



# HEALTH SCIENCES ASSOCIATION

## **The union delivering modern health care**

Reducing Poverty and Health Inequalities:  
The Public Health Case for a \$15 Minimum Wage

*Submission to the Fair Wages Commission*

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## Executive Summary

The Health Sciences Association of BC (HSA) appreciates the opportunity to make its recommendations to the Fair Wages Commission to move swiftly to a \$15 minimum wage with regular increases that will close the gap between the minimum wage and the Living Wage.

The Health Sciences Association of BC (HSA) is a labour union that represents more than 18,000 health science and social service professionals who deliver specialized services at over 250 hospitals and agencies in acute and long-term care, child development centres, community health and social service organizations. HSA is a member union of the BC Federation of Labour and the National Union of Public and General Employees (NUPGE).

We are a union that is committed to advocating for better wages, working conditions and public policies that strengthen our communities and improve the lives of British Columbians. As frontline health care and social service professionals, HSA members see the downstream public health consequences of low wages, poverty, and income inequality on the physical and mental health of British Columbians.

We urge the Fair Wages Commission to adopt a health equity perspective to the minimum wage and consider the increase to \$15 an hour as an urgent matter of public health and prudent fiscal policy.

## Recommendations

Based on a review of the health inequalities research evidence, poverty — resulting from low wages — causes poor health and inequalities in health outcomes. HSA recommends:

1. A swift increase to a \$15 an hour minimum wage by January 2019;
2. Elimination of all minimum wage exemptions and special rates;
3. Establishment of a permanent Fair Work Commission that ensures regular minimum wage increases with the aim of reducing income and health inequalities in BC. The remit of the Commission should include providing evidence-based advice to government on transitioning the minimum wage to a Living Wage and employment policies that support innovation, equality, unionization and democracy in the workplace.

## Work, income and health inequalities

Income is a well-established determinant of health. People with lower incomes tend to have less favourable health outcomes, higher rates of chronic disease, and lower life expectancy.<sup>1</sup> For working-age adults and their families, employment income largely determines whether individuals and families will live in poverty or be able to attain the conditions necessary to avoid poor health.<sup>2</sup> These conditions are referred to as the **social (or socio-economic) determinants of health**, and include working conditions, unemployment, and underemployment; access to essential goods and services (e.g., water, sanitation and food); housing and the living environment; access to health care; and transportation.<sup>3</sup> Income and socio-economic status influence how individuals and groups experience the social determinants of health and the health outcomes. Leading public health professor Clare Bambra explains:

... [I]ncome levels and what a decent or a high income [enables compared to a lower one such as access to health-benefiting goods and services (for example health care access, schools, transport, social care) and limiting exposure to particular material risk factors (for example, poor housing, inadequate diet, physician hazards at work, environmental exposures).”<sup>4</sup>

Put simply, the higher your socio-economic position, the better your health.<sup>5</sup> These “systematic differences in health which exist between socio-economic classes” are referred to as **health inequalities**.<sup>6</sup> Therefore, rising income inequalities are associated inequalities in health at the population level. A large and growing body of research evidence demonstrates a relationship between growing income and health inequalities and worse health outcomes for the population *overall*.<sup>7</sup> Put another way, more equal societies tend to have better population health outcomes.<sup>8</sup>

The important point is that the determinants of health inequalities in society require us to look further upstream at our political and economic systems and public policy, including labour market and minimum wage policies, to understand why inequalities persist:

Patterns of health and disease are produced by the structures, values and priorities of political and economic systems. Area-level health—be it local, regional or national—is determined (at least in part) by the wider political, social and economic system and the actions of the government ... and whether there are collective interventions to improve health and reduce health inequalities[.]<sup>9</sup>

<sup>1</sup> Commission on Social Determinants of Health 2008; Dorling 2013; Marmot 2015; Bambra 2016.

<sup>2</sup> In Canada, income, employment and working conditions are identified as key social determinants of health identified by the Public Health Agency of Canada.

