

A Submission  
to the  
Minimum Wage Board

By the



July 13, 2001

The Saskatchewan Federation of Labour would first like to express our appreciation to the Minimum Wage Board for extending this opportunity to present our position on the issue of adjusting the provincial minimum wage.

There are few things more important to wage earners than the livelihood they and their family derive from their labour. Therefore the issue is of primary relevance to an organization such as ours.

It may interest the Minimum Wage Board members to know that organized labour has a long record of fighting for legislation to provide for a decent income for all working people.

The Amalgamated Clothing Workers and the International Ladies Garment Workers and leaders of those two great unions such as Sidney Hillman and David Dubinsky worked tirelessly to get laws established setting a basic wage.

Daniel O'Donoghue of the Knights of Labour, and Claude Jodoin, the first president of the Canadian Labour Congress, both devoted major portions of their careers to the enactment of legislation in areas we now refer to as labour standards.

We are proud of that record, and wish to do our part in extending it.

The Saskatchewan Federation of Labour (SFL) represents over 85,000 unionized workers across the province. They live throughout Saskatchewan and belong to 800 local unions and are members of some

three dozen trade unions affiliated to our organization. We also represent seven regional labour councils.

The SFL is the largest labour organization in Saskatchewan. Our affiliated unions represent people in every sector of the economy. Our members work in uranium mines in the far north, electrical generating stations near the U.S. border, steel and pulp and paper mills, retail food chain stores and warehouses, government offices, construction sites, group homes, chemical plants and oil refineries, day care centers, correctional facilities, schools, nursing homes, saw mills and lumber camps, universities, hospitals, hotels, fast food outlets, on trains, planes and buses, in municipal governments, lunch counters, restaurants, financial institutions and, as Board members will know, in potash mines, credit unions and book stores, as well as hundreds of other jobs.

The SFL is about as familiar with the working people of Saskatchewan as it is possible to be. We are diverse not only in workplace, geography and occupation, but also in gender, ethnicity, race, ability, age and sexual orientation.

In addition to the organized workforce, the Federation has for more than half a century now assumed the responsibility of speaking for all workers in the province - organized and unorganized.

While very few workers covered by a collective agreement will ever earn the minimum wage, even as a starting or training rate, the Federation of Labour recognizes our duty to speak for those thousands who do receive the

province's lowest legal wage and who have no organization to speak on their behalf.

Each and every year resolutions calling for an increase to the minimum wage are submitted to our annual convention for debate. These resolutions are almost always passed unanimously.

## A BIT OF HISTORY

More than 75 years ago the first minimum wage laws were legislated in Canada. Saskatchewan was not one of the earliest to get a law on the statute books, but once we had legislation in place, our provincial minimum wage was often among the highest in the country.

This was true in the immediate post-war period of the 1940s and for the next two decades as well.

And during, the 1970's and early 1980's Saskatchewan's minimum wage was consistently either the highest or one of the highest in Canada.

As Appendix A demonstrates, minimum wage increases were implemented on a regular basis. In the ten and a half years between June 1971 and January 1982 the minimum wage went up fourteen times and it also almost tripled in size. This period coincides with the time in office of the Blakeney Government which had the best record of any administration in our province's history of protecting the purchasing power and bettering the

economic lot of minimum wage earners. Governments today would do well to emulate that earlier administration – at least in respect to regularly improving the financial circumstances of low-income workers.

We readily concede that the 1970s was also a time when inflation was pushing the cost of living up by double digits annually. Even when that is factored into the calculations minimum wage earners did better in that decade.

## TANGENT TAKEN

The pattern established in the 1970s was unfortunately departed from in the years that followed. There has been a sharp decline in the pace at which upward adjustments in the wage have been made. Combined with that is a disappointing shrinkage in the relative size of those adjustments, and therefore the real value of the minimum wage to low income workers and families.

For example, there was a four and a half-year period in the late 1980's when the minimum wage was frozen. This is the longest period without an adjustment since the beginning of the Second World War.

