

## **A submission by the Wellesley Institute to the City of Toronto Executive Committee**

### ***Quality jobs, living wages and fair wages in Toronto***

**April 23, 2013**

#### **Introduction**

Toronto's labour market is challenging for many workers who are seeking secure, high quality jobs. These labour market conditions, as described in the staff report, *Quality Jobs, Living Wages and Fair Wages*, are a major contributor to rising inequality in the city. It is therefore timely that the Executive Committee is considering issues of job quality. There are economic and legal constraints on the labour market policies available to the City. However, procurement policies and a fair wage policy are both available and effective ways for the City to improve job quality for Torontonians.

#### **Labour Market Contributes to Increasing Inequality**

Recent research from the United Way of Toronto and McMaster University has demonstrated the rise of precarious work in southern Ontario.<sup>1</sup> Research on the Ontario labour market shows a shift to an hourglass shape, with an occupational distribution concentrated at the high and low ends, and a disappearing middle.<sup>2</sup> Recent academic research supports these results, showing a reduction in mid-level occupations and increased wage inequality across occupations. Wages at the top of the occupational distribution have increased relative to those in the middle, wages in the middle have grown relative to those at the bottom, and wages at the bottom declined in absolute and relative terms.<sup>3</sup> Increasing numbers of workers and an increasing share of the total labour force are at the bottom of that hourglass and endure low incomes and increased insecurity. This polarized labour market is a major contributor to income inequality.<sup>4</sup>

Recent data from Statistics Canada shows that income inequality is rising in Toronto.<sup>5</sup> These data provide a clear, post-recession picture of the growing divide between high-income earners and the rest of the population. The data show the disproportionate share of total income going to the top income earners in Toronto: 41 percent to the top 10 percent of earners.

The growing divide is also illustrated by increasing divergence in average incomes. The top 10 percent, at \$178,000, had average incomes that were 6 times higher than the \$28,900 average for the rest of the population. The divide has been growing; since 1982 inflation-adjusted average income of the top 10 per cent rose by 39 per cent, while they fell by 6 per cent for everyone else. Research on The Three Cities within Toronto shows the impact of increased polarization on neighbourhoods and communities.<sup>6</sup>

#### **Evidence on the impact of Work on Health**

The *WHO Commission on the Social Determinants of Health* stated:

Employment and working conditions have powerful effects on health and health equity. When these are good they can provide financial security, social status, personal development, social relations and self-esteem and protection from physical and psychological hazards – each important for health. In addition to the direct health consequences of tackling work-related inequities the health equity impact will be even greater due to work's potential role in reducing gender, ethnic, racial and other social inequities.<sup>7</sup>

Our work affects our health through a number of different pathways. A direct pathway is the impact of work on our health through our incomes. A recent report from Statistics Canada provides a stark Canadian example of the impact of income and income inequality. The difference in life expectancy between the bottom and the top deciles was 7.4 years for men and 4.5 years for women.<sup>8</sup> While these differences are striking, an equally important finding is that life expectancy increases with each and every decile. When health-related quality of life is considered, the gaps were even greater. Men in the highest income group had 14.1 more years of healthy living than those in the lowest income group. That gap between women in the lowest and highest income groups was 9.5 years. Once again there was a gradient evident when comparing those in the middle of the income scale with those at the top.

The link between unemployment and ill-health has been clearly established.<sup>9</sup> However, the negative impact on health is not limited to unemployment. Precarious work has an impact on health both through occupational health and safety (OHS) and through the employment relationship itself. In a review of the evidence in industrialized countries, the vast majority of studies found precarious employment was associated with deterioration in occupational health and safety with respect to injury rates, disease risk, hazard exposures, and knowledge of OHS and regulatory responsibilities.<sup>10</sup> Of the 41 studies dealing with downsizing and organizational restructuring, 36 found negative OHS outcomes.

The ill effects of precarious work are not limited to OHS outcomes. The concept of “employment strain” has been developed as a way of describing and documenting the connections that exist between health and the employment relationship itself – how people acquire work, how they keep work and how they negotiate the terms and conditions of work. Precarious work is associated with higher employment strain while more stable, standard working relationships are associated with less employment strain. For example, Canadian research shows the higher risk of self-reported ill health and a greater incidence of working in pain among precarious workers compared to workers in similar jobs who are in more secure forms of employment.<sup>11</sup>

### **Impact of Inequality on Health Outcomes**

Recent Canadian research shows us that living in cities with greater income inequality increases the risk of dying for people from all income levels.<sup>12</sup> This increased risk for both men and women ranges from cancer to alcohol-related deaths to transport injuries. This is consistent with international research that demonstrates that inequality has an impact on our health and wellbeing. In more equal countries people are healthier, live longer, and commit fewer crimes.<sup>13</sup> These relationships hold among all income groups. Even for the highest income segment of the population, people are safer, healthier and live longer when they live in a more equal society.

### **Importance of City Policies**

Given current labour market conditions in Toronto, increasing inequality and its impacts on health outcomes, it is important that the City use its policy levers to support good jobs. The proposals before Executive Committee take important steps to do so by:

- Updating the Fair Wage rates and providing for them to be regularly updated every three years,
- Setting out higher standards through mandatory compliance requirements for cleaning contractors, and

- Developing a job quality assessment tool that includes a living wage standard and considers skills and training opportunities, working conditions, and other determinants of job quality to be used in procurement.

Implementing these policies will make concrete progress on improving working lives, and the health of all Torontonians.

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<sup>1</sup> Lewchuck, W., Lafleche, M. et al. (2013). *It's more than poverty: Employment precarity and household well-being*. Toronto: Poverty and Employment Precarity in Southern Ontario research group.  
<http://www.unitedwaytoronto.com/downloads/whatwedo/reports/ItsMoreThanPovertySummary2013-02-09singles.pdf>

<sup>2</sup> Zizys, T. (2010). *Economy Out of Shape: Changing the Hourglass*. Toronto: Toronto Workforce Innovation Group.  
[http://www.theconstellation.ca/img\\_upload/08acc0993e95b9dd86af3df3ef8e7c51/EconomyOOShape.pdf](http://www.theconstellation.ca/img_upload/08acc0993e95b9dd86af3df3ef8e7c51/EconomyOOShape.pdf)

<sup>3</sup> Fortin, M. Green, D. A. et al. (2012). Canadian inequality: Recent development and policy options. *Canadian Public Policy*, 38(2), 121-145. <http://utpjournals.metapress.com/content/pw6v54766127788/fulltext.pdf>

<sup>4</sup> Organization of Economic Co-operation and Development. (2011). *Divided we stand: Why inequality keeps rising [Country note – Canada]*. Paris: OECD. <http://www.oecd.org/social/soc/49177689.pdf>

<sup>5</sup> Statistics Canada. (2013). High-income trends among Canadian tax-filers. *The Daily*. Statistics Canada. Catalogue no. 11-001-X.  
<http://www.statcan.gc.ca/daily-quotidien/130128/dq130128a-eng.pdf>

<sup>6</sup> Hulchanski, J David (2010). *The three cities within Toronto: Income polarization among Toronto's neighbourhoods, 1970-2005*. Toronto: Cities Centre. <http://www.urbancentre.utoronto.ca/pdfs/curp/tnrn/Three-Cities-Within-Toronto-2010-Final.pdf>

<sup>7</sup> Commission on Social Determinants of Health. (2008). *Closing the gap in a generation: Health equity through action on the social determinants of health [Final report of the Commission on Social Determinants of Health]*. Geneva: World Health Organization. [http://whqlibdoc.who.int/publications/2008/9789241563703\\_eng.pdf](http://whqlibdoc.who.int/publications/2008/9789241563703_eng.pdf)

<sup>8</sup> McIntosh, C. N., Fines, P., Wilkins, R., & Wolfson, M. C. (2009). Income disparities in health-adjusted life expectancy for Canadian adults, 1991 to 2001. *Health Reports*, 20(4), 55-64. <http://www.statcan.gc.ca/pub/82-003-x/2009004/article/11019-eng.pdf>

<sup>9</sup> Employment Conditions Knowledge Network. (2007). *Employment Conditions and Health Inequities: Final Report to the WHO Commission on Social Determinants of Health*. Geneva: WHO.  
[http://www.who.int/social\\_determinants/resources/articles/emconet\\_who\\_report.pdf](http://www.who.int/social_determinants/resources/articles/emconet_who_report.pdf)

<sup>10</sup> Quinlan, M., Mayhew, C., & Bohle, P. (2001). The global expansion of precarious employment, work disorganization, and consequences for occupational health: a review of recent research. *International Journal of Health Services*, 31(2), 335-414.

<sup>11</sup> Lewchuk, W., de Wolff, A., King, A., Polyani, M., (2005). The Hidden Costs of Precarious Employment: Health and the Employment Relationship (pp.141-162). In Vosko, L. (Ed.). *Precarious Work: Understanding labour market insecurity in Canada*. Montreal and Kingston: McGill Queens University Press. <http://drr.lib.athabascau.ca/files/idrl/308/lewchuk.pdf>

<sup>12</sup> Auger, N., Hamel, D., Martinez, J., & Ross, N., A. (2011). Mitigating effect of immigration on the relation between income inequality and mortality: a prospective study of 2 million Canadians. *Journal of Epidemiology and Community Health*, 66(6), 1-7.

<sup>13</sup> The Equality Trust. (2012). *Equality not growth*. London: The Equality Trust.  
<http://www.equalitytrust.org.uk/research/equality-not-growth>