

**FIGHT
FOR \$15
RAISE THE
WAGE**

The Fight for a \$15 Minimum Wage in Saskatchewan

By Andrew Stevens



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The Fight for a \$15 Minimum Wage in Saskatchewan

Saskatchewan NDP leadership hopeful, Ryan Meili, announced in September that he would increase the province's minimum wage to \$15 per hour within two years of forming a government (*Regina Leader Post*, 2017). Using the most recent Labour Force Survey estimates, this would place the minimum wage at 55% of the average hourly wage, which currently sits at \$27.24 an hour. "No one should live in poverty, but the fact that people are living in poverty while working full time is particularly egregious," Meili said in a press release. If implemented, Saskatchewan would follow Alberta, Ontario, and various jurisdictions in the United States to phase in a \$15 per hour minimum wage.

Former Minister of Social Services and contender for leader of the Saskatchewan Party, Tina Beaudry-Mellow, was quick to respond. "This is not the time to impose a \$15 minimum wage ... Canada's small businesses and family farms are already under siege with the federal tax changes," Beaudry-Mellow posted in a Facebook response to Meili's proposal. Her comment mirrored the concerns voiced by the Canadian Federation of Independent Business (CFIB), arguably the province's most anti-labour business lobby group. The CFIB has long advocated reducing the minimum wage, particularly for young workers and workers who conventionally earn gratuities (CFIB, 2016). Incidentally, the provincial government promised to lower the corporate tax rate in its 2017 austerity budget before going back on that promise, as well as increasing the small business income threshold — at which businesses pay the much lower 2% small business tax rate — from \$500,000 to \$600,000 (Government of Saskatchewan, 2017). The federal Liberals are offering further tax relief for small businesses.

Saskatchewan's current minimum wage, at \$10.96, is one of the lowest in Canada. Since 2014, the provincial minimum wage has increased in step with CPI on October 1 each year. At under \$11 per hour, this is well below the hourly living wage in both of the province's two major cities — Saskatoon and Regina — at \$16.19 and \$16.95 respectively (Living Wage Canada, n.d.). And although the poverty rate in Saskatchewan declined from 20.0% to 14.8% between 2000 to 2014 due to strong economic growth over that period, child poverty and poverty amongst First Nations remains some of the highest in Canada (Gingrich, Hunter, and Sanchez, 2016). Indeed, income and wealth distribution policies warrant serious discussion.

Saskatchewan's business narrative is not unlike that heard elsewhere in the country: minimum wage increases kill jobs. According to the CFIB's Western Canadian office, a \$15 minimum wage would result in between 7,500 and 17,000 youth job losses across the province. Their methodology is premised on the simple — and unsubstantiated — formula that every 10% increase in the minimum wage is associated with a 3% to 6% reduction employment reduction for workers aged 15 to 19 (Wong, 2017). Keep in mind that findings were drawn from a national CFIB report released within weeks of the \$15 per hour minimum wage announcement (CFIB, 2017). The CFIB is silent on the fact that employment grew in Saskatchewan just as real wages and minimum wages increased. So what does the data look like in Saskatchewan, and how many workers might be impacted by a \$15 minimum wage?

Using data obtained from Statistics Canada there are approximately 16,200 minimum wage earners employed in Saskatchewan, or about 3%

of the workforce. This is down from 5.7% of the workforce in 1997 and 4.5% in 2013 (Galareau and Fecteau, n.d.). Of this population, women constitute 65% of minimum wage workers in the province.

Total number of minimum wage earners ('000s)

Total	Men	Women
16.2	5.6	10.6

Source: Labour Force Survey, custom data

Meanwhile, 96,000 workers across the province earn less than \$15 per hour, or 20% of the workforce. A majority of these workers are women.

Total number of workers earning less than \$15/hour ('000s)

Total	Men	Women
96.6	37.7	58.9

Source: Labour Force Survey, custom data

In Saskatchewan, about 40% of all workers earning minimum wage are between the ages of 15 and 19. However, workers between 35 and 64 constitute the second largest cohort of minimum wage earners, at 30% of the total. As the data shows most minimum wage earners are not teenagers, but adults over the age of 20.

