



Food First^{NL}

PROOF
FOOD INSECURITY
POLICY RESEARCH

The Minimum Wage: A Powerful Tool to Reduce Food Insecurity

Submission to the Minimum Wage Review Committee
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Overview

Household food insecurity, (inadequate or insecure access to food due to financial constraints), takes a serious toll on people's physical and mental health and on health care services and budgets. At a time when food prices and other basic living costs are rapidly rising,¹ it is important that the province implement policies that ensure that everyone in our province can afford to meet their basic needs.

The only interventions proven to reduce food insecurity are those that target income. Evidence shows that higher minimum wages are associated with reductions in food insecurity, which outweigh the impact of a potential rise in unemployment rate.^{2,3}

Food First NL and PROOF recommend the Minimum Wage Review Committee propose raising the current minimum wage to a more adequate level as the baseline moving forward and make the adjustment process a part of a larger, concerted government effort to address food insecurity. The government must recognize their decisions on wages and employment standards directly impact food insecurity.

Raising incomes through a more liveable minimum wage is also a complementary intervention to other poverty reduction measures—such as a basic income guarantee—currently being considered. By pulling workers out of poverty, a stronger minimum wage reduces government costs for other poverty reduction measures, while also resulting in substantial savings through the reduction of costs associated with emergency health and social interventions.

Background—Food Insecurity in Newfoundland and Labrador

Statistics Canada has been systematically monitoring food insecurity since 2005, using a well validated, standardized set of questions on households' experiences of food deprivation. Experiences range from worrying about running out of food and/or limiting food selection (marginal food insecurity), to compromising in quality and/or quantity of food (moderate food insecurity), to missing meals, reducing food intake and at the most extreme going day(s) without food (severe food insecurity).⁴

Based on the most recently available estimates from Statistic Canada's 2019 Canadian Income Survey, 17.8% of Newfoundlanders and Labradorians lived in a food-insecure household (marginal food insecurity: 6.0%; moderate food insecurity: 8.8%; severe food insecurity: 3.0%).⁵ The one intervention that has been consistently shown to reduce food insecurity rates is improvements to the incomes of low-income households, such as higher minimum wage.

Food insecurity is a problem of inadequate incomes and an indicator of pervasive material deprivation. It is predominantly a problem of the working poor, with roughly one in two food-insecure households in Newfoundland and Labrador reliant on income from wages and salaries.⁶

“ Having a job is not enough to protect someone from food insecurity; it is necessary to ensure jobs pay enough and provide support for those in precarious employment ”

Research on household food insecurity among working households in Canada shows that households with low-wage earners are more likely to be food-insecure.⁷ Other factors associated with greater risk of food insecurity include working in part-time, short term, or precarious jobs, being a racialized worker, and providing for multiple people with a single income.

Having a job is not enough to protect someone from food insecurity; it is necessary to ensure jobs pay enough and provide support for those in precarious employment. The large proportion of working households that are food-insecure suggests that their

employment circumstances are insufficient for affording basic needs, making policies that reach low-income households in the workforce critical for reducing the provincial rate of food insecurity.

Importance of Addressing Household Food Insecurity in Newfoundland and Labrador

The health consequences of food insecurity include a wide range of physical and mental health problems, including increased risk of premature death.⁸⁻¹² Food insecurity also puts a tremendous burden on provincial health care systems.¹³⁻¹⁵ Recent national research found that severely food-insecure adults had 69% higher odds of acute care admission and stayed in hospital longer.¹⁵

Although we do not have cost estimates for Newfoundland and Labrador, research from Ontario found that in the course of a year, the health care costs of a severely food-insecure adult were more than double that of someone who was food-secure.¹⁴ Reducing food insecurity should be a priority for the province as it could offset public health care expenditures.

“ Research has repeatedly shown that policies can reduce food insecurity when they improve the incomes of low-income households ”

Research has repeatedly shown that policies can reduce food insecurity when they improve the incomes of low-income households.^{2,16-21} Despite the focus on food provision as the policy response to date, there is no evidence that it resolves food insecurity. Food insecurity is a problem of inadequate incomes that is not solved by food.

Role of Minimum Wage Policy in Household Food Insecurity

Research on provincial social policies identified that a higher minimum wage is one of the key policy levers provinces can use to reduce the risk of food insecurity.² These findings are supported by international research on household food insecurity showing

working adults have lower risk of food insecurity in countries with higher minimum wages.³ (See Appendix for detailed descriptions)

Critically, the research also suggests that the reductions in food insecurity are very unlikely to be offset by the impact of a higher minimum wage on unemployment.³ While the potential for a rise in unemployment is often cited as a reason against higher minimum wage, the evidence points to the benefit of a higher minimum wage on food insecurity reduction outweighing any resulting unemployment.

Recommendations to Minimum Wage Review

Although the indexation of minimum wage to inflation means regular increases in line with inflation, it provides no assurance that the minimum wage is adequate for meeting the costs of basic needs, which has been a long-standing concern since the introduction of indexation in 2018. Given the evidence that wages have not been enough for many Newfoundlanders and Labradorians to make ends meet, instituting larger increases to minimum wage than those brought forth by indexation are a critical part of protecting working households from food insecurity.

The Minimum Wage Review Committee should recommend raising the current minimum wage to a more adequate level as the baseline moving forward.

The gap between the upcoming minimum wage (\$13.20 on April 1, 2022 following the annual increase based on inflation) and previous estimates of a “living wage” is one illustration of the need to raise the baseline. In 2019, the Canadian Centre for Policy Alternatives estimated the living wage in St. John’s to be \$18.85/hour.²² Updated figures for 2022 or other regions have not yet been calculated, but given the rising costs of basic needs in the province, many of which are outpacing the headline national inflation rate, the figures are likely even higher.

Interdepartmental collaboration to monitor household food insecurity and examine the impact of increases to minimum wage and other public policies can help guide future decision-making.

The minimum wage review is an opportunity to **make the minimum wage setting process a part of a larger, concerted government effort** to address food insecurity moving forward.

Stronger income supports for the precariously employed or unemployed, better employment standards, more support for collective bargaining, measures to combat racism in the labour market, and more job opportunities are also critical policy actions to support workers and reduce food insecurity.^{3,23,24}

The Health Accord for Newfoundland and Labrador highlights the need to address social determinants of health, like food insecurity, as the only feasible path to health system sustainability in the province.²⁵ A guaranteed, liveable basic income is a central recommendation to accomplish this and would go far to protect households from food insecurity. A higher minimum wage complements the implementation of a basic income by making it more affordable.

The speech from the Throne highlighted that “reinvigorated poverty reduction measures will combat housing and food insecurity”.²⁶ A higher minimum wage that better aligns with the costs of living is one such measure. Given the serious impact on health and health care costs, reducing food insecurity should be a key priority for decisions around minimum wage.

The government must **recognize that any decisions they make on wages are decisions that directly impact food insecurity.**

Actions to improve the financial circumstances of low-income households, like raising the minimum wage to better align with the costs of living, are necessary to reduce food insecurity and its burden on health and the health care system.

With Newfoundlanders and Labradorians feeling increasing cost-of-living pressures, the time to act is now.

About Food First NL



Established in 1998, [Food First NL](#) is a provincial, non-profit organization with a 20+ year history of collaboration with communities and organizations across Newfoundland and Labrador to advance food security in the province

Food First NL's mission is to actively promote comprehensive, community-based solutions to ensure access to adequate and healthy food for all.

We envision a province where all people at all times, have physical and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

About PROOF



[PROOF](#) is an interdisciplinary research team investigating household food insecurity in Canada led by Dr. Valerie Tarasuk at the University of Toronto. The goal of this research program is to identify effective policy approaches to reduce household food insecurity.

PROOF's work over the past decade has revealed the extent and severity of food insecurity in Canada, highlighted the tremendous toll on health and health care, and provided empirical evidence for the need for income-based policy responses.

Our research on food insecurity in Newfoundland and Labrador in particular uncovered the dramatic decrease in food insecurity between 2007-2012, following the introduction of the 2006 Poverty Reduction Strategy.¹⁶ It also documented the reversal of this trend, with food insecurity worsening between 2011/2012 and 2017/2018.²⁷

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Appendix: Research Showing that Higher Minimum Wage Reduces Food Insecurity

Increases in minimum wage reduce the risk of food insecurity among Canadian families.²

A study using data from the Canadian Community Health Survey 2005-2018 identified increases to minimum wage as one of the provincial policy levers that governments can use to reduce the risk of food insecurity. By examining differences in food insecurity among households with children under 18 years of age across the provinces and variation in social policies and economic environments, the researchers found that a one-dollar increase in minimum wage was associated with 5% lower odds of experiencing food insecurity. They also found that the increases to welfare incomes, lower income tax rate for the bottom income bracket, and lower unemployment rate were associated with lower odds of food insecurity.

Working adults in countries with more generous wage-setting policies (higher minimum wage or collective bargaining) are less likely to be food-insecure.³

International comparative research reinforces the findings that higher minimum wage reduces food insecurity among workers and demonstrates that it would be unlikely for the reductions to be offset by any impact on unemployment. Food insecurity monitoring by the United Nations Food and Agriculture Organization (FAO) has enabled comparisons of food insecurity across countries. An analysis of 139 countries found that employed adults in countries with high minimum wage or collective bargaining were less likely to be food-insecure. This effect was strongest for full-time workers, but part-time workers still had lower risk of food insecurity in countries with higher minimum wage. The increase in unemployment rates required to reverse the reduction in food insecurity associated with higher minimum wage is very high and unlikely based on other assessments of the effect of minimum wage on unemployment rates.