Appendix A lists the history of minimum wage increases. We believe the Board could examine this attachment and perhaps find some effective arguments for a return to a more regular pattern of increases.

From 1971 to 1982 the minimum wage went from \$1.50 to \$4.25, a difference of \$2.75, or 25 cents per year. This was at a time when 25 cents was worth considerably more than it is today.

If the present government had followed that same rather modest pattern when they took office in 1991 the minimum wage would now be \$7.50 per hour not \$6.00. (Based on a 25 cent increase each year from 1992-2001 inclusive).

If the Blakeney Government could manage an annual increase of 25 cents in the 1970's the present government can do at least as well today with devalued dollars.

The point we wish to make with these facts is that a sizable upward movement in the wage is needed simply to make up the ground lost in the last fifteen years.

## BELOW THE POVERTY LINE

The SFL believes that a \$6.00 per hour rate of pay is clearly inadequate to maintain a family or even an individual at an acceptable standard of living.

According to Statistics Canada the "low income cutoff" is the point at which most of a family's expenditures must be devoted to food, shelter and clothing. The low income cut-off is the poverty line.

Using the Stats Can system, a single individual living in a city the size of Saskatoon or Regina is below the poverty line if they are earning less than \$15,341 annually. A family of four is living in poverty if they earned less than \$28,869.

For smaller centers the poverty line is reduced since certain expenses, such as rents or house prices and mortgage payments, would be somewhat lower.

Appendix C sets out the Statistics Canada poverty line figures.

A wage of \$6.00 an hour provides \$240 for a 40-hour week and at the end of 52 weeks yields \$12,480 in annual gross income.

If a person with no dependants who lives in Saskatoon or Regina works full-time, the Saskatchewan minimum wage will put him or her more than \$2,800 below the poverty line over the course of a year.

Anyone with dependents is pushed even deeper into poverty if all they have to live on is the Saskatchewan minimum wage. A single parent with one child, living in Humboldt or Moosomin, and working full-time for a year at the minimum wage, would end up more than \$5,200 below the poverty line.

## SOCIAL ASSISTANCE MORE "GENEROUS"

Currently a single parent with one dependent child, living on social assistance, will receive each month a maximum of \$385 for shelter, \$230 for

food, clothing, personal and household expenses, payment of actual utilities within reason and \$218.50 in the form of the Child Benefit.

The Department of Social Services this past February estimated that, on average across Saskatchewan, a single parent with one child would receive \$982 in social assistance.

A single parent of one child working full time at the minimum wage would earn \$960 a month. That is about \$20 less than the social assistance recipient receives. It should be noted as well that social assistance recipients have some of their other costs covered, such as prescription medication, required travel and special dietary requirements.

The minimum wage earner not only does not receive these benefits, but also has unavoidable deductions for Unemployment Insurance, Canada Pension Plan and income tax taken off each pay cheque. There may be day care expenses to be paid as well.

The *2001 Revenue Canada Deductions Guide* indicates that \$22.00 should be deducted from the \$240 earned weekly by a minimum wage earner. \$13.55 of that goes to federal taxes and \$8.45 to the province. Another \$7.43 will be taken off for CPP and \$5.40 in U.I. premiums. The total mandatory deductions from a minimum wage earner's cheque amount to \$34.83, leaving that worker barely \$200 after a full week's work.

In making this comparison we do not want to leave the impression that the labour movement is attacking social assistance recipients. We are not. They

have an extremely difficult time getting by on what they receive, and our policy is to more adequately provide for their needs. But if social assistance isn't offering a decent income, it is clear that paying minimum wage earners even less is particularly inappropriate.

It seems to us that this delivers the message to people living in poverty that there is no escape from poverty through full-time work at the minimum wage.

## MINIMUM WAGES ELSEWHERE

Some other provinces have recognized the need to keep their minimum wage at levels that we regard as somewhat more acceptable. These levels attract people to the workforce rather than repel and discourage them.

