

Lapper, Robert G LBR:EX

From: Lapper, Robert G LBR:EX
Sent: Wednesday, December 8, 2010 11:40 AM
To: 'laura.jones@cfib.ca'
Cc: 'moira.ramley@cfib.ca'; Walman, Barbara J. LBR:EX; Blakely, John H LBR:EX
Subject: Employment Standards Consultation

Greetings and compliments of the season.

As you may know, the Minister of Labour, Minister Iain Black recently announced an initiative to review employment standards, including minimum wage. He has asked senior ministry staff to meet with key business and labour stakeholders to discuss these. In these meetings we hope to hear views and advice on how to modernize B.C.'s employment standards, around the following themes:

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- Improving the provision of information on employment standards to employees and employers
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Lapper, Robert G LBR:EX

From: Lapper, Robert G LBR:EX
Sent: Wednesday, December 8, 2010 11:40 AM
To: XT: von Schellwitz, Mark CRFA LCLB:IN
Cc: 'victor@spirepr.ca'; Walman, Barbara J. LBR:EX; Blakely, John H LBR:EX
Subject: Employment Standards Consultation

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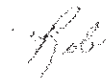
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Lapper, Robert G LBR:EX

From: Lapper, Robert G LBR:EX
Sent: Wednesday, December 8, 2010 11:40 AM
To: 'greg.davignon@bcbc.com'
Cc: Walman, Barbara J. LBR:EX; Blakely, John H LBR:EX
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From: Lapper, Robert G LBR:EX
Sent: Wednesday, December 8, 2010 11:41 AM
To: XT:Winter, John BCCC:IN
Cc: Walman, Barbara J. LBR:EX; Blakely, John H LBR:EX
Subject: Employment Standards Consultation

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Lapper, Robert G LBR:EX

From: Lapper, Robert G LBR:EX
Sent: Wednesday, December 8, 2010 11:42 AM
To: 'exec@bcfed.ca'
Cc: Walman, Barbara J. LBR:EX; Blakely, John H LBR:EX
Subject: Employment Standards Consultations
Attachments: News Release_25Nov.pdf

Further to Honourable Iain Black's November 25 announcement (attached), I am writing to extend an invitation to meet with Labour Ministry staff to discuss employment standards, including minimum wage.

My colleagues, Barbara Walman, Assistant Deputy Minister; John Blakely, Executive Director, Policy and Legislation, and I would very much like to meet with you and any of your colleagues that you would like to include.

In addition, If there are other labour groups that you think should be included in this meeting, please let me know. I will ask my office to be in touch with yours in the next day or two to determine whether you are willing to do this, and your availability to meet with us.

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Lapper, Robert G LBR:EX

From: Lapper, Robert G LBR:EX
Sent: Friday, December 24, 2010 10:06 AM
To: 'ccpabc@policyalternatives.ca'
Cc: Clunn, Karen E LBR:EX
Subject: Employment Standards Consultations

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From: Lapper, Robert G LBR:EX
Sent: Friday, December 24, 2010 10:06 AM
To: 'info@fraserinstitute.org'
Cc: Clunn, Karen E LBR:EX
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From: Lapper, Robert G LBR:EX
Sent: Friday, December 24, 2010 10:07 AM
To: 'ceo@bchotelassociation.com'
Cc: Clunn, Karen E LBR:EX
Subject: Employment Standards Consultations

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From: Lapper, Robert G LBR:EX
Sent: Friday, December 24, 2010 10:07 AM
To: 'andy@bcac.bc.ca'
Subject: Employment Standards Consultations

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Sent: Friday, December 24, 2010 10:07 AM
To: 'nquiring@ufcw.ca'
Cc: Clunn, Karen E LBR:EX
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From: Lapper, Robert G LBR:EX
Sent: Friday, December 24, 2010 10:07 AM
To: 'philip@icba.ca'
Cc: Clunn, Karen E LBR:EX
Subject: Employment Standards Consultations

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Framework for Stakeholder Engagement Process

Employment Standards (including Minimum Wage)

Overview:

- Today we would like to talk about two things: the minimum wage and the *Employment Standards Act*.
- On November 25th, the Honourable Iain Black, Minister of Labour, announced that ministry staff would meet with key labour and business stakeholders to gather their views on how we can best ensure employment standards reflect the realities and needs of employees and employers in 21st-century workplaces.
- The purpose of these meetings is to elicit your views and advice on how to modernize B.C.'s employment standards system around the following themes:
 1. The role and purpose of the minimum wage in today's economy, and how it should be established and adjusted.
 2. Enhancing flexibility for employees and employers.
 3. Clarifying and simplifying standards.
 4. Improving the provision of information on employment standards to employees and employers.
 5. Improving the enforcement of employment standards
 6. Ensuring expeditious hearing and determination of complaints.
- In considering these issues, government remains committed to ensuring basic minimum employment standards for BC workplaces and their enforcement, in order to provide appropriate protection for employees.
- We will be reporting back to the Minister of Labour when we have finished all of our meetings.

Themes for Discussion:

A. Minimum Wage

Context:

- British Columbia's general minimum wage of \$8.00/hour and the \$6.00/hour "First Job" rate have been in place since 2001.
- Since that time, B.C. has gone from having the highest minimum wage in Canada to the lowest.
- As you no doubt know, there has been considerable recent public discussion on the question of raising the minimum wage.

Questions on Raising the Minimum Wage:

- What are your views on the current minimum wage?

If stakeholder suggests that minimum wage should be increased:

- If government was to increase the minimum wage from \$8.00/hour, how much should it increase?
- What should the increase be based on?
- What are your thoughts on how future increases should be made (e.g., whether or not they should be formally indexed to some external measure such as CPI, whether they should be based on recommendations from a "panel of experts", etc.)?
- What are your thoughts on the scheduling or timeframe for making future increases (e.g., whether or not government should commit to any schedule or timeframe for making future increases)?

If Stakeholder suggests that minimum wage should NOT be increased:

- What do you see as the issues or problems with increasing the minimum wage at this time?
- When or under what circumstances should the minimum wage be increased?
- What role or purpose do you see the minimum wage playing?

Questions on Multiple Minimum Wages

- What are your views on having different minimum wages for different groups of workers? For example:
 - What do you think of the existing “first job” minimum wage for the first 500 hours of employment (which is currently \$6.00 per hour)?
 - What would you think of having a separate, somewhat lower minimum wage for workers who receive gratuities? For example, liquor servers? What about food servers, hotel workers, and others who receive tips?
 - What about regulated piece rates for agricultural workers? Should they receive increases that are proportionate to any increase in the general minimum wage?

Employment Standards Act – Introductory Comments

- As you know, the Ministry of Labour is responsible for the Employment Standards Act, which establishes minimum standards for hours of work, wages, overtime, annual vacation, leaves, termination pay and other terms of employment. The Act applies generally to all employees under provincial jurisdiction except those specifically exempted by regulation.
- The Act provides a procedure in non-unionized workplaces for adjudicating complaints of a breach of the Act by the Director of Employment Standards and also establishes the Employment Standards Tribunal as a body to which first-level decisions by the Director of Employment Standards may be appealed. (In unionized workplaces, complaints are generally handled through the grievance/arbitration process under the collective agreement).
- This review of employment standards legislation is motivated by a recognition that BC has seen a number of significant economic and social changes affecting the world of work, and that there is a need to review BC's employment standards system to see whether it is fully responsive to these significant changes while also protecting vulnerable workers.

Examples of BC's Economic and Social Changes Affecting the World of Work

Some examples of these changes include:

- the shift from primary resource-based industries to new service industries;
- a more diverse workforce, including greater participation of women and a wider background of cultural backgrounds in the workplace, including more foreign-born workers;
- globalization and resulting changes in management practices, such as just-in-time production and extended customer service hours;
- changes in where work is performed (e.g., telecommuting, satellite offices);
- changes in how work is performed (e.g., blackberries, laptops, social media, teleconferencing); and
- an increase in families with more than one income earner, resulting in work-life balance conflicts as workers strive to balance the demands of work with their family responsibilities.

- These transformations have led to changing needs for employers and employees.
- In particular, we hear that both employers and employees are looking for flexibility in the modern economy.
 - Employers require flexibility to meet their operational and business needs.
 - Employees seek flexibility to balance work-life-family demands.

- We have also been hearing that it is time to look at ways to modernize B.C.'s employment standards system around several other themes that we mentioned at the beginning of this meeting (i.e., clarifying and simplifying standards, etc.), and we would now like to ask some questions organized around each of these themes.

B. Enhancing Flexibility for Employees and Employers

Context:

- Government often hears that both employers and employees are looking for flexibility in the modern economy.
 - Employers require flexibility to meet their operational and business needs.
 - Employees seek flexibility to balance work-life-family demands.
- The *Employment Standards Act* provides some scope for flexibility, particularly for the hours of work and overtime standards, through:
 - averaging agreements,
 - variances issued by the Employment Standards Branch, and
 - sector-specific regulations that provide alternate standards to meet the needs of employers and employees in that industry.

Questions on Hours of Work and Overtime Flexibility

- Is there a need to provide greater scope for flexibility in the hours of work and overtime standards to meet employer and/or employee needs? For example:
 - We could have a more flexible hours-of-work standard that would permit employees to agree to work extra hours in a day or a week without creating an obligation for overtime pay. In return, the employee would have additional days off in a shift cycle for family and other personal pursuits. [Use Attached “Proposal for a Flexible Hours-of-Work Standard” to explain the proposal].
 - Or we could think about establishing a legal right for employees to request flexible work arrangements to meet their family and work-life balance needs, and an obligation for employers to consider and respond to the request?
 - We could also think about enhancing flexibility for non-vulnerable workers by excluding them from all or part of the Act, such as higher-income earners or

public servants?

Questions on Flexibility and Other Standards

- Are there other standards – besides hours of work and overtime – where flexibility could be enhanced to better meet employee and employer needs?

Probing Question – depending on the discussions

- For example, unionized workplaces can establish alternative standards to those set out in the Act through the collective agreement process. Should there be a process for non-union workplaces to agree to alternate standards in certain areas if the majority of the employees agree to them? What kind of process? Which standards?

Questions on Additional Leave

The Employment Standards Act currently provides unpaid job-protected leave for pregnancy leave, parental leave, family responsibility leave, compassionate care leave, reservists' leave, bereavement leave, and jury duty.

- Are there other situations where unpaid job protected leave should be provided? For example, the federal government recently announced its intention to extend unpaid job protected leave for victims of serious crimes?

C. Clarifying and Simplifying Standards

General Question

- Is there anything in the Act that you or your members find problematic that could be clarified or simplified? For example:
 - We have heard that the provisions for statutory holiday pay can be confusing and difficult to apply? Is that your experience?
 - As well, with the increasing use of alternative work locations (tele-working, satellite offices, multiple work sites), would it be helpful to clarify in the Act when travel time is considered to be work?

D. Improving the provision of information on employment standards to employees and employers

Context:

- Our goal is to ensure that employees and employers are aware of their employment standards rights and responsibilities.
- We use a number of means to educate employees and employers including:
 - A website
 - Brochures and pamphlets
 - A 1-800 telephone line
 - Training sessions offered to employee and employer groups.

Questions

- Is there more that we can do to ensure that **employees** are adequately informed about their entitlements under the *Employment Standards Act*? How can they be better informed? For example:
 - Should there be any mandatory requirements on employers to provide employment standards information to their employees? In what circumstances? What information? How should it be provided?
- Is there more that we can do to ensure that **employers** are adequately informed of their responsibilities? How can they be better informed?

E. Improving the enforcement of employment standards

Context:

- The Act provides a number of means to promote or enforce compliance with employment standards. These include:
 - Various education programs and initiatives
 - The self-help kit
 - A complaint process through the Employment Standards Branch that can result in a settlement or a determination
 - Inspections, investigations and audits
 - Programs targeting high-risk or vulnerable groups, such as the Agricultural Enforcement Team
 - Licences, permits and security payments for high-risk sectors
 - Financial penalties and interest charges for non-compliance
 - Publication of violators' names

Question

- What suggestions, if any, do you have for improving the enforcement of employment standards, particularly to protect vulnerable workers?

F. Ensuring expeditious hearing and determination of complaints

Context:

- It is in everyone's interest that complaints be heard and settled as quickly as possible. There are a number of supports in place to promote the expeditious settlement of complaints. These include:
 - A requirement that complaints be filed within six months, although as a result of a recent court decision, the Employment Standards Branch must consider whether or not it should accept a late complaint.
 - Attempting to settle as many complaints as possible through a mediation process rather than going to a hearing and determination.
 - An Employment Standards Branch guideline that complaints be settled or have a final determination within 180 days.
 - Legal deadlines for appealing a determination to the Employment Standards Tribunal
 - A policy guideline that requests for reconsideration of an Employment Standards Tribunal decision must be made within 30 days – although it is not consistently applied.

Questions

- Do you have any suggestions that would help ensure that employment standards matters are resolved expeditiously? For example:
 - To provide certainty for everyone, should government re-establish a mandatory six-month time limit for filing a complaint with the Employment Standards Branch – that is, should we restore the policy that no late complaints will be accepted?
 - Should government establish a strict 30-day limit to apply for reconsideration of an Employment Standards Tribunal decision?

A Flexible Hours-of-Work Standard (Model for Discussion)

Default overtime standard remains: “Time and a half” for more than 8 hours in a day and 40 hours in a week, and “double time” after 12 hours in a day.

This model for a flexible standard would consist of the following:

- Written agreement of individual employees or the majority of affected workers.
- Employer and employee(s) to agree to a work cycle of *up to 8 weeks*. The maximum number of regular (non-overtime) hours would be 40 hours per week times the number of weeks in the cycle as follows:

Length of cycle (weeks)	Maximum regular hours
2	80
3	120
4	160
5	200
6	240
7	280
8	320

- With the employee’s agreement, employers could allocate the maximum regular hours within the agreed-upon cycle as appropriate for their needs.
- Employees would be paid double time after 12 hours in a day, and “time and a half” after the maximum regular hours within the agreed-upon cycle.
- Other features to protect workers could include the following:
 - Only available for employees working more than 30 hours per week on average, so that it is not used to deny overtime pay to part-time employees.
 - Appropriate minimum periods of rest from work, or maximum number of days within the agreed-upon cycle that an employee’s regular hours can be scheduled [5 days times the number of weeks in the cycle is proposed].
 - Continuing to require a variance from the Employment Standards Director for work schedules that fall outside the specified parameters
- Workplaces could adopt a fixed schedule over the agreed-upon cycle or a more flexible arrangement within the framework of the proposal if the employees are agreeable.

Supporting Material

[NEED TO IDENTIFY WHAT ELSE WE NEED TO HAVE ON HAND!!!!]

Some data about the evolving world of work:

- A more diverse economy – employment in the primary resource sectors declined from 55,100 jobs in 1996 to 43,000 jobs in 2006, while service sector jobs increased; 77% of employment is now in the service producing sectors.
- A more diverse workforce – 1) the participation rate for women in the Canadian labour force rose dramatically during the 1970's and 1980's; it was 35% in 1971 and is now 62% in 2010. 2) 19.9% of the Canadian labour force in 2001, with an increase to 21.2% in 2006.
- More dual income families – In 1961, 68% of Canadian households were supported by a single breadwinner (usually male) but by 2001, both partners were working in 62% of all households. The percentage of parents who report having a hard time juggling work and family has risen steadily since 1996 and is now between 46% and 61%.

**MINISTRY OF LABOUR
BRIEFING NOTE**

Ref: 62706

Date: November 4, 2010

I **PREPARED FOR:** Honourable Iain Black, Minister
FOR INFORMATION
TOPIC: Minister's Meeting with the Business Council of British Columbia

II **ISSUE:**

The Business Council of British Columbia (BCBC) wrote the Minister on September 24, 2010 to provide recommended changes to the *Labour Relations Code*, the *Employment Standards Act*, and the *Workers Compensation Act*.

III **BACKGROUND:**

The Business Council of British Columbia, established in 1966, is an association representing approximately 250 major business enterprises engaged in business in British Columbia. The Business Council provides policy and business advocacy for its members in British Columbia. Its mission is to build a competitive and growing economy that provides opportunities for all who invest, work and live in British Columbia.

IV **DISCUSSION:**

The BCBC submission to the Minister addresses a number of issues concerning the *Labour Relations Code*, the *Employment Standards Act*, and the *Workers Compensation Act*. The requested changes and ministry response are summarized in the discussion below. The appendix presents a fuller discussion of each requested amendment and the ministry's initial comments for each.

The ministry is currently involved in a review of provincial labour laws to ensure that they remain responsive to trends in the evolving world of work and the needs of employees and employers. As a specific focus, we are reviewing the *Employment Standards Act* to identify proposals for government's consideration to make employment standards in BC consistent with the new world of flexible work arrangements. We are also developing proposals to ensure that the *Workers Compensation Act* continues to be responsive to employers and workers.

A. *BCBC proposals that the ministry is already considering:*

Employment Standards Act

1. *BCBC proposal:* BCBC identifies three concerns with the existing hours of work and overtime provisions.
 - Employers remain liable for overtime costs when employees work extra hours that the employer has not authorized.
 - Employers can also be liable for overtime costs if an employee agrees to work extra hours on some day in exchange for another day off.
 - Employers are not using the existing provisions for averaging agreements to obtain more flexible arrangements with their employees because the rules are too rigid.

2. *BCBC proposal:* Allow employers the flexibility to develop policies and standards that are appropriate to their workplace provided the Director of Employment Standards approves them as meeting or exceeding the standards set out in the *Employment Standards Act*.

Ministry response: The ministry is considering proposals to provide additional flexibility to employers and employees to meet the needs of the modern workplace. The ministry can include BCBC proposals #1 and #2 as part of this review.

3. *BCBC proposal:* Expand the definition of "managers" who are excluded from the requirement to receive overtime pay.

Ministry response: The ministry is reviewing the possibility of exclusions for workers earning above a certain income threshold, and this may capture some of the employees of concern to the BCBC.

Not Responsive

B. *BCBC proposals that the ministry is not currently considering:*

Employment Standards Act

1. *Allow managers to unilaterally re-coup wages paid in error without the worker's written consent to make the deductions from future wage payments.*
2. *Clarify the job-protected leave provisions to confirm that employees are not entitled to additional vacation time.*

Ministry response: The proposals may affect existing protections for workers. The ministry has not considered these changes under the existing review.

Not Responsive

V

CONCLUSION:

The Business Council of British Columbia has recommended a number of amendments to all of the major statutes for which the Ministry of Labour is responsible. As indicated above, the ministry is currently reviewing or actively monitoring a number of the BCBC proposals.

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Appendix

BCBC's Requested Changed to Provincial Labour Laws

Employment Standards Act (ESA)

Recommendation 1: Changes to the hours of work and overtime provisions in the ESA which address unauthorized overtime, "trading" hours, and averaging agreements.

The BCBC identified three specific concerns: unauthorized overtime; "trading" hours; and averaging agreements. It is arguing that the ESA is overly complex and inflexible. Ministry research confirms that studies have shown there is increased diversity and complexity within the modern workforce and contemporary workplaces which has raised organizational and societal changes that impact both employers and employees.

Flexibility is needed in today's workplaces to ensure that workplaces reflect many of the new realities and that both the needs and interest of employers and employees are met. However the scope for enhancing flexibility under employment standards legislation is also limited by the intent of such legislation to protect workers.

The modernization of B.C.'s employment standards is currently under consideration, and hours of work and overtime, as well as flexible work arrangements are part of that review.

In addition, the BCBC recommends that the Ministry examine provisions in other jurisdictions permitting flexibility in hours of work.

The current workplace standards review will incorporate cross jurisdictional review of standards to determine if there are policy concepts that could be considered appropriate in B.C.

Recommendation 2: Change the definition of "manager".

The BCBC suggests that the definition is narrow, unclear and does not reflect what managers do today. The BCBC proposes that the definition be updated to include employees responsible for the supervision and direction of work in general, rather than focusing on employees responsible for supervising and directing human and financial resources only.

This standard is set by regulation and allows that managers, as defined, are not paid statutory holiday pay or overtime premiums. Managers are however to be paid for all hours worked at regular wage. The current definition includes executive capacity and supervision and/or direction of human or other resources.

The intent of the policy in the definition is to reflect individuals whose primary work has true management responsibility since the result is to exclude them from certain fundamental minimum standards.

Supervision and direction of 'work' would be difficult to define while maintaining that policy, and an amendment to the definition of "manager" is not under examination at this time. However, the ministry is reviewing the possibility of exclusions for workers earning above a certain income threshold, and this may capture some of the employees of concern to the BCBC.

As well, if the BCBC is concerned about the treatment of specific work in specific sectors, it may be possible to consider an exclusion through a regulation, such as the existing exclusion for certain workers in the high-tech sector.

Recommendation 3: Allow for employer policies to govern the workplace, under certain conditions.

This proposal could provide workplace specific standards that allow some flexibility within the minimum standards. Providing approvals for every employer who wishes to engage in this scheme, or change their scheme, would be resource intensive for the Employment Standards Branch to implement. 'Framework' legislation would likely be required to guide the director in applying appropriate minimum standards to individual employer-based policies. Consistent application of such a framework would be essential to fairness across employers and employees might be difficult to prove and would be subject to appeal or challenge.

Nevertheless, consideration of this type of concept is part of the workplace standards review in the context of providing desired flexibility.

Recommendation 4: Amend Section 21(1) to allow the employer to re-coup wages paid in error.

The BCBC recommends that the government amend section 21(1) of the ESA so that an employer has the legislated right to make deductions from an employee's pay in cases where the employee has been overpaid by the employer.

The legislation does not permit this type of unilateral 'claw back', and the deductions from wages permitted are very specific in the interest of wage protection. If an employer overpays an employee's wages, the overpayment cannot be deducted unilaterally from future wage payments. However, an employee may provide written consent to the deduction for an overpayment through a written assignment of wages.

The unanticipated nature of such deductions, and disputes about their legitimacy, would make this proposal difficult to legislate in a manner that provides enough fairness and certainty. As disputes would be likely, it would be burdensome to administer.

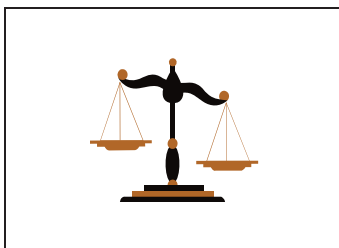
This policy is not under review at this time.

Recommendation 5: Section 56(1) should be clarified so as not to provide additional vacation time, or paid time arising from a leave under the ESA.

The BCBC is concerned about the uncertainty created by this section of the ESA that deems employment continuous during a leave under the Act for the purposes of the calculation of the annual vacation entitlement. The BCBC recommends that section 56 be clarified so as to not provide additional vacation pay, or paid time arising from a leave under the Act.

The entitlement to vacation pay is distinct from the entitlement to job protection for unpaid leaves under the Act. Job protection means that the employee would not lose anything they otherwise would have been entitled to if they were not on leave, including vacation pay. It does not provide for an employee getting a greater entitlement than they otherwise would have. If vacation pay is due, or paid vacation leave if that is the employment contract, it is not reduced or eliminated because the employee took job protected leave. It is up to the employer and employee to arrange the timing of vacation leave and is a separate issue from other types of job protected leave.

This matter is not under review at this time.



INFORMATION ACCESS OPERATIONS

FREEDOM OF INFORMATION REQUEST: # LBR-2011-00024

NOTICE OF RECORDS WITHHELD FROM RELEASE

DESCRIPTION OF DOCUMENT:	Employment Standard
NUMBER OF PAGES:	6
REASON FOR REMOVAL:	WITHHELD UNDER FOIPP ACT: "Not Responsive"
INITIALLED:	LF

British Columbia Federation of Labour

The Voice of BC's Union Workers

Eighty-seven percent of British Columbians want minimum wage increased to \$10 immediately

November 25, 2010

A poll conducted by Angus Reid Strategies for the BC Federation of Labour has found an overwhelming majority of British Columbians support an immediate increase to raise BC's minimum wage to \$10 an hour. Eighty-seven percent of respondents support the immediate \$2 increase, with 63 percent of respondents saying they "strongly support" an immediate increase to \$10 an hour.

"This is the highest level of public support we have seen for an immediate increase to bring our minimum wage up to \$10 an hour," says Federation president Jim Sinclair. "The vast majority of British Columbians want it increased immediately by \$2, unlike Labour Minister Iain Black who calls the increase "dangerous" and Liberal leadership hopefuls who prefer a slow incremental increase that ensures our minimum wage remains the lowest in the country."

The B.C. Federation of Labour has been calling for an immediate increase of BC's minimum wage to \$10 followed by regular increases to ensure no full-time worker earns less than the Low-income Cut-off as established by Statistics Canada. The Federation is also calling for the elimination of the \$6 an hour "training wage" introduced by the Liberals.

"It is increasingly clear that only a small group of low-wage employers and Liberal ideologues support continuing the nine year minimum wage freeze," Sinclair added. "They need to listen to municipal leaders, anti-poverty activists, economists and the vast majority of British Columbians who want this shameful nine-year minimum wage freeze lifted, and who want a \$10 minimum wage now."

"The only people missing from this conversation for the last decade were the BC Liberals. We do not need more studies or consultations with business lobbyists and low-wage employers. We need to raise the minimum wage to \$10 an hour immediately," says Sinclair.

The Angus Reid Strategies poll was conducted November 15-19, 2010, and surveyed 804 British Columbians. The margin of error is $\pm 3.5\%$.

Related content:

- [Employment Standards](#)
- [Minimum Wage](#)
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- [Youth](#)

British Columbia Federation of Labour

The Voice of BC's Union Workers

Liberals nine-year minimum wage freeze boosts McDonald's profits

June 29, 2010

BC sinks further behind as Newfoundland raises minimum wage to \$10

British Columbia's minimum wage will fall further behind the rest of Canada when Newfoundland raises its minimum wage to \$10 an hour on July 1st. BC's minimum wage has been frozen at \$8 an hour since 2001. Also frozen is the so-called "training wage" that allows employers to pay new workers as little as \$6 an hour for their first 500 hours of employment.

"McDonald's and other low-wage employers in BC are real beneficiaries of the minimum wage freeze," says Federation President, Jim Sinclair. "McDonald's will pay as little as possible and our low minimum wage means McDonald's workers in BC earn the lowest starting wages anywhere in Canada."

McDonald's restaurants in St. John's Newfoundland already pay new part-time workers \$10.25 an hour. In Vancouver, many new McDonald's workers are paid as little as \$6.75 an hour, a salary difference of \$3.50 an hour. A part time employee in Vancouver working 20 hours a week would earn \$1,750 less than their counterpart in St. John's in their first 500 hours of employment and earn \$2,965 less in the first full year of employment. The price of a Big Mac is the same in both cities, \$4.19.

The high cost of living in BC means minimum wage workers here are even further behind. When the cost of living is included, a minimum wage worker in BC would have to earn \$13.21 to match the spending power of a minimum wage worker in Newfoundland.

"McDonald's is a multi-national with global profits last year of \$4.5 billion," says Sinclair. "The Liberal government's minimum wage freeze has, for nine years, taken thousands of dollars from individual worker's paycheques and effectively given the money to an enormously profitable company that would still make large profits if we raised the minimum wage to where it should be. Every low-wage employer in BC has reaped the same benefits."

The B.C. Federation of Labour is calling for a \$10 an hour minimum wage, with annual increase linked to the cost of living.

- 30 -

For more information: Evan Stewart, Director of Communications (604) 220-3095. Download a copy of factsheet, [click here](#).

Related content:

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MAKE IT TEN!



Groups that support the \$10 NOW call

A number of organizations and public bodies are making a similar demand that the Campbell government increase the minimum wage to give 250,000 of B.C.'s lowest paid workers a raise. Here are some of the **organizations** that have endorsed the Campaign so far:

Anglican Diocese of New Westminster Justice and Peace Unit
B.C. Coalition of People with Disabilities B.C. Family Net Society
B.C. Federation of Labour B.C. Government and Service Employees' Union
B.C. Nurses' Union B.C. Persons With AIDS Society
B.C. and Yukon Territory Building and Construction Trades Council
B.C. Teachers' Federation Campbell River, Courtenay & Dist. Labour Council
Canadian Federation of Students
Canadian Office and Professional Employees Union Local 378
Council of Senior Citizens' Organizations of B.C. (COSCO)
Health Sciences Association of B.C. Hospital Employees' Union
First Call Child & Youth Advocacy Society New Westminster & District Labour Council
Public Service Alliance of Canada Raise the Rates.org

Municipal Councils are also endorsing the Campaign. At its September 2007 conference, the **Union of B.C. Municipalities** voted overwhelmingly to call on the provincial to increase the minimum to \$10. In addition, the following local governments have all adopted resolutions in support of increasing B.C.'s minimum wage:

Burnaby	Canal Flats	Clinton
Coquitlam	Creston	Cumberland
Elkford	Fernie	Gibsons
Golden	Hudson's Hope	Kamloops
Kimberley	Kitimat	Midway
Nanaimo	New Westminster	North Vancouver City
Oliver	Port Alberni	Port Alice
Port Moody	Powell River	Prince George
Quesnel	Reg. Dist. of Bulkley-Nechako	Revelstoke
Sparwood	Squamish	Surrey
Terrace	Vernon	

...more



www.bcfed.ca



A number of **newspapers** have also written editorials supporting a higher minimum wage:

100 Mile House Free Press	Burnaby Now	Burns Lake Lakes Dist. News
Coquitlam Now	Cranbrook Daily Townsman	Dawson Creek Daily News
Kimberley Daily Bulletin	Langley Advance	Langley Times
New Westminster Record	Salmon Arm Observer	Nanaimo Daily News
North Shore News	Sicamous Valley News	Nanaimo News Bulletin
Prince George Free Press		

Want to find out how your organization can lend support as well? Call us at 604-430-1421.

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1/7/2008



FARMWORKERS RECOMMENDATIONS

INTRODUCTION

We are presenting this Brief on behalf of the B.C. Federation of Labour, the Canadian Farmworkers' Union and the families of those who lost a loved one in the recent tragedy that took the lives of three farmworkers and injured others, when the van they were travelling to work, overturned on Highway 1 near Abbotsford.

For the families of Sukhvinder Kaur Punia, Sarbjit Kaur Sidhu and Armarjit Kaur Bal, nothing in this Report can change the sense of loss, the pain and the suffering they are feeling today and will continue to feel for the rest of their lives.

For the family of Mohinder Sunar, this Report will be bittersweet. They, too, lost a loved one in 2003 when she was travelling to work in an overloaded van without seatbelts. She was not killed by the impact, but later when other workers, without seatbelts, smothered her.

The Coroners' inquest and the review by the Workers Compensation Board (WCB) of that incident made a series of recommendations. Those recommendations were ignored. Now, three more workers are dead and another is in critical condition in the hospital.

Today, this Report is being presented by the husbands, sons and relatives of the three women who were killed. Despite their grief, they are joining together to demand that no one else die going to work to provide food for British Columbians.

This Report speaks of the transportation issue, but also addresses the issue of safety and standards on the farms. For farmworkers, the experience of going to work is only part of the risks they face. This Reports calls for action to protect farmworkers in the vehicles and on the farms. Anything less would be a betrayal of our responsibility.

The Coroner's recommendations and the WCB recommendations are the backbone of this Report. We particularly wish to thank the Royal Canadian Mounted Police (RCMP) and the WCB for their insights into the crisis. We also want to thank the farmworkers', their community advocates and the Canadian Farmworkers' Union for their input.

The fundamental conclusion of this Report is that the solutions are readily available for those who wish to listen. The job of this government is to listen AND to act. We hope that these solutions will form the basis of that action, because without action it is not a question of, if, the next tragedy will occur, but when.

In the words of Darshan Punia, "No one else should die."

INTER-AGENCY FARMWORKERS COMMITTEE

British Columbia's farmworkers toil in difficult conditions, their industry supervised by competing government jurisdictions and agencies with overlapping, but often, unenforced regulations.

So it should come as no surprise, that the B.C. Federation of Labour is recommending the establishment of an Inter-Agency Farmworker Committee.

Past experience tells us that the only serious attempts to deal with the problems and deaths of farmworkers in the last three decades came when government agencies came together to form a joint approach.

The first attempt came in the mid nineties when the RCMP, the Commercial Vehicle Branch, the Ministry of Labour and other agencies joined together to crack down on the dangerous operation of vehicles carrying workers to and from the fields.

The second came after the introduction of new legislation that extended many of the rights already enjoyed by other British Columbian workers, to farmworkers. Tagged the Agriculture Compliance Team (ACT), it involved the Ministry of Labour, Human Resources Development Canada and Canadian Customs and Revenue. They focused mostly on the economic issues in the fields. Attempts to involve other agencies such as the Commercial Vehicle Branch and the RCMP were curtailed because of funding issues.

ACT instituted a systematic approach to ensuring standards for farmworkers were respected. It involved a team of inspectors who focused on the contractors and growers. This program was greatly curtailed (or cancelled, depending on who you talk to) in 2003. Suffice to say, none of the co-operation between the agencies continued after this decision and each group went back to doing its own thing – with disastrous results.

The need for coordination is not in dispute. Following the death from suffocation by Mohinder Sunar, the WCB report, *Lessons Learned*, called for the reinstatement of roadside inspections by the RCMP, Motor Vehicle Branch, Gas Safety Branch, Workers' Compensation Board and the Ministry of Labour.

The Coroner's report into the death of Mohinder Sunar also endorsed this recommendation and called on the provincial government to implement it. But after three years, and three more unnecessary deaths, no action has been taken to follow up and establish the joint agency.

The need for the Inter-Agency Farmworker Committee is obvious to anyone who spends time discussing this with the agencies involved and the farmworkers themselves. As you will see from the rest of our Report, the need for cooperation is fundamental to effective enforcement and protection.

Unless government embraces a coordinated approach that is open and transparent, the real crisis facing farmworkers will never be solved.

This must not be a one-shot affair which disappears shortly after the headlines. It must represent a long-term commitment to the people who do the tough work to provide food for British Columbians and for our export economy.

RECOMMENDATIONS

1. The provincial government, through the Ministry of Labour, take a leadership role and immediately establish the Inter-Agency Farmworker Committee. The Committee should be composed of a minimum of two full time staff from the Employment Standards Branch, the WCB, the Commercial Vehicle Safety Branch, the RCMP and Canada Revenue Agency. Additional funding for the Committee should be provided by the provincial government.
2. The Committee must ensure that all applicable laws and regulations are enforced with regard to the rights and safety of farmworkers during transportation and on the job.
3. The Committee should have a one-year mandate. A continued mandate will be reviewed at that time. It should issue monthly status reports.

4. The Inter-Agency Farmworker Committee should immediately call a meeting of all labour contractors to review all the requirements of the law and regulations.
5. The Inter-Agency Farmworker Committee should develop a strategic enforcement plan and begin inspections immediately.
6. Where enforcement measures result in vehicles being impounded, any farmworkers stranded shall be provided return transportation to their original departure point. In addition, eight-hours pay based on the prevailing hourly minimum wage rate shall be paid to each of them from the bond posted by the employer.
7. An industry stakeholder committee should be established to advise the Inter-Agency Farmworker Committee, including representatives of farmworkers, labour, community and employer associations.
8. The Committee must work closely with the Farm and Ranch Safety and Health Association to continue and expand education on safety issues.
9. The Committee shall not be mandated, nor will its focus be the enforcement of immigration laws against the employers or employees.
10. The RCMP should extend INFORM program to agriculture industry to ensure a coordinated approach. (This program involves the RCMP reporting to the WCB any vehicles that do not meet minimum standards. It is already in place in northern BC and Alberta.)

VEHICLE SAFETY

The standards and enforcement of regulations to protect the safety of farmworkers on the way to and from work, is a story of loopholes and sometimes conflicting jurisdictions. The issue of vehicle safety is a dramatic case in point about why a coordinated

and focused approach is absolutely necessary if we are going to bring safety standards up to an acceptable level and ensure that farmworkers are no longer put at risk.

At every turn of our investigation, we found sincere people who wanted to do the right thing. It is perhaps the seatbelt issue which so dramatically points out the need for changes to laws, and just as importantly, the need for coordinated action to ensure every worker being transported to work has the right to a seat and a seat belt. The reality is that what is required by law for everyday motorists, is regularly ignored for farmworkers when vehicles have the belts removed and overloaded vans head out on the road.

There is no question that there is a significant economic incentive for contractors and growers to ignore regulations and common sense. Each additional employee transported to the farm or greenhouse adds to the bottom line. The overcrowding of vans is a plus for the balance sheet. It will require coordinated action including, as we suggest elsewhere, increased fines and quick action, if the incentive is to be taken away.

INSPECTIONS

Currently, vehicles being used for the transportation of farmworkers must be inspected every six months. The inspection is carried out by a certified government appointed inspector who, in most cases, is a mechanic that works in the private sector, usually a local garage.

During our discussions to prepare this Report, a number of concerns and questions were raised about this process. These included the consistency of the inspections and the need for those doing the inspections to be properly monitored. Another issue raised was the need for the inspectors to be free from other financial relationships with those who they are inspecting. The conflict of interest between the one doing the work and the one doing the inspection is transparent and obvious.

However, the Federation did not conclude an immediate course of action on this front since more research was necessary to consult a wider group of people.

RECOMMENDATIONS

1. The issue of motor vehicle inspection be referred to the Inter-Agency Farmworker Committee to undertake a review and make recommendations within 90 days.

SEAT BELT USE

The seat belt issue has been, to say the least, a glaring example of how the lack of clear regulation, coordination and enforcement has led directly to the unnecessary deaths of farmworkers travelling to and from work.

For the record, the RCMP reported the obvious in the aftermath of the most recent tragedy. Of those that die in motor vehicle accidents, a full 60 percent would probably be alive today if they had simply worn their seat belts. The RCMP also report that there is a direct relationship between the level of enforcement and the number of fatalities on the road. The higher the enforcement, the lower the fatalities.

It's not that people and agencies don't care. There are, at the latest count, four groups that have some responsibility around the basic question of seat belt use. Yet, none appear to have a clear mandate to enforce the simple practice of providing a seat belt and ensuring it is used.

The RCMP report they can enforce the seat belt rules under the **Motor Vehicle Act (MVA)**, but only if there are seat belts in place. They have the authority to stop the vehicle during transport to inspect the vehicle. However, if the seat belts have been removed, then they have no authority to demand they be put back in the van. This is especially true if the van has been registered as a bus. This is done by simply getting the insurance agent to declare it a bus.

A review of the **MVA** does not necessarily lead to the conclusion that an owner can simply declare the van a "bus" and take out the seatbelts. However, despite some confusion, the practice of the

RCMP is not to enforce the seat belt rule if the van is classified as a bus.

The WCB has some clear regulations regarding the use of seat belts on vehicles used to transport people to work. The vehicle must have seat belts, it must have proper seats with backs and each worker must have a 16-inch width of seat to sit on. Again, a simple glance would suggest that these measures are plenty strong enough to enforce and ensure workers are protected.

But, the WCB regulations have a caveat that suggests exceptions could be made where it is not "feasible" to have a seat belt. WCB staff report that they believe the regulation requires the vans to have seat belts.

Enforcement becomes even more problematic. The RCMP can stop the van and inspect it on the road. The WCB cannot stop the van when it is moving and do an inspection, even though the van is a place of work. The WCB takes the position when the van is moving it is under the jurisdiction of the MVA.

If the van stops 10 feet from the farm, the van is in a "grey area" and enforcement of the rules may be at risk. When the van is on the farmsite, the Board has clear jurisdiction for inspection.

The Motor Vehicle Branch operates under the same understanding and regulation as the RCMP. It, too, has the power to stop vehicles and inspect them. But, it has no power to enforce seat belt use.

Employers go to the Insurance Corporation of British Columbia (ICBC) agent and have the van declared a bus and then remove the seat belts. While there is some confusion whether this is legal or not, the results are tragic: the practice of overloading vans without seat belts continues with deadly results.

The Coroner's inquest into the death of Mohinder Sunar concluded that the government must act to clarify and change the MVA to make clear the need for seat belt use and to prevent the removal of seat belts. This was echoed by the WCB report. Both reports were sent to the provincial government ministries three years ago and no action was taken.

Now is the time for action.

RECOMMENDATIONS

1. The Solicitor General must change the MVA to require that all motor vehicles used in the transportation of workers have a proper seat and seat belt for every passenger.
2. The WCB must clarify its role and ensure that it has the jurisdiction to work jointly with the RCMP and/or the Commercial Vehicle Safety Branch to inspect vehicles while on route to work.
3. Owners found guilty of removing seatbelts and/or operating a vehicle without seat belts must face significant penalties, including substantial fines and criminal charges, under the MVA and WCB regulations.
4. Vehicles found operating without seat belts should be impounded by the RCMP.
5. An educational campaign must be launched in sectors using vans and other vehicles to transport workers to ensure both employers and workers understand their responsibilities and rights.

OVERCROWDING AND OVERLOADING VEHICLES

Another significant factor in the deaths of farmworkers is the overloading of vehicles by growers and contractors. It's a regular and consistent practice to have more employees in the vehicle than there are seats and seat belts. For the contractor, there is a direct economic advantage to have the most workers delivered to the field at the lowest cost, because they are paid by the number of workers. The more workers, the higher the return. For the employees needing to go to work, overloading becomes the only way they have access to a paycheque.

The RCMP can only deal with this as a gross weight issue. The RCMP report they can stop the vehicle, but there is no existing regulation that would allow police to rule a van is overloaded. If

seat belts were in place for 15 workers and there were 17 workers, they could fine up to 15 workers for not wearing a seatbelt, but take no action against those without belts who are part of the overloaded van. There is no way of measuring overloaded vehicles during routine inspections and, therefore, there is no method of enforcement.

The WCB has much clearer language on this point. If there is a passenger, there must be a seat and a seat belt. But enforcing this rule requires the RCMP to stop the vehicle while traveling to and from work.

Overloading, especially with no seat belts, is a deadly game. The traditional vans used to transport farmworkers are already under scrutiny because at 15 passengers, stability is an issue. When passengers can move with sudden motion, the stability is significantly compromised, leading to a potentially very dangerous situation.

RECOMMENDATIONS

1. The MVA should be changed to allow the RCMP to fine the driver a minimum of \$500 for overloading the van.
2. The MVA should be changed to require that there be a seat belt and a seat for every passenger on all vehicles used to transport farmworkers to work.
3. The Inter-Agency Farmworker Committee must undertake a review of stability issues related to the operation of the passenger vans used for transportation and make recommendations for improvements in their operations.
4. The WCB must increase fines levied on the owner if the van is overloaded.
5. The RCMP should be mandated to impound vans where it is discovered they are overloaded.

LICENSING OF DRIVERS

The job of driving a vehicle full of people is a complicated and skilled responsibility. The government recognizes this by requiring drivers who carry passengers for work to have a Class 4 license.

In addition, media reports indicate that the level of concern about the passenger vans in some areas has caused employers to require an even higher level of training for the drivers.

RECOMMENDATIONS

1. WCB should fine employers who, themselves or allow other employees, to drive vehicles without the proper licenses; should face significantly increased fines.
2. The Inter-Agency Farmworkers Committee should review increased requirements for these vehicles (including in other jurisdictions) and recommend additional training if necessary.
3. Where the driver is found to be without the proper license and an accident occurs that causes injury or death, criminal charges should be laid by the RCMP through the Crown Council.

FARM SAFETY AND EMPLOYMENT STANDARDS

Work in the greenhouses and farms is long, difficult and often low-paying. We do not need to detail the situation here. Our Report, *Hand-Harvesters of Fraser Valley Crops* published in 2004, documents the plight of farmworkers and the conditions under which they toil.

