

**FIGHT FOR
LUTTER POUR**  **15 + JUSTICE**

Minimum wage

Information Document

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 **Common Front Commun NB**



Common Front for Social Justice

Minimum Wage: Our Proposals

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1. Increase the minimum wage by \$1.00 an hour each year until it attains \$15 an hour and then index it.
2. Provide a financial subsidy to community organizations that provide services to low-income citizens or to citizens in need and that are presently subsidized by the government. This financial subsidy would be equal to the minimum wage increase, including the employer's portion, for each employee of that organization who receives the minimum wage.
3. Change the Employment Standards (2018-2019)
 - ✓ Overtime hours paid at time and a half the regular wage of the employee
 - ✓ Overtime would be paid after 40 hours of work per week
 - ✓ Five (5) annual paid sick leaves. These leaves would not be cumulative.
 - ✓ Vacation Pay at 6% after five years or more of full-time employment
 - ✓ Employees required to wear the employers' uniform should not have to pay for them.
4. Pay Equity Legislation in the private sector: Equal pay for work of equal or comparable value.

Note: A complete list of the proposed changes to the Employment Standards can be found on our website at: www.frontnb.ca under the bullet Fight for 15 + Justice.

Minimum wage workers

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In 2016, there were 20,400 minimum-wage workers in New Brunswick, which is equivalent to 6.6% of all workers in the province¹.

It is not only teenagers who work at minimum wage. In 2016, 58.8% of minimum-wage earners in New Brunswick were 20 years of age or older. The number of youth between the ages of 15 and 19 working at minimum wage in this province even dropped, from 50.6% to 41.2% from 2007 to 2016².

More women than men (58.3%) worked at minimum wage. Slightly more than half of these workers (55.9%) had part-time jobs. Most of these jobs (74.0%) were in sales and services. Almost all the workers (94.1%) were not unionized³.

It's interesting to note that in 2016, almost half of the jobs (48%) were with companies that had 500 employees or more⁴.

Moreover, in 2016, almost 105,500 workers, or 36% of all workers in New Brunswick had salaries of \$15/hour or lower⁵.

¹ New Brunswick Minimum Wage Fact Sheet, 2017, Post-Secondary Education, Training and Labour, September 2017.

² Ibid

³ Ibid

⁴ Why a \$15 minimum wage is good for business. McLean's, June 2, 2017, Armine Yalnizyan

⁵ Statistics Canada, Special tabulation. PSTF.

Revenue

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Minimum wage

The minimum wage has increased eighteen times since 2001. It is presently set at \$11 an hour, has increased to \$11.25 an hour April 2018 and will be indexed to the rate of inflation after.

Amongst all Canadian provinces, New Brunswick is presently in sixth place (April 2018) after Saskatchewan, Manitoba, Nova Scotia and Newfoundland-Labrador.

Table 1 – Minimum wage by province, 2018 (\$)

	BC	Alb	Sask	Man	ON	QC	NB	NS	PEI	NFL
Minimum Wage	11.35	13.60	10.96	11.15	14.00	12.00	11.00	10.85	11.25	11.00
Increases	12.65 June	15.00 Oct. 2018	Indexed Oct. 2018		15.00 Jan. 2019		11.25 April 2018	11.00 April 2018	11.55 April 2018	11.15 April 2018

Source: Hourly Minimum Wages in Canada for Adult Workers

Gross Annual Salary

In 2018, a full-time minimum wage worker (40 hours a week) at \$11.00 an hour (\$11.25 in April) will have an annual salary of **\$23,270** (Table 2). The couple with one salary will have the same annual gross salary. The couple with two salaries will have an annual gross salary of **\$46,540**.

Table 2. Gross annual salary for an individual, a couple with one minimum salary and a couple with two minimum salaries. New-Brunswick, 2018 (\$)

	40 hours/week	Months	Individual 1 salary	Couple 1 salary	Couple 2 salaries
Jan.-April \$11/hour	440.00	13	5,720	5,720	11,440
April-Dec. \$11.25/hour	450.00	39	17,550	17,550	35,100
Gross annual salary			23,270	23,270	46,540

Annual Net Income

The annual net income includes the Annual employment income, the GST/HST Credits, the NB Harmonized Sales Tax (HST) credit, the Canada child benefit,

and the Working Income Tax Benefit; minus the income tax deductions, the Canada Pension Plan, and the Employment Insurance premiums.