<sup>3</sup> Bambra 2011, 9.

<sup>4</sup> Bambra 2016, 109-110

<sup>5</sup> Bambra 2011, 12.

<sup>6</sup> Bambra 2011, 12. Health inequalities refer to observed differences in health by population groups (e.g. income), while health inequities refer to differences that are unfair or unjust. Measuring health inequalities, as the Canadian Institute for Health Information (2015b, 5) notes, is important in order to identify and reduce health inequities.

<sup>7</sup> Wilkinson and Pickett 2009; Dorling 2013; Pickett and Wilkinson 2015; Dorling 2017.

<sup>8</sup> Wilkinson and Pickett 2009; Dorling 2017.

<sup>9</sup> Bambra 2015, 139.

Minimum wages are one such policy intervention that can improve health and reduce disparities. In a review of the academic literature, UBC economist David Green notes that “the minimum wage can be an important tool for reducing poverty and income inequality.”<sup>10</sup> He adds: “A key way to tackle the problem of growing inequality is to raise the incomes of those at the very bottom of the income scale.”<sup>11</sup>

In sum, government social and economic policies, including the minimum wage and workers’ rights and protections, fundamentally shape health outcomes at the individual and population levels and health inequalities between groups in society.

## Low wage earners and working poverty in BC

Who are BC’s low wage earners who may be experiencing poverty? Over 400,000 British Columbians work for less than \$15 per hour—or 22 per cent of all paid employees in the province. The majority of these workers are women (59 per cent) aged 20 years old and over (78 per cent) and work full-time (54 per cent). More than two-thirds are not students (76 per cent) and do not live at home with their parents (66 per cent).<sup>12</sup> The stereotype that teenagers, working part-time jobs, are the only low-wage earners in society is inaccurate and problematic. As shown, most are full-time adult workers and are likely to experience poor health based on their low incomes.

BC’s current minimum wage is a poverty-level wage. There is no question that BC’s current minimum wage contributes to BC’s high poverty rate of 14.8 per cent in 2015—the highest in Canada.<sup>13</sup> Although we live in a wealthy province, BC leads the country in working poverty.<sup>14</sup> The poverty-level minimum wage not only affects vulnerable and low-wage workers at the bottom end of the labour market. As a floor, it affects many British Columbians who are just above the poverty line but below the Living Wage.

## Health inequalities in BC

At the national level, Canada has made little to no progress in reducing income and health inequalities. A 2015 Canadian Institute for Health Information (CIHI) report divided the Canadian population into five groups of equal size according to their income level, then 16 health indicators were calculated for each of the five income quintiles over a period of about 10 years: “Since the early 2000s, inequalities have widened for 3 of the 16 health indicators that were studied and did not change for 11 of them.”<sup>15</sup> CIHI identifies labour market policies, including minimum wage policies, as poverty reduction measures to reduce income and health inequalities:

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<sup>10</sup> Green 2015, 2. In responses to critics of the minimum wage as leading to job losses and an ineffective poverty reduction strategy, Green concludes that 1) “the large job loss impacts predicted by some opponents of minimum wages misrepresent the existing economic research” and that 2) previous minimum wage increases have been insufficient in lifting full-time workers out of poverty.

<sup>11</sup> Ibid.

<sup>12</sup> Statistics Canada, Labour Force Survey Public Use Microdata Files for 2016. Prepared by Iglia Ivanova, CCPA-BC.

<sup>13</sup> Klein et al. 2017.

<sup>14</sup> Ivanova 2016, 14.

<sup>15</sup> CIHI 2015a, 4

Reducing poverty addresses income inequality by increasing the income of those at the bottom of the income distribution and is also identified as an important approach to improving health and reducing inequalities in health outcomes.<sup>16</sup>

In BC, many voices have raised concern about the growth of poverty and widening income and health divides, including the BC Poverty Reduction Coalition, Canadian Centre for Policy Alternatives – BC Office, First Call: BC Child and Youth Advocacy Coalition, First Nations Health Council, Health Officers Council of BC, Provincial Health Services Authority and Public Health Association of BC. Over 400 organizations, representing hundreds of thousands of British Columbians, signed the BC Poverty Reduction Coalition’s call for a provincial poverty reduction plan, with a \$15 an hour minimum wage as a necessary step in boosting incomes and addressing health equity.

