

FOR RELEASE #06-072

March 31, 2006

YUKON EMPLOYMENT STANDARDS BOARD INCREASES MINIMUM WAGE

WHITEHORSE – The Yukon Employment Standards Board has informed Glenn Hart, minister responsible for Consumer and Safety Services that they have increased the Yukon minimum wage from \$7.20 to \$8.25 per hour effective May 1 and that the minimum wage will, in future, increase relative to the Consumer Price Index from the preceding calendar year, on April 1 of each year, starting in 2007.

The authority for setting the minimum wage rate in the Yukon rests with the Employment Standards Board who undertook a consultation during December and January to capture the views of employees, employers and the general public on the proposed changes to the minimum wage rate.

Yukon is the first Canadian jurisdiction to utilize the Consumer Price Index (CPI) in maintaining the currency of the minimum wage rate. Statistics Canada produces the CPI as an indicator of the consumer prices encountered by Canadians. It is obtained by calculating, on a monthly basis, the cost of a fixed “basket” of commodities purchased by a typical Canadian consumer during a given month.

“We heard from approximately ninety Yukoners on this issue,” Joie Quarton, chair of the Yukon Employment Standards Board said. “The minimum wage rate affects many people, directly and indirectly, and through this consultation process we heard a range of viewpoints both in favour and against increasing the minimum wage. The overwhelming response, however, even from employers, was in support of increasing the minimum wage.”

Nationally, one in 25 Canadian employees work at or below the minimum wage set in their jurisdiction. Overall, individuals working at or below the minimum wage tend to be women, young people, students and part-time workers. More than half are over the age of nineteen and of workers who are under nineteen, more than 75 percent attend school full or part-time. Twice as many women as men earn minimum wage, and about 5 percent of minimum wage earners are single parents. Many workers earning minimum wage work less than 40 hours a week.

As of today, national minimum wage levels range from a high of \$8.50 per hour in Nunavut to a low of \$6.50 per hour in Newfoundland and Labrador.

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Attachments: (1) Table of Minimum Wage Levels across Canada; (2) Employment Standards Board letter to Minister Glenn Hart.

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ATTACHMENTS – MINIMUM WAGE TABLE & LETTER TO MINISTER

Minimum Wage Levels Across Canada Effective May 1, 2006

Jurisdiction	Hourly Rate	Effective Date
Nunavut	\$8.50	March 3, 2003
Yukon	\$8.25	May 1, 2006
Northwest Territories	\$8.25	Dec. 28, 2003
British Columbia	\$8.00	Nov. 1, 2001
Ontario	\$7.75	Feb. 1, 2006
Quebec	\$7.60	May 1, 2005
Saskatchewan	\$7.55	March 1, 2006
Manitoba	\$7.25	April 1, 2005
Alberta	\$7.00	Sept. 1, 2005
Prince Edward Island	\$6.80	Jan. 1, 2005
Nova Scotia	\$6.80	Oct. 1, 2005
New Brunswick	\$6.50	Jan. 1, 2006
Newfoundland	\$6.50	Jan. 1, 2006

Employment Standards Board

Box 2703, Whitehorse, Yukon Y1A 2C6

March 24, 2006

The Honourable Glenn Hart
Minister of Community Services
Government of Yukon
Box 2703
Whitehorse, Yukon Y1A 2C6

Dear Minister Hart

Re: Employment Standards Act—Review of Minimum Wage Rate

Section 18(1) of the *Employment Standards Act* (“*the Act*”) states that the Employment Standards Board “may, from time-to-time, establish on the basis of time, the minimum wage to be paid by employers to employees”. As the last review was done in 1997, the Board has convened for this purpose and has now completed the first stage of its review.