As shown in Table 3 (details in Annex 1), the single individual earning minimum wage has an annual net income of \$20,610. The single-parent family will have an annual net income of \$29,924 while for the couple with one child, one minimum wage salary it will be \$28,647. Finally, for the couple with two children and two minimum wages, it will be \$48,999. With the exception of the single individual, all other three categories have a higher annual net income than their annual employment income. The reason is in part due to the Canada Child Benefit, which is non-taxable.

Table 3: Annual net income by household size. New Brunswick, 2018 (\$)

	Single individual 1 minimum wage	Single-parent 1 child 1 minimum wage	Couple 1 child 1 minimum wage	Couple 2 children 2 minimum wages
Annual Employment Income	23,270	23,270	23,270	46,540
Total Benefits	733.00	8,018.00	8,118.80	9,746.85
Total annual income	24,003.00	31,288.80	31,388.80	56,286.85
Total Annual Deductions	3,393.00	1,365.00	2,742.00	7,288.00
Annual Net Income	20,610.00	29,923.80	28,646.80	48,998.85

Source: LeBlanc + Maillet, chartered professional accountants

Deficit

Table 4 provides an overview of these workers' real economic situation. In all four scenarios, the annual net income is not enough to avoid a deficit at the end of the year.

The annual deficit for an individual is \$4,596; for a single-parent family with one child, \$1,449; for a couple earning minimum wage with one child, \$8,181; and \$1,761 for a couple with two children earning two incomes at minimum wage.

Table 4. Annual Net Income, Total annual expenses and deficits. New Brunswick, 2018 (\$)

	Single individual 1 minimum wage	Single-parent 1 child 1 minimum wage	Couple 1 child 1 minimum wage	Couple 2 children 2 minimum wages
Annual net income	20,610	29,924	28,647	48,999
Total annual expenses	25,206	31,373	36,828	50,760
Annual deficit	-4,596	-1,449	-8,181	-1,761

Source: Economic Realities - 2018. New Brunswick Common Front for Social Justice.

Loss of Employment

One of the arguments from small and medium-sized enterprises is that an increase in the minimum wage would cause employment losses. When analyzing data from Statistics Canada, we can see this is not a reality.

Between 2008 and 2018, the province has increased the minimum wage twelve times. In 2008, it stood at \$7.75 an hour, and today, it is \$11.25 an hour. As shown in Table 5, the number of employees in enterprises with less than 100 employees, with 100 to 299 employees and those with 300 to 499 employees did not decrease between 2008 and 2017. The job losses happened in enterprises with over 500 employees. It is therefore evident that the increase of the minimum wage did not have a major impact on employment in small and medium-sized enterprises.

Table 5. Number of employees by enterprise size. New Brunswick, 2008-2017

Enterprise size of employment	2008	2017	Difference
0-100 employees	120,888	122,888	+2,000
100 to 299 employees	28,219	31,546	+3,327
300 to 499 employees	11,994	12,723	+729
500+ employees	150,788	138,291	-12,497

Source: Cansim Table 281-0042, Statistics Canada.

The case for subsidizing community organizations

There are numerous community organizations that provide services to low-income citizens or to citizens in need. These organizations could be food banks, community residences, family support agencies, ADAPT centres, special care homes, transition houses, etc. Their funding comes mainly from two sources, the government and the community. Any increase in the minimum wage has an economic impact that is difficult for them to absorb, so they need financial assistance.

Our Proposals

- 1. Increase the minimum wage by \$1.00 an hour each year until it attains \$15 an hour, and then index it.**
- 2. Provide a financial subsidy to community organizations that provide services to low-income citizens or to citizens in need and that are presently subsidized by the government. This financial subsidy would be equal to the minimum wage increase, including the employer's portion, for each employee of that organization who receives the minimum wage.**

Situation

Almost all minimum wage workers (94.1%⁶) are not unionized, which means their workplace is governed by the *Employment Standards Act*. All employers in the province must abide by these standards. The reality is that these standards are minimal and don't give many rights to workers. They have to be modernized in order to meet the needs of workers and their families, and to adapt to changes in the workplace and in society.

Our Proposals

#1 Overtime paid according to employee's actual hourly wages

Currently, a worker is only paid time and a half of the minimum wage instead of time and a half of his actual wages for overtime, as is the case in 7 of the 10 Canadian provinces⁷. This poses no problem for the worker earning minimum wage, but if a worker makes \$13.00 an hour, his overtime will be \$16.88 instead of \$19.50 (time and a half his salary of \$13.00). He is losing \$2.62 each overtime hour worked.

