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New Release

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Increases in Minimum Wage is not the culprit! Small and Medium size business analysis is wrong.

Moncton: "The main argument put forth by small and medium size business owners are that a higher minimum wage will trigger job losses. The numbers presented in our brief seriously question their affirmation. Yes, the accommodation and food service industry has recently lost jobs. Numbers went from 24,000 in 2006 down to 20,800 in 2010. But many other factors besides a minimum wage increase can explain this drop in jobs:

- First, tourism, coming from the United States, has suffered a major decline because of our high dollars, the U.S. economic crisis and the price of gas.
- Secondly, the 2008 global economic crisis has left hundreds of thousands Canadian and thousands of New Brunswickers without a job and much less money in their pocket to eat at restaurants, to travel, to buy goods and services, etc.
- Thirdly, between 2007 and 2009, over 2,400 high paying jobs have been lost in the

New Brunswick forestry industry, impacting negatively again on the retail, accommodation and food service industry." continues Ms McCausltin.

The pressure to delay the projected \$10 per hour minimum wage increase originates mainly from small and medium size business owners concentrated in the accommodation and food services and the retail trade sector. Workers in these fields are the lowest paid of all sector in the province. They earn an average weekly income between \$320 to \$481, compared to the industrial average weekly earnings of \$762.

"From 2003 up to now, New Brunswick workers at minimum wage were well below the Atlantic province average. For the last nine years, NB employers who are paying their employees minimum wage had it good, not so the workers. These workers were receiving an average of between \$0.13 to \$0.41 less per hour during the last eight years" states Linda McCausltin, co-chair of the Common Front.

The majority of workers employed at minimum wage, 17,000 in all, are women. Contrary to the public's perception, 60% of them are adults who are 20 years of age or older. At the current rate of \$9.50 per hour, thus yielding annual earnings of \$16,087 for 37.5 weekly hours of work, such a minimum wage is considerably below the average income of New Brunswickers in the workforce. Indeed, their average earning is \$37,200 per year. At the current minimum wage, many N.B. households fall below the poverty line. This is definitively the case of part-time workers, of single parents with one or more children as well as of two-parent families with a sole breadwinner. Details on these facts are included in this Brief.

“For years, small and medium size business employers have been getting help from our government and the last budget is keeping this trend. They will experience a 50% decrease in their income tax at the end of 2015.” says Ms. McCaustlin.

Small and medium size business owners also get considerable financial advantages compared to ordinary citizens. Many of them can deduct from their tax report such items as a home office, their electric and bill, their travel expenses, etc. Importantly, they get a 100% refund of any GST they have paid.

“It is completely unacceptable that workers, who are at the bottom of the pay scale and living from one pay cheque to the next, should wait another six months for the promised and planned increase of \$0.50 an hour in the minimum wage” concludes Ms. McCaustlin.

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The Common Front for Social Justice is one of the largest democratic and popular organizations in New Brunswick, with close to 75,000 group and individual members. The Common Front brings together individuals as well as local, regional and provincial organizations to work towards the eradication of poverty.