The Report documents steps by the present government which stripped away the already meager rights of farmworkers to earn a decent living. By watering down the rights of farmworkers, removing their entitlement to even the most basic rights under

employment standards, an already difficult situation was made worse.

Enforcement of both safety and employment standards remains an enormous challenge in the face of continuous denials, that all is well. The fact that farmworkers are particularly vulnerable to exploitation on both these fronts is widely accepted.

A consistent and coordinated approach to these problems, combined with the return of basic employment rights enjoyed by the vast majority of other workers, is required. This includes the right to vacation pay, statutory holiday pay, overtime pay, minimum wage and rest periods.

RECOMMENDATIONS

1. The Inter-Agency Farmworkers Committee must develop and implement a coordinated approach, especially by employment standards and the WCB, to enforce the standards and rights on British Columbian farms, nurseries and greenhouse operations.
2. The government must introduce in this legislative session, a bill to restore farmworkers rights to the standards enjoyed by other workers in British Columbia.
3. A safety committee, including farmworkers, be established at every farm, nursery or greenhouse that employs more than 20 people, as required by the **Workers Compensation Act**.

BC AGRICULTURE COUNCIL MEMORANDUM

As part of the provincial government's deregulation strategy, it agreed to a Memorandum of Agreement with the Agriculture industry. This Memorandum was proposed as an alternative to what employment standards offered to farmworkers. It included a commitment to improving compliance in the fields and educating the employers in the industry as to their obligations and responsibilities.

Part of the Agreement called for industry participants to refrain from using unlicensed contractors to carry out work on their farms. Rainbow Farms was part of the Agreement but was found guilty of using unlicensed contractors. It was this farm that the workers were headed to on the day they were killed.

The Agreement, although dealing in detail with farmworkers, did not include a single voice from the farmworkers, their union, or community advocate groups that work with farmworkers.

This Agreement is now up for review.

RECOMMENDATIONS

1. The Agreement should not be renewed until the other steps outlined in this Report are implemented and reviewed to ensure they are effective.
2. The Agreement should only be renewed with sign-off from organizations representing farmworkers and community advocate organizations.

CONCLUSION

The Federation is committed to carrying on this fight until basic rights to safety, dignity and economic justice are achieved for farmworkers. The government of the day must understand that not only is there a problem, there are solutions.

HAND-HARVESTERS OF FRASER VALLEY BERRY CROPS

New Era Protection of Vulnerable Employees

A report prepared for
the B.C. Federation of
Labour by Graeme
Moore.

September 20, 2004



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HAND-HARVESTERS OF FRASER VALLEY BERRY CROPS

NEW ERA PROTECTION OF VULNERABLE EMPLOYEES

OVERVIEW

In the matter of employment standards for hand-harvesters of Fraser Valley Berry Crops, there are four key players: Growers or Farmers; Farm Labour Contractors; government, usually in the form of the Employment Standards Branch (the "Branch") of the Ministry of Skills Development and Labour and hand-harvesters, also known as pickers.

For the purposes of this paper, hand-harvesters means persons employed by growers or Farm Labour Contractors to pick piece rate (berry) crops in the Fraser Valley and are ostensibly to be paid the government established "Minimum Wage for Piece Work Crops."

Hand-harvesters of Fraser Valley berry crops are largely drawn from the Lower Mainland's Indo-Canadian community. They tend to be middle-aged and older, to have resided in Canada under five years, and to have limited ability to read or speak English. Many are in Canada under the auspices of the family reunification program. While some reside on the farms where they work, most reside in suburban homes and are transported to their workplaces by their employers, the Farm Labour Contractors. Farm Labour Contractors are also from the Indo-Canadian community. Informed observation suggests that 98 percent of hand-harvesters and virtually all Farm Labour Contractors are Indo-Canadian.

Farm Labour Contractors, according to the **Employment Standards Act**, (the 'Act'), means "an employer whose

employees work, for, or under, the control or direction of another person, in connection with the planting, cultivating or harvesting of an agricultural product". Farm Labour Contractors have made themselves integral to the harvest of Fraser Valley berry crops. They provide a critical service to growers and hand-harvesters. For growers, they provide the service of recruiting, delivering and supervising hand-harvesters when and where they are needed. They take on the responsibility of recording work performed and paying the hand-harvesters. For hand-harvesters, they find employment, provide transportation to, from, and between workplaces and create a continuity of employment necessary for Employment Insurance applications.

The Act requires Farm Labour Contractors to be licensed. Among other requirements, applicants must successfully complete a written examination (with a passing mark of 80 percent) on the requirements of the Act and its regulations. Farm Labour Contractors must deposit a bond with the Branch to provide it with a readily accessible source from which to recover unpaid wages. Instead of hand-harvesters waiting for the Branch to garnish accounts receivable, to seize and sell assets, the Branch is able to pay them as soon as the appeal period expires or an appeal is resolved.

Although employment standards were extended to hand-harvesters in the 1970's, this account starts in 1993, when employment standards entitlements, including those for hand-harvesters, were revisited as part of the Thompson Royal Commission. Branch efforts to enforce those provisions of the Act pertaining to hand-harvesters were likewise revisited, resulting in revamped enforcement in 1997.

THOMPSON'S REPORT – IMPROVING PROTECTION FOR HAND-HARVESTERS

Mark Thompson, a lawyer and a professor of the Faculty of Commerce at the University of British Columbia, was appointed Royal Commissioner by Moe Sihota, then Minister of Labour and Consumer Services. Thompson's mandate included reviewing BC employment standards and recommending improvements. His inquiry was the most

extensive and exhaustive examination of employment standards in British Columbia in a generation.

Thompson and the Advisory Committee held public hearings throughout British Columbia; they received over 600 briefs. He submitted his report, Rights and Responsibilities in a Changing Workplace: A Review of Employment Standards in British Columbia, in 1994, to Dan Miller, the Minister responsible for Labour. What Thompson found in the agricultural sector and what he recommended led to the subsequent improvement in employment standards and in enforcement in the mid-1990s.

Thompson found that, "the current situation is exploitative of workers and leads to violations of this Act and other statutes". Exploitation took many forms, but the most common abuses included:

- Workers being paid less than the minimum fruit and berry crop piece rate wages;
- Workers not being paid any wages; and
- Workers being paid in the form of bogus Records of Employment.

From an enforcement and wage recovery perspective, Thompson found that:

The piece rate records were almost impossible to verify – "the use of tickets or chits by workers, Contractors and growers makes it impossible for the authorities to decide if a particular worker worked in a given location on a specified date", and;

- Some Farm Labour Contractors were in business for a short period of time and also were asset-less or judgement proof.

Thompson's findings confirmed what the Branch had found. Investigations in the 1980's found that:

- About 80 percent of hand-harvesters advised that they were compelled to return wages paid to their employers after each payday;
- Wages were calculated at the end of the season by multiplying the employer's record of pounds picked by a piece rate lower than that set by government;
- Hand-harvesters paid both employee and employer contributions to Canada Pension Plan and Employment Insurance;
- Some wages were held back until the start of the following season as an inducement for the hand-harvester to return to that employer for the next crop harvest;
- Almost all employers' payroll records showed only hours worked, even though wages are calculated on a piece rate basis;
- Hand-harvesters who resided at their workplace worked 7 days a week but their payroll records showed only 5 days;
- Hand-harvesters worked 10 hours a day, 7 days a week but their payroll records show only 8 hours a day, 5 days a week;
- Hand-harvesters paid a transportation fee, sometimes in an amount equal to vacation pay;
- Older hand-harvesters were paired, often husband and wife, and treated as one employee, and;
- Wages paid in the form of bogus Records of Employment (ROE).

Essentially, hand-harvesters were not paid what they were lawfully entitled to be paid. Instead, for the most part, they were paid in the form of bogus ROEs — bogus in the sense that the wages paid and the weeks worked reflected the conditions necessary for the hand-harvester to obtain

benefits for the off-season. The ROE's did not reflect the actual wages paid or the weeks worked. In effect, contributors to Employment Insurance paid the hand-harvesters' wages.

Thompson concluded that the situation could be remedied by implementing the following recommendations:

- Eliminating the farmworkers' exemption from minimum wage;
- Calculating wage rates on the lesser of the period of employment, or two weeks for seasonal farmworkers hired directly by producers;
- Exempting farmworkers from normal overtime, in consideration of which they would not work more than 10 hours in a day or 60 hours in a week;
- Requiring Farm Labour Contractors to record the number of hours worked each day and to provide their grower clients with payroll records pertaining to the harvesting of their crops;
- Making growers, while Farm Labour Contractors remained the employer of hand-harvesters, liable for unpaid wages owed to hand-harvesters who worked on their farms;
- Expanding the subject matter of the Branch's Farm Labour Contractor examination to include other statutes and regulations pertaining to employment, such as Workers' Compensation Board's health and safety regulations; and
- Enhancing cooperation among representatives of the Branch, other provincial government agencies and the RCMP to improve the system of inspecting Farm Labour Contractors' vehicles.

ENFORCEMENT – AGRICULTURE COMPLIANCE TEAM

Following Thompson's report, the Branch's Regional Manager then responsible for the agricultural sector approached Growers' Associations to discuss accusations of abuse of hand-harvesters. Representatives of the Growers' Associations reacted indignantly, claiming the accusations were unfounded. They demanded proof, noting that there were few complaints. No complaints, they contended, meant no abuse. Certain growers' representatives challenged the Branch to prove the accusations, inspect the sector to confirm that there was no abuse and check for compliance. To test their claims, the Regional Manager revitalized enforcement. Thus, it was the growers who actually invited revamped enforcement.

The Director's enforcement of minimum standards on behalf of hand-harvesters was extraordinary. Unlike other sectors, it was not complaint driven. Unlike other sectors, the Director put together a joint project team. Investigative personnel from the Branch and Human Resources Development Canada (HRDC) came together to investigate compliance of producers and Farm Labour Contractors with their respective statutes. This joint project team, known as the Agriculture Compliance Team (ACT) began its investigations in May 1997. Canada Custom and Revenue Agency (CCRA) investigators joined ACT in 1998.

The Branch's role was critical to ACT. Unlike HRDC, which can only conduct educational talks at workplaces – and only when invited by employers, the Branch has considerable statutory authority to inspect workplaces.

ACT was a sizeable enforcement team. The Branch provided two delegates full-time and three co-op students. HRDC had a team leader with five full-time investigators supported by two administrative support staff. CCRA assigned three rulings officers, two trust examiners and two administrative support staff.

To obtain payroll records, the Branch and HRDC would each prepare a demand for production of payroll records based on their own statutory authority. Both demands would be

served on the grower or Farm Labour Contractors at the same time (if served by post, mailed in the same envelope). A set of payroll records delivered to the Branch would satisfy both demands. The Branch would examine the payroll records for its purposes. When the Branch had completed its examination, the payroll records would be turned over to HRDC. CCRA would obtain the payroll records from HRDC. Each agency conducted its own investigation independently.

Government supported ACT. When it became apparent that growers could frustrate the Branch's access to fields, government reacted swiftly by issuing a regulation empowering the Branch to go into the fields. By regulation, in 1998, government decreed that, "2) No person may restrict or attempt to restrict the director from making an entry under section 85 (1) (a) of the Act" (B.C. Reg. 269/98).

ACT was remarkably successful, especially given the lack of success of earlier enforcement attempts. Its success was derived from consolidating the investigating personnel of three agencies and employing Punjabi speaking investigators – a move that dramatically increased trust between hand-harvesters and investigators. That trust increased opportunities to get information about contraventions and made it easier to provide hand-harvesters with information on entitlements.

According to the BC Public Service, the success of ACT was:

... a direct result of the multi-jurisdiction review of the Farm Labour Contractors sector and the utilization of staff members who are able to communicate directly with the predominantly Indo-Canadian work force. A trust has been developed between the farmworkers and the team members resulting in a significant increase in information and wage complaints received from farmworkers.

The results were worth the effort. During the 1999 harvest, the Branch:

- Identified 82 Farm Labour Contractors who were either without a license or had more employees than their license permitted;
- Suspended or cancelled 78 Farm Labour Contractors licenses; and
- Issued 855 Determinations that found employers in contravention of significant entitlements.

[Determinations are the Branch's formal finding of a contravention of the ACT or its Regulations combined with an order to pay and to comply];

- Collected \$107,200 in penalties;
- Received more applications for Farm Labour Contractors (meaning few Farm Labour Contractors were operating outside of the **Employment Standards Act**);
- Received a greater number of employee wage security bonds (meaning more hand-harvesters had their wages protected); and
- Recovered thousands of dollars in unpaid wages.

The greater knowledge of and trust in the Branch probably contributed to the increase in complaints made by hand-harvesters, from four in 1996 to 48 in 1999.

ACT was also a success for the other agencies. In return for its investment in the program, HRDC:

- Established the existence of extensive abuse through fraudulent Records of Employment within the Employment Insurance benefit program – abuses long suspected but until then unproven;
- Realized 'indirect savings' of \$2.5 million; and
- Realized 'direct savings' of over \$1.0 million.

For its part in the program, CCRA recouped \$3.3 million from employers in non-remitted EI premiums and CPP contributions.

From May 1997 to November 2001 ACT achieved the following enforcement results for the Branch.

Farm Labour Contractors without a license or with more employees than licensed:

1997	1998	1999	2000	2001
32	33	14	10	23

Farm Labour Contractors receiving a Determination:

78 of 87	90 of 93	77 of 97	76 of 111	56 of 105
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Child employment permits issued:

5	47	89	(group) 36	139
			(individual) 35	43

Determinations issued for children working without permit:

19	16	11	9	5
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Wage complaints made:

21	22	50	42	52
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Wages recovered:

\$47,303	\$30,256	\$65,042	\$77,135	\$117,754
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For the Branch, ACT reduced Farm Labour Contractors non-compliance from 100 percent in 1997 to 34 percent in 2001. For HRDC, ACT prevented about \$5 million in Employment Insurance fraud. For CCRA, ACT recovered over \$4 million in unpaid taxes and remittances of Employment Insurance premiums and Canada Pension Plan contributions.

The innovative and successful collaboration of government agencies was recognized publicly at the time. ACT won a 'Gold 2000 Public Service Award for Teamwork', and its manager received a Public Service Gold Medal for his role in creating a multi-agency, joint provincial-federal taskforce to better regulate fruit and berry crop hand-harvesting. BC's Public Service Commission concluded that, "ACT has had tremendous success in documenting the extent of abuse and put corrective measures into place to protect this very vulnerable work force".

RESISTANCE TO ENFORCEMENT

ACT's success is even more remarkable in light of the interference and resistance mounted against its expanded enforcement activities. The intrusion of Colleen Beaumier, MP Brampton-Mississauga into the enforcement campaign in May 1998 was one of the more blatant examples of political interference in the enforcement campaign. Beaumier, a friend and guest of Mel Purewal, the Fraser Valley's prominent blueberry Farmer, arrived uninvited and unannounced at a public meeting. There she accused ACT of intimidating hand-harvesters and expressed her displeasure with the information-sharing agreement between the Branch and federal agencies - the cornerstone of ACT's effectiveness. While she described her visit as 'fact-finding', from all appearances it was overt political interference.

One approach growers and Farm Labour Contractors used to frustrate enforcement was to deny ACT access to hand-harvesters in the fields. Although the Branch had statutory authority to enter any workplace, initially there was no meaningful consequence when an employer or someone acting on behalf of an employer denied the Branch entry to the hand-harvesters' workplaces. This deficiency was cured when the government created an administrative penalty for obstructing the Branch's access to hand-harvesters. In 1998, a regulation was issued that prohibited anyone from restricting or attempting to restrict the Branch from entering the fields. Challenges to this prohibition failed. No grower or Farm Labour Contractor could get between ACT and the hand-harvesters without incurring an administrative penalty.

ACT could interview hand-harvesters at the time and place of its choice.

Perhaps as important as creating a penalty for denying the Branch access to workers at their workplaces was the message that government signaled to growers and Farm Labour Contractors. By promptly and effectively addressing the challenge of denied access, government assertively expressed its support of the Branch's enforcement initiative. The regulation's language is clear and precise, a product of skilled and thoughtful regulators. Its message is starkly stated – get out of the Branch's way.

Another approach used by employers to limit ACT's effectiveness was to litigate enforcement to a standstill. Some growers and Farm Labour Contractors raised a 'war chest' to fund appeals of Determinations issued by the Branch against them. Their strategy was to so engage ACT in defending its past investigations before the Employment Standards Tribunal (the "Tribunal"); it could not undertake any new investigations. Tony Bhullar, a lawyer, and later a Liberal MLA, was hired to file and argue appeals. Bhullar's self-professed mission was to so preoccupy ACT in preparing submissions in response to appeals and in attending Tribunal hearings that ACT could not get out of its offices.

From 1997 to 2001, the Branch issued 1,136 determinations against Farm Labour Contractors. Of these, 143 were appealed to the Tribunal. Of these 143, the Tribunal confirmed 135, varied 2, and cancelled 2 (four were before the Tribunal at the time this report was produced). The Tribunal dismissed the preponderance of appeals. The enforcement activity was undisturbed. The appeal-them-to-inactivity campaign was woefully unsuccessful.

Discussion of enforcement would be incomplete without an account of the personal attacks made by Farm Labour Contractors and by grower representatives against the Branch's manager responsible for ACT and its enhanced and effective enforcement. The Branch's manager was the target of punishing and persistent personal attacks.

The BC Raspberry Growers' Association and the Raspberry Industry Development Council were quick to attack the Branch's manager. A letter to the Editor of *Fruit and Vegetable Magazine* signed by the Chair of the Development Council and the President of the Association on BC Raspberry Growers' Association letterhead claimed:

The impression [the Branch's manager] gives of Farm Labour Contractors (FLCs) in British Columbia is pathetically slanted to support his own biased views as to the necessity of existence for his enforcement team. It is certainly surprising that a provincial employee would make such inflammatory remarks as a representative of the Ministry of Skills Development and Labour in a public forum and without offering authentication.

[The Branch's manager] is spreading his doctrine of massive, unsolvable problems, hoping to enshrine his position in the face of looming changes in regulation that may ultimately result in the lack of need for this enforcement.

And, in a letter to the Minister of Skills Development and Labour, the same pair wrote:

We cannot continue to tolerate the uncontrolled actions of an employment standards enforcement officer, tarnishing our entire industry by spreading biased information and openly working to disrupt and eliminate a farm contracting system that is depended upon by over a thousand farms throughout British Columbia for their livelihood.

What the Branch's manager said was that some hand-harvesters are paid wages in the form of a ROE, and some are paid less than the minimum wage. He said that 'workers remain quiet because they're afraid they'll lose their work or their entire extended family will lose their jobs'. His conclusion that 'there's good value in Farm Labour Contractors' seems to have been overlooked.

These attacks came from berry growers that rely on hand-harvesters to pick about a fifth of their crop; the rest are

machine harvested. Their heightened concern about the availability and cost of hand-harvesters seems out of proportion given their reliance on mechanization.

The BC Raspberry Growers' Association and the Raspberry Industry Development Council were not alone in attacking the Branch's manager and seeking his removal. Some ethnic media outlets portrayed the Branch's manager as a government employee out of control. The problem, as it was presented, was government involvement, and the problem with government involvement was that it was effective - effective in no small part because of the vigour with which the Branch's manager applied his investigative and organizational skills and abilities to the enforcement campaign. Get rid of the Branch manager, and with the removal of the person seen to be energizing the enforcement campaign, the campaign would collapse.

In addition to the organized campaigns to run the Branch out of the fields were the whisper campaigns to link wage disruption with Branch enforcement in hand-harvesters' minds. The Branch, not growers or Farm Labour Contractors, was responsible for causing hand-harvesters to miss work, resulting in lost wages. The Branch, hand-harvesters were told, was making it difficult for Farm Labour Contractors to employ them. There were threats directed against ACT personnel; suggestions that their continued investigating activities would jeopardize their prospects of continued government employment. The 'race card' was played; Anglo-Canadian males brutalizing Indo-Canadian females - overlooking that many members of the Branch's ACT contingent were Indo-Canadians.

The Minister's response to the Raspberry Growers and Development Council, while supportive of the Branch manager, was not helpful. Due to unspecified administrative delays, a response letter, drafted in July 2002, was not sent until March 2003. In the meantime, the Branch's manager had booked off work on medical leave. He remained

on medical leave until his premature retirement in June 2004. The sheriff had been run out of town.

NEW ERA ENFORCEMENT

John van Dongen, Minister of Agriculture, Food and Fisheries, starkly stated his views on employment standards and hand-harvesters at the October 24, 2001 'Open Cabinet':

First of all, we want less government. That will result in a more competitive industry. That is an area that we intend to work closely on with some of the other ministries, such as Graham's Ministry, Labour. A good example there is the kind of very complex employment standards and regulations we have that are choking industries like the raspberry industry.

In an undated memo produced in January, 2002 van Dongen and Graham Bruce, Minister of Skills Development and Labour, jointly agreed that:

In response to concerns expressed by Farmers and Farm Labour Contractors about disruptions to the harvest during peak picking periods, Employment Standards compliance staff were directed to reduce their presence in the fields during that period.

Enforcement activity by the Employment Standards Branch will continue throughout the winter and spring months. While full efforts will be made to minimize or eliminate disruption of work during the critical period of harvest, enforcement measures will proceed.

In terms of protecting hand-harvesters, this agreement was actually an improvement on an earlier suggestion. Earlier it had been suggested that the Branch give growers and Farm Labour Contractors hours or days notice of its intent to visit a field; advance notice would mean the Branch's visit would be less disruptive to the harvest. It would give growers and Farm Labour Contractors time to prepare for the visit. It would allow employers time to remove from the workplace children working without a permit and the number of hand-harvesters who would put the employer over the permitted

number. It would have the same negative impact on the Branch's ability to properly investigate and effectively enforce the ACT as such advance notice in criminal investigations would render meaningless a police raid or execution of a search warrant.

Work, hence offences take place during harvest. The Branch found the most effective means to investigate compliance of Farm Labour Contractors is to interview seasonal hand-harvesters in the field, at their workplace – to go to the workers during work at their workplace. During a workplace inspection, the Branch would readily obtain information about non-payment of wages and easily determine if the number of persons employed complied with the Farm Labour Contractor's bond limit and if the motor vehicle which took the hand-harvesters to, and from, their workplaces was certified to be roadworthy. That approach was effective. The announcement made by van Dongen and Bruce ended that effectiveness because only limited enforcement measures can take place outside the peak season.

Van Dongen had delivered. Farmers and Farm Labour Contractors could get on with their business as they saw fit without the involvement and interference of the Branch. Van Dongen was not alone in easing off enforcement in the summer of 2001. The Director of Employment Standards at the time kept Branch enforcement personnel out of the berry fields in the summer of 2001. Bruce did not instruct them to get out into the berry fields, and so appears to have condoned keeping them office-bound. Collectively, van Dongen, Bruce and the Director put out of action that extraordinary approach to enforcement – the Agriculture Compliance Team.

ACT still exists, but in name only. No longer do investigators from HRDC and CCRA join those from the Branch to do field inspections. Despite the brief flurry of field inspections following a vehicle crash in which a hand-harvester was killed, Branch personnel spend most of their time in their offices. Their office has moved from Abbotsford, in the heart of berry growing country, to Whalley in Surrey.

The Branch is not totally inactive. Certain Farm Labour Contractors have failed to honour their undertaking to pay wages by way of direct deposit. This past fall, ACT issued about three dozen Determinations for failure to pay by direct deposit. The one true benefit hand-harvesters gained through the memorandum of understanding discussed below meet with less than universal voluntary compliance.

Memorandum of Understanding 2003

Apparently, not satisfied with his previous efforts to effectively eliminate enforcement, van Dongen pushed on. In May 2003 he brokered a Memorandum of Understanding between the Ministry of Skills Development and Labour and its Employment Standards Branch and BC Agriculture Council (BCAC) and BCAC member organizations. It was a 'partnership'; the goals of which were to:

- Produce a framework for a partnership between the Branch, Ministry of Skills Development and Labour and the Agriculture sector;
- Increase education, understanding and compliance in regard to the **Act** with a focus on core requirements under the **Act**;
- Provide a more proactive, efficient and mutually satisfactory means of dealing with employment legislation issues and complaints while protecting the most vulnerable of employees; and,
- Assist in creating opportunities for youth employment in Agriculture.

This memorandum of understanding gave Bruce and the Branch written assurance that the BCAC and its member organizations would comply with the **Act**. Those organizations undertook to comply with the **Act** in that, "they will not support or condone the utilization of unlicensed Farm Labour Contractors". Bruce also received written assurance that, "the largest employers of hand harvest labour in BC, the blueberry, raspberry, strawberry, field vegetable and tree fruit associations have not and will not condone any core

violations, including the non-payment of wages owed to farmworkers and hand harvesters by growers, Farm Labour Contractors, processors or fresh packers." The Council and its member organizations also promised to support Branch enforcement activities during the 2003/04 seasons.

These assurances of compliance with the **Act** and of support for its enforcement are not legally necessary. Ignorance of the law is no defense. It is difficult to appreciate what the Branch gained from these assurances. Employers are compelled to comply with the **Act**, regardless of their views of its propriety.

As for supporting Branch enforcement activities, these are the same organizations that requested the Branch give prior notice of when and where it intended to conduct a workplace inspection.

Of greater importance than the BCAC's assurance to comply with the **Act** and support its enforcement was the Ministry's expectation, expressed at the same time, that Farm Labour Contractors pay wages by direct deposit. The Minister's expectation would be converted to a regulation later. Many farm worker advocates believe direct deposit of wages is necessary to end abuses, in particular, clawbacking of wage payments, made possible when wages are paid by cash or cheque. Direct deposit ends the abusive practice of issuing a receipt or a cheque in the correct amount but, if any payment is made, paying cash or converting the cheque to cash in a lesser amount. The sector's response to this initiative will be discussed later.

New Era Employer Requirements

The amount of bond that had to be deposited was one area where the New Era relaxed statutory requirements of Farm Labour Contractors. The amount of the bond is directly related to the number of hand-harvesters. Its amount is calculated by multiplying the number of employees specified in the license application times the minimum hourly wage (\$8.00) times a multiplier. A multiplier of 80, for example, means that a Farm Labour Contractor has given the Branch

access to 80 hours wages at \$8.00, (\$640.00), for each employee.

At one time the multiplier was 120. In April 1999, it was reduced to 80. Bruce further reduced the multiplier. In 2003, by regulation, the multiplier was reduced for Farm Labour Contractors who had not been found to have contravened the Act for specified periods of time. The reductions are significant and initiated after a short period of time. After a year without a finding of a contravention, the multiplier is reduced to 60, after two years to 40 and for three or more years to 20.

In order to qualify for the reduced multiplier, the records for that employer only have to show that the Branch has not issued any Determinations for the qualifying period. The Branch does not issue Determinations against those Farm Labour Contractors who, when found to be in contravention, resolve the matter informally. Instead of having to post a bond worth \$640 for each employee, a Farm Labour Contractor against whom a Determination has not been issued in a three year period has to post only \$160 for each employee - a reduction of \$480.00. Instead of having the equivalent of a week's wages available per employee, the Branch now has about two day's wages.

A multiplier of 20 - \$160.00 for each employee - does not provide financial resources to pay wages owed should the Farm Labour Contractor become insolvent.

New Era Entitlements

While announcing this "new partnership agreement that helps protect farmworkers", Bruce mentioned that the very same workers would the next day lose their entitlement to hours of work, overtime and statutory holiday pay. He also announced a new crop piece rate minimum wage for hand-harvesters.

What Bruce failed to mention was that the new crop piece rate minimum wage was 3.72 percent lower than its predecessor, issued for the 2001 harvest. For example, the 2001 minimum wage for strawberries was \$0.326 a pound,

raspberries, \$0.338 and blueberries, \$0.376. The 2003 minimum wage for strawberries was \$0.314, \$0.012 less; raspberries and blueberries, \$0.326, \$0.014 less.

From 1995 to 2003, hand-harvesters' crop piece rate minimum wage, with the exception of those who pick daffodils, included statutory holiday pay and vacation pay. Statutory holiday pay has a value of 3.6 percent. Vacation pay has a value of 4 percent. When the government eliminated hand-harvesters' entitlement to statutory holiday pay, the amount of statutory holiday pay, 3.6 percent, and the pro-rated vacation pay of 4.0 percent formerly earned on those days, was eliminated from the hand-harvesters' crop piece rate minimum wage.

The inclusion of statutory holiday pay and vacation pay in a wage rate is abnormal and unique to hand-harvesters. Had any other group of employees lost entitlement to statutory holiday pay, their wage rates would have remained the same because statutory holiday pay is calculated in addition to their wage rate. Hand-harvesters, however, because their wage rates include statutory holiday pay, had their wage rates reduced. As it is, hand-harvesters' crop piece rate minimum wages are 4 percent less than they appear to be because they still include vacation pay.

Furthermore, they were no longer entitled to their overtime provisions, which were already significantly less than for other workers. Prior to the changes, hand-harvesters got time and a half after working 120 hours in a two-week period. Other workers get time and a half after working 40 hours in a one-week period. Overtime does not apply to hand-harvesters now, no matter how many hours they work.

In this Memorandum, the following points were presented by the Ministers as 'improvements' gained by hand-harvesters:

- An officer of the Employment Standards Branch liaising with the Council and its member associations;
- The largest employers of hand-harvesters in BC agreeing that they would not condone any core violations, including the non-payment of wages owed;

- The Council and its member organizations supporting the Branch's enforcement activities;
- Delivering a minimum of five annual joint education sessions for growers, Farm Labour Contractors and farmworkers;
- The Ministry and the Council and its member organizations developing educational materials to be used in seminars, industry newsletters and targeted mailouts;
- The Council and its member associations promoting use of the materials and attendance at seminars;
- The 'Partner' web sites describing the partnership, its goals and progress towards meeting the goals;
- The Branch committing to visit every berry field once during the harvest; and
- The 'government' requiring their wages to be paid by direct deposit.

Under the Memorandum, hand-harvesters lost the following:

- Statutory holiday pay, resulting in crop piece rate minimum wage reduction of 3.72 percent; and
- Overtime pay.

It is impossible to imagine on what basis Bruce can now proclaim that "this agreement will help protect vulnerable workers". In consideration of direct deposit of wages, hand-harvesters absorbed a considerable drop in wages and lost any compensation for working in excess of 120 hours bi-weekly.

The irony is that direct deposit does not prevent employers from recovering wages paid to hand-harvesters. In the real world out in the berry fields, if a hand-harvester wants to work again or get a ROE to obtain off-season benefits, or

both, they are vulnerable to pressure to repay wages, regardless how those wages were paid.

It is unknown if hand-harvesters were consulted in the discussions concluding with the signing of this Memorandum. It is unknown, for example, how many, if any, hand-harvesters appreciate what they lost when statutory holiday pay was given up in return for the development and promotion of educational materials by the Council.

Questionable exchange of benefits aside, the Memorandum of Understanding is based on the faulty assumption that education produces compliance. Enforcement, not education, produces compliance. From the beginning, Farm Labour Contractors have had to sit and pass an examination, which tests and certifies their knowledge of the Act and the Employment Standards Regulations. If education was sufficient to secure compliance, then over a decade of educating and testing Farm Labour Contractors should have uncovered no abuse in the industry. The lesson learned from ACT's enhanced enforcement campaign is that Farm Labour Contractors and growers are motivated to voluntary compliance when it is more likely they will be caught and fined if they don't comply.

MEMORANDUM OF UNDERSTANDING – ONE YEAR LATER

In February 2004, the Director of Employment Standards (the 'Director'), provided the following information about the 'outcomes' of the Memorandum of Understanding.

An Industrial Relations Officer was now in charge of Agricultural Compliance. In addition to responsibility for Farm Labour Contractors and their employees, that Officer also maintained a full investigative and adjudicative caseload.

Although asked, the Director has yet to report on any assistance the Council and its member organizations provided to the Branch during the 2003 harvest - assistance these organizations undertook to supply.

There were seven (7) education sessions. On June 13th the Officer met with strawberry producers in Abbotsford, on the 19th with producers in Abbotsford and Delta, on the 25th with producers in Penticton and Kelowna and on the 27th with raspberry producers in Abbotsford. In the autumn, in Abbotsford, he met with blueberry producers on October 29th and with raspberry and strawberry producers on November 12th. He made a presentation to the BC Agricultural Council on December 8th.

Although asked, the Director has yet to reveal how many producers attended the Branch's education sessions. The information provided by the Branch could only confirm that at one session there were 15 attendees and at another, 70. It appears that the Branch and the Council have yet to deliver any of the promised annual joint education sessions for growers, Farm Labour Contractors and farmworkers.

As of April 2004, the Branch and the Council had yet to produce the promised educational materials.

In 2003, the Branch conducted 59 site visits – far from the Minister's stated undertaking to visit every field. These few site visits found an astonishing 69 percent of Farm Labour Contractors in contravention of 'core issues'. Thirty-six percent of producers were found in non-compliance with core issues. Core issues include entitlements to payment of wages, minimum wage, payment of wages on a semi-monthly basis and fraudulent payroll records (two employees on one picking card).

Of the 1,777 hand harvesters interviewed during these site visits and the 52 who filed complaints in 2003, 134 reported failure to receive minimum wage, 182 failures to be paid at least twice a month or at all, 19 not paid vacation pay and 157 victims of payroll record fraud. The 1,777 employees represent about a third of the number of employees 'bonded' by the 110 registered Farm Labour Contractors for 2003. These site visits also found 21 instances of non-compliance with daily log requirements, 16 instances of failure to provide proper vehicle registration, 18 instances of failure to post piece rate notice and four children employed without the requisite child employment permits. At these site visits, the

Branch encountered 7 unlicensed Farm Labour Contractors.

It is apparent that the Branch did not visit every field. The Director did not explain why the Branch did not deliver on the Minister's undertaking. From casual observation, 59 sites, assuming a site is a field, is a very small percentage of Fraser Valley berry fields.

As of April, 2003 the Director had issued 7 Determinations against Farm Labour Contractors for being unlicensed (\$5,500 in administrative penalties); 13 for failure to keep or to produce records, 31 for failure to pay by direct deposit and one for non-payment of wages; a total of 52 Determinations.

This is in stark contrast with the outcomes of the 1999 enforcement campaign conducted by ACT. During that campaign, ACT issued 855 Determinations and collected \$107,200 in penalties.

Even though two thirds of Farm Labour Contractors and one-third of Producers were found to be in non-compliance with 'core-issues' in just 59 visits, the Director did not increase Branch resources assigned to Farm Labour or undertake any extraordinary investigative or educational activities.

The Director did have resources available to engage in pro-active investigations. Although the Campbell cuts reduced the number of Full Time Equivalents (FTE – the unit BC government uses to measure personnel allocation) was reduced from about 150 to about 120 because of the 'Campbell Cuts', only about twenty of those were investigative personnel. So, while their numbers were reduced by about a quarter, the new complaint process resulted in more than a 50 percent drop in complaints between 2002 and 2004. The drop was in no small part due to the fact that employees are now expected to face employers on their own, using a self-help kit designed by the Branch, before filing a formal complaint. This left two-thirds of the Branch investigators available to deal with half the caseload.

The Branch also switched from an investigative model to mediation and adjudication for program delivery. Mediation and adjudication is less time consuming than investigation.

The Branch issued fewer than half the number of Determinations in 2003/2004 than it did in 2001/2002, dropping from 1,600 to just 787. The Branch office responsible for hand-harvesters went from a caseload backlog of about two months in 2001/2002 to none in 2003/2004. The caseload in the Fraser Valley's Whalley office dropped so dramatically that it was able to 'loan' an Officer to the Lower Mainland office. This occurred despite the fact that one of the purposes of the Act is to ensure workers receive basic standards of compensation. Non-compliance was clearly up, yet the Branch visited just 59 sites.

WHAT WENT WRONG

Political Solutions not Based on Reality

Hand-harvesters face another barrier to obtaining basic standards of employment - the Minister seems to be out of touch with the reality of their workplaces. The following exchange between the Minister and a member of the press last July (after a farm labourer was killed in a vehicle crash on her way to work) indicates his disconnect:

Bruce: ... But in respect to the work that we're attempting to do to improve life on the farm, so to speak, there's been a number of initiatives that both the Ministry of Agriculture and the Ministry of Labour have been working with, with the agricultural community and specifically Farm Labour Contractors.

Reporter: And what is that work, what are you doing?

Bruce: Well, first of all, we have had all of the agricultural communities - [rather] sectors sign off on a Memorandum of Understanding of what needs to be done in the agriculture community.

In respect to Farm Labour Contractors, they are required to be bonded.

[Farm Labour Contractors have been required to be bonded since the early 1980's – not a NEW ERA initiative.]

We've also moved very aggressively in respect to making sure that people receive full payment for their wages, which you might think is odd, but in fact, has been occurring for a number of years in which farm labour employees, farm labourers are not getting paid. We've done that by initiating a process of direct deposits so all Farm Labour Contractors have to have direct deposits with employees.

[Failure of Farm Labour Contractors' voluntary compliance with direct deposit discussed next. Bruce failed to mention that ACT had all but been wound down and consequently enforcement all but eliminated.]

We've also increased the fines so that, where it is, that they do not adhere to the rules and regulations, they find themselves faced with severe penalties.

[The 52 Determinations issued generated \$28,000 in penalties, about \$500 a Determination. Being charged \$500 for failure to be licensed, for example, is not exactly a severe penalty. Penalties of these small amounts are minor costs of doing business, not incentives to bring business practices into compliance. Penalties in excess of \$100,000, as in 1999, would be an incentive to either correct business practices or elect a government comfortable with employee exploitation.]

And then combined with that we've done a very aggressive program with some of our industrial relations officers with the farm labourers themselves, making sure that people with English as a second language are fully aware and understanding of what their rights are as employees. This is going to be a

little bit longer in getting everybody fully apprised of what their rights and responsibilities are but we're working through with them in the field and directly through a number of forums that are held beginning each year.

[Educating hand-harvesters has been a long on-going activity predating the current government, with many more hand-harvesters contacted in past harvests than during the 2003 harvest. 'We're working through with them in the field' does not ring true when only 59 sites were visited, only 1,777 employees interviewed. Knowing one's rights is one thing; getting them, especially with the Branch's 'self-help' program, is another. Vulnerable employees, such as hand-harvesters, need assistance in getting what is lawfully theirs.]

Penalties without subsequent re-investigations are ineffectual. Only with subsequent re-investigation is a non-compliant employer moved up the penalty ladder to the \$10,000 rung. Only with re-investigation is a non-compliant employer pushed to a point where contravention becomes an unacceptable cost of doing business. A chance encounter of a Farm Labour Contractor with the Branch does not bring the full economic weight of penalties to bear.

According to its 2003 report:

The Ministry is committed to protecting vulnerable employees, including garment workers and agricultural workers. As these groups have historically been the most disadvantaged and the least able to advance their own interests, the ministry's challenge is in trying to involve the sectors in achieving employer compliance with employment standards.

It is impossible to see how the Minister has honoured this commitment and met the challenge. The Memorandum of Understanding and the reduction in entitlements has neither protected agricultural workers nor achieved employer compliance.

The Failure of Direct Deposit – An Undertaking Breached

All that the Minister asked of Farm Labour Contractors was that they pay their employees by direct deposit. Farm Labour Contractors have not complied. One measure of their non-compliance is the number of Determinations issued for non-compliance with this requirement – 31. Another is that the Minister persuaded an anti-government regulation Cabinet to issue a regulation requiring Farm Labour Contractors to pay wages by direct deposit. A government committed to reducing regulations by a third, a government that requires Ministers to give up two regulations in order to get one, went ahead and issued a regulation requiring employers in the farm sector to pay wages by direct deposit.

The regulation mandating direct deposit is as follows:

Exclusion from payment options for Farm Labour Contractors;

40.2 (1) In respect of the payment of wages to farm workers, Farm Labour Contractors are excluded from section 20 of the Act;

(2) A Farm Labour Contractor must pay all wages to farm workers employed by the Farm Labour Contractor;

(a) in Canadian dollars, and

(b) by deposit to the credit of the farmworker's account in a savings institution.

This regulation may not achieve its objective. There are two problems; one minor, the other, major. Payment should be made in Canadian 'currency' not 'dollars'. More importantly, 'by deposit' should be 'by direct deposit'. *Black's Law Dictionary* distinguishes between 'deposit' and 'direct deposit'; they are distinctly different activities. The Branch may yet discover that it has not been given the tool it needs to compel compliance with the direct deposit payment

requirements. It did not get the swift and timely support the previous government provided ACT when growers tried to keep the Branch out of the fields.

Informed but Powerless Workforce

Again, education is no substitute for enforcement. No amount of knowledge will lead to action without motivation. And in an environment of intimidation and threats, even the most informed workers are robbed of the choice to act.

Despite what government believes, hand-harvesters are well informed about their rights. From May 1997 to November 2001, ACT handed out over 5,500 fact sheets describing hand-harvesters' statutory entitlements. These fact sheets were written in English, Punjabi, as well as French, for the fruit tree hand-harvesters in the Okanagan. ACT educated over 1,300 hand-harvesters in formal classroom-like instruction environments at the Progressive Intercultural Community Services Society (PICS) and at Abbotsford Community Services. ACT also educated HRDC personnel, who in turn, passed on information to hand-harvesters who they interviewed for benefits. Given the 'ripple effect', it can be reasonably assumed that many hand-harvesters are aware of their statutory entitlements. Few, if any, economic sectors have a workforce as informed about statutory employment standards as does the berry sector. The Branch has made and continues to make extraordinary efforts to inform hand-harvesters of their statutory entitlements.

Despite these efforts, hand-harvesters tell Branch personnel that past abuses are still present. Hand-harvesters are well aware of their statutory entitlements but, because they are subjected to manipulation and control, they can do little, if anything, to obtain them.

HOW HAND-HARVESTERS DIFFER FROM OTHER WORKERS

Lower Employment Standards

On top of these losses and reductions, hand-harvesters continue to be entitled to lower minimum standards, to lesser basic standards than other employees. The most vulnerable are afforded the least protection. Below is the inventory of how piece rate paid berry and fruit hand-harvesters are short-changed.

Calculation of Crop Piece Rate Minimum Wage

When the berry and fruit hand-harvester piece rates were introduced, the Branch hired an economist to establish what an average hand-harvester could pick in an hour. That result was related to the hourly minimum wage, from which was computed the crop piece rate. In theory, an average hand-harvester picking an average crop at the average pace would earn the equivalent of the hourly minimum wage on the basis of the crop piece rate paid for each half-bin, bin or pound. In reality, it means a hand-harvester has to pick just over 23 pounds an hour of blueberries or raspberries and about 26.5 pounds a hour, every hour, to make the currently minimum wage of \$8.00 an hour.

The problem with the crop piece rate minimum wage rates is that they are predicated on 'average'. No allowance is made for poor crops. No consideration is given to harvesting at the end of the crop, when pickers are more gleaners than harvesters. Fatigue is not factored in, nor is weather. The distance between where the hand-harvester is picking and the weighing station is not factored in. In other words, time spent recording what they have picked works against hand-harvesters. For reasons beyond the hand-harvester's control, the hand-harvester may be physically unable to pick at a rate that approximates the hourly minimum wage.