#2 Overtime paid at time and a half after 40 hours/week

As is currently the case in 5 of the 10 Canadian provinces⁸.

#3 Vacation pay at 6% after 5 years of work

As is currently the case in 5 of the 10 Canadian provinces⁹.

#4 Five (5) days of paid sick leave per year.

Workers have to take care of themselves when they are sick. The reality is that if they earn minimum wage or have a low income, they can't afford to lose a day's work. Having to work when you're sick can be harmful to your physical and mental health, and if it's a virus, it increases the risk of transmitting it to other employees. Three quarters of minimum wage workers (74.0%)¹⁰ are in sales and services, so it's a public health matter.

⁶ New Brunswick Minimum Wage Factsheet. Post-Secondary Education, Training and Labour.

⁷ Payroll Legislation. Consult Feb. 29, 2018. <https://www.payworks.ca/payroll-legislation/VacationPay.asp>

⁸ Ibid

⁹ Ibid

¹⁰ New Brunswick Minimum Wage Fact Sheet, 2017, Post-Secondary Education, Training and Labour, September 2017.

#5 If a uniform has to be worn, it must be provided by the employer

Many workplaces, like in the restaurant and service industries, require that employees wear the employer's uniform. Often, the employee has to pay for part of the cost of the uniform and for the cost of having it cleaned. Some employers require specific work clothes of their own choice; this prevents the worker from buying the same clothing at a lower cost. For low-income workers, it's an extra cost that cuts into their meager income.

Note: A complete list of the proposed changes to the Employment Standards can be found on our website at: www.frontnb.ca, *under the bullet- Fight for 15 + Justice*

Pay Equity

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The Employment Standards Act recognizes the principle of equal pay for work of equal value. It does not take into account that due to historic and systemic discrimination, many jobs occupied mainly by women pay less than jobs of equal value occupied by men.

The wage gap between women and men in New Brunswick was 7.4% in 2017.

Pay inequity increases poverty among women and has a major impact on their lives and their families.

The Pay Equity Act of 2009 has improved the situation for persons having employment that is mostly female-dominated in the public sector, but it does not apply to the private sector. Yet, pay equity is a fundamental human right.

Our proposal

Pay equity legislation for the private sector: equal pay for work of equal or comparable value

Minimum wage: Good for workers

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Minimum wage at \$15/hour = More money in workers' pockets

Raising minimum wage to \$15/hour will increase the buying power of about 105,500 workers in New Brunswick¹¹. Currently, the annual gross salary of an individual working at minimum wage is \$23,270, but with a salary of \$15/hour, it would be \$31,200, an increase of \$7,930. Obviously, this increase cannot happen overnight, but it is quite possible over a four-year period.

Minimum Wage at \$15 = Less Poverty

The Market Basket Measure (2015) for an individual is \$19,232.¹² If we take into consideration their net income, minimum wage earners live close to the poverty line. By increasing the minimum wage, an important number of workers and their families would get out of poverty.

Minimum Wage at \$15 = Better for Women

In 2016, more than half of all workers (58.3%)¹³ earning minimum wage were women. An increase in their income will give them more financial independence, which can only be more beneficial to them and their families.

Minimum Wage at \$15 = Better for Youth

Youths, who make up the majority of workers at the minimum wage, will benefit from an increase in their revenue. An increase in revenue would help them to be more independent financially, enable them to be more educated and to raise a family.

Minimum wage at \$15 = reducing the need for community services

Currently, close to one fifth of citizens (17.1%)¹⁴ who resort to food banks and soup kitchens in the province are low-wage earners. An increase in their revenue would enable them to eat better and to be in better health, which would then result in a drop in the number of people depending on food banks and soup kitchens.

¹¹ Statistics Canada, special tabulation

¹² Statistics Canada, Cansim 206-0093

¹³ New Brunswick Minimum Wage Factsheet 2017

¹⁴ Hunger Count 2016

Minimum Wage at \$15 = Good for Businesses 7

Minimum Wage at \$15 an hour = More \$ in consumers' pockets

Raising the minimum wage to \$15 an hour will increase the buying power of about 105,500 workers in New Brunswick¹⁵. This will have a significant impact on the Gross Domestic Product (GDP), since in 2017, 57.6% of the GDP came from private consumption expenditures¹⁶.

Minimum Wage at \$15 an hour = Reduction in staff turnover

It has been shown that when minimum wages increase, companies have a far lower staff turnover¹⁷. This results in employees having more stable jobs, but also in less recruitment and training costs for employers.