Number of workers broken down by age ('000s)

Wage earners by age group	15 years and over	15 to 19 years	20 to 24 years	25 to 34 years	35 to 64 years	65 years and older
All workers	463.7	27.0	49.5	117.7	254.8	14.6
Minimum wage earners	16.2	6.5	2.9	2.2	4.1	0.6
Workers making \$15/hour or less	96.6	22.9	19.0	19.2	30.8	4.8

Source: Labour Force Survey, custom data

Retail, accommodation and food services industries are the largest employers of minimum wage earners in Saskatchewan, with 21% of workers earning minimum wage. At the same time, 72% of employees in food services earn \$15 per hour or less, compared to 53% in retail and 38% in the arts, entertainment and recreation industry. Claims that minimum wage increases starve young workers of employment is an interesting claim coming from the business lobby, considering that the CFIB, and its members in retail and food services, have been the strongest proponents of the Temporary Foreign Worker Program in Canada. Indeed, these industries have been the biggest users of foreign labour in Saskatchewan since at least 2010. At its peak, 6% of all workers in food services were employed under a Labour Market Opinion / Labour Market Impact Assessment (Stevens, 2014). These businesses have, for at least a decade looked abroad to countries like the Philippines for sources of inexpensive labour in an effort to find workers willing to work for the lowest wage rates in Saskatchewan.

Top 5 food service employers by number of Temporary Foreign Workers/LMIAs (2012-2014)

Employer	Average hourly wage	Median Hourly wage
Subway	\$11.15	\$11.01
Tim Horton's	\$10.96	\$11.00
A&W	\$11.83	\$11.18
McDonald's Restaurant	\$11.19	\$11.00
Pizza Hut	\$12.68	\$12.25

Source: Data obtained through a federal Access to Information request

Of course, the mainstream discourse in Saskatchewan is very much focused on the harm minimum wage increases might inflict upon small businesses. According to the provincial government, small businesses are those enterprises with fewer than 50 employees, accounting “for more than 98 per cent of all businesses in Saskatchewan.” Approximately 148,5000 small businesses employ 31.1% of the province’s workforce, reads one government source (Government of Saskatchewan, 2017b). But how accurate are these claims?

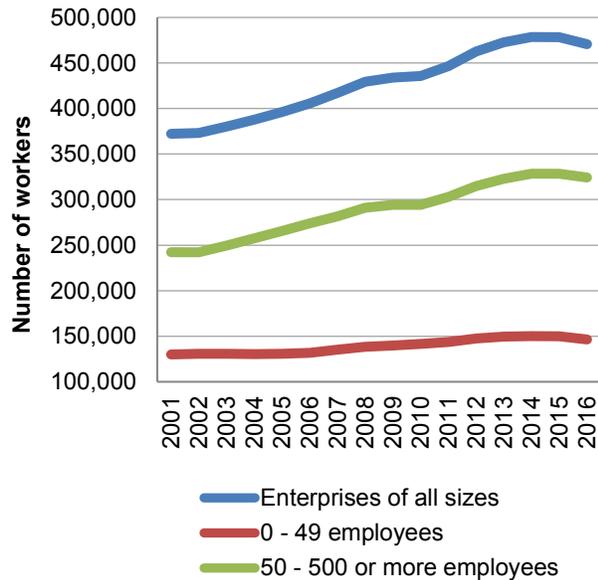
If we only include businesses with employees using Statistics Canada data, 95% of enterprises in Saskatchewan are small businesses out of a total of 42,000. This compares to 74,000 registered corporations in the province, some of which exist on paper only (ISC, n.d.). Just 84 enterprises have 500 or more employees in Saskatchewan (CANSIM 552-0006). A similar picture emerges if we examine the distribution of employment by firm size.

Business size by number of employees	Number of businesses
Total	42,768
1 to 4 employees	23,272
5 to 9 employees	8,745
10 to 19 employees	5,644
20 to 49 employees	3,328
50 to 99 employees	1,053
100 to 199 employees	456
200 to 499 employees	186
More than 500 employees	84

Source: CANSIM 552-0006

Forty seven percent of all workers in Saskatchewan are employed by enterprises with 500 or more employees — that’s just 0.001% of all enterprises employing almost half of all workers in the province. Around 30% of the provincial workforce is employed by small businesses. Since 2001 the number of workers employed in the largest enterprises increase by 29% (CANSIM 281-0042; see Figure 1). Clearly, the biggest job creators are medium to large enterprises located in Saskatchewan.

Figure 1: Employment by size of business



Incidentally, the data also indicates that big businesses are the most significant employers of minimum wage earners and workers earning \$15 per hour or less. Half of all minimum wage earners work in enterprises with 100 or more employees, compared to 53% of employees earning \$15 or less. Across these enterprises, 17% of workers are earning less than \$15 per hour compared to 26% in firms with fewer than 100 employees.