Manitoba, Ontario, Quebec, British Columbia, the Northwest Territories and the Yukon (with four fifths of Canada's population) all have minimum wages above Saskatchewan's - some well above. Appendix B sets out the current minimum wage prevailing in each jurisdiction in the country.

South of the border, 39 of 50 US states have a higher minimum wage than we have in Saskatchewan. (Our minimum wage is approximately \$4.00 US). Seven states have no minimum wage and 4 states (Georgia, Indiana, Kentucky, and Wyoming) have a lower legislated minimum wage.

In the USA the national minimum wage was increased to \$5.15 in 1996. Congress is now studying a bill that would further increase it to \$6.65 over the next three years. Furthermore, it is worth noting that unemployment rates have fallen in the USA since 1996.

## MANY BENEFITS

The Federation of Labour is urging a substantial increase in the minimum wage because it would be of considerable benefit to the Saskatchewan economy.

Low-income working people spend their money close to home. They buy food and the basics in clothing, and repairs for older cars, and replace worn out furniture and appliances. There simply is not money for much else.

People on low incomes support their own community businesses. When they have an increased disposable income, delivered to them by way of an increase in the minimum wage, it is spent in local retail and service outlets.

To provide the thousands of Saskatchewan workers earning the minimum wage with a significant increase would be a warranted and essential stimulus to the provincial economy.

## NO DOWNSIDE

The business lobbyists regularly raise the effect a minimum wage increase has on staffing levels. We tend to agree with the *Globe and Mail* Report on Business article, which concluded that "the negative impact of minimum wages on employment is overstated." (G&M, Sept.4, 1995)

We believe an increase in minimum wage will have a positive impact on employment. An increase in income results in an increase in purchases of basic staples at local stores. It's difficult for us to believe that increased sales at retail outlets would lead to fewer staff in those workplaces.

In fact, during the 1970's when Saskatchewan had the highest or next to the highest minimum wage in the country, we regularly recorded the lowest unemployment rate among the provinces.

It appears to us that far from being a liability in the quest for full employment, a higher minimum wage is in fact an asset.

## COST OF LIVING & INFLATION

According to the Saskatchewan Bureau of Statistics, since the last adjustment in the minimum wage, more than two and a half years ago, the cost of living in Saskatchewan has gone up 1.9% in 1999 and 3.4% in 2000. A Canadian

Press story in the *Leader Post* of June 16, 2001 under the headline “Inflation takes biggest leap in 10 years”, also states that inflation in 2001 is now running at 3.5% annually.

Clearly our current minimum wage is now worth less in adjusted constant dollars than it was when it came into effect on January 1, 1999. A sizable minimum wage increase is urgently required simply to compensate low-income workers for this erosion in the value of their income.

The January 1, 1999 increase in the minimum wage amounted to a 7% increase over the minimum wage of \$5.60 set in December of 1996. This increase, like all others in the past, did not keep pace with inflation and the general cost of living. An immediate and substantial increase is now clearly overdue as living costs rise.

The loss of purchasing power experienced by minimum wage earners is perhaps the most compelling argument for an increase.

According to the National Council of Welfare's report *Incentives and Disincentives to Work* the Saskatchewan minimum wage was worth 118% of the poverty line in 1976. Not even two decades later, in 1994, the minimum wage in Saskatchewan had shrunk in value to only 71% of the official Stats Canada poverty level.

That was a decline in the real value of the minimum wage of approximately 40%.

In the two and a half years since the last increase, inflation has further eroded the minimum wage's real buying power. This is graphically set out in the text and charts of *The Canadian Fact Book on Poverty 2000* written by David Ross, Katherine Scott and Peter Smith and published recently by the Canadian Council on Social Development. The book demonstrates how cost of living increases have reduced the Saskatchewan minimum wage to 64% of the poverty line for a single adult. If dependents are involved, the low income family unit has descended even further into poverty.

## DOING IT RIGHT

On the question of differential minimum wages based on geographic area, age, occupation, or level of training, we are strongly opposed to any such options. The same law should apply to workers whether they are young, northern, rural-based, receiving tips and gratuities, serving liquor, taking educational courses, working part-time and so on.

