

Friday, February 27, 2009



Nova Scotia  
Federation of Labour, CLC

Mr. Bill Grant  
Director, Labour Standards  
5151 Terminal Rd., 7<sup>th</sup> Floor  
P.O. Box 697  
Halifax, N.S., B3J 2T8

Dear Mr. Grant:

We would like to thank you for the opportunity to respond to the latest report of the Minimum Wage Review Committee.

Whereas this report is an updating of the initial multi-year report, from May 1, 2008 to March 31, 2011, that included a number of recommended and timed increases and is a confirmation of their recommendation pertaining to the increases for this year; we will respond generally to the update rather than restating our general views and concerns regarding the original report.

Having said this, we have attached a copy our response to the original report for your ready reference, as we may make reference points from this response during this process.

As with the original multi-year/multi-increase report, this report and recommendations has been a topic of discussion and concern, within our structure as well as within the community at large. As well, we have heard from many who must toil at the minimum wage and we will attempt to reflect these views and concerns in our response.

First, we would like to make some general comments on the Report and process as well as on some views heard and read in the media concerning same.

Initially we had some concerns with a multi-year proposal, primarily out of concern that the Minimum Wage may again fall behind just when gains are being achieved.

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However we do understand the reasoning for this recommendation and we are pleased to see that the Minimum Wage Review Committee has been monitoring all related matters on this concern and have recommended that Government continues with the scheduled increases, which were approved in 2008; thus giving us some confidence in the process.

Having said this we must also state that our confidence in this process is again being shaken, when we hear from some employers that this increase should not go forward, citing the normal and predictable cluster of reasons; from “it will drive them out of business” to the current economic crisis, suggesting that government should not go ahead with the already **approved** increases.

As we understand the review process of this multi-year proposal, it is intended to review the related statistics to determine if in fact the recommended increase is still in pace with the stated goal to achieve a minimum wage rate at or very close to LICO (Low Income Cut Off) by the end of the multi-year period; something that clearly will not be achieved if the increases do not go forward as submitted and previously approved in 2008.

A review of our original response to the multi-year report clearly points out that we, as well as others, believe we should achieve a minimum wage rate that meets or exceeds LICO, sooner rather than later. In fact there is a general view the minimum wage should be set at a minimum of \$10.00 per hour. However, we had basically accepted the multi-year approach with the timed increases and targeted goal, as put forward by the Committee in response to a request from the Minister.

A move away from this intent is reflective of breach of intent and of trust and will lead to dissatisfaction with the process and raise questions of credibility.

As previously stated, we have attached our initial response to the multi year approach which also addresses some of the same concerns raised by some employers and we will refrain from re-stating these responses here; however we will briefly address the comments relating to the current economic crisis.

Generally, the comments being heard today are very much that which has been said by some, for almost every minimum wage increase in the past and all lament economic hardship which to date has not been substantiated.

It is a sad state to see those who would use the current economic situation as a crutch to keep this increase from those who have been toiling to make a profit for their employers while earning a wage well below the LICO or poverty line.

We would like to point out that there are other areas and countries that are being hit harder than we are by this recession, and they are looking to increase their minimum wage as part of their economic stimulus package, more notably the US; knowing full well that an increase at this level goes directly back into the economy helping to generate more economic activity; something that cannot be readily said for retained profits.

In these bad economic times, to stimulate recovery we should be boosting the earning and thus the spending power of workers, not dropping it. Although there is much of focus on government to provide much-needed economic stimulus to help grow the economy; employers have to play their part too.

The history of the level of the minimum wage in Nova Scotia clearly supports that the employers who do not wish to share their profits with their workers, have been listened to by government for far too long, creating the huge gap that is now trying to be corrected.

This is supported by the statement posted below which comes from the initial report of the Minimum Wage Review Committee when making the recommendations for multi-year coverage and increases approved by government.

*“The graphs show that although the overall prosperity of Nova Scotians has increased very significantly since the 1960s, the minimum wage has remained almost completely static. It is only in the past 5 years that minimum wage has begun to exceed the inflation rate. In fact, from 1965 to 2006, the minimum wage worker’s real income when adjusted for inflation increased by 5%. During the same period, the wage for the average worker adjusted for inflation increased by 88%. For this reason alone, it is fair and reasonable to increase the minimum wage substantially and quickly to make up some of this lost ground”*

Also in support of the notion that it is time for the employers to pitch in, we have attached a copy of a report done by Mathieu Dufour and Larry Haiven of the Canadian Centre for Policy Alternatives – Nova Scotia (CCPA-NS), entitled ***HARD WORKING PROVINCE: IS IT ENOUGH? Rising Profits and Falling Labour Shares in Nova Scotia*** that clearly shows that the profits of the past 25 years were not shared with workers -- even in the good times workers fell behind.

Far too many profitable or very profitable employers pay their employees at or near the poverty line because they can; putting more burden on our economy and on government resources, because many of these workers are scheduled to work part-time, thus ensuring they do not earn anywhere near a living wage. The employers are not only exploiting their workers and their families, they are also exploiting our province; just because they can. It is clearly time to address this growing problem.

As in previous submissions; if there are employers that are truly negatively impacted by this increase and they are willing to open their books for scrutiny, then perhaps government can look at these employers when developing the economic stimulus package.

