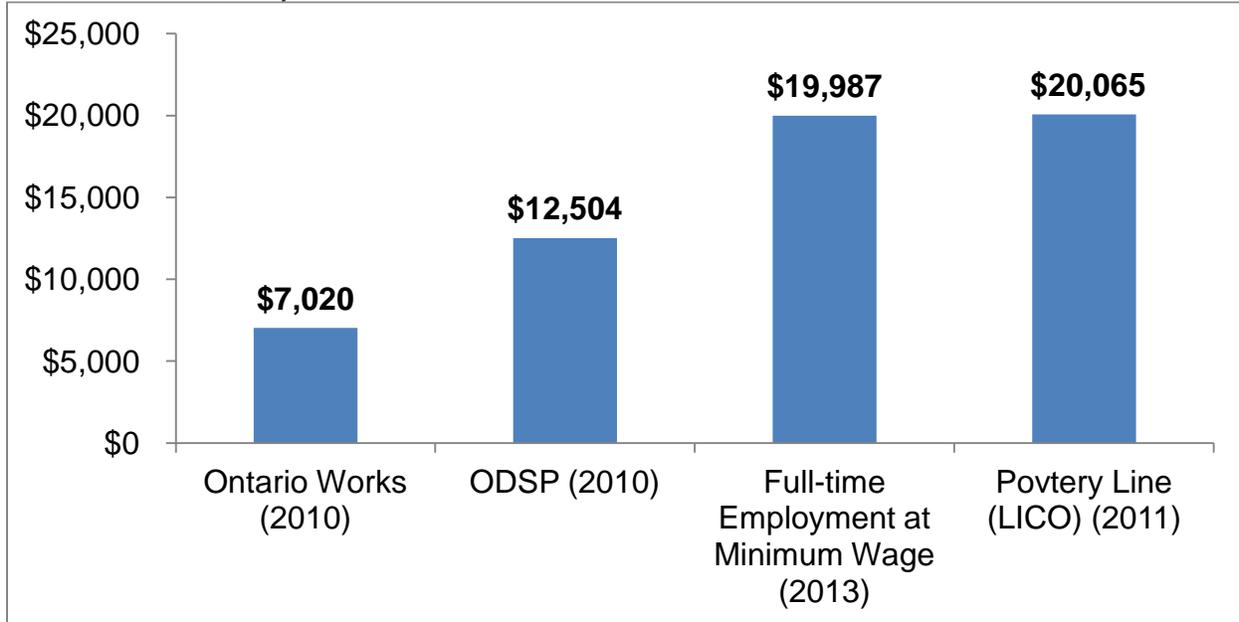
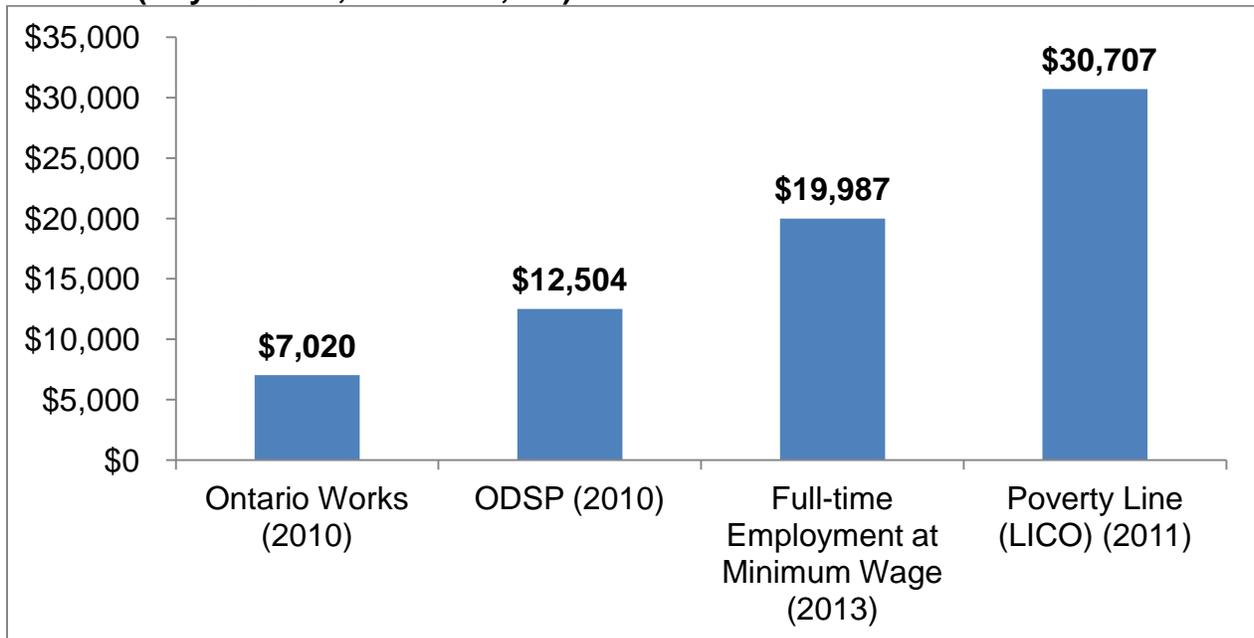


