

**Presentation to the Commission on Improving Work Opportunities for
Saskatchewan Residents**

Saskatchewan Party Caucus

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Introduction

For the purposes of its review, the Commission has defined vulnerable workers as those who are

chronically low-paid; part-time, seasonally employed or self-employed; receive few if any work related benefits; possess a lower level of education with poor access to higher education and training; have diminishing job prospects and a lack of career advancement; experience limited job security and precarious employment.

In order to have a meaningful discussion, it is imperative that the definition of vulnerable workers is consistent. Therefore, we accept the Commission's definition as the basis for discussion.

The Commission also states that, "\$10 per hour working full-time is the equivalent to the low income cut off for Canadians" and, assuming a 40-hour week, this wage translates into \$19,200 annually. Many workers who fall into this category are employed in retail sales, and accommodation and food services. Further, many of these workers are women, minorities including Aboriginals, or people with disabilities.

Given the nature of these industries, many rely on part-time workers to cover peak periods. Moreover, many students, women with young children, and people with disabilities wish to only work part-time. Still, the Commission suggests that according to the 2004 Saskatchewan Labour Force Survey, approximately 25,900 part-time workers out of a total of 93,700 part-time workers province-wide, wished to work full-time.

Clearly, one of the solutions to this problem rests in the creation of more full-time jobs. However, as the provincial government recently found out from its proposed government-directed-hours initiative, how these full-time jobs are created is a matter of intense debate.

Saskatchewan business owners are strongly opposed to government regulations dictating who they hire to cover additional hours and how they are scheduled. As well, university students strongly opposed this initiative as they felt it would have a harmful affect on their ability to work while going to school.

The Labour Standards Act regulates minimum standards for hours of work, minimum wages, equal pay, maternity leave, holiday pay and wages. To make provincial laws

stricter than other jurisdictions would discourage new investment and job creation, and may deter existing businesses from remaining in the province. Further, it has been suggested by those who require part-time employment that most available hours legislation would decrease their employment opportunities by directing part-time hours to those with the most seniority. This type of solution limits the opportunities for those who are seeking first time employment. It may also prevent those with little work experience from obtaining additional experience and developing the skills and training they need for future employment security.

According to Statistics Canada, in August 2005, the lowest **average** hourly wage in Saskatchewan was \$10.32 an hour. Statistics Canada also reports that 89,800 of employees aged 15-24 years fell into this category. Sales and service occupations comprise 110,400 workers in the province with an **average** wage of \$11.71 an hour. These statistics suggest that a substantial number of young people in Saskatchewan working in sales and service occupations are paid near the low income cut off for Canadians. Although these statistics are averages and do not reflect each individual's circumstances, certainly some of these employees would be relatively new to the work force given the age category.

These statistics also suggest that workers in the service industries are paid less than workers in other industries. The problem therein, is that the consumer is only willing to pay a certain amount for a particular good or service. For example, increasing the cost of production for a cup of coffee will at some point force consumers to change their spending habits if the cost exceeds its value in the mind of the consumer. To artificially inflate production costs will at some point reach diminishing returns as the demand decreases, threatening the jobs of those who are involved in production. In addition, increasing utility costs, rising insurance premiums, as well as the additional costs associated with increasing minimum wages such as higher Workers' Compensation premiums, Employment Insurance and Canada Pension Premiums, which are all based on payroll, increase the cost of producing a particular good and drive up the cost to the consumer. As the costs of goods increase, consumer buying power decreases, and those who are hurt the most are those with lower incomes.

The solution to this problem is more complex than simply raising the minimum wage or forcing employers into creating full-time positions from part-time positions. Vulnerable workers are unique individuals with their own stories, backgrounds and needs. If the 2004 Labour Survey is correct, estimating that one-third of part-time workers would prefer full-time work, we must be careful not to initiate policy that would be harmful to the two-thirds of part-time workers that require and are satisfied with part-time employment because of their personal circumstances. It is clear that access to training and education is critical to improving job security. However, equally important, ample jobs must be available for young people to build their careers in Saskatchewan.

The Saskatchewan Party is of the view that the solutions will not be found solely by government or through government programs, but through a combined approach in which government, learning institutions, businesses, labour, community organizations, First

Nations and Metis as well as municipal leaders share the responsibility. Too often, the government has put the onus on businesses. Forcing employers to take on the entire burden of improving the lives of vulnerable workers through legislative initiatives is a recipe for disaster in terms of the provincial economy.

Tax Relief for Low Income Earners

Workers earning minimum wage or just slightly more have a difficult time making ends meet and require more take-home pay. While the Saskatchewan Party supports the government's recent decision to increase the minimum wage, this increase in itself is not enough and does nothing to help those earning slightly more than minimum wage.

