

# Raising wages and building strength in New Brunswick

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## What We'll Cover Today

1

Real wages and purchasing power

2

Overview of two concrete tools

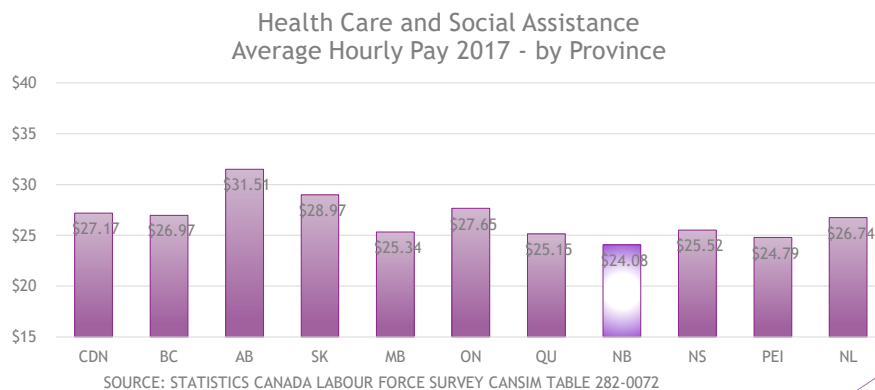
3

New Brunswick's economic situation

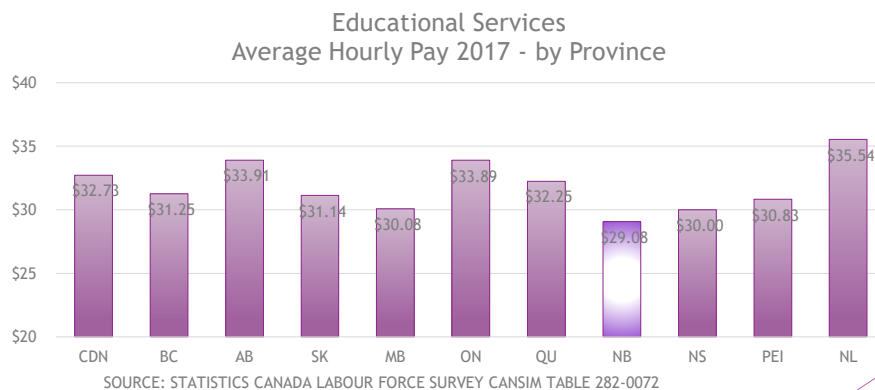
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The impacts of wage increases on the economy

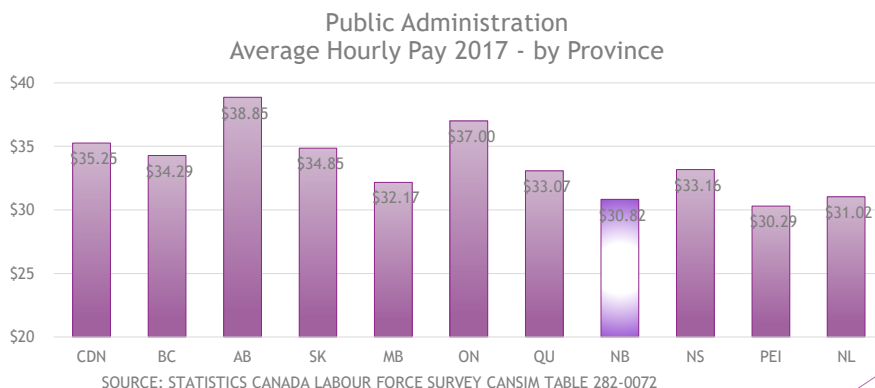
## Public sector workers in New Brunswick are paid less than all other provinces



