



June 25, 2010

Executive Council
Province of New Brunswick
Centennial Building
Room 273
P.O. Box 6000
Fredericton, NB
E3B 5H1

Dear Members of the Executive Council,

The Saint John Board of Trade salutes the Province of New Brunswick's attempt to reduce poverty in the Province. This is of particular concern to the Saint John Board of Trade as the level of poverty is amongst the highest in the country in Saint John. The Saint John Board of Trade convened a Task Force earlier this year which examined the potential impact of the scheduled minimum wage increases on our members. The Task Force comprised of members in hospitality, law, small and medium sized business and an academic, examined the issue and some of the literature on minimum wage increases and their effectiveness on reducing poverty. The members of the Task Force feel that the policy is too blunt and there are more targeted methods and policies needed to help people in poverty. Our members are very concerned about the increased operational costs and effects that will be generated by the increase in minimum wage.

Most business owners pay their employees above the current minimum wage. However, each time the minimum wage increases, all employers are forced to make difficult choices, including:

- Increasing the wages of all employees - including those paid more than the minimum - in order to maintain the "gap" that reflects different levels of experience and company service;
- Cutting back on employee hours for full-, part-time and seasonal staff;
- Laying off current employees, or putting future hiring plans on hold;
- Raising prices, or coping with significantly lower revenues resulting from higher wages and the accompanying increase in contributions to CPP, EI and workers' compensation insurance.

Tax and wage information from across the country shows that minimum wage earners in New Brunswick have a comparable or higher take-home pay than minimum wage earners in other provinces. New Brunswick's bold action on tax relief can be applauded for achieving this, making our province among the best in which to live and raise a family within an affordable taxation system.

We recognize that there is little chance of going back on the announced increases, however we have several suggestions we feel will help reduce the negative effects of this aggressive initiative and should be considered:

- Obtain more input from small businesses, particularly those in the service industry;
- Slow down the implementation dates as implementing this increase over a year and a half is very aggressive and does not give business enough time to respond or react;
- Reduce the overall increase as 21% is far more aggressive than needed;

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- Implement a tip differential and training differential to mitigate the impact of the planned minimum wage increases;
- Implement an age differential as the needs of teens in school are different than that of individuals who are out of school trying to make a living;
- Consider the creation of an Atlantic Minimum Wage Board to harmonize how minimum wage is handled in the four Atlantic Provinces and to ensure the provinces are not competing with one another for labour.

We note the following major impacts that the current schedule of increases will have on all businesses – including those that pay above the minimum:

- Reduced employment – job losses and reduced hours;
- Fewer job opportunities for young, inexperienced and low-skilled workers;
- Reduced customer service;
- Higher prices;
- Lower revenues


The members of our Task Force agree that it is not by reducing hours and job opportunities that our economy will grow, but rather by making it easier for employers to hire and expand. It is felt that the increase in minimum wage is too aggressive and will actually have a negative impact on small business and the people it is designed to help.

The Saint John Board of Trade is a nationally accredited business organization dedicated to fostering an economic climate that enhances growth, prosperity, and an improved quality of life in the community. With more than 1,000 members, representing 600 small, medium, and large businesses and organizations and therefore, the interests of more than 30,000 citizens, the Board is a dynamic advocate and the principal voice for the business community of Greater Saint John. It offers a variety of programs, activities, services, and networking opportunities designed to enhance the business prospects of members and the overall business climate of the area.

We look forward to your favourable response.

Sincerely,


Imelda Gilman
President


Grant Kimball
Living Wage Task Force Chair