Enterprise size by employment	Number of employees
All sizes	470,735
0 to 4 employees	29,616
5 to 19 employees	68,085
20 to 49 employees	48,875
50 to 99 employees	36,028
100 to 299 employees	50,571
300 to 499 employees	15,944
500 and more employees	221,616

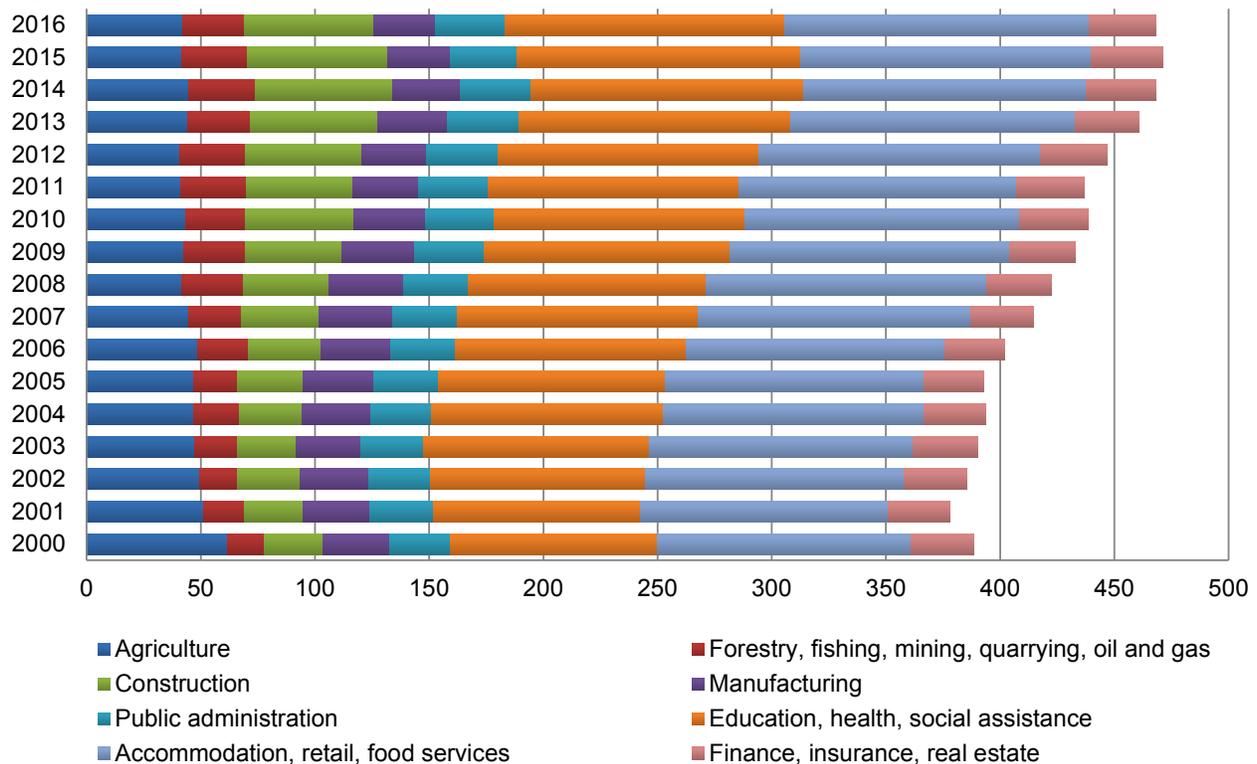
Source: CANSIM 281-0042

Firm size	Total ('000s)	Number of workers earning minimum wage ('000s)	Number of workers earning less than \$15 ('000s)
Total employees, by enterprise size (All sizes)	463.7	16.2	96.6
Less than 20 employees	96.0	5.3	29.5
20 to 99 employees	71.8	2.5	15.4
100 to 500 employees	70.5	1.5	11.1
More than 500 employees	225.3	6.8	40.6

Source: Labour Force Survey, custom data

What the data suggests is that minimum wage increases — even an increase to \$15 — would have inconsistent effects across industries and enterprise sizes. “Low wage” sectors, like food service, accommodation, retail, and entertainment, would be the most impacted. Together, these industries account for 22% of all jobs — or 104,000 workers — in Saskatchewan (CANSIM 282-0008; see Figure 2). But this is not a “small business” sector as the government and CFIB suggest. Large, national and multinational corporations and franchises such as Tim Horton’s, McDonald’s, WalMart, Lowes, Cineplex, Loblaws and other signature brands are at the heart of this low-wage industry. Claims that significant minimum wage increases will result in small business failures and unemployment must be balanced against this reality.

