



Chair's Column, The Telegram, July 3 2010

Poverty and social justice: the business perspective

Seeing how minimum wage increased to \$10/hour just two days ago, now tied for second highest in Canada, it makes sense for me to address it here. Let me start by relaying what we told the provincial government in our pre-Budget submission on behalf of nearly 800 organizations representing over 30,000 employees.

On social policy: the Board of Trade is very much interested in having a province where all people can prosper. We encourage government to develop a comprehensive inventory of policies to determine if there are any that may have a negative economic impact on lower income earners and could be addressed. Our suggested solution is a low-cost but potentially high impact measure that government can do with existing resources. Government has already taken steps to ensure that low income earners have fewer barriers to joining the workforce or to gain more from their existing employment, which we commend. A comprehensive internal review could benefit many more low income earners.

On minimum wage: the Board asks the government to engage directly on this topic so that we can bring forward further solutions on minimum wage. Minimum wage cannot be looked at in isolation – either by a set of stakeholders with vested interest or as a singular way to reach any given social policy objective. Simply put, minimum wage is only one tool in ensuring people have a quality of life. Let's not oversimplify the problem. Poverty is a very complex issue that warrants thoughtful public policy in response and simply adjusting the minimum wage is not the means to end poverty.

Let me quote from the President of the Newfoundland and Labrador Federation of Labour, Lana Payne, earlier this week, in a news release referring to the minimum wage being brought to \$10 per hour on July 1. "These increases have certainly helped, along with other measures, to improve the well being of low-waged workers in our province. There is no doubt that thousands of workers and their families have benefited and our federation looks forward to collaborating in future with government on other initiatives to help lower-income earners."

Here is a perfect example of where the stated goals of business and labour align. I will explain using some more information from our pre-Budget submission to the provincial government, which has been publicly available for months now. Our commentary on social policy issues clearly indicates that we want people to prosper and have a province where lower income earners can benefit more from participating in the labour force. "The St. John's Board of Trade is very much interested in having a province where all people can prosper. Government has taken excellent steps on initiatives such as prescription drug coverage; we strongly encourage government to continue these improvements."

Small business is the heart of our economy in this country, and we need to ensure that it is the driver of economic and job growth in Newfoundland and Labrador. The costs for business have been adding up though; that is a reality. The \$10 minimum wage has real costs to businesses and consumers. Three days ago, 50 cents per person per hour didn't have to be passed on to a consumer for goods and services sold by a business. Now that extra bit has to be covered. As do costs such as workers health premiums, Canada Pension Plan and Employment Insurance all of which continue to rise. Now these are all valuable

programs to people, no doubt about that. But rising costs represent very real risks to small businesses and we need to keep a balanced perspective, if we want to be effective stewards of our economy.

Supporting the people who work in all of our organizations means supporting the economy and the potential and prosperity of one another. As much as public positioning sometimes sees 'business' and 'labour' at odds with one another, keep in mind that there are real, actual, living people behind these positions. These are people who have to pay their bills, drive their kids around, meet the needs of their employer and many other common things.

I have said before that the Board of Trade sets out to improve the business community for the benefit of all citizens, so we all want the same ends. More often than not, because we have such similar lives in many ways, we have similar overarching goals for ourselves and our society. Like giving everyone a chance to improve their lives. Like spreading prosperity rather than risking it through imbalance. Like achieving important collective goals.

So let's figure out some ways to create the tide that will lift all of us further up, hammer out the specifics, bring it to government and make sure we set people up for success.