The provincial government must also do its part to increase take-home pay for low income earners. Low income earners in Saskatchewan are currently subject to the highest provincial income tax rates in Canada. The Saskatchewan Party would increase the Basic Personal Exemption by up to \$6,000 for anyone earning less than \$35,000 a year.

This graduated tax reduction provides the lowest income earners with the greatest benefit. The value of the tax reduction decreases as personal income increases until at an income level of \$35,000 a year, the value of the tax reduction is zero.

Under the Saskatchewan Party's plan, minimum wage earners in Saskatchewan would not pay any provincial income tax, and people earning less than \$35,000 a year would pay reduced provincial income tax. Fully implemented, about 215,700 Saskatchewan people would pay less tax and another 70,300 low income earners would be removed from the provincial tax rolls altogether with this plan.

The problem with simply increasing the minimum wage is that employers end up not only paying higher hourly wages, but increased Workers' Compensation Premiums, CPP, EI, and all employees in the organization expect a similar bump in pay reflective of the new minimum wage. The costs are far greater to the employer than the fifty-cent an hour increase to minimum wage. The additional costs associated with increasing the minimum wage may lead to lay-offs over the long term. If the goal is to improve the lives of low income earners and give them more economic freedom, putting more money into their hands for basic necessities can be achieved in other ways than simply increasing the minimum wage. Increasing the Basic Personal Exemption would not have the same financial impact on business costs overall.

In addition, affordable transportation must be able for working people. Transportation to employment is a particular problem in rural Saskatchewan and on many First Nations reservations. The creation of local industries in these areas would benefit these communities by improving access to employment opportunities.

Government Hiring Practices

The government must also be cognizant of its own hiring processes. For example, although the Saskatchewan Registered Nurses Association and The Canadian Nurses Association point out the increased demand for nurses in Saskatchewan, many new nursing graduates in the province can only find part-time or casual work. They end up leaving the province for permanent full-time positions, creating a further shortage of qualified workers. A similar problem has been reported in the construction trades where workers and trades people relocate to other provinces where there is employment stability due to economic growth. Thus while there may be an abundance of low skilled workers in the province, there remains a shortage of skilled workers. Although Saskatchewan may have a low unemployment rate, it also has a high out-migration rate of young, skilled professionals.

In the area of social services alone, the Government of Saskatchewan holds more than 600 service contracts with approximately 500 community based organizations (CBOs). These CBOs employ between 2,500 to 3,000 people. A 2002 study of salary levels in Regina-based human service agencies revealed that the average salary for support staff (98% of whom are women) is \$25,000. Low wages pose a particular problem for the recruitment and retention of staff for CBOs that provide care to children and persons in need. In 2000, the average full-time income for childcare workers (95% of whom are women) was \$18,848 per year--well below the provincial full-time average of \$35,461 for all occupations the same year. Even the highest full-time incomes in this field are low.

The Saskatchewan Association of Rehabilitation Centres (SARC) provides community based services to persons with disabilities throughout the province. This organization is also experiencing significant difficulties recruiting and retaining personnel because of the fact that 76% of their members earn less than \$25,000 per year. It should also be noted that 85% of SARC's workers are women. All of these organizations rely heavily on the Government of Saskatchewan for their core funding. Thus many of the workers who are in positions to assist people in overcoming barriers to employment, such as affordable childcare or people with disabilities, are low income earners themselves.

Training & Education

Training and education must lead to jobs and career opportunities in our province and this can only be achieved with economic growth. Saskatchewan has the highest tuition rates in Canada, a problem for many young people who seek to better themselves through education. Even if they should qualify for a student loan, the individual wants to be reasonably assured that he or she can find a job that pays well enough to repay the loan.

We must also factor in the aging baby boomers who will soon be leaving the work force and develop a plan to replace them. Young First Nations people offer a competitive

advantage to replacing the baby boomers, but in order to succeed, education and training opportunities must be available for their participation.

The following issues need to be addressed:

- Access to education and training to enhance knowledge and skills in order to compete in a knowledge-based economy
- Incentives for lifelong learning
- Support career education and life skills instruction in all schools
- Provide long-term, predictable and stable funding to post-secondary and technical institutions
- Review and renew student loan programs to ensure that they meet the needs of current and future students
- Creating a growing and thriving economy to increase the demand for labour and create employment stability
- Remove barriers to employment
- Incorporating an employment strategy for access to employment in the north
- Bridging cultures, noting that Aboriginal unemployment is 2.5 times higher than in the non-Aboriginal population, and as the Commission states in its consultation paper, “the transition into the labour market was particularly difficult for Aboriginal youth aged 15 to 24” (4). Encouraging knowledge of the Treaties and a better understanding of history would help to overcome discrimination and racism which often serve as barriers to employment.