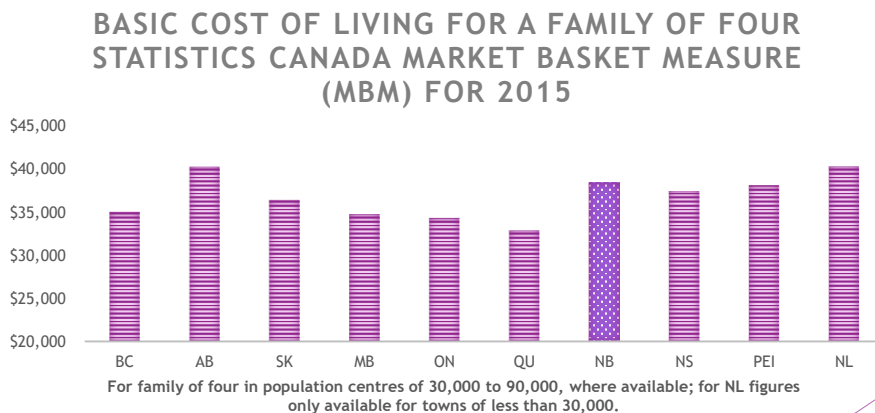
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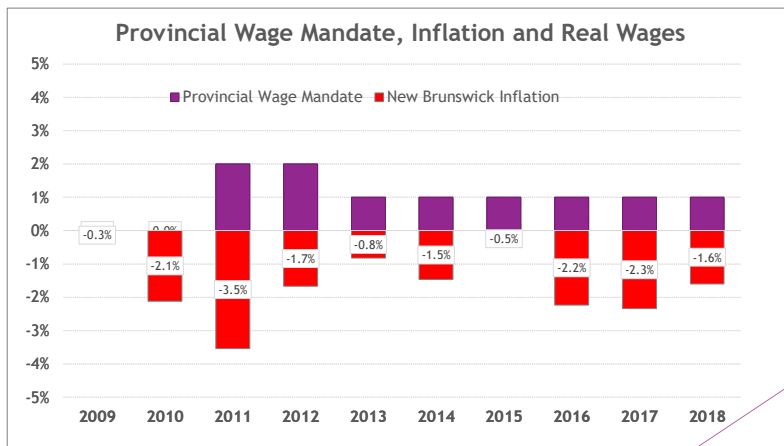
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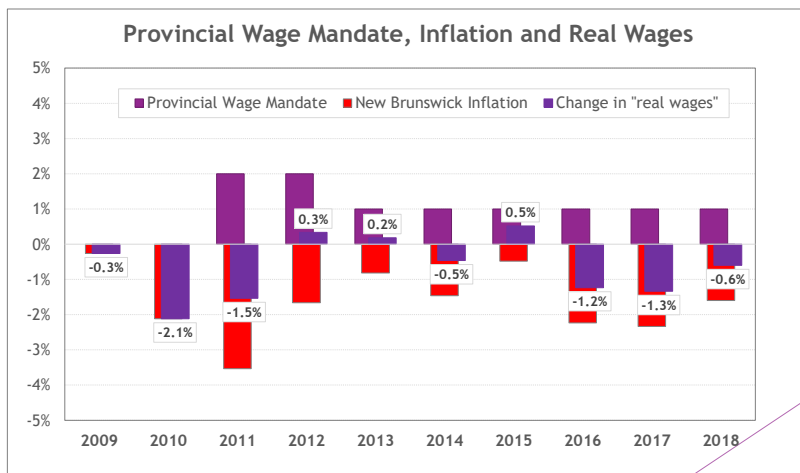
## Basic cost of living relatively high in New Brunswick

