

News Release

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### **The New Brunswick minimum wage should be \$10.30 an hour in 2014**

“Workers at minimum wage last had an increase in April 2012. Since then, they have lost purchasing power because of inflation. If we want them to keep the same purchasing power as they had then, they need a \$0.30 increase this year.” says Rod Hill, Professor of Economics at the University of New Brunswick in a report on the Minimum Wage in New Brunswick prepared for the Common Front for Social Justice.

To prevent the continual erosion by inflation of the purchasing power of the minimum wage, Mr. Hill recommends that New Brunswick follow the lead of many other provinces and adjust the minimum wage annually. This would make year-to-year changes relatively small and predictable; it would be better for both workers and businesses than the current ad hoc approach.

“Many studies of minimum wage changes have found little effect on employment. The employment effects, even for young adult (age 20 to 24) tend to be not economically substantial and for older adults the effects are too small to measure.” says Mr. Hill.

“In 2013, New Brunswick had almost 8 percent of its workforce working at minimum wage, one of the highest percentages in Canada. Half of minimum wage workers were over 25 years old. It is interesting to note that about half of minimum wage earners are working for large businesses with more than 500 employees and not at the corner store.” continues Mr.Hill.

“In the last ten years in New Brunswick, the minimum wage has gone from \$7.35/hour to \$10/hour. This has helped to reduce wage inequality while contributing significantly to the incomes of low-wage workers. These increases have followed similar increase in other provinces. If no adjustment is made in the minimum wage in 2014, New Brunswick, along with Newfoundland and Labrador and the Northwest Territories will have the lowest minimum wage in Canada”

says Mr. Hill.

As Mr. Hill notes, “The relevance and importance of minimum wages has increased in recent decades because of the growth of low-wage jobs as well as growing wage inequality, which minimum wages help to reduce.”

Setting a minimum wage ensures a decent and fair wage for those workers who are most vulnerable to exploitation by employers.

“ When a minimum wage law raises wages above what they would otherwise be, it transfers income to the minimum wage work force and out of the pockets of the business owners who pay their wages. It is this struggle over income shares that makes changes in minimum wages such a politically contentious issue.” concludes Mr. Hill.

For information

Rod Hill – 832-2917 (home)

Rod Hill is a professor of Economics at the University of New Brunswick, Saint John campus and a Research Associate with the Canadian Centre for Policy Alternatives – Nova Scotia.

Jean-Claude Basque – 875-4232

Provincial Coordinator

**The full report is in the attachment.**

The Common Front for Social Justice is one of the largest democratic and popular organizations in New Brunswick, with close to 75,000 group and individual members. The Common Front brings together individuals as well as local, regional and provincial organizations to work towards the eradication of poverty.