



Canadian Union of Public Employees

**Submission to the Manitoba Legislative
Standing Committee on Bill 33**

The Minimum Wage Indexation Act

May 23, 2017

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Good evening, my name is Matt McLean, and I'm a researcher with the Canadian Union of Public Employees. CUPE is Canada's largest union – representing over 643,000 members across Canada. Over 26,000 Manitobans are members of CUPE – proudly serving Manitobans in health care facilities, personal care homes, school divisions, municipal services, social services, child care centres, public utilities, libraries, and family emergency services. I am here this evening, on behalf of CUPE members, to speak against Bill 33 – The Minimum Wage Indexation Act.

First, let me begin by stating the obvious – the current minimum wage in Manitoba, \$11.00/hour, is wholly insufficient. Statistic Canada's most recent calculation, which is already several years old, found that the hourly wage necessary to meet the low-income cut-off (LICO) in Manitoba was \$15.53/hour. As I'm sure all of you are aware, these Statistic Canada LICO calculations are commonly used to determine the poverty line. To be clear, this means that the existing minimum wage falls \$4.53/hour, and nearly \$9,000/year, below Manitoba's poverty line. Manitoba's minimum wage is a poverty wage.

Now, some suggest that sub-poverty wages are perfectly reasonable because all minimum wage earners are teenagers, living rent-free with their parents, working part-time in small, locally owned businesses. If raising minimum wage would just mean money out of the pockets of local business owners, and into the pockets of teenagers just to be wasted on the latest fad – then why would government want to do anything? Well, the truth is these stereotypes are not grounded in reality. In fact, when you look at the data you will find the following:

- 69% of minimum wage earners are age 20 or older
- 46% of minimum wage earners are full-time employees.
- 41% of minimum wage earners work for companies with 500 or more employees
- 73% of minimum wage earners work for companies with 20 or more employees
- 63% of minimum wage earners have earned a high school diploma
- 45% of minimum wage earners have some post-secondary education
- 32% of minimum wage earners are post-secondary graduates
- 37% of minimum wage earners are students
- 59% of minimum wage earners are female

Clearly, when we talk about minimum wage earners, we aren't just talking about teenagers in small, family owned businesses – we are talking about people of all ages, of all education levels, in all kinds of businesses.

Tying the minimum wage to CPI will do nothing to address this fundamental problem of full-time workers earning poverty wages. In fact, it will guarantee that it continues by ensuring that the gap between the minimum wage and a living wage will not only continue, but could grow even larger. By passing this legislation this government is saying that it's satisfied with the status-quo – that it is perfectly content with full-time employees earning \$9,000 per year less than the current low-income cut-off.

Instead of addressing tragically low minimum wages, this government has suggested that adjustments to the Basic Personal Amount is the ticket to addressing poverty. The reality is that the average minimum wage earner will benefit only \$17 a year from the BPA indexation. Alternatively, an immediate \$1/hour adjustment to the minimum wage would boost the average minimum wage earners income by nearly \$1,500. When it comes to addressing poverty, adjustments to the BPA is barely on the radar – real results, results that could eliminate poverty for full-time minimum wage-earners, can only come from a serious commitment to significantly raise the minimum wage.

Instead of passing this legislation, we ask that this government return to the drawing board and come up with a real plan for working families – a plan that will see this government close the gap between the minimum wage and the LICO wage of \$15.53/hour. A plan that will ensure that every job, for every worker, is a path out of poverty. While we recognize this would take several years to phase in, the time to start such a project is now. We ask that this government drop Bill 33 and in its place draft legislation which will lift minimum wage earners out of poverty.