

**EMPLOYMENT STANDARDS BOARD**  
PROVINCE OF PRINCE EDWARD ISLAND

E. WAYNE VESSEY  
ACTING CHAIR

PHONE: 902-368-5550  
FAX: 368-5476

HAZEL A. WALSH  
RECORDING SECRETARY

PO BOX 2000  
CHARLOTTETOWN  
PEI C1A 7N8

2 October 2019

The Honourable Matthew MacKay  
Minister  
Department of Economic Growth, Tourism and Culture  
Box 2000  
Charlottetown, PE C1A 7N8

Dear Minister MacKay:

On behalf of the Prince Edward Island Employment Standards Board, I am pleased to submit the Report of the 2019 Minimum Wage Review.

Should you have any questions, please feel free to contact me at your convenience.

Yours truly,



E. Wayne Vessey  
Acting Chair

Enclosure

**Prince Edward Island  
Employment Standards Board**

# **Minimum Wage Review Report**



**2019**

**Re: Review of Minimum Wage Order**

1. The Prince Edward Island Employment Standards Board (the Board), at its annual meeting on 24 September 2019, reviewed the Minimum Wage Order as prescribed by sections 5(1), 5(2), and 5(3) of the *Prince Edward Island Employment Standards Act*, as amended in 2019 (Bill No. 104).

**Public Consultation**

2. The Board requested, through newspaper notices and social media, public input on adjustments to the minimum wage. Responses were received from ten (10) organizations / businesses and five (5) individuals (see attached list). Six (6) of the organizations and zero (0) individuals presented oral submissions. The Board considered these views as well as considerable documentation relevant to the criteria prescribed by section 5(3) of the *Act* (i.e., cost of living change, economic conditions in the province, and measures of poverty).
3. The public submissions covered a number of issues.
  - a) Employer requests generally were that:
    - no increase is needed in the minimum wage, but not all employers are opposed to a reasonable minimum wage increase;
    - increasing the minimum wage exerts pressure to increase wages for other workers, too, which further increases labour costs;
    - the economic conditions in Prince Edward Island have been positive and relatively stable compared to other provinces;
    - government should provide as much notice as possible for future increases;
    - employers appreciate the 1 April date for a once-per-year increase with considerable advance notice about the new minimum wage rate;
    - if an increase is recommended, it should be based on changes to the Consumer Price Index (CPI) or some other clear index to provide predictability and transparency;
    - changes in technology and automation create the possibility of replacing workers and significant increases in minimum wage could accelerate that possibility;
    - minimum wage increases, particularly substantial increases, could have a negative impact on employment hours, especially for young workers;
    - a lower rate of minimum wage should apply to liquor servers;
    - a lower rate of minimum wage should apply to inexperienced workers or workers in training; and
    - employers recognize changes to the Basic Personal Exemption amount, yet this amount should continue to be increased as this would provide more take-home pay for low income workers.

- b) Employee spokespersons submitted that:
- people cannot live on pay of \$12.25 per hour;
  - low income workers often rely on charity and other social supports;
  - more women than men earn minimum wage;
  - minimum wage needs to be regularly increased until it matches a living wage (approximately \$15.00 - \$18.00 per hour in their view);
  - when minimum wage matches a living wage, further increases should be linked to changes in the CPI or in another predictable way;
  - the rental situation in the province is presenting unprecedented challenges to minimum wage earners (and others)
  - the *Employment Standards Act* is outdated and should be revised to reflect the changing workplace.

### **Considerations**

4. In its deliberations, the Board considered the public submissions (see above highlights) and other relevant points.
- a. An amendment to the *Employment Standards Act*, section 5(3), requires the Board to consider measures of poverty in addition to the existing requirement to consider the cost to an employee of purchasing the necessities of life.
  - b. The Nova Scotia Minimum Wage Committee's November 2018 Report described that province's 2008 adoption of the Statistics Canada Low Income Cut Off (LICO) with minimum wage increases indexed to CPI, as well as their 2018 re-consideration of the number of hours constituting full-time work (1850 hours annually based on 37 hours per week for 50 weeks per year vs. their previous model of 2000 hours annually based on 40 hours per week for 50 weeks per year).
  - c. There is no one generally-accepted measure of poverty and the Board considered a blended approach that included both Market Basket Measures (MBM) and LICO indices.
  - d. The minimum wage helps protect the wages of vulnerable workers who have little or no bargaining power.
  - e. Positive effects of raising the minimum wage include increased consumer spending, better health outcomes and lower wage inequality, especially for women.
  - f. Minimum wage workers tend to spend their income locally, therefore, any increase in minimum wage is likely to benefit the local economy.

- g. An increase in minimum wage may have an indirect negative impact for employees such as reduced employment or hours of work due to higher costs to employers.
- h. It is generally accepted that minimum wage alone cannot eradicate poverty; other instruments are needed such as financial literacy education, access to targeted social programs, tax policy (i.e. tax rates and increased Basic Personal Exemption), etc.
- i. Minimum wage continues to increase across Canada. The average rate for all provinces and territories was \$12.67 in 2019 (see attached chart).
- j. A number of provinces are moving towards or have already adopted a minimum wage of \$15.00 per hour.
- k. Various economic indices such as current CPI and forecasted CPI for 2020.
- l. The Island economy has been strong over the past year and the outlook for 2020 is positive, thus, for all citizens to participate in the economic growth, the minimum wage should be increased.
- m. While discussion on poverty reduction continues both nationally and provincially, the Board recognizes its limited scope with respect to alleviating poverty. However, as a Minimum Wage Board, we have a responsibility to unorganized workers in Prince Edward Island to ensure the statutory minimum wage is appropriate.