The Health Officers Council of BC – an organization comprised of public health physicians – has produced some of the most comprehensive research on health inequalities in BC. In 2008, the Council released an 83-page report that found that “there is a relatively large number of disadvantaged people in the province – the unemployed and working poor [and] children and families living in poverty ... all of whom experience significantly lower levels of health than the average British Columbian.”<sup>17</sup> The Health Officers Council’s 2013 report updated the 2008 findings and concluded that the substantial differences in life expectancies between the wealthiest and poorest segments of the population had increased – a trend that demonstrates that the health gap between higher and lower income groups is widening in BC.<sup>18</sup>

As one of the primary mechanisms to address the upstream determinants of increasing health inequalities, the Health Officers Council of BC recommended that the minimum wage increase and be indexed to the annual cost of living: “It is important that the minimum wage reflect a ‘living wage’ in order to eliminate the situation faced by the working poor – people working full-time but still facing poverty.”<sup>19</sup>

With a specific focus on how the health system can promote health equity, the Provincial Health Services Authority’s (PHSA) 2011 report *Reducing Health Inequities* echoed many of the concerns outlined in the Health Officers Council of BC’s 2008 report. Specifically, PHSA identified people with low-income status as a risk factor that contributes to chronic disease. British Columbians from lower income households are more likely to suffer from diabetes and heart disease or from anxiety and depression than individuals in higher income households.<sup>20</sup>

Based on the research evidence, income and health divides are widening in BC. A growing chorus of public health researchers, government agencies and community organizations recognize the importance of increasing the minimum wage as a strategy to tackle poverty, and income and health inequalities. Increasing the minimum wage and transitioning the minimum wage to a Living Wage is also prudent fiscal policy, as it can reduce costs to the public health care system.

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<sup>16</sup> CIHI 2015b, 37.

<sup>17</sup> Health Officers Council of BC 2008, 8.

<sup>18</sup> Health Officers Council of BC 2013, 12.

<sup>19</sup> Health Officers Council of BC 2008, 11.

<sup>20</sup> Provincial Health Services Authority 2011, 19.

## Health inequalities are costly to the public health care system

As discussed, low wages and poverty are upstream determinants of health and wellbeing. The economic and social policies that produce poverty, including the minimum wage, can help to reduce or exacerbate health inequalities and the associated costs to the public health care system. These costs include greater utilization of health care services (e.g. emergency services, hospitals, mental health services, doctors' offices) and prescription drug use.

The health care cost savings associated with increasing BC's minimum wage is difficult to estimate. However, research by the Canadian Advisory Committee on Population Health and Health Security and the Health Officers Council of BC assumes that 20 per cent of public health care expenditures can be attributed to health inequalities.<sup>21</sup> A Saskatchewan study found that low-income residents' public health care costs were 35 per cent higher than middle and higher income groups, amounting to \$179 million in annual savings if low-income residents had the same health care costs as middle-income residents.<sup>22</sup>

In 2008, the Health Officers Council estimated that BC could save \$2.6 billion annually based on 20 per cent of provincial health care expenditures.<sup>23</sup> Based on provincial health care costs in 2016/17 (\$19.69 billion), this estimate rises to \$3.9 billion in health care spending associated with health inequalities. Although a boost to \$15 an hour would bring full-time workers slightly above the poverty line, it will not result in the total health care cost savings identified above. Health inequalities experienced by groups at the bottom of the income distribution would need to be more significantly reduced. This speaks to the need for transitioning the minimum wage to a Living Wage—or what the World Health Organization and public health experts refer to as a minimum income for healthy living.<sup>24</sup> Public health care savings can be realized over time if the minimum wage rises to \$15, with regular increases by a permanent Fair Work Commission, and a clear plan to reduce the gap between the minimum wage and the living wage. An increased minimum wage – to \$15 an hour – is an important and necessary step forward.