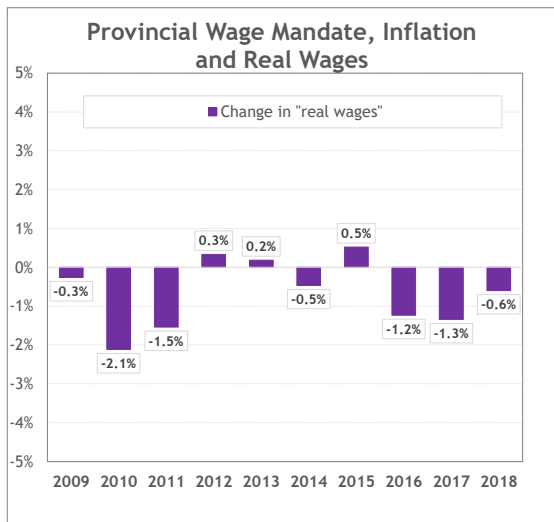


# Provincial mandate wage increases have led to real wage losses



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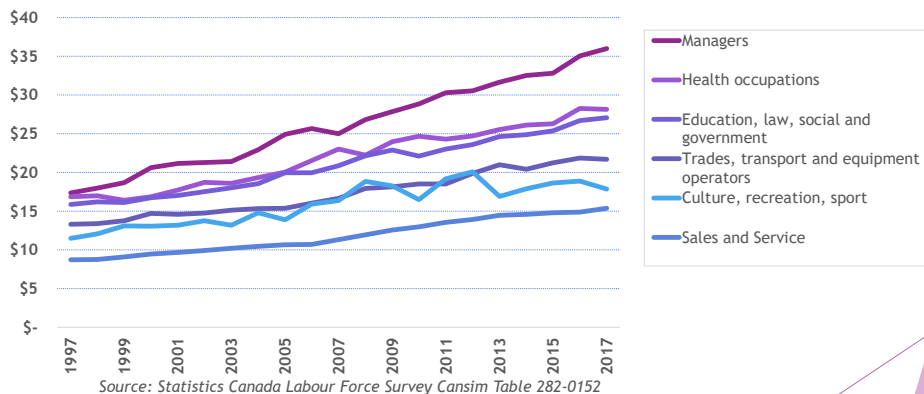




Provincial mandate wage increases have led to real wage losses

## Bigger pay hikes for those at the top

Pay for managers rising faster than everyone else  
Average hourly pay by occupation, New Brunswick





# Economic situation of New Brunswick

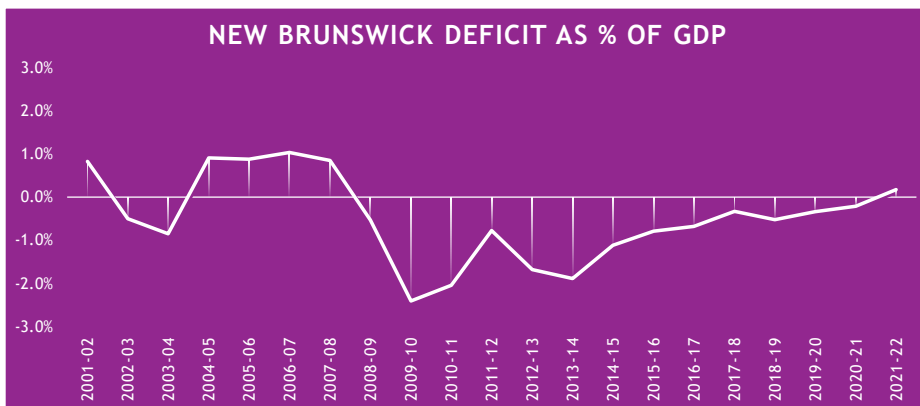
The collage includes several news items:

- A CBC News article titled "ANALYSIS | What happens if New Brunswick defaults on its debt?" with a sub-headline "Federal government has 3 options if the province is unable to pay interest on debt".
- A screenshot of the "acadienouvelle" website with a headline "La cote de crédit du N.-B. passe de «stable» à «négative»" (The credit rating of N.-B. goes from «stable» to «negative»).
- A screenshot of the "nouveau-brunswick" website with a headline "La tendance de la cote de crédit du N.-B. se dégrade" (The trend of the credit rating of N.-B. is degrading).

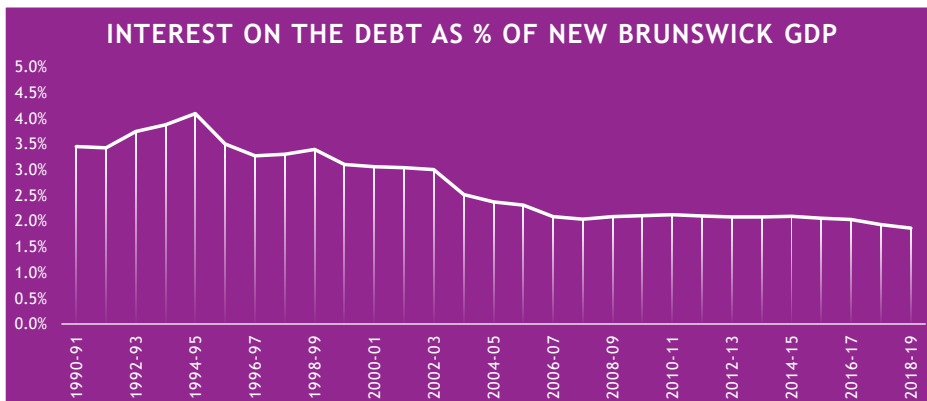
The book cover features a map of New Brunswick in green, set against a background of a cliffside. The text on the cover includes:

- OVER THE CLIFF?**
- Acting Now to Avoid New Brunswick's Bankruptcy
- COLLECTION ROMAN LEROUX

## Deficit shrinking and will soon reach balance



## Debt interest payments at long-time low as share of GDP

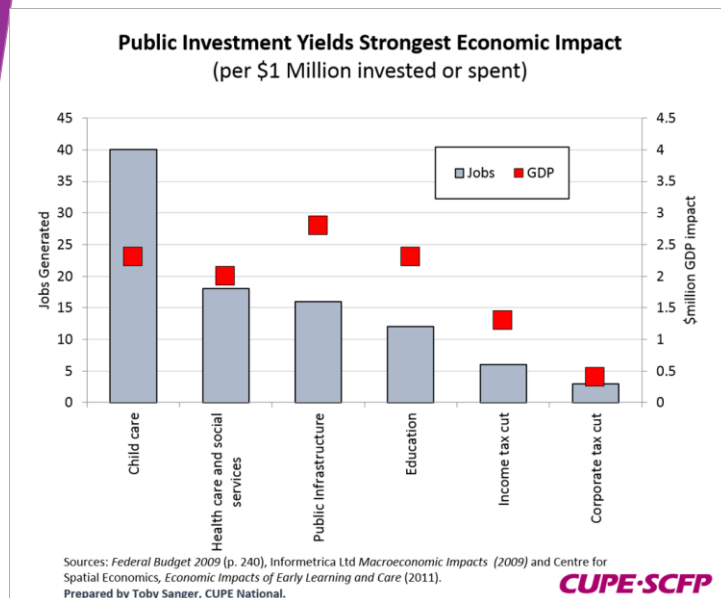


## New Brunswick could achieve surplus with progressive tax measures

Measure (all figures in millions)	2018/19	2019/20	2020/21	2021/22
Budget projected balance (\$millions)	-\$189	-\$124	-\$79	+\$69
More realistic tax revenue projections	+\$80	+\$85	+\$90	+\$95
Carbon price starting at \$10/tonne	+\$100	+\$200	+\$300	\$400
Close regressive tax loopholes and address tax evasion	+\$50	+\$50	+\$50	+\$50
Re-introduce large corporations capital tax at 0.3%	+\$50	+\$50	+\$50	+\$50
Restore corporate tax rate to 16%	+\$60	+\$60	+\$60	+\$60
<u>Wealth tax of 0.5%</u>	<u>+\$75</u>	<u>+\$75</u>	<u>+\$75</u>	<u>+\$75</u>
Budget balance with above measures	+\$226	+\$396	+\$546	+\$799

Higher wages for workers in the public sector benefit the overall economy.





Public spending much better for economy than tax cuts

## Economic multiplier impacts for New Brunswick: jobs created per \$1 million by sector

Sector	Direct within sector	Direct and Induced	Total	Other provinces
Educational services	15.6	3.8	19.4	2.9
Health and social services	11.3	7.3	18.6	2.4
Arts, culture, recreation	8.4	8.4	14.8	4.0
Infrastructure- non-residential building construction	5.7	3.4	9.1	3.1
Municipal – other services	5.8	3.5	9.3	2.0
Provincial – other spending and services	3.5	3.9	7.4	2.2
Forestry and logging	4.5	4.0	8.5	2.5
Mining, oil and gas	3.6	1.9	5.7	2.8
Utilities	2.1	1.8	3.9	1.4
Manufacturing	1.5	0.9	2.4	1.3

Source: Statistics Canada *National and Provincial Multipliers, 2017, Cat # 15F0046X, adjusted to 2017\$*

## Follow the CUPE dollar...



CUPE MEMBER

Works 40 hrs/week in 2017

### Actual wage

\$20.38

\$42,390.40

### With 3% more...

\$20.99

\$43,662.11

\$1,271.71

## Follow the CUPE dollar...



CUPE MEMBER



\$158.96 spent in recreation activities



\$158.96 spent in house repairs



\$317.92 spent in dental services



\$635.87 spent in accommodation and food services

### Results in virtuous circle of:

- Increased private sector jobs and revenues
- More spending money for workers (e.g.: tips)
- Higher government revenues
- More people joining workforce, staying in or moving to New Brunswick
- Lower government spending on social services and health due to joblessness, poverty
- Higher long-term growth and productivity