Figure 2: Employment growth ('000s) by industry



Lessons from the United States and Canada

If implemented, Saskatchewan would join Alberta and Ontario with a \$15 per hour provincial minimum wage. South of the border a handful of cities, most notably Seattle, have spearheaded this policy. So what are the effects? For starters, no jurisdiction has yet to fully implement a \$15 minimum wage. That means we must rely on projections and evidence from phased in increases. Resource-dependent Alberta will ultimately indicate to Saskatchewan’s policy makers what a \$15 minimum might look like in terms of economic outcomes. Progressive economists — among them seven Nobel prize winners in the United States — have voiced their support for a \$15 minimum wage, arguing that minimum wage increases tend to lower turnover, increase investments in on-the-job training, result in wage compression, and lead to higher productivity. They also dismiss claims that

minimum wage increases automatically inflate prices or result the automation of low-wage work and certain occupations (Rozworski, 2017). Opponents of such a radical increase, of course, paint a different picture. In short: the outcomes are contested.

A group of economists at the University of Washington estimate that Seattle’s minimum wage increase actually reduced employment and hours of work for low-wage workers (Ehrenfreud, 2017). Critics were quick to point out that the study did not examine large employers with locations both inside and outside of Seattle, and is not representative of low wage employment in the city. Seattle’s approach involves a gradual phase-in, with the target of reaching \$15 per hour by 2021 for all employers. The rate of these increases depends on a multitude of factors, like company size and industry. Another study led by researchers from Berkeley’s Institute for Research on Labor and Employment focused on Seattle’s

food service and restaurant industry because of its intensity of minimum wage employers (Reich, Allegretto, Godoey, 2017). They found that minimum wages up to \$13 per hour raised wages for low-paid workers without causing disemployment. In response to the inflation claim, one of the report's authors concluded: "The price of your hamburger isn't completely deterministic by minimum-wage workers and what they make ... It has to do with rent, it has to do with how much the food actually costs, it has to do with transport." In Saskatchewan, labour costs, as a percentage of overall expenses, across the food service industry amounted to 29.1% for enterprises with annual revenues between \$30,000 and \$5 million, compared to 30% for businesses with revenues in excess of \$5 million (Government of Canada, n.d.). Most importantly, a survey of Seattle's economy and labour market suggests that the city's wage policy has not resulted in widespread unemployment, economic decline, or reduced hours of employment as critics fear (Chen, 2017). To the west, Alberta's economy added jobs in minimum wage sensitive industries, just as legislated minimum rates of pay went up (Government of Alberta, 2017).

In Ontario, the province's Financial Accountability Office (FAO) and TD Bank have published their own assessment of that jurisdiction's decision to phase in a \$15 per hour minimum wage by 2019. The FOA forecasted that the higher minimum wage would raise total labour income by 1.3%, but just one-quarter of the higher labour income would directly benefit low-income families. As a tool to fight poverty, the FOA concludes, the \$15 per hour minimum wage falls short of its intended goal, despite boosting wages for over a million workers. The study also indicates that the increased payroll costs could result in a loss of 50,000 jobs, or 0.7% of total employment (FOA, 2017). If we graft this estimate onto Saskatchewan, that would mean putting 3,245 jobs at risk — well below the 7,500 and 17,000 jobs projected by the CFIB. But the FOA also

concluded that the wage increase would boost household spending and create 15,000 new jobs, depending on how businesses respond to the policy. This fact has largely been ignored by critics here in Saskatchewan. According to TD Bank, one of Canada's largest financial institutions, employment would continue to grow, but at a slower pace than otherwise projected. Inflation is anticipated to increase 0.3% as a consequence of the new minimum wage — hardly the crippling rate anticipated by critics (Zochodne, 2017). What's important about TD's report is acknowledgement that there is no consensus on the economic impacts of minimum wage hikes, particularly with regards to the \$15 per hour policy emerging throughout Canada and the United States.

Considering that the \$15 minimum wage has been characterized as poverty fighting tool, it is worth assessing this particular aspect of the policy. Between 2004 and 2014, Saskatchewan's poverty rate — measured by the percentage of all persons below LIM (Low-Income Measure After-Tax) — decreased steadily from around 20% to 14.8%, or 160,000 persons. Research suggests this is due to a period of "exceptionally strong economic growth", in which employment and real incomes grew. But the same study concludes that when data for 2015 and 2016 become available, the economic downturn might reveal an increase in poverty rates once again (Gingrich, Hunter, and Sanchez, 2016). The distribution of poverty in the province is particularly acute amongst children (24.6%), but specifically in First Nations (57%) and immigrant (27%) communities. In addition to growing real wages and employment opportunities, government transfers in the form of child tax benefits, tax credits, and social assistance are recognized as helping to reduce poverty in Saskatchewan over the last decade. What is required now is a broader anti-poverty strategy, one in which the \$15 minimum wage is a part, along with the expansion of social assistance programs and



spending. It also suggests that more wealth needs to be funnelled into the hands of workers and Saskatchewan's most economically marginalized population in order to effectively address the poverty question.

