

Submission to the
Employment Standards Board
on
Minimum Wage



Submitted by the
P.E.I. Federation of Labour
November 17, 2008

“Minimum Wage Should Be a Living Wage”

The Prince Edward Island Federation of Labour recognizes that the two recent increases to PEI’s minimum wage which now brings the Island minimum wage to \$8.00 an hour are a step forward for low income workers, however, it is only a very small step. Even after the increases, PEI still continues to lag behind all but one province, currently tied for the second lowest minimum wage in Canada joining British Columbia and Newfoundland and Labrador, and ahead of only New Brunswick.

Right now, the Minimum wage on the Island is \$8.00 an hour. A worker working forty (40) hours a week for 52 weeks means an annual revenue of \$16,640. Does this annual income get workers out of poverty?

To have a measure of where this leaves Islanders who work at minimum wage, we just need to look at what is the poverty line on the Island. If we take Statistics Canada’s low-income cut-offs (LICO’s) the most commonly used “poverty” indicator, a single worker on PEI would have needed in 2006 to make an annual revenue of \$18,147(a revenue before tax) to be above the poverty line if he was living in a community of between 30,000 and 99,999 persons. A couple would have to make \$22,591 and a family of four would need a revenue of \$33,721.

<http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2007004.pdf>.

One statistic that more than any other stresses the need to increase the Island’s minimum wage is food bank usage from the 2007 HungerCount Report . In March 2007, over 2,800 people who had to go to food banks **23.7% of which were Islanders who are employed**. This shows that the Island’s minimum wage does not allow many working Islanders to meet even their basic needs.

The report also comes to this conclusion stating that **“Many food bank users (on PEI) only earn minimum wage or slightly higher. It is extremely difficult for these people to pay rent, deal with the high price of oil, and buy groceries. Many people are concerned with the high price of oil, and wonder how they will continue to heat their home or how they will put gas in their car to get to work. Too many people have to make the decision of paying rent, heating their home, or buying groceries for their family.”**

Hunger Count 2007-<http://www.cafb-acba.ca/documents/HungerCount2007.pdf>

If we look at the social determinants of health, we find that income and food are two of the very important determinants. Having to live with a minimum wage salary and needing food banks to just keep alive will certainly not keep you and your family healthy. The long term impact on children of people living in poverty is severe and the impact on the health care budget is well documented.

It is clear that working at minimum wage certainly does not get you or your family out of poverty. The present minimum wage goes nowhere to meeting the basic needs of Islanders.

The Provincial government needs to understand that our minimum wage level has a much greater impact on workers – and the economy in general than in other provinces and territories where average wages are higher.

On the Island in 2006 26.0% of Islanders (roughly 15,000 province-wide) worked for less than \$10/hr, giving PEI the second highest percentage of low income workers in Canada behind Newfoundland and Labrador at 30.5%.

What is perhaps most disappointing, however, is that unlike many provincial and territorial governments PEI hasn't come up with a long-term plan to determine where our minimum wage is going. In such a prosperous country as Canada, it is unimaginable that there is currently no province that has a minimum wage above their province's poverty line. Only the Territory of Nunavut, at \$10/hr, meets Statistics Canada's poverty line. We hope that our province will follow the lead of other provinces and start planning increases to our Minimum wage so as to give all Island workers a wage that meets their basic needs. <http://srv116.services.gc.ca/wid-dimt/mwa/index.aspx?report=report1>

The Provinces and Territories thinking ahead include:

Nova Scotia has taken positive actions so workers will have a minimum wage of \$8.60(April 2009); \$9.20(April 2010) and \$9.65 (October 2010). A wage that their Minimum Wage Review Committee predicted will meet the LICO for a city the size of Sydney, Nova Scotia by 2010. Nova Scotia will also begin automatic annual increases to their minimum wage rate based on the consumer price index in 2011.

As part of their Poverty Reduction Strategy the Newfoundland and Labrador Government is increasing their minimum wage to \$8.50(January 2009), \$9.00(July 2009), \$9.50(January 2010) and \$10.00(July 2010).

Ontario is increasing their minimum wage by 75 cents per hour annually to reach \$10.25/hr on March 31, 2010

As of September 5, 2008. Nunavut has the highest minimum wage in Canada at \$10/hr. This was an increase of \$1.50/hr from \$8.50/hr set in 2003.

Saskatchewan will going to \$9.25/hr by May 01, 2009.

Alberta's minimum wage at \$8.40 (April 2008) will be adjusted annually every April based on Alberta's average weekly wage increases

The Yukon increases their minimum wage on April 1 of each year, based on the annual increase for the preceding year in the Consumer Price Index for the city of Whitehorse.

We are certain that the Chambers of Commerce and other business groups will be suggesting to you that increasing minimum wages to a livable level will create many hardships for their members. However, it is clear that the prospective benefits of providing Island workers with a livable minimum wage will far outweigh their scare tactics.

These benefits include:

- Good employers who pay decently (or want to), but who compete with firms that don't will be provided with a more level playing field.
- Employers will also benefit from less turnover and easier recruitment. Workers can easily be lured away from employers that provide low pay. The negative consequences of high turnover include added staffing and training costs administrative costs, operational disruption, lost productivity, low morale and a decreased ability for PEI to maintain a skilled workforce.
- An increase in the ability of teens and youth to be more independent and self-sufficient. This enables young adults to leave home, and helps to reduce their post-secondary education debt loads.

With the retention and attraction of workers on PEI being such a large issue in ensuring the future economic prosperity of the Island, now more than ever it is time to distance ourselves from PEI's current situation of having the lowest wages, and employment standards in Canada and move PEI more in line with the rest of the country. We need to realize that we are no longer just competing with the rest of Canada to attract businesses to PEI but now we must also be able to attract and retain workers. Increasing our minimum wage to a level that will allow all Islanders to meet their basic needs is a small but very positive step forward. We urge this committee to help make this step possible.

Therefore we ask this government to raise the minimum wage each six months so that by the end of 2010, workers would make at least \$10.00 an hour. Upon the completion of this measure, the increases should be attached to the annual Consumer Price Index. The time has come for this government to usher in an era where all Islanders working full-time on PEI can earn a wage that at the very least covers the basics of life.

Two-Tier Minimum Wage is a Non Starter:

We would also like to take this opportunity to address one of the few negative recommendations that arose from the recent Prince Edward Island Employment Standards Review Committee Report. The recommendation that would allow for a future implementation of a two-tier minimum wage.

In this Submission, we will discuss this issue in terms of students just entering the workforce, and workers who earn gratuities because when we discuss this issue with past and present provincial governments' these are the two groups that seem to be potentially targeted for this unjust and highly discriminatory provision to the Employment Standards Act.

Students:

If our Island economy is going to properly start the integration of young workers into the workforce both government and employers have to stop looking at our young workers as a cheap labour force. They should begin working hard to ensure that a student's first work experiences provide them with as much training and exposure to the workplace as possible so that they get the best start on their working lives.

Unfortunately, too many Island businesses look at the proper training of employees in terms of the short term expense it creates rather than looking at the major impact it will have in creating the skilled workforce that their businesses need to provide for their own future financial success.

Minimum wage jobs are meant to be starter jobs that require lower skills and less experience so it makes very little sense to set a lower wage for anyone working at a minimum wage job especially when discriminatory measures such as age or experience are used.

In the end, most students in minimum wage jobs are performing work of equal value to that of more experienced workers and they do not deserve to be treated as second class citizens.

Workers Who Earn Gratuities:

We cannot understand any logical basis to lower wages for workers in industries where they earn gratuities especially considering the unstable nature of such compensation.

The amount of gratuities a worker earns depends on a combination of so many factors (such as size and success of business, time of year, product sold, weather, etc.) that to punish workers based on this supposed "bonus" is ridiculous.

The business community, rather than lobbying to punish their workers due to the gratuities they work so hard to earn, should look at them as a no-cost method for the employer “to up” their employees’ salary which in turn will reduce staff turnover and lower retraining costs.

In the end, something that this government should remember is that the amount of gratuities that an employee earns is directly proportional to the success of the business they work for. Therefore any employer that is complaining about the amount of gratuities an employee earns should be able to afford to pay them the full minimum wage.

Conclusion-The PEI Federation of Labour and our 10,000 members would like to thank you for the opportunity to bring our recommendations to this important committee and we hope that your recommendations will be to improve the work situation for some of the most exploited and mistreated workers on PEI .

Table 1

Minimum Wages Across Canada			
Jurisdiction	Current Hourly Rate	Rate Will Change to	Effective Date
Nunavut	\$10.00		September 5, 2008
Ontario	\$8.75	\$9.50	Current (March 31, 2008) Change (March 31, 2009) will increase by 75 cents per hour annually to reach \$10.25 on March 31, 2010
Saskatchewan	\$8.60	\$9.25	C urrent (May 1, 2008) Change (May 1, 2009)
Yukon	\$8.58		April 1, 2008 (its minimum wage is pegged to the annual increases in to the Consumer Price Index)
Quebec	\$8.50		May 1, 2008
Manitoba	\$8.50		April 1, 2008

Alberta	\$8.40		April 1, 2008 will be adjusted annually every April based on Alberta's average weekly wage increases
Northwest Territories	\$8.25		December 28, 2003
Nova Scotia	\$8.10	\$8.60	Current (May 1, 2008) Change (April 1, 2009) going to \$9.65 by October 1, 2010)
British Columbia	\$8.00		November 1, 2001
Newfoundland and Labrador	\$8.00	\$8.50	Current (April 1, 2008) Change (January 1, 2009) Will increase to \$10.00/hr on July1, 2010
Prince Edward Island	\$8.00		October 1, 2008
New Brunswick	\$7.75		March 31, 2008

Table 2

Low Income Cutoff For Community the Size of Charlottetown			
Year	1 Person	Hourly Wage based on (2080 hours per year)	Increase
2010 (based on Nova Scotia Minimum Wage Review Committee)	\$20,072.00	\$9.65	10.61% or 2.65%/year
2006	\$18,147.00	\$8.72	2.04%
2005	\$17,784.00	\$8.55	2.17%
2004	\$17,407.00	\$8.37	1.88%
2003	\$17,085.00	\$8.21	2.77%
2002	\$16,624.00	\$7.99	2.23%

2001	\$16,261.00	\$7.82	2.55%
2000	\$15,856.00	\$7.62	2.71%
1999	\$15,437.00	\$7.42	1.75%

Table 3

Percentage of Low Paid Workers by Province in 2006		
Province	Number of employees paid less than \$10/hr	% of all all employed workers
Newfoundland and Labrador	57300	30.5%
Prince Edward Island	15000	26.0%
Nova Scotia	96100	24.7%
New Brunswick	75700	24.2%
Saskatchewan	78000	19.7%
Manitoba	97100	19.4%
Quebec	524900	16.1%
Ontario	829800	14.9%
British Columbia	245700	13.8%
Alberta	174400	11.3%

Source: Labour Force Historical Review 2006 CD-ROM (cat no. 71F0004XCB). These numbers are based on the number of employees: e.g., excluding the self-employed. If the self-employed were included, these numbers would be higher.