

MINIMUM WAGE

FACT SHEET

MAY 12, 2018

Newfoundland and Labrador Minimum Wage

Fairness and the Minimum Wage

NEWFOUNDLAND AND LABRADOR has nearly the lowest minimum wage in Canada, at \$11.15 per hour. It is a poverty-level wage. Less than six percent of Canadians live in jurisdictions with a lower minimum wage.

We have among the highest GDP per capita of Canada's provinces. And yet we are among the worst in Canada for poverty and inequality, and are worst for the gender wage gap.

Poverty and inequality affect everyone, and not just the poor. They cause social and health problems, and drag down economic growth. Many living in poverty are actually working, but their wages are too low. Food banks are noting increasing usage by the working poor.

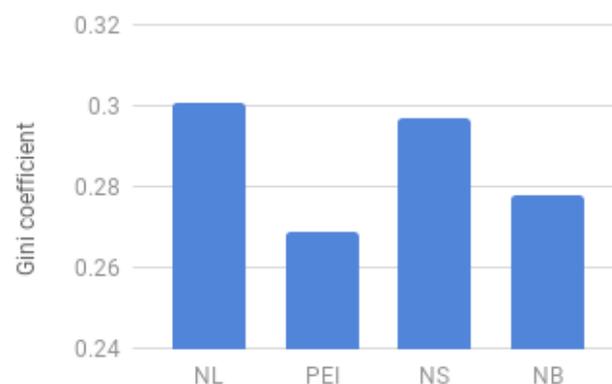
Significantly increasing the minimum wage will help to reduce poverty and inequality. It will raise the income of thousands who work at minimum wage (the majority of whom are women, and people over 20), and many of those earning just above it.

Lower income people whose wages are raised spend almost all of the increase, boosting economic growth and tax revenues, while reducing the cost of income assistance.

The above reasons, and moreover a greater sense of fairness, may explain why the majority of Canadians (63 per cent)—especially Atlantic Canadians (73 per cent)—support a \$15 minimum wage.

Worst inequality in Atlantic Canada

StatCan, CANSIM Table 206-0033, 2016



Myths and Facts

Myth: "We don't need minimum wage increases because most minimum wage earners are teenagers and students."

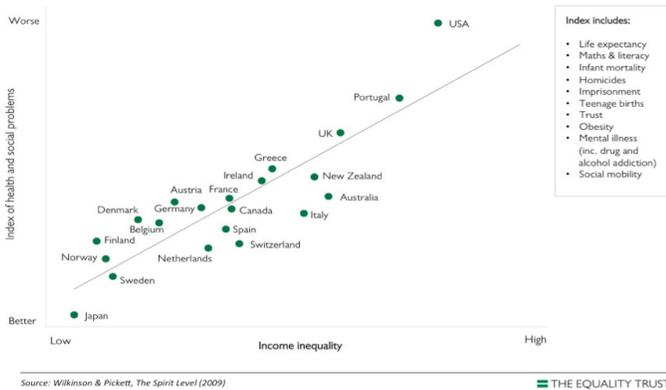
Reality:

- While many minimum wage earners are young, the majority are 20 or over.
- 79% are not students.
- The majority are women.
- We want young people to stay in this province. Most other provinces have higher minimum wages.

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Health and social problems are worse in more unequal countries

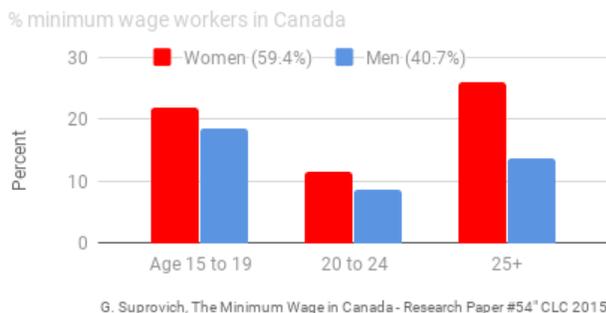


Myth: “We should be using tax credits like the Canada Worker Benefit, instead of increasing the minimum wage!”

Reality:

- While laudable, tax credits are inadequate. The Canada Workers Benefit (CWB, an updated version of the Working Income Tax Benefit) payout is a fraction of the increase in income that a \$15 minimum wage would bring.
- Even the highest CWB payout — for a single parent earning less than \$17,000 per year — would be less than half of the increase in income from a \$15 minimum wage for a full-time worker. And for most people, the CWB would be considerably lower.
- The CWB, like its American cousin the Earned Income Tax Credit, reduces wages. It enables employers to pay workers less. Employers — many of which are large, foreign-owned, corporations — capture a part of this taxpayer-funded benefit.

Minimum wage earners - age and sex

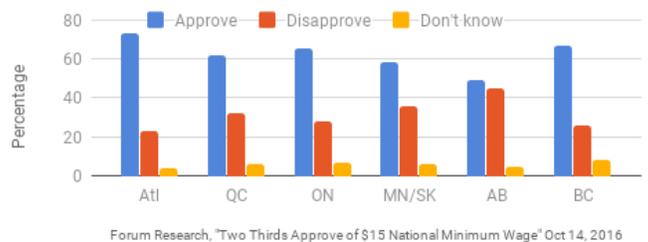


Myth: “The higher costs due to minimum wages will have to be passed on to consumers!” This will especially hurt seniors and others on fixed, low incomes.”

Reality:

- Businesses don’t automatically raise prices when wages go up. They have other options or “adjustment channels” — reducing profits, finding efficiencies in non-wage areas, boosting production of more profitable products and services, and cutting back on less profitable ones.
- And a higher minimum wage reduces other costs, like employee turnover and training, while boosting worker productivity.
- Businesses raise prices all the time, in response to many factors, including rent increases, heating costs, currency exchange rates, higher costs of product inputs, and the corporate imperative to boost profits.
- There are other ways to help those in need, instead of keeping workers’ wages low. Examples include providing better public pensions and old age security, extending medicare to include optical, dental, and pharmacare, improving programs for home energy-efficiency improvements, and providing free transit to seniors and low income people.

Support for Canada-wide \$15 min. wage



Researchers modeled an increased minimum wage from \$9 to \$12 for Walmart stores in the U.S. They found that even if 100% of the wage increase costs were passed on to consumers — which would not be the case — the average impact on a Walmart shopper would only amount to \$1.04 per month for the average consumer.