

## **PRESS CONFERENCE FOLLOWING WORLD DAY OF SOCIAL JUSTICE - MINIMUM WAGE IN N.B. IS KEEPING THOUSANDS OF WORKERS IN POVERTY**

February 20<sup>th</sup> was proclaimed by the General Assembly of the United Nations as World Day of Social Justice in 2007. By unanimously adopting this day of reflection about “opening up our tents”, the 192 members of the UN recognize that the objective of social development is social justice, solidarity, harmony and equality within and among countries. Economic growth should promote equality and social justice. Working towards “One world for everyone” must be based on social justice and respecting all human rights and basic freedoms. UN members intend that this day’s celebration will help strengthen efforts toward eliminating poverty, promoting full-time employment, gender equality, access to social assistance, and justice for all.

On this day following World Day of Social Justice, we at the Common Front for Social Justice wish to publicly state that in New Brunswick (N.B.), thousands of workers are living in poverty.

Indeed, poor people are getting poorer and rich people are getting richer. From 1989 to 2005, the average income of families with children decreased from \$15,782 to \$15,504, a \$278 reduction. However, in the case of the richest families, their average income rose from \$120,863 to \$172,050, an increase of \$51,187 (See Appendix A).

The 2006 census revealed that in N.B., over 100,000 people were living below the low income cut-off, that is, **below** the poverty line. This large group of persons is largely comprised of **workers earning low wages**.

Average weekly earnings in N.B. totalled \$769.30 in 2010. The province is third from the bottom among Canadian provinces, and in Atlantic Canada our earnings come in last.

From 2004 to 2010, N.B. has also trailed behind the other three Atlantic Provinces in terms of minimum wage. The difference between our minimum wage and the average minimum wage elsewhere in Atlantic Canada has become more and more marked. In 2010, the difference was \$0.41 per hour. However, in 2011, N.B.’s minimum wage will be above that of the other Atlantic Provinces, provided they do not increase theirs.

Statistics Canada indicates that **in 2009, 17,100 New Brunswickers, or 5.3% of the active population, were working for minimum wage**. Many low-income workers experience food insecurity. From 2008 to 2010, there was an 18% increase in food bank use in N.B., yet another sign that the gap between the rich and the poor is increasing. One fact is very striking: **by themselves, workers and unemployment insurance**

**recipients who use food banks make up nearly one quarter (22%) of food bank clients** (See Appendix B for a graphic representation).

In Canada, 59% of workers aged 15 to 24 are paid at minimum wage. However, they are not alone in the minimum wage category. In fact, 32% of workers aged 25 to 54 earn a minimum wage salary. Among those aged 55 years and over, 9% work at minimum wage.

In 2010, a single person working 40 hours per week at \$9.00 an hour for 52 weeks earns \$18,720, and is living **above the level of low-income cut-off after tax (LICO)**, estimated at \$15,814. However, if this person is a single parent, the family is living **below the LICO level**, which is set at \$19,244. If the wage earner is part of a couple with two children, the family is living even further below the LICO level, set at \$29,897.

In N.B. in 2010, 54,400 people, or 15.3% of the total work force were part-time workers. When people only work 25 hours per week, a common fact for part-time workers, their financial situation is problematic. **At \$10, \$11 or \$12 per hour**, a single person, a two-person household and a four-person household all continue to fall under the low-income cut-off line. **At \$13 \$ per hour for a 25-hour week**, a single person earns \$16,900 and **reaches the low-income cut-off**. Meanwhile, two-person and four-person households are still below the low-income cut-off line.

The Common Front for Social Justice is concerned about three proposals coming mainly from employers in the business sector:

- 1. Proposal for a different minimum wage for workers in training.** In Canada, the economy sectors where minimum wage workers are most numerous are agriculture (14.3%), retail selling (12.3%), and hospitality and food service (22.5%). How many hours of training do workers need to learn how to grow carrots, sell clothes in a mall store or serve customers in a restaurant? Hours of training actually needed are no doubt quite minimal.
- 2. Proposal for a lower minimum wage for the food service sector.** The argument put forward to justify establishing a lower wage in the food service sector is linked to tipping practices. The amount of money that an employee earns through tips depends on the type of establishment, on its location and on population density in the area. Some work environments have developed a practice of pooling tips received by servers and sharing these with kitchen employees. In fact, this practice lowers the servers' wages. On their income tax return, people who work in an industry where tipping occurs must include their entire income, and pay taxes on all of it.
- 3. Proposal for a lower minimum wage for workers under the age of 18.** In Canada, 41% of workers between the ages of 15 and 19 are paid minimum wage. We can assume that this is also the case in NB. These young people are in the work force for a variety of reasons but their salary should be the same as that of older workers doing the same job. **Wages must be the same for work of equal value, not tied in with the age of the person performing the work.**

Minimum wage workers often face other working conditions that lead to even greater instability:

- **Seasonal work.** Part of their income is provided by unemployment insurance, which only amounts to 55% of their salary. These people do not earn a large income. .
- **Split shift work.** These people may need to work a few hours in the morning, return home, and then come back to work for noon or in the evening.
- **Unpaid waiting time.** Workers may need to wait on the work premises for an hour or two, **without pay**, before they can find out if they will be working in the coming hours, or if they will simply be told to return home.

