

**Presentation to the Parliamentary Secretary to the Minister of Human
Resources, Labour and Employment
MHA Keith Hutchings**

**Department of Human Resources, Labour and Employment
Government of Newfoundland and Labrador**

**Minimum Wage Review
Public Consultation
January 2008**

Submitted by the Food Security Network of Newfoundland and Labrador

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Introduction

On behalf of the Board of Directors of the Food Security Network of Newfoundland and Labrador, I would like to thank the Provincial Government for this opportunity to comment on the proposed Minimum Wage Review. With this presentation, we would like to address several of the questions you have posed and share with you, from our perspective, our vision for a prosperous province with a strong social safety net.

I would like to begin by acknowledging the commitment of Government to improving the well-being of our citizens by recognizing the need to plan for minimum wage increases. We also want to recognize Government's support of some of our most vulnerable populations through the Poverty Reduction Strategy and ongoing funding to the Kids Eat Smart Foundation. These and other poverty reduction initiatives have brought back hope to community organizations and others who have been struggling for many years to call attention to the relationship between poverty and health, to conditions which trap people in poverty, and to issues around wages, employment, and housing.

Since the 2006 Budget, the Provincial Government has committed over 90 million dollars to fund dozens of poverty reduction initiatives. Government has also stated that it is important to get the right policy mix so that poverty will be reduced. Getting the right mix means looking at the broad and complex issue of poverty from many different points of view.

Food Security – what is it?

The issue of food security, like poverty, is also a broad and complex one, involving many different economic and social sectors of society. Food security exists when all people, at all times, have physical and economic access to adequate amounts of nutritious, safe, culturally appropriate foods, produced in environmentally sustainable ways and provided in a manner that promotes human dignity. Food security also means that people who provide our food for us are able to earn a decent, living wage by growing, catching, producing, processing, transporting, retailing and serving food. The continuing devastating reality of hunger in this province and issues around sustainability of our food system make the food security of our citizens an essential and immediate concern.

The Food Security Network of Newfoundland and Labrador

For the past ten years, the Food Security Network of Newfoundland & Labrador has been at the forefront of bringing awareness of the issues of food security, health, poverty and hunger to the citizens, organizations, and policymakers of this province. The Food Security Network is a provincial, membership-based, non-profit organization which was formed in response to concerns about growing levels of hunger and poverty here. Our mission is to actively promote comprehensive, community-based solutions to ensure physical and economic access to adequate and healthy food for all.

Our members are individuals and organizations with wide-ranging interests in food security, including the Public Health Agency of Canada; the Kids Eat Smart Foundation; Dietitians of Newfoundland and Labrador; the Newfoundland and Labrador Association of Social Workers; the Labrador West Status of Women Council; and Health and Community Services Eastern, Western & St. John's Regions. With this diverse and powerful network, we are able to inform our members and stay informed about issues related to food security in this province.

In October 2007, thanks to the generous support of a Wellness Grant from Health and Community Services, the Food Security Network hosted a major conference which was attended by 120 people from every region of the province. One of the goals of the conference was to identify provincial food security priorities, and one of the priorities that was mentioned was raising the minimum wage.

What's the problem?

So what is the challenge we want to address today? Since 2002, the Government of Newfoundland and Labrador has increased the minimum wage by 30%, from \$5.75 to \$7.50 per hour. In 2006, 14,200 Newfoundland and Labrador workers earned the minimum wage.¹ So here's the problem: in 2006, *14,200 of our workers were potentially living in poverty situations.*

Inadequate income is a key determinant of food insecurity and contributes to disparities in health status. Although minimum wage legislation was intended to protect society's most vulnerable workers, our findings suggest that current provincial minimum wage rates may actually be placing people's health at risk by creating a barrier that denies them access to a nutritious diet.²

Low income severely restricts a household's ability to purchase an adequate quantity and quality of food, leading to a lower intake of healthy foods. Poor nutrition can have a wide range of health-related effects, and contributes to the fact that, as economic and social circumstances decline, people live shorter lives with more illnesses and disease than those who have more income security.³

Children raised in poverty are also more likely to suffer from more illnesses and have more nutritional and social problems.⁴ In 2005, the child poverty rate in Newfoundland and Labrador as reported by Campaign 2000 was 10.8%, a significant decrease from the 23.1% reported in 2004.⁵ A growing provincial economy may have been partially responsible for helping to move the child poverty rate down during that time. However, based on these figures, we still have one in ten children living in poverty here.

