

Bill 4

The Minimum Wage Adjustment Act, 2022 (Employment Standards Code Amended)

November 24, 2022



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The Manitoba Federation of Labour (MFL) is Manitoba's central labour body, representing the interests of over 30 affiliated unions and over 125,000 unionized workers in the province. The MFL advocates for increased economic security for all workers in Manitoba, both unionized and non-unionized.

The MFL and Manitoba's unions have long advocated for our provincial minimum wage to be a living wage because of a very simple principle: no one should work full-time and still live below the poverty line.

I have to admit, if you had told me back in 2016 that your government was going to make significant increases to the minimum wage over one year to raise it to \$15 an hour, I would have been in full support. But in 2016, your government froze the minimum wage instead, leaving workers who earn it worse off.

\$15 is what the MFL was calling for back then because \$15 was a living wage six years ago. But we all know that life has only gotten more expensive since then. With the crushing increases at the gas pumps, grocery stores, and in the cost of housing, a living wage in Manitoba is trending closer to \$20 now than it is to \$15.

Not long after your government announced its plan to get Manitoba's minimum wage to or around \$15 an hour by October 2023, the Canadian Centre for Policy Alternatives (CCPA) – Manitoba released new data showing that a living wage for Winnipeg is now \$18.34 an hour. That means that workers earning a minimum wage in our capital city next October will still fall over \$3 an hour short of what they need to meet their basic needs.

The CCPA's living wage calculation is calculated as the hourly rate at which a household can meet its basic needs once government transfers have been added to the family's income and deductions have been subtracted (such as income taxes and Employment Insurance premiums).

It is important to note that the living wage calculation is based on a bare bones budget, and does not include things like credit card, loan, or interest payments, saving for children's future education, retirement savings, or the costs of caring for a disabled, sick, or elderly family member (things that are arguably necessities, but have been excluded from the living wage calculation).

I do want to acknowledge that this minister and this government finally recognized early this year that something needed to be done to raise the minimum wage far beyond the nickels and dimes you had been raising it by in recent years.

But I also have to note that it took the utter embarrassment of the prospect of Manitoba having the lowest minimum wage in the entire country, even less than Saskatchewan, for this government to act.

And the larger than normal increases to the minimum wage your government is making is really just to play catch up with other provinces after you let minimum wage workers languish for the last six years.

There are two major problems with the way in which Manitoba's minimum wage is currently set:

Firstly, the base rate adopted and legislated by former Premier Pallister in 2016 of \$11.00/hour was well below the poverty line. As a result, and despite the fact that minimum wage has been indexed to inflation since then, Manitoba's minimum wage remains well below the poverty line, and will never rise above it, unless it is significantly rebased.

The legislation your government created keeps people in poverty, and will never lift them out. It is an insult to basic human decency to have Manitobans working full-time and still living in poverty, unable to meet what society agrees are the basic necessities of life – this should not be possible in a modern, caring, developed society like Manitoba.

The second issue is that Manitoba's particular indexing formula ensures a very long lag between the level of inflation currently being experienced by Manitoba workers, and the indexing rate applied to minimum wage. As a result, when inflation spikes, as it has this year, Manitoban minimum wage workers see prices go up immediately but their wages still lag behind.

Your government recognized this problem this summer, when it was clear that a minimum wage indexed to the previous calendar year was going to lead to a totally inadequate minimum wage of \$12.35. And you took steps to amend the legislation to allow for increases based on high in-year inflation.

If government has concerns with the particular CCPA formula for calculating a living wage, we are open and supportive of the idea of government establishing an annual process to engage labour, management, and other stakeholders in the calculation of a living wage level for Manitoba's minimum wage going forward.

We understand there may be slight differences in opinion on how to calculate a living wage, but we firmly believe that most Manitobans support the principle that the minimum wage should be a living wage and having a yearly process would help government avoid problems like the ones created by the current indexing formula.

As I think we are all aware, the rising costs at the gas pumps, at the grocery store, and in the cost of housing are making it harder for working families to make ends meet.¹ According to a recent Statistics Canada survey, nearly three in four Canadians report that rising prices are affecting their ability to meet day-to-day expenses such as transportation, housing, food, and clothing.

The same survey shows that those with the lowest incomes are the most concerned and directly affected by rising prices. Simply put, rising prices are hitting the lowest-wage workers hardest. Solidifying the economic security of low-wage workers should be a primary focus of any increase to the minimum wage.