### **Wage Recommendations (Board Mandate, Section 5 of the Act)**

1. The minimum wage be increased by \$0.60 (to \$12.85) on 1 April 2020; and
2. the new minimum wage rate be announced to the public as soon as possible.

The Board noted that, although there have not been any requests for an adjustment to the Board and Lodging section of the Minimum Wage Order, there have not been any changes in rates since 2009. The Board recommends the following maximum amounts that may be deducted from the wages of an employee where the employer furnishes board (effective 1 April 2020):

3. for board and lodging, \$61.60 (an increase of \$5.60);
4. for board only, \$49.50 (an increase of \$4.50);
5. for lodging only, \$27.50 (an increase of \$2.50);
6. for single meals, \$4.13 (an increase of \$0.38).

Should government accept these recommendations, an appropriate rationale should be included with any public announcement of the rate changes.

**Other Recommendations**

1. Conduct a comprehensive review of the *Employment Standards Act*;
2. Continue to explore other means to alleviate poverty and facilitate Islander's participation in the workforce (e.g., examine the feasibility of a Basic Income Guarantee, tax policy such as Basic Personal Exemption, addressing childcare expenses for low-income working parents, housing, or other social programs);
3. Educate Islanders about financial literacy (e.g., mandatory high school programs, continuing education for adults).

Respectfully submitted on behalf of the Members of the Prince Edward Island Employment Standards Board,



Wayne Vessey  
Acting Chair

Attachments

- List of Submissions and Other Materials Taken Into Consideration by Board
- Provincial Minimum Wage Rates Across the Country
- Current Minimum Wage Order

## List of Submissions and Other Materials Taken Into Consideration by Board

- How Poverty is Measured
- Patterns & Trends in Low Income
- Demographics of Low Income
- Employment Trends & Data
- Food Insecurity
- Housing Data & Trends
- Bond Ratings Signal Confidence
- Excerpts from 45<sup>th</sup> Statistical Report
- Average Weekly Earnings (PEI)
- Average Weekly Earnings (Canada)
- CPI – Prince Edward Island Comparison /
- Maximum Insights on Minimum Wage Workers: 20 Years of Data (Statistics Canada)
- Labour Force Survey
- Minimum Wage / CPI Statistics 1976 - 2019
- RBC Economic Outlook – 2020
- Minimum Wage Rates – Provincial Comparison
- Basic Personal Amount – Provincial Comparison
- Hourly Wage Distribution of Employees by Age, Group and Sex for Prince Edward Island (Statistics Canada)
- Editorial from the Guardian – October, 2018
- CBC Interview with Patricia McPhail, Director of Labour and Industrial Relations and Comments – June, 2019
- Comments from CBC Website After Minimum Wage Review was Announced – June, 2019
- Opinion Article – Basic Income Guarantee an Equitable Solution for Poverty
- Opinion Article – Trouble Ahead for Retirees
- Article from the Guardian – Island Voices Needed on PEI Poverty Reduction Council
- Article from CBC – PEI Job Numbers at All Time High – May, 2019
- Article from CBC – PEI Setting the Pace for Canada in Economy and Politics, Says Perrin Beatty – May, 2019
- Article from CBC – PEI Leading Region in Economic Performance – August, 2019
- Private Citizen Submission
- Private Citizen Submission
- Private Citizen Submission
- Private Citizen Submission
- Private Citizen Submission

- Cooper Institute Submission
- Canadian Union of Public Employees (PEI) Submission
- Retail Council of Canada Submission
- Tourism Industry Association of PEI Submission
- Union of Public Sector Employees Submission
- Canadian Federation of Independent Business Submission
- Greater Charlottetown Area Chamber of Commerce Submission
- Restaurants Canada Submission
- Federation of Labour Submission
- Bedford MacDonald House Submission



Provincial Minimum Wage Rates Across the Country		
PE	1 April 2019	\$12.25
NB	1 April 2019	\$11.50
NL	1 April 2019	\$11.40
NS	1 April 2019 1 April 2020 1 April 2021	\$11.55 / experienced    \$11.05 / inexperienced \$12.10 / experienced    \$11.60 / inexperienced \$12.65 / experienced    \$12.15 / inexperienced
QC	1 May 2019	\$12.50            \$10.05 (tips)
ON	1 January 2018	\$14.00    \$13.13 (student)    \$12.20 (liquor servers) (in effect until 30 September 2020)
MB	1 October 2019	\$11.65
SK	1 October 2019	\$11.32
AB	1 October 2018	\$15.00
BC	1 June 2019 1 June 2020 1 June 2021	\$13.85            liquor servers \$12.70 \$14.60            liquor servers \$13.95 \$15.20            everyone
NU	1 April 2018	\$13.46
NT	1 April 2018	\$13.46
YK	1 April 2019	\$12.71

(Last updated 30.08.19)

Source: Provincial websites

# MINIMUM WAGE ORDER

## PRINCE EDWARD ISLAND EMPLOYMENT STANDARDS ACT



### 1. Minimum Rates

The Minimum rate of wages for all employees shall be:

\$11.55 per hour effective 1 April 2018

\$12.25 per hour effective 1 April 2019

### 2.(1) The maximum amounts that may be deducted from the wages of an employee where the employer furnishes board and lodging are as follows (effective 1 May 2009):

(a)	for board and lodging	\$56.00 per week
(b)	for board only	\$45.00 per week
(c)	for lodging only	\$25.00 per week
(d)	for single meals	\$ 3.75 per meal

### (2) No charge is to be made for a meal not received by an employee. In no case shall the employee's pay, after board and lodging deductions, be a lesser amount than the minimum rate less the price schedule shown in this Order.

### 3. These regulations come into force upon approval by Executive Council.