Chart 2: Comparison of annual incomes before tax for a single parent with two children (City size 100,000 to 499,999)



The minimum wage has not increased since 2010; however the cost of living in Ontario continues to rise, effectively eroding the real value of the minimum wage. Concurrently, the poverty line increases relative to the cost of living, and subsequently, urban Aboriginal people earning minimum wage continue to fall even further below the poverty line.

It has been argued by some that more government income supplements, such as tax credits, should off-set the low minimum wage to lift workers out of poverty rather than increasing the minimum wage.¹⁶ Recognizing the current inadequate minimum wage, income supplements through tax credits are vital for many urban Aboriginal families, it is important to note that they do not do enough to significantly lift minimum wage earners out of poverty. As a testament to this fact, in 2009 15 percent of off-reserve Aboriginal people working full-time lived below the after-tax LICO.¹⁷ While income supplements do play an important supporting role for minimum wage earners, they should not be the primary focus for reducing poverty levels of low-income earners. Rather, it is necessary for the provincial government to intervene to ensure that there are well-paying, meaningful and sustainable jobs and community supports available to members of urban Aboriginal communities instead of simply taking a reactive approach to the rise in precarious and low-wage employment through income supplements.

Further illustrating the way the minimum wage perpetuates poverty, the current rates also acts as a ceiling for social assistance, where rates are significantly below the cost of living. An increase in minimum wage could provide the space for social assistance rates to increase, further reducing poverty levels in Ontario. Additionally, due to the participation agreement, which is a condition of receiving social assistance, recipients are often forced to accept low wage or minimum wage employment, which for many results in greater costs in benefits lost than wages gained from working. These arrangements effectively create what is often referred to as a “welfare wall.”¹⁸ Additionally, low-income earners are more likely to receive social assistance than other workers,¹⁹ demonstrating the volatility of individuals’ income stability when working precarious minimum wage jobs and the cycle effect present in the minimum wage jobs and social assistance relationship.

As communicated in the OFIFC’s consultations with the urban Aboriginal community on social assistance reform, many urban Aboriginal people on social assistance experience significant difficulties in transitioning off social assistance to employment. Challenges include cycling back and forth between social assistance and low-wage jobs and the significant loss of benefits associated with gaining the low-wage employment.²⁰ If minimum wage rates were increased, greater numbers of urban Aboriginal people would be able to successfully transition away from social assistance to retain sustainable employment.

¹⁶ Canadian Centre for Policy Alternatives. (2006). *Are Wage Supplements the Answer to the Problems of the Working Poor?* Available at:

http://www.policyalternatives.ca/sites/default/files/uploads/publications/National_Office_Pubs/2006/Wage_Supplements.pdf

¹⁷ Statistics Canada. (2013). *Data table for Figure 3.8: Low-income rates for off-reserve Aboriginal people and percentage of them working full-year full-time and gap ratios for off-reserve Aboriginal people.* Available at:

<http://www.statcan.gc.ca/pub/75f0002m/2012001/fig/desc/desc3.8-eng.htm>

¹⁸ St. Christopher House and Toronto City Summit Alliance. (2006). *Time for A Fair Deal: Report of the Task Force on Modernizing Income Security for Working-Age Adults*, p. 11. Available at:

[http://www.civicaction.ca/sites/default/files/MISWAA%20Report%20Col%203%20\(FINAL\).pdf](http://www.civicaction.ca/sites/default/files/MISWAA%20Report%20Col%203%20(FINAL).pdf)

¹⁹ Policy Research Initiative, Government of Canada. (2004). *Horizons: Canada’s Working Poor*, p. 56. Available at:

<http://www.horizons.gc.ca/sites/default/files/Publication-alt-format/2004-0186-eng.pdf>

²⁰ OFIFC. (2011). *OFIFC Submission to the Commission for the Review of Social Assistance in Ontario – 2011.* Available at:

http://www.ofifc.org/pdf/20110809_OFIFC_Submission_to_the_Commission_for_the_Review_of_Social_Assistance_in_Ontario.pdf

The Effects of Poverty-Level Minimum Wage on Urban Aboriginal People

Urban Aboriginal people in Ontario earn lower earnings (\$28,000 compared to \$38,000), and have lower educational attainment (67 percent completed high school compared to 78 percent; 9 percent completed Bachelor's degree or above compared to 21 percent) than the non-Aboriginal population.²¹ These statistics illustrate the challenges experienced by urban Aboriginal people in the transitions along the education to employment continuum, identified in Figure 1 below, which have resulted in lower levels of educational attainment. As a result of low educational attainment there are fewer job opportunities. Disproportionate numbers of Aboriginal people work in minimum wage jobs and, because of its inadequacy, live in poverty. In 2009, 15.1 percent of off-reserve Aboriginal people working full-time were living below the after-tax LICO based on the *Survey of Labour and Income Dynamics*.²²

The link between educational achievement and socio-economic wellbeing is well known. High school education is becoming the minimum for employment in today's labour market, including many minimum wage positions. With the lack of educational achievement within urban Aboriginal communities, urban Aboriginal people experience higher unemployment rates than their non-Aboriginal counterparts (12 percent compared to 6 percent).²³ Aboriginal people in Ontario are also more likely to be employed in precarious employment, including part-time, contract, and seasonal work – 30.5 percent of Ontario's Aboriginal population work part-time or only part of the year.²⁴

It is well documented that post-secondary education serves as the foundation for diminishing the income and employment gaps between Aboriginal and non-Aboriginal people. However, less than 30 percent of youth whose parents earn less than \$25,000 (current minimum wage is \$19,987 a year full-time), pursue post-secondary education.²⁵ For urban Aboriginal youth financial barriers are a significant deterrent to pursuing post-secondary education. Aboriginal youth who grow up in poverty will, in most circumstances, not receive financial support from their family and must often rely on minimum wage employment or large student loans, as demand for scholarships and bursaries outpace supply. However, urban Aboriginal students experience significant difficulties in supporting themselves on minimum wage part-time jobs while attending school. The reality is that the average student graduates with more than \$20,000 in debt, while others do not graduate due financial challenges.²⁶ High youth unemployment coupled with increasing minimum wage jobs, means that many Aboriginal youth still work part-time, minimum wage or low-wage employment upon graduation, while paying off crippling debt.

²¹ Ministry of Aboriginal Affairs. (n.d.) *Urban Aboriginal People*, p. 2. Available at: <http://www.aboriginalaffairs.gov.on.ca/english/services/datasheets/urban.pdf>

²² Statistics Canada. (2013). *Data table for Figure 3.8: Low-income rates for off-reserve Aboriginal people and percentage of them working full-year full-time and gap ratios for off-reserve Aboriginal people*. Available at: http://www.statcan.gc.ca/pub/75f0002m/2012001/fig/fig_desc/fig_desc3.8-eng.htm

²³ Ministry of Aboriginal Affairs (2009). *Urban Aboriginal People: Ministry of Aboriginal Affairs Quick Facts, 2009*. Available at: <http://www.aboriginalaffairs.gov.on.ca/english/services/datasheets/urban.asp>

²⁴ Ontario Trillium Foundation. (date). *Aboriginal Communities in Profile*, p. 31. Available at: http://www.off.ca/en/knowledgeSharingCentre/resources/Aboriginal_Profile_Ontario.pdf

²⁵ Canadian Council on Learning. (2009). *Post-secondary education in Canada: Who is missing out?*, p. 3. Available at: http://www.ccl-cca.ca/pdfs/LessonsInLearning/04_01_09-E.pdf

²⁶ Community Foundations of Canada. (2012). #GenerationFlux: Understanding the seismic shifts that are shaping Canada's youth

Figure 1: Challenges Experienced by Urban Aboriginal People along the Education to Employment Continuum

STAGE 1. Efficiently preparing disengaged urban Aboriginal youth for apprenticeship pre-qualifications.

