



October  
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# PERSPECTIVES

ON LABOUR AND INCOME

## Minimum wage

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

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

### Data source and definitions

The **Labour Force Survey (LFS)** is a monthly household survey of about 54,000 households across Canada. Demographic and labour force information is obtained for all civilian household members 15 years of age and older. Excluded are persons living in institutions, on Indian reserves, or in the Territories.

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

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

Other exclusions and special coverage provisions vary and include young workers (Ontario and Newfoundland and Labrador), workers with disabilities (Alberta, Manitoba and Saskatchewan—rarely used), domestic and live-in care workers (New Brunswick, Prince Edward Island, Manitoba and Quebec), farm labour (Alberta, Manitoba, Ontario and Saskatchewan), and home-based workers (for example, teleworkers, and pieceworkers in the clothing and textile industry). Other specific minimums cover non-hourly and tip-related wage rates (for example, Ontario has a special minimum wage rate for employees who serve alcoholic beverages in licensed establishments). A more complete

description of exclusions and special rates is available from Human Resources and Social Development Canada's database on minimum wages ([www110.hrdc-drhc.gc.ca/psait\\_spila/lmnc/eslc/salaire\\_minwage/index.cfm/doc/english](http://www110.hrdc-drhc.gc.ca/psait_spila/lmnc/eslc/salaire_minwage/index.cfm/doc/english)).

The number of employees working for minimum wage was calculated using the applicable **minimum wage for experienced adult workers** (also known as the **general adult rate**) for each province for each month of 2005. The average of these 12 monthly observations provides the annual estimate for each province, while the total for Canada is the sum of the provincial estimates.

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



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## Lowest proportion in Alberta

In 2005, some 587,000 individuals worked at or below the minimum wage set by their province. This represented 4.3% of all employees in Canada, down slightly from 4.6% the previous year. Minimum wages ranged from \$8.00 per hour in British Columbia to \$6.25 per hour in Newfoundland and Labrador. In addition to having the lowest minimum wage, Newfoundland and Labrador had the highest proportion of employees (6.8%) working at or below it. Alberta, which saw a rate increase of almost 20% to 1.5% in

September 2005 (the first since October 1999), continued to have by far the lowest proportion of employees working at or below minimum wage (1.5%). Alberta's average hourly wages of \$19.76 were second only to Ontario's at \$20.06, and its unemployment rate was by far the lowest (3.9%). Newfoundland and Labrador had one of the lowest average hourly wages at \$16.09 (only New Brunswick and Prince Edward Island posted lower averages), and by far the highest unemployment rate (15.2%).

Province	Total employees '000	Minimum wage		General adult minimum wage \$/hour	Date	Average hourly wage \$/hour	Unemployment rate %
		Total	Incidence				
		'000	%				
Newfoundland and Labrador	187.1	12.8	6.8	6.25	June 2005	16.09	15.2
British Columbia	1,714.8	95.6	5.6	8.00	Nov 2001	19.36	5.9
Nova Scotia	382.5	19.7	5.2	6.80	Oct 2005	16.24	8.4
Prince Edward Island	57.7	2.9	5.0	6.80	Jan 2005	15.15	10.8
Manitoba	491.0	23.9	4.9	7.25	Apr 2005	17.17	4.8
Quebec	3,213.5	148.0	4.6	7.60	May 2005	18.43	8.3
Ontario	5,470.0	237.6	4.3	7.45	Feb 2005	20.06	6.6
<b>Canada</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>	...		<b>19.09</b>	<b>6.8</b>
Saskatchewan	385.5	15.1	3.9	7.05	Sept 2005	17.28	5.1
New Brunswick	309.3	9.6	3.1	6.30	Jan 2005	15.63	9.7
Alberta	1,446.8	21.7	1.5	7.00	Sept 2005	19.76	3.9

Source: Statistics Canada, Labour Force Survey, 2005

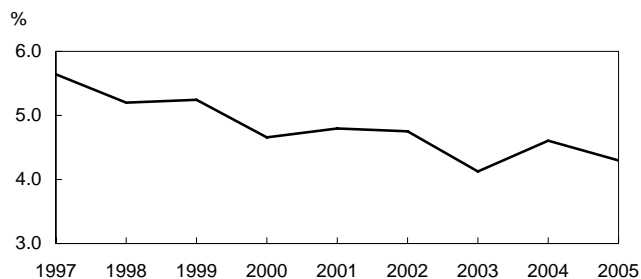
## Share of employees working for minimum wage or less, by province