The employment rate for Aboriginal SIAST graduates in 2002 was 86 %---a figure which underscores the connection between post-secondary education, employment and career development.

- Work in partnership with First Nations to increase participation rates and improve the outcomes for First Nations students
- Improve online distance education to enhance educational opportunities in remote areas
- Create partnerships between First Nations and Métis and regional economic stakeholders to create academic and trades programs that meet local labour force needs

The Saskatchewan Party has proposed numerous policies that would help improve the lives of low income earners and create economic growth. The complete documents are attached in the appendix.

Creating the Right Environment for Access to Education and Employment

Saskatchewan has experienced slower economic growth than other provinces when times are good. If this is the best we can do as a province—what will happen when times take a turn for the worse?

Economic growth is directly linked to improving the situation of vulnerable workers. Every person in Saskatchewan must have an equal opportunity to build a career of their choice in our province.

Key Premises:

- Workers are more vulnerable to exploitation in a stagnant economy with few employment opportunities
- A shrinking number of taxpayers foregoes tax dollars that could be reinvested in education and training programs making education affordable and accessible to more people
- A growing economy where there is an increasing demand for labour benefits workers with increased competition for employers to provide improved wages and benefits packages as well as training
- A growing economy provides more choices and career opportunities giving our young people hope for a future in Saskatchewan
- Employment standards must be consistent in Saskatchewan with other jurisdictions. If there is more red tape in Saskatchewan, business investment is deterred and valuable jobs will go elsewhere
- Taxation policies must encourage new investment and growth and be competitive with other jurisdictions both nationally and internationally
- The creation of an entrepreneurial environment in which home-based businesses thrive can help solve transportation problems in remote areas. Telecommuting is becoming the way of the future. Appropriate infrastructure must be in place especially in the north to facilitate this type of employment. For example, a growing number of First Nations artists and clothing manufacturers are now able to market their wares internationally via the internet

- Workplaces must be safe and healthy, balancing the interests of both employees and employers
- Education must be accessible and affordable
- Few young people today expect to have one job from the time they enter the workforce until the time they retire. Training and retraining is almost a given, building on existing skills and knowledge. Therefore, lifelong learning must be encouraged and accessible

The Promise of Saskatchewan

The Saskatchewan Party believes that there is a huge degree of untapped potential in our province in terms of human resources development and natural resources development. In order to tap into this potential the following key steps must be taken:

- Establish a stable business climate that removes barriers to private sector capital investment
- Focus on economic growth and job creation in both rural and urban Saskatchewan
- Encourage economic development in key sectors where Saskatchewan has or could have a competitive advantage including but not limited to energy, value-added agriculture, agri-business, tourism, forestry, mining, advanced education and research, life sciences, synchrotron science, information technology, biotechnology, construction, transportation, financial services and arts and culture
- Create an economic partnership between labour, business, First Nations, post-secondary institutions and other economic stakeholders to create a strong and diversified economy with new jobs and an expanded tax base to fund all public services including education and training
- Foster and promote entrepreneurial training and development throughout the province by expanding the availability of this type of training to every high school in Saskatchewan
- Ensure a competitive tax system for Saskatchewan families and business
- Stop the provincial government from competing directly with private sector businesses. Too often businesses are afraid to locate in the province to compete with a Crown entity that is the regulator and the provider of services, giving the Crown an unfair advantage.

Conclusion

One single stand alone piece of legislation will not solve the problems of vulnerable workers. A number of initiatives, as outlined, must be done in concert to complement each other and improve the employment and educational opportunities, especially for young people aged 15-24 years.

A diverse and growing economy can provide the stability for social programs that enhance the lives of low income workers while providing affordable education and training opportunities for the future.

To provide healthy, safe communities for our citizens means we must have the tax dollars to devote to providing affordable housing, treatment programs for addictions, and adequate funding for education and health care. A safe home environment where children are healthy and not hungry provides them with the opportunity to concentrate on their studies and finish high school. This equation becomes increasingly difficult to deliver if the number of taxpayers continues to decrease yet the demands for creating healthy communities steadily increases. Our public policies must encourage new growth and investment in our province, expanding the number of taxpayers to support programs and services and creating new employment opportunities for our citizens.

Appendices

The Promise of Saskatchewan: A New Vision for Saskatchewan's Economy, Brad Wall, Leader of the Official Opposition Saskatchewan Party, 2004.

Summary of Proposed Recommendations, Independent Business Tax Review 2005, Saskatchewan Party Caucus