Challenges: Elementary, Literacy Skills, Early childhood, development and forstering youth interest in trades.

STAGE 2. Addressing systemic transition issues among youth 15-22

Challenges: High School Drop-out rates, lack of Aboriginal specific education curriculum, few positive spaces and role models for youth.

STAGE 3. Increasing employability

Challenges: Addressing low completion rates, retention, retraining, skills upgrading.

Evidence strongly indicates the relationship between living in poverty and poor social determinants of health, including health and mental health, early childhood development, housing and homelessness, food insecurity, domestic violence, and education.

While urban Aboriginal people experience poverty at disproportionate rates, experiences of poverty are also insidiously gendered. For urban Aboriginal women, these challenges are exasperated. Women over the age of twenty-five account for 28 percent of all minimum wage earners.²⁷ Earning minimum wage and living in poverty has contributed to the fact that 40 percent of off-reserve Aboriginal children live in poverty.²⁸ Aboriginal children have higher risk factors for living in poverty due to the higher average of parental low-income employment, the younger age of new mothers and the increased likelihood of growing up in single parent households. 41 percent of Aboriginal children living off-reserve live with a single parent compared to 13 percent of non-Aboriginal children.²⁹ For example, a single mother of two in Toronto earning minimum wage would have to work 66 hours per week just to meet the before-tax 2011 LICO poverty line for a family of three. The level of poverty that Aboriginal children in single parent, minimum-wage households grow up in negatively effects their early child hood development and puts them at greater risk of low educational attainment, unemployment, low-wage employment and poor health throughout their lives.

Urban Aboriginal families who rely on minimum wage, in particular the large number of single parent families, often experience difficulties in providing their families with the

²⁷ Statistics Canada. (2010). *Perspectives on Labour and Income: Minimum Wage*, p. 17. Available at: <http://www.statcan.gc.ca/pub/75-001-x/topics-sujets/pdf/topics-sujets/minimumwage-salaireminimum-2009-eng.pdf> :

²⁸ Canadian Centre for Poverty Alternatives. (2013). *Poverty or Prosperity: Indigenous Children in Canada*, p. 13. Available at: http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2013/06/Poverty_or_Prosperty_Indigeno us_Children.pdf

²⁹ Best Start Resource Centre. (2012). *Why am I poor? First Nations Child Poverty in Ontario*, p. 8. Available at:

basic necessities including food and child care. The Canadian Community Health Survey found that 33 percent of off-reserve Aboriginal households are food insecure compared to only 9 percent for non-Aboriginal households and of those that are food insecure 91 percent were single parent, female-headed households.³⁰ Food bank use is also increasing at unsustainable rates; use in Ontario has increased 31.4 percent since 2008.³¹ Furthermore, a higher proportion of Aboriginal households are accessing food banks. In 2010, 12 percent of all persons accessing food banks were Aboriginal, with an increase in use by Aboriginal people of 26 percent.³² Food insecurity and poverty has significant social, cognitive and physical impacts on urban Aboriginal people, particularly women and children, including poor academic performance and health and mental health issues, such as obesity, diabetes, depression.³³ Further revealing the way low minimum wages uniquely disadvantage women, the systemic lack of affordable child care makes it difficult for urban Aboriginal families, in particular single parents, to survive on minimum wage. In many instances women working minimum wage jobs are unable to work full-time due to family responsibilities and child care that is unaffordable on a salary earned in minimum wage employment.³⁴

