



The Voice  
of Tourism in  
New Brunswick



## New Brunswick Minimum Wage Increase

The Situation – The Solution



Presented to  
The Honourable Donald Arseneault, Minister  
Post-Secondary Education, Training and Labour

July 7, 2010

## **Introduction**

The Tourism Industry Association of New Brunswick (TIANB) is the leading advocate for tourism issues in the province of New Brunswick. As a representative and industry driven organization, the Association provides leadership and direction, working with partners and stakeholders at a Provincial, Atlantic and National level to ensure the continued success of a competitive, progressive, and sustainable business environment, fostering health and sustained growth to the New Brunswick tourism industry.

### **TIANB remains at the forefront by:**

- being a strong voice for the tourism industry in NB
- providing relevant information and networking opportunities to its members, shaping and sustaining a vision of tourism
- working to promote tourism as a career and therefore, contributing to reduce the labour shortage in the world's fastest growing industry
- offering a wide range of nationally recognized training programs and services
- offering valuable benefits that can help reduce the operating costs of running a business.

### **TIANB tackles every issue by following a few simple principles:**

- By working closely with our members
- By establishing solid partnerships with key stakeholders
- By defending our industry's "true" needs
- By having a short, medium and long term vision
- By making sure our results match our objectives: **One Clear Stand, One Clear Voice!**

### **Our core activities evolve around:**

- Advocacy and Leadership
- Partnerships and Alliances
- Inclusion and Direction
- Shaping and Sustaining a Vision of Tourism
- Consultation and Communication
- Annual Events
- Making the Tourism Industry's Voice Heard
- Priorities and Relevance
- Training and Professional Development for better Attraction, Retention and Productivity
- Improving your presence on the web
- Working towards reducing labour shortage

## The situation

On Jan. 5, 2010, the Minister of Post-Secondary education, Training and Labour announced steps for the increases to the minimum wage in the Province of New Brunswick. The increases will be implemented over the following timeline:

- April 1, 2010: an increase of 25 cents to \$8.50 per hour;
- Sept. 1, 2010, an increase of 50 cents to \$9 per hour;
- April 1, 2011: an increase of 50 cents to \$9.50 per hour; and
- Sept. 1, 2011: an increase of 50 cents to \$10 per hour.

Excerpts from the press release of the announcement (full version per appendix I) indicate that the goal of this plan was to reduce poverty and to act on recommendations to the Overcoming Poverty Together: The New Brunswick's Economic and Social Inclusion Plan. A plan adopted in November 2009 during the Final Forum on Poverty by the 50 participants representing government, business and community sectors, together with residents who have experienced poverty.

Based on a research by the Canadian Federation of Independent Business (CFIB), this represents a 21% increase of an 18 months period. Based on the tourism statistics, after significant decreases in visitors and revenues over a number of years, New Brunswick operators started to feel somewhat of a rebound in 2009 with an increase of approximately 2%. For many this increase was the first opportunity to pay back on loans contracted to cover operation expenses of not so successful seasons in prior years.

With increases to property taxation to campgrounds, some of which exceeded 300% just a few years ago and the continually increasing food costs and improvement cost required to stay competitive, the New Brunswick tourism industry has been faced with a number of challenges. Insurmountable for a few that regrettably were forced to close their doors thus having a direct impact on the quantity and quality of vacation experiences we are so proud to tell the world about.

Now faced with a significant increase to the minimum wage that has sent ripples throughout the service industry workforce, many operators have reported to being forced to reducing hours, reducing jobs, transferring this extra expense to the customer, foregoing expansion and training plans or again, being forced to close shop.

Many research and studies have been conducted on way to reducing poverty throughout the world and all have concluded that increasing to the minimum wage is not the best way of doing it. Upon reaching \$10.00 per hour, the minimum wage earners revenue will have increased by 18%. On the other end of the spectrum, this minimum wage earner income tax remittance to the Federal and provincial government will be increased to 55%.

From the business perspective, the increases will equate to an increase of 26% to Canada Pension Plan (CPP) 21% to Employment Insurance (EI) and finally 21% increases to WorkSafe NB. Another blow to an industry that tries to survive through worrisome economic times swimming against the current.

## **The Solution**

### **Proposed Principles for Consideration Prior to Amending the New Brunswick Minimum Wage Rate**

**1 Consult with the Business Minimum Wage Coordinating Committee** – Government consultations with New Brunswick employers must precede any potential change to the minimum wage. Small and medium-sized business employers are the ones who pay the wages impacted by this policy and they are the ones who can tell you what the impact of any change would be. They must be consulted on any increase before it is imposed.

**2. Keep it affordable** - Any increase to the minimum wage must be measured in small increments and spread out over a protracted period of time. Employers should not be subjected to large minimum wage increases that are inconsistent with current and forecasted economic indicators.