## Conclusion and recommendations

The Health Sciences Association of BC respectfully submits these recommendations to the Fair Wages Commission for consideration. Our recommendations are based on a literature review on the socio-economic determinants of health and health inequalities, and also informed by the frontline perspectives of our 18,000 health science and social service professionals who see the downstream health effects of low wages, poverty and health inequalities.

In 2008, the World Health Organization (WHO) released its landmark report, *Closing the Gap in a Generation: Health Equity Through Action on the Social Determinants of Health*. Among its many recommendations, it concluded that “minimum wages should ... be sufficient for healthy living.”<sup>25</sup> In 2011, Canada committed to implement the WHO Rio Political Declaration on Social Determinants of

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<sup>21</sup> Public Health Agency of Canada 2016, 5.

<sup>22</sup> Public Health Agency of Canada 2016, 5.

<sup>23</sup> Health Officers Council of BC 2008, 49.

<sup>24</sup> Bambra 2011, 174-175.

<sup>25</sup> Commission on Social Determinants of Health 2008, 90.

Health and take measurable action in reducing health inequalities. Increasing the provincial minimum wage swiftly to \$15 per hour and reducing poverty is necessary for BC and Canada to deliver on its national and international commitments.

Based on the research evidence presented in this submission and British Columbia's commitments to tackling health inequalities, we urge the Fair Wages Commission to apply a *health equity lens* to the minimum wage and consider its increase as an urgent matter of public health and prudent fiscal policy.

The research evidence is clear – low wages and poverty are key determinants of poor health. The minimum wage is an upstream public policy that produces health inequalities. HSA recommends:

1. **A swift increase to the minimum wage by January 2019:** We recommend a two-step increase – \$14 by July 2018 and \$15 by January 2019. This would ensure that BC is on schedule to keep up with minimum wage increases in Ontario and Alberta.
2. **Eliminate all minimum wage exemptions and special rates:** All BC workers should be entitled to the same minimum rights and protections. Working conditions are socio-economic determinants of health, which include the pace of work, control over the work process and psychological factors.<sup>26</sup> A growing body of BC research, based on worker interviews and focus groups conducted by the Employment Standards Coalition, Vancouver Island Public Interest Research Group and Retail Action Network demonstrates that minimum wage exemptions contribute to unhealthy and unsafe environments where workers endure physical exhaustion and psychological and sexual harassment in order to make ends meet or gain permanent residency (in the case of migrant workers).<sup>27</sup>
3. **Establish a permanent Fair Work Commission that ensures regular minimum wage increases with the aim of reducing health inequalities by adopting a public health perspective:** The remit of the Commission should include providing evidence-based advice to government on transitioning the minimum wage to a Living Wage and employment policies that support innovation, equality, unionization and democracy in the workplace.<sup>28</sup> A permanent Fair Work Commission could be modelled on the promising work occurring in one of Europe's social democracies – Scotland. Scotland's Fair Work Convention and Economic Strategy focus on inclusive economic growth and tackling inequalities (including health) and offer progressive ideas that will help move BC forward.<sup>29</sup>

A large and growing body of evidence within public health, epidemiology, and health geography shows the adverse effects of low wages and poverty on individual and population health. Increasing the minimum wage can increase income equality by boosting wages at the bottom of the income distribution, thereby reducing health inequalities that are costly to government and have a corrosive effect on society.

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<sup>26</sup> Bambra 2011.

<sup>27</sup> Vancouver Island Public Interest Research Group and Retail Action Network 2016; Employment Standards Coalition 2017.

<sup>28</sup> Countries with higher trade union density have better health and safety regulations (Bambra 2016, 157). A recent IMF [report](#) has also shown that the decline in unionization is correlated with a growth in income inequality.

<sup>29</sup> See Scotland's [Economic Strategy](#) and [Fair Work Convention](#).

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