The experience of family violence in urban Aboriginal communities must also be considered in the context of minimum wage and poverty. Far too many urban Aboriginal families continue to experience poor socio-economic circumstances that lead to stress and an inability to cope in crisis situations or deal with unhealed trauma. These challenges can often lead to incidences of violence in the home. Persistent poverty contributes to chronic crisis situations and many Aboriginal women stay in vulnerable situations due to lack of economic supports in order to have access to basic necessities for themselves or their children. Women who leave their partner are five times more likely to raise their children in poverty than if they stay with their partner.³⁵

It is a known fact Aboriginal housing concerns are not isolated from poverty, education, health and employment issues. Decades of negligence towards the creation of affordable housing has meant that people living on low incomes have extremely narrow options with respect to obtaining safe and secure housing. This has had the effect of reinforcing barriers to health, education and employability. With more than 15 percent of off-reserve Aboriginal people who are employed full-time living below the after-tax LICO threshold, Aboriginal people have long held the bottom rung of housing affordability, not only on First Nations, but also in Canada's urban and rural environments.

³⁰ Willows, N.D., Veugelers, P., Raine, K. and Kule, S. (2008). Prevalence and sociodemographic risk factors related to household food insecurity in Aboriginal peoples in Canada, *Public Health Nutrition*, 12(8), p. 1152.

³¹ Food Banks Canada. (2012). *Hunger Count 2012*, p. 4. Available at: <http://www.foodbankscanada.ca/getmedia/3b946e67-fbe2-490e-90dc-4a313dfb97e5/HungerCount2012.pdf.aspx?ext=.pdf>

³² Food Banks Canada. (2010). *Hunger Count 2010*, p. 6. Available at: <http://www.foodbankscanada.ca/getmedia/12a3e485-4a4e-47d9-9b90-ff8eff0ef89d/hunger-count-2010.pdf.aspx?ext=.pdf>

³³ Zamecnik, L. (2009). Canadian Women and Children Hit Hard by the Impacts of Food Insecurity – Part One. *Esurio: Journal of Hunger and Poverty*, 1(1). Available at: <http://digitalcommons.mcmaster.ca/cgi/viewcontent.cgi?article=1009&context=esurio>

³⁴ Canadian Women's Foundation. (n.d.) *Fact Sheet: Moving Women out of Poverty*, p. 3. Available at: <http://www.canadianwomen.org/sites/canadianwomen.org/files/PDF-FactSheet-EndPoverty-Jan2013.pdf>

³⁵ Canadian Teachers Federation. (2009). *Supporting Education...Building Canada: Child Poverty and Schools*, p. 1. Available at: http://www.ctf-fce.ca/publications/Briefs/FINAL_Hilldayleavebehind_eng.pdf

Working minimum wage jobs presents even greater challenges in northern Ontario. A large proportion of Aboriginal people in Ontario live in the north where they experience lower incomes, lower educational attainment, higher rates of part-time and seasonal work and declining resource-based industries.³⁶ This northern Ontario context leaves a greater proportion of urban Aboriginal people working for low and minimum wage than both non-Aboriginal people in Northern Ontario and those living in southern Ontario. Many northern Ontario economies are experiencing an expanding service sector,³⁷ which is where the majority of minimum wage jobs are found. Further compounding this phenomena, the cost of living in northern Ontario communities is significantly higher, in particular the cost of food, transportation, and housing. Many northern communities are experiencing staggering increases in housing costs due to short-term, higher-income mining workers pushing up the housing and rental markets.³⁸ As a result, those working for minimum wage are no longer able to afford safe and adequate housing. It must also be noted that poverty line thresholds do not even take into consideration the high costs associated with living in the north.

Increasing Ontario's Minimum Wage

Full-time minimum wage jobs must raise workers out of poverty. A minimum wage must cover, at a minimum, the basic costs of living and not leave workers under the poverty line. Additionally, a higher minimum wage will acknowledge the true contribution and value of one's work.

It is critical that the minimum wage must be set above the line of poverty; however, a review process must be established to ensure that the real value does not erode and the minimum wage keeps pace with inflation. The current review mechanism to adjust minimum wage rates is not sufficient. From 2003 to 2010 there was a schedule of increases; however with the stagnation of minimum wage since 2010 it is worrisome that the provincial government's position on minimum wage is reflective of the 1995-2003 period where minimum wage did not increase. During this time, the real value of the minimum wage eroded so much that any increase since then has still not been able to return the minimum wage to an amount that lifts workers out of poverty. For example, the real value of the 1995-2003 minimum wage of \$6.85 expressed in 2011 dollars had decreased from \$9.29 in 1995 to \$7.92 by 2003.³⁹ It is evident that reviewing minimum wages on a discretionary basis is not accountable to the workers of Ontario. A formal review mechanism is necessary to ensure minimum wage adequately reflects increases in the cost of living and to keep workers out of poverty.