In 1997, it was determined that an experienced and quick hand-harvester picking a blueberry crop at its height can earn about \$40 a day, however, by the end of the crop, might only earn about \$12 a day. Minimum wage was \$7.00

an hour. A retail employee paid minimum wage earned, in an 8-hour day, \$56. This past harvest season, in order to earn the minimum wage of \$8.00 an hour for an eight hour day, a hand-harvester had to pick about 184 pounds of strawberries (23 pounds/hour), or about 212 pounds of blueberries or raspberries (26.5 pounds/hour).

The inability of a hand-harvester to pick at a rate that approximates the hourly minimum wage would not be devastating to the hand-harvester if they were entitled to the hourly minimum wage.

No Entitlement to Hourly Minimum Wage

Hand-harvesters are not entitled to the hourly minimum wage, currently, \$8.00 an hour. Other employees paid on a piece rate or other incentive-based wages are entitled to the hourly minimum wage. A telemarketer paid \$4.00 for each subscription sold, a form of piece rate, is entitled to the hourly minimum wage; they must be paid at least \$8.00 an hour regardless of the number of subscriptions sold during her or his shift. A sales person paid on a straight commission basis is entitled to \$8.00 an hour for each hour worked. Even when a commissioned sales person sells nothing in a pay-period, that sales person has earned minimum wage for each hour worked. Not so for hand-harvesters.

Hand-harvesters are entitled to the crop piece rate minimum wage regardless of the time-spent picking. If a hand-harvester works eight hours and picks one pound of raspberries, for example, earns only \$0.326. A piece rate telemarketer, however, who worked eight hours and sells one subscription, earns \$64.00.

The other sectors that rely on incentive-based wage rates to induce employees to work to their fullest potential must pay at least the hourly minimum wage. Commissioned salespersons paid in whole or in part by commission are entitled to the hourly minimum wage. They are also entitled to overtime at the hourly minimum wage when their commission earnings are less than the hourly minimum

wage at the applicable overtime rates (see: ESR section 37.14). The government provides the safety net of hourly minimum wage to all employees paid on a piece rate basis except those who are employed as hand-harvesters. The unproductive piece rate worker is not unique to the farm sector. Other sectors find ways to deal with those workers who do not earn by selling goods and services what they are paid in hourly minimum wage.

Semi-Monthly Payment of Wages

Almost all employees within provincial jurisdiction are entitled to semi-monthly payment of wages. Wages earned in a pay period, which cannot be longer than 16 consecutive days, must be paid in full within 8 days of the end of the pay period. Not so for hand-harvesters. Piece rate hand-harvesters may be paid 80 percent of total estimated wages owing at the middle of each month. All remaining wages must be paid within eight days of the end of the month.

Other Abuses

ACT observed other abuses of hand-harvesters, some that were outside of the jurisdiction of the agencies participating in ACT. These abuses include the following:

Child Hand-Harvesters

From time to time, during field inspections, the Branch encountered children under the age of 12 working as hand-harvesters. This practice contravenes the statutory control of the employment of children provisions. The pretext for their presence often was, because of a lack of childcare, the child or children accompanied their mother into the field, where she cared for them while she worked. This pretext did not explain why the children had buckets of their own and were picking alongside their mothers.

Without field inspections, the Director does not know if Farm Labour Contractors are complying with the provisions pertaining to the employment of children.

Scales

After filling picking buckets or pails, hand-harvesters walk to weigh stations. At the weigh stations, they transfer berries from picking buckets or pails into flats. Berries are weighted in flats.

ACT rarely found scales used to measure poundage picked to be of the lawful type. Fewer still were certified to be accurately calibrated. All too often, inappropriate scales were used. Bathroom scales were commonly found as the device to measure poundage picked. Hand-harvesters were denied fair measure because of their employer's use of inaccurate and inappropriate scales.

Besides using inaccurate and inappropriate scales, the manner of weighing has an adverse effect on hand-harvesters. Weighing is often done in such a way that the hand-harvester cannot question or verify the employer's announcement that the pail is under-weight or acceptable. There is no opportunity for a second opinion and no way to monitor the process of weighing the produce closely. There is no scrutineer.

Weighing is done by the party whose interest is in paying the least amount for berries harvested – the grower or the grower's surrogate, the Farm Labour Contractor. The picking pail is never overweight. Unlike buying produce at a retail outlet, where the process of weighing the produce is clearly visible to both the buyer and the seller, hand-harvesters usually have no visual or physical access to the scale.

ACT did not have authority to address weighing scale issues.

Picking Card

Picking cards record the weight of berries picked. Here again, hand-harvesters are vulnerable. At the weigh scale, hand-harvesters turn in their picking card to the supervisor weighing the flats. All too often, the amount recorded is not

accurate. Hand-harvesters have to accept the amount as recorded.

Without field inspections, the Director does not know if Farm Labour Contractors are complying with the provisions pertaining recording work performed.

Sanitation

While some Farm Labour Contractors and growers provide field toilets, usually in the form of portable toilets, many do not. Working from dawn to dusk necessitates hand-harvesters to relieve themselves in the field. That patch of field that was an outdoor latrine becomes a workplace, later in the day or in the harvest. Branch personnel sometimes saw hand-harvesters relieve themselves where they were working.

Besides the general lack of toilets, there are fewer hand-washing facilities. Hand-harvesters have no employer provided means to wash the dirt and berry juice off their hands or to wash their hands after relieving themselves. It is inconceivable that employees who work in offices or stores would tolerate workplaces without toilets or wash basins. For hand-harvesters, however, it is the norm.

Branch personnel saw very few hand-harvesters wearing hand protection. Generally, berries are picked by hand-harvesters without cotton or latex gloves.

A sector whose product essentially goes untouched from hand-harvester to consumer would want to assure its consumers that the product was picked in the most sanitary way possible. Product picked by unclean hands does not lend itself to a positive public image. Given the requirements for food handlers in restaurants and other food service businesses to work with clean hands, it is remarkable that growers and Farm Labour Contractors do not universally provide toilets and hand washing facilities. Farm Labour Contractors in the USA provide both toilets and hand washing facilities in the fields.

Doug Powell, scientific director of the Food Safety Network at Ontario's Guelph University, says food-borne illnesses afflict up to one in four Canadians annually and are due to micro-organisms lurking in beef and poultry as well as fresh fruits and vegetables. Controlling these outbreaks, he says, largely comes down to improving sanitation practices at every stage along the food chain.

ACT did not have authority to address these issues.

Living Conditions

Some growers provide their farmworkers with on-site residences. While some of these on-site residences are modern, with contemporary plumbing and heating, others are not. They lack indoor toilets, central heating and other contemporary necessities.

There is no restriction on the amount growers can charge hand-harvesters for rent or for room and board.

ACT did not have authority to address these issues.

Vehicle Safety

Farm Labour Contractors are required by Employment Standards Regulations to ensure that each vehicle they use for transporting employees has affixed to it an unexpired inspection certificate in accordance with section 25.02 of the **Motor Vehicle Act** regulations. They are also required to file with the Director an up-to-date list of the registration numbers and license numbers of each vehicle used for transporting employees, and, if they own the vehicle, copies of the inspection certificate and other records that must be maintained under section 25 of the **Motor Vehicle Act** regulations.

Without field inspections, the Director does not know if Farm Labour Contractors are complying with the regulations pertaining to vehicles.

The requirement to affix an unexpired inspection certificate to the vehicle is no substitute for a vehicle inspection conducted by a government enforcement agency.

Roadside hand-harvester vehicle inspections were discontinued in the early 1990's. It was discontinued in part because hand-harvesters often lost a day's wages when the vehicle they were riding in failed inspection. It is unclear as to why hand-harvester vehicles cannot be inspected in the field while the hand-harvesters are picking.

The Compliance and Consumer Services Branch of the Ministry of Public Safety and Solicitor General has the responsibility of ensuring commercial vehicle safety. Its Commercial Vehicle Safety and Enforcement Division has a mandate to conduct random roadside checks of all commercial vehicles. The 15-passenger vans commonly used by Farm Labour Contractors are commercial vehicles, and are therefore subject to random roadside inspections. Although requested, the Assistant Deputy Minister did not provide any information on the number of random roadside checks of vehicles transporting hand-harvesters to, from and between fields or whether that transportation activity was the subject of a focused campaign during 2003.

Passing on Cost of Doing Business

ACT encountered hand-harvesters who had to pay their Farm Labour Contractors a fee for providing them with a ride to and from their workplaces. This fee contravenes Section 21 of the **Act**. Hand-harvesters are under the direction and control of their employers during their trips to, from and between their workplaces. Group travel to the worksite is conducted for the benefit of the employer in that it ensures the workforce, who frequently lacks their own transportation, arrive in a timely manner for work. In return for the benefit of moving employees at the same time, employers cannot pass on the associated cost.

Under-Reporting of Hand-Harvesters

The Branch acknowledges the number of hand-harvesters to be under-reported. It is in the Farm Labour Contractor's interests to under-register the number of employees.

Without field inspections, the Branch cannot establish if Farm Labour Contractors have posted a bond in the appropriate amount.

Unlicensed Farm Labour Contractors

Farm Labour Contractors can avoid the costs associated with obtaining a license by non-compliance with the **Act's** licensing requirements. No license fee paid, no bond posted.

Without field inspections, the Branch cannot discover unlicensed Farm Labour Contractors.

Backwards Accounting

Some Farm Labour Contractors start at the desired result and create records to support it. For example, although the hand-harvester worked 12 hours, the Farm Labour Contractor recorded only 7 hours because that produced the desired amount of wages to be paid.

Without field inspections, the Branch cannot easily verify records.

IMPORTING NEW ERA HAND-HARVESTERS

In July 2004, Jonathan Woodward, a Staff Reporter for *The Province*, reported that 7 producers had applied through the federal government's Seasonal Agricultural Workers Program for Mexican harvesters. Crops were going unharvested for lack of enough harvesters. Millions of dollars of fruit and berries was rotting in the fields. According to the Ministry of Agriculture a lack of hand-harvesters led to \$16 million worth of fruit and vegetables going unharvested in 2002. Mike Wallis, Executive Director of the Raspberry Growers Council, blamed changing demographics for the decline in the number of persons willing to work as hand-harvesters. Older Indo-Canadian workers - the mainstay of the labour force are retiring, he said, while younger immigrants are going to more professional jobs. He claimed that there weren't enough

Canadians who wanted to do the work and concluded that Mexicans are needed to fill the void.

Industry claims that the exit or retirement of hand-harvesters must be addressed by importing workers is not supported by information collected by the Branch. The number of employees bonded by Farm Labour Contractors is virtually the same in 2003 (5915) as it was in 1999 (6000), only 857 fewer than in 2000, 396 fewer than in 2001 and 527 fewer than in 2002. There has not been a significant decline in the number of bonded employees in the past five years. The number of bonded employees in 2003 is over 2,000 more than in 1997. From this perspective, it is difficult to appreciate why this year the shortage of hand-harvesters is so great that Mexicans are needed.

Judging by a comment made by raspberry representatives in their letter to a sectoral magazine, it would appear raspberry growers would welcome migrant workers. They noted that, "at this time, British Columbia producers are not able to take advantage of a foreign labour program, established with the help of the Federal government in eight other provinces." Rather than pay better wages and improve working conditions, the raspberry growers appear to prefer their crops being harvested by foreign labourers.

The concern of raspberry growers for readily available hand-harvesters is perplexing because most of the raspberry crop is harvested mechanically.

There have been attempts to get Canadian youth involved in hand-harvesting. Most recently, 'Co-op' students were sent into Fraser Valley secondary schools to extol the virtues of hand-harvesting as a summer job. There seems to have been few takers. Hand-harvesting does not compete with the assurance of a minimum wage. Furthermore, the heat of the fields in a Fraser Valley summer lacks the comfort of an air-conditioned fast-food outlet.

Organic blueberry farmer Chris Croener, according to reporter Woodward, had no problem finding workers. He provides incentives, including a bonus for working the

season. Croener observed that, "If people can't find pickers, I would ask first how they're treating their pickers."

It has been observed that the family reunification program is no longer bringing as many people to Canada as it once did. The family reunification program is the chief source of hand-harvesters. There is not a present crisis, certainly not one to the extent claimed, however, in time, with the present hand-harvesters aging and not being replaced by younger Indo-Canadians or people newly-arrived from India, there will be a severe shortage of hand-harvesters.

ANALYSIS

No Future for Low Wage-No Wage Harvesters

Government is pandering to berry growers and to Farm Labour Contractors. It pandered to them when it lowered the already low employment standards for hand-harvesters. It pandered to them when it reduced enforcement. These actions will not do growers any long-term good.

Good wages and working conditions attract employees. Hand-harvesters' present poor wages and unpleasant or sub-standard working conditions do not attract people to the industry. People become hand-harvesters out of desperation, often while searching for something better and often while acquiring the English language skills to obtain better employment. Youth will not choose the discomfort of hand-harvesting in the heat of a Fraser Valley summer over the comfort of working in an air-conditioned restaurant, store or office. Youth will not choose the uncertainty of hand-harvester wages over the certainty of wages from employers in other sectors.

The consequence of crops being harvested by the cheapest means is the continued exploitation of harvesters. Continued exploitation deters people from becoming hand-harvesters and drives them to other employment opportunities.

If growers want their crops harvested, they will have to increase wages and improve working conditions. Low

wages and poor working conditions for hand-harvesters make it a sunset employment occupation. Continued dependence on importing workers willing to tolerate such conditions until better employment is available provides only short-term relief and perpetuates an abusive employment environment. Policy that relies on continued immigration to address worker shortages for the industry is unlikely, in the long-term, to enjoy public support.

Unconscionable Subsidy

Currently, growers receive a subsidy in the form of low wages and of wages paid in the form of ROE. The low wage subsidy is paid for by hand-harvesters and the bogus ROE is a cost borne by contributors to Employment Insurance.

It may be that the growers need a subsidy to ensure the viability of the industry. Recent studies have found that even as the price paid by consumers of fruits and berries has increased in the past few years, the farm gate price has decreased. Consumers are paying more but growers are getting less.

If a subsidy is needed, it ought not to be paid by hand-harvesters or by contributors to Employment Insurance. A subsidy, if needed to ensure an adequate supply of local resident workers, must be provided honestly.

An honest subsidy would be one that makes it economically possible for growers to adhere to all employment standards, including the normal minimum wage and to provide acceptable sanitary and safe workplaces. An honest subsidy would end exploitation of harvesters. It would allow, at the same time, for growers to get a fair return on their crops and for Farm Labour Contractors to get a reasonable price for the services they provide growers and hand-harvesters. Perhaps government should pay the difference between what growers can afford to pay to have their crops harvested and what harvesters should be paid for the beneficial work they perform.

It may be that growers and Farm Labour Contractors are taking advantage of a vulnerable workforce, elderly Indo-

Canadians, to pass on costs of doing business and improve their profits.

An inquiry into the economics of Fraser Valley berry crops would be a logical first step to establish whether the industry is operating under such tight margins that they needed a subsidy to survive or whether they are taking advantage of a vulnerable work force to boost their profits.

Time For a Change?

Another possibility is that the globalization of food supply has struck a blow to Fraser Valley berry growers - one from which they cannot rebound without support. The transportation of fresh berries, fruit and produce is no longer limited to crossing the continent; the ability to transport these products across the globe has put increased pressure on local producers worldwide. A recent Oxfam report found that the fresh fruit and produce market is dominated by large distribution companies which act as "gatekeepers" between developing countries and lucrative western markets. Retailers in Canada and the United States now hold "internet auctions" for suppliers to submit the lowest bids for contracts and place "same-day" orders for fresh produce to be packaged and shipped within 24 hours. If globalization increases and transportation costs remain low, it may be cheaper to fly berries from South America to Vancouver than to truck Fraser Valley products into the city.

Under this scenario, without subsidization, berry growers in the Fraser Valley may be faced with the same challenge as fruit growers in the Okanagan. Fruit growers either had to convert their orchards to vineyards or replant them in the new high-density format. Berry growers may have to diversify their crops, pursue value-added applications for their commodities or farms or replant their berries to permit mechanical harvest.

RECOMMENDATIONS

That the Government of British Columbia:

- Reactivate the Employment Standards Branch's Agricultural Compliance Team (ACT) by:
 - Restoring funding and staffing for ACT,
 - Renewing ACT's alliances with Employment Insurance Commission, Workers' Compensation Board, RCMP and other government agencies whose mandates impact hand-harvesters, and
 - Reinstating meaningful field and vehicle inspections.
- Abolish the government created minimum wage rate for crops and extend the general hourly minimum wage to all hand-harvesters, including foreign workers.
- Conduct an economic inquiry into the viability of Fraser Valley berry farming that would:
 - Examine growers' claims regarding lack of hand-harvesters and insufficient revenue to comply with the ACT;
 - Identify challenges confronting the industry, and
 - Provide recommendations to resolve problems identified.
- Review and improve the knowledge examination for Farm Labour Contractors and expand it to include all statutes and regulations pertaining to hand-harvesters.
- Ensure that flats are weighed by the appropriate type of scales, properly calibrated and inspected by the appropriate regulatory authority.
- Create a standard 'picking card' and make it readily available to the industry.

- Restore bonding requirements to a multiplier of 120.
- Ensure that vehicles used to transport hand-harvesters are safe and roadworthy by reinstating frequent, focussed inspection campaigns.
- Ensure hand-harvesters have access to toilets and hand washing basins, thereby providing comfort to hand-harvesters and improving the cleanliness of the crop for its consumers.
- Establish a limit on the amount an employer can charge an employee for lodging, comparable to those limits for domestic workers and for tree planters.
- Establish requisite lodging conditions for those farm workers who reside in employer-provided accommodation; such as access to indoor plumbing, hot and cold running water, and electrical supply.

APPENDIX "A"

2003 Crop Piece Rate Minimum Wage

The minimum wage for farmworkers who are employed on a piece work basis and hand-harvest the following crops is as follows (rates include vacation pay of four percent of earnings):

Apples	\$ 15.60/ bin (27.1 cu. ft.)
Apricots	\$ 17.94/ 1/2 bin (13.7 cu. ft.)
Beans	\$ 0.214/ pound
Blueberries	\$ 0.362/ pound
Brussels sprouts	\$ 0.149/ pound
Cherries	\$ 0.205/ pound
Grapes	\$ 16.58/ 1/2 bin (13.7 cu. ft.)
Mushrooms	\$ 0.215/ pound
Peaches	\$ 16.58/ 1/2 bin (12.6 cu. ft.)
Pears	\$ 17.56/ bin (27.1 cu. ft.)
Peas	\$ 0.267/ pound
Prune plums	\$ 17.56/ 1/2 bin (13.7 cu. ft.)
Raspberries	\$ 0.326/ pound
Strawberries	\$ 0.314/ pound
Daffodils**	\$0.125/ bunch (10 stems)

****Note: the rate for daffodils does not include vacation pay.**

APPENDIX "B"

2001 Crop Piece Rate Minimum Wage

The minimum wage for farmworkers who are employed on a piece work basis and hand-harvest the following crops (rates include 3.6 percent statutory holiday pay and 4 percent vacation pay):

(a) raspberries	\$.338 per pound;
(b) strawberries	\$.326 per pound;
(c) blueberries	\$.376 per pound;
(d) cherries	\$.213 per pound;
(e) apples	\$16.18 per bin (27.1 cu. ft.);
(f) pears	\$18.22 per bin (27.1 cu. ft.);
(g) apricots	\$18.61 per 1/2 bin (13.7 cu. ft.);

(h) peaches	\$17.20 per 1/2 bin (13.7 cu. ft.);
(i) prune plums	\$18.22 per 1/2 bin (13.7 cu. ft.);
(j) grapes	\$17.20 per 1/2 bin (12.6 cu. ft.);
(k) brussels sprouts	\$0.154 per pound;
(l) beans	\$0.222 per pound;
(m) peas	\$0.277 per pound;
(n) mushrooms	\$0.223 per pound.

(1.1) The minimum wage for farmworkers who are employed on a piece work basis and hand-harvest the following crops is, for gross volume or weight picked, as follows:

(a) daffodils..... \$.125 a bunch (10 stems)

APPENDIX "C"

MEMORANDUM OF UNDERSTANDING
BETWEEN: MINISTRY OF SKILLS DEVELOPMENT AND
LABOUR
THE EMPLOYMENT STANDARDS BRANCH (THE
BRANCH)
AND
BC AGRICULTURE COUNCIL
AND BCAC MEMBER ORGANIZATIONS

INTRODUCTION

This Memorandum is designed to create a framework for a partnership approach to addressing awareness and education of employer and employee rights and responsibilities under the **Employment Standards Act and Regulations** and to build on initiatives already undertaken by many associations.

The goals of this partnership are:

- Produce a framework for a partnership between the Employment Standards Branch, Ministry of Skills Development and Labour and the Agriculture sector.
- Increase education, understanding and compliance in regard to the **Employment Standards Act (ESA)** with a focus on core requirements under the **ESA**.
- Provide a more proactive, efficient and mutually satisfactory means of dealing with employment legislation issues and complaints while protecting the most vulnerable of employees.
- To assist in creating opportunities for youth employment in Agriculture.

COMPONENTS OF THE PROGRAM

- Improving compliance in the hand-harvesting sector with a particular focus on the berry industry. Every berry site will be visited at least once during the 2003/04 season.
- The BC Agriculture Council and its member organizations agree that they will not support or condone the utilization of unlicensed Farm Labour Contractors including the exclusive use of licensed Farm Labour Contractors.
- An Officer of the Employment Standards Branch would be assigned to liaise with the council and its member associations with initial priority on education with the hand-harvest sector. These liaisons would include visiting producer operations to further both the goals of the Memorandum of Understanding and industry compliance with the legislation.
- As the largest employers of hand harvest Labour in BC, the blueberry, raspberry, strawberry, field-vegetable and tree fruit associations have not and will not condone any core violations, including the non-payment of wages owed to farmworkers and hand harvesters by growers, Farm Labour Contractors, processors or fresh packers.
- The Council and its member organizations will support the Ministry of Skills Development and Labour, Employment Standards Branch enforcement activities during the 2003/04 seasons as part of the Council's commitment to protect vulnerable workers.
- A minimum of 5 jointly delivered education sessions would be held annually directed at industry participants including producers, contract labour services and employees.
- The partners will develop educational materials to be used in a number of venues - seminars, industry newsletters, targetted mailouts. Information sessions can take place in various locations, including on farms.

- The Council and its member associations would promote use of the materials and attendance at seminars.
- Partner web sites to include a description of the partnership, its goals and progress towards meeting the goals.
- The Council will seek to provide a resource to support the partnership through the Skills Development and Labour component of the Agri-Food Futures Fund.
- The signatories will link to the Agriculture Labour Partnership Committee for input, advice and recommendations in regard to trends, potential priorities and activities of the partnership.

sm/
1000-04rep-hand harvesters-moore
cope 15
September 20, 2004

Recommendations to protect the lives and rights of BC farmworkers

**“No one else
should die.”**

*Darshan S. Punia,
husband of Sukhvinder K. Punia,
farmworker killed in overloaded van crash*



Submitted to
Honourable
Olga Ilich,
Minister of Labour

Submitted by the
B.C. Federation of
Labour

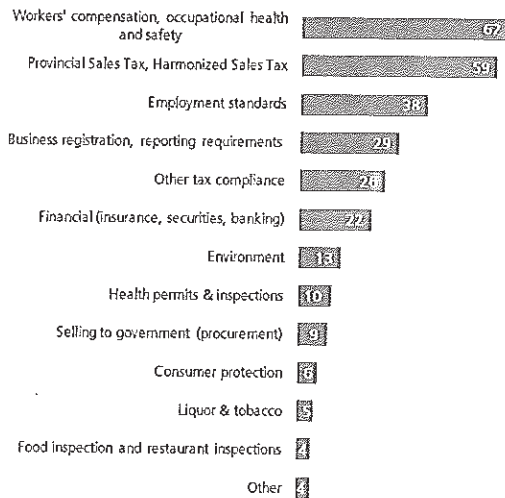
March 15, 2007

Prosperity Restricted by Red Tape

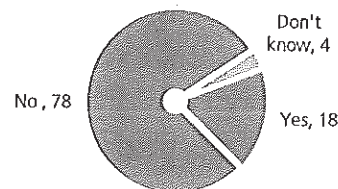
January 2010

British Columbia Results

Most Burdensome Provincial Regulations (% response)



Have you ever been consulted by government about any new regulations related to your business? (% response)



Cost of Regulation (in 2008 dollars)

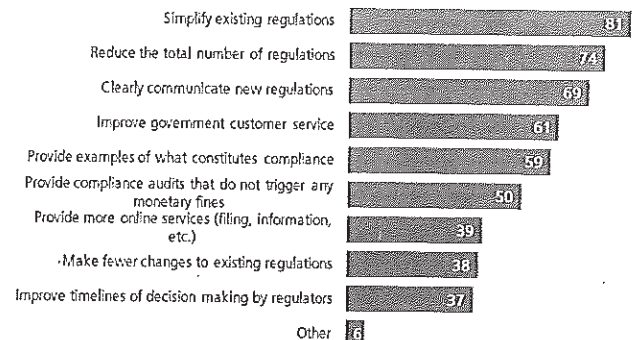
	Total Costs (\$ Million)		% Provincial GDP	
	2005	2008	2005	2008
British Columbia	4,216	4,829	2.5	2.4
Canada	30,880	30,467	2.2	1.9

Regulatory Accountability

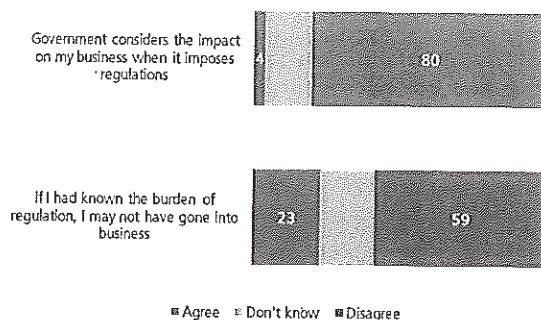
British Columbia

Publicly Reported Measure	Yes
Current Measurement	Yes
Political Leadership	Yes
Constraints on Regulators	Yes
Permanent Commitment to Report	No

What would help your business better comply with regulations? (% response)

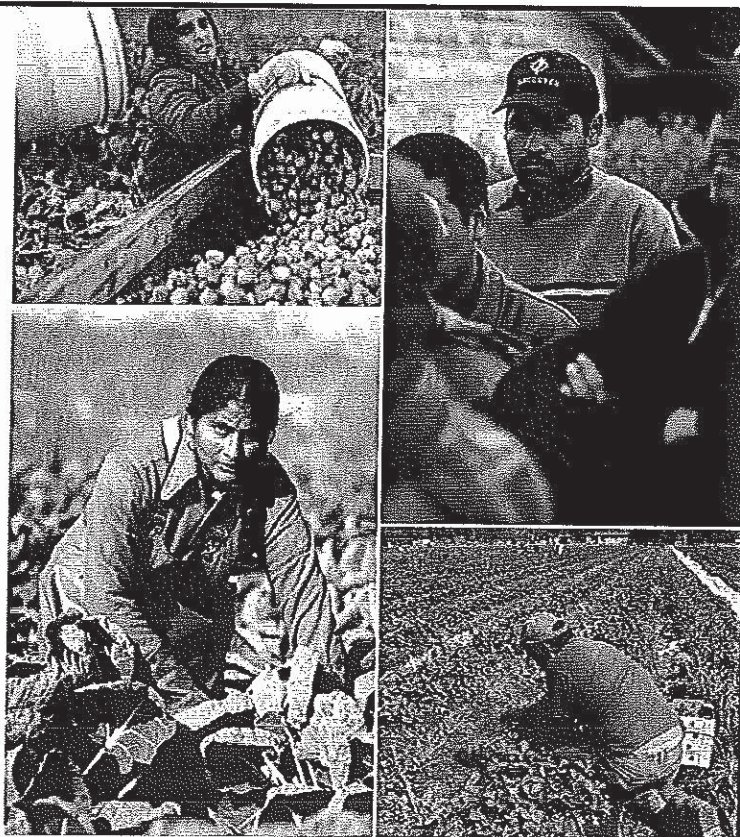


Small Business Views on Government Regulation (% response)



CULTIVATING FARMWORKER RIGHTS

ENDING THE EXPLOITATION OF IMMIGRANT AND MIGRANT FARMWORKERS IN BC



by David Fairey,
Christina Hanson,
Glen MacInnes,
Arlene Tigar McLaren,
Gerardo Otero,
Kerry Preibisch and
Mark Thompson

JUNE 2008



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office



AN ECONOMIC SECURITY PROJECT REPORT

CULTIVATING FARMWORKER RIGHTS: Ending the Exploitation of Immigrant and Migrant Farmworkers in BC

by David Fairey, Christina Hanson, Glen MacInnes, Arlene Tigar McLaren,
Gerardo Otero, Kerry Preibisch and Mark Thompson

June 2008

Co-published by the Canadian Centre for Policy Alternatives – BC Office, Justicia for Migrant Workers,
Progressive Intercultural Community Services, and the BC Federation of Labour

FULL RESEARCH REPORT

Copies of the summary are available in English, Spanish and Punjabi from the CCPA office and website.

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Social Sciences and Humanities
Research Council of Canada

Conseil de recherches en
sciences humaines du Canada

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Summary

BC farmworkers are a particularly vulnerable group of low-wage workers. Like all people who rely on farming for their livelihood, they are subject to the vagaries of global and local economic policies. But seasonal agricultural workers in BC – employed part-year in the harvesting, processing and packing of fruits and vegetables – face unique challenges to their economic security when compared with other BC workers.

First, most BC farmworkers are immigrants and a growing number are temporary migrants. The majority of immigrant farmworkers are Indo-Canadian; most are women, many in their 50s and 60s, who are not fluent in English. Their options for finding alternative employment are few and they have little power to challenge poor working conditions. If they are sponsored, they often feel compelled to repay their families for bringing them to Canada and supporting them here. Most troubling, they depend on farm labour contractors (FLCs) who act as intermediaries between the workers and the farm/greenhouse owners. The contractors arrange where they will work, how much they will earn, and how they will travel to and from farms. Farm owners have long relied on contractors for a reliable workforce despite their history of exploiting immigrant farmworkers and violating employment standards and safety regulations. Last year's tragic Fraser Valley highway crash, which killed three female immigrant farmworkers, is a stark reminder of this dangerous mix of conditions.

In 2004, the provincial government moved to address farm labour shortages. But rather than improving working conditions to attract new workers, BC joined the federal Seasonal Agricultural Workers Program (SAWP), giving the provincial horticultural industry the right to hire foreign seasonal workers from Mexico. Since then, the number of Mexican migrant farmworkers has exploded, from 50 workers in 2004 to 2,200 three years later. These workers, who come to Canada "tied" to a particular employer, face unique obstacles and threats to their rights.

BC Employment Standards Changes Since 2001

Employment Standards are the basic laws that govern issues such as the minimum wage, hours of work, holidays, and other workplace rights. They are supposed to set a basic floor, and are particularly important to vulnerable and low-wage workers in protecting and enforcing their rights. However, in the years since 2001, following extensive lobbying by farm owners, the province made changes that reduced standards. For example, the government:

2001

- Disbanded the inter-agency Agriculture Compliance Team (ACT), a highly successful multi-jurisdictional program that proactively enforced regulation in the agricultural sector and encouraged direct communication between staff members and the predominantly Indo-Canadian farmworkers;
- Returned to a complaint-dependent (rather than proactive) enforcement system, despite the vulnerability of immigrant and migrant farmworkers, the power of farm labour contractors over immigrant farmworkers, and a history of unscrupulous violations of regulations that led to establishing the ACT in the first place;

2002

- Eliminated the requirement that farmers retain records of wages paid to employees of FLCs on their properties, and created exemptions from growers' liability for workers' unpaid wages, shifting liability to farm labour contractors;
- Made substantial changes to the overall Employment Standards Act that rolled back the provisions of the Act;
- Significantly cut the budget of the Employment Standards Branch (leading to a one third reduction in staff and office closures throughout the province);

2003

- Reduced the minimum piece rates payable to farmworkers by approximately 4 per cent, by deeming piece rates to include statutory holiday and annual vacation pay;
- Excluded farmworkers who are paid hourly from entitlements to statutory holiday pay and annual vacations;
- Reduced from four to two hours the minimum hours to be paid to workers who are transported by FLCs to farms; and
- Reduced overtime pay for work in excess of 120 hours in a two-week period from double time to time and a half. Subsequently, regulations excluded farmworkers from all overtime entitlements.

Despite farmworkers' precarious position, the provincial government has steadily eroded employment protections and safety enforcement since coming to power in 2001 (see *BC Employment Standards Changes Since 2001* on page 6). This study examines the impact of those changes on immigrant and migrant farmworkers in the Fraser Valley. It looks at how this changed legal and policy climate has affected farmworkers' working and living conditions. The study proposes alternative models of employment standards, safety and health regulations, enforcement procedures and contracting programs that would better address farmworkers' needs and enhance their economic security.

Although immigrants and migrants fall into separate legal categories, as farmworkers they both suffer from a complex, confusing and controlling system that frequently exploits, threatens and silences them while too often placing their lives in danger. Regulations are often vaguely worded and unclear about who is ultimately accountable. If both contractors and farm owners are employers, for example, the issue of who is responsible for maintaining safety standards is divided and thus imprecise. And while the Seasonal Agricultural Workers Program is a federal initiative, provisions covering farmworkers' employment standards and enforcement, and health and safety regulations are governed by the province. In failing to coordinate with provincial ministries and agencies, the federal SAWP places the protection of migrant workers in a jurisdictional grey zone. As a result of BC's reduced employment standards and safety enforcement both immigrant and migrant farmworkers face multiple vulnerabilities.

This study is based on in-depth research and analysis of:

- Government documents;
- BC Employment Standards Act complaint and violation data;
- Key informant interviews;
- Information from reports and academic studies about "better practices" and policies for farmworkers in other jurisdictions; and
- Extensive qualitative interviews with both immigrant and migrant farmworkers.

The experiences of these workers are shared throughout the study, as are the results of a supplemental survey of Mexican migrant farmworkers.

By illuminating the real life costs of these policies and practices, this study aims to help build a system that enhances the prospects and bargaining position of vulnerable farmworkers at home and abroad.

Despite farmworkers' precarious position, the provincial government has steadily eroded employment protections and safety enforcement since coming to power in 2001. This study examines the impact of those changes on immigrant and migrant farmworkers in the Fraser Valley, and proposes policy alternatives that would enhance farmworkers' economic security.

Key Findings

- **IMMIGRANT FARMWORKERS LACK SECURE INCOME, ESPECIALLY WHEN PAID PIECE RATE.** They often work for less than the minimum wage. They work excessive hours to earn more income and to be eligible for EI (especially workers who are paid less than minimum wage), yet lack overtime pay and paid statutory holidays (as well as paid rest periods and annual vacation). They are vulnerable to the arbitrary power of farm labour contractors and to rights violations. According to one key informant, between 1997 and 2001 the inter-agency Agriculture Compliance Team (before it was disbanded) found 1,136 violations of the Employment Standards Act by farm labour contractors.
- **MIGRANT FARMWORKERS GENERALLY EARN THE BASIC MINIMUM OF THE BC-SAWP WAGE (\$8.90/hour)** – irrespective of experience. They work extremely long hours at the beck and call of farm owners, and – like BC immigrant farmworkers – lack overtime pay and paid statutory holidays. They too are vulnerable to the arbitrary power of their employer and to rights violations. Some migrants we spoke to work 60 to 70 hours a week – some up to 20 hours per day in peak harvest season. Extending their hours is the only way to increase their earnings since there is no overtime pay.

- **MIGRANT AND IMMIGRANT FARMWORKERS ARE RIGHTLY CONCERNED ABOUT THEIR SAFETY AND LIVING CONDITIONS.** Many work in environments that violate safety and

Many farmworkers work in environments that violate safety and health standards. Yet, since 2001, both inspection reports and prevention orders conducted by WorkSafeBC have dramatically declined.

health standards. Mexican migrant workers face significant barriers accessing medical care, especially due to their lengthy exclusion from BC's Medical Services Plan (MSP); many live in substandard housing and have unreliable access to transportation. Immigrant farmworkers are transported to and from farms in vans that regularly violate safety regulations. Yet, since 2001, both inspection reports and prevention orders conducted by WorkSafeBC have dramatically declined. Inspection reports in the agriculture sector dropped from an average of 523 in 1994–2001 to an average of 200 in 2002–2006 – a 62 per cent decrease. Similarly, prevention orders plummeted from an average of 940 in 1994–2001 to an average of 253 in 2002–2006 – a 73 per cent drop.

- **MIGRANT AND IMMIGRANT FARMWORKERS FEAR THEY WILL LOSE THEIR JOBS IF THEY COMPLAIN** about their wages, hours or safety concerns, or even report injuries. The farm labour contracting system imposes an unfair power imbalance on immigrant farmworkers that coerces them into silence. Similarly, by restricting worker mobility and allowing employers excessive control over workers' contracts, the Seasonal Agricultural Workers Program undermines migrant workers' ability to truly exercise their employment rights. Farmworkers interviewed during the study said that contractors impress upon workers that complaints would affect their licensing and their ability to provide the workers with jobs.
- **FEDERAL AGENCIES HAVE CREATED A JURISDICTIONAL VOID** in their poor coordination of the SAWP with other governmental agencies. As such, the SAWP is not protecting workers' rights.

Key Recommendations

Our research demonstrates that current conditions for BC farmworkers erode economic security and are fundamentally untenable. In focus group discussions and interviews, farmworkers suggested how to improve their working conditions. We draw upon their experiences as well as other studies that seek to create better practices for farmworkers. Overall, our recommendations emphasize that BC employment standards must be improved and that enforcement of the standards must be comprehensive, proactive and continuous. We also maintain that health and safety regulations must be vigorously enforced and that the farm labour contracting system and the SAWP should be restructured to promote workers' rights.

Among this study's recommendations are that the BC government:

- **RESTORE OVERTIME PAY, STATUTORY HOLIDAYS AND ANNUAL VACATIONS** for farmworkers, thereby helping to reduce the highly exploited labour of immigrant and migrant farmworkers, whose rights should be identical to those of any other worker in BC.
- **ESTABLISH PIECE RATES THAT ARE EQUIVALENT TO THE MINIMUM WAGE.** If farmworkers are to be paid a piece rate it must be set at a level, as in Ontario, that allows them, with reasonable effort, to earn at least the minimum wage for the hours they work. Piece rates are a precarious source of income, and the practice should be reconsidered. An hourly wage system could be applied to all farmworkers, as is already the case under the SAWP.
- **RAISE THE MINIMUM WAGE TO \$10 PER HOUR AND INDEX IT TO INFLATION.** BC's high cost of living and labour shortage suggest the need for an immediate raise in the minimum wage.
- **STRENGTHEN INSPECTIONS AT FARM SITES AND RESTORE PROACTIVE MONITORING TEAMS SUCH AS THE AGRICULTURE COMPLIANCE TEAM (ACT).** Without regular, random and unannounced visits, Employment Standards Act and WorkSafeBC regulations cannot be enforced. Farmworkers aren't free to speak about their employment conditions and don't know how to register their complaints unless inspectors know their native languages. And without inter-agency cooperation, enforcement of employment standards and health and safety regulations is ineffective. Higher penalties for contraventions should also be established.
- **REVIEW THE FARM LABOUR CONTRACTING SYSTEM AND CONSIDER THE ESTABLISHMENT OF A NEW NON-PROFIT HIRING HALL MODEL FOR ALL FARMWORKERS – IMMIGRANT AND MIGRANT.** It's time to replace the private FLC system. A new non-profit program could become the exclusive supplier of labour and require growers to hire through a regulated system/hiring hall/pool. This new non-profit hiring model should be extended to migrant workers so they would no longer be hired by and bound to a single employer. Included in this new model should be the establishment of independent, local agricultural human resources centres that function as a support mechanism for farmworkers and provide safe transportation.

- **FUND COMMUNITY AGENCIES TO PROVIDE WORKERS' RIGHTS EDUCATION AND ADVOCACY.** Community agencies inform farmworkers effectively and inexpensively about their rights, and can do so in im/migrants' native language. Only if farmworkers are aware of their rights can they exercise them. SAWP migrant workers should receive information about their rights in their native language upon arrival in BC. Rights should be posted in the workplaces of all farmworkers in appropriate languages.

This report also has recommendations for municipal and federal governments, and for the Mexican government. They include:

- **ADOPT COMPREHENSIVE REGULATIONS FOR MIGRANT WORKER HOUSING** and improve housing inspections. Initial inspections need to ensure employer-provided accommodation meets existing standards; if the accommodation is substandard, it should not be approved.
- **RESTRUCTURE THE SAWP.** At minimum, the SAWP should allow workers to move more freely from one employer to another within the SAWP, by issuing workers occupation-specific work permits versus employer-specific permits. Furthermore, HRSDC (Service Canada) should move from being a labour-market matching service to a service that coordinates with all stakeholders. It should assume leadership in ensuring that all levels of government, including other federal agencies, the ESB and WorkSafeBC, exercise their responsibilities.
- **REQUIRE EMPLOYERS TO DEMONSTRATE A SATISFACTORY RECORD OF COMPLIANCE.** SAWP workers should be able to evaluate their employer, with the evidence to be considered in the latter's re-application for a Labour Market Opinion (LMO) in subsequent years.
- **REMOVE REPATRIATION AS AN EMPLOYER RIGHT.** Repatriation is the main deterrent for SAWP workers exercising their labour rights. Growers who wish to dismiss SAWP workers must demonstrate proper cause before so doing and dismissal should not be linked to repatriation.
- **ENABLE THE IMMIGRATION OF SAWP WORKERS.** If workers are accepted into the SAWP and work for three seasons, they should be able to apply for permanent resident status.
- **SIGN THE UN INTERNATIONAL CONVENTION ON THE PROTECTION OF THE RIGHTS OF ALL MIGRANT WORKERS AND MEMBERS OF THEIR FAMILIES.** Canada should sign on to this convention, which is compatible with the Canadian Charter of Rights and Freedoms, in guaranteeing fundamental rights to all people in Canada, including migrants.

Harvest of Shame

by Arlene Tigar McLaren, Mark Thompson

BC Office | Commentary and Fact Sheets

Issue(s): Agriculture, Employment and labour, Human rights, Inequality and poverty

Projects & Initiatives: Economic Security Project (BC)

June 19, 2008

Especially in the spring and summer, British Columbians enjoy fruits and vegetables grown in the Fraser Valley. But consumers may know little about the people who cultivate and harvest the food we eat. Ironically, at a time of general labour shortages, the BC government has rolled back employment protections for farmworkers and tolerated deplorable working and living conditions in our backyard.

How has this happened in "the best place on earth," as the government describes the province?

For at least the past 20 years, abusive employment relations have existed in the Fraser Valley. Despite this history, in 2001 the provincial government disbanded a highly successful multi-agency program that uncovered hundreds of violations of labour regulations. The government also made a host of changes to employment laws and regulations that lowered minimum working standards for farmworkers. For example, it reduced minimum piece rates for fruit and vegetable pickers and excluded farmworkers from any entitlement to vacation, statutory holiday or overtime pay.

Our study – *Cultivating Farmworker Rights* – looks at the impact of these policy and enforcement changes on Fraser Valley farmworkers. Our research team interviewed over 50 farmworkers at length. These interviews were supported by other data and interviews with individuals in government and the farm industry.

Harvest workers in the Fraser Valley are overwhelmingly Indo-Canadian immigrants, most are women, many are in their 50s and 60s. They are employed by "labour contractors" who supply temporary labour to farm owners and transport workers to farms. Workers we interviewed reported that contractors take advantage of immigrants who know little of their rights, especially women who may be intimidated by male contractors' control of the labour process. These employers frequently violate labour standards and health and safety regulations, and transport workers in unsafe vehicles.