Information Considered

Prior to reviewing the Minimum Wage Rate (“MWR”), the Board did a broad consultation, seeking input on the possibility of raising the minimum wage to \$8.25 per hour immediately, and to subsequent annual increases based on the Consumer Price Index. Advertisements were placed in local newspapers and on local radio requesting written comments from interested parties. In addition, posters were put in strategic locations throughout the Yukon. From this process, the Board received a total of ninety one responses from employers, employees, business owners and other stakeholders. In particular, the other stakeholders included organizations speaking on behalf of low income earners and those living in poverty.

Of the 91 responses received, 20 identified themselves as employers, and 41 identified themselves as employees. The balance included 2 municipalities, 1 Local Area Council, 2 Chambers of Commerce, 3 women’s groups, Yukon Family Services, 1 union, the Anti-Poverty Coalition, Yukon Federation of Labour, and Whitehorse Medical Clinic. Several respondents did not identify with any group.

Labour Services staff also provided information concerning the history of the minimum wage in Yukon and generally, minimum wage rates for the rest of Canada, information about who earns minimum wage, statistics for low income earners in Canada and information about hours of work. Labour Services also provided the Board with information about potential impacts of increasing the minimum wage.

A Breakdown Of The Responses Received Is As Follows:

- 94.5% of all respondents supported a minimum wage of \$8.25 or higher, including 80% of all employers who responded.
- 86.8% of respondents supported tying future increases in the MWR to the Consumer Price Index, including 68% of employers.

Comments In Favour Of A Minimum Wage Increase Included:

- that businesses/employers need to pass the cost of a reasonable and fair minimum wage to those who purchase their products and services
- that even with a raise to \$8.25/hr. it is impossible for a person to live on, especially given that many who earn minimum wage do not work a 40 hour work week
- that in order to survive, a person working for minimum wage must work two jobs
- that Yukon needs to bring its MWR on par with other provinces
- that the MWR needs to increase at regular intervals so that those earning the lowest incomes are not left behind
- the cost of not increasing the MWR is that taxpayers will pick up the slack through social assistance and other social safety net programs
- the MWR should be enough for a single person working full time to live above the poverty line
- that tying future increases to the CPI is only part of the answer if the MWR is already inadequate
- that the MWR should be \$10/hour because it is impossible to live on \$8.25 and anyone who works should be able to live above the poverty line
- that the rate for the communities should be higher because of higher living costs
- that the MWR is fine for teenagers who are still living with parents but those who are supporting themselves need a “living wage”
- that women are adversely impacted by low wage rates, especially given that approximately 80% of single parent families are headed by women
- that not many employers actually pay employees the MWR

Concerns About Raising The Minimum Wage Rate Included:

- that employers might not be able to hire as many employees

- that the cost of products and services would have to increase to absorb increased costs of employees
- if the MWR goes up, employers will have to increase all other wages they are paying and may decide to hire an adult or a more skilled person instead of a young person with few skills
- the minimum wage is too high for teenage workers
- employers may not be able to provide as much training and experience to unskilled workers if they have to pay them more
- businesses will have to employ fewer workers or reduce hours to compensate for increased labour costs

Other Comments About Timing Of Increases To Minimum Wage:

- minimum wage should only be increased periodically
- any increase should be phased in over two years
- an increase should take place immediately
- that increases should not be tied to the Consumer Price Index
- indexing regular increases prevents a “knee jerk” increase followed by the issue being “forgotten” for a number of years
- increases should be made on a regular basis so that those most vulnerable do not fall behind
- employers need sufficient notice of an increase so that a sudden increase does not have a negative effect on those an increase in the minimum wage is meant to help

Other Relevant Statistics

- Minimum wage rates across Canada range from \$6.50 in Newfoundland to \$8.50 in Nunavut (set in 2003)
- Prior to Yukon getting its own *Employment Standards Act*, the minimum wage rate for the Yukon was \$.10 above the federal minimum wage rate
- The most recent increase to Yukon MWR was in 1998, when it increased to \$7.20. No increases have been made since that time
- In terms of purchasing power, Yukon’s MWR has contracted by 13.1% from 1998 to December 2005
- In real dollars, a worker currently earning the MWR is actually only earning \$6.26 when the effects of inflation are considered