	2000	2001	2002	2003	2004	2005
<b>Canada</b>	<b>4.7</b>	<b>4.8</b>	<b>4.8</b>	<b>4.1</b>	<b>4.6</b>	<b>4.3</b>
Newfoundland and Labrador	8.7	5.7	7.5	8.4	6.5	6.8
Prince Edward Island	3.7	3.2	4.5	4.0	4.4	5.0
Nova Scotia	4.9	4.1	4.6	5.9	5.6	5.2
New Brunswick	6.0	4.2	4.2	4.1	2.5	3.1
Quebec	5.4	7.0	6.1	5.1	4.4	4.6
Ontario	4.6	4.1	3.9	3.5	5.3	4.3
Manitoba	5.1	4.5	4.8	4.5	4.9	4.9
Saskatchewan	5.9	4.4	4.8	5.0	3.3	3.9
Alberta	2.0	1.5	1.1	1.1	0.9	1.5
British Columbia	4.5	6.0	7.7	5.6	6.2	5.6

Source: Statistics Canada, Labour Force Survey

All provinces except British Columbia raised their minimum-wage rates in 2005. The number and the proportion of minimum-wage workers increased in six provinces: Alberta, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Quebec and Saskatchewan, while decreasing in three: Nova Scotia, Ontario, and British Columbia. In Manitoba, both the number and proportion remained virtually unchanged.

### The proportion of employees earning minimum wage or less dropped slightly in 2005 after edging up in 2004.



Source: Statistics Canada, Labour Force Survey

The proportion of employees earning minimum wage or less declined steadily for many years but recently seems to have levelled out.

### Most minimum-wage workers are women and young

Women accounted for slightly over 60% of all minimum-wage workers, but just under half of all employees. This translated into a higher proportion of women working for minimum wage: 1 in 19 compared with 1 in 30 men. The overrepresentation, although slightly less than the previous year, continued to hold, with rates for women being double those of men in many age groups.

Some 30% of teenagers aged 15 to 19 worked for minimum wage. This age group traditionally has by far the highest rate, and 2005 was no exception. Almost half of all minimum-wage workers were teenagers, a large majority of whom were attending school either full or part time. Another 18% were aged 20 to 24—almost half of them again students.<sup>1</sup> In total, more than 60% of minimum-wage workers were under 25, compared with only 17% of all employees. This translates into an incidence rate eight times that of those 25 and older—15.5% versus 1.9%.

A sizeable proportion (30%) of minimum-wage workers were aged 25 to 54, a slightly higher proportion than in 2004. Women remained the majority of these workers. For these individuals in their core working and peak earning years, minimum-wage work may be less temporary.

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

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
<b>Both sexes</b>			
15 and over	13,658.2	586.9	4.3
15 to 24	2,373.5	368.3	15.5
15 to 19	889.5	261.3	29.4
20 to 24	1,484.0	107.1	7.2
25 and over	11,284.7	218.6	1.9
25 to 34	3,118.7	63.6	2.0
35 to 44	3,438.0	58.7	1.7
45 to 54	3,151.6	54.7	1.7
55 and over	1,576.4	41.6	2.6
<b>Men</b>			
15 and over	6,949.1	230.6	3.3
15 to 24	1,182.7	153.1	12.9
15 to 19	435.3	110.4	25.4
20 to 24	747.4	42.7	5.7
25 and over	5,766.4	77.5	1.3
25 to 34	1,627.6	21.6	1.3
35 to 44	1,751.9	20.0	1.1
45 to 54	1,555.6	18.1	1.2
55 and over	831.3	17.8	2.1
<b>Women</b>			
15 and over	6,709.1	356.4	5.3
15 to 24	1,190.8	215.3	18.1
15 to 19	454.2	150.9	33.2
20 to 24	736.6	64.4	8.7
25 and over	5,518.2	141.1	2.6
25 to 34	1,491.1	42.0	2.8
35 to 44	1,686.0	38.7	2.3
45 to 54	1,596.0	36.6	2.3
55 and over	745.1	23.8	3.2

Source: Statistics Canada, Labour Force Survey, 2005

## Education makes a difference

Those with less than a high school diploma were five times more likely than those with at least some post-secondary training to be working for minimum wage or less—1 in 8 compared with 1 in 39. Four in 10 minimum-wage workers did not have a high school diploma compared with 1 in 7 employees in general. This is in line with the high rates of minimum-wage work among young people, many of whom have not yet completed their studies.

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
<b>Education</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>
Less than high school	1,828.8	232.8	12.7
Less than grade 9	352.7	30.7	8.7
Some high school	1,476.1	202.1	13.7
High school graduate	2,868.8	123.8	4.3
At least some postsecondary	8,960.6	230.3	2.6
Some postsecondary	1,233.0	89.5	7.3
Postsecondary certificate or diploma	4,752.1	97.0	2.0
University degree	2,975.5	43.8	1.5

Source: Statistics Canada, Labour Force Survey, 2005

## Where do they work?

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
<b>Industry</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>
<b>Goods-producing</b>	<b>3,316.4</b>	<b>54.8</b>	<b>1.7</b>
Agriculture	127.3	11.0	8.6
Forestry, fishing, mining, oil and gas	255.6	3.4	1.3
Utilities	124.8	F	F
Construction	698.8	7.9	1.1
Manufacturing	2,109.9	32.1	1.5
<b>Service-producing</b>	<b>10,341.8</b>	<b>532.1</b>	<b>5.1</b>
Trade	2,262.1	194.6	8.6
Transportation and warehousing	661.8	13.9	2.1
Finance, insurance, real estate and leasing	821.9	18.3	2.2
Professional, scientific and technical	682.9	9.4	1.4
Management, administrative and other support	503.8	18.3	3.6
Education	1,050.7	19.0	1.8
Health care and social assistance	1,521.4	22.9	1.5
Information, culture and recreation	618.7	31.1	5.0
Accommodation and food	911.8	167.4	18.4
Public administration	833.1	9.5	1.1
Other services	473.6	27.7	5.8

Source: Statistics Canada, Labour Force Survey, 2005

Minimum-wage work is concentrated in the service sector. Accommodation and food services had by far the highest incidence, with 1 in 5 workers at or below minimum wage. Working for minimum wage is also very prevalent in trade where the proportion was 1 in 12. These industries are characterized by high concentrations of youth and part-time workers, both of whom often have less work experience and weaker attachment to the labour force. Also, these industries generally do not require specialized skills or postsecondary education, and have low levels of unionization. Many jobs are part-time, which may favour a higher presence of women or young people.

Agriculture continues to have one of the higher incidences of minimum-wage workers—1 in 12. Farm labour has traditionally been excluded from minimum-wage provisions. Workers in this industry are not often unionized, but may profit from non-wage benefits such as free room and board as compensation for lower wages.

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

### Part-time employment prominent

Minimum-wage work among part-time workers was almost seven times higher than among full-time workers (14.3% versus 2.1%). Almost 60% of minimum-wage workers worked part time, compared with less than 20% of all employees.

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
<b>Both sexes</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>
Men	6,949.1	230.6	3.3
Women	6,709.1	356.4	5.3
<b>Full-time</b>	<b>11,224.5</b>	<b>239.4</b>	<b>2.1</b>
Men	6,225.5	104.1	1.7
Women	4,999.0	135.2	2.7
<b>Part-time</b>	<b>2,433.6</b>	<b>347.5</b>	<b>14.3</b>
Men	723.6	126.4	17.5
Women	1,710.1	221.1	12.9

Source: Statistics Canada, Labour Force Survey, 2005

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

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
<b>Job tenure</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>
1 to 3 months	1,027.6	124.4	12.1
4 to 6 months	909.2	96.8	10.6
7 to 12 months	1,198.0	105.7	8.8
13 to 60 months	4,374.1	188.2	4.3
61 months or more	6,149.3	71.7	1.2
<b>Firm size</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>
Less than 20 employees	2,636.7	204.7	7.8
20 to 99 employees	2,263.7	92.7	4.1
100 to 500 employees	2,043.3	56.3	2.8
More than 500 employees	6,714.4	233.2	3.5
<b>Union membership</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>
Union member or covered by collective agreement	4,374.4	53.7	1.2
Non-member and not covered by collective agreement	9,283.8	533.2	5.7

Source: Statistics Canada, Labour Force Survey, 2005

More than half of minimum-wage workers had been in their current job for a year or less, compared with less than one-quarter of all employees. Working for minimum wage was most prevalent among those who had held a job for three months or less (1 in 8), and least common among those in a job for more than five years (1 in 83). This suggests that with time and experience, employees move out of minimum-wage jobs.