## **Conclusion**

The Common Front for Social Justice is particularly concerned with the propositions put forth by several organizations in the business community who are working to slow down increases in minimum wage. Bowing to their demands will have disastrous effects on the economy of our communities.

The New Brunswick government must not, in any way, shape or form, stop increasing minimum wage for its workers. Government must also ignore any proposal that would lead a two-tiered minimum wage program.

## **For information:**

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## Appendix A

### The poor are getting poorer and the rich richer

Data from the Canadian Centre for Policy Alternatives shows the evolution of income by 10% segments of NB's population, from the poorest to the richest decile. The following graph illustrates the income difference between rich families and poor families between 1989 and 2005. Figures for 2005-2010 are not available to us but it would seem that the gap between the rich and the poor has continued to widen.

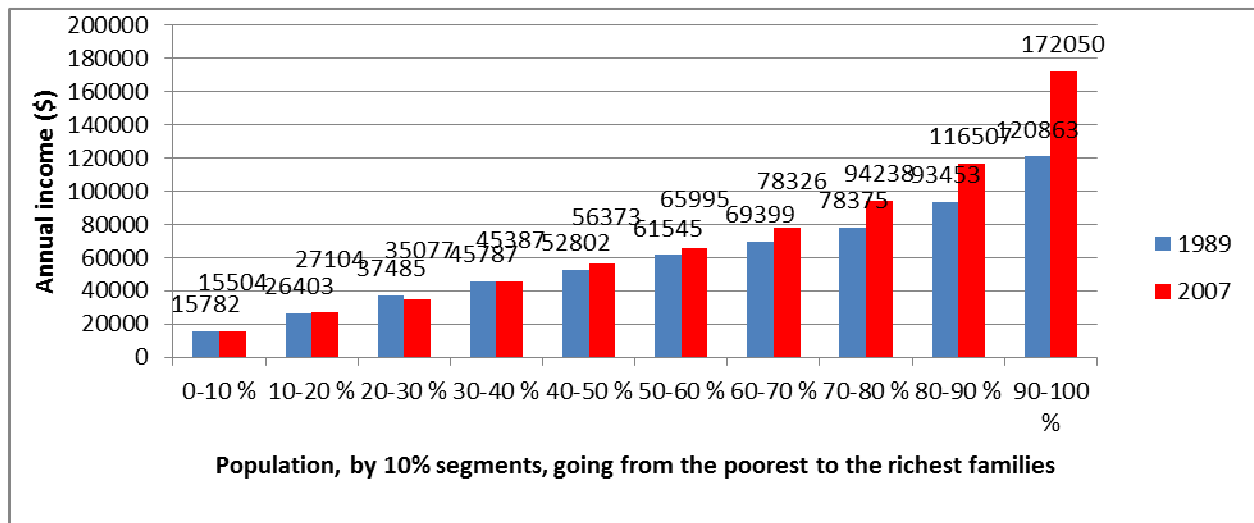


Figure 1. Changes in total income between 1989 and 2005 for New Brunswickers with families.

<sup>1</sup> Yalnyzyan, Armine (private communication). Median income by Decile – 1976-2005 – Economic Families in N.B. Ms. Yalnyzyan notes that these income distributions per Decile are based on a limited set of data.

## Appendix B

### Food insecurity of low income earners

Figure 2 shows that 22% of food bank users who work or are dependent on the reduced income provided by unemployment insurance.<sup>1</sup>