However, indexing the current minimum wage to increased costs of living will not in itself lift minimum wage earners out of poverty. If a minimum wage hourly rate is already below the poverty line and is subsequently indexed to increases in cost of living, the rate will still remain below the poverty line as the minimum wage that is being indexed

³⁶ Northern Ontario Service Deliverers Association. (2012). *Moving Forward on Affordable Housing and Homelessness in Ontario*, p. 14. Available at: <http://www.hscorp.ca/wp-content/uploads/2012/09/Affordable-Housing-and-Homelessness-in-Northern-Ontario.pdf>

³⁷ Ibid., p. 13

³⁸ Ibid., p. 25.

³⁹ Caledon Institute of Social Policy. (2003). *Ontario's Shrinking Minimum Wage*, p. 1. Available at: <http://www.caledoninst.org/PDF/553820398.pdf>

was a poverty wage to begin with. As such, the minimum wage hourly rate must first be increased to a rate in which workers are earning more than the poverty line if they are working full-time (as previously noted the average hours worked in Ontario are 36.5 hours per week) and then adjusted annually to reflect increases in the cost of living. Additionally, to ensure that everyone earning minimum wage is above the poverty line, the LICO for populations of 500,000 or more should be the threshold. To use a smaller community would result in workers living in Ontario's largest cities at a disadvantage – the provincial government must ensure equal access to escaping poverty for all workers. As an example, in 2011 the before tax LICO threshold for a single person was \$23,298 and therefore an individual would have to earn a minimum of \$12.28 per hour just to be equal to the poverty line.

However, to better ensure that minimum wage earners are protected against falling under the poverty line, the minimum wage should be set 10 percent above the 2013 before tax LICO for populations greater than 500,000 and then adjusted annually. Using the 2011 before-tax LICO and adjusting for a 2 percent increase in the cost of living, the 2013 minimum wage would need to be \$14.00 to increase single workers to an income level 10 percent above the poverty line. Although even with this increase single parent minimum wage earners and their children would still fall under the poverty line. Additionally, there should be an annual review to ensure that the annual increase in relation to the cost of living is keeping minimum wage earners above the increases in the poverty threshold.

It is not enough to simply increase minimum wages. An increase in Ontario's minimum wage must occur in combination with wholistic social measures targeted to urban Aboriginal people and other low-income Ontarians to more effectively address poverty issues in the province, for example increased child care supports, skills training and education upgrading.

Conclusion

The societal costs of minimum wage earnings leaving urban Aboriginal people and families living in poverty are high. The costs associated with poor health, low education, and homelessness are high and increasing minimum wage to a level that places raises earners out of poverty will significantly benefit urban Aboriginal communities and Ontario as a whole. A higher minimum wage will not only work as a cost prevention measure for social spending, it is also an effective method in boosting the economy from the bottom up. An increase in earnings affords minimum wage workers a greater consumer power, which in turn fuels business and economic growth. It is well documented that consumer spending accounts for the majority of economic growth and job creation.

It is evident that urban Aboriginal people are greatly impacted by the inadequate minimum wage that leaves many individuals, families, and children living in persistent poverty. An increase in the minimum wage will put more money into the pockets of Ontario's most vulnerable workers and as such more money back into the Ontario economy. An adequate minimum wage that raises the incomes of more than 400,000

workers in Ontario is critical to eliminating poverty and a key step in the province's *Poverty Reduction Strategy*. To effectively reduce the cycle of poverty, the current minimum wage must be increased to \$14.00 based on calculations to place minimum wage earners full-time sufficiently above the LICO poverty line. Lastly, it is important to acknowledge that greater wholistic supports must be implemented alongside a minimum wage increase to ensure that the goal of long-term poverty reduction is achieved and to reduce the income inequality gap between urban Aboriginal and non-Aboriginal populations.