Where's the Fight for \$15 in Saskatchewan?

Minimum wages across the United States and Canada have been realized because of a movement-based struggle led by some of the lowest paid workers in both countries. And, as Ontario's Fight for \$15 and Fairness struggle demonstrates, a \$15 minimum wage is just one aspect of a series of changes that workers are fighting for at political and workplace levels. Most importantly, the \$15 movement has been largely driven by rank-and-file workers, students, and community members; support from unions and political parties has been inconsistent. So while a political commitment to implement a \$15 per hour minimum wage is critical, what is needed now is support for such an initiative at the grassroots level. So what's being done?

A small Fight for \$15 Saskatchewan campaign has surfaced in the province, but its presence is limited. The province's 2017 budget and

the government's commitment to roll back public sector wages by 3.5% has put the bulk of organized labour on the defensive, further stalling the \$15 movement. Much of the work is being done to assist the fight for \$15 campaign, particularly within the ranks of the SEIU, has ground to a halt. What the Fight for \$15 experience in Ontario demonstrates is that the project has the capacity to bridge low paid workers across industries and occupations with other social movements, like anti-poverty groups. Ironically, business owners have held more rallies in Saskatchewan to oppose proposed federal tax changes than demonstrations by unions, community groups, and workers to support a \$15 minimum wage. This needs to change if the minimum wage policy is to make any advances.

Finally, the \$15 campaign needs to be couched in a broader set of anti-poverty initiatives. The policy must also be part of a more progressive set of labour rights reforms in Saskatchewan, which addresses access to collective bargaining rights, living wages, and secure employment. This involves a discussion about the implications of having nearly a quarter of the province's workplace employed in what are typically low wage industries and occupations. In other words, it's time to take the \$15 proposal seriously.

Appendix

Employment and earnings by industry

Industry	Total number of employees	Number of workers earning minimum wage ('000s)	Number of workers earning \$15/hr or less ('000s)	Average hourly wage
All industries	463.7	16.2	96.6	\$27.24
Agriculture, forestry, fishing and hunting	8.6	0.6	2.4	\$21.95
Mining, quarrying, and oil and gas extraction	22.2	x	x	\$42.89
Utilities	6.9	x	x	\$37.80
Construction	36.9	x	2.1	\$29.35
Manufacturing	24.2	x	2.6	\$28.74
Wholesale trade	21.6	x	2.6	\$21.79
Retail trade	59.9	5.3	31.9	\$20.12
Transportation and warehousing	21.9	x	2.6	\$25.21
Information and cultural industries	8.4	0.6	1.6	\$25.37
Finance, insurance, real estate, rental and leasing	24.3	x	2.5	\$27.24
Professional, scientific and technical services	19.4	x	1.4	\$30.78
Business, building and other support service	x	x	x	\$19.46
Administrative and support, waste management and remediation services	8.5	x	3.1	\$22.64
Educational services	39.5	0.7	2.9	\$30.86
Health care and social assistance	70.1	1.0	6.1	\$29.19
Arts, entertainment and recreation	9.6	0.8	3.7	\$17.66
Accommodation and food services	34.7	4.8	25.2	\$16.20
Other services (except public administration)	17.6	0.7	4.2	\$22.74
Public administration	29.4	x	1.0	\$35.82

Source: Labour Force Survey, custom data; CANSIM 281-0030; CANSIM 282-0071; "x" represents data that has been suppressed in accordance with Statistics Canada's confidentiality threshold of 500

Number of employees by industry and enterprise size

Industry	Enterprise size	Number of employees ('000s)
Accommodation and food services	Total employees	34.7
	Less than 20 employees	8.6
	20 to 99 employees	6.1
	100 to 500 employees	3.9
	More than 500 employees	16.2
Arts, entertainment and recreation	Total employees	9.6
	Less than 20 employees	2.5
	20 to 99 employees	1.8
	100 to 500 employees	2.4
	More than 500 employees	2.9
Retail trade	Total employees	59.9
	Less than 20 employees	11.8
	20 to 99 employees	9.6
	100 to 500 employees	8.3
	More than 500 employees	30.2

Source: Labour Force Survey, custom data

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