The tragic van crash of March 2007, in which three women died, did not surprise these workers. The government's cutback on enforcement of safety regulations jeopardized their lives. As one woman stated: "There are no windows, no glass. So you can't see how many people are pushed in."

A recent Federal Tax Court ruling on farm labour contractor Employment Insurance fraud underscored the power of contractors. Indeed, farmworkers in our study talked about being scared of contractors. If they say anything, one explained, "the next day we are not picked up for the work." As a result, farmworkers are unlikely to exercise their rights and complain about inadequate wages or unsafe conditions.

Unsurprisingly, few Canadians want this work. It pays little (often below the minimum wage of \$8/hour). Many workers are in the fields 10-12 hours per day, seven days a week. Working conditions are hard, and often unsafe and unsanitary. One of the most common complaints of workers is the lack of washrooms, drinking water and a place to eat lunch. All these amenities are required by WorkSafeBC – yet workers report never having seen inspectors.

Rather than improve conditions to help attract needed workers, in 2004 the provincial government signed on to the federally-run Seasonal Agricultural Workers Program (SAWP), giving growers the right to import temporary Mexican workers.

SAWP workers are paid slightly more than most Canadian farmworkers, at \$8.90/hour. They also receive transportation and housing – which can mean living in a barn. Over 90% are male, most are under age 45, and they must leave their families behind. They are contracted to work for a single farmer, who has the effective right to deny them future employment and can have them repatriated before their contract ends. One migrant told us: "If they see us taking a rest, they threaten to send us back to Mexico." Given this constant threat, few migrants complain about their working conditions.

The labour of both immigrant and migrant farmworkers is unfree; they cannot exercise their rights to report violations of employment, health and safety regulations. Nor can they change employers, for either legal or economic reasons.

Individual farm owners or contractors may treat farmworkers well, but the current system fails to protect farmworkers from employers who take advantage of the imbalance of power.

What should be done? The basic principle of policy should be to give farmworkers (immigrants and migrants) the same rights as other Canadian workers, such as overtime and paid public holidays. The minimum wage should be raised to \$10/hour. To ensure standards are respected, pro-active enforcement is needed, as is an active program to inform farmworkers about their rights. A non-profit agency to supply temporary labour to growers should be created to replace farm labour contractors. Migrant workers in the SAWP should be

employed via this new agency, rather than being tied to a single employer who has the power to send them home. Provincial and federal government enforcement activities should be coordinated to ensure all workers' rights are respected.

BC's agricultural sector should no longer be subsidized on the backs of vulnerable farmworkers.

Arlene Tigar McLaren is Professor Emerita of Sociology at Simon Fraser University and co-author of the Canadian Centre for Policy Alternatives study "Cultivating Farmworker Rights." Mark Thompson is Professor Emeritus with UBC's Sauder School of Business; he led a commission on employment standards in the 1990s.

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**Farmworkers relegated to
second-class status:
study**

Proposed changes would end
exploitation of BC's immigrant
and migrant farmworkers

(Vancouver) A new study of
farm work in BC reveals
systematic violations of
employment standards and
health and safety regulations,
poor and often dangerous
working conditions, and
dismal enforcement by
government agencies. The
study's authors propose
comprehensive policy
changes that would ensure
farmworkers — most of whom
are immigrants and temporary
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"Unfree" Farm Labour in British Columbia?

by Mark Thompson, David Fahey, Arlene Tigar McLaren

BC Office | Commentary and Fact Sheets

Issue(s): Agriculture, Employment and labour, Human rights, Inequality and poverty

September 25, 2008

The sudden firing and repatriation of 14 Mexican agricultural workers from an Abbotsford greenhouse earlier this month once again highlights the exploitive nature of Canada's Seasonal Agricultural Workers Program (SAWP).

A growing proportion of BC's agriculture now depends on hiring migrant SAWP workers who are in practice "unfree." Their unfree status is deliberately created by federal and provincial governments, both through the substandard regulation workers are subjected to and the virtually non-existent enforcement of what minimal protections exist. The result is that actual labour, health and safety conditions are left to the semi-feudal whims of many individual employers.

BC's agreement with Mexico says migrant workers have the same rights as Canadian workers. Yet SAWP workers come to Canada assigned to a specific employer and lack the fundamental right of free workers to quit and find a better job. Any job transfer must be mediated by the Mexican consulate, which is not particularly inclined to engage in this practice. SAWP workers are thus indentured to one employer. If they quit, they are forced to leave the country, and it is virtually impossible for them to return with another employer.

SAWP workers have no means of redress if they are dissatisfied with their working conditions or treatment, or if the terms of their contract are not being fulfilled. To make matters worse, the provincial government does not systematically inspect these work places. The Mexican consulate takes little interest in them and is completely overwhelmed with the growing numbers of SAWP workers in BC, which has ballooned from 50 in 2004 to nearly 3,000 in 2008.

The Mexican workers at the Abbotsford greenhouse dared to think about exercising one of the primary rights of Canadian workers - the right to organize and join a union. The employer fired and sent them home before they even had the chance to vote on whether to join the United Food and Commercial Workers. Apparently the employer did so without notifying the Mexican Consulate of his planned action, leaving the union to defend the workers while they are in Mexico. This employer should be denied the right to ever participate in the SAWP again.

None of this comes as a surprise to anyone who researches working conditions in the agricultural sector. Our study (*Cultivating Farmworker Rights*, released by the Canadian Centre for Policy Alternatives in June 2008) and other investigations have consistently found that substandard employment conditions are common in the Lower Mainland and other BC valleys. Although some growers treat migrant workers well, there are few efforts by any level of government to protect these workers against less scrupulous employers. Governments and the organized agriculture industry have deliberately placed vulnerable foreign workers in a sector with a history of bad working conditions and left them with virtually no way to defend themselves.

It is time to restructure and reform the Seasonal Agricultural Workers Program.

The federal government should insist that provincial governments actively uphold the employment rights of these workers. Provincial governments, which are acting on the request of organized employers to meet labour shortages, must recognize the special needs of these workers for protection of their employment rights. Employers who wish to dismiss SAWP workers should be required to show proper cause, and dismissal should not be linked to repatriation. In addition, the Mexican and Canadian governments should deny employers access to the SAWP when they have violated basic worker rights. Unless employers are penalized in this way the wrong messages will be conveyed to other employers and other migrant workers.

These important steps will help ensure temporary foreign workers have the basic protections that their home government, Canada and BC have promised them. Short of making decisive efforts to implement them, we will continue to be "surprised" by news that semi-feudal labour conditions exist right in our own backyards.

Mark Thompson is Professor Emeritus with UBC's Sauder School of Business and co-author of "Cultivating Farmworker Rights." David Fahey, a labour economist, and Arlene Tigar McLaren, Professor Emerita of Sociology at Simon Fraser University, co-authored the study.

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Proposed changes would end exploitation of BC's immigrant and migrant farmworkers

(Vancouver) A new study of farm work in BC reveals systematic violations of employment standards and health and safety regulations, poor and often dangerous working conditions, and dismal enforcement by government agencies. The study's authors propose comprehensive policy changes that would ensure farmworkers — most of whom are immigrants and temporary migrants — are no longer relegated to...

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Going for gold on minimum wages

by Iglia Ivanova, Marjorie Griffin Cohen

BC Office | Commentary and Fact Sheets

Issue(s): Employment and labour

January 20, 2010

As we prepare to cheer for our athletes during the upcoming Olympic and Paralympic games, it's worth remembering the fields in which BC isn't going for the gold. Ensuring that work is a guaranteed way out of poverty, for example.

It's a little known fact, but the "the best place on earth" is now home of the lowest minimum wages in Canada. Our minimum wage has been frozen at \$8 per hour (and an embarrassingly low \$6 for the first 500 hours of work) since 2001, and there is little indication that this is about to change any time soon.

The rest of Canada is getting further and further ahead of us in this particular race. Just last week New Brunswick announced that it would increase its minimum wage from \$8.25 to \$10 per hour over the next two years. Other Canadian provinces have recently upped their minimum wages too – and Ontario, Quebec, Newfoundland and Nova Scotia have committed to further increases in the near future.

There is much catching up to do.

Although only 2.7% of BC employees got paid \$8 per hour in 2008, a much larger group of workers – 13.4% or 253,000 people – earned less than \$10 an hour. The number of low-wage workers has likely increased considerably in 2009, when a net of 82,000 full-time jobs were lost across the province to be replaced in part by a net of 27,000 new part-time jobs.

People working full-time, full-year should be able to support themselves on their wage. But this would be difficult in BC even on \$10 per hour. A single person working 40 hours per week year-round needs to earn \$11.09 per hour just to break even with the poverty line (\$22,171 for those living in large Canadian cities, according to Statistics Canada).

Some economists suggest we shouldn't worry too much about minimum wages, arguing that the majority of low wage earners are women and youth who are not "heads of households." But this logic is based on an outdated notion of the typical family, where father brings home the bacon and is able to support a comfortable standard of living.

Families these days, especially those with children, increasingly rely on both parents' earnings to get by. Working poverty is a serious problem in our province and 56% of poor children in BC live in families where at least one parent works full-year, full-time. The wages that women are able to earn have important impacts on the well-being of their families, regardless of whether their spouses are earning more than the minimum wage.

While it is true that just over half of minimum wage earners live with their parents, many of them are not teenagers. In fact, one in ten minimum wage workers living at home with parents is older than 25.

Rising post-secondary education fees, mounting levels of debt upon graduation, and higher costs of establishing a new household in BC combined with low wages explain the rising numbers of "children" over the age of 20 who live with their parents. In 2006, over 44% of young adults in BC (aged 20 to 30) lived with their parents, compared to only 32% in 1986.

BC's government says it is worried that increasing the minimum wage to \$10 per hour will cost too much for businesses that rely on low paid workers and is therefore a bad idea given the hard economic times. It is worth noting, however, that the only reason why we need to hike the minimum wage by more than 25% just to reach a decent pay level for vulnerable workers is that it has remained unchanged for over eight years while the cost of living in BC – as measured by the consumer price index – increased by 15%.

In the future, sharp, one-time hikes could be easily avoided by indexing the minimum wage to inflation to ensure that its value does not erode over time. Meanwhile, BC businesses can find comfort in the experience of their fellow entrepreneurs in the rest of Canada who are managing to turn profit while paying higher minimum wages.

The minimum wage is the protection government gives to the most vulnerable workers. It is exploitative for this protection to be undermined by the government year after year through its failure to make reasonable increases.

Let's set the bar high not just for the athletes, but for our government and for business too, and ensure that all workers earn a decent wage.

Iglia Ivanova is the Public Interest Researcher at the Canadian Centre for Policy Alternatives' BC Office. Marjorie Griffin Cohen is a professor in the Department of Political Science at Simon Fraser University.

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Working for a Living Wage

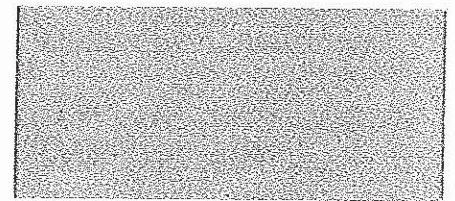
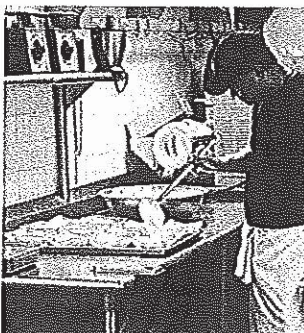
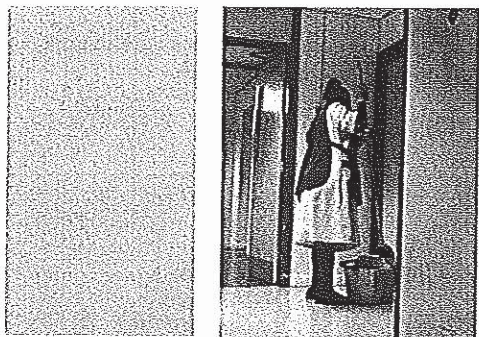
Making Paid Work Meet Basic Family Needs
in Vancouver and Victoria

by Tim Richards,
Marcy Cohen,
Seth Klein and
Deborah Littman

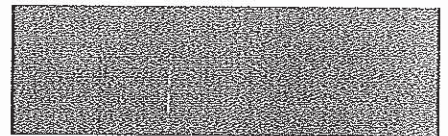
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WORKING FOR A LIVING WAGE: MAKING PAID WORK MEET BASIC FAMILY NEEDS IN VANCOUVER AND VICTORIA – 2008

By Tim Richards, Marcy Cohen, Seth Klein and Deborah Littman

September 2008

Co-published by the Canadian Centre for Policy Alternatives, First Call: BC Child and Youth Advocacy Coalition, and the Community Social Planning Council of Greater Victoria

This study is part of the Economic Security Project, a research alliance led by the Canadian Centre for Policy Alternatives – BC Office and Simon Fraser University. The ESP is a five-year research initiative studying how public policy in BC affects the economic security of vulnerable populations. The ESP is funded primarily by a grant from the Social Science and Humanities Research Council of Canada (SSHRC) through its Community-University Research Alliance program.

Thanks also to the United Way of the Lower Mainland, the Human Early Learning Partnership, and the Hospital Employees' Union for their financial assistance of this project.



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THE COLLABORATIVE PROCESS

The Living Wage project has been sponsored and facilitated by the Canadian Centre for Policy Alternatives, an independent, non-partisan research institute concerned with issues of social and economic justice, and First Call: BC Child and Youth Advocacy Coalition, a cross-sectoral, non-partisan coalition made up of over 80 provincial and regional organizations that advocates for the well-being of children and youth. The collaboration process brought together diverse organizations and individuals from Metro Vancouver and Greater Victoria. These include organizations that work with families with low incomes, and individuals with academic and social policy expertise. The meetings and discussions included, among others, representatives from the United Way of the Lower Mainland, the Community Social Planning Council of Greater Victoria, and the Hospital Employees' Union (HEU), as well as academics from the University of British Columbia (UBC) and independent social policy experts.

The Vancouver/Victoria living wage working group included:

Jenny Cleathero, Researcher, United Way of the Lower Mainland

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Michael Goldberg, Research Consultant

Iglika Ivanova, Public Interest Researcher, CCPA

Seth Klein, BC Director, CCPA

Paul Kershaw, Human Early Learning Partnership, UBC

Steve Kerstetter, Research Consultant

Adrienne Montani, Provincial Coordinator, First Call

Tim Richards, Senior Instructor, Faculty of Law, University of Victoria

Andy Wachtel, Researcher, United Way of the Lower Mainland

Jennifer Whiteside, Research Analyst, HEU

Jane Worton, Community Social Planning Council of Greater Victoria

Dan Zuberi, Assistant Professor, Department of Sociology, UBC

The process entailed four stages. The first involved articulating the foundational principles that would guide the calculation of the living wage. These would affect, for example, the level of family expenses and hours worked by each parent. The next stage involved calculating the amount of the living wage. This entailed estimating family expenses and factoring in tax deductions from employment income and income from government transfers. The third stage involved focus groups with both low-income parents and employers concerning the assumptions and the budget expenditures incorporated into the living wage calculation, for example with respect to the amounts of family expense items and the hours of paid work per week of the parents. The fourth stage involved revising the calculation based on the focus group feedback, and revisiting the assumptions and changing factors affecting both employment income and family expenses. The result is a living wage grounded in the realities and needs of people in paid employment on low income, developed with the further knowledge and expertise of social policy analysts and employers.

ABOUT THE AUTHORS

TIM RICHARDS is a Senior Instructor in the Faculty of Law at the University of Victoria. From 1994 to 2002 he worked as a front-line legal advocate assisting people in poverty with their income assistance and Employment Insurance rights. In addition to teaching, he does social policy research and analysis on various poverty issues.

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DEBORAH LITTMAN is a National Officer for UNISON, the UK's largest public service union. She specializes in bargaining research and campaigning around low pay and the living wage. Deborah has helped UNISON to build alliances with local community organizations. She is a Trustee of London Citizens, a broad-based community alliance that has fought successful living wage campaigns in the health, hotel, and university sectors. For more information see www.unison.org.uk/pay, www.londoncitizens.org.uk, and www.fairpaynetwork.org.

ACKNOWLEDGMENTS

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SUMMARY

Working for a Living Wage

Making Paid Work Meet Basic Family Needs in Vancouver and Victoria

What does it say
about our economy
when families are
doing all the right
things—working hard
and working long
hours—yet have to
choose between paying
the rent and putting
food on the table?

FAMILIES WHO WORK FOR LOW WAGES face impossible choices—buy food or heat the house, feed the children or pay the rent. The result can be spiraling debt, constant anxiety and long-term health problems. In many cases it means that the adults in the family are working long hours, often at two or three jobs, just to pay for basic necessities. They have little time to spend with their family, much less to help their children with school work or participate in community activities.

The frustration of working harder only to fall further behind is one many Canadians can relate to. Recent CCPA research shows that most families are taking home a smaller share of the economic pie despite working longer hours, getting more education and contributing to a growing economy.

In BC, the contradiction between a strong economy and growing insecurity is especially stark. We are one of only two Canadian provinces where median earnings for individuals fell between 2000 and 2005. We also have the highest child poverty rate in Canada, and are the only province where child poverty rates were actually higher in 2006 than in 1997.

The story of child poverty is very much a story of low wages. More than half of BC's poor children live in families where at least one person has a full-time job.

The living wage is one of the most powerful tools available to address this troubling state of poverty amid plenty in BC. It allows us to get serious about reducing child poverty, and ensures that families who are working hard get what they deserve—a fair shake, and a life that's about more than a constant struggle to get by.

The living wage is a call to private and public sector employers to pay wages to both direct and contract employees sufficient to provide the basics to families with children.

A living wage is not the same as the minimum wage, which is the legal minimum employers must pay. The living wage sets a higher test—it reflects what earners in a family need to bring home, based on the actual costs of living in a specific community.

WHAT'S IN A LIVING WAGE?

The living wage is calculated as the hourly rate at which a household can meet its basic needs, once government transfers have been added to the family's income (such as the Universal Child Care Benefit) and deductions have been subtracted (such as income taxes and Employment Insurance premiums).

The full details of the calculation are spelled out in this report, beginning on page 23. The living wage is based on:

- A family of two parents with two children aged four and seven. (In BC, 85 per cent of families are headed by couples, and 62 per cent have two or more children.)
- Both parents working full-time, at 35 hours per week. (Full-time employment for both parents is the norm for families with children in BC.)
- Estimated family expenses in 10 categories (more on this below).
- The cost of government deductions (provincial and federal taxes, Employment Insurance premiums and Canada Pension Plan contributions).
- The value of government transfers like the Canada Child Tax Benefit (more on this below).
- Employers providing minimal paid vacation and sick time.

The living wage gets families out of severe financial stress by lifting them out of poverty and providing a basic level of economic security. But it is also a conservative, bare bones budget without the extras many of us take for granted.

A LIVING WAGE IS:

Based on the principle that full-time work should provide families with a basic level of economic security, not keep them in poverty.

The amount needed for a family of four with two parents working full-time to pay for necessities, support the healthy development of their children, escape financial stress and participate in their communities.

For Metro Vancouver, it is \$16.74 per hour, and for Victoria (BC's Capital Region), \$16.39 per hour.

The story of child poverty is very much a story of low wages.

More than half of BC's poor children live in families where at least one person has a full-time job.

A Bare Bones Budget

At \$16.74 per hour for Metro Vancouver—or \$30,467 annually for each parent working full-time—here's what a family could afford:

FOOD: \$652/month (based on estimates by the Dietitians of Canada for a nutritious diet)

CLOTHING AND FOOTWEAR: \$191/month

SHELTER: \$1,259/month (includes conservative rent estimate for a three-bedroom apartment or townhouse, utilities, telephone and insurance on home contents)

TRANSPORTATION: \$523/month (includes two-zone bus pass and the cost of owning and operating a used car)

CHILD CARE: \$982/month (for a four year old in full-time care, a seven year old in after-school care, and six weeks of summer care)

MEDICAL SERVICES PLAN (MSP) PREMIUMS: \$108/month

NON-MSP HEALTH CARE: \$133/month (for Pacific Blue Cross Insurance; does not include expenses only partially covered by the insurance plan)

PARENTS' EDUCATION: \$83/month (allows for two college courses per year)

CONTINGENCY FUND: \$195/month (provides some cushion for unexpected events like the serious illness of a family member, transition time between jobs, etc.)

OTHER: \$570/month (covers personal care, furniture, household supplies, school supplies, some reading materials, minimal recreation and entertainment)

The living wage for BC's Capital Region is \$16.39 per hour, due to minor variations in the expenses based on actual costs of living in the Capital Region.

This living wage calculation does not cover:

- Credit card, loan, or other debt/interest payments;
- Savings for retirement;
- Owning a home;
- Savings for children's future education;
- Anything beyond minimal recreation, entertainment, or holiday costs;
- Costs of caring for a disabled, seriously ill, or elderly family member; or
- Much of a cushion for emergencies or tough times.

The living wage calculation is based on the needs of two-parent families with young children, but would also support a family throughout the life cycle so that young adults are not discouraged from having children and older workers have some extra income as they age. The living wage is also enough for a single parent with one child to get by. A single parent with two children would have a much tougher time. (See page 25 for more on single parents.)

WHY A LIVING WAGE?

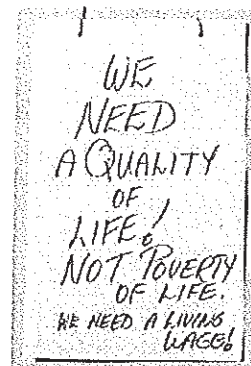
Living wages benefit families, communities and employers, now and into the future.

A growing body of evidence tells us that growing up in an engaged, supportive environment is a powerful lifelong determinant of a person's health and general competence. Children from low-income families are less likely to do well at school, have lower literacy levels and are more likely as adults to suffer from job insecurity, under-employment, and poor health.

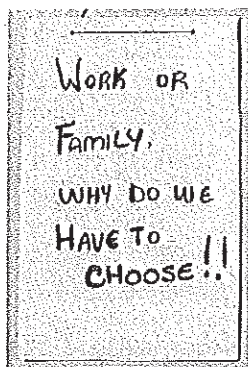
According to the National Longitudinal Survey of Children and Youth, parents in households with low incomes are more than twice as likely as parents in either middle- or high-income families to be chronically stressed. Not having enough money to buy household essentials and feeling that unrealistic expectations were being placed on their time are two of the primary sources of stress identified in this research. These parents are more likely to suffer from poor health and to be higher users of health care services. Adolescents living with chronically stressed parents were more likely than other youth to have a tough time socially and in school.

A series of recent national studies about work-life conflict document the very high costs of role overload (having too much to do in a given amount of time) in personal and financial terms. Researchers Linda Duxbury and Chris Higgins estimate the direct and indirect costs to employers in absenteeism at \$6 billion a year. They estimate a further \$6 billion cost to the health care system.

Other research has shown that paying living wages has concrete benefits for employers, including reduced absenteeism; increased skill, morale and productivity levels; ability to attract and keep employees in a tight labour market; and improved customer satisfaction. It is also good for a company's reputation. For example, KPMG in London found that turnover rates were cut in half after it implemented a living wage policy for all direct and contract staff in 2006. (See *Fears Concerning the Living Wage Affecting Business Profitability Overstated* on page 41 for a discussion of employer concerns about paying a living wage.)



The living wage is based on the principle that work should ensure individuals and families can live with dignity and therefore can fully participate in family, community and work life.



The living wage is first and foremost a call to private and public sector employers to sustain families—to pay wages to both direct and contract employees sufficient to provide the basics. But government policies and programs also have a direct impact on our standard of living, and as a result, on the living wage calculation.

UK Employers Get Behind the Living Wage

Living wage movements have been gaining steam in the UK, across the US and in a number of Canadian cities.

In the UK, a growing number of leading corporate, public and non-profit employers see the benefits of paying living wages, including: HSBC Bank, Morgan Stanley, Lehman Brothers, City Group, Deutsche Bank, Royal Bank of Scotland, KPMG, Price Waterhouse Coopers, Lovells, Credit Suisse and Macquerie, Greater London Authority, London's Underground subway system, four East London Health Trusts, Queen Mary University, London School of Economics, the School of Oriental and African Studies, and Westway Development Trust.

While the exact terms differ from employer to employer, all have signed a basic "Charter for Socially Responsible Contracting," stipulating all direct and contract staff are; paid no less than a living wage as set annually by the Greater London Authority; eligible for 20 days paid holiday plus statutory holidays; eligible for 10 days full sick pay per year; allowed free and unfettered access to a trade union.

GETTING THERE

The living wage is first and foremost a call to private and public sector employers to sustain families. This can be achieved through wages or a combination of wages and benefits (such as health benefits, coverage of MSP premiums, transit passes, etc.).

But the living wage is not just about employers—the labour market alone cannot solve all problems of poverty and social exclusion. Government policies and programs also have a direct impact on our standard of living, and as a result, on the living wage calculation.

First, direct government transfers can put money into the pockets of low-income families. The more generous these transfers are, the less a family requires in wages to achieve a decent standard of living. However, most government transfers and subsidies are reduced or eliminated once a family reaches an income level well below the living wage. For our living wage family, these include:

- Canada Child Tax Benefit (reduced after the family's net income is greater than \$38,370);
- GST Rebate (not available to families with a net income above \$46,616);

- Provincial Child Care Subsidy (starts to decline at a monthly net income threshold of \$1,933 and ceases entirely at the income level of our living wage family);
- BC Rental Assistance Program (not available to families with gross income over \$35,000); and
- Others including the Working Income Tax Benefit, and BC Tax Reduction.

The living wage is also affected by indirect government transfers, in the form of public services and infrastructure that shift certain costs off the shoulders of individual families. For example, if we had a universal public child care system for children under six years old, the living wage calculation would no longer have to include over \$600 per month in child care costs. Increasing the stock of affordable housing, or making public transit more affordable, would likewise decrease the amount employers need to pay in order to provide a living wage.

A key way employers can reduce the payroll costs of the living wage is to advocate for policy changes to increase government benefits to low-income earners and enhance public services that improve our quality of life.

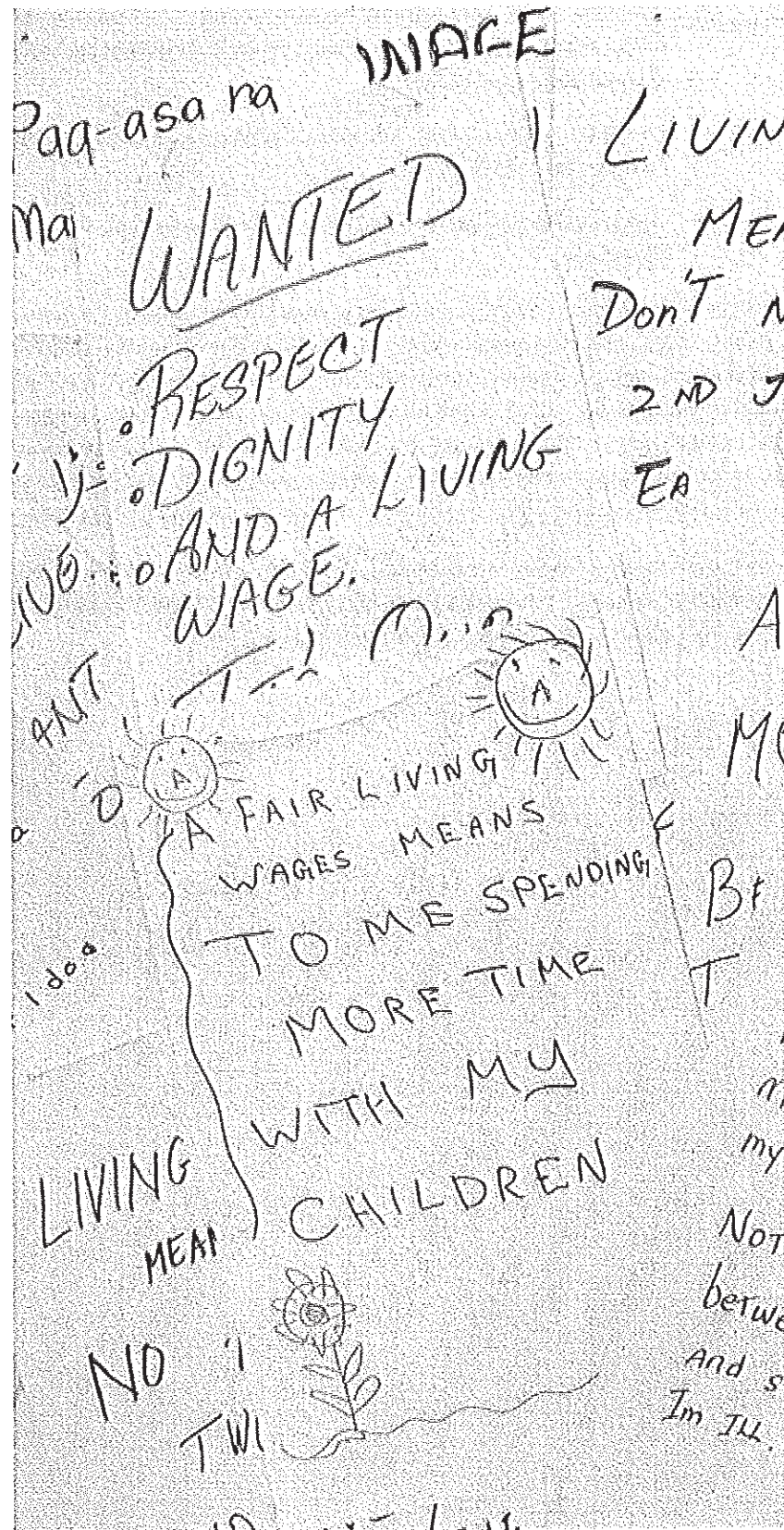
LIVING WAGE CALCULATIONS FOR OTHER COMMUNITIES

An accompanying guide and spreadsheet is available for those seeking to calculate the living wage in other BC and Canadian communities. This technical guide can be downloaded at: www.policyalternatives.ca/Reports/2008/09/bclivingwage/.

If you do use this guide to calculate the living wage for your community, please let us know, and tell us what the value of the living wage is where you live. Just contact the CCPA's BC office.

IN OUR OWN WORDS

This report is illustrated with placards made by workers in low-wage jobs about what a living wage means to them.



Introduction

FAMILIES WHO WORK FOR LOW WAGES face impossible choices—buy food or heat the house, feed the children or pay the rent. The result can be spiraling debt, constant anxiety and long-term health problems. In many cases it means that the adults in the family are working long hours, often at two or three jobs, just to pay for basic necessities. They have little time to spend with their family, much less to help their children with their school work or participate in community activities.¹

In Britain, the United States and now in Canada there is increasing support for a “living wage” as a way to ensure that families are not faced with these impossible choices. In Britain, for example, many leading companies and public sector employers have signed living wage agreements that cover both their direct and contract employees. In the United States over 125 municipalities have passed living wage ordinances.

The living wage initiative as defined in this report differs in a number of ways from calls to increase the statutory minimum wage. The minimum wage is based on individual earnings and is the legislated limit below which the hourly wages of an individual cannot fall. The living wage focuses on family earnings and sets a higher test. It begins by asking the question: In a given community, what wage level is sufficient for working families to pay for basic necessities, support the healthy development of their children, and participate in their communities, without experiencing undue financial stress?

The *minimum* wage is the statutory legal minimum in any given jurisdiction, and traditionally, minimum wage campaigns have tended to call for a minimum wage that would be high enough such that a single individual working full-time, full-year would have an income at the poverty line (in most of Canada, this would currently be about \$10.40). In contrast, the *living wage* is about what a family with children would need to earn in order to have an after-tax income

Families who work for low wages face impossible choices—buy food or heat the house, feed the children or pay the rent. The result can be spiraling debt, constant anxiety and long-term health problems.

that allows it to meet basic needs and to participate in the civic/social life of their community. But it is also a conservative/reasonable measure. Importantly, living wage campaigns do not seek to make the living wage the legal minimum, but rather, seek to convince employers (municipalities, public sector, for-profit, and not-for-profit) to adopt the living wage for their own staff and to apply the same standard to their main contractors.

The living wage calculation invites employers to consider the issue of compensation, not through the traditional lens of what is the norm in a given labour market (or the least one can pay while still attracting and retaining employees), but rather, through the lens of what it actually costs to live and raise children here in southwestern British Columbia.

Living wage campaigns do not seek to make the living wage the legal minimum, but rather, seek to convince employers (municipalities, public sector, for-profit, and not-for-profit) to adopt the living wage for their own staff and to apply the same standard to their main contractors.

The principles underlying the living wage build on the fundamental principle of decency at work outlined by Harry Arthurs in his recent review of Canadian federal labour standards; that is, that no matter how limited the bargaining power of a worker, they should not be expected to work "under conditions that Canadians would not regard as 'decent.'"² This includes, but is not limited to, the fact "that no worker and by implication their family should receive a wage that is insufficient to live on ... or be required to work so many hours that he or she is effectively denied a personal or civil life."³ In other words, living wages are part of creating a society in which people can deal with each other as equals because living wages provide the financial means for everyone—adults, youth and children—to live with dignity and to participate fully in their communities.

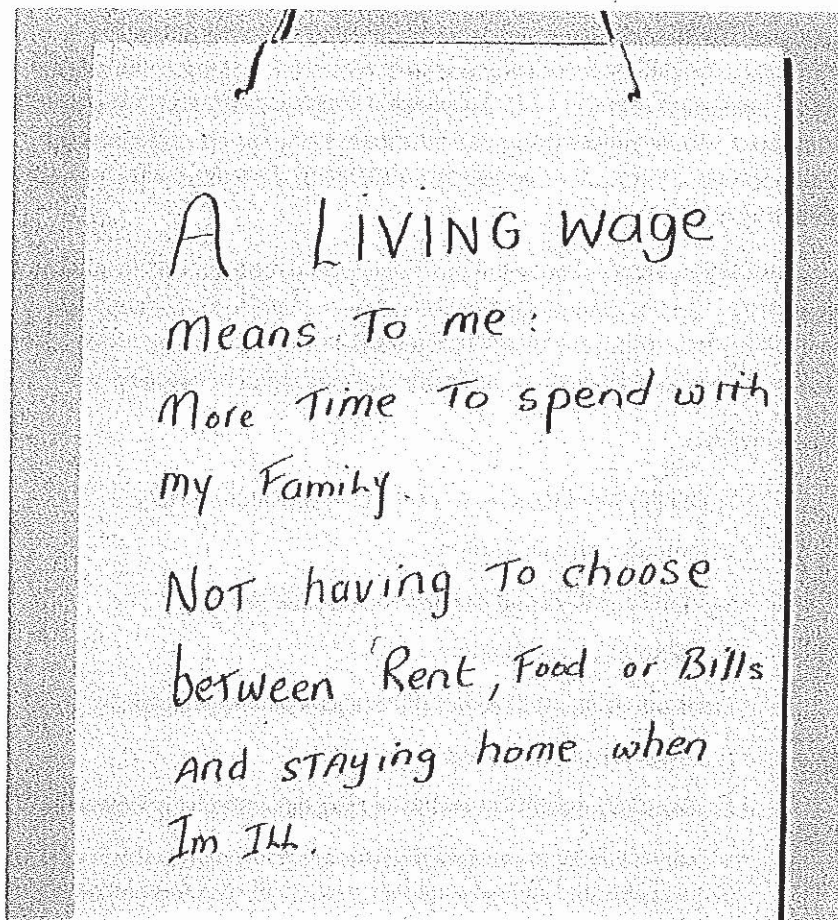
These values are very consistent with the values of a cross-section of the Canadian public. In 2002, after day-long dialogue sessions organized by the Canadian Policy Research Network around the discussion theme "The Kind of Canada We Want," the researchers reported that participants put a high value on mutual responsibility of citizens to one another, including "the right of every child, youth, and adult to receive support to become a fully contributing citizen."⁴ They also noted that this represented a strengthening and broadening of the sense of mutual responsibility since 1995 to include all members of society, whereas previously only investment in children was identified as a core value.

In the sections of the report to follow we develop a living wage for Metro Vancouver and Victoria (BC's Capital Region) based on these key principles and values and using the actual costs of basic necessities in these communities. The report also identifies the barriers to achieving a living wage built into the way governments have structured benefit provisions, particularly for families with children (i.e. the income level at which the Canada Child Tax Benefit starts to be reduced), and as a result opens up a dialogue about the appropriate role for employers, government and citizens in supporting living wage policies. In other words, in addition to identifying the responsibility of employers to pay a living wage, the report opens up the possibility that employers and other citizens' groups could also become advocates for more appropriate government

policies in support of living wages. For example, a higher Child Tax Benefit, lower transit fees, universal child care, and more affordable housing would all have the effect of lowering the effective living wage rate. Thus, the structure of the living wage calculation invites us to think about the respective roles of the government and the labour market—who should do what heavy lifting when it comes to the task of eliminating poverty in Canada?

The living wage has the potential to improve the fortunes of low income individuals and families with children. But the benefits of a living wage are much broader still. As the report shows, whether you focus on broad issues like social cohesion or more narrowly on the productivity concerns of employers, developing a living wage to support families with children is a timely and important new policy initiative. And for those who long to seek an end to child poverty, this is truly where “the rubber hits the road.” Most poor children have parents in the paid labour force. If parents do not receive a wage that, in combination with state benefits, allows them to escape poverty and financial stress, even when working full time, then child poverty will not be eliminated. It is the firm view of this project that with living wage policies we can indeed build labour market and public policies that will make child poverty history.

Whether you focus on broad issues like social cohesion or more narrowly on the productivity concerns of employers, developing a living wage to support families with children is a timely and important new policy initiative. For those who long to seek an end to child poverty, this is truly where “the rubber hits the road.”



SECTION 2

What is the Living Wage?

FOUNDATIONAL PRINCIPLES

While the actual living wage calculation is focused on couple families with young children, the intent is to ensure that the wage is adequate for single parents, and also that it provides an adequate income throughout the life cycle so that young adults will not be discouraged from having children and older workers will have the means to support aging parents.

The living wage is founded on values of fairness central to the well-being of individuals, families, communities, and the economy. And while the actual living wage calculation is focused on couple families with young children, the intent is to ensure that the wage is adequate for single parents, and also that it provides an adequate income throughout the life cycle so that young adults will not be discouraged from having children and older workers will have the means to support aging parents.

The collaborative process outlined at the beginning of this report, involving social policy experts, academics, and organizations representing low-wage families, articulated the following as the foundational or underlying principles of the living wage, and thus the benefits that it would bring to our society.

The living wage:

- Enables families who are working to escape from poverty;
- Promotes social inclusion;
- Supports healthy child development principles;
- Promotes gender equality;
- Ensures that families are not under severe financial stress;
- Is a conservative, reasonable estimate;
- Engenders significant and wide-ranging community support; and
- Is a vehicle for promoting the benefits of social programs⁵ and does not presume that labour market wages alone can solve all problems of poverty and social exclusion.

The living wage is clearly not the only measure needed to achieve these objectives, but it would be a significant step towards their achievement in our society. The principles of the living wage are presented in greater detail in the appendix.

THE LIVING WAGE IS NOT THE MINIMUM WAGE

The living wage differs from the minimum wage in a number of respects. In the last few years in Canada there has been a concerted effort to increase the statutory minimum wage to \$10 (in 2005 dollars) based on the principle that no individual Canadian should work full-time, full-year and still live in poverty. However, the minimum wage does not adequately address the income security needs of families with children.

The minimum wage sets a statutory minimum below which the wages of an individual cannot fall, whereas the living wage focuses on families and is based on the actual cost of living in a given community.

The proposed statutory minimum wage of \$10/hour is based on the principle that no individual Canadian should work full-time, full-year and still live in poverty. However, the minimum wage does not adequately address the income security needs of families with children.

Table 1: Comparison of the Minimum and Living Wage	
The Minimum Wage	The Living Wage
Is the wage for an individual (not responsive to family circumstances)	Is calculated based on the expenses of a family of four with two young children and is responsive to family circumstances
Is not necessarily responsive to actual costs of living in a given community	Reflects actual costs of living in a given community
Is a provincial/federal statutory minimum	Is determined through community consultation, negotiations, contracting conditions, municipal policy/bylaws, etc.
Is not affected by employer-provided benefits or government tax or transfer programs	Is affected by benefits provided by employers and government taxation policies and programs that support low-income individuals and families

DEFINING THE LIVING WAGE

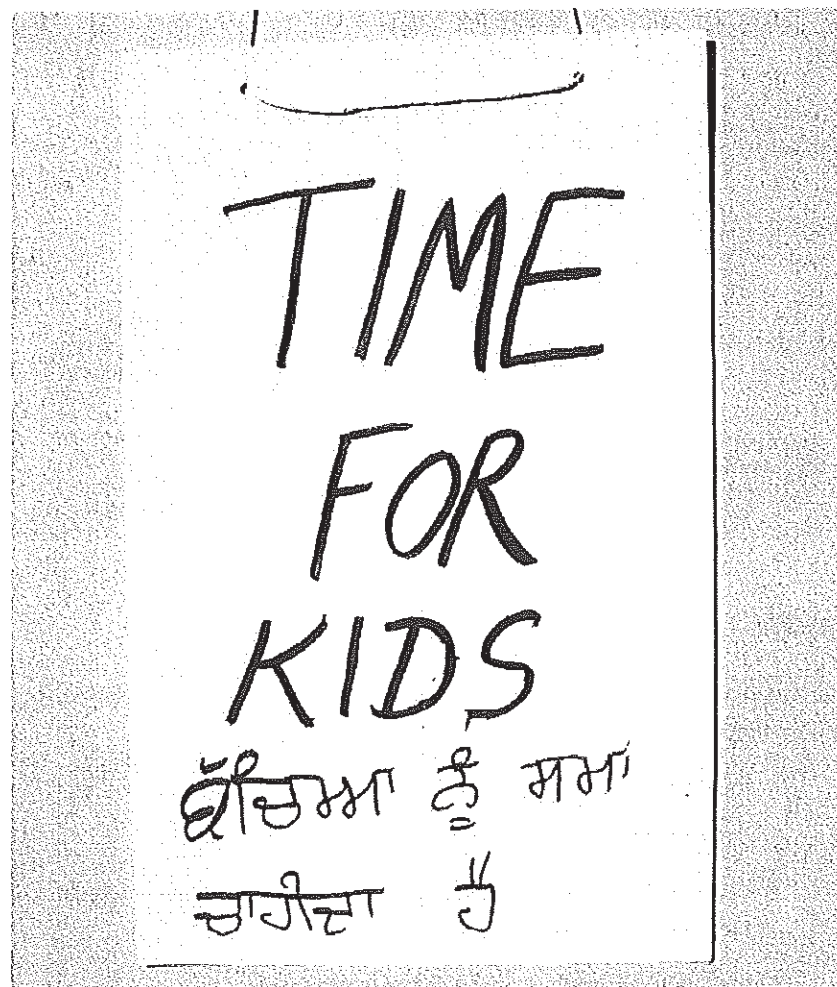
The living wage is the hourly rate of pay that enables the wage earners living in a household to:

- Feed, clothe and provide shelter for their family;
- Promote healthy child development;
- Participate in activities that are an ordinary element of life in a community; and
- Avoid the chronic stress of living in poverty.

The living wage is high enough that families can weather a temporary crisis without falling into poverty, but very modest in comparison to community standards. The living wage, as outlined in this report, is, effectively, a bare bones budget.