Younger Canadians aged 15 to 29 (53%) and 30 to 39 (39%) were more than twice as likely as those 40 and above (20%) to report being very concerned about their ability to afford housing or rent.²

Contrary to the myths about substantial increases to the minimum wage causing job losses, there is mounting evidence that boosting the minimum wage has positive economic impacts.

For instance, Ontario increased its minimum wage to \$14 an hour on January 1, 2018 as part of the then-provincial government's commitment to reach a \$15 minimum wage by 2019. Despite concerns raised by the business lobby at the time about a higher minimum wage impacting job growth, between 2017 and 2019, employment grew, unemployment fell, and wages increased in Ontario³.

Total employment increased by 1.7% in 2018 and by 2.8% in Ontario in 2019. The annual average unemployment rate fell from 6% in 2017 to 5.7% in 2018 and 5.6% in 2019. Three industries known for low wages and precarious employment also saw sharp increases in earnings: accommodation and food services (9.7%), retail and wholesale trade (5.6%), and business, building, and other support services (11.9%)⁴.

For over 20 years now, many highly credible studies have found that the jobs lost due to higher minimum wages are generally very close to zero⁵. A multi-decade study of over 138 state-level minimum wage changes in the United States found that between 1979 and 2016, the overall number of low-wage jobs remained essentially unchanged over the five years following the minimum wage increases⁶. Canadian-born economist David Card won the 2021 Nobel Prize in Economics, partially for his detailed research

1. [Portrait of Canadian Society Survey, Statistics Canada.](#)

2. Ibid.

3. Block and Galabuzi (2022) One Step Forward: [Assessing the labour market impacts of Ontario's 2018 minimum wage increase.](#)

4. Ibid.

5. Osberg, Riddell, Rozworski, and Stanford "[Ontario gets it right with move to higher minimum wage.](#)" Globe and Mail, June 30, 2017.

6. Cengiz, Dube, Lindner and Zipperer (2019) [The Effect of Minimum Wages on Low-Wage Jobs](#), published in *The Quarterly Journal of Economics*, Vol. 134(3), Pages 1405-1454.

on the impacts of minimum wage increases on employment in the fast food industry between jurisdictions that increased the minimum wage and jurisdictions that did not increase the minimum wage. The Nobel Prize economist found that, while the fast food industry commonly has high turnover rates, as wages increased, more people were willing to take the jobs. Employment didn't fall — and in some cases, it rose⁷.

Household spending accounts for 56% of Canada's Gross Domestic Product⁸. Ask almost any small business owner what they need to grow their business, and most will say that they need customers with money to spend in their shop. Low-wage workers spend the largest proportion of their take-home pay on consumer goods and services.

When lower-income households see a sustained rise in incomes, they spend virtually all of it. Much of it goes to food, rent, and to other areas of the local economy. In fact, many minimum wage earners, such as those working in grocery stores and food services, spend a considerable amount of their earnings at the very businesses they work at. Adding money to their pockets means they have more money to spend there.

It is also important to look at the types of workers who would benefit from substantial increases in the minimum wage. According to Statistics Canada data⁹ here in Manitoba:

- 56% of minimum wage earners are women.
- The majority of minimum wage earners are adults, and 62% of earners are 20 years of age or older.
- 63% of minimum wage workers are not students.
- 58% work for firms that employ more than 100 people.
- More than half have worked in the same job for over a year.

These statistics clearly counter the common misperception that most minimum wage earners are young students, living rent-free in their parents' basement, and working for "fun money" rather than living expenses. These numbers also dispel the myths that most minimum wage earners work for small "mom and pop" shops, and that minimum wage is just a starting wage that workers quickly transition above. Most minimum wage workers work for big employers, and most have had that same job for over a year.

In closing, I do want to acknowledge that your government, after six years, has recognized that minimum wage workers need a significant raise. They have fallen so far behind because of your government's legislation and inaction in previous years that the significant raises over the next year will still not be enough for minimum wage workers to live above the poverty line, even with full-time work.

7. Card and Krueger (1994) [Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania](#), *The American Economic Review* Vol. 84(4), Pages 772-793.

8. Gross domestic product, expenditure-based (quarterly), Statistics Canada

9. All statistics from 1221_06 Table 1 - Employed employees by selected characteristics and hourly wages, quality indicators, Manitoba, 2016 to 2021, annual averages, Statistics Canada.

The MFL believes it is time to rethink the way that minimum wage increases happen in our province, and for government, labour, business, and others to come together with a made-in-Manitoba solution – one that makes sure the minimum wage becomes a living wage.

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