Before concluding, we would also like to reflect on another section of the Report of the Committee which adds to or supports the continuation with the recommended and approved increases:

***“4. Minimum wage increases across the country***

*The minimum wage is a significant issue in Nova Scotia because many workers are employed at minimum wage or at rates very close to minimum wage. Many are in the part time work category, and are predominantly women. When recommending the minimum wage rate, the Committee considers minimum wage rates across the country and cost of living trends within Nova Scotia.”*

The underlined portion in the first paragraph under this heading is fairly descriptive of the importance of the minimum wage and increase to the workers and economy of Nova Scotia, particularly for women who unfortunately represent the predominant number of workers who toil at part time employment at the Minimum wage.

*“The chart below shows the current minimum wage and projected increases across Canada. Saskatchewan, Ontario and Newfoundland have moved to a three year projection of minimum wage rates, and Alberta and Yukon will adjust their minimum wage to a statistical indicator each year.”*

Although we had not copied the referred-to chart, a review of same will support that the approved increase for Nova Scotia is substantially lower than all three of these provinces for 2009 and 2010:

Newfoundland/Labrador: \$9.00 /2009 and \$10.00/2010

Saskatchewan: \$9.25/ 2009 and at LICO/2010

Ontario: \$9.50/ 2009 and \$10.25/2010

NS \$8.60/2009 and \$9.65/2010

It is our understanding these increases are going ahead as recommended and approved.

*“Newfoundland will raise the minimum wage from \$8.00 to \$9.00 effective April 1, 2009. New Brunswick and Prince Edward Island are considering increases. Nova Scotia’s minimum wage has historically kept pace with Prince Edward Island and has been slightly ahead of New Brunswick and Newfoundland.”*

This paragraph outlines the historic pattern in the Atlantic Region, a pattern that Newfoundland clearly no longer intends to follow and as New Brunswick and Prince Edward Island are currently considering increases, it is unknown where they will follow this ‘historic pattern’ or follow Newfoundland’s lead.

We have reviewed the Committee’s Report and commend them on their diligence in their review and report where they state:

*“Again this year we have considered various indicators, including economic conditions and the current financial crisis; Statistics Canada data including the Consumer Price Index, Average Industrial Wage, Median Wage, LICO, a profile of minimum wage workers; labour trends in NS and other jurisdictions; the changing value of minimum wage; and other factors. We have concluded that there is no reason to alter our recommendations of last year. We continue to recommend that the minimum wage increase to \$8.60 per hour effective April 1, 2009”*

Although we believe the minimum wage should be set at a living wage; as reflected by our previous response, as well as that of others who have responded referencing the desire or goal of achieving \$10.00 per hour sooner than later; we do support this process and the recommendation of the committee in that the increase proceed as recommended and as previously approved.

On the issue of instituting a tip differential minimum wage, the Committee was again unable to reach consensus; and we believe it is well beyond time to walk away from this concept or proposal.

We have heard from people who work in this sector and they are not pleased that this is even a consideration, stating they work hard for the wage they earn and the tips they receive and they deserve them. We are also reminded that tips are not even considered earnings by Labour Standards.

This legislation is only in place in two other jurisdictions in the country and from what we hear from our counterparts in those provinces, the workers there would be more than pleased to receive the same level of minimum wage as other workers believing also that they work hard for the wage they earn and the tips they receive.

We realize we have attached our response to the initial report of the Committee but we feel we should re-state or paste our previous response on this matter for ease of reference;

**Comment:**

- **We realize this is not a recommendation but more of a statement of matters currently under review; however this is a matter that has received a fair amount of discussion within the Labour Movement and at our meetings.**
  
- **The proposal to establish a lower minimum wage for this group of workers goes against the basic premise of a minimum wage, being the lowest rate of pay an employer can pay to an employee for their labour. If an employee receives a tip or any other show of gratitude for services it should have no bearing on the responsibility of the employer to meet their commitment to pay the minimum wage to this employee. One would think, if the customer is so pleased to reward a tip for good services the employer would want to reward this employee as well, rather than proposing to reduce their minimum wage rate. Government should never consider an action that reduces the earning capacity of workers; any extra these workers earn goes back into the economy or perhaps towards student debt.**
  
- **We do not believe establishing a tip differential is either fair, warranted or justified and we are hopeful serious consideration is not given to this proposal. All the information we are receiving from those who must work under this unfair formula; which some label as discriminatory, is that it causes a lot of dissatisfaction, generally aimed at those responsible for allowing it to happen.**
  
- **Establishing a tip differential rate of pay would in essence create yet exclusion to the Minimum Wage Order at a time when the current provisions for exclusions is being challenged.**

- **We would recommend and urge the Minimum Wage Review Committee review this list of exclusions to determine if it is warranted in this time and age; particularly when the province is focusing on a poverty reduction strategy.**

We again thank you for the opportunity to participate in this process and to respond to the report and should you have any questions or concerns, please feel free to contact us at any time.

We would also like to again congratulate the province for establishing this Minimum Wage Review Committee and to congratulate the Committee on their report.

Yours truly,

A handwritten signature in black ink that reads "Rick Clarke". The signature is written in a cursive, flowing style.

**RICK CLARKE**  
President

RC/jw  
CAW Local 4005  
Att.