The living wage is high enough that families can weather a temporary crisis without falling into poverty, but very modest in comparison to community standards. The living wage, as outlined in this report, assumes an employee benefit of two weeks of paid sick time (plus the statutory requirements for paid vacation and statutory holidays under employment standards), but does not include saving for retirement, debt servicing (e.g. interest on loans or credit cards), a disability plan or home ownership. And there is only very limited provision for family members to participate in further education, take vacations, and pay for entertainment or recreational activities. It is, effectively, a bare bones budget. As readers move through the details of our calculation below, they will be hard pressed to point to an expenditure that seems "too generous" or unreasonable.

The report presents the specific assumptions underlying the living wage, describes the method by which it was calculated, and then explains the different means by which the living wage can be achieved. But before we turn to the actual living wage calculation we will first provide the social and economic context that explains why the idea of a living wage is gaining momentum at this time in BC and across Canada.



Why a Living Wage and Why Now?

IMPLEMENTATION OF A LIVING WAGE is both timely and urgent. It is urgent due to the great financial hardships faced by families, hardships that have not significantly lessened despite the current economic boom. It is timely because, as outlined later in this report, the experience from the UK and elsewhere indicates the success of the living wage in combating issues of poverty and social exclusion.

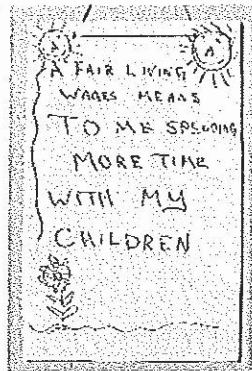
Many families with children report that they are working longer hours but having a harder and harder time making ends meet. Their experiences are borne out in a recent research report from the national CCPA Growing Gap project, *The Rich and the Rest of Us*, showing that "the majority of Canadian families are falling behind compared to a generation ago."⁶ As the report notes, the bottom half of Canadian families with children under 18 are working more and yet have experienced a 24 per cent drop in their share of total earnings compared to the late 1970s.⁷ All despite the fact that the economy is performing better than it has in decades and unemployment is at a 30 year low.

There are, in addition, ongoing disparities in earnings between men and women, immigrants and non-immigrants, and couple and single parent families. On average, women in Canada working full-time, full-year earn 70.5 per cent of what men earn. Recent immigrants are now at greater risk of working in low-wage jobs than other Canadians, with visible minority immigrants having the most serious exposure to low income regardless of how long they have lived in Canada.⁸ In Vancouver, 80 per cent of single parent families are headed by women, with almost half living below the poverty line. The incidence of poverty among single-parent families in Vancouver rises to 60 per cent in families

Despite the fact that BC has one of the most buoyant economies in the country, it was one of only two provinces in Canada where median earnings for individuals actually fell between 2000 and 2005. BC also recorded the highest child poverty rate in the country for the fifth year in row.

headed by a visible minority parent or an Aboriginal parent and 70 per cent in families headed by a recent immigrant.⁹

The contradiction between a booming economy and low-wage work is particularly acute in British Columbia. Despite the fact that BC has one of the most buoyant economies in the country, has had years of steady growth and record low unemployment, BC was one of only two provinces in Canada where median earnings for individuals actually fell between 2000 and 2005.¹⁰ BC had by far the steepest decline, with median earnings for individuals falling by 3.4 per cent compared to 0.3 per cent in Quebec (the only other province to experience a decline in median earnings).



More than half of BC's poor children live in families where at least one person had a full-time, full-year job.

In fact, Metro Vancouver has the highest percentage of working poor in the country at 14.5 per cent—40 per cent more than the national average.

In addition, in 2006 (the latest year for which we have data), BC recorded the highest child poverty rate in the country for the fifth year in row.¹¹ We are the only province where child poverty rates are actually higher in 2006 than 1997, even with increases in child benefits. Nor are these high levels of child poverty merely a consequence of cuts in the welfare system. More than half of BC's poor children live in families where at least one person had a full-time, full-year job.¹² In fact, Metro Vancouver has the highest percentage of working poor in the country at 14.5 per cent—40 per cent more than the national average.¹³ Many of these workers are new immigrants and although they have relatively higher levels of education compared to past generations of immigrants, they have fewer opportunities to move out of low-wage work.¹⁴

Researchers have offered a number of explanations for why so many families are falling behind in comparison to a generation ago and why in particular BC has fared so poorly in comparison to other provinces. Some point to the increase in the contingent workforce as many employers stratify their workforce, providing core workers with reasonable wages and benefits and reducing wages for a second tier of workers, hired on as temporary or casual employees or contracted out to a private company. Others point to the shift to the service economy, the impact of specific government policies (i.e. changes in labour legislation), the reduced importance of internal job ladders and/or the increase in global competition. Various studies produced by the CCPA/SFU Economic Security Project offer explanations for this economic paradox, drawing connections between public policy choices (such as welfare cuts and rollbacks to employment standards) and the inability of low-wage workers to secure improvements. Notwithstanding the considerable controversy on the reasons why these changes have occurred, the negative consequences for families and hidden costs for the economy are increasingly apparent.

Parents are working more and more hours just to get by, to the point where today it is the norm for both parents in couple families with children to work full time and for women with children under three to be in the paid workforce.¹⁵ The result has been a dramatic increase in work-life conflict. The negative impact this conflict has on both family dynamics and on productivity (i.e. due to direct and indirect costs of increased absenteeism), is now well documented

(for further discussion see *Living Wages Benefit Both Families and Employers* on page 38).¹⁶

Current government policies exacerbate rather than mitigate the hardships faced by low-income families. By international standards there has been little public investment in early learning and child care in Canada. As Paul Kershaw notes in an article for the Institute for Research on Public Policy:

*Among 14 nations for which there is comparable expenditure data, the OECD reports that Canada ranks last (by a wide margin) in terms of child care spending, allocating just one-quarter of a per cent of GDP to this policy domain, compared to Denmark, the international forerunner, which allocates 2 per cent.*¹⁷

With insufficient public investment in child development, the capacity to manage the negative impact of work-life conflict depends in large measure on household income.

The financial hardship faced by low-income families has numerous negative consequences for family members. In the National Longitudinal Survey of Children and Youth (NLSCY), parents in households with low incomes are more than twice as likely as parents in either moderate- or high-income families to be chronically stressed.¹⁸ Not having enough money to buy household essentials and feeling that unrealistic expectations were being placed on their time are two of the primary stressors identified in this research. Not only are these parents more likely to suffer from poor health and to be higher users of health services, they are less able to provide a positive nurturing environment for their children. The NLSCY found that the adolescents living with chronically stressed parents were more likely than other youth to have emotional and behavioural problems and as a consequence to have difficulties both academically and socially.¹⁹

This research study is reflective of a growing body of evidence showing that access to optimal environments (i.e. engaged, supportive emotional environments) for young children are powerful determinants of life-long health, general competence, and social-emotional adjustment.²⁰ This literature establishes a clear link with family earnings, showing that children from low-income families are less likely to do well at school, have lower literacy levels, and are more likely as adults to suffer from job insecurity, under-employment, and poor health.²¹ A very large research study—in 470 neighbourhoods across BC—found, for example, that 43 per cent of the overall vulnerability of kindergarten children could be explained by the social economic status of the parents.²²

The long-term personal and societal implications of not providing adequate support for families with children is clearly articulated by Esping Andersen, an internationally recognized political economist:

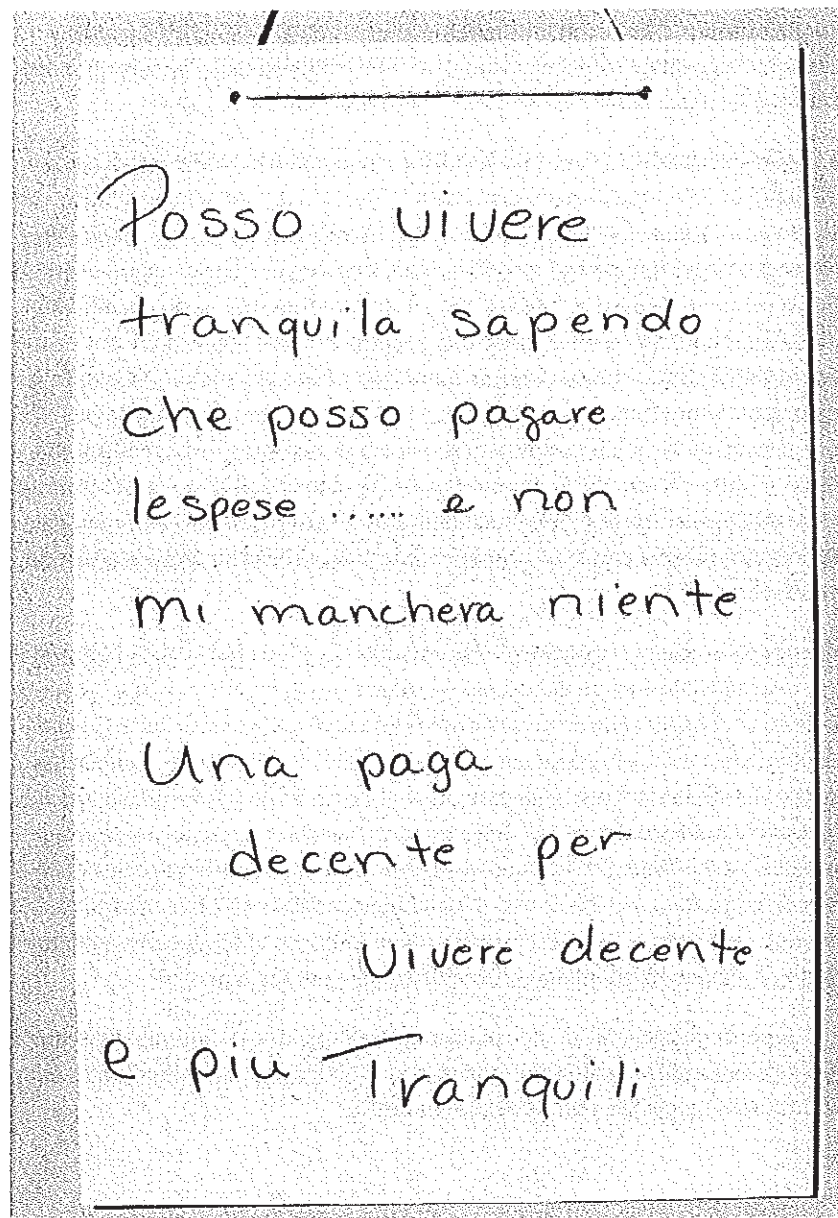
The literature establishes a clear link with family earnings, showing that children from low-income families are less likely to do well at school, have lower literacy levels, and are more likely as adults to suffer from job insecurity, under-employment, and poor health.

If childhood poverty translates into less education, inferior cognitive skills, more criminality and inferior lives, the secondary effect is a mass of low-productivity workers, highly vulnerable to unemployment and low pay in the 'new economy.' They will yield less revenue to tax authorities and probably require more public aid during their active years.²³

The living wage provides a foundation and a framework for ensuring that individuals and families with children can live with dignity and therefore have the means to fully contribute to society now and into the future. The last section of this report looks in more detail at the benefits of a living wage for employers and for the economy more generally.

IN OUR OWN WORDS

"I can live in tranquility
knowing I can pay
my expenses and not
want for anything.
Decent pay for decent
life in tranquility."



SECTION 4

Calculating the Living Wage

THE FOREGOING INFORMATION articulates the principles underlying the living wage and the social and economic context in which it is calculated. The next section of the report provides the methodology that substantiates the amount of the living wage. The result is that the living wage for Metro Vancouver is \$16.74 per hour and for BC's Capital Region is \$16.39 per hour. Based on 35 hours of work per week and 52 weeks of employment each year, this translates into an annual income of \$30,466.80 in Vancouver and \$29,829.80 in Victoria. (This wage presumes that employees are entitled to two weeks of paid sick time, plus the statutory requirements for paid vacation and statutory holidays under employment standards.)

The purpose of this section of the report is to explain how the living wage has been calculated. The amount is influenced by a wide range of variables, the most important of which are the characteristics of the family, including whether it is a single or two parent family, the number and age of the children, the hours per week of paid work for each parent and the family's level of material well-being. The assumptions with respect to each of these variables are presented below. In some cases commentary and comparisons with alternatives are presented in text boxes.

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If you do use this guide to calculate the living wage for your community, please let us know, and tell us what the value of the living wage is where you live. Just contact the CCPA's BC office.

THE FORMULA

The living wage is the hourly rate of pay at which a household can meet its expenses once government transfers have been added and government deductions have been subtracted.

The primary determinates of the living wage are income from employment and family expenses. However, the calculation also factors in the income the family receives from government transfers and deductions from income for statutory contributions (EI and CPP) and income taxes. Thus, the living wage is the hourly rate of pay at which a household can meet its expenses once government transfers have been added and government deductions have been subtracted.

The living wage is calculated using the following formula:

$$\text{Annual family expenses} = \text{Income from employment (living wage)} + \text{Income from government transfers} - \text{EI and CPP premiums, federal and provincial taxes}$$

FAMILY CHARACTERISTICS

Families are very diverse with respect to the number, age and gender of both the parents and the children. Within and between cultures the expectations concerning the size and composition of families vary and there is no typical family. We chose a family composed of two parents and two children, a boy aged seven and a girl aged four. The rationale for this is that the wages people receive from work should be sufficient to ensure that people are able to choose to have two children without an undue risk of falling into poverty. In BC in 2006, 85 per cent of families were couple families and of those 62 per cent had two or more children.²⁴ The size and composition of the family, therefore, ensures that the expenses are comparable for many families (see also *Single Parent Families and the Living Wage* on page 25).

Changes in Family Expenses Over Time

Due to the age of the children, child care is a significant expense for the family. As the children become older, this expense will decrease. However, the family will also face increased costs in regard to food, clothing, recreation, and post-secondary education. Many of the low-income parents in the focus groups, asked to comment on the living wage, said they felt that saving to support post-secondary education for their children was essential if the next generation was to avoid falling into poverty. While the living wage calculation we use does not include saving for child post-secondary studies (such as an RESP), we assume that, as the children age and child care costs decline, some money will become available for this purpose.

Single Parent Families and the Living Wage

While single parent families are fewer in number than couple families, they face a far higher rate of poverty. In 2006 in BC, single parent families comprised 15 per cent of all families, with couple families making up the remaining 85 per cent. However, single parent families were more than four times more likely to live in poverty. In BC in 2006, single parent mother families faced a poverty rate of 42.8 per cent, in comparison to a poverty rate of 10.8 per cent for two parent families.²⁵ The proportions of children in poverty in each family type illustrate this reality. Nationally, in 2004, 44 per cent of poor children were in single parent families, and 54 per cent were in two parent families.²⁶

Thus, two factors support the importance of the living wage in meeting the needs of single parent families. The first is that single parent families are far more likely to be living in poverty than couple families. Second, single parent families are predominantly led by mothers, contributing to poverty being experienced disproportionately by women. Nationally, in 2003, the poverty rate of women-led single parent families was 48.9 per cent. This was two and a half times greater than the poverty rate of male-led single parent families, which was 20.0 per cent.

As with the living wage for two parent families, the living wage for single parent families is responsive to a range of factors, including family size, estimated family expenses, hours of work per week, and government taxes and transfers. We recalculated the living wage for a single parent family with one child in which the parent is a woman working 35 hours per week and the child is four years of age. This family composition was chosen because the majority of single parent families have one child. In BC in 2006, 62 per cent of single parent families had one child.

As indicated in Table 2, the living wage for the two-parent, two-child family (\$16.74) is sufficient to meet the needs of a single-parent family with one child. This is in part because the single-parent family qualifies for the full child care subsidy. A single-parent, two-child family, however, would require a higher living wage.

Table 2: Living Wages for Single Parents with One Child

	Vancouver	Victoria
Two-parent, two-child living wage	\$16.74	\$16.39
Single-parent, one-child living wage	\$16.73	\$15.11

We recalculated the living wage for a single parent family with one child in which the parent is a woman working 35 hours per week and the child is four years of age.

HOURS OF PAID EMPLOYMENT

The living wage is based upon both parents working in paid employment for 35 hours per week. Thus, each parent is in full-time employment, which is now the norm for families with children in BC. At 70 hours per week, this family is at the fortieth percentile for couple families in BC in regard to the number of hours worked per week.²⁷ We had at one point considered 60 hours of work to make it possible for the family to manage without a car and reduce their carbon footprint, but determined that, if the couple must work 70 hours combined, they would be unable to juggle work and family responsibilities without one car (see *Thinking Living Wage: Thinking Climate Change* below).

We had at one point considered 60 hours of work to make it possible for the family to manage without a car and reduce their carbon footprint, but determined that, if the couple must work 70 hours combined, they would be unable to juggle work and family responsibilities without one car.

Thinking Living Wage: Thinking Climate Change

When the collaborative group began working on the living wage we decided to base it on a 60-hour week divided between two parents (i.e. one working 40 hours and the second working 20 hours, or both working 30 hours a week). We did this, in large measure, to ensure that the family could rely on public transportation and still manage child care arrangements for two children and the extra time required for shopping and food preparation, given their very limited budget.

Based on feedback from the focus groups and the evidence that in the majority of two-parent families with children both parents work full time, we decided to shift to a 70 hour week, with both parents working 35 hours a week. However, as noted above, it is not realistic to expect a family with both parents working full time to manage child care arrangements for two children and shop with a very limited food, clothing and household expense budget on public transportation. For this reason the living wage includes the expense of owning and operating a used car.

It is interesting to note that the living wage is significantly higher for a family in which the parents work a combined total of 60 hours per week, even when this eliminates the need for a car. Specifically, the wage rises to \$17.80 per hour for Vancouver and \$16.91 per hour for Victoria (for a family in which one parent works 40 hours and the other works 20 hours). The hourly wage is significantly higher primarily due to the reduction in hours of paid work per week from 70 to 60 hours. In other words, the lower costs of public transportation and after school care do not compensate for the higher income earned from 10 additional hours of work. Thus, if from a public policy perspective we wish to prioritize climate change goals, and want to ensure that families can function without relying on a car, then either the living wage must rise or we must have more accessible public transportation.

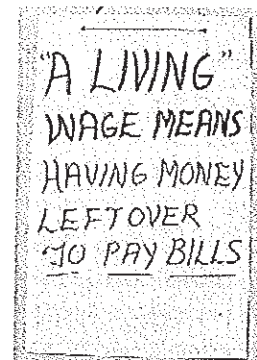
CALCULATION OF FAMILY EXPENSES

Family expenses were calculated by defining 10 categories of expenses and estimating amounts for each. The method is therefore a direct measure approach of costing specific expenses. The calculation builds upon the Market Basket Measure (MBM), developed by Human Resources and Social Development Canada (HRSDC).²⁸ The MBM was developed to provide a perspective on low income in Canada and defines five categories of expenses. The MBM calculations are based on the actual costs of goods and services in a given community (and are thus much finer than measures such as Statistics Canada's low-income cut-off). The MBM expenses for food, clothing and footwear, and shelter are based on median expenditures, and transportation and other expenses are based on less than median expenditures. Median family expenditures are almost invariably less than average family expenditures.²⁹

The living wage calculation adds five further categories of expenses for child care, provincial Medical Services Plan premiums, non-MSP health expenses, an amount for education expenses for the parents, and a contingency amount.³⁰

Table 3 summarizes the family expenses for each category for Vancouver and Victoria.

Table 3: Family Expenses — Two Adults and Two Children (4 and 7 Years Old)				
Expense Item	Vancouver		Victoria	
	Monthly	Annually	Monthly	Annually
Food	\$652.16	\$7,825.94	\$618.74	\$7,424.88
Clothing and footwear	191.64	2,299.70	191.64	2,299.70
Shelter	1,258.69	15,104.28	1,299.39	15,592.68
Transportation	522.69	6,272.27	496.94	5,963.27
Other ³¹	569.57	6,834.80	547.01	6,564.09
Child care	982.00	11,784.00	946.83	11,362.00
Non-MSP health expenses	133.00	1,596.00	133.00	1,596.00
MSP	108.00	1,296.00	108.00	1,296.00
Parent education	83.33	1,000.00	83.33	1,000.00
Contingency	195.30	2,343.60	191.22	2,294.60
Total	\$4,696.38	\$56,356.59	\$4,616.10	\$55,393.22



Many families with children report that they are working longer hours but having a harder and harder time making ends meet.

The following sections provide a short explanation concerning the source, amount, and calculation of each expense. The amounts are current to December 2007.

Food

The food amount is based upon the Dietitians of Canada, BC Region, report *The Cost of Eating in BC 2007*.³² The report calculates the cost of food in each provincial health region based on a stratified random sample of grocery stores and based on the federal government's standardized food costing tool, the *National Nutritious Food Basket 1998* which is based on the *Canada Food Guide*. The report provides monthly food costs for both adults and children by gender and age categories.

AMOUNT PER MONTH: Vancouver: \$652.16; Victoria: \$618.74

Clothing and Footwear

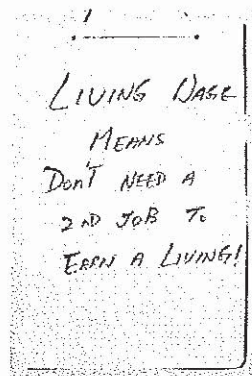
The clothing and footwear amount is based on the MBM. The 2002 MBM amount was updated by the Consumer Price Index to 2007. It is equivalent to approximately \$50 per month, per family member.

AMOUNT PER YEAR: Vancouver: \$2,299.70; Victoria: \$2,299.70

Shelter

The shelter amount is composed of rent, utilities, telephone, and content insurance for possessions. The rent amount is based on median rents for three-bedroom apartments and three-bedroom row houses. The data is from the CMHC survey on rental housing for October 2007 and excludes secondary suites and buildings with less than three rental units.³³ The monthly rental expense for Vancouver is \$1,089.80 and for Victoria is \$1,137.50. The utilities amount is taken from the Dietitians of Canada report referred to above. It is based on Statistics Canada data for the utility expense for a couple family with two children in a three-bedroom apartment, at the twenty-fifth percentile (as opposed to the fiftieth or median percentile) for utility expenses. The expense for a telephone is based on a land line phone from Telus and the expense for content insurance is an estimate based on \$30,000 worth of possessions.

While the rent amount for secondary suites may be less than apartments, they usually have a much greater expense for utilities. It is also important to note that if a family is trying to rent an apartment today, the cost will likely be higher than the rent in this calculation. This is because the CHMC reflects current rent



The family expenses do not include many that are considered normal, such as savings for retirement or owning a home. There is only limited provision for post-secondary education for either parents or children.

amounts for all units. However, when a family newly rents an apartment, the landlord is entitled to set whatever rent amount they wish, and this can be considerably above current rents, which are subject to limits on annual increases, particularly given today's very low vacancy rates.

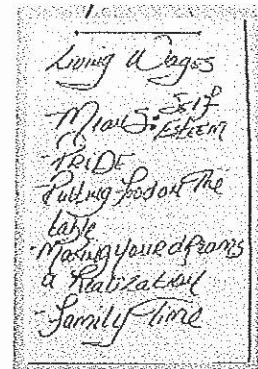
Rental amounts for condominium apartments are considerably greater than the rent amount used in the living wage calculation. For example, in October of 2007, the average rent for a two-bedroom condominium apartment in Vancouver was \$1,435, approximately \$345 per month more than the rent in the living wage calculation.³⁴ And rents for condos have been increasing at a brisk pace (for example, the rent for a standard condo on the west side of Vancouver was \$2,200 per month at the end of 2007, up 50 per cent from 2004, and more than double the rates of 2000 (\$1,000 per month).)³⁵

AMOUNT PER MONTH: Vancouver: \$1,258.69; Victoria: \$1,299.39

Transportation

The transportation amount includes the expense for both a used vehicle and a two-zone bus pass. While public transportation can be a viable option for many families, a family with both parents working full time with one child in full-time day care and the other child in elementary school cannot realistically be managed based only on public transportation (see *Thinking Living Wage: Thinking Climate Change* on page 22). Further, because both parents are working full time, the parent not using the vehicle requires public transportation for work purposes. We use the MBM expense for owning and operating a used vehicle, updated by the Consumer Price Index to 2007.³⁶ The public transit amount is for one two-zone monthly bus pass.

AMOUNT PER YEAR: Vancouver: \$6,272.27; Victoria: \$5,963.27



Other

The "other" expense is a general MBM category that encompasses a variety of expenses including personal care, household supplies and furniture, school supplies and modest levels of reading materials, recreation and entertainment. Following the MBM approach, it is calculated at 67.5 per cent of the total expenses for food and for clothing and footwear.

AMOUNT PER YEAR: Vancouver: \$6,834.80; Victoria: \$6,564.09

Child Care

The four year old child is in full-time licenced group daycare. The seven year old is in before and after school care and six weeks of summer care. The expenses for Vancouver are based on data from the Westcoast Child Care Resource Centre,³⁷ and the data for Victoria are based on data from the Victoria Child Care Resources and Referral Centre.³⁸ Child care is a significant expense (the second highest in our calculation after rent), at 20 per cent of total expenditures for the family.

AMOUNT PER MONTH: Vancouver: \$982.00; Victoria: \$946.83

Medical Services Plan Premiums

This is the mandatory premium under the provincial program. The family pays the maximum amount under this program.

AMOUNT PER MONTH: Vancouver: \$108.00; Victoria: \$108.00

Non-MSP Health Care Expenses

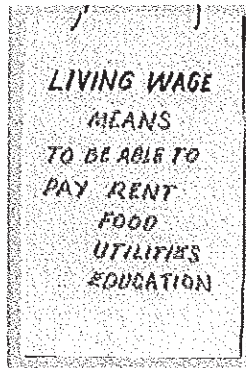
This is an estimate for all health-related expenses except those covered by MSP and medicines and pharmaceutical products. It includes dental care, optical expenses, and chiropractic or physiotherapy not covered by MSP. The expense is the amount for the family to purchase Pacific Blue Cross Insurance. The assumption is that the family spends the equivalent of this on these health care expenses. If the family purchased this insurance, they would face the additional expense of health costs not covered or only partially covered by the insurance plan. Based on Statistics Canada data in the 2005 Survey of Household Spending for BC, the amount used in this analysis is \$115 per year (approximately \$10 per month) less than the average amount spent by households in BC on non-MSP health care expenses.

AMOUNT PER MONTH: Vancouver: \$133.00; Victoria: \$133.00

Parents' Education

This expense is for the parents to pursue part-time/continuing education at the college level. The importance of having access to post-secondary education opportunities was raised in the focus groups with low-income families who saw education as the pathway out of poverty. The amount is the approximate cost of two courses of three credits each. It includes the cost of enrolling in the courses, student fees, and textbooks. The source of this information is the websites of publicly-funded community colleges.

AMOUNT PER YEAR: Vancouver: \$1,000.00; Victoria: \$1,000.00



The importance of having access to post-secondary education opportunities was raised in the focus groups with low-income families who saw education as the pathway out of poverty.

Contingency Amount

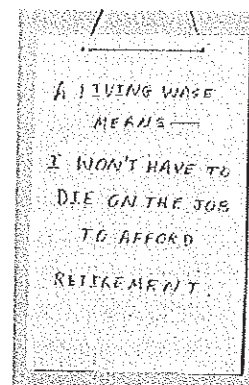
This expense is an estimate of the cost of unexpected occurrences. It is calculated as the amount of income for each parent for two weeks. It would provide for a parent being unable to work due to serious illness of a family member, any out of town travel such as travel to the funeral of a family member, unpaid time due to transition between jobs, or a cushion to cover the two-week waiting period for Employment Insurance in the event that a parent is laid off from their job.

AMOUNT PER YEAR: Vancouver: \$ 2,343.60; Victoria: \$2,294.60

GOVERNMENT TRANSFERS

The calculation of the living wage factors in the income the family receives from government transfers. The family receives a partial transfer from the Canada Child Tax Benefit (CCTB) and receives the Universal Child Care Benefit (UCCB). The family does not receive the GST rebate or the provincial Child Care Subsidy because of its level of income (see *Shortfalls in Government Transfers* on page 32).

The amount of these transfers is for the July 2007 to June 2008 period, and this is based on the family income earned in 2006.



GOVERNMENT DEDUCTIONS AND TAXES

Payroll deductions and government taxes reduce the employment income available for family expenses. The living wage calculation factors in payroll deductions for Employment Insurance and Canada Pension Plan premiums. In addition, it deducts provincial and federal income taxes from income from paid work. The calculation assumes that the family claims all available expenses and tax credits. Further, the tax credits are allocated between parents to maximize the benefits to the family.

The tax rules and formulas are for the 2007 tax year. At the federal level, the tax credits claimed are for EI and CPP premiums, the Canada Employment Amount, the Child Tax Credit, the Public Transit Amount, Medical Expenses, and the Tuition, Education and Textbook amount. At the provincial level, the tax credits are for EI and CPP premiums, Medical Expenses, and the Tuition, Education and Textbook amount. In addition, one parent claims the allowable child care expense and receives the BC tax reduction.

The family is not eligible for a subsidy from the provincial Rental Assistance Program because this subsidy is not available for families whose annual gross household income is greater than \$35,000. This indicates that the government programs intended to benefit low- and modest-income families have clawback thresholds that are much too low.

Shortfalls of Government Transfers

The calculations in this report highlight the inadequacies of government transfers for modest-income families. The following information explains how government policies and programs limit the benefits to our model living wage family.

CANADA CHILD TAX BENEFIT (CCTB): The family does not receive the National Child Benefit Supplement, an element of CCTB, because this benefit ceases at a family net income of \$38,369.61. Because the amount of the CCTB is reduced once the family's net income is greater than \$38,378, the basic CCTB amount of \$213.82 per month has fallen to \$171.30 (Vancouver) or \$175.55 (Victoria) due to the income level of the family.

GST REBATE: The family does not receive the federal GST rebate, because this benefit ceases at a family net income of \$46,616.00.

UNIVERSAL CHILD CARE BENEFIT (UCCB): This is a taxable benefit, and thus the family's net benefit is less than the \$100 per month paid by the program.

PROVINCIAL CHILD CARE SUBSIDY: Provincial Child Care Subsidy starts to decline at a monthly net income threshold of \$1,933 and ceases entirely at the income level of our living wage family.

BC RENTAL ASSISTANCE PROGRAM: The family is not eligible for a subsidy from the provincial Rental Assistance Program because this subsidy is not available for families whose annual gross household income is greater than \$35,000.

This indicates that the government programs intended to benefit low- and modest-income families have clawback thresholds that are much too low, and thus are reduced or disappear entirely for families whose income levels are well below those needed to meet necessary expenses. In addition, the following provincial and federal government tax programs designed to assist low-income families cease to provide their benefits at an income less than that of the living wage family.

WORKING INCOME TAX BENEFIT (WITB): This benefit is not available if the family's adjusted family net income is greater than \$25,206.

BC TAX REDUCTION: This tax reduction is part of the formula for the amount of an individual's provincial income tax. It reduces the amount of tax an individual must pay if their net income is less than \$27,675.41. This tax reduction is not available once an individual's net income is greater than \$27,675.41. For the family earning the living wage, this reduction is available only for the spouse who claims the child care expenses.

SUMMARY OF INCOME, EXPENSES AND TAXES FOR VANCOUVER AND VICTORIA

Table 4 summarizes the family's income and expenses at the living wage, factoring in payroll deductions and government taxes, and the amount of government transfers to the family.

The annual income provided by the living wage is lower than the income currently earned by the majority of couple families in BC with two children. In Vancouver, 41 per cent of such families receive less than the living wage annual income, while 38 per cent of families in BC receive less than Vancouver living wage annual income. In Victoria, 27 per cent of such families receive less than the living wage annual income, while 37 per cent of families in BC receive less than the Victoria living wage annual income.³⁹

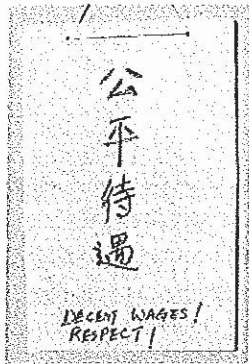
	Vancouver	Victoria
Total gross annual family income	\$60,933.60	\$59,659.60
Minus deductions from income (EI, CPP, provincial and federal taxes)	- 7,819.37	- 7,550.43
Family take home pay	= \$53,114.23	= \$52,109.17
Plus government transfers (CCTB, UCCB and GST rebate)	+ 3,255.62	+ 3,306.58
Total disposable income	= \$56,369.85	= \$55,415.75
Annual family expenses (as shown in Table 3)	- 56,356.59	- 55,393.22
Annual income less expenses	= \$13.26	= \$22.53
Living wage	= \$16.74/hour	= \$16.39/hour

The annual income provided by the living wage is lower than the income currently earned by the majority of couple families in BC with two children. In Vancouver, 41 per cent of such families receive less than the living wage annual income, and in Victoria, 27 per cent.

THE LIVING WAGE IS A CONSERVATIVE ESTIMATE

In summary, the living wage is a conservative estimate for the following reasons.

FAMILY EXPENSES



When large expenses must be paid, the family's cash flow can easily go into deficit, or be carried on credit cards, requiring interest payments that our calculation does not include.

- The living wage is based on the MBM, which was developed as a perspective on low income. The MBM is based on median or lower than median estimates for expenses. It provides very little for holidays, entertainment and recreation.
- The expenses do not include many that families experience, such as debt servicing. This is a notable omission, as typically, families do not face many expenses evenly, while their income is the same each week. When large expenses must be paid, the family's cash flow can easily go into deficit, or be carried on credit cards, requiring interest payments that our calculation does not include.
- The family expenses do not include many that are considered normal, such as savings for retirement or owning a home. There is only limited provision for post-secondary education for either parents or children.
- The family expenses do not include financial challenges related to family members who have disabilities or a serious illness, or who are elderly.
- The living wage calculation does not allow for remittances to family members abroad (something many low-wage immigrant workers do for relatives in their country of origin, and view as a high priority).
- The shelter amount is likely well below what a low-income family would need if they are required to seek new accommodation in today's low-vacancy rental market.
- The family expenses assume there will be an even flow of income throughout the year with the provision of only a two-week cushion for each parent to cover sick time for themselves or their children and/or the two-week waiting period for EI.
- Notably, most of the expenses included in our calculation are based on 2007 data (not 2008).

TAXES

- The living wage assumes that the family is able to claim all its non-MSP health care expenses as a tax credit.
- The living wage assumes that the family claims all available credits even though not all people claim all available tax credits.

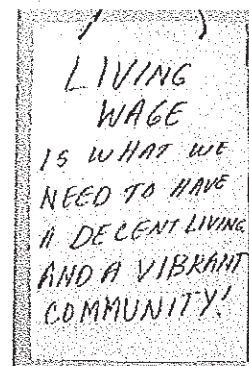
SECTION 5

Different Ways of Achieving the Living Wage

A LIVING WAGE IS NECESSARY to ensure families are able to meet their needs, participate in the life of their communities, and cope with a temporary crisis without falling into poverty. There are three ways for employers to achieve this goal, and in some cases employers may want to consider a combination of approaches to achieve the living wage.

The first, and most obvious, would be for employers to increase the wages of their employees to the living wage. This would be an hourly wage of \$16.74 in Vancouver and \$16.39 in Victoria.

The second would be for employers to provide employment/workplace benefits to workers. The living wage can be achieved with a combination of cash and benefits. The living wage presented in this report assumes that the only benefit provided by the employer is two weeks of paid sick time for their employees (plus the statutory requirements for paid vacation and statutory holidays under employment standards). The effect of the employer-provided benefits on the living wage is illustrated by considering the increase in the living wage if the employer does not provide sick time benefits. If the employer does not provide this benefit, and each parent has one week per year away due to illness, then the living wage must increase by 35 cents per hour, in Vancouver from \$16.74 to \$17.09 and in Victoria from \$16.39 to \$16.73.



There are three options employers can combine to achieve this goal: increase wages, provide benefits, and advocate for a redesign of government transfers and other programs targeted at families with children.

The converse is also true. The living wage decreases when employers provide other benefits. For example, in Table 5, the living wage is recalculated based first on the assumption that the employer pays 50 per cent of the family's MSP premiums, and then again on the assumption that the employer pays 100 per cent of the family's MSP premiums. In this scenario, the living wage decreases by 20 cents per hour if employers pay 50 per cent of the MSP premiums and by 40 cents per hour if the employer pays 100 per cent of the premiums.

Similarly, if an employer pays some or all of the premiums for a workplace health plan (covering dental and vision care, etc.), making redundant the need for the family to purchase private health insurance on their own, the effective living wage would be modestly reduced for that employer.

The living wage decreases by 20 cents per hour if employers pay 50 per cent of the MSP premiums and by 40 cents per hour if the employer pays 100 per cent of the premiums.

The third way an employer can help attain the living wage is by advocating for a redesign of government transfers and other programs targeted at families with children. By joining the call for more progressive public policies, employers can help their workers meet more of their basic needs through the collective/public provision of goods and services. As indicated above, most government transfers and subsidies are reduced or eliminated at income levels well below the living wage. If these programs were redesigned to ensure that more of the costs of raising the next generation is shared and financed through the tax system, the family would require a lower living wage (see *Employers: Does the Living Wage Seem Financially Unattainable* on page 37).

	No employer-paid MSP premiums	Employer pays 50% of MSP premiums		Employer pays 100% of MSP premiums	
		Hourly rate	Difference	Hourly rate	Difference
Vancouver	\$16.74	\$16.54	– \$0.20	\$16.34	– \$0.40
Victoria	\$16.39	\$16.19	– \$0.20	\$15.99	– \$0.40

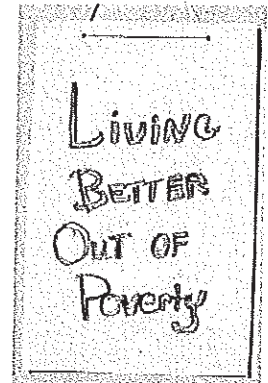
Note: The figures assume that both parents are paid the lower (–\$0.20 or –\$0.40) living wage.

Employers: Does the Living Wage Seem Financially Unattainable?

Many of you may be supportive of the living wage, but are concerned that if you pay the living wage you will not be able to compete with other employers. In this case, it is in your interest to advocate for programs that would ensure that as a society we collectively address the needs of families with children. This could include advocacy for:

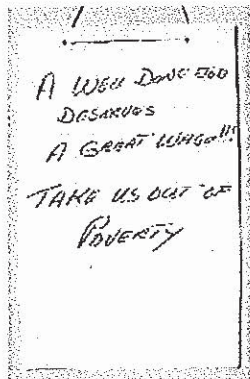
- More affordable housing;
- A child tax benefit of \$5,100 per year, per child, as is recommended by many child advocacy organizations, and a higher CCTB income threshold;
- A universal, publicly-funded child care program;
- Lower tuition fees for post-secondary education;
- Improved public transportation, reduced transit fees, or free transit; and
- Shifting the burden of taxation and compulsory deductions from lower-income families to higher-income families.

All of these measures would decrease the income families require from employment, and therefore reduce the living wage. There are, however, additional efficiency and productivity benefits of paying the living wage that you may not have considered. These benefits are outlined in the next section and begin with the experience in the UK, where a number of leading public and private sector employers have adopted living wage policies.



As employers, it is in your interest to advocate for programs that would ensure that as a society we collectively address the needs of families with children.

Living Wages Benefit Both Families and Employers



In the UK there are a growing number of leading companies that see the benefits of paying living wages and that have incorporated the living wage into their procurement policies.

MANY EMPLOYERS NEED TO BE CONVINCED that the living wage has "something in it for them." In the UK there are a growing number of leading companies that see the benefits of paying living wages and that have incorporated the living wage into their procurement policies.⁴⁰ They include HSBC Bank, Morgan Stanley, Lehman Brothers, City Group, Deutsche Bank, Royal Bank of Scotland, KPMG, Price Waterhouse Coopers, Lovells, Credit Suisse, and Macquarie. Public sector organizations involved include the Greater London Authority, four East London health trusts, Queen Mary University, the London School of Economics, and the School of Oriental and African Studies. Cleaners working for London's Underground subway system also just won a living wage agreement, after having to take strike action. A growing group of non-profit organizations have also adopted living wage policies, including Big Issue, Child Poverty Action Group, ACEVO, Institute for Public Policy Research, and Westway Development Trust. Multinational property developer Westfield has pledged that the White City Shopping Centre in West London will become the first living wage retail development.⁴¹ London Citizens (the citizens' group that has led the campaign for a living wage in London) has also secured a commitment by the Olympic Delivery Authority to implement fair employment practices, including the London living wage, for the 2012 Olympics.⁴²

While the exact terms differ from employer to employer, all have signed a basic "Charter for Socially Responsible Contracting," which stipulates that all staff, including contract staff are: paid no less than a living wage as set annually by

the Greater London Authority (£7.45 or approximately \$14.14 in July 2008); eligible for 20 days' paid holiday, plus statutory holidays; eligible for 10 days full sick pay per year; and allowed free and unfettered access to a trade union.⁴³ A study has calculated that as of December 2007 the Living Wage Campaign had won pay raises for an estimated 5,800 workers, amounting to an estimated total gain of £19,438,500 (approximately \$40 million Canadian).⁴⁴ In some cases, like Queen Mary University, the employer has agreed not only to introduce living wage policies for the contract cleaning staff, but also to bring the cleaning service in-house with the same terms and conditions as regular employees.

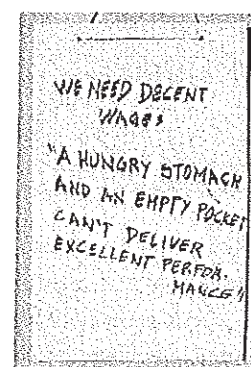
The benefits derived from paying a living wage are significant and measurable. A 2005 study of low-paid contract cleaners at the Royal London Hospital found that earning a living wage made a dramatic difference to the ability of workers to support their families.⁴⁵ The researchers asked workers what difference the new pay rate made to their ability to pay for food, clothing, housing, child-related expenses, and holidays. Less than half of the workers surveyed said they had been able to afford adequate food on their previous salary. Once they received a living wage, 85 per cent were able to pay for the food their family needed. The living wage had a similar impact on workers' ability to pay for other necessities for themselves, and most importantly, for their children.

Other research has shown that paying living wages has tangible benefits for employers as well. It can help to lower costs related to employee turnover and absenteeism, increase the skill level, morale and productivity of employees, improve customer retention and satisfaction, and contribute to corporate social responsibility. Some of these tangible benefits are discussed below.

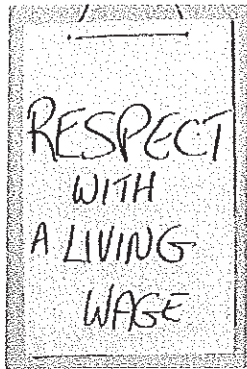
EFFICIENCY AND PRODUCTIVITY

In Canada, work-life researchers Linda Duxbury and Chris Higgins, in a series of national studies, document the very high costs of role overload (i.e. having too much to do in a given amount of time) in both personal and financial terms. They estimate the direct and indirect costs to employers in absenteeism at \$6 billion a year, and to the health care system, as a result of higher use of health services, at another \$6 billion.⁴⁶ Their findings are unequivocal: employees with high levels of role overload are less able to resolve family conflicts, are in poorer physical and mental health, and make greater use of the health care system.