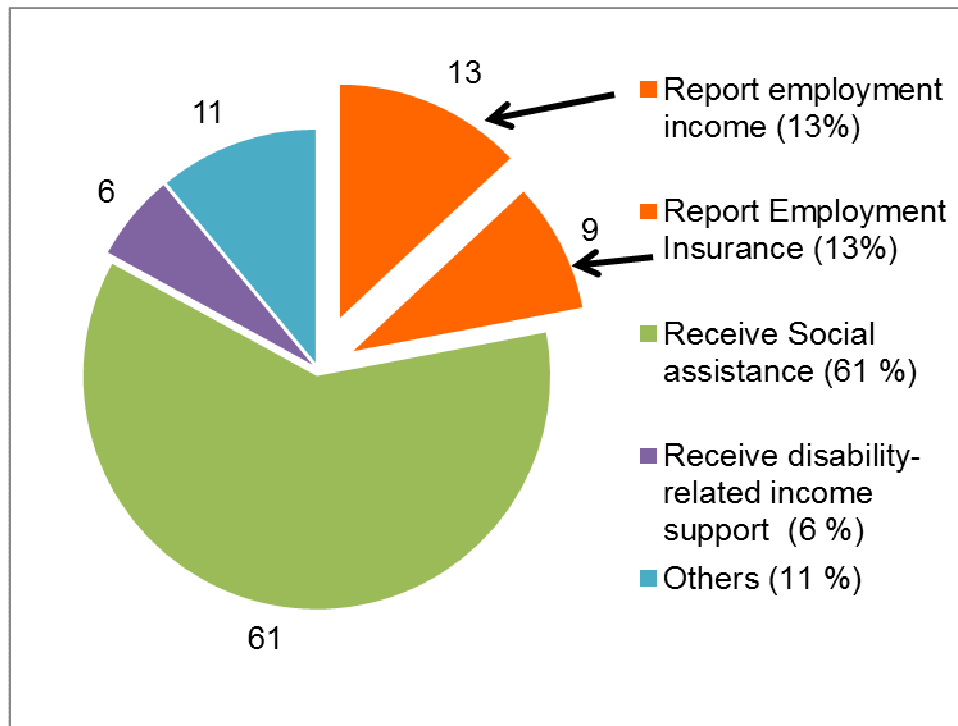


Figure 2. Percent of food bank users in N.B. in 2010 by income category.

<sup>1</sup> Food Banks in Canada. 2010. Highlights of New Brunswick Data

## Appendix C

### Percent of people working at minimum wage on 2009

As indicated in Figure 3, young people fall in the age category most often hired at minimum wage. However, men and women in the age bracket of 25 to 54 years represent 32% of minimum wage workers. Nine percent of minimum wage workers are 55 years old and over.

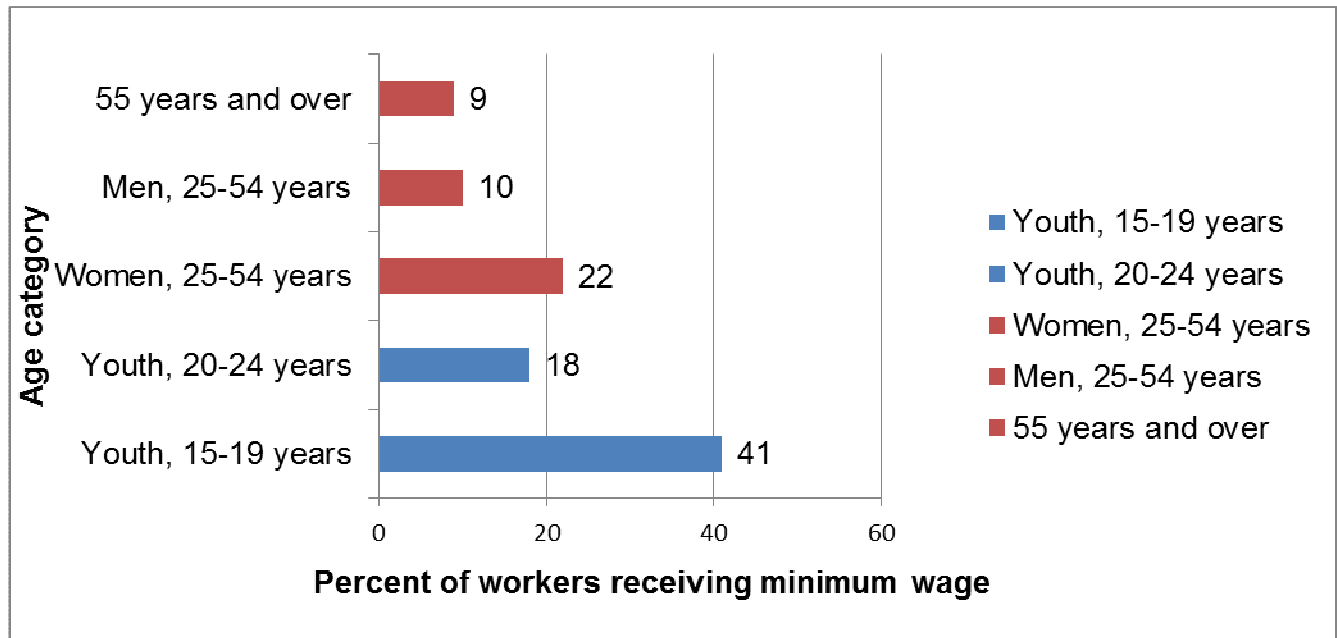


Figure 3. Percent of Canadians working at minimum wage in 2009<sup>2</sup>

<sup>2</sup> Statistique Canada. Enquête sur la population active, 2009