

Presentation to municipalities

**New Brunswick Common Front
for
Social Justice**



Introduction

As you probably already know, the Common Front for Social Justice is a provincial bilingual organization working on poverty issues.

In the province, one person out of seven is in low income, and a significant part of them are workers earning low wages, as well as people on social assistance.

Today, we would like to talk to you about proposals that we are bringing forward to reduce poverty amongst these two categories of citizens.

Minimum wage

First of all, we believe that it is important to note that the majority of minimum wage workers (58.8%) were 20 years and older in 2016, and that almost half of all minimum wage workers (48%) worked for companies with 500 employees or more.

In the province, one-third of workers earn less than \$15.00 an hour. By raising the minimum wage to \$15/hour, their purchasing power will increase and it will be beneficial to them, to their family, and to the local economy. It will be especially profitable for women, since more than half are earning minimum wage.

Raising the minimum wage to \$15/hour will improve the purchasing power for about 105,500 workers in New Brunswick¹. This will have a significant impact on the Gross Domestic Product (GDP), since 57.6% of the GDP came from household consumption spending in 2017².

It will benefit businesses, since these workers will have more money in their pockets and will be able to patronize businesses, which will generate more profits for them.

Furthermore, it has been proven that when minimum wages rise, businesses benefit from a much lower staff turnover³, which results in jobs being more stable for employees, but it also reduces the cost of recruiting and training for employers.

¹ Source: Statistics Canada, special tabulation

² Statistics Canada, Table 380-0064, Gross domestic product, expenditure-based, quarterly.

³ Green, David (2015). "THE CASE FOR INCREASING THE MINIMUM WAGE: What Does the Academic Literature Tell Us?" Canadian Centre for Policy Alternatives. ISBN: 978-1-77125-198-3.

Finally, almost one-fifth (17.1%)⁴ of citizens currently using food banks and soup kitchens in the province are low-wage workers. Increasing their income will allow them to eat better and be healthier, which in turn will reduce the number of people going to food banks and soup kitchens.

The Common Front proposes:

1. To increase minimum wage by \$1.00 an hour each year for the next four years until it reaches \$15.00 an hour and then index it.
2. Provide financial support to community organizations that currently receive funding, and provide services to low-income citizens and to those in need. This financial support must be equal to the minimum wage increase, including the employer's share, for each minimum-wage employee of that organization.

Social Assistance

As for the thousands of men, women, and children who depend on social assistance to survive, it is clear that there is a need for change, especially in regards to their income. Currently, as reflected in Table 1, they all live below the poverty line.

A large portion of these people have not had an increase of their basic rate of \$537 a month since 2010, and the others since 2014. In other words, they still have the same money they had 8 and 4 years ago, while inflation has continued to increase, as you can see from the data in Table 2.

It is certain that this disastrous economic situation means that individuals and families cannot eat well, cannot live in adequate housing and their children often go to school on an empty stomach. It is clear that this situation has negative consequences on their health, and is more costly to our health system.

To highlight the situation in which they are in, it is important to understand that two-thirds of all people going to food banks in order to survive are on social assistance.

⁴ HungerCount 2016

Table 1. Annual income for different categories of citizens on social assistance, 2017 (\$)

Category	Total annual net income	Poverty Line Market Basket Measure (2015)	Annual deficit
Single⁵	7,028	19,232	- 12,204
Single disabled⁶	9,740	19,232	- 9,492
One parent, one child	18,577	27,193	- 8,636
Couple, two children	26,368	38,463	-12,095

Source: Leblanc + Maillet, accountants. Cansim 206-0093

Table 2. Current basic rates and Basic rates indexed to inflation relating to the four categories of beneficiaries (2010-2017)

Categories	Current Basic Rate	Basic Rate indexed to inflation	Difference	Inflation rate
Single individual	\$537 (2010)	\$604.18 (2017)	\$67.18	Inflation 13% (2010-2017)
Extended benefits	\$663 (2014)	\$697.47 (2017)	\$34.47	Inflation 5% (2014-2017)
Single parent, 1 child	\$887 (2014)	\$933.12 (2017)	\$46.12	Inflation 5% (2014-2017)
Couple, 2 children	\$995 (2014)	\$1,046.73 (2017)	\$51.73	Inflation 5% (2014-2017)

Source: Department of Social Development and Bank of Canada Inflation Calculator (Accessed March 16, 2018)

More income, better for local economy

As is the case with minimum wage workers, an increase in income for citizens on social assistance will have advantages for individuals, families, and businesses.

For themselves and for their families, this means that their buying power and their standard of living will improve, and they will be able to contribute more to the local economy.

For businesses, this will mean an increase in sales, since these citizens will purchase goods and services in their own community and will not spend their money elsewhere.

The Common Front proposes:

Basic rate

- Increase the basic rate by 13% in 2018-2019 for employable individuals and index it after.
- Increase the basic rate by 5% in 2018-2019 for all other recipients and index it afterwards.
- Have the total annual income equal to the Market Basket Measure (2018-2028).

Other proposals

The Common Front for Social Justice has several other proposals concerning employment standards for workers, specific situations disabled citizens on social assistance are in, and social assistance policies. We invite you to consult our documents found on our website at: www.frontnb.ca