Other research shows that paying low wages results in higher turnover rates. For example, a survey of health support workers in 12 community hospitals in the US found turnover rates of 100 per cent because of a combination of low wages and a tight labour market.⁴⁷ Similar concerns about high turnover rates and recruitment problems have arisen for support staff (i.e. housekeepers and food service workers) working for private contractors in the Vancouver, Fraser, and Vancouver Island Health Authorities. In fact, because of the difficulty in



Research has shown that paying living wages has tangible benefits for employers as well. It can help to lower costs related to employee turnover and absenteeism, increase the skill level, morale and productivity of employees, improve customer retention and satisfaction, and contribute to corporate social responsibility.



Many leading employers are finding that paying a living wage is a far more effective way to combat the recruitment and retention problems traditionally associated with low-wage work. For example, KPMG in London found that turnover rates were cut in half after it implemented a living wage policy for all its direct and contract staff in 2006.

recruiting housekeepers to work in Victoria's hospitals, the contractor has applied and was granted the right to bring in temporary workers from the Philippines. Clearly, all workers, whether they are Canadian citizens or migrants workers, should be paid the living wage.

Bringing in temporary workers is a stop-gap measure. In the UK, as noted above, many leading employers are finding that paying a living wage is a far more effective way to combat the recruitment and retention problems traditionally associated with low-wage work. For example, KPMG in London found that turnover rates were cut in half after it implemented a living wage policy for all its direct and contract staff in 2006. "No one abused the new sick pay scheme," said Head of Corporate Services Guy Stallard, "and absenteeism is very low. We get the benefit of reduced training costs and increased staff continuity. It is a much more motivated workforce."⁴⁸

Similarly, Barclays Bank, under pressure from The East London Communities Organisation (TELCO), set a requirement that its cleaning contractor provide cleaners moving to Barclays' new headquarters at Canary Wharf with an hourly rate of £6.00, 28 days' holiday, pension contributions, sick pay, bonuses, and training to an industry recognized standard. As John Cotton, Barclays' Canary Wharf program director, explained at the time:

*When we set up the deal we wanted to ensure that we could recruit and retain quality people, in the same way that we try to do with directly employed staff...*⁴⁹

*Clearly, there are some cost consequences of what we've done, but they for us are completely commercially viable because they provide us with a quality of employee and a commitment of employee which we believe will actually give us a better cleaned building.*⁵⁰

The new policy resulted in a dramatic drop in absenteeism. Turnover fell from 30 per cent to 4 per cent while performance and customer satisfaction levels improved.⁵¹ In 2006 Barclays announced it would roll out this package across its 2000-strong UK branch network, and the company recently agreed to pay all of its 1,000 cleaning, catering, and post room staff across London £7.50 an hour. Facilities management director Jon Couret said: "Although these employees are not directly employed by Barclays, we have a responsibility to ensure they receive a fair, well-rounded remuneration package, and this deal delivers that."⁵²

With a significant and growing labour shortage in the Canadian economy, living wage policies have particularly important productivity implications. According to the Canadian HR Reporter, labour shortages represent by far the greatest challenge to productivity at 38 per cent, far ahead of the tax and regulatory burden at 14 per cent and rising costs at 13 per cent.⁵³ And as a result, employers who agree to pay a living wage have many advantages over their competitors in a tight labour market.

Fears Concerning the Living Wage Affecting Business Profitability Overstated

There are some, particularly from the business community, who may fear that widespread adoption of the living wage would undermine local competitiveness, result in job loss, and could potentially have an inflationary effect (similar arguments to those traditionally made against raising the minimum wage).

There may be an element of truth to these arguments, but if these impacts do indeed result, the effect is likely to be minimal. Overall, these arguments do not represent reasonable grounds for rejecting calls for a living wage. Let us briefly address each in turn.

COMPETITIVENESS: Here, the fear is that, if widely adopted, the living wage would raise costs and undermine the ability of local firms to compete with other jurisdictions. However, low wages are currently concentrated in service-sector industries. In these industries (with some exceptions), buyers can only buy locally. Thus, arguably, the only real competitive challenge would come from those *local* firms that refuse to pay the living wage. However, as noted above, paying a living wage can have many advantages: lower recruitment, retention and training costs (due to reduced staff turn-over); higher staff morale, productivity and loyalty; and the ability to market one's firm to the public and clients as committed to paying a family living wage. And, if a growing number of civic governments and public institutions adopt the living wage, those contractors who similarly make this commitment will have an upper hand in winning service and supply contracts.

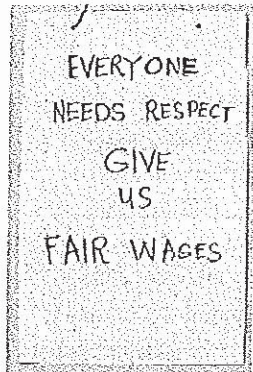
JOB LOSS: There is a large literature on the alleged disemployment effects of minimum wage increases. A 2007 CCPA study reviewed and weighed the evidence, and found that the minimum wage is, if anything, a bit player in determining employment levels.⁵⁴ The weight of the evidence suggests little or no impact on employment levels from minimum wage increases. Recessions, an increase in women's labour force participation, economic growth—these things have a far greater impact on employment rates than the minimum wage. There simply isn't evidence that raising the minimum wage, especially in these economic times, would cause significant job losses.

That said, the living wage is different, and the size of the wage increases that could potentially result from a successful living wage campaign may be greater than what has previously been studied in the minimum wage literature. Firms adopting the living wage *could* end up employing fewer workers (particularly if productivity improves). However, there would still likely be an overall net benefit to low-wage workers. Moreover, it is equally possible that productivity improvements and increased demand for living wages from public contractors and consumers may lead to living wage employers hiring more workers.

INFLATION: There is little to suggest that widespread adoption of the living wage would be unduly inflationary, but the exact impact is unknown. If many employers adopted the living wage, there could be a slight pass-through effect on prices, but this would likely be minimal. Wages constitute only one component of prices, and local low-wage workers in turn constitute only a small share of the total wage bill. Thus, even if low-wage workers saw a sizeable increase in their wages, the impact on overall costs and prices would be minor. That said, if workers who provide local services (such as child care providers or public transit workers) were to see their wages go up significantly due to a successful living wage campaign, this could have an inflationary pass-through effect on fees, and would then lead to the need to further increase the living wage calculation (given the important role of child care and transit expenses in our calculation), unless these cost increases were covered by government, thereby making fee increases unnecessary.

PROTECTING AND ENHANCING REPUTATION OF THE INSTITUTION IN THE WIDER COMMUNITY

Private companies and public institutions are conscious of their image, but high-minded mission statements mean little if the public becomes aware that they hide the exploitation of low-paid staff.⁵⁵ As multinational clothing firms like Gap and Nike discovered to their cost, it doesn't help sales to be associated with sweatshop labour.



For publicly-funded institutions with responsibility for the health and well-being of their communities, the importance of a living wage policy goes beyond good publicity—it goes directly to their stated commitment to tackle the socio-economic determinants of health.

Private firms are becoming increasingly aware that commitment to corporate responsibility is essential to their "brand." As a US business ethics journal points out: "Good corporate governance can be as effective a marketing tool as a good quarter."⁵⁶ It went on to note that:

Traditionally, firms have been judged on how well they serve stockholders. But in the 21st century—a new era of ecological limits, corporate ethics crises, and rising societal expectations—this traditional focus offers too narrow a definition of success. Firms rely upon healthy relations with many stock-holders. That means not only creating healthy returns for shareholders but emphasizing good jobs for employees, a clean environment, responsible relations with the community, and reliable products for consumers.⁵⁷

For publicly-funded institutions with responsibility for the health and well-being of their communities, the importance of a living wage policy goes beyond good publicity—it goes directly to their stated commitment to tackle the socio-economic determinants of health. In its submission to the provincial Conversation on Health, the Health Officers Council of BC called for strategies to reduce child poverty in BC based on the recognition that child poverty impacts life chances and health outcomes throughout the life course.⁵⁸ A March 2005 report from the BC Ministry of Health Services, *A Framework for Core Functions in Public Health*, talks about reducing inequalities in health and "advocating for healthier public policies and changes in social, economic, cultural and environmental conditions that will reduce inequalities in health."⁵⁹

It seems contradictory for BC's Ministry of Health and Health Authorities to sanction contracting-out policies for support staff (security, housekeeping, food services, and laundry), which condemn the contract staff employees to exactly the conditions they claim to want to eradicate.

When more people are paid a living wage there is the potential to improve the quality of life and reduce health expenditures for the entire community. Closing the income gap reduces the number of adults and children who are suffering hardships such as poor health, low quality of housing, and lack of nutritious food. As the Health Officers Council of BC and many others have noted, reduced school dropout rates, higher levels of literacy, greater community and volunteer participation rates, and lower health care costs are all potential benefits of improved income security provided through reducing income inequalities.

Conclusion

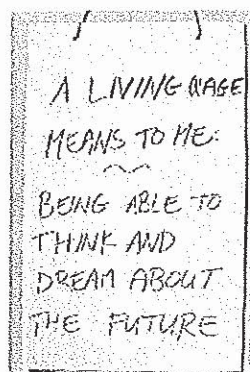
THERE IS A PARADOX when, despite a buoyant economy and record low unemployment rates, we have the highest level of child poverty in the country, among the highest percentage of working poor, and the steepest decline in median real wages. The living wage provides a way to address this paradox. It provides a means for ensuring that individuals and families with children can live with dignity and therefore fully participate in their communities and at work. It also increases the likelihood that children in these families will have access to the supports they need to succeed at school and to later contribute socially and economically to our society. The goal of the living wage, then, is to ensure the well-being of families, communities, and our wider society now and into the future.

The living wage is, in effect, a call to both public and private sector employers to pay wages to both their direct and indirect (i.e. contract) employees sufficient to provide for the basics for families with children. And while the report clearly focuses on the role of employers in taking their fair share of responsibility for the well-being of their workforce, it also presents alternative ways for both employers and citizens' groups to support living wages.

The report highlights that individual and family well-being is affected by the cumulative effects of wage rates, government transfer programs, child care policies, and the medical and other benefits workers receive through their employment. It encourages employers and citizens' groups to advocate with government to improve transfer and tax programs, thereby significantly reducing pressure to implement the living wage.

In BC and Canada, living wage initiatives are relatively recent. In 2006, the Community Social Planning Council of Greater Victoria, working through the Quality of Life CHALLENGE (a coalition of business and community groups), was the first community in Canada to research and set a living wage rate. When

The living wage is, in effect, a call to both public and private sector employers to pay wages to both their direct and indirect employees sufficient to provide for the basics for families with children.



It is the sincere hope of the authors that this report will spur public and private sector employers in Vancouver and Victoria to become advocates for living wage policies in their own organizations and in the broader economy.

the living wage rate of \$14.88 was announced and featured as a front page story in the Victoria Times Colonist, a number of businesses not involved in the project raised their wages based on the newspaper story and research report.⁶⁰

One of the region's biggest private employers, the West Corporation, sent a copy of the article to its American head office and successfully won a \$2 an hour increase in wages for its call centre workers.... Something tangible and documented seemed an important catalyst for companies that wanted to be good employers.⁶¹

And just recently, in Calgary, the municipal finance committee approved hourly living wage policies of \$12 with benefits and \$13.25 without benefits for all municipal employees, whether they work directly for the city or a private contractor.⁶² This living wage rate is based on the living costs for an individual worker. It does not take into account the needs of workers with family responsibilities. All the same, if these policies pass the municipal council, they will improve the wages for about 680 employees working directly for the city and cost \$245,000.

It is the sincere hope of the authors that the publication of this report will spur public and private sector employers in Metro Vancouver and BC's Capital Region to become advocates for living wage policies in their own organizations and in the broader economy.

NOTES

- 1 Littman, 2008.
- 2 Arthurs, 2006, p. 47.
- 3 Ibid.
- 4 Dobbin, 2005.
- 5 These programs include income support benefits such as the Canada Child Tax Benefit and would include government supported child care.
- 6 Yalnizyan, 2007, p. 3.
- 7 Ibid., p. 4, from 27 per cent between 1976 and 1979 to 20.5 per cent between 2001 and 2004.
- 8 Frenette and Morissette, 2003; Pico and Hou, 2008, p. 61; Statistics Canada, 2008.
- 9 Vancouver Foundation, 2007.
- 10 Statistics Canada, 2008a, p. 14.
- 11 Statistics Canada, 2008b, Table 802.
- 12 First Call, 2007, Fact Sheet 2.
- 13 Ibid., Fact Sheet 7.
- 14 Stinson et al., 2005, p. 42.
- 15 Statistics Canada, 2006a; Creese and Strong-Boag, 2008, p. 4.
- 16 Higgins et al., 2004.
- 17 Kershaw, 2007.
- 18 Ross and Roberts, 1999.
- 19 Ibid.
- 20 Hertzman, 2004.
- 21 Health Officers Council of British Columbia, 2007, p. 4.
- 22 Kershaw et al, 2006. The measures of vulnerability are in five domains: physical health, social competence, emotional maturity, language and cognitive development, and communications skills and general knowledge.
- 23 In Kershaw, 2005, pp. 164-165, from Esping-Andersen, Gosta, 2002.
- 24 Statistics Canada, 2006c.
- 25 Statistics Canada, 2006b, p. 107.
- 26 National Council of Welfare, 2004.
- 27 Statistics Canada, 2005a. Employed by total usual hours worked for both the female reference person and her spouse with children aged 15 years and under, all jobs, BC, 2006 annual average. This calculation is based upon actual hours of paid work. The 35 hours of paid work in these calculations may be the equivalent of at least 37.5 hours if the unpaid time for the required meal break was included, and on this basis the family would be at a higher percentile of couple families with respect to total hours worked.
- 28 Human Resources and Social Development Canada, 2006.
- 29 The reason for this is that average expenditures are pulled upward by elevated incomes and expenditures of the higher earning portions of the population.
- 30 The MBM also incorporates expenses for child care and medical expenses, but factors these in by deducting these from income rather than costing them as expense categories.

- 31 "Other" expenses include personal care items, household supplies and furniture, school supplies, and modest levels of reading materials, recreation and entertainment.
- 32 Dietitians of Canada, 2007.
- 33 Canada Mortgage and Housing Corporation published its *Rental Market Reports* in December 2007 containing data from October 2007. This report presents data for average rents for apartments. Data on median rents is not available in the CMHC report and was obtained by special request to CHMC.
- 34 Canada Mortgage and Housing Corporation, 2007.
- 35 See Lee et al., 2008.
- 36 Human Resources and Social Development Canada, 2006. According to this report, this is the cost of paying for and operating a five-year-old, four-door, four-cylinder Chevrolet Cavalier, and includes the cost of a driver's licence, registering the vehicle, auto insurance, 1,500 litres of regular unleaded gasoline and the cost of two oil changes and one tune-up annually.
- 37 Westcoast Child Care Resource Centre, 2007.
- 38 Victoria Child Care Resources and Referral Centre, 2007.
- 39 Statistics Canada, 2005b. Data provided by Statistics Canada presents family income from employment and from government transfers such as the CCTB. Therefore, in order to make these comparisons and calculations of percentages, the income of the family earning the living wage is supplemented by government transfers.
- 40 Littman, 2008, p. 4.
- 41 Ibid.
- 42 Olympic Delivery Authority, 2007.
- 43 Ibid.
- 44 Wills, 2008. Also see www.geog.qmul.ac.uk/livingwage/.
- 45 Sokol et al., 2006.
- 46 Higgins et al., 2004, pp. xviii and 3-4.
- 47 Applebaum et al., 2003.
- 48 Littman, 2008, from a meeting with KPMG.
- 49 Cottell, 2005.
- 50 BBC Radio, Nice Work, March 22, 2005.
- 51 Interview with Barclays Press Office, March 16, 2008.
- 52 Barclays, 2006. Barclays has continued to raise its London living wage rates ahead of increases set by the Greater London Authority.
- 53 Canadian HR Reporter, 2006.
- 54 Murray and Mackenzie, 2007.
- 55 Littman, 2008, p. 4.
- 56 Business Ethics Online.
- 57 Raths, 2006.
- 58 Health Officers Council of British Columbia, 2007.
- 59 BC Ministry of Health Services, 2005, p. 48.
- 60 Pearson, 2007, p. 31.
- 61 Ibid.
- 62 Guttormson, 2008.

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Principles for Calculating a Living Wage for Vancouver and Victoria

A living wage enables families who are working to escape from poverty.

- A living wage is an hourly rate of pay that enables families to cover the basic costs of daily living including housing, food, clothing, and transportation costs.
- It allows families to maintain a decent, healthy standard of living and live with dignity.
- It is above a survival wage level, but far below an affluent wage.

A living wage promotes social inclusion.

- A living wage enables families to obtain the basic goods and services that the majority of families enjoy. For example, in London's living wage calculation, an item (e.g. a computer or a TV) was included in the calculation if 80 per cent of people in the city owned one.
- A living wage also allows families to participate in activities that are ordinary elements of community life, including sports, recreation, and school field trips.

A living wage supports healthy child development principles.

- Research shows that attention to early childhood development is one of the best ways to ensure life-long health and well-being.
- By promoting economic security and including the costs of quality child care and support for school age children's participation in school/ community activities, a living wage encourages the optimal healthy growth and development of young children and youth.

A living wage promotes gender equality

- Women comprise a disproportionate share of the low-wage workforce, are more likely to be poor than men, and continue to have the primary responsibility for child care and household responsibilities.

- The living wage provides enough support so that families have the freedom to choose to have children and not be dissuaded by poverty wages.

A living wage ensures that families are not under severe financial stress.

- Families who earn a living wage would have financial stress that is moderate, not extreme.
- Low-wage earners and their families are frequently living paycheque to paycheque with no savings to deal with things like an illness, a broken appliance, or emergencies.
- A living wage would include a financial cushion to ensure that families experiencing unexpected financial costs do not suffer undue hardship.

A living wage is a conservative, reasonable estimate.

- Families earning a living wage rent their home, use public transportation, and do not earn enough to save for retirement or their children's education.

A living wage engenders significant and wide ranging community support.

- Community organizations, employers and the public should be able to identify with the living wage calculation and see the value to the entire community of having its residents earn a living wage.
- Campaigns in other jurisdictions have been most successful when a broad-based coalition of community groups and employers work together to promote a living wage.

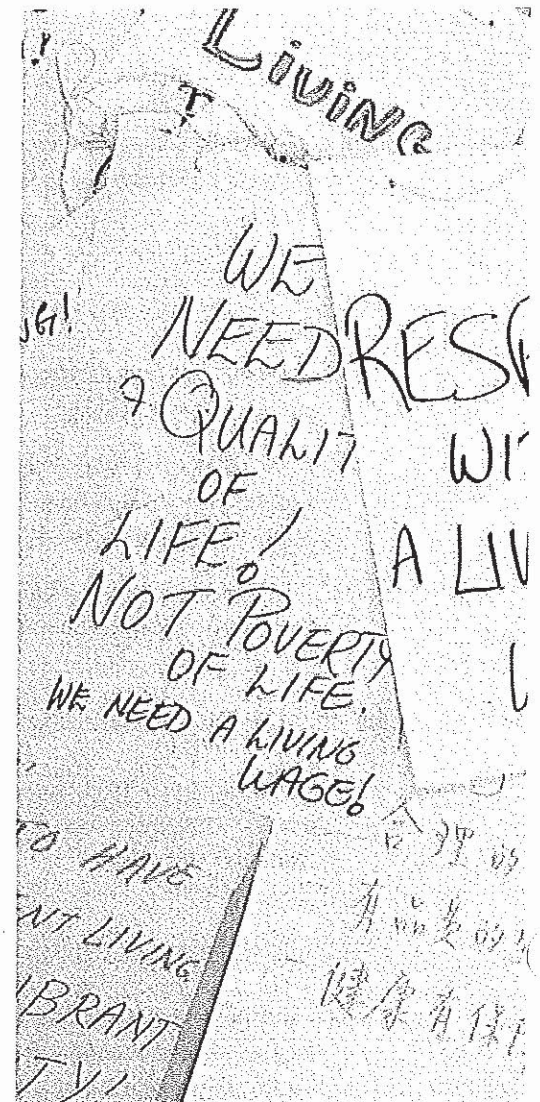
A living wage is a vehicle for promoting the benefits of social programs. It does not presume that labour market wages alone can solve all problems of poverty and social exclusion.

- While decent wages are a necessary component of combating poverty and social exclusion in Canada, they are not sufficient.
- Government-provided benefits including child care, child tax benefits, and health care play a critical role for families in the labour market; if these benefits are available, they could reduce the level of the living wage.
- A strong social safety net will continue to be necessary for those who are out of the labour market due to temporary unemployment, personal challenges, or disability.

ECONOMIC SECURITY PROJECT

The Economic Security Project is a research alliance led by the CCPA's BC Office and Simon Fraser University, and includes 24 community organizations and four BC universities. It looks at how provincial policies affect the economic well-being of vulnerable people in BC, such as those who rely on social assistance, low-wage earners, recent immigrants, people with disabilities, seniors, youth and others. It also develops and promotes policy solutions that improve economic security. The project is funded primarily by a grant from the Social Sciences and Humanities Research Council of Canada (SSHRC) through its Community-University Research Alliance Program.

www.policyalternatives.ca/economic_security



first call
BC Child and Youth Advocacy Coalition

First Call: BC Child and Youth Advocacy Coalition is a non-partisan, province-wide coalition of organizations and individuals committed to promoting child and youth rights and well-being. We focus on public policy, public awareness and mobilizing communities for BC's children.

www.firstcallbc.org

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CANADIAN CENTRE
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BC Office

The Canadian Centre for Policy Alternatives is an independent, non-partisan research institute concerned with issues of social and economic justice. Founded in 1980, it is one of Canada's leading progressive voices in public policy debates. The CCPA is a registered non-profit charity and depends on the support of its more than 10,000 members across Canada.

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**COMMUNITY
COUNCIL**

The Community Social Planning Council of Greater Victoria is a registered charity whose mission is to provide leadership that brings the community together to create a sustainable quality of life for everyone in BC's Capital Region. The Community Council does this by convening and supporting collaborative initiatives, conducting community-based research and communicating reliable information.

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The Ministry of Labour's fight to hide Employment Standards violations makes a mockery of the Freedom of Information process

by David Fairey

BC Office | Commentary and Fact Sheets

Issue(s): Agriculture, Employment and labour

July 20, 2009

Update: Since publication of this editorial the Ministry of Labour has reviewed its decision to not waive the records production fee, and has decided to comply with the Commissioner's order.

For three years now, the BC government has been fighting requests to disclose Employment Standards enforcement records. Whither freedom of information, public accountability and transparency?

I am an independent public policy researcher, part of an academic and community research team investigating how changes to employment standards have affected BC's vulnerable farmworkers.

Since 1994, when the Employment Standards Review revealed a consistent pattern of violations and abuses of employment standards and workplace safety for farmworkers, it has been clear that standards need to be improved and additional resources put into enforcement.

In a report to the Minister of Labour in 2001, the Agricultural Compliance Team of the Employment Standards Branch characterized farmworkers as "one of BC's most vulnerable work forces." Yet shortly thereafter, the government substantially reduced the minimum employment standards for farmworkers and cut the Agricultural Compliance Team.

In order to assess how these cuts and changes have affected farmworkers, our research team needs access to Ministry enforcement records that will reveal what complaints and investigations have taken place in this sector, what violations have occurred and what penalties have been issued to employers. Although the Employment Standards Act permits the publication of violations, the Ministry has never published a list of violators.

In July 2006, I submitted a Freedom of Information request for Employment Standards Branch enforcement records. Here is the sordid story of what has happened to this public interest information request:

The Ministry of Labour responded to my initial request by unilaterally extending the 30-day deadline for a response allowed under the Freedom of Information and Privacy Act by 44 days. Two months later, I was told by the Ministry that I would have to pay in advance an initial fee of over \$4,200 and agree to pay any additional actual costs for the Ministry to retrieve the requested records.

Unable to pay these high and indeterminate costs, I asked the Ministry for a fee waiver (as permitted under the Act) on the basis that a clear public interest would be served by providing these public records to our research project at no cost.

The Ministry rejected my fee waiver application on the grounds that "there is no pressing or urgent need to disclose these records in the public interest at this time." In November 2006 I applied to the Office of the Information and Privacy Commissioner for a review of the Ministry's fee waiver denial. Ten months later, the Commissioner decided that my complaint should be the subject of a formal inquiry.

In June 2009 - 15 months after the inquiry - the Information and Privacy Commissioner finally issued a decision in my favour, rejecting all of the Ministry of Labour's main arguments and ordering them to comply by August 5. The Ministry, however, is now challenging that decision and has requested that the Commissioner reconsider. The clear indication given by this latest action is that the Ministry will stonewall this process indefinitely.

In arguments to the Commissioner during the inquiry the Ministry characterized the documents requested as records of "administrative contraventions" and therefore of limited use. The Commissioner concluded on this point that the Ministry drew "subjective conclusions that risk trivializing issues affecting the lives of farm workers."

Furthermore, the Commissioner dismissed the Ministry's contention that "the tight regulatory framework and monitoring [of Employment Standards] have had their desired effect, which is to minimize the exploitation of farm labour workers" as not being the last word on this matter. Indeed, there was no evidence to support this contention of the Ministry, which was made less than one year after the tragic highway crash of a van transporting farmworkers that resulted in three deaths and eight critical injuries attributed to violations of safety and employment standards.

The Commissioner further concluded that the Ministry of Labour had failed to "respond to the applicant openly, accurately and completely."

All public policy researchers and legislators should be alarmed by and raise objections to these unceasing efforts of the provincial government to undermine the purposes of the Freedom of Information and Privacy Act and to block the disclosure of public documents in the public interest.

David Fairey is a Labour Economist and a co-author of the 2008 publication Cultivating Farmworker Rights: Ending the Exploitation of Immigrant and Migrant Farmworkers in BC (co-published by the Canadian Centre for Policy Alternatives, Justicia for Migrant Workers, Progressive Intercultural Community Services Society and the BC Federation of Labour).

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A Closer Look at Low Wages in BC

WORKERS IN BRITISH COLUMBIA EARNED an average of \$21.46 an hour in 2008, according to the latest annual wage data published by Statistics Canada. This was good news for workers at the average wage or better, and well above the minimum wage of \$8. The average wage has gone up 25 per cent over the past decade (pre-inflation adjustment).

However, a closer look at the situation of workers in BC reveals some troubling facts about wages and hours of work, and the workers who are most likely to have low wages and/or insufficient hours. Hundreds of thousands of workers are still at wage levels that either trap them in poverty or put them at high risk of falling into poverty.

Statistics Canada reports that 346,100 BC workers earned less than \$12 an hour in 2008: almost one in five of all employed workers.

The \$12 figure is significant partly because it's a very conservative estimate of what the Organisation for Economic Co-operation and Development defines as a low-wage job. According to the OECD, a low-wage job pays less than two thirds of the median wage, or the wage at the exact midpoint of the wage scale.

Canada has long had a very poor reputation in the matter of low-wage work, and there is little hope of significant improvement if existing labour market policies stay the same. One recent Statistics Canada analysis showed that Canada had the worst record on low-wage jobs in the developed world as of 2004, even worse than the United States.¹ Looking at full-time, full-year jobs alone, Canada had a low-wage rate of close to 25 per cent, compared to 24 per cent for the U.S. In contrast, Denmark and Finland had rates of 7 per cent.

by Steve Kerstetter

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¹ "International differences in low-paid work," by Sébastien LaRoche-Côté and Claude Dionne, *Statistics Canada Perspectives*, June 2009, Catalogue No. 75-001-X.

Working at \$12 an hour is barely enough to get a single person above the poverty line in a large metropolitan area like Vancouver. With 52 weeks of work at 40 hours a week, \$12 an hour works out to \$24,960 a year in gross pay before payroll deductions and income taxes. The poverty line before income taxes in a large city in Canada in 2008 was \$22,171 for a single person.

The challenge was even greater for families. Total wages of \$24,960 would put a single parent with two children far below the poverty line of \$33,933. Federal child benefits would help lower the gap, but the family would still be poor.

The average wage notwithstanding, the huge number of low-wage BC workers should cause any government to reconsider its policies on wages and income supports for lower-income families and individuals.

The huge number of low-wage BC workers should cause any government to reconsider its policies on wages and income supports for lower-income families and individuals.

ARE YOU BEING SERVED?

Imagine an ordinary day in British Columbia and all the everyday events that could happen in your life from morning to night.

Your day might start with a stop on the way to work at a local café for a coffee and muffin.

It might include lunch with friends or co-workers at a restaurant. If you still have a few minutes of your lunch hour left, you might stop at a local department store to buy an item or two you need around the house.

When the work day ends, you say goodnight to the security guard at the front entrance of the office and head for the supermarket to pick up an item or two for dinner.

What all these happenings have in common is low-wage workers. Every one of these events probably brought you face to face with some of BC's lowest-paid workers, from the staff at the coffee shop first thing in the morning to the shelf stockers and cashiers at the supermarket later in the day.

Table 1 lists some of the important, but hardly lucrative, occupations in BC as reported in the new BC Wage & Salary Survey for 2009.

The table shows the most frequent median wage for each job for both full-time and part-time workers and the percentage of jobs filled by part-timers.

The survey did not show how many workers were in each job, but previous Census data shows the total number would be in excess of 200,000 jobs.

The wages all these workers receive are ultimately reflected in the consumer prices of the goods and services we buy. Presumably, low-wage jobs help restrain prices in the grocery store and department store and thousands of other venues. Higher wages would probably mean higher consumer prices. Some of the increases might be

Table 1: Median Hourly Earnings in BC by Occupation, 2009

	Full-time jobs, median most frequent wage	Part-time jobs, median most frequent wage	Percentage of part-time workers
Food and beverage servers	\$9.00	\$8.50	68%
Food counter attendants and kitchen helpers	\$10.00	\$9.00	66%
Cooks	\$13.00	\$12.00	31%
Bakers	\$12.00	\$12.00	34%
Retail salespersons & clerks	\$13.00	\$10.00	40%
Cashiers	\$11.00	\$10.00	57%
Grocery clerks and store shelf stockers	\$12.00	\$12.00	54%
Security guards	\$11.63	\$11.63	29%
Sewing machine operators	\$9.00	sample too small	4%
General farm workers	\$12.00	\$11.50	25%
Nursery and greenhouse workers	\$10.00	\$10.00	8%

Source: BC Wage & Salary Survey at www.bcstats.gov.bc.ca/data/lss/labour/wage

small, and some might be substantial, depending on the amount of labour involved in producing or delivering each product or service.

The critical question is: What is a reasonable wage for a worker compared to a reasonable price for a consumer?

Consider the wait staff at a restaurant, for example.

In BC and other provinces, wages for servers are low, and many workers have part-time rather than full-time jobs. Servers in restaurants do better than fast-food servers because they may get sizeable tips in addition to their wages.

Familiar as that sounds, the situation in Canada is far removed from work arrangements in other countries. Go to a restaurant or bistro in France, and you're likely to see waiters and waitresses who have made food service a career. Their wages and their on-the-job benefits are higher, so they can afford to work in the same establishment year after year. The situation in France is even more dramatic because most French diners leave very modest tips or don't tip at all.

The contrast between Canada and France is just one example of the possibilities. Both lower wages and higher wages are possible in any given job. What we somehow have to decide as a society is what is fair all around, both for wages and for prices.

The wages all these workers receive are ultimately reflected in the consumer prices of the goods and services we buy. The critical question is: What is a reasonable wage for a worker compared to a reasonable price for a consumer?

GROUPS OF WORKERS AT RISK

The annual data generated by Statistics Canada do not contain the same degree of detailed information as the data collected every five years during the Census. The latest Census figures for earnings during the year 2005 showed how certain factors increased a worker's risk of low wage employment: age, sex, Aboriginal identity, immigrant status and visible minority status, and, of course, the number of weeks/ hours worked per year. Figure 1 shows the median annual earnings for these different groups. The most important factor overall was work patterns. People working full-time all year were 64 per cent *above* the median on average. People who worked part-time the entire year wound up with earnings 47 per cent *below* median earnings.

The most important factor in data on low wages is work patterns. People working full-time all year were 64 per cent *above* the median on average. People who worked part-time the entire year wound up with earnings 47 per cent *below* median earnings.

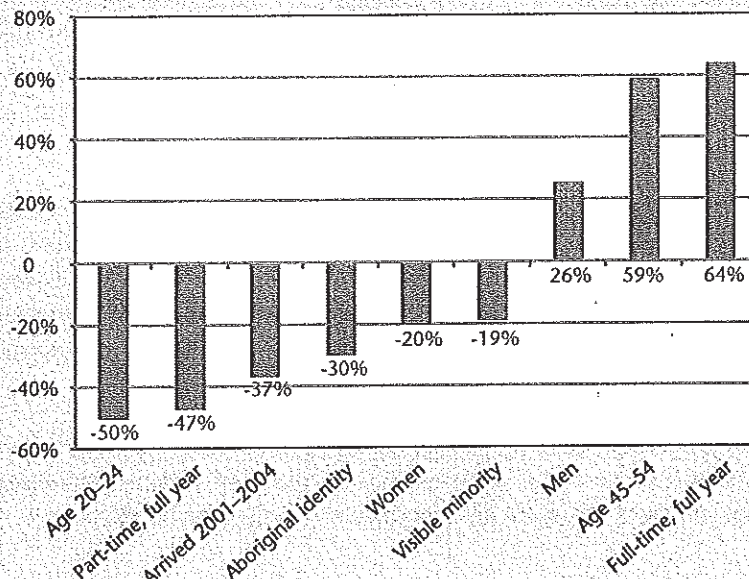
Table 2 provides more details. The first column of the table shows median annual earnings for each group of workers. The second column compares median earnings for the group in percentage terms with the overall BC median of \$25,722. The third column gives the total number of workers with employment income during the year in each group. Half the workers earned less than the median for their group, and half earned more.

In lower-paid groups, there were some workers who earned more than the specific median for their group, but still wound up well below the overall BC median of \$25,722.

In the case of full-time workers who worked only one to 13 weeks, for example, half of the group or 28,785 workers earned less than \$5,396. The other half earned more than \$5,396, but probably none of them earned more than the BC median of \$25,722.

Figure 1: BC Median Annual Earnings by Group, 2005

Comparisons with overall BC median wage of \$25,722



Source: Statistics Canada, 2006 Census Income Tables

Table 2: British Columbia Median Annual Earnings, 2005

	Median earnings	Earnings as % below or above \$25,722	Number of workers with employment income
Provincial median	\$25,722		2,392,765
Full-time jobs			
1 to 13 weeks	\$5,396	-79%	57,570
14 to 26 weeks	\$12,822	-50%	105,850
27 to 39 weeks	\$20,819	-19%	105,370
40 to 48 weeks	\$32,330	+26%	285,445
49 to 52 weeks	\$42,230	+64%	1,113,365
Part-time jobs			
1 to 13 weeks	\$2,089	-92%	99,130
14 to 26 weeks	\$5,847	-77%	102,450
27 to 39 weeks	\$8,760	-66%	66,770
40 to 48 weeks	\$12,091	-53%	93,375
49 to 52 weeks	\$13,540	-47%	181,300
Age			
15 to 19	\$4,011	-84%	142,360
20 to 24	\$12,970	-50%	210,170
25 to 34	\$28,248	+10%	385,835
35 to 44	\$37,694	+47%	456,430
45 to 54	\$40,984	+59%	470,400
55 to 64	\$37,897	+47%	263,260
Aboriginal Identity			
Aboriginal	\$17,980	-30%	91,725
Non-aboriginal	\$26,090	+1%	2,301,045
Immigrants	\$23,693	-8%	679,505
Non-immigrants	\$26,974	+5%	1,691,765
Arrivals			
2001 to 2004	\$16,293	-37%	75,785
1996 to 2000	\$18,915	-26%	108,570
1991 to 1995	\$21,346	-17%	108,165
1981 to 1990	\$26,891	+5%	123,255
Visible minorities	\$20,915	-19%	539,250
Non-visible minorities	\$27,670	+8%	1,853,550
Chinese	\$20,241	-21%	208,995
South Asian	\$21,322	-17%	145,860
Filipino	\$24,569	-4%	54,885
Southeast Asian	\$18,226	-29%	21,515
Korean	\$13,954	-46%	20,605
All male workers	\$32,375	+26%	1,235,450
All female workers	\$20,458	-20%	1,157,355

Source: Statistics Canada, 2006 Census, data from Income Tables 20, 41, 44, 45, 46, and 47 at www.statcan.gc.ca

Median earnings increased substantially with more weeks at work. Not surprisingly, the full-time workers in each group earned much more during the year than the part-time workers.

The second category in the table shows median earnings by age group. Young people often work at very low-paying jobs, and even workers in their twenties are often paid entry-level wages before they gain experience and begin to receive raises.

The age group 20 to 24 had median earnings of only \$12,970. Statistics for August 2005 showed that only 34 per cent of the age group with employment income were full-time students. That percentage dropped slightly during the school year, and the students who worked then normally worked part-time.

Another group at high risk was workers who identified themselves as having "Aboriginal Identity" on the Census forms. Median earnings were \$17,980 — much lower than the overall BC median.

What is striking in the data is the amount of time it took for the wages of immigrants to catch up with those of the population at large. Only immigrants who had arrived between 1981 and 1990 had median earnings equivalent to those of other Canadians.

Immigrants and members of visible minority groups were also at higher than average risk, but the figures on recent immigrants were more dramatic.

Immigrants who had arrived in Canada in the previous five years had median earnings of only \$16,293 in 2005. The most common explanation is that it takes immigrants time to adjust to life in a new country and to become established in the workplace.

What is striking is the amount of time it took for the wages of immigrants to catch up with those of the population at large. Immigrants who had arrived 10 to 15 years earlier had median earnings of \$21,346. Only immigrants who had arrived between 1981 and 1990 had median earnings equivalent to those of other Canadians.

Both immigrants and native-born Canadians are included in the statistics on visible minorities. Median earnings for the largest visible minority communities in BC were all lower than the earnings of non-visible minorities.

Finally, there is the long-standing difference in median earnings between men and women. The difference in the table mirrors virtually all the analyses in reports from both inside and outside government. The main problems are wage discrimination against women, shorter work weeks or fewer weeks of work a year for some women, and the traditional streaming of some women workers into traditionally lower-paying jobs.

WHAT ABOUT FAMILY INCOME?

Most of the labour market data collected by Statistics Canada relates to individual workers rather than workers as members of family units. Certainly, a second source of income can make a huge difference in family finances, but too many families still remain near the bottom of the earnings scale.

Table 3 comes from a special Statistics Canada data run commissioned by the Canadian Centre for Policy Alternatives on the incomes of families with children. It breaks down families with children into 10 groups of equal size, based on their median market incomes. Market income includes earnings, self-employment income, and income from other market sources such as investment income, as well as alimony and child support payments.

Table 3 shows median market income in 1989 and 2007. The year 1989 was the best year for the economy in the 1980s just prior to the recession of 1990/1991, and 2007 was the last good year before the current recession.

The table shows some startling decreases for families in the lower half of the market income scale and substantial increases for the richer families between 1989 and 2007.

The poorest 10 per cent of families with children had a significant increase in percentage terms, but it worked out to only \$2,788 more in dollars. With market income of only \$6,361 in 2007, the poorest families would have had to rely on significant amounts of income from other sources. Benefits from the Canada Child Tax Benefit and the federal GST credit would have helped ease the pain, but the families would almost certainly have lived below the poverty line.

The third poorest group suffered the biggest losses. Its median market income was down by 18 per cent or \$7,905 between 1989 and 2007.

Table 3: Median Market Income, BC Families with Children, 1989 and 2007
(in 2007 constant dollars)

	1989	2007	% change	\$ change
Poorest 10%	\$3,573	\$6,361	78%	\$2,788
2 nd	\$26,319	\$25,584	-3%	-\$735
3 rd	\$43,473	\$35,568	-18%	-\$7,905
4 th	\$53,566	\$49,121	-8%	-\$4,445
5 th	\$63,547	\$62,069	-2%	-\$1,478
6 th	\$71,956	\$74,004	3%	\$2,048
7 th	\$82,915	\$90,650	9%	\$7,735
8 th	\$95,307	\$109,748	15%	\$14,441
9 th	\$108,543	\$125,528	16%	\$16,985
Richest 10%	\$142,814	\$167,113	17%	\$24,299

Source: Statistics Canada, special data run for CCPA

The second poorest group lost \$735 and had median market income of \$25,584 in 2007. Even with child benefits and other supports from government, many of these families would have been below the poverty line.

The overall poverty rate before income taxes in 2007 for all BC two-parent families and lone-parent families combined was 15.4 per cent. Those families made up most of the poorest two groups in Table 3.

The third poorest group suffered the biggest losses. Its median market income was down by 18 per cent or \$7,905 between 1989 and 2007. Most of these families would have been above the poverty line, but they were hard done by employers and their elected representatives who enact the province's labour laws.

Meanwhile, the single largest increase in market income went to the richest 10 per cent of families with children. Median market income rose by \$24,299, with most of the gains coming in the last decade. Their total median market income in 2007 rose to \$167,113.

PARTING THOUGHTS

Earnings are the single most important source of income for Canadians under the age of 65, but far too many workers still don't earn enough to stave off hardship. This report highlights the financial shortfalls of the one in five workers in BC who earned \$12 an hour or less.

Low-wage workers include people in high-risk groups such as Aboriginal people and recent immigrants, but they include large numbers of other British Columbians as well. About 15 per cent of all BC families with children live in poverty because of low earnings.

The financial difficulties of low-wage workers fly in the face of persistent political rhetoric about the value of work. Governments in BC and elsewhere in Canada place their faith in work as the way for families and individuals under 65 to succeed.

Surely, if governments believe in paid work, they should believe in supporting paid workers.

Governments need to follow through with policies that make it easier, rather than harder, for low-wage workers. In BC, that means a quick increase to get the minimum wage back on track and annual indexing of an increased minimum wage to allow it to keep pace with the cost of living. Raising the minimum wage would also boost the wages of workers who were already earning a bit more than the current minimum wage, as an increase would ripple up through the wage hierarchy.

Helping low-wage workers also means restoring the protections workers lost several years ago, including a reasonable right to overtime pay, reasonable call-back hours for shifts of work shorter than eight hours, and protection of union contracts that were negotiated through collective bargaining. And it means finding better ways to promote more full-time, full-year work.

The financial difficulties of low-wage workers fly in the face of persistent political rhetoric about the value of work. Surely, if governments believe in paid work, they should believe in supporting paid workers.

STEVE KERSTETTER is a former director of the National Council of Welfare, a citizens' advisory group to the federal government, and has taught courses in Canadian social policy at Simon Fraser University and the University of British Columbia. He has done social policy research and other paid and volunteer work for First Call: BC Child and Youth Advocacy Coalition, and Campaign 2000, a group promoting an end to child poverty. Steve is a research associate of the CCPA's BC Office, and the author of a number of CCPA studies, including *Rags and Riches: Wealth Inequality in Canada* (2002) and *The Affordability Gap: Spending Differences between Canada's Rich and Poor* (2009).

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BC's Shrinking Public Sector

THE RECENT GLOBAL RECESSION HIT BRITISH COLUMBIA HARD, wreaking havoc across the economy, including the provincial treasury. Taxation revenues declined sharply while demand for social assistance and other social services increased, resulting in a substantial budget deficit in 2009 after five consecutive years of surpluses. Although the provincial government recognized that deficits were needed to weather the economic storm, it also used the budget challenges as an opportunity to attack the public sector.