Four in 10 minimum-wage workers were employed by large firms (more than 500 employees) and another 35% by small firms (less than 20 employees). The incidence of working for minimum wage was highest in small firms—more than double that of large firms. Very few minimum-wage workers (9%) belonged to a union or were covered by a collective agreement, compared with almost one-third of all employees. Only 1% of union members worked for minimum wage or less, as opposed to 6% of non-union members. The large number of part-time workers, as well as students and other young people working for minimum wage, combined with their sizeable presence in smaller firms, tends to limit the ability of these workers to organize and command better wages.

## Most minimum-wage workers live at home with their parents

Almost 60% of all minimum-wage workers lived with their parents or other family members, reflecting the large number of minimum-wage workers under 25, many of whom have not finished their schooling. For this group, the incidence of working for minimum wage was more than three times the overall rate. Sons, daughters and other relatives living with family members had some of the highest rates of working for minimum wage, particularly those under 20 and those attending school.

Almost one-quarter of all minimum-wage workers were part of a couple. The incidence rate for this group was quite low—less than 2%. More than three-quarters had employed spouses, the majority earning more than minimum wage.

Other minimum-wage workers included 34,000 who headed a family with no spouse present (almost all with at least one child under the age of 18), 35,000 with a spouse who was not employed, and 35,000 who lived alone. These individuals, particularly those supporting a spouse or with at least one child under 18, may have difficulty making ends meet on a minimum-wage income alone. All three groups saw their numbers and their incidence increase from 2004.

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
<b>Total</b>	<b>13,658.2</b>	<b>586.9</b>	<b>4.3</b>
<b>Member of a couple</b>	<b>7,882.2</b>	<b>145.3</b>	<b>1.8</b>
Spouse not employed	1,498.1	34.5	2.3
Spouse unemployed	299.0	8.6	2.9
Spouse not in the labour force	1,199.1	25.9	2.2
Less than 55	771.5	12.7	1.6
55 and over	427.6	13.2	3.1
Spouse employed	6,384.1	110.8	1.7
Earning minimum wage or less	91.6	6.9	7.5
Earning more than minimum wage	5,414.8	84.7	1.6
Self-employed	877.6	19.2	2.2
<b>Head of family, no spouse present</b>	<b>963.6</b>	<b>34.0</b>	<b>3.5</b>
Youngest child less than 18	833.2	31.7	3.8
No children, or children 18 or older	130.5	2.3	1.8
<b>Son, daughter or other relative living with family</b>	<b>2,543.4</b>	<b>338.9</b>	<b>13.3</b>
15 to 19, in school	467.9	166.0	35.5
15 to 19, not in school	335.7	77.8	23.2
20 to 24, in school	220.7	26.5	12.0
20 to 24, not in school	558.5	38.6	6.9
25 or over, in school	57.4	2.3	4.0
25 or over, not in school	903.3	27.7	3.1
<b>Unattached individual</b>	<b>2,233.1</b>	<b>68.0</b>	<b>3.0</b>
Living alone	1,443.3	35.2	2.4
15 to 24	128.9	9.2	7.1
25 to 54	1,063.4	17.5	1.6
55 and over	251.0	8.5	3.4
Living with non-relatives	789.8	32.8	4.2
15 to 24	251.8	18.3	7.3
25 to 54	500.9	13.0	2.6
55 and over	37.1	1.5	4.0

Source: Statistics Canada, Labour Force Survey, 2005

### Perspectives

For further information, contact Deborah Sussman, Labour and Household Surveys Analysis Division, at (613) 951-4226 or [perspectives@statcan.ca](mailto:perspectives@statcan.ca).

### Note

1 The student estimate is based on an average eight-month academic year (January to April and September to December, 2005).