ERROL BLACK CHAIR
EBC
IN LABOUR ISSUES

Thank you for the opportunity to present on Bill 33, *The Minimum Wage Indexation Act*.

Minimum wage workers will be relieved that their wages will not be continuing to fall behind at the same rate as they have been. But we must not be lulled into believing that this small increase is going to pull low-income workers out of poverty. This is because the minimum wage is in no way linked to the cost of living. Before I return to that point, I wish to consider who earns a minimum wage.

Some years ago, the Manitoba Federation of Labour found that **m**inimum-wage workers are not just teenagers working at fast-food restaurants after school. They found that 55 per cent of minimum wage earners in Manitoba are adults twenty years and older; 51 per cent of minimum-wage earners work for companies with 100 workers or more and 42 per cent work for companies with 500 or more employees. At the time of the research, approximately 38,600 Manitobans earned minimum wage and fully 73,700 Manitobans made only 10% more, we need to ask if the minimum wage provides sufficient income to raise a family.

The answer to that question is a decided "no". The Canadian Centre for Policy Alternatives produces research on the living wage. A living wage is different from the minimum wage in three ways:

1. It is voluntary.
2. It includes the value of government programs such as the provincial childcare subsidy and Rent Assist, and federal programs like the Canada Child Benefit.
3. It is based on the cost of living.

It must be noted that the calculation starts from a bare bones budget: the methodology does NOT provide the following:

- Credit card, loan, or other debt/interest payments;
- Saving for retirement;
- Owning a home;

- Savings for children's future education;
- Anything beyond minimal recreation, entertainment, or holiday costs;
- Costs of caring for a disabled, seriously ill, or elderly family member;
- Much of a cushion for emergencies or tough times.

We calculate a living wage for a two-parent, two-child family and for a one-parent, one-child family. We are currently in the process of updating those calculations for 2016. I can tell you that in 2013, both parents in a two-parent, two-child family would have had to earn $14.07/hour to provide this bare-bones budget in Winnipeg. The one-parent, one-child family would have to earn $17.04. These calculations were done 3 years ago, so they will now be higher.

The living wage exercise is, at the moment, just that: an exercise. But it does give us an idea of how inadequate the minimum wage is for those raising children. Clearly a minimum wage of $15.00 or more, as recommended by Make Poverty History Manitoba, would be more effective in raising families out of poverty.

Critics of greater-than-inflation increases to the minimum wage do not consider whether or not we're starting from a point where the minimum wage provides adequate income to families. The living wage exercise demonstrates that Manitoba's minimum wage has a lot of catching up to do if we're to seriously tackle poverty in this province.

Surely there can be few policy goals more important than reducing poverty in our province. The high price of low wages can be seen in those groups where poverty is prevalent: low educational outcomes; high unemployment; under-employment; reliance on government social programs such as Employment and Income Assistance and of course, poor health. If this government truly wants to reduce spending in healthcare, one of the most pro-active measures it can take is to reduce poverty. The working poor are poor because their salaries are too low. Raising the minimum wage to $15.00 hour would provide long-term benefits to everyone, including business.

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Research shows that paying a decent wage has many benefits for employers, including: reduced absenteeism and staff turnover; increased skill, morale and productivity levels; reduced recruitment and training costs; and improved customer satisfaction.

Critics will insist that increases in minimum wages will cause more unemployment. I turn to a study by economists Jim Stanford and Jordan Brennan to refute that claim.

Stanford and Brennan did a statistical analysis of the relationship between minimum wage increases and employment in all 10 Canadian provinces between 1983 and 2012. It found very little evidence of a connection between higher minimum wages and employment levels. In fact, they were more likely to find a positive relation: higher minimum wages were often associated with higher employment.

Significantly they found that employment levels are much more sensitive to economic factors like aggregate demand and GDP growth than to wage regulation. Also of significance is their finding related to low-wage sectors of the economy that include young workers: they found no consistent evidence of significant dis-employment effects related to minimum wage increases.

According to the report:

Policy makers do not need to worry about offsetting reductions in employment as a significant side effect of this effort — especially if higher minimum wages are introduced gradually and regularly, and are accompanied by other measures to stimulate employment and purchasing power in the economy.

Even to the extent that a higher minimum wage does translate into reduced profitability for employers, especially in industries that depend disproportionately on minimum wage labour, the eventual impact on employment levels will be partial and indirect. Many low-wage employers can clearly afford to pay higher unit labour costs and experience modestly lower profitability while still remaining a competitive and viable business.

We know that it will take courage and leadership to implement meaningful, greater-than-inflation increases to the minimum wage. History will be on your side if you do.

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