Both the February 2009 BC Budget and the September 2009 Budget Update imposed significant "savings in administrative and other discretionary spending" in order to reduce the size of the deficit. These so-called savings, many of which were not specified at budget time, have so far included two rounds of provincial government layoffs (announced in September 2009 and January 2010, respectively), reducing the BC public service by 436 positions. These types of belt-tightening exercises are based on the notion that there is waste to trim from provincial programs and administration.

But is this really the case?

It is a little known fact that BC's public sector has been shrinking both in terms of employees per capita and expenditures relative to GDP (or the size of the economy) since the early 1990s. This is because our public service already went through several comprehensive reviews in recent years that looked for ways to cut costs. Simply put, BC entered the recession with one of the leanest public sectors in the country and there was little room for cuts without compromising much-needed public services. The recent round of cuts has made it even more difficult for the province to deliver important programs and services.

by Iglia Ivanova

FEBRUARY 2010



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BC PUBLIC SECTOR JOBS — ALL LEVELS OF GOVERNMENT

According to data from Statistics Canada, BC's public sector provided 393,016 jobs in 2008, or 17 per cent of all jobs in the province.¹ This figure includes employees of all three levels of government—federal, provincial and local—as well as members of the RCMP and the Canadian Armed Forces, workers at government-owned business enterprises such as BC Hydro or ICBC, and employees providing government-funded education, health and social services.

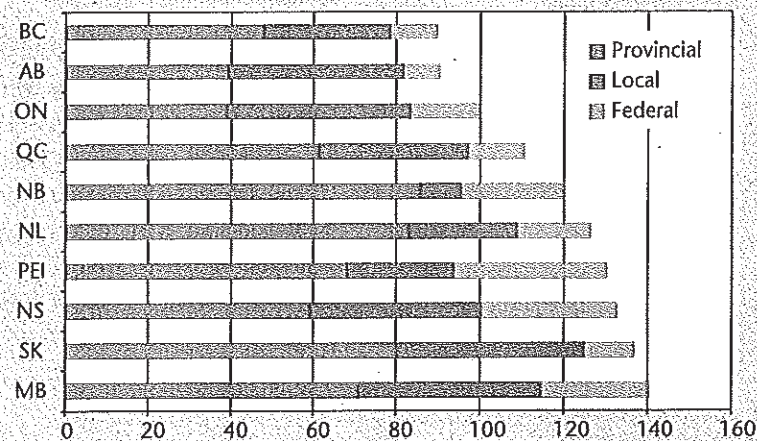
Compared to the rest of Canada, BC has the lowest level of public sector employment relative to population.

In 2008, there were about 89.7 public sector employees per 1,000 people in BC, slightly less than Alberta's 90.4 and Ontario's 99.6.

Just over half of all public sector workers in BC are employed at the provincial government level, with the majority delivering education, health care and social services. Statistics Canada counts 100 per cent of these jobs as "public sector" even though privatization and contracting-out of public services have put working conditions, pay and benefits for many of these workers into the hands of private-sector employers.

Compared to the rest of Canada, BC has the lowest level of public sector employment relative to population. In 2008, there were 89.7 public sector employees per 1,000 people in BC, slightly less than Alberta's 90.4 and Ontario's 99.6. Saskatchewan and Manitoba had the highest public sector employment rates—close to 140 public sector workers for every 1,000 citizens. More than one quarter of all employees in these two provinces worked in the public sector—27 per cent in Saskatchewan and 28 per cent in Manitoba—compared to only 17 per cent in BC (the Canadian average is 20 per cent).

Figure 1: Public sector employment rate (per 1,000 population), 2008



Source: Author's calculations based on Statistics Canada data on public sector employment (CANSIM 183-0002) and provincial population estimates (CANSIM 051,0001).

BC PUBLIC SECTOR JOBS — PROVINCIAL LEVEL

Direct comparisons of public sector employment at the provincial level must be made with caution, as social service responsibilities are split differently between provincial and local governments across the country. Provinces like Ontario have chosen to deliver more social services through municipal governments and therefore have smaller provincial government employment rates, while in other regions such as the Maritimes most social services are delivered directly by the province.

Figure 1 shows that in 2008 BC had one of the smallest provincial public sectors in Canada relative to our population, with 47.5 employees per 1,000 people. Only Ontario and Alberta employ fewer people in their provincial-level public sector, 38.6 and 38.9 per 1,000, respectively. Note, however, that their local (or municipal) government employment is higher than BC's.

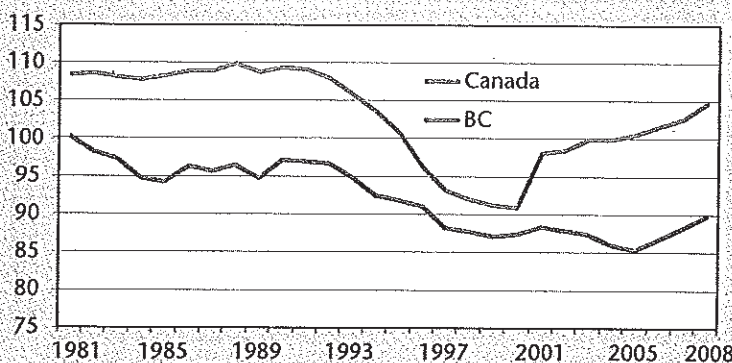
BC'S SHRINKING PUBLIC SERVICE

For decades, BC's overall public sector has been smaller than the national average, but the disparity between BC and other provinces has grown in the new millennium.

Public sector employment rates fell throughout the 1990s across Canada, as both federal and provincial governments slashed spending in an attempt to eliminate budget deficits and reduce government debt. However, since 2000, public sector employment has been on the rise in most of the country, while the employment rate continued to fall in BC, reaching its lowest point of 85 per 1,000 people in 2005. BC's public sector employment has increased somewhat since then, but we remain the province with the lowest public sector employment rate in the country.

For decades, BC's overall public sector has been smaller than the national average, but the disparity between BC and other provinces has grown in the new millennium.

Figure 2: Public Sector Employment Rate (per 1,000 population), BC and Canada



Source: Author's calculations based on Statistics Canada data on public sector employment (CANSIM 183-0002) and provincial population estimates (obtained from BC Stats, <http://www.bcstats.gov.bc.ca/DATA/pop/pop/dynamic/ProvPop/Query.asp?category=Prov&type=1&topic=Estimates>).

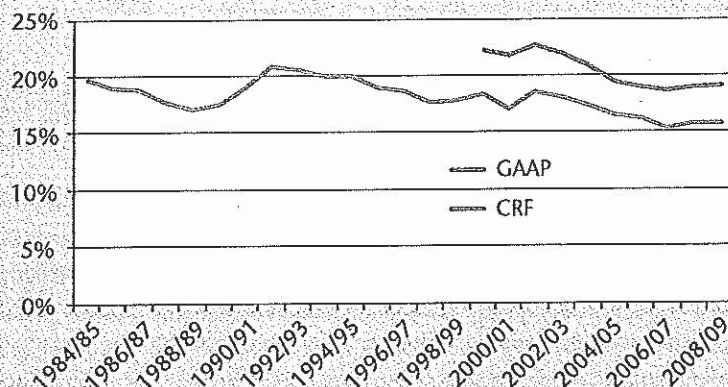
BC'S FALLING PROVINCIAL EXPENDITURES

Another way to measure the size of the public sector is to track government expenditures over time. There are different ways to measure provincial government expenditures in BC, but the two most common ones—the Consolidated Revenue Fund (CRF) and the operating statement under Generally Accepted Accounting Principles (GAAP)²—show that provincial government spending has been shrinking as a share of the economy since the early 1990s.

Consolidated revenue spending, which includes the provincial government's annual direct disbursements, fell from over 20 per cent of provincial GDP in the early 1990s to about 15 per cent in 2008/09.

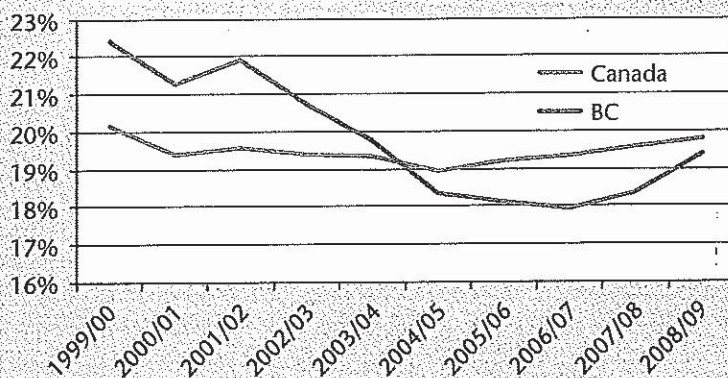
Consolidated revenue spending, which includes the provincial government's annual direct disbursements, fell from over 20 per cent of provincial GDP in the early 1990s to about 15 per cent in 2008/09. The results are similar when provincial spending is measured under the GAAP—the new system of accounts the government intro-

Figure 3: BC Provincial Expenditure as a Percentage of GDP



Source: BC Ministry of Finance, 2009 *British Columbia Financial and Economic Review*, (Sept. 2009) Tables A2.8 and A3.6.

Figure 4: Provincial Expenditures as a Percentage of GDP, BC and Canada



Source: Author's calculations based on Statistics Canada data on provincial and territorial general government expenditures on a Financial Management System (FMS) basis (CANSIM 385-0002) and provincial GDP (CANSIM 384-0001).

duced in 2004/05, which includes the expenditures of public schools, universities and hospitals, as well as various service delivery agencies and the net financial results for provincial crown corporations. GAAP expenditures were 22 per cent of GDP at the start of the new millennium, but fell to 19 per cent of GDP in 2008/09.

BC's provincial spending pattern has differed considerably from the national average since 2000 (see Figure 4). While provincial government expenditures remained flat (on average) across Canada, BC's provincial spending fell relative to GDP in the early 2000s and only started to recover in 2007/08.

CONCLUSION

The last 20 years have seen a deliberate reduction in the size and scope of BC's public sector. We have increasingly shifted away from using tax revenues to fund collectively-provided services and toward increased pressure on individuals and their families to pay for education, seniors' care and other needed programs. The results have been lower economic security and increased hardship for the most vulnerable British Columbians, well documented in a number of CCPA studies (the Economic Security Project in particular).

Proponents of small government continue to claim that our public sector is bloated and inefficient, but in reality BC's public sector is the leanest in Canada. Now that public sector budgets have come under pressure from the recession and there is talk of additional belt-tightening after the Olympics, it is more important than ever to go back to the facts.

Cutting public sector jobs and/or reducing public sector wages would reduce incomes for a large number of hard-working British Columbians and put a drag on the economy precisely at the wrong time, as the province enters what is likely to be a slow and weak recovery from the recession. The provincial government has many avenues to address its current fiscal challenges—further cuts to BC's public service should not be one of them. Over the long-term, British Columbians will be better served by strategic public investments in BC's social infrastructure, such as building a high quality early child care and education system and improving the accessibility of post-secondary education.

The provincial government has many avenues to address its current fiscal challenges—further cuts to BC's public service should not be one of them.

NOTES

¹ Note that Statistics Canada's employment figures count jobs rather than full-time equivalents (FTEs) and as such they do not distinguish between full-time and part-time positions.

² The Consolidated Revenue Fund (CRF) is the province's main operating account, which captures BC's annual receipts and disbursements and has been in use since BC entered Confederation. The BC government introduced a new system of accounts in 2004/05, based on Generally Accepted Accounting Principles (GAAP), which includes the revenues and expenditures of public schools, universities and hospitals, as well as various service delivery agencies (such as BC Transportation Financing Authority and Community Living BC) and the net financial results for provincial crown corporations. As a result, government spending measured by the GAAP is considerably higher than that measured by the CRF.

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CANADA

COALITION OF BC BUSINESSES

Small Business Economic Outlook and Employment Standards Survey

June 2004

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COALITION OF BC BUSINESSES

The Coalition of BC Businesses was formed in 1992 to represent the voice of small and medium-sized businesses in the development of British Columbia's labour and employment policies.

The Coalition is made up of organizations that collectively represent over 50,000 small and medium-sized businesses active in all sectors of BC's diverse economy in communities throughout the province.

The Coalition's focus is the development of labour policies that will help foster a positive relationship between employers and employees and a climate for economic growth, opportunities and jobs.

EXECUTIVE SUMMARY

- The Coalition of BC Businesses commissioned a survey to gauge the opinions of employers on the economic outlook of their small businesses and to measure their awareness, attitudes and application of the 2002 Employment Standards Act amendments.
- The BC government introduced the 2002 employment standards changes to increase business activity and employment by providing employers and employees with greater flexibility to tailor workplace conditions to their own unique circumstances and customer needs. The changes were also introduced to ensure BC's employment standards laws are competitive with other jurisdictions.
- **Firms responded favourably to impact of 2002 Employment Standards Act changes on their business conduct.**
Seventy one percent of respondents said the employment standards changes would increase flexibility in dealing with employees.
- **Small Businesses confirm positive effect from specific changes to employment standards.**
Nearly seven out of ten of businesses that made business-practice changes as a result of the 2002 amendments said the changes to minimum shift hours had a positive effect on their business.
- **Firms generally familiar with employment standards changes.**
Six out of ten firms indicated an awareness of changes in the Employment Standards Act in 2002.

Upbeat Economic Outlook

- **BC small businesses bullish about future**
Eighty seven percent of respondents said they were optimistic about the future of their business.
- **Sales are up**
Seventy five percent of firms had the same or increased sales compared to two or three years ago.
- **Employment on the rise**
Seventy nine percent of firms had the same or more employees than two or three years ago.

Employment Standards Act Survey

- **Strong overall approval of the 2002 changes to the Employment Standards Act.** Seventy eight percent of all respondents, and eighty six percent in the restaurant/food store segment, approved of the changes made to the Employment Standards Act.

Conclusion: Maximizing Awareness and Use of Employment Standards in the Workplace

- The Employment Standards Act amendments of 2002 appear to be achieving their objectives among those employers who are aware of and are using these changes.
- The survey, however, reported gaps in awareness, understanding and use of the Employment Standards Act among some small business employers.
- It is clear that the BC economy could derive further benefit from the Act if government, with the support of the business community, made a concerted effort to communicate the amendments and the advantages they represent to employers and employees alike.

INTRODUCTION

The Case for Amending the Act

Prior to the 2002 legislative amendments, the Employment Standards Act imposed very rigid standards with virtually no opportunity for employers and employees to adapt those standards to meet their own unique needs and circumstances.

The one-size fits all approach to employment standards created needless obstacles to growth in business activity and employment. Overtime, hours of work and termination provisions were inflexible and prevented businesses from responding to the ebbs and flows of economic cycles and work that was project-oriented or seasonal in nature.

The challenge was to strike a fair balance between the need for businesses to operate flexibly and the need to provide adequate protection for employees.

2002 Employment Standards Changes

The BC Government moved to modernize employment standards by creating greater flexibility for employees and employers, reducing unnecessary regulation and bringing mandatory penalties into force. The government's amendments to the Employment Standards Act and Regulation took effect on November 30, 2002.

The Coalition of BC Businesses supported these changes as they were seen to modernize and simplify BC's employment standards rules. At the same time, the new Act cracked down on employers who broke the rules by enforcing the highest mandatory penalties in Canada: \$500 the first time, \$2,500 the second, and \$10,000 the third. (See Appendix A for the 2002 Employment Standards Act and Regulation amendments).

Small Business Economic Outlook and Employment Standards Act Survey

The Coalition of BC Businesses developed the *Small Business Economic Outlook and Employment Standards Act Amendments Survey* as a tool for the employer community to assess awareness and impact of the 2002 amendments, and to explore the potential need for further changes to the Act.

The Coalition of BC Businesses commissioned Western Opinion Research to survey 500 randomly selected BC small businesses between April 5 and 19, 2004. The purpose of the survey was to:

- Determine the awareness and use of 2002 changes to the Employment Standards Act
- Determine the opinions of these changes
- Determine the perception of the need for clarification of, or more information about the employment standards changes

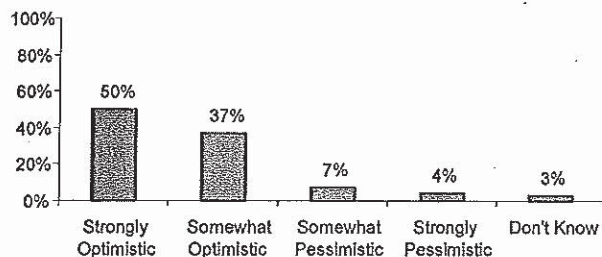
The survey also presented an opportunity to gauge employers' opinions of their economic indicators and levels of business confidence. The results of the survey are found in the 'detailed findings' section.

DETAILED FINDINGS

BC small businesses are more optimistic about the future.

Respondents were asked if they are generally optimistic or pessimistic about the future of their business over the next year or two. Results show that nearly nine out of ten small businesses (87%) are optimistic about the future. One-half of respondents (50%) are strongly optimistic about the future of their businesses while a further 37 percent are somewhat optimistic.

Figure 1:
Level of Optimism for BC Businesses



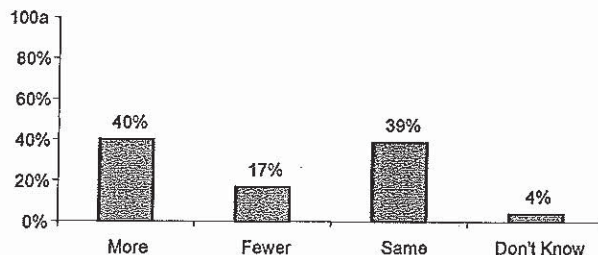
Firms have more employees now than before the employment standards amendments.

Respondents were asked if they had more, fewer or the same number of employees as they did two or three years ago. Results show that a higher proportion of businesses say they have more employees (40%) than fewer employees (17%). The balance of businesses (39%) has the same number of employees.

"We just got more jobs, more work."

- small business respondent

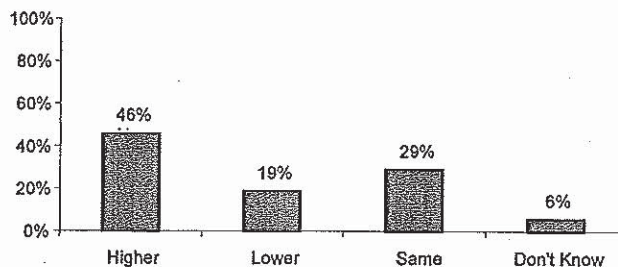
Figure 2:
Gaining/Losing Employees in the Last Two or Three Years



Firms are making more sales now than before the employment standards amendments.

Nearly one-half of businesses (46%) have increased sales compared to two or three years ago, which is substantially higher than the percent of businesses that have decreased their sales (19%). Just under one-third (29%) report that sales are the same.

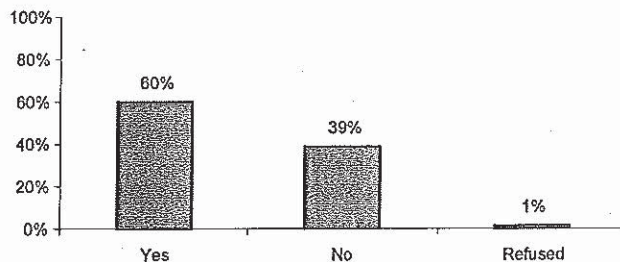
Figure 3:
Sales Growth or Decline in the Last Two or Three Years



Majority of firms cited an awareness of changes to the Employment Standards Act in 2002.

Respondents were queried on their general awareness of changes to the Employment Standards Act in 2002. Six out of ten respondents said they were aware of the Employment Standards Act changes compared to 39% who said they were not aware of the changes.

Figure 4:
Awareness of Employment Standards Act Changes

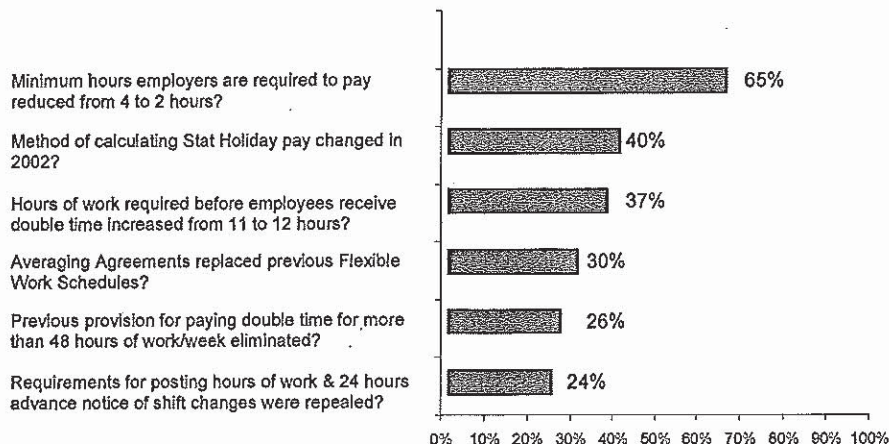


Reference to specific changes to the Employment Standards Act generated greater overall awareness.

In a series of follow-up questions, respondents were asked if they were aware of a number of "specific" changes to the Employment Standards Act.

Figure 5:
Awareness of Employment Standard Act Changes

Were you aware of the following changes to the Employment Standards Legislation in 2002?



High Awareness

The majority of respondents said they were aware of the changes in minimum shift hours from four to two hours (65%).

Moderate Awareness

Two in five respondents said they were aware of changes to the method of calculating overtime (40%) and that the hours of work required before employees receive double time increased from 11 to 12 hours (37%).

Low Awareness

Somewhat lower levels of awareness were reported with respect to Averaging Agreements replacing

previous Flexible Work Schedules (30%), the elimination of the provision for paying double time for more than 48 hours/week (26%) and the repeal of requirements to post hours of work and notice of shift changes 24 hours in advance (24%).

"Make legislation more understandable to employers, and less open to interpretation."

- small business respondent

Businesses confirm positive effect from specific changes to employment standards.

Respondents who were aware of specific changes to employment standards were asked if the 2002 amendments had a positive or negative effect, or no effect at all on their businesses.

"Changing the minimum shift from four hours to two created more flexibility. It gave students a lot more jobs."

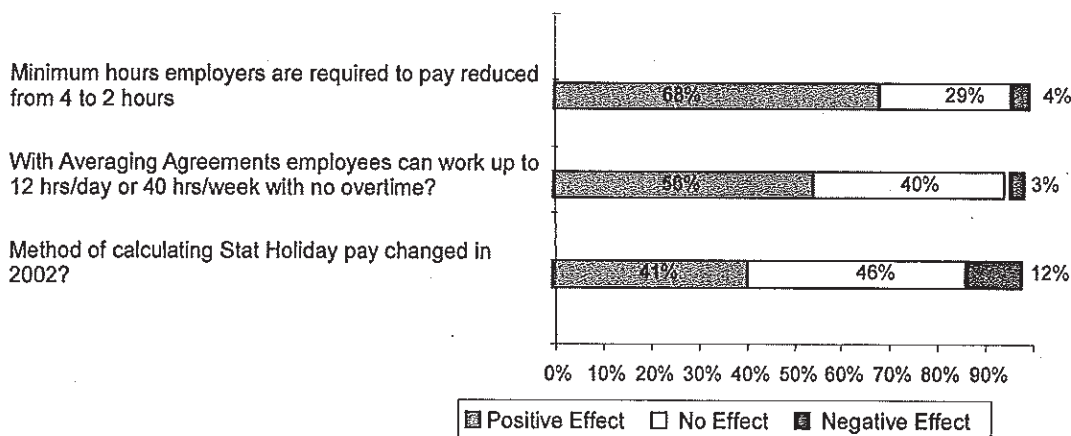
- small business respondent

Among firms that made business-practice changes as a result of the 2002 amendments, results show that the effect of these changes was generally positive.

In particular, the majority of these businesses cited positive effects from changes in minimum hours (68% positive) and changes to hours of work averaging agreements from 12 hours per day or 40 hours per week (56% positive). With respect to simplifying the method of calculating stat holidays, 41% said the change was positive.

Figure 6:
Positive or Negative Effect on Business

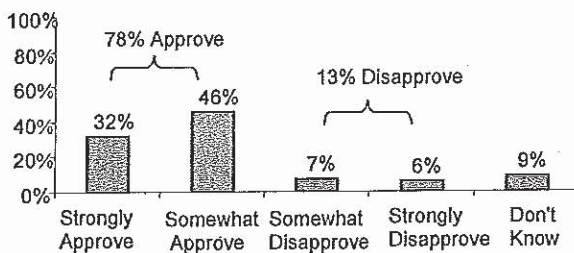
Did these changes to the Employment Standards Legislation in 2002 have a positive effect, a negative effect or no effect on your business?



Strong approval of changes to the Employment Standards Act in 2002.

Once businesses learn about the changes, the approval rating for the amendments increased dramatically. Nearly eight out of ten respondents approved of the employment standards changes.

Figure 7:
Approval Rating for Employment Standards Act Changes

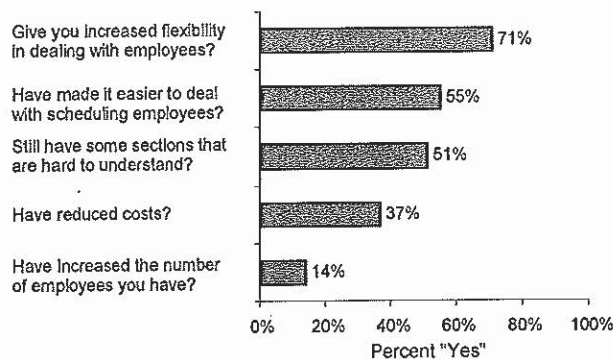


Firms responded favourably to the impact of 2002 Employment Standards Act changes on their business conduct.

Respondents were asked a series of closed-ended questions to gauge the effect that the 2002 Employment Standards Act changes would have on their business practices.

Figure 8:
2002 Employment Standards Act Effects

Would you say that in total, the changes to the Employment Standards Act introduced in 2002:



Results show that amendments to the 2002 Employment Standards Act had far reaching effects

"It just allowed us to get our staff focused on the task at hand, which helps everyone here."

- small business respondent

on BC small business that were applying the changes. In particular, the majority of businesses agreed that the changes provided "increased flexibility in dealing with employees" (71%) and that it "made it easier to deal with scheduling employees" (55%).

Also noteworthy in the findings is that a significant proportion (51%) agrees that some sections of the Employment Standards Act are hard to understand.

Awareness, use and understanding of Averaging Agreements ranks low.

Only 30% of respondents said they were aware of hours of work averaging agreements. Those who were aware of them were asked to what extent they use, understand and want to know more about hours of work averaging agreements.

Use of hours of work averaging agreements is low. Only 15% of those aware say they use hours of work averaging agreements.

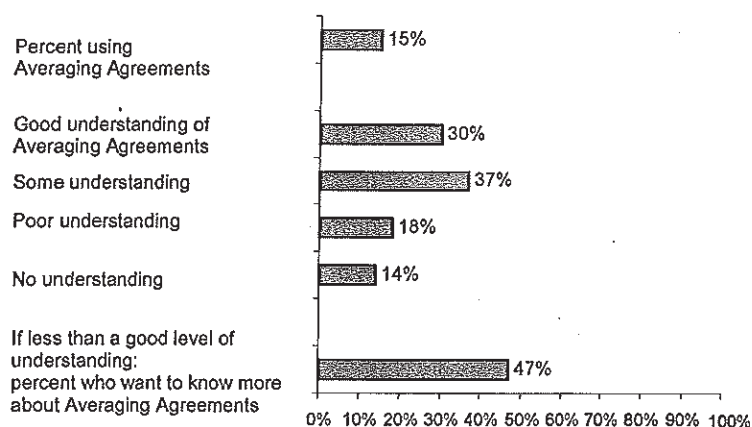
Of those aware of averaging agreements, 30% say they have a good understanding of how it works while 37% claim to have some understanding. About one-third of respondents (32%) say they have a poor or no understanding of hours of work averaging agreements.

Among those with less than a good understanding of hours of work averaging agreements, about half of them would like more information.

When broken down into size of businesses, 27% of large businesses (more than 16 employees) are using averaging agreements, while no businesses surveyed with fewer than seven employees are using averaging agreements. Larger businesses are also more likely to have a better understanding of averaging agreements than small businesses.

It appears that businesses that need averaging agreements are aware of them and making use of them as well.

Figure 9:
Averaging Agreements



APPENDIX A: RESEARCH METHODOLOGY

A telephone survey of 500 randomly selected small businesses was conducted between April 5 and 19, 2004. The results of the survey reflect the views of all eligible BC small businesses to within plus or minus 4.5 percentage points at the 95 percent level of confidence.

Interviews were conducted with the person responsible for, or involved with decisions about hiring and scheduling employees. Companies having unionized work forces were eliminated from the survey by administering a screening question in the survey introduction. During the fielding of the survey, respondents' business types were monitored to ensure that a representative distribution of industries was being interviewed.

All the telephone interviewing was conducted from the Western Opinion Research call centre. To ensure quality control, between 10 and 15 percent of the interviews were monitored by a supervisor. The questionnaire averaged 11 minutes in length.

The sample of BC businesses was randomly taken from a purchased list of BC business telephone numbers. The criterion for sample selection was that the businesses have 50 or fewer employees.

Business Types in the Sample

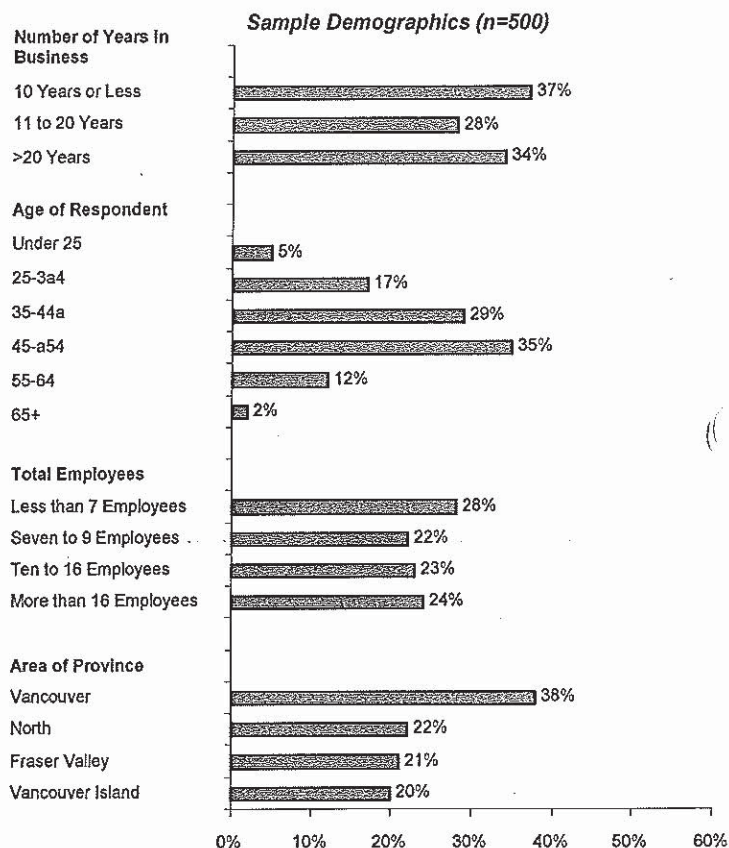
Results show that the distribution of business types in the survey sample is very comparable to that for the general business population. The only notable difference in the survey sample from the population is a slightly higher proportion of "eating & drinking places" (13%) as compared to the total provincial business population (6%). This is not unexpected given that the sample criterion is limited to businesses with 50 or fewer employees and excludes businesses with unionized employees, while the provincial comparison includes all business.

The largest share of interviews fell into three main business classifications: Services (37%), Other Retail (20%) and Eating and Drinking Places (13%).

Demographic Information

The following table summarizes various demographic details about the businesses (Years in business, Age of Respondent, Total Number of Employees, and Area of Province).

Figure 10:
Demographic Information



APPENDIX B: SUMMARY OF 2002 EMPLOYMENT STANDARDS ACT AMENDMENTS

Changes to BC's Employment Standards Act and Regulation come into effect on Nov. 30, 2002. The changes, introduced in Bill 48, the Employment Standards Amendment Act, include:

Mandatory penalties

Employers who violate employment standards will face escalating penalties ranging from \$500 to \$10,000. A penalty will be mandatory whenever the Employment Standards Branch issues a determination.

Flexibility in work hours

Employers and employees can agree to a work schedule under the 40-hour workweek umbrella that averages hours over one, two, three or four weeks with an averaging agreement.

Overtime is payable for unscheduled extra hours worked in an averaging agreement, or if the employee works more than an average of 40 hours in a week.

Changes in overtime rules

Overtime is time-and-a-half after eight hours in a day or 40 hours in a week, and double-time after 12 hours worked in a day.

Statutory holiday pay

To be eligible for statutory holiday pay, a worker must have been employed for 30 calendar days and have worked or earned income on 15 of the previous 30 days. Employees who work under averaging agreements do not have to meet the 15-day minimum.

The policy continues for eligible employees who work on a statutory holiday. The employee must be paid time-and-a-half for the first 12 hours and double-time for working more than 12 hours. In addition to the statutory holiday pay, the employee must also receive a paid day off or an average day's pay.

Changes to the Employment Standards Regulation

Special overtime rules for sectors including agriculture, taxis, trucking, oil and gas exploration and silviculture are being changed to align with general rules. As with other employees in BC, workers in these industries will be paid time-and-a-half for weekly overtime.

Fish farm employees who work more than 35 hours per week are excluded from overtime and hours of work requirements so that tasks can be performed as needed.

Fish farm employees who are required to be on site 24 hours per day must have at least 12 hours of total rest and at least eight consecutive hours of rest every day.

A clearer definition of "manager" will include a person whose principal employment responsibilities consist of supervising or directing human or other resources.

A new definition of "high-technology professional" is based on the nature of the work rather than specific job titles.

Other employees in high-technology companies will be able to enter into averaging agreements without fixed work schedules.

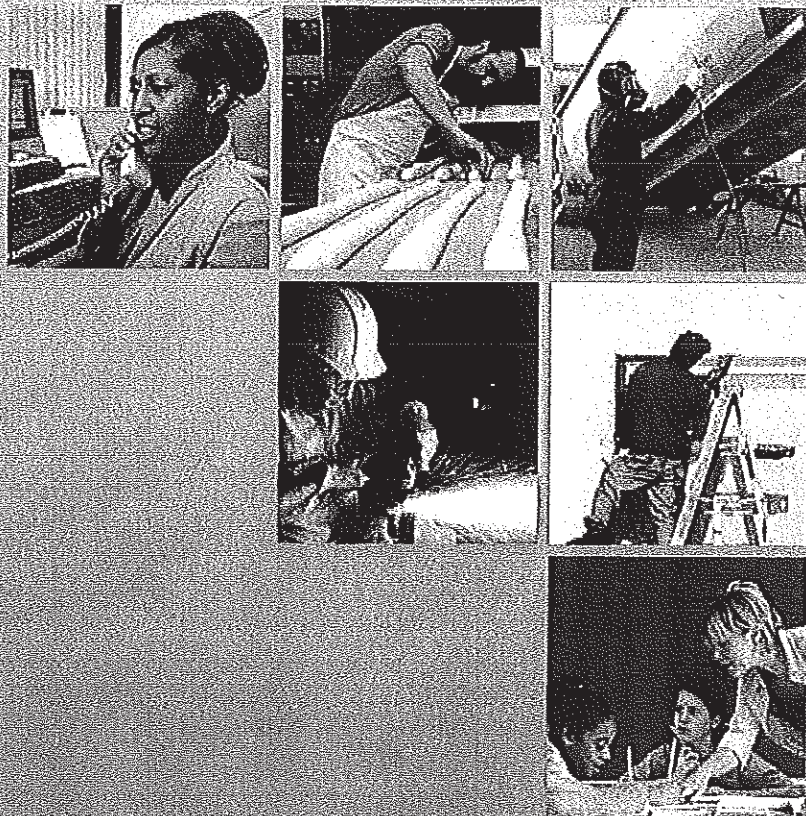
Sales commissions can be used to meet overtime and statutory holiday pay requirements as long as employees are paid at least what they would have earned at their base wage rate.

Certain "high-end commission salespeople" are excluded from most rules governing hours of work, overtime and statutory holiday pay. This includes people who sell or lease automobiles, trucks, motor homes and heavy industrial equipment.

January 2009

The Economic Effects of Increasing British Columbia's Minimum Wage

by Keith Godin and Niels Veldhuis





**Studies in
Labour Markets**

January 2009

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Executive summary

Minimum wages have long been the subject of considerable attention and debate. The controversy surrounding minimum wages arises from the tension between well-intentioned efforts to increase incomes for lower-income workers and the significant negative economic costs associated with increasing minimum wages. This controversy is also fuelled by a general misunderstanding of what kinds of workers actually earn the minimum wage.

The purpose of this study is to provide British Columbians, and indeed all Canadians, with an up-to-date account of these realities and other economic costs of the minimum wage. The study also aims to empirically assess the employment losses associated with increasing the minimum wage in British Columbia. Together, these analyses will help inform the public and policy makers about the impacts of increasing minimum wages.

Minimum wage earners in British Columbia

Minimum wage laws establish the lowest level of hourly pay that employers must pay workers. British Columbia's general minimum wage rate is currently \$8.00 per hour, the 5th highest among the Canadian provinces. However, BC has one of the highest minimum wage rates relative to average earnings (37.8%) when compared with those in all 10 Canadian provinces and 50 US states (7th highest out of 60).

In British Columbia, 62,600 workers earned the minimum wage in 2007, representing 3.4% of total employment. The majority of individuals earning the minimum wage were young workers between the ages of 15 and 24 (55.9%), most of whom (86.6%) were living at home with family. More than half of these young workers were also attending school. Many of the remaining individuals earning minimum wages were adults supplementing their family income with part-time work during child-rearing years or after retirement. In general, the typical minimum wage worker in British Columbia—and across Canada—is someone who is young and living at home. As such, minimum wage increases would mainly affect younger workers, and would have a negligible effect on adults, generally, and those supporting families, specifically.

The economic effects of increasing minimum wages

A large body of research from Canada and around the world demonstrates convincingly that high minimum wages lead to lower employment levels. A recent, comprehensive study by renowned minimum wage experts University of California Professor David Neumark and US Federal Reserve Board economist Dr. William Wascher (Neumark and Wascher, 2007a) reviewed over 100 studies covering 20 countries over the past 15 years and found that the “overwhelming majority” of studies, especially the most credible, consistently show that minimum wage increases result in decreases in employment.

There have also been numerous studies that specifically examine the extent to which high minimum wages affect employment in Canada. This study examines 14 Canadian studies that focus on how minimum wage changes affect the employment of young workers (those between the ages of 15 and 24 years old). The Canadian studies span almost 30 years and can be organized into two groups: (1) 12 studies that examine the impact of increasing the minimum wage on large groups of people who typically earn the minimum wage (i.e., teens and young adults); and, (2) three studies that examine the employment effects on workers who are most directly affected, that is, workers earning a wage that falls in between the old minimum wage and the new minimum wage after a policy change. [1] The results are striking. The first group of studies report employment effects ranging from -0.3 to -0.6, meaning that a 10% increase in the minimum wage will likely decrease employment among those who typically earn minimum wage by 3% to 6%. The second group of studies report employment effects ranging from about -0.45 to -2.0, meaning that a 10% increase in the minimum wage will decrease employment among this smaller, more directly affected group of workers by 4.5% to 20%.

Furthermore, research shows that higher minimum wages have other negative effects including fewer benefits and less training for workers. Higher minimum wages can also have the unfortunate effect of inducing high school students to drop out and search for employment. Fewer employment opportunities and less education and training are particularly harmful, given that experience and skill development are important drivers of higher wages. All these negative effects support the conclusion that high minimum wages have no appreciable effect on alleviating poverty.

1 One study, Campolieti et al. (2006), examines both approaches and thus is counted in both groups.

The employment effects of increasing BC's minimum wage to \$10

This study estimates the employment loss associated with increasing British Columbia's minimum wage to \$10 per hour, a level advocated by numerous union and activist groups. Specifically, estimates of the employment effects from existing Canadian studies are used to estimate the loss in employment for teens and youths. As noted above, Canadian research finds that the employment effect for those workers directly affected range from -0.45 to -2.0, meaning a 10% increase in the minimum wage would likely decrease employment by 4.5 to 20.0%. Increasing British Columbia's minimum wage from \$8 to \$10 per hour represents a 25% increase for those earning the minimum wage and an average increase of 12.5% for workers earning between \$8 and \$10 per hour. Therefore, the average wage increase for all 158,800 young BC workers either earning the current minimum wage or earning between \$8 and \$10 per hour is 15.3%. This 15.3% increase in the minimum wage would be associated with a 6.9% to 30.5% loss in employment for teens and youths directly affected, equal to a loss of 10,898 to 48,434 jobs for these workers.

The employment effect for all teen and youth workers ranges from -0.3 to -0.6, meaning that a 10% increase in the minimum wage would decrease employment by 3.0% to 6.0%. Using estimates of the employment effect described above, a 25.0% increase in the minimum wage would be associated with a 7.5% to 15.0% loss in employment for teens and youths, equal to a loss of about 25,100 to 52,200 jobs. Thus, the overall range of employment loss expected from increasing British Columbia's minimum wage to \$10 per hour is 10,898 to 52,200 jobs.

The bottom line is that while increasing the minimum wage to \$10 per hour may be well intentioned, it will have a profound negative effect on those currently earning the minimum wage, and will have almost no effect on those in greatest need. If the government wishes to raise the incomes of and improve economic opportunities for British Columbia's working poor, it would be wise to steer clear of increasing the minimum wage.

Introduction

British Columbia has a long history with minimum wage legislation. Along with Manitoba, British Columbia was the first province in Canada to introduce minimum wage laws in 1918 (McCallum, 1986). Since then, changes to minimum wages have been the subject of considerable attention and debate. The controversy surrounding minimum wages arises from the tension between well-intentioned efforts to increase the incomes of lower-income workers and the significant negative economic costs associated with increasing minimum wages. This controversy is also fuelled by a general misunderstanding of what kinds of workers actually earn the minimum wage.

The purpose of this study is to provide British Columbians, and indeed all Canadians, with an up-to-date account of these realities and other economic costs of the minimum wage. The study also aims to empirically assess the employment losses associated with increasing the minimum wage in British Columbia. Together, these analyses will help inform the public and policy makers about the impacts of increasing minimum wages.

Organization

The first section defines minimum wages and compares British Columbia's minimum wage to those in other Canadian provinces and US states. Section II examines the number, age, and living situation of minimum wage workers in British Columbia. Section III examines the economic effects of higher minimum wages on employment, on-the-job training, education decisions, and poverty. The fourth section provides an estimate of the employment loss associated with increasing the minimum wage in British Columbia, based on existing scholarly research. The final section summarizes this study's findings and offers some conclusions.

I. Defining and measuring minimum wages

Minimum wage laws establish the lowest level of hourly pay that employers must pay workers. This wage rate, which is set by a government body (i.e., the Ministry of Labour and Citizens' Services in British Columbia), tends to be increased periodically. [2]

There are two main ways of comparing minimum wages across jurisdictions. The first and most common way is comparing statutory rates—the hourly rate established by government. The other way is to compare minimum wage income relative to average earnings within a jurisdiction. This study uses both measures to compare minimum wages in British Columbia with those in the other nine Canadian provinces and 50 US states.