**3. Introduce a tip differential** - Any proposal to increase the minimum wage would recognize the significant income earned by liquor servers by introducing an appropriate tip differential, which is a lower minimum wage paid to servers in licensed establishments. Tip differentials allow foodservice operators to devote more labour budget dollars to attract and retain “back of the house” kitchen employees. Tip differentials are in place in both Ontario and Quebec.

**4. Implement a training wage** - Any proposal to increase the minimum wage should recognize the cost to employers to train new employees for entry-level positions. The minimum wage should include an appropriate training wage. A minimum wage differential for novice employees currently exists in BC and Nova Scotia.

**5. *Keep minimum wage changes in context of the wider economic strategy*** - Increases to the minimum wage should be weighed against a wider strategy to provide relief to low income earners, such as increases to the basic personal exemption, low income taxes and job training programs.

**6. *Provide long term stability*** – This policy framework, once established, should be enshrined in legislation, requiring any future government to maintain the policy and its key principles before considering any increase in the wage.

## **Conclusion**

The New Brunswick Tourism Industry is poised to embark on a total revitalization of its offering to the 2.5 million people visiting on an annual basis. An industry responsible for generating revenues close to \$1 billion, employing more than 34,000 people and generating more than \$107 million in provincial taxes, the New Brunswick tourism industry is certainly an economic contributor to our economy.

More than 3 300 businesses spread throughout the province offer unforgettable experiences to visitors and residents alike. Ranging from single employee businesses to multi-service establishments, our industry is constantly at the mercy of changing environment. TIANB urges the provincial government to consider the above proposed principles and engage in finding suitable solutions for its long term viability and sustainability.

By agreeing to our recommendations, the New Brunswick tourism operators will continue to contribute to our economy by generating more revenues and by helping more new Brunswickers with secure and long term employment opportunities, thus doing its share to reduce poverty in our province.

TIANB thanks you for entertaining our request for a meeting and wishes to be part of your plan to help lesser fortunate avoid poverty, making New Brunswick the best place to grow, live and prosper.

Sincerely.

Réal Robichaud, Executive Director

Tourism Industry Association of New Brunswick



## Post-Secondary Education, Training and Labour

# Minimum wage will rise to Atlantic average by September 2011 (10/01/05)

NB 3

Jan. 5, 2010

FREDERICTON (CNB) - The minimum wage in New Brunswick will increase to meet the Atlantic average by Sept. 1, 2011, as part of a long-term plan announced today.

The minimum wage will increase in four steps:

- April 1, 2010: an increase of 25 cents to \$8.50 per hour;
- Sept. 1, 2010, an increase of 50 cents to \$9 per hour;
- April 1, 2011: an increase of 50 cents to \$9.50 per hour; and
- Sept. 1, 2011: an increase of 50 cents to \$10 per hour.

Post-Secondary Education, Training and Labour Minister Donald Arseneault said it is important to outline a long-term plan for increasing the minimum wage. Such a plan provides predictability for employers and more certainty for wage earners.

"We want employers to grow their businesses while providing a fair wage, which will enable employees to improve their standard of living," said Arseneault. "This balanced approach will continue to move us forward on our path to self-sufficiency and build a better future for New Brunswick."

The recommended increases will fulfil the provincial government's commitment to raise the minimum wage to the Atlantic average by Sept. 1, 2011, which is expected to reach \$10 per hour.

"The Minimum Wage Board has indicated to the government that during upcoming meetings in 2010 the concept of a tip differential associated with the minimum wage, as well as the concept of a training wage for inexperienced workers, will be discussed," said Arseneault. "I would like to thank the members of the board for their continued work, and I look forward to their advice and recommendations on the above matters in 2010."

The increases reflect one of the provincial government's commitments in [\*Overcoming Poverty Together: The New Brunswick's Economic and Social Inclusion Plan\*](#). This plan was adopted in November during the Final Forum on Poverty. The 50 participants represented the government, business and community sectors, together with residents who have experienced poverty.

*Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan* aims to reduce income poverty in the province by 25 per cent and deep income poverty by 50 per cent by 2015.

There are also planned increases to the minimum wage for counsellor and program staff at not-for-profit residential summer camps. The adjustments to the [\*Minimum Wage for Counsellor and Program Staff at Residential Summer Camps Regulation\*](#) under the [\*Employment Standards Act\*](#) will reflect the scheduled increases to the general minimum wage.

For more information on the minimum wage, paid public holidays, and the *Employment Standards Act*, contact the Employment Standards Branch, Department of Post-Secondary Education, Training and Labour, at 1-888-452-2687, or go to [www.gnb.ca/labour](http://www.gnb.ca/labour).

10/01/05

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10/01/05