- The current MWR provides an annual income, for a person working 40 hours a week, of \$14,976, in comparison to the average annual earnings in Yukon of \$43,160
- The majority of workers earning minimum wage are women, young people, students and part time workers
- Women accounted for almost two thirds of minimum wage workers, although they make up just fewer than 50% of the whole work force
- More than half of minimum wage earners are over 19 years of age. Many of those under 19 who are earning minimum wage are full or part time students
- 5% of minimum wage earners are heads of households with no spouse, supporting at least one child
- The LICO (Low Income Cut Off) is a tool used to define the income level at which a family or person is likely to be spending a greater percentage of its income on food, shelter and clothing than the average family. The LICO is often used as a benchmark for determining “straitened circumstances” or poverty
- According to the LICO, for a single person living in an urban area with a population of less than 30,000, this level, for 2004, was set at \$15,928
- The current Yukon MWR provides an income level which is approximately 6% below the LICO for 2004
- If the MWR was raised to \$8.25/hr, a worker earning minimum wage for 40 hours a week would have an annual income of \$17,160, or 7.7% above the LICO
- Many Canadian workers work less than 40 hours a week - the average is 33 hours a week. If a worker’s annual income is calculated based on 33 hours/ week, at \$8.25/ hr, that worker’s income will be \$14,157, which is still below the LICO for 2004

Rationale For Decision

Yukon last adjusted its minimum wage in 1998, whereas all other jurisdictions have made changes to their minimum wage rate in the last four years. The increase to \$7.20 per hour was the second of two increases ordered to be implemented in 1998 after the Board completed a review and recommended changes to the Minister in October 1997. Prior to the review and subsequent amendments, the minimum wage for Yukon was \$6.86, effective October 1, 1995.

In making its decision and recommendation in October 1997, the Employment Standards Board considered minimum wage rates across Canada, and changes in the Consumer Price Index (CPI) between January 1995 and December 1997 (inflation to the end of December was projected). The Board also re-iterated the recommendation made by an earlier Board in 1994; that the minimum wage be changed annually to reflect changes in the Consumer Price Index (inflation). This recommendation was not implemented on either occasion.

The current minimum wage of \$7.20 represents 1998 dollars, because inflation has not been reflected in the wage since December of 1997. In terms of the purchasing power, Yukon's minimum wage has contracted by 13.1% in relation to the increase in inflation from January 1998 to December 2005. In real dollars, workers earning the minimum wage of \$7.20 are actually earning \$6.26 when the effects of inflation are considered.

Further, the Board received a significant amount of input from both employer and employee groups stating that the Minimum Wage rate needed to be set at a rate even higher than the proposed rate of \$8.25, the rate which the Board consulted on.

Board's Decision

The Board has carefully considered all of the information provided to it, especially the responses received during the consultation process.

The Board's decision is as follows:

- 1. The Minimum Wage Rate for Yukon shall be increased from \$7.20 per hour to \$8.25 per hour, effective May 1, 2006.**
- 2. The Minimum Wage Rate for Yukon shall be increased annually on April 1, 2007, and every April 1st thereafter by the Whitehorse Consumer Price Index for the previous calendar year.**
- 3. Given the number of submissions received by the Board to increase the Minimum Wage rate higher than \$8.25, the Board will conduct a further consultation with Yukoners to determine whether further increases are necessary.**

Conclusion

It is our hope that our decision to raise the Yukon minimum wage rate to \$8.25 an hour on May 1, 2006, with annual increases tied to the Consumer Price Index will bring Yukon minimum wages closer to the realities of the cost of living in Yukon. In addition, given the number of submissions received by the Board to increase the Minimum Wage rate higher than the consultation rate of \$8.25, the Board will conduct a further consultation with Yukoners this fall to determine whether the MWR should be increased further.

Respectfully yours,

Original signed by:

E. Joie Quarton

Chair, Employment Standards Board

cc Director of Employment Standards