Minimum Wage at \$15 an hour = Increase in Productivity

The higher the wages, the less stressed employees are financially; the absenteeism rate is also lower. Employees that enjoy better health and well-being will also have better job motivation and more productivity, which usually means a reduction in costs to employers¹⁸.

Minimum Wage at \$15 an hour = More sales, More profits

Workers will have more money in their pocket, so they will be able to buy more products and services; this will help profits for businesses.

¹⁵ Statistics Canada, special tabulation

¹⁶ Statistics Canada. Table 380-0064 - Gross domestic product, expenditure-based, quarterly

¹⁷ Green, David (2015). "THE CASE FOR INCREASING THE MINIMUM WAGE: What Does the Academic Literature Tell Us?" Canadian Centre for Policy Alternatives. ISBN: 978-1-77125-198-3.

¹⁸ Canadian Centre for Policy Alternatives Ontario Fact Sheet. (2013). "Raising Ontario's Minimum Wage: The Business Case."

Minimum Wage and Poverty

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Minimum wage workers should have a salary that is way above the poverty threshold.

Minimum wage

In 2018, according to Table 2, a full-time worker's gross yearly salary is \$23,270. For a couple with two minimum wage salaries, it's \$46,540.

However, to have a better understanding of individuals' and families' financial situations, we have calculated, for our four scenarios, the net annual income in relation to the Market Basket Measure which is a form of poverty line.

The poverty line

According to the Market Basket Measure, in 2016 there were 86,000 people in New Brunswick who were low-income¹⁹.

The Market Basket Measure (2016) for a population of 30,000 to 99,999 in New Brunswick was \$19,296 for an individual; for two persons, \$27,285; for three persons, \$33,421; and for four persons, \$38,592²⁰.

According to Table 7, a single individual and a single parent with one child are just above the poverty line. A couple with one child earning one minimum wage salary is \$4,772 below the poverty line, while a couple with two children, earning two minimum wage salaries, are doing quite well.

Nevertheless, it is quite obvious that with a minimum wage of \$15 an hour, the financial situation for these individuals and families would be a lot better.

¹⁹ Statistics Canada, Cansim 206-0041

²⁰ Statistics Canada, Cansim 206-0093

Table 7. Market Basket Measure, the Annual Net Income and the Difference. New Brunswick, 2018 (\$)

NB	1 person	2 persons	3 persons	4 persons
Market Basket Measure	19,296	27,285	33,421	38,592
Annual net income	Single worker 1 minimum wage 20,610	Single parent 1 child 1 minimum wage 29,924	Couple 2 children 1 minimum wage 28,647	Couple 2 children 2 minimum wages 48,999
Difference	+1,314	+2,639	-4,772	+10,407

Source: Statistics Canada, Table 206-0093

The Market Basket Measure

The Market Basket Measure (MBM), developed by Employment and Social Development Canada, *attempts to measure a standard of living that is a compromise between subsistence and social inclusion. It also reflects differences in living costs across regions. The MBM represents the cost of a basket that includes: a nutritious diet, clothing and footwear, shelter, transportation, and other necessary goods and services (such as personal care items or household supplies). The cost of the basket is compared to disposable income for each family to determine low income rates*²¹.

Our proposal

Increase minimum wage by \$1.00 an hour each year until it reaches \$15.00 an hour, and then index it.

²¹ Statistics Canada, Cansim 206-0093

Annex 1

Annual net income by household size. New Brunswick, 2018 (\$)

	Single individual 1 minimum wage	Single-parent family, 1 child 1 minimum wage	Couple 1 child 1 minimum wage	Couple 2 children 2 minimum wages
Annual Employment Income	23,270	23,270	23,270	46,540
Annual benefits				
GST/HST tax credit	432.96	717.00	717.00	387.80
HST (New Brunswick)	300	600	700	569.20
Canadian Child Tax Benefit	0.00	5,481.00	5,481.00	8,789.85
Working Income Tax Benefit	0.00	920.04	920.04	0.00
Total Benefits	733.00	8,018.00	8,118.80	9,746.85
Total annual income	24,003.00	31,288.80	31,388.80	56,286.85
Income Tax	2,028.00	N/A	1,377.00	4,558.00
Employment Insurance	979.00	979.00	979.00	1,988.00
Canada Pension Plan	386.00	386.00	386.00	772.00
Total Deductions	3,393.00	1,365.00	2,742.00	7,288.00
Annual Net Income	20,610.00	29,923.80	28,646.80	48,998.85

Source: LeBlanc + Maillet, chartered professional accountants