A growing Canadian economy has allowed for increased access to the work force by low income parents, but they are still not finding jobs with wages, hours and benefits sufficient enough to lift them out of poverty. 41% of low-income children in this country live in families where at least one parent works full-time all year, and the family *still* lives in poverty.⁶

A family of four with one adult working full time and one part-time at the current minimum wage of \$7.50 per hour earns \$21,450 dollars per year before taxes. This figure is way below Statistics Canada's Low Income Cut-off benchmark⁷ which, for a family of four living in St John's in 2005, was \$33,251

¹ <http://www.hrle.gov.nl.ca/lra/minimumwage>

² Williams, P. et al, Can Households Earning Minimum Wage in Nova Scotia Afford a Nutritious Diet? (attached)

³ Hunger Count 2007

⁴ Ontario Ministry of Health, 1997. Ontario Health Survey 1992. Premier's Council, 1992.

⁵ Campaign 2000, 2007 Report Card

⁶ Campaign 2000, 2007 Report Card

⁷ A Low income cut-off (LICO) is an income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family. The approach is essentially to estimate an income threshold at which families are expected to spend 20 percentage points more than the average family on food, shelter and clothing. Twenty percentage points are used based on the rationale that a family spending 20 percentage points more than the average would be in "straitened circumstances".

dollars⁸. This family would need a whopping \$11,801 dollars just to bring them up to the poverty line⁹. Then to feed this family of four would cost \$7,362 dollars annually, meaning *that more than one-third* of the family's income would be spent on food alone.¹⁰

A single-parent who works full-time for minimum wage and has two children has a total monthly net income of \$1629 dollars. This amount includes wages, child benefits and tax credits. If this family was living in St. John's they would be paying \$663 dollars¹¹ rent for a 3-bedroom apartment. Other monthly expenses, such as heat, electricity, phone, transportation, clothing, and child care but not including food would total \$945 dollars.¹² This leaves a balance of \$21. It would cost at least \$425 dollars to feed this family¹³. In this situation, *this family will fall short by \$405 dollars each and every month*. How in the world will they be able to afford any other living expenses such as health care, medications, household furnishings, personal care products, reading materials, education, insurance, and recreation – many of which could also be considered necessities?

Responses to poverty

The inadequacy of minimum wage may help to explain why pressing problems with hunger, poverty and food insecurity still exist here. Over the years, government and the social sector have attempted to respond to food insecurity in this province in various ways, none of which has resulted in a permanent solution to food insecurity. Because of various governments' inability to resolve the problem, food banks arose as the dominant response to hunger, diverting attention and energy away from addressing the issue.¹⁴ Food banks, originally intended to be only a short-term, emergency measure, have become institutionalized as the usual response to food insecurity. This has resulted in Newfoundland and Labrador being in the unacceptable position of having the highest per capita use of food banks in Canada.¹⁵

Most food banks permit only one visit per month but provide just enough food for 1-3 days; and the rest allow even fewer visits.¹⁶ It is clear that food banks, most of them charities with well-meaning and honourable intentions, cannot be expected to provide for even the most basic level of nutrition, never mind the fresh vegetables and fruits required for optimum health.

According to Hunger Count 2007, an annual national survey of food bank activity, there are 46 food banks and affiliated agencies in this province. In the month of March 2007 alone, 26,746 visits were made to food banks here, representing 5.3% of the population. 38% of these visits were made by single parents. Sad to say, 39% of food bank users in that month were children. And one out of every ten food bank users reports having income from employment.