Statutory minimum wage rates

Table 1 shows the general minimum wage rates for British Columbia and the other Canadian provinces for 2008. British Columbia has the 5th highest minimum wage in Canada at \$8.00 per hour. Ontario has the highest minimum wage at \$8.56, followed closely by Saskatchewan at \$8.48 and Manitoba at \$8.38. [3] Neighbouring Alberta has a minimum wage rate of \$8.30 per hour while New Brunswick has the lowest minimum wage rate in Canada at \$7.63 per hour. [4]

- 2 While minimum wage rates are broadly designed to create a base level of pay for all workers, there are exemptions for certain types of workers and/or minimum wage rates for certain sectors. For example, British Columbia has a rather large minimum wage exemption for inexperienced workers. New entrants to the labour force can be paid \$6.00 per hour up until they have worked 500 hours, after which they have to be paid the general minimum wage (\$8.00 per hour). British Columbia also has specific minimum wage rates for live-in home support workers and resident caretakers of apartment buildings, as well as piece rates for harvesting certain crops. For details, see British Columbia (2008).
- 3 Note that these rates are pro-rated averages of the legislated minimum wage rates during 2008. Ontario, for example, changed its minimum wage from \$8.00 to \$8.75 on March 31, 2008, resulting in an average rate of \$8.56 for 2008 (see notes in table 1 for details).
- 4 Four provinces have scheduled increases in their minimum wages in 2009: Newfoundland & Labrador will increase its minimum wage to \$8.50 on January 1 and again to \$9.00 on July 1; Nova Scotia will increase its minimum wage to \$8.60 on April 1; Ontario will increase its minimum wage to \$9.50 on March 31; and, Saskatchewan will increase its minimum wage to \$9.25 on May 1 (Human Resources and Social Development Canada, 2008).

Table 1: Statutory minimum wage rates in Canada, 2008

	Minimum wage (per hour)
New Brunswick	\$7.63
Prince Edward Island	\$7.73
Newfoundland & Labrador	\$7.88
Nova Scotia	\$7.93
British Columbia	\$8.00
Alberta	\$8.30
Quebec	\$8.33
Manitoba	\$8.38
Saskatchewan	\$8.48
Ontario	\$8.56

Notes:

- 1 Alberta's minimum wage rate changed from \$8.00 to \$8.40 as of April 1, 2008; the minimum wage presented is a pro-rated average.
- 2 Manitoba's minimum wage rate changed from \$8.00 to \$8.50 as of April 1, 2008; the minimum wage presented is a pro-rated average.
- 3 New Brunswick's minimum wage rate changed from \$7.25 to \$7.75 as of March 31, 2008; the minimum wage presented is a pro-rated average.
- 4 Newfoundland & Labrador's minimum wage rate changed from \$7.50 to \$8.00 as of April 1, 2008; the minimum wage presented is a pro-rated average.
- 5 Nova Scotia's minimum wage rate changed from \$7.60 to \$8.10 as of May 1, 2008; the minimum wage presented is a pro-rated average.
- 6 Ontario's minimum wage rate changed from \$8.00 to \$8.75 as of March 31, 2008; the minimum wage rate presented is a pro-rated average.
- 7 Prince Edward Island's minimum wage rate changed from \$7.50 to \$7.75 as of May 1, 2008, and changed to \$8.00 as of October 1, 2008; the minimum wage presented is a pro-rated average.
- 8 Quebec's minimum wage rate changed from \$8.00 to \$8.50 as of May 1, 2008; the minimum wage presented is a pro-rated average.
- 9 Saskatchewan's minimum wage rate changed from \$8.25 to \$8.60 as of May 1, 2008; the minimum wage rate presented is a pro-rated average.

Source: Human Resources and Social Development Canada, 2008; calculations by authors.

By comparison, in the United States, the federal minimum wage effective July 24, 2008, is US\$6.55 per hour. Prior to the July increase, the federal minimum wage rate was \$5.85 per hour, resulting in an average rate of \$6.16 for 2008. [5] The US federal minimum wage rate will be increased again on July 24, 2009, to \$7.25. The US federal minimum wage covers workers who are

- 5 International comparisons need to be used with caution as there are significant differences in how other countries legislate minimum wages. For example, some countries (like Canada) let subnational jurisdictions set minimum wages while others legislate national minimum wages.

employed by government agencies or by firms with at least \$500,000 revenue and/or are engaged in interstate commerce. [6] However, states are free to set a higher minimum wage, which typically applies to the same group of workers covered under federal law. [7] As of July 24, 2008, there were 14 states [8] with the same minimum wage as the federal government; 24 states [9] with a minimum wage higher than the federal level (Washington, at \$8.07 per hour, and California and Massachusetts, at \$8.00 per hour, have the highest minimum wages); and seven states [10] with minimum wages below the federal level (ranging from \$2.65 in Kansas to \$6.50 in New Mexico and Wisconsin). The remaining five states [11] have no minimum wage laws. In these states, the federal minimum applies to workers who are covered under the federal legislation.

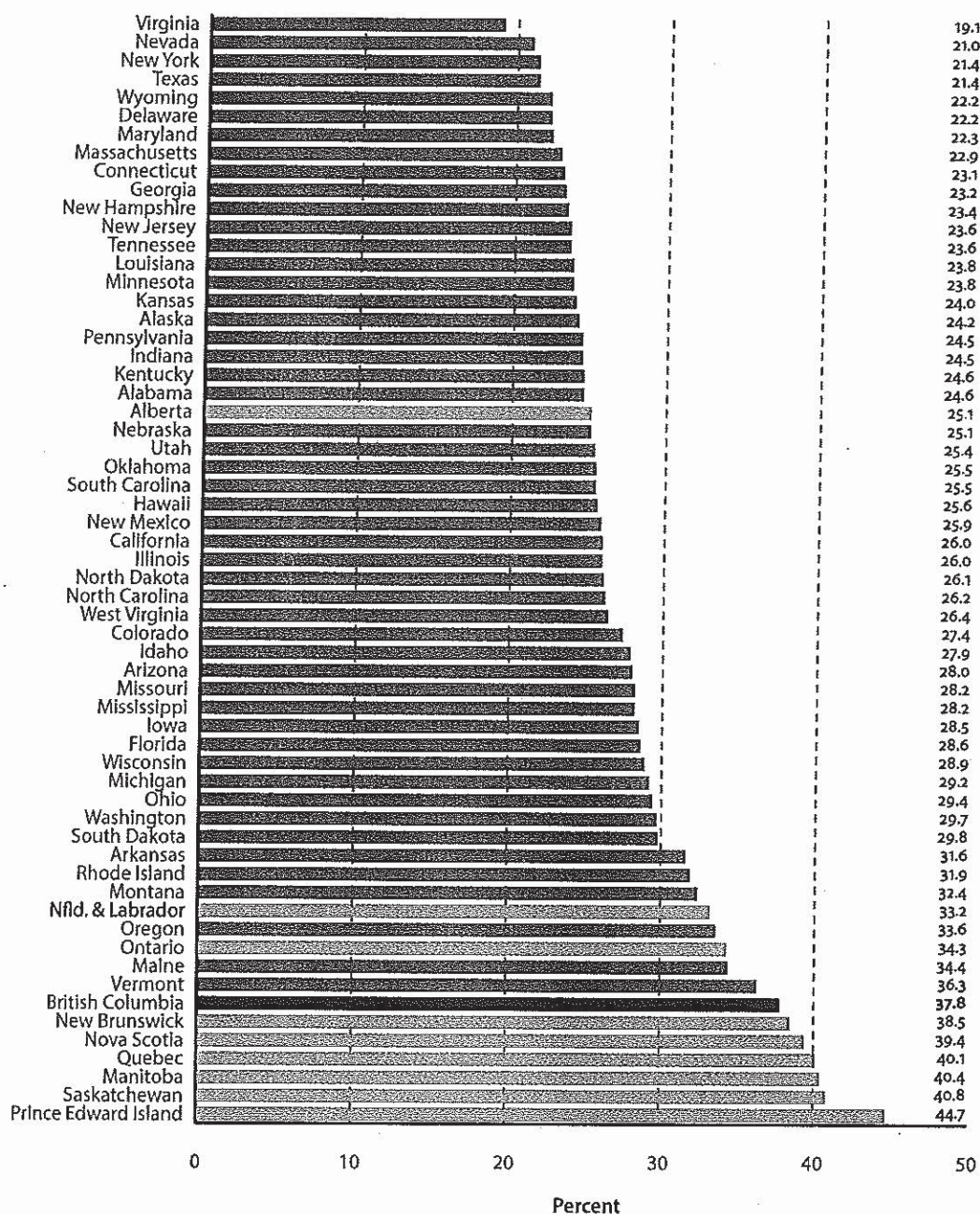
Minimum wage as a percentage of per-worker wages and salaries

An important element is missed when minimum wages are compared only in terms of statutory rates. In order to measure how high minimum wages are in the context of each jurisdiction's ability to pay minimum wages, the income generated by earning the minimum wage needs to be compared to average earnings. Minimum wage as a percentage of average earnings can be obtained by calculating the annual income earned by someone working full-time for minimum wage as a ratio of average annual wages and salaries (i.e., earnings) per worker.

Figure 1 shows minimum wages as a percentage of wages and salaries per worker for the 10 Canadian provinces and 50 US states for 2007. British Columbia's minimum wage as a percentage of earnings per worker was relatively high (37.8%), making BC 54th out of the 10 Canadian provinces and 50 US states, the vast majority of which had lower minimum wages. British Columbia's minimum wage was about 50% larger than that in neighbouring Alberta (25.1%), and was similar to wages in New Brunswick (38.5%)

- 6 The US Department of Labor estimates that the federal minimum wage covered approximately 130 million workers in 2007 (United States Department of Labor, 2007).
- 7 See United States Department of Labor (2008) for a detailed breakdown of worker coverage by state.
- 8 Idaho, Indiana, Kentucky, Maryland, Montana, Nebraska, New Hampshire, North Carolina, North Dakota, Oklahoma, South Dakota, Texas, Utah, and Virginia.
- 9 Alaska, Arizona, California, Colorado, Connecticut, Delaware, Florida, Hawaii, Illinois, Iowa, Maine, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, and West Virginia.
- 10 Arkansas, Georgia, Kansas, Minnesota, New Mexico, Wisconsin, and Wyoming.
- 11 Alabama, Louisiana, Mississippi, South Carolina, and Tennessee.

Figure 1: Minimum wages as a percentage of per-worker wages and salaries, 2007



Note: Data for wages in the United States are available up to 2006; data for 2007 were estimated by applying an average growth rate of wages and salaries from 2004 to 2006 to 2006 data.

Sources: Human Resources and Social Development Canada, 2008; Statistics Canada, 2008c; US Department of Labor, 2008; US Department of Labor, Bureau of Labor Statistics, 2008; calculations by authors.

and Nova Scotia (39.4%) (figure 1). [12] Put differently, a resident of British Columbia earning the minimum wage could earn about two fifths of the average per-worker earnings of the province. A resident earning minimum wage in Alberta, on the other hand, could earn about one quarter of the province's average per-worker earnings.

Conclusion

British Columbia maintains one of the highest minimum wage rates in Canada and the United States. In 2008, British Columbia's statutory minimum wage rate was \$8.00 per hour, the fifth highest in Canada. British Columbia's minimum wage as a percentage of earnings per worker for 2007 was 37.8%, making BC 54th out of the 10 Canadian provinces and 50 US states, the vast majority of which had lower minimum wages.

12 British Columbia's minimum wage is also high relative to average wages and salaries over the last few years. When a sensitivity analysis was completed using a three-year average (2005-2007) and a five-year average (2003-2007), the overall rankings were similar to rankings for 2007, and British Columbia ranked 56th and 59th, respectively.

II. Profile of minimum wage earners in British Columbia

To analyze the impact of minimum wage increases, it is critical to understand who earns the minimum wage. This section presents the number, age, and living situation of minimum wage earners in British Columbia.

Number and age distribution of minimum wage workers

Table 2 presents the number of workers earning minimum wage by age in British Columbia in 2007. Overall, there were 62,600 workers earning the minimum wage in British Columbia in 2007, representing 3.4% of total employment. This means that the overwhelming majority of workers in British Columbia earn more than the minimum wage.

The highest percentages of minimum wage workers were found among the two youngest age groups. In 2007, 18.8% of workers aged 15 to 19 and 4.6% of workers aged 20 to 24 worked for minimum wage. In comparison, only 2.3% of those aged 25 to 34 earned minimum wage; 1.5% of those aged 35 to 44; 1.4% of those aged 45 to 54; and 2.5% of those over 55. Statistics Canada reports that the higher incidence of minimum wage workers among seniors "reflects some of the low-wage occupations in which working seniors tend to be concentrated" (2006: 14). [13]

Put differently, 40.3% (25,200) of minimum wage earners were between the ages of 15 to 19. Another 15.7% (9,800) were aged 20 to 24. Combined, young workers (those aged 15 to 24) represented 55.9% of all British Columbians earning the minimum wage.

British Columbia's age distribution of minimum wage earners was similar to the national average in 2007 (see Appendix A for a more detailed breakdown of the ages of minimum wage earners across Canada). Across Canada, 45.2% of minimum wage earners are between the ages of 15 to 19, while another 17.2% are aged 20 to 24. Combined, 62.4% of minimum wage earners across Canada are between the ages 15 to 24.

13 These include retail salespersons and clerks; general office clerks; janitors, caretakers, and building superintendents; babysitters, nannies, and parent's helpers; and light-duty cleaners.

Table 2: Number and percentage of workers earning minimum wage by age in British Columbia, 2007

Age group	Total employment	Minimum wage earners	Percentage of workers earning minimum wage	Proportion of minimum wage earners
15-19	134,100	25,200	18.8%	40.3%
20-24	213,900	9,800	4.6%	15.7%
25-34	401,600	9,200	2.3%	14.7%
35-44	429,700	6,600	1.5%	10.5%
45-54	424,600	5,800	1.4%	9.3%
55+	237,100	6,000	2.5%	9.6%
All ages	1,841,000	62,600	3.4%	100.0%

Source: Statistics Canada, 2008a; calculations by authors.

Living situation of minimum wage workers

Table 3 shows the breakdown of BC workers earning minimum wage by their living situation in 2007. There are four general categories: member of a couple, single parent, child or relative living with family, and unattached individual.

Examining the proportion of minimum wage workers by living situation reveals that most of these workers live at home with their families. In 2007, 34,200, or 54.6%, of all 62,600 minimum wage workers were living at home with family. Of these workers, over half (58.2%) were aged 15 to 24 and attending school. The number of minimum wage earners living in other living situations was comparatively small. A little more than one quarter of minimum wage workers were members of a couple. Of the 17,900 who were members of a couple, 14,600 (81.6%) lived in a household with an employed spouse, most of whom earned more than the minimum wage. Deborah Sussman and Martin Tabi (2004) of Statistics Canada suggest that this may reflect the number of women who supplement family income with part-time work during child-rearing years. A further 12.5% were unattached individuals. Only 4.3% of minimum wage workers were classified as single parents.

British Columbia's proportion of minimum wage earners living at home with family is generally the same as the proportion for Canada as a whole. In 2007, 59.7% of all minimum wage earners across Canada lived at home with family (see Appendix A for a more detailed breakdown of the living situations of minimum wage earners across Canada). Of these, 56.6% were between the ages of 15 to 24 and were attending school. The distribution of minimum wage earners across other living situations was also similar: 24.4% were members of a couple, 10.9% were unattached individuals, and 5.1% were single parents.

Table 3: Workers earning minimum wage by family structure in British Columbia, 2007

	Total employment	Workers earning minimum wage	Proportion of minimum wage earners
Total persons	1,841,000	62,600	100.0%
Member of a couple	1,014,900	17,900	28.6%
Spouse not employed	193,400	3,300	5.3%
Spouse employed	821,500	14,600	23.3%
Spouse earning minimum wage or less	11,300	0	0.0%
Spouse earning more than minimum wage	675,000	10,800	17.3%
Spouse self-employed	135,200	3,200	5.1%
Head of family, no spouse present	117,200	2,700	4.3%
Son, daughter, or other relative living with family	360,500	34,200	54.6%
15 to 19 years, in school	66,600	16,900	27.0%
15 to 19 years, not in school	53,700	6,900	11.0%
20 to 24 years, in school	32,300	3,000	4.8%
20 to 24 years, not in school	78,700	3,500	5.6%
25 years or over, in school	8,200	0	0.0%
25 years or over, not in school	121,100	3,800	6.1%
Unattached individual	348,500	7,800	12.5%

Note: A value of zero does not necessarily mean that there are no individuals earning the minimum wage. Statistics Canada explains that some data points are reported within a margin of error for confidentiality reasons. For British Columbia, a value of zero could mean that less than 1,500 individuals are earning the minimum wage.

Source: Statistics Canada, 2008a; personal communication with Fanita Tjiong of Statistics Canada, April 18, 2008; calculations by authors.

Conclusion

In British Columbia, 62,600 workers earned the minimum wage in 2007, representing 3.4% of total employment. Of those earning the minimum wage, well over half (55.9%) were young workers between the ages of 15 and 24. Further, the majority of minimum wage workers were living at home with family; most of these workers were also attending school. In addition, many of the remaining individuals earning minimum wage were adults who were likely supplementing their family income with part-time work during child-rearing years or after retirement. In general, the typical minimum wage worker in British Columbia—and across Canada—is someone who is young and living at home.

III. Economic effects of increasing minimum wages

While the creation of minimum wages may be well intentioned, the reality is that increasing the minimum wage will have numerous adverse effects. In fact, a large and growing body of research from Canada and around the world demonstrates that high and increasing minimum wages negatively affect employment, aspects of compensation such as training and fringe benefits, and education decisions. [14] Minimum wages have also been shown to have no appreciable effect on alleviating poverty.

Impact of increases in minimum wages on employment

One of the most serious consequences of increasing minimum wages is reduced employment opportunities for less skilled and/or young workers. This occurs as employers react to higher wages and labour costs by hiring fewer workers, reducing the number of hours employees work, and relying more heavily on other inputs such as machinery and equipment to keep their businesses going. [15]

It is important to note, however, that employers generally react to higher minimum wages by offering fewer employment opportunities in the future, rather than by terminating those who are already employed (Gunderson, 2007). [16] This is because it takes workers and employers time to adjust to

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- 14 This section focuses on empirical research. There is, however, a large number of theoretical studies that explain in detail how minimum wages impact the labour market. For summaries of the theoretical research, see Law (1998) and West and McKee (1980).
- 15 Neumark (2006) explains that in addition to this "substitution effect," higher minimum wages can also reduce employment through a "scale effect." Higher minimum wages mean that the cost to employers of producing their good or service has increased, which translates into higher prices for consumers. Consumers, wanting fewer goods or services at the higher price, reduce their consumption. As a result, the overall "scale" or operation of the employer must be reduced, creating less of a need for workers.
- 16 Several studies report a significant lag between minimum wage increases and the resulting employment effects. That is, they find larger long-term employment elasticities than short-term elasticities. For Canadian studies on the subject, see Baker et al. (1999), Campolieti et al. (2005b), and Campolieti et al. (2006). For US studies that find similar results, see Partridge and Partridge (1999), Burkhauser et al. (2000), and Neumark (2006).

the new higher wages. Alternatively, employers may react by moving towards more capital-intensive methods of producing goods and services, or towards higher-skilled labour, both longer-term adjustments (Neumark, 2006).

Indeed, a large body of empirical research from Canada and around the world shows high minimum wages have a significant negative effect on the employment opportunities of those who are most likely to earn the minimum wage. [17] In this section, we will review the most important and recent studies to provide readers with an overview and to present the key conclusions found in the literature. [18]

Canadian evidence

There have been a number of studies focusing on how minimum wages have impacted employment in Canada. An important study by West and McKee (1980) was one of the first major Canadian studies to comprehensively review research on the effects of minimum wages. [19] The authors reviewed 20 empirical studies (seven of which were Canadian) and concluded, "From our survey of the empirical work, to date, we reach the strong conclusion that there is no convincing evidence to refute the prediction that minimum wages cause reductions of employment" (1980: 99).

One of the most important and recent Canadian studies was completed by University of Toronto professor Morley Gunderson for the Federal Labour Standards Review Commission. This 2005 report reviewed 23 Canadian studies on the effects of minimum wages. "Overall," Gunderson reported, "it appears that the Canadian studies tend to find adverse employment effects that are at least as large and likely larger than US studies" (2005: 44). Furthermore, Gunderson concluded that the Canadian studies, especially the

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- 17 It is important to understand the method by which most researchers measure the impact on employment resulting from a change to the minimum wage. The large majority of studies measure the impact of minimum wages on employment by estimating what economists call "employment elasticity." In this case, elasticity refers to a measure of how sensitive employment is to changes in the minimum wage. More specifically, it is calculated as the proportionate change in employment divided by the proportionate change in wages caused by an increase in the minimum wage. It is commonly expressed as a percentage change and can be positive or negative. For instance, an employment elasticity of -0.5 implies that a 10% increase in the minimum wage is associated with a 5% reduction in employment.
- 18 In fact, there are hundreds of studies that analyze the effects of minimum wages. While this research has provided overwhelming empirical evidence that minimum wages have negative effects, many of the key findings are repetitive.
- 19 There were earlier Canadian studies examining the economic effects of minimum wages, but they were narrower in scope. For examples, see Cousineau (1979), Fortin (1979), Maki (1979), Swidinsky (1980), and Schaafsma and Walsh (1983).

most credible and recent, show that a 10% increase in the minimum wage leads to a 3% to 6% reduction in the employment of teenagers.

A more in-depth assessment of the Canadian research corroborates the conclusions reached by Gunderson (2005) and the earlier work by West and McKee (1980). Table 4 (pp. 18–19) summarizes the empirical results of 14 Canadian studies that focus specifically on the employment effects associated with increases in the minimum wage. [20] The studies span almost 30 years and concentrate for the most part on the employment effects for teenagers and young adults.

These 14 studies can be divided into two groups: (1) 12 studies that examine the impact of increasing the minimum wage on large groups of people who typically earn the minimum wage (i.e., teens and young adults); and, (2) three studies that examine the employment effects on workers who are most directly affected, that is, workers earning a wage that falls between the old minimum wage and the new minimum wage after a policy change. Analyzing these two groups of studies separately is important because the latter typically report much more significant employment effects.

The first group of studies examines employment effects for more general populations such as teenagers or young adults. [21] While both older and newer Canadian studies report negative employment effects, University of Toronto professor Morley Gunderson explains why there may be good reason to concentrate on more recent results: “More recent studies using different and more sophisticated methodologies as well as more recent data find larger adverse employment effects at the higher end and beyond the consensus range, especially in the longer run. The elasticities typically range from -0.3 to -0.6 for teens (slightly lower for young adults) ... [The] fact they use different data sets and methodologies suggest that these results are robust” (Gunderson, 2005: 44).

Examining the Canadian research from the past decade confirms Gunderson’s conclusion. For example, Baker et al. (1999) examined the employment effects of minimum wage legislation in Canada over the period of 1975 to 1993. The authors found that despite differences across provincial labour markets, a 10% increase in the minimum wage was associated with roughly a 2.5% decrease in teen employment. In a follow-up study, Baker (2005) replicated Baker et al. (1999) using new data for 1983 to 2000. He

20 Gunderson’s (2005) review of 23 Canadian studies includes studies that examine other effects of the minimum wage, such as wage levels, wage distribution, relationship with natural rate of unemployment, spillover effects, and so on.

21 These 12 studies include Cousineau (1979), Fortin (1979), Maki (1979), Swidinsky (1980), Schaafsma and Walsh (1983), McKee and West (1984), Mercier (1985), Cousineau et al. (1992), Baker et al. (1999), Baker (2005), Campolieti et al. (2005a), and Campolieti (2006).

Table 4: Summary of empirical results of Canadian studies examining minimum wage employment effect

Study	Jurisdiction and years covered	Employment	Empirical results
Cousineau (1979)	Quebec; 1968-1977	Teenage employment and female employment	10% increase in minimum wage (relative to average hourly wage in manufacturing) increases unemployment rate by 2.9 percentage points for teenagers, and 1.7 percentage points for females.
Fortin (1979)	Quebec; 1978	Quebec employment	10% increase in ratio of minimum to average industry wage increases unemployment rate by: Young males (15-24): 2.5 to 3.5 percentage points Young females (15-24): 1.5 to 3.0 percentage points Adult females (25+): 0.4 to 0.7 percentage points Overall unemployment rate: 0.6 to 1.0 percentage points
Maki (1979)	Across provinces; 1970-1977	Provincial employment	10% increase in the minimum wage (relative to average wage) increases unemployment rate by 5.6%.
Swidinsky (1980)	Across provinces; 1956-1975	Teenagers (14-19)	10% increase in the minimum wage index (statutory minimum wage rate divided by average hourly earnings in manufacturing, adjusted for the proportion of the non-agricultural labour force covered by the minimum wage) decreases employment to population ratio by 1.0% for males, 2.7% for females, and 1.7% overall.
Schaafsma and Walsh (1983)	Across provinces; 1975-1979	Six categories: males and females in three age groups (15-19, 20-24, and 25+)	10% increase in the minimum wage decreases employment by: Males 15-19: 6.1% Males 20-24: 2.9% Males 25+: 1.5% Females 15-19: 6.0% Females 20-24: 1.8% Females 25+: 0.6%
McKee and West (1984)	Across provinces; 1975-1981	Total working population, males and females in eight provinces (NL and PEI excluded because of small sample size)	10% increase in the minimum wage decreases the ratio of part-time to full-time employment for 12 of the 16 gender/province groups. The most statistically significant results revealed that a 10% increase in the minimum wage decreases the ratio of part-time to full-time employment by 2.96% to 14.86%.
Mercier (1985)	Quebec; 1966-1981	Four age/sex categories: males 14-19; males 20-24; females 14-19; females 20-24	10% increase in the minimum wage decreases employment to population ratio by: Males (14)15-19: 0.05% to 0.234% Males 20-24: 0% to 0.1% Females (14)15-19: 0.1% to 0.28% Females 20-24: 0% to 0.18%

Cousineau et al. (1992)	Ontario; 1968-1990	Youth (16-24) and females	10% increase in ratio of minimum wage to average wage increases unemployment rate by 1.53 percentage points for youth (16-24), and 1.40 percentage points for females. A 13 percentage point increase in the ratio of minimum wage to average industrial wage (a policy proposal at time of study) would result in an employment loss of 43,000 jobs for women and 18,000 jobs for youth in Ontario.
Baker et al. (1999)	Across provinces; 1975-1993	Teenagers (15-19)	10% increase in the minimum wage decreases employment to population ratio by 2.4% to 4.4%.
Yuen (2003)	Across provinces; 1988-1990	Teenagers (16-19) and young adults (20-24)	10% increase in the minimum wage (relative to average wage) decreases employment by: Permanent low-wage teen workers: 8.3% Permanent low-wage young adult workers: 11.9% Campolieti et al. (2005a) calculated the elasticity for the teenage low-wage group (i.e., those affected) to be -1.5, meaning that a 10% increase in the minimum wage would decrease employment in this group by 15%.
Baker (2005)	Across provinces; 1983-2000	Teenagers (15-19) and young adults (20-24)	10% increase in ratio of minimum wage to average wage decreases employment to population ratio by 3.23% to 5.72% for teenagers, and by 0.92% to 1.95% for young adults.
Campolieti et al. (2005a)	Across provinces; 1993-1999	Teenagers (16-19)	10% increase in ratio of minimum wage to average wage would be associated with a 25% reduction in the employment of teenagers—the low-wage workers most likely to be affected by minimum wage increases. 10% increase in the minimum wage decreases total employment in the study by 5%.
Campolieti et al. (2005b)	Across provinces; 1993-1999	Youths (16-24)	10% increase in the minimum wage decreases employment among youth (measured as the transition from employment to non-employment) in the low-wage group (i.e., those directly affected) by 10% to 20%, depending on the empirical methodology. 10% increase in the minimum wage ratio decreases employment (measured as the transition from employment to non-employment) among youths by about 3.0% to 5.0%, depending on the empirical methodology.
Campolieti et al. (2006)	Across provinces; 1981-1997	Teenagers (16-19), youths (20-24), and combined (16-24)	10% increase in minimum wage ratio decreases employment to population ratio by: Teenagers (16-19): 2.5% to 4.2% Youths (20-24): 1.4% to 2.7% Combined (16-24): 2.6% to 4.4% Combined (16-24), affected group: 4.5%

found that a 10% increase in the minimum wage decreased teen employment (those aged 15 to 19) by 4.8% to 5.7% and youth employment (those aged 20 to 24) by 1.7 to 2.0%.

Another important and recent study by Campolieti et al. (2005a), using Statistics Canada data from 1993 to 1999, examined how the 24 minimum wage changes in Canada during that period impacted youth (aged 16 to 19) education and employment outcomes. The authors estimated that a 10% increase in the minimum wage would decrease overall youth employment by 5%. In a follow-up study in 2006, Campolieti et al. found that a 10% increase in the minimum wage was associated with a 1.7% to 4.4% reduction in the employment of youth (aged 16 to 24).

The second group of studies specify employment effects for workers who are most directly affected (i.e., workers who currently earn between the old and new minimum wage). [22] A study by Yuen (2003) tracked the employment effects for a group of workers from 1988 to 1990. He specifically focused on workers aged 16 to 24 who would be "at risk" of a policy change—that is, workers whose wages fall in between the old and new minimum wage. He further subdivided this group into "permanent" workers (who account for more than three quarters of low-wage employment) and "transitory" workers (who account for less than three quarters of low-wage employment). There was virtually no effect for the transitory workers, but there was a large effect for permanent workers. Yuen found that an 8.4% increase in the minimum wage leads to a 7% decrease in teen employment and a 10% reduction for young adults. Put differently, Yuen's results indicate that a 10% increase in the minimum wage leads to an 8.3% decrease in teen employment and a 11.9% reduction for young adults. Based on these results, Campolieti et al. (2005a) calculated an implied low-wage employment effect of -1.5 for teens. This means that a 10.0% increase in the minimum wage decreases employment for this specific group by 15.0%.

Campolieti et al. (2005b) adopted a similar empirical model as Yuen (2003), examining the minimum wage employment effect for those affected (workers whose wages fall between the old and new minimum wage) and a control group (low-wage workers who did not experience a minimum wage change, but who likely would have been affected if one had occurred). Their key finding is that a 10% increase in the minimum wage would decrease employment for directly affected workers by 10% to 20%. The authors also specifically measured the effect of British Columbia's two 50-cent increases in 1994-1995. They found that the employment effects were about twice the magnitude of their main results (see section IV for a more detailed discussion

22 These studies include Yuen (2003), Campolieti et al. (2005b), and Campolieti et al. (2006).

of the employment effects associated with large and immediate minimum wage changes versus small and incremental changes).

Campolieti et al. (2006) examined 71 changes in the minimum wage across the provinces from 1981 to 1997 and found large adverse employment effects for workers who were directly affected. Specifically, they found that a 10% increase in the minimum decreased employment for young workers (aged 16 to 24) who were directly affected by 4.5%.

Overall, estimates of the employment effects range from 0% to almost 25%. However, it is important to acknowledge the difference between the employment effects that apply to specific groups of workers and employment effects that apply to employment more generally. For the former, employment effects range from about -0.45 to -2.0, meaning a 10% increase in the minimum wage could decrease employment for those workers most directly affected by 4.5% to 20.0%. For the latter group, most of the estimated employment effects range from about -0.1 to -0.6. However, similar to Gunderson (2005, 2007), a reasonable range that reflects the most up-to-date research using more sophisticated statistical techniques is a range of -0.3 to -0.6. This means that a 10% increase in the minimum wage could decrease employment for all teens and young workers by about 3% to 6%.

International evidence

A number of studies examining the impact of minimum wages have taken an international approach. An important 1998 study by the Organisation for Economic Co-operation and Development (OECD) examined the effect of increasing the minimum wage on employment in nine industrialized countries over the period of 1975 to 1996. [23] The OECD found that the impact of increasing the minimum wage on employment is mostly negative among younger cohorts. Specifically, they found that a 10% increase in the minimum wage rate reduces teenage employment by up to 3% to 6%. [24]

David Neumark and William Wascher (2004) examined the employment effects of minimum wages in 17 OECD countries over the period of 1975 to 2000. They found that a 10% increase in the minimum wage was associated with a 2.2% reduction in the employment of youth aged 15 to 24.

23 The countries analyzed included Belgium, Canada, France, Greece, Japan, the Netherlands, Portugal, Spain, and the United States.

24 The authors conducted two cross-country analyses: one including Spain and Portugal and another excluding them. The results when Spain and Portugal were included indicate that the reduction in employment ranges from 0% to 2%. However, the results were generally less statistically significant than they were for the results excluding the two countries. The authors report that Spain and Portugal were separated for part of the analysis because data were not available for constructing the relevant minimum wage ratios to compare with other countries.

A more recent study by Olalekan Edagbami came to a similar conclusion. The author conducted a review of 22 studies from around the world and concluded that "the picture that easily emerges from the wide range of evidence contemplated in this survey ... is that the minimum wage is generally harmful to teenage and, to a large extent, youth employment" (2006: 31).

In one of the most comprehensive reviews of the effects of minimum wages, renowned minimum wage experts University of California Professor David Neumark and US Federal Reserve Board economist Dr. William Wascher (Neumark and Wascher, 2007a) reviewed over 100 studies covering 20 countries over the past 15 years. The authors found that the "overwhelming majority" of studies, especially the most credible, consistently show that minimum wage increases result in decreases in employment. Specifically, the authors found that 28 of the 33 most credible studies point to negative employment effects.

There have also been a number of important studies focusing exclusively on minimum wages in the United States. Examining American studies is important given the similarities between the Canadian and US labour markets, and the fact that US-based empirical studies on minimum wages have a long history and are wide in scope. For example, a seminal study by Brown et al. (1982) reviewed 25 empirical studies on the employment effects of minimum wages in the United States. The authors found that the general consensus of the research is that a 10% increase in the minimum wage reduces employment among teenagers (aged 15 to 19) by 1% to 3%. [25] Employment rates among young adults (aged 20 to 24) also decline when minimum wages

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- 25 It should be acknowledged there are some studies that have found no effects or even positive effects on employment; however, these are a small minority. Perhaps the most notable studies within this minority are those by economists David Card and Alan Krueger (1994, 1995). The authors studied employment in fast-food restaurants in New Jersey and Pennsylvania and found that employment actually increased in some areas after an increase in the minimum wage. However, the authors' research has been challenged on theoretical grounds, and more importantly, their empirical work has received serious criticism, calling into question the validity of their results. For example, in a review of Card and Krueger's findings, Law (1998) explained that Hammermesh (1995) found that the timing of Card and Krueger's survey approach to collecting data biased their results. In addition, Welch (1995) explained that because Card and Krueger only focused on select fast-food restaurants, they failed to measure the overall impact on employment in the region associated with the minimum wage increase. Perhaps most importantly, a study by David Neumark and William Wascher (2000) in the *American Economic Review* replicated Card and Krueger's study using actual payroll data and found two important results: (1) Card and Krueger's survey data suffered from a rather severe measurement error regarding employment changes; and, (2) instead of positive effects on employment, the authors found large negative employment effects for the same areas studied by Card and Krueger.

are increased, but these declines were found to be smaller than those among teenagers.

Several studies buttress Brown et al.'s findings. Burkhauser et al. (2000), using employment data from 1979 to 1997, found that a 10% increase in the minimum wage leads to a 3% to 6% reduction in teen employment. Similarly, Williams and Mills (2001), using employment data covering 1954 to 1993, found that a 10% increase in the minimum wage leads to a 3% to 5% reduction in teen employment.

A study by Vedder and Gallaway (2002) found that when the minimum wage is increased, employers react not only by reducing employment, but also by reducing the hours worked by those currently employed. Using US employment data from 1954 to 1999, the authors found that a \$1 increase in the minimum wage was associated with a decrease in hours worked of about 0.2% to 0.3%. Combining this finding with estimates of employment losses, the authors estimated that a \$1 increase in the minimum wage in 2000 would result in a total reduction in hours of about 0.7%. [26]

In his review of the American research on minimum wages, Gunderson (2007) concluded that, overall, a 10% minimum wage hike could reduce employment by 0% to 3%, and sometimes up to 6%, in the United States.

Impact of minimum wage increases on benefits and training

The adverse impact of minimum wage increases extends beyond decreases in employment. As minimum wages increase, employers often respond to higher labour costs by reducing non-wage benefits such as fringe benefits and training. Decreasing on-the-job training is particularly problematic, given that research shows that this type of 'skills development' is an important driver of young and less skilled workers making the transition to higher wages in the future (Even and MacPherson, 2003). [27] Even if minimum wage workers are fortunate enough to keep their jobs and maintain the number of hours worked, they may still not be better off if their benefits and training are reduced.

A number of empirical studies have examined the impact of increased minimum wages on worker benefits and on-the-job training. Wessels (1980) found that increases in the minimum wage in the United States during the

26 The authors also estimated that these lost hours—which would have been worked otherwise—were equal to \$12 to \$15 billion in lost income for workers.

27 See Hashimoto (1981) for a more in-depth discussion of the relationship between minimum wages, on-the-job training, and earnings.

1970s resulted in reduced spending on fringe benefits. [28] Likewise, studies by Leighton and Mincer (1981) and Hashimoto (1981) both found empirical evidence that higher minimum wages reduce training provided by employers.

More recently, Neumark and Wascher (2001), using data from 1983 to 1991, found that higher minimum wages lead to less training for workers. Specifically, they found that a 10% increase in the minimum wage for workers aged 20 to 24 reduced the proportion of minimum wage workers who received on-the-job training by 2 percentage points. In addition, the authors found that formal training—e.g., paid programs and schooling—decreased more than on-the-job training.

Baker (2005) examined the effect of minimum wage increases on training in Canada. The author found some evidence that higher minimum wages had a negative effect on on-the-job training, particularly for younger workers. Specifically, he found that increasing the minimum wage by 10% decreased training by 0% to 7.3% for workers aged 17 to 24. [29]

Impact of minimum wage increases on education

High minimum wages have also been associated with higher school dropout rates. When minimum wages increase, more young people leave school in search of employment.

Landon (1997) examined minimum wages and high-school enrollment rates for six Canadian provinces over the period of 1975 to 1989 and found that higher minimum wages have a significant and negative impact on school enrollment rates, especially for young males. Specifically, Landon found that a 50-cent increase in the average minimum wage causes a 0.7 percentage point decrease in the percentage of 16- and 17-year olds enrolled in school. For Ontario in 1989, he estimated that increasing the minimum wage by 50 cents would have caused enrollment to decline by 1,761 students.

Several empirical studies focusing on the United States have buttressed Landon's results. For example, a series of studies by Neumark and Wascher (1995a, 1995b, 1996, and 2003) have shown that minimum wage hikes encourage teenage workers to leave school in search of employment. Using data

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- 28 Fringe benefits are broadly defined as a firm's non-wage expenditures on workers. More specifically, Wessels explains that these benefits "may include not only such items as life insurance and pension plans, but also items such as lower work load, steady employment, on-the-job training, and safe working conditions" (1980: 294).
 - 29 The author calculated the training effect several ways and thus reported multiple results. While he found several results indicating that higher minimum wages have a negative impact on training, these results varied considerably in size and significance. Overall, he concluded that his empirical results were mixed.

from 1980 to 1998, Neumark and Wascher found that a 10% increase in the minimum wage in US states that allow students to drop out of school before they are 18 was associated with a 2.2% decrease in teenage school enrollment (Neumark and Wascher, 2003). [30] Their results were similar when different empirical methods were used (1995a, 1995b, 1996).

Similarly, Chaplin et al. (2003), using school enrollment statistics from 1989 to 1997, found that higher minimum wages led to more students dropping out of school in search of employment. Interestingly, this effect was most pronounced among students making the transition from grades 9 to 10. The authors reported that even a \$1 increase in the minimum wage "could seem like an enormous incentive to leave high school" for this group, given their minimal knowledge regarding the labour market and the value of education for future earnings (2003: 20).

Impact of minimum wage increases on poverty: Understanding income mobility

Minimum wage advocates often argue that increasing the minimum wage will help alleviate poverty. The general idea behind this argument is that increasing the wages of low-income earners will help them in their struggle to purchase basic necessities and may even provide an incentive for some people receiving social assistance to search for work. While this line of thinking reflects good intentions, it is ultimately misguided and contradicted by the evidence.

As explained above, high minimum wages have numerous adverse effects on the labour market, the most important of which is the negative impact on employment. Moreover, research shows that negative employment effects can be even larger for workers with the fewest skills (Campolieti et al., 2006). [31] Furthermore, as noted in section II, most minimum wage earners are young and living at home, and often attending school. The reality is that

30 Understandably, there was almost no effect in states that require students to attend school until they are 18 years old. The authors reported that 17% of the state/year observations in the sample had a compulsory schooling age of 18 years old while the remaining 83% of the sample had a compulsory schooling age of 14 to 17 years old.

31 Campolieti et al. (2006) found that calculating employment effects using employment data for all young workers may have masked some of the impact minimum wage increases will have on young workers who are less skilled. In fact, the authors reported that "many of the elasticities [employment effects] for the less-skilled group are larger than the estimates in the baseline samples, so the minimum wages tend to have larger impact on the employment rates of less-skilled groups" (2006: 206). Given that most minimum wage earners are young and relatively less skilled, employment losses may be particularly large for those workers with the fewest skills.

fewer and fewer low-income workers are supporting a family while earning the minimum wage (Burkhauser and Sabia, 2005). [32] This indicates that minimum wages are poorly targeted to help those in need, and that they can actually make matters worse by reducing opportunities for work.

Another reason why minimum wages will not have an appreciable effect on poverty is that earning the minimum wage is largely a temporary experience. In fact, research shows there are very few workers who remain in minimum wage jobs year after year. While much of this research is US-based, given the similarities between the Canadian and US labour markets, similar results should be expected for Canada and, more specifically, for British Columbia.

An important study by Smith and Vavrichek (1992) examined the income mobility of minimum wage workers in the United States from 1983 to 1987 and found that most minimum wage workers were earning more than the minimum wage after just one year. In fact, 63% of workers who remained in the labour force earned more than the minimum wage after one year, with a typical wage gain of about 20%. [33] Importantly, the minority that did not experience wage gains were largely part-time workers and/or non-high school graduates. [34] The implication is that most workers earning the minimum wage experienced upward income mobility.

Long (1999) replicated the Smith and Vavrichek study using updated data from 1991 to 1995. He found that the majority (69.4%) of workers earning minimum wage earned more than the minimum wage after one year of work. After two years of work, 80.2% of these workers earned more than the minimum wage. Long noted that the few workers who remained in minimum wage jobs tended not to have a high school diploma or were elderly individuals.

Schiller (1994) examined the training and mobility experiences of young workers who entered the labour force between 1980 and 1987. He focused specifically on young workers who entered the labour force earning the minimum wage. He found that "[one] out of three minimum wage entrants consistently earns above minimum wages within one year of labor market entry. Sixty percent of the minimum-wage entrants had surpassed the minimum-wage threshold within two years. Only 15% of the 1980 entrants still had any minimum-wage experience after three years" (1994: 629). Schiller concluded that minimum wage workers "[are] not 'trapped' in a low-wage

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- 32 Burkhauser and Sabia, examining American minimum wage workers, found that "fewer and fewer low-wage employees are supporting a family at the minimum wage, with only 9% of low-wage employees actually supporting a poor family" (2005: 3).
 - 33 Approximately 19% of workers left the labour force during the time period.
 - 34 See Carrington and Fallick (2001) for a more in-depth analysis of minimum wage workers who are less likely to experience wage gains.

orbit ... