

BRIEF ON THE MINIMUM WAGE AND A "TIP DIFFERENTIAL"

To: Ontario Ministry of Labour
Ontario Ministry of Industry and Tourism

The Minimum Wage and the "Tip Differential"

In March 1976, the minimum wage was increased to \$2.65 an hour basic rate. However, a new category was introduced at the same time - that of workers serving alcohol in licensed establishments. They were to receive \$2.50 an hour, presumably on the basis that they receive tips and therefore don't need the protection of the regular minimum wage rates.

In November 1976, The Hon. Claude Bennett, Minister of Industry and Tourism of Ontario, made the following remarks at a meeting of the Ontario Motel Association: (reported in the Toronto Star, Nov. 23, 1976)

An increasing proportion of the tourist industry's trade is draining off to the U.S. due to more competitive prices, causing a crisis in the Canadian industry. Part of the solution might be to introduce a differential in the minimum wage for all employees who earn tips in the restaurant and hotel industry, and that this could be as high as 50¢ an hour. He justified this differential by saying that the tips these employees receive would more than make up the difference.

Enquiries were made by us over the next 2 weeks to the Ministries of Labour and Industry and Tourism about these remarks. We received no confirmations and no denials of the Star article. We have since learned that another submission is soon to be made by Tourism Ontario (an umbrella organization for the tourist industry) to the Ministry of Labour. Contrary to many of our communications with the government, the issue appears to be far from dead and we must therefore assume that the Labour Department is considering and/or planning an increase in the minimum wage (or "tip") differential.

Because minimum wage levels are governed by a regulation change and not by a change in legislation, there is no forum for discussion about such changes. As a result, there has been little active protest to date about the introduction of the current wage differential. But they affect thousands of workers who have no voice and this brief will speak to the concerns that many of us have about the current and the "proposed" differentials.

The hospitality industry claims to be losing business because of high minimum wages in Ontario. However, when they talk about high wages in Ontario, they are comparing them to states such as Ohio, New York, and Michigan in which workers earning tips make 25-50% of the regular minimum wage. Workers in Ontario have fought for and won \$2.65 an hour as a minimum - hardly an exorbitant wage, when compared to other service workers in Canada and the cost of living.

The government is always quick to understand the problems of industry. Mr. Bennett places some of the blame for declining tourist business on "motel overbuilding in certain areas" and on the high sales tax in Ontario, as well as on the too-high minimum wage. (Toronto Star, Nov. 23, 1976) There have also been changes in U.S. tax laws affecting convention spending, which have contributed to the decline. Competition from the U.S. Bi-Centennial and the Montreal Olympics also played a large part in lowered trade across the country in 1976. ("Trends of Business in Hotels", Laventhal and

Horwath Management Consultants) However, it is the workers in the industry who are being asked to pay for these costs. "Bennett, who earns \$40,500 per year plus \$6,000 to maintain a hotel suite in Toronto, has said before he believed many hotel workers are making huge sums of money from tips and should take a lower basic wage to compensate." (Toronto Star, Nov. 24, 1976)

However, most waitresses and other workers who earn tips (chambermaids, busboys, bellhops, doormen) make close to (if not only) minimum wage. "The largest concentration of minimum wage earners are in restaurants, taverns, and cafeterias... Others work in hotels, laundries..." (Toronto Star, March 13, 1976) Few are unionized. A large proportion of waitresses work in family or small neighborhood restaurants and lunch counters, where the customers can't afford large tips. The majority of restaurant users are not big spenders, particularly with inflation and unemployment rising daily.

Many of these waitresses are either single, separated or divorced women who must support themselves, or sole-support mothers. Their low wages and low tips don't come close to Mr. Bennett's "huge sums of money", much less provide an adequate, stable standard of living. "Life has been a struggle for restaurant waitress Kay Giergon in the fourteen years since her husband died. Only the tips she received from her customers enabled her to bring up her three young children. 'We couldn't have lived on my wage alone,' she said... Mrs. Giergon said yesterday it's only her tips that keep the wolves from the door. 'I could barely pay my apartment rent on my wages alone,' she said." (Toronto Star, Nov. 24, 1976)

We would like some supporting evidence from the government for these claims, as both the Ministries of Labour and Industry and Tourism say they have no studies at all on the tip levels in the industry. Figures on industry profits are also impossible to obtain.

What Is the Tipping System All About?

The tourist industry claims that tipping keeps the prices down, that tipping subsidizes the restaurant user, not the industry. (R.C. Huddart, Executive Director, Tourism Ontario - Toronto Star, Dec. 4, 1976) But in fact, tipping keeps wages, not prices down - resulting not in a subsidy to users, but a subsidy to the industry.

Tipping is considered payment for service. It is no guarantee of a decent wage. That should be guaranteed by the employer. The government's position on tips is that they are a "gift", and therefore the Ministry of Labour has no jurisdiction over them (i.e. does not protect them). But even though they are not protected by law, they are expected to be declared for income tax purposes.

What Will a Wage Differential Mean?

The existence of a minimum wage differential makes a farce of the protection minimum wage laws are supposed to provide. It means that any industry could lobby for special case status when it "cannot afford" labour costs. It means they will be subsidized by our working harder for less money.

Who Will Be Hit the Hardest By a Wage Differential?

Those workers who are on the bottom of the tipping scale, and who already make close to the minimum wage, will be in serious jeopardy. The majority of these are women, many single or sole-support mothers; others

are immigrant women and men, or young, unskilled men. Unemployment levels are particularly high for these people and inflation is throwing more of them into crisis and below the poverty line than ever before. The industry is known for its high turn-over because of low wages, lack of job security and protection, and the high rate of part-time and split-shift jobs. Those affected include:

- most waitresses, including most older women, who work in family restaurants and lunch counters where alcohol is not served and consequently receive much lower tips,
- chambermaids, most of whom are immigrant and older women, whose tips have always been low and are dropping even lower as room prices rise and people tip less,
- coat checkers, who often don't make even minimum wage because they must "rent" the concession from the hotel or restaurant and often depend solely on tips/"donations" because they are not allowed to charge for the service,
- busboys, whose wages are "plumped up" by a cut of the waitress' tips in some cases, or who receive no tips at all,
- bellhops, doormen, barmen, etc.

Waitressing - Why Is It a Minimum Wage Job to Begin With?

Serving is seen as "women's work", work that comes "naturally" to us. Women look after the needs and comforts of husbands, children, friends, and ourselves, both at home - for free- and in female job ghettos - service, office, sales, daycare, and nursing jobs - for low wages. There are vast numbers of women, whose only alternative is wagelessness in the home and who are, therefore, always ready to take jobs at the lowest end of the pay scale. For example, at Smitty's Restaurant in Vancouver in 1973, management's response to an attempted union drive was to fire all the waitresses. They were able to re-staff their restaurants the same day, at the same low wages.

Because the basic wage is so low, waitresses must depend on tips to make ends meet. How much a waitress earns in tips depends on her ability to sell herself as a sex object or mother-daughter figure. By comparison, the male waiters concentrate on giving good service - being fast, efficient, and polite. But women must give much more than good service - we must be pleasant-natured, sexy and always smiling. (see fact sheet) Men in the industry usually work in the fancier licensed restaurants, where they have access to higher tips. For example, men work in the higher class Imperial Room at the Royal York Hotel in Toronto while women work in the neighboring Gazebo Room (which serves very similar food at slightly lower prices - with much lower tips) and in all the coffee shops. Even in the same restaurant, men often make more than women in wages alone.

Other groups of people working in the industry for minimum wages are immigrants, older women, and young, unskilled men. Just as women working for nothing in the home provide a pool of cheap labour, so do immigrants, forced to immigrate to Canada with the gun of poverty to their heads. The difficulty of landing better-paying jobs is compounded if they are women and don't speak English. The alternatives are also growing slimmer for both older women and young, unskilled men and those who have dropped out of school. Many end up in dead-end jobs such as chambermaids, busboys, and bellhops.

None of us can afford any cuts in the minimum wage.

The Unpaid Work of the Waitress

As in all jobs, there is a mass of "hidden" work that never shows up in the pay cheque. Some of the following are common practices in the industry, not illegal, but highly unethical and very expensive from our point of view:

- a) Getting and keeping the job --
Because of the nature of the job, there is a certain amount of sexual work expected from women. It is common to have to parade one's body in front of the manager in order to get the job. Sexual "favours" and flirting are sometimes demanded in order to keep it. In the last few years, more and more enquiries have been made and complaints laid with the Human Rights Commission against managers, foremen, etc. for sexual harassment. These are only the tip of the iceberg, particularly in jobs where a certain sexual behavior is implicitly part of the working conditions.
- b) Preparation for work --
In an industry where appearance is paramount, especially for women, it is necessary to spend many hours of work every week buying and keeping clothes tidy and clean. There are usually standards of personal appearance, hair care, make-up, etc. that must be met according to each employer's specifications, entailing more hours of unpaid work.
- c) Set-up time --
Part of the work of waitressing is usually setting up and cleaning up a section of the restaurant. Frequently, not enough time is given for the amount of work necessary. The result is shifts that start earlier and end later, but receive no official recognition in the pay cheque. This is direct free labour to the employer, and often amounts to as much as fifteen extra hours per week of unpaid work.
- d) "Walk-outs" --
The waitress is usually held responsible for paying the bills of customers who leave without paying. Often, restaurants are designed poorly yet the waitress must play watchdog as well and keep track of all the customers. The employer cannot legally deduct any money for "walk-outs" from the wages, but he can require that she pay it. If she refuses to pay and is fired, she has no legal recourse.
- e) Cashiering --
Though waitresses are hired to serve food and beverages, it is increasingly expected that they work as cashiers as well, saving the employer another wage.
- f) Kickbacks --
This is another common practice, which is one of the most insidious. It involves paying percentages of your tips to other staff, such as the maitre d'hotel, hostess, busboys, cooks, barmen, etc. It often amounts to 10-20% to each one, and shows further the impossibility of making "huge sums of money" in tips. It obviously acts as a subsidy to employers, serving to keep those workers' wages down. Management also frequently demands a percentage of the sales or tips, which is held over the waitress' head as a "guarantee" to keeping the job. These practices are extremely widespread. Because it is only illegal for the employer to deduct from an employee's wages directly, you have no legal recourse in the event that you refuse to give up the tips and are consequently fired.

g) Breaks --

Often restaurants are understaffed and, therefore, there is no time for breaks, as allowed by law (half an hour for every 5 worked). Waitresses frequently work straight through a shift with no rests, and rarely see extra pay for the time worked. This can add up to saving an extra wage for the employer. Sometimes, waitresses choose to work through the breaks, but this is hardly a "free" choice when every minute off the floor results in less tips and therefore less take-home pay.

h) Serving minors and "drunks" --

The waitress is legally responsible along with the management for not serving alcohol to minors or anyone who appears to be intoxicated. On the one hand, we must decide when a customer "appears to be intoxicated" or is a minor, and refuse to serve them liquor. And on the other hand, the employer is "urging" us to sell more - after all, the name of the game is increasing sales (i.e. profits). The waitress is caught in the middle. Even when doormen or bouncers are hired specifically for these jobs, we must pay the penalties. Waitresses have been charged and paid stiff fines for responsibilities which management should bear.

What We Want

The picture we have painted of a waitress' work is representative of a much wider picture. No workers can afford the present wage differential much less the introduction of a further gap. Such a move by the government will keep us chained to the treadmill of dead-end jobs, overwork, and poverty. Any wage differential means a wage cut and a work speed-up for us. What we need is more money, not less, to meet the ever-increasing costs of living.

Therefore, we demand:

- 1.) That the present lower minimum wage for servers of alcohol be raised to meet the standard level; and that no new differentials be introduced. The same minimum wage should be guaranteed to all workers, with no differentiation made on the basis of industry, student-, or trainee-status.
- 2.) That the government force the industry to pay us for the hours we now have to work without pay (set-up, clean-up times, and breaks).
- 3.) That the practice of kickbacks be prohibited and that the categories of workers presently receiving a cut of the tips be compensated for the loss by a raise in wages, and that avenues for grievances in this area be set up.
- 4.) That there be legal protection against employers forcing payment from the waitress for "walk-outs".
- 5.) That management alone be held legally responsible for who is served alcohol on their premises.

Signed by:*

Waitresses' Action Committee-

Ellen Agger

Marilyn Aikman

Heather Chetwynd

Nancy Johnson

Dorothy Kidd

Catherine Lambert

Colette Obre

Joan Sparling

Boo Watson

Phyllis Whyte

Heather Yamada

*prepared and supported by waitresses from the Wages for Housework Campaign

Endorsements from the following organizations:
(all are Toronto-based unless otherwise indicated *)

- Black Education Project - Erica Mercer
- Christian Resource Centre
- Hassle-Free Clinic
- Housewives' Initiative
- Immigrant Women's Centre
- Interval House
- Law Union of Ontario
- Metro Work Group
- Mother-Led Union
- Neighbourhood Legal Services
- Nellie's Women's Hostel
- Northwestern Ontario International Women's Decade
Co-ordinating Council *
- Ontario Anti-Poverty Organization
- Organized Working Women
- Parkdale Jobs Office
- Rape Crisis Centre
- Staff at People and Law
- Status of Women Committee - Local 79, CUPE
- Students' Legal Aid Society
- The Independent Association of Ontario Waiters
- Times Change Women's Employment Service
- Trigger - Centre for Unemployed Youth - Anne Ayres, Staff
Steve Oltuski, Staff
Barbara Weissleder, Staff
- Wages Due Lesbians
- Wages for Housework Committee
- Women and the Law
- Women Like Me
- Women Present Women
- Women's Caucus, Csgoode Law School
- Women's Centre, Sarnia, Ontario *
- Women's Counselling Referral and Education Centre

Support has also been received from:

- Equal Pay Coalition
- Ontario Committee on the Status of Women
- Ontario Status of Women Council
- Women's Development Centre, YWCA
- Working Women's Alliance, London, Ontario *

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APPENDIX: ALL IN A DAY'S WORK...

I was fired from a steak restaurant I worked in on New Year's Eve. Normally when we finished the work, we could leave. That night I had almost finished and the assistant manager asked me to clean the tables a second time with soap and hot water. I had just finished doing it with vinegar and hot water, like usual. I refused to stay after 7 pm because it was New Year's Eve and I had already done the work. I was fired by phone two days later without notice. Does a good assistant manager not have to give his instructions more than 3 minutes before the work is done, when the restaurant opens at 10 am?? I suspect it was no coincidence that I was fired just before I'd worked for three months. It's cheaper for the company to fire people like that because after three months, they pay the OHIP and have to give you one week's notice or pay if they fire you.

One hotel wouldn't give me a full interview because they said my English wasn't good enough. They refused to even look at all my experience in Canada. How many qualified immigrants have to go through this?

When I look for a job as a waitress, I sell my ability, knowledge, experience, willingness to work and learn, and not my body as a sex object. To me, the way it is now, is not a profession or career, it's just a job. I don't want to give special favours to the boss, like happened two days ago, when my boss came to my changing room and asked me to give him a kiss. I want to give respect to them and I expect the same in return.

Sometimes, the boss will flatter and woo me when he needs me to work longer than I was previously scheduled.

- Collette Obre

Men customers in the steakhouse/tavern where I worked were always trying to grab me, or run their fingers up and down the buttons on my uniform, or smell the phoney rose I was required to wear in my cleavage. It was hard to tell them to stop, because I had to be nice as I depended on the tips. How could I complain to my boss when he was the one who looked me up and down when he hired me and said, "Remember, the customer is always right."

- Ellen Agger

One place I used to work, besides the normal duties required of waitressing, they expected the women to go into the "ladies' room" and clean up the vomit when customers got sick. At this same place, the waitresses were told to clean off the gum from underneath the tables and to get down on our hands and knees and wipe down the table legs. I often wondered if I'd been hired as a waitress or a janitor on that job.

- Marilyn Aikman

Most bars operate on a system of paying at the end of the night for all drinks sold. This means that during the evening it is impossible to check your cash to see if you have lost money.

A number of times at the end of a night, I've gone to count my money and seen that I don't have enough to pay the total. This means the extra amount comes out of my salary. Twenty or thirty dollars can be lost easily during a busy night by dropping it, giving someone the wrong change in the dim light, or even through a miscalculation at the cash register. There is no way to check a mistake like this.

- Heather Chetwynd

My salary is never consistent. One day I'll make good tips and the next day I'll lose money. Then there are the low months after New Year's where each day I make less. I still have to work as hard but I just don't receive any tips because people are saving their money again.

- Heather Chetwynd

Three years ago, I was working at a local family chain restaurant. They were deducting 75¢ a day from my wages (which were only \$5.40 a day as I was working part-time) for meals which I never ate. When I complained to the Employment Standards Branch (of the government) they said they could only rap the restaurant owner's knuckles and that as soon as they turned their back, the restaurant would do it again. So I took my boss to court, where he was given an unconditional discharge because he claimed it was his first such offense. Only when I told the court that the E.S.B. had unofficially told me of previous similar complaints, did the judge get mad at the owner. He called for further investigation and set a later court date. But this was only after the judge had already blamed me for stirring up trouble and creating future hassles for other employees!

- Ellen Agger

I deplore that I have to work harder when other waitresses miss work without giving advance notice. In a large company, there should be contingent staff to replace ones who are off work for any reason.

If I arrive a few minutes late - not on purpose - a remark is always made. But when I finish working ten to twenty minutes late, but less than thirty minutes, I get no overtime pay. And I have been threatened with loss of my pay cheque if I refused to pay for shortages. This is after I ask to see what mistakes I may have made in adding up bills and have been refused. I can't even find out if their claims are true. They ought to have consideration for employees - they always put their interests first.

- Colette Obre

Besides waitressing, you're also required to do a bit of bouncing in many bars. It's usually the waitress who has to cut the patrons off when they've had enough. One night, I cut a group of people off who weren't very happy about it. A couple of minutes later a glass beer mug went sailing past my head, missing it by about two inches, but shattering a mirror behind me which sent glass flying.

- Marilyn Aikman

This job should be more open for older women. What will happen to us when we become old?

- Colette Obre

THE TOURIST INDUSTRY

This industry is a major employer in Canada, with $\frac{1}{2}$ million workers in food service and 200,000 of these in Ontario alone. Around \$390 million in tourist trade was generated in 1976, with convention trade bringing in \$53 million - down from \$66.5 million in 1975 in Ontario. 1)

Inflation and changes in U.S. tax laws contributed to this loss of convention trade from the U.S. However, it is also being blamed on the "high" minimum wage in Ontario. Are waitresses and other workers who receive tips being asked to subsidize industry's loss of trade? Are we really the ones who can afford it?

Industry profits - These are, of course, not available to the public.

THE WAITRESS AND OTHER WOMEN WORKERS

Poverty and women

- 43% of women in the paid labour force in Canada were single, separated or divorced in 1976, i.e. were self-supporting. 2)
- In 1974, there were 261,231 mother-led families in Canada; 60% of these lived below the poverty line. 2)

Wage differentials between men and women in Canada

- In 1976, women earned only 55% of men's earnings across occupational groups. 2)
- In service and recreational work, women earned only 43.2% of men's earnings (1973). 3)
- This is for full-time work only. Statistics for part-time work, which is common in the hotel/restaurant industry, are unavailable. Many of the benefits full-time workers receive are unavailable to part-time workers.
- In 1971, 71.3% of full-time, full-year waiters, hostesses, and stewards in the 25-34 age range were women. 4)
- Women earned 62% of men's wages in this category. 4)

Women in the service industry

- Statistics are unavailable on the numbers of workers who earn tips in the industry.
- In the service industry in 1973, 60% of paid workers were women. 5)
- Only 20.9% of these were unionized. 5)

Women in unions

One would expect an advantage of unionization to be higher wages. However, this is not the case, as shown by the following figures. No waitresses earn high wages. (There may be other benefits for unionized workers, but for waitresses, they are not in the area of wages.)

- Under 10% of workers "eligible" across Canada are in the Hotel and Restaurant Employees and Bartenders International Union. 6)
- Around 55% of workers in Toronto in the major hotels (over 100 rooms) are unionized (includes only full-time maids, beverage and food waitresses). 7)

Average wages for food and beverage (alcohol) waitresses...Jan. 1976 8)

Hotels with over 200 employees: food waitress \$2.68/hour
beverage wait. \$2.65/hour

Hotels with under 200 employees: food waitress \$2.59/hour
beverage wait. \$2.90/hour

Unionized waitresses in Toronto:

-in major hotels (over 100 rooms) food waitress \$2.85/hour
beverage wait. \$2.70/hour 7)

-in small, neighborhood taverns beverage waitress \$3.10-\$3.70/hour
(depending on whether you pour your own beer) 9)

Poverty Levels in Canada - January 1, 1975 Senate Lines 10)

<u>Family Size</u>	<u>Low Income Cutoffs (dollars)</u>
1	3,372
2	5,620
3	6,744
4	7,871

Minimum wage of \$2.65/hour gives a yearly total of \$5,300.

"The good 'waitress' is mother, hostess, saleslady and 'public relations agent' all in one. She must be a happy person herself, she must like people. She must be service-minded. She must have developed social skills, 'plain good manners' if you please. Her personality must emanate charm, friendliness, and genuine desire to please. She must have a high degree of selflessness." -from a brochure sitting on every table in a local chain restaurant

"That is what waitressing is all about. It is the work of serving and satisfying other people, only on a public instead of a private scale. That is why I call it housework. All women are taught to do this from the day we are born. In fact our very identities are tightly bound up in this work, whether we are secretaries, mothers, nurses, waitresses, or full-time housewives." - Ellen Agger, May Day Rally for Wages for Housework, Toronto, May 1, 1975 11)

Sources:

- 1) Tourist and Convention Information
- 2) Toronto Star, Feb. 16, 1977
- 3) Women in the Labour Force, No. 1 Factsheet, Women's Bureau, Ontario Ministry of Labour
- 4) unpublished data from Statistics Canada - Women in the Labour Force, Facts and Figures, 1975 Edition, Women's Bureau, Labour Canada
- 5) Women in the Labour Force, No. 3 Factsheet, Women's Bureau, Ontario Ministry of Labour
- 6) Ontario Federation of Labour, Research Department
- 7) Hotel and Club Employees Union
- 8) Wage Rates, Salaries, and Hours of Labour - Jan. 1976, Labour Canada
- 9) Waiters and Bartenders Union
- 10) Special Senate Committee on Poverty, Jan. 1, 1975
- 11) "Women Speak Out, May Day Rally, Toronto", Toronto Wages for Housework Comm.