If you do the work you deserve the pay.

And everyone earning the minimum wage is in need of a significant increase.

We also would recommend that the minimum wage law be applied to all workers without exceptions or exemptions.

## ACHIEVING EQUITY

The long-standing policy of the SFL - endorsed regularly at our annual conventions - is that the provincial minimum wage should be set at 75% of the average industrial wage and indexed to it. According to the Saskatchewan Bureau of Statistics, the average industrial wage is currently \$14.22 per hour. The minimum wage should be \$10.67, which could be achieved in increments to avoid any disruption to the economy.

We believe this kind of increase in the minimum wage would be timely, that it is required by those workers affected, and that it would be good for the provincial economy.

For these reasons the Saskatchewan Federation of Labour recommends increasing the minimum wage to \$7.40 on August 1, 2001. This would allow a single person working full-time to have an income at least equal to the poverty line. We also recommend annual increases of 75 cents per hour until the minimum wage reaches 75% of the average industrial wage.

We would point out that the \$7.40 per hour figure is 20 cents less than the minimum wage in British Columbia and by November 1, 2001 that gap will increase to 60 cents.

Also, there is a growing list of municipal governments across North America which have passed ordinances requiring a decent rate of pay on public construction projects or for work done with city grant money.

These so-called "fair wage" or "living wage" policies are aimed at moving low-income workers beyond the poverty line and into the main stream of the labour force. Some of these ordinances have been passed in major U.S. centers such as New York, Minneapolis, Los Angeles, Boston, Baltimore, Philadelphia and many more cities. These living wage ordinances cover workers employed in a wide range of contractual work and public sector employment. The rates of pay range up to \$10 and \$11 per hour. Our research indicates a very positive effect for the overall community. The Saskatchewan minimum wage should have the same objective.

If you cannot recommend an immediate increase to \$7.40 per hour, we then believe you must set a time table for regular increases that will get you to that objective within one year. Once that goal is reached we recommend that you develop another time table that moves us to 75% of the average industrial wage.

We believe that our government should lead the way. No government department agency or crown Corporation should purchase goods or services from organizations or businesses that pay employees less than 75% of the average industrial wage.

As well, the government should guarantee that all agencies receiving grants have a funding level which ensures employees earn no less than 75% of the average industrial wage. (We know of instances where supervisors in group homes are paid \$6.90 per hour)

And finally, the Federation would encourage the Minimum Wage Board to recognize the full extent of the jurisdiction granted to you in Section 15 of the Labour Standards Act.

The Board can consider and determine matters such as the extent of part-time employment, hours of work, living quarters for workers where applicable, the minimum age of employment, workplace uniforms and clothes, rest periods, rides home after dark and so on.

The mandate of the Board is really quite broad, and in many of the areas where you have discretion to act there are opportunities to significantly improve the lives of working people.

It is our hope you will do exactly that.

Thank you.

## SUMMARY OF RECOMMENDATIONS

1. The minimum wage be applied to all workers without exceptions or exemptions.
2. That there be no differential (two-tier) Minimum Wage.
3. The Minimum Wage be raised to the poverty line immediately.
4. A schedule of regular increases be implemented immediately. These increases should be no less than annually and may require increases twice per year for the next few years.
5. The goal of increases should be to reach 75% of the average industrial wage by January 1, 2006.
6. Legislation or regulations be introduced to detail the process that would raise the minimum wage from the poverty level to 75% of the average industrial wage and thereafter indexed to ensure that 75% of the average industrial wage is maintained.
7. No government department agency or Crown Corporation should purchase goods or services from organizations or businesses that pay employees less than 75% of the average industrial wage
8. The government guarantee that all agencies receiving grants have a funding level which ensures employees earn no less than 75% of the average industrial wage.
9. The Minimum Wage Board to recognize the full extent of the jurisdiction granted to it in Section 15 of the Labour Standards Act.

Respectfully submitted by **The Saskatchewan Federation of Labour**

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MINIMUM WAGE LEVELS IN SASKATCHEWAN 1943- 2001

1943	\$14.00 per week in larger centers only
1944	\$16.80/wk
1945	\$18.50
1948	34 towns brought under \$18.50 rate
1949	\$21.00/wk
1951	\$24.00
1953	\$26.00
1957	\$30.00
1960 April 1	\$32.00
1962	\$34.00
1963	1964 March 1 \$36.50
1965 May 1	\$38.00
1966 Sept 1	\$40.00
1968 Oct 1	\$1.05 per hour
1969 Oct 1	\$1.25
1971 June 1	\$1.50
1972 Jan 1	\$1.70 per hour for all workers
1972 Julv 1	\$1.75
1973 Dec 1	\$2.00
1974 Julv 2	\$2.25
1975 March 1	\$2.50
1976 Jan 1	\$2.80
1977 Jan 1	\$3.00

1978 Jan 31	\$3.15
1978 June 30	\$3.25
1979 Oct 1	\$3.50
1980 Mav 1	\$3.65
1981 Jan 1	\$3.85
1981 Julv 1	\$4.00
1982 Jan 1	\$4.25
1985 Aug 1	\$4.50
1990 Jan 1	\$4.75
1990 July 1	\$5.00
1992 Dec 1	\$5.35
1996 Dec 1	\$5.60
1999 Jan 1	\$6.00
2001	?

Note: Prior to January 1972 there were differential rates applying to workers under 18 and in smaller communities. The above rates are the highest in effect at the time.

<b>Minimum Wage Rates Across Canada</b>		
<b>Jurisdiction</b>	<b>Effective Date</b>	<b>Rate</b>
British Columbia	Nov.1, 2000	\$7.60
	Nov.1, 2001	\$8.00
Yukon	Oct 1, 1998	\$7.20 for workers 17 and older
Quebec	February 1, 2001	\$7.00 generally \$6.25 for those workers receiving tips
Ontario	Jan 1, 1995	\$6.85 \$6.40 for students under 18 working less than 28 hours a week or during a school holiday
Northwest Territories	Apr 1, 1999	\$6.50 for workers over 16 \$6.00 for those under 16 \$7.00 for workers who live along the NWT highway system
Manitoba	Apr 1, 2001	\$6.25
Saskatchewan	Jan 1, 1999	\$6.00
Federal minimum wage	July 17, 1996	same as provincial rate
Prince Edward Island	Jan 1, 2001	\$5.80
	Jan 1, 2002	\$6.00
New Brunswick	July 1, 2001	\$5.90
Alberta	Oct 1, 1999	\$5.90
Nova Scotia	Oct 1, 2000	\$5.70 for most workers \$5.35 for “inexperienced” workers (three months duration)
	Oct 1, 2001	\$5.80 for most workers \$5.45 for “inexperienced” workers
Newfoundland	Oct 1, 1999	\$5.50 for workers over 16

## The Poverty Line for Low Income Canadians

Family size	Rural areas	Towns under 30,000	Cities of 30,000 – 100,000	Cities of 100,000 – 500,000	Cities over 500,000
1 person	\$12,361	\$14,176	\$15,235	\$15,341	\$17,886
2 persons	\$15,450	\$17,720	\$19,044	\$19,176	\$22,357
3 persons	\$19,216	\$22,037	\$23,683	\$23,849	\$27,805
4 persons	\$23,260	\$26,677	\$28,669	\$28,869	\$33,658
5 persons	\$26,002	\$29,820	\$32,047	\$32,272	\$37,624
6 persons	\$28,743	\$32,962	\$35,425	\$35,674	\$41,590
7 or more	\$31,485	\$36,105	\$38,803	\$39,076	\$45,556

The figures in the table above are Statistics Canada’s “low income cutoffs” which are commonly used to gauge whether or not people are living in poverty. If your annual earnings are less than the amount that corresponds to your family and community size you are living below the poverty line.