⁸ <http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2006004.pdf>; Income before taxes

⁹ The depth of low income can be analysed by using the amount that an individual or family income falls short of the relevant low income cut-off. For example, a family with an income of \$15,000 and a low income cut-off of \$20,000 would have a low income gap of \$5,000.

¹⁰ Cost of Eating in Newfoundland and Labrador, 2006; Available at:
<http://www.nlasw.ca/news/news.htm> ; updated 2006 figures attached

¹¹ <http://www.cmhc-schl.gc.ca/en/co/>

¹² See Attachment 1

¹³ Cost of Eating in Newfoundland and Labrador, 2006

¹⁴ Individual and Household Food Insecurity in Canada: Position of Dietitians of Canada, 2005

¹⁵ Hunger Count 2007, Canadian Association of Food Banks

¹⁶ Hunger Count 2007, Canadian Association of Food Banks

Interestingly, in 2007, there was an overall *decrease* of 7% in food bank use here. We're not sure if this is a good indication or not. This decrease may be attributed to continuing outmigration from the province by people seeking employment, or to the closure of several food banks this past year, or to cutbacks in several food banks' hours of operation. On the positive side, this decrease may also be an indicator of the strong growth in our local economy as well as the effectiveness of our Poverty Reduction Strategy.

What can be done?

So the economy is growing, but unfortunately, prosperity does not benefit everyone equally. Average incomes for the poorest 10% of Canadian families have increased over the past 10 years by only \$2,576 dollars (18%). In contrast, during that time, the *richest* 10% of families saw average income increases of \$50,115 dollars (31%).¹⁷

The relationship between socioeconomic status and health outcomes is one of the most persistent themes in the public health arena. There is strong and growing evidence that both higher economic status and smaller gaps in income equality are associated with better health¹⁸. Health status improves at each step up the income hierarchy. Higher incomes determine living conditions such as safe housing and ability to buy sufficient good food. The healthiest populations are found in societies which are both prosperous and have an equitable distribution of wealth.¹⁹

A sustainable solution to poverty and food insecurity requires a commitment to economic and social policy reform, not to band-aid measures such as food banks or short-term nutrition support programs. A wide range of public policy interventions would contribute towards improving the quality of life for our citizens, including more affordable housing, universal dental care, increased Income Support rates, and other initiatives that would reduce income inequality. Increasing minimum wage income to a level that covers basic needs, with annual indexation to avoid erosion by inflation and provision for unexpected additional costs in the case of illness or other circumstances, should be considered a priority in any reform measures, *and the sooner the better*. We are saying that *we cannot afford to wait until the year 2010 to implement the \$10 per hour minimum wage rate*.

In a fair and inclusive society, individuals working in full-time, full-year jobs would not find themselves in poverty. Poverty is a major barrier to protecting and respecting human dignity, and harmful to social and economic development; but it is also a significant, costly, and therefore urgent public health concern. To make the transition from a province that is among the most food-insecure in Canada to the most food secure province in the country is a worthy effort that will be rewarded with a population that is significantly healthier and less of a strain on our economy. Our vision is for a province that has no more need of food banks or soup kitchens because each of its citizens is able to say, "I have enough food and it is good."

¹⁷ Campaign 2000, 2007 Report Card

¹⁸ Scott K. (2002). A Lost Decade: Income Equality and the Health of Canadians. Paper presented at The Social Determinants of Health Across the Life-Span Conference, Toronto, November 2002.

¹⁹ <http://www.phac-aspc.gc.ca/ph-sp/phdd/determinants/determinants.html#income>

Attachment 1. Financial impact of purchasing a nutritious diet in St. John’s in 2006. This budget does not account for other living expenses such as health care including medications, household furnishings and equipment, personal care products, cleaning supplies, reading materials, education, insurance, other taxes, and recreation – many of which could also be considered necessities.

Family of four, St. John’s 2 Minimum Wage (\$7.50/hour) earners 1 FT (35 hours), 1 PT (20 hours) Two children (girl - 9, boy – 13)	
Monthly Income	
<ul style="list-style-type: none"> • Wages^a <ul style="list-style-type: none"> • 1 Full-time, minimum wage • 1 Part-time, minimum wage • Basic Canada Child Tax Benefit^b • National Child Benefit Supplement • Newfoundland & Labrador Child Benefit • GST/HST credit • Newfoundland Harmonized Sales Tax Credit 	\$988 \$620 \$209 \$305 \$31 \$59 \$0
<i>Total Monthly Income</i>	\$2212
Estimated Monthly Expenses	
<ul style="list-style-type: none"> • Housing – 3 bedroom apartment^c • Power/Heat^d • Telephone – Basic Service^e • Transportation (Bus passes)^f • Child care (after-school x 3 days/week)^g • Clothing, footwear, etc.^h 	\$663 \$172 \$25 \$202 \$340 \$187
<i>Total Expenses</i>	\$1589
Funds remaining for food (Income minus Expenses)	\$662
Newfoundland Nutritious Food Basketⁱ	\$614
Funds Remaining for all other monthly expenses	\$48
Single-parent family, St. John’s Minimum Wage (7.50/hour) Two children (girl - 9, boy – 13)	
Monthly Income	
<ul style="list-style-type: none"> • Wages^a <ul style="list-style-type: none"> • 1 Full-time, minimum wage • Basic Canada Child Tax Benefit^b • National Child Benefit Supplement • Newfoundland & Labrador Child Benefit • GST/HST credit • Newfoundland Harmonized Sales Tax Credit 	\$988 \$209 \$305 \$55 \$59 \$13
<i>Total Monthly Income</i>	\$1629
Estimated Monthly Expenses	
<ul style="list-style-type: none"> • Housing – 3 bedroom apartment^c • Power/Heat^d • Telephone – Basic Service^e • Transportation (Bus passes)^f • Child care (after-school x 5 days/week)^g • Clothing, footwear, etc.^h 	\$663 \$162 \$25 \$139 \$460 \$159
<i>Total Expenses</i>	\$1608
Funds remaining for food (Income minus Expenses)	\$21
Newfoundland Nutritious Food Basketⁱ	\$426
Funds Remaining for all other monthly expenses	(-\$405)

Sources for Estimates of Basic Monthly Expenses

a. Income Deductions Calculation:

Calculated online at <https://apps.cra-arc.gc.ca/ebci/rhpd/calculatePayrollDeductions.do>

\$7.50/hour for 35-hour week

= \$13,650.00/year gross
= \$1,137.50/month gross
= \$262.50/week gross

= \$11,861.20/year net
= \$988.43/month net
= \$228.10/week net

\$7.50/hour for 20-hour week:

= \$7,800.00/year gross
= \$650.00/month gross
= \$150.00/week gross

= \$7,443.28/year net
= \$620.27/month net
= \$143.14/week net

b. Child Benefits and Tax Credit Calculation

Calculated online at <http://www.cra-arc.gc.ca/benefits/calculator/menu-e.html>

And <http://www.cra-arc.gc.ca/ebci/icbc/simnet/SimnController>

c. Apartment Rentals Rates

Rental rates based on figures from Canada Mortgage and Housing Survey available at:

<http://www.cmhc-schl.gc.ca/en/co/>

d. Power/Heat

Estimate from NL Power available at:

<https://secure.newfoundlandpower.com/CustomRelations/ElectricalRates/Default.aspx>

e. Telephone

Basic service of \$22.15 + tax, with no services package; rate posted at:

http://productsandservice.aliant.net/PS/nl/english/productsandservices/productDetailPage.do?bodycount=productsandservices%2fproductDetailPage.do?product_id=13708&product_id=13708§ion=31&subsection=1&curbody=31

f. Transportation

Bus pass fares for all family members available at:

<http://www.metrobus.com/new/fares.htm>

g. Child care

Based on rate in private home after school, 3-5 days/week

h. Clothing, footwear, etc.

Based on estimates provided at:

http://www.health-in-action.org/library/pdf/Feature%20Articles/NS_Min_Wage.pdf

i. Newfoundland Nutritious Food Basket study available at:

<http://www.nlasw.ca/news/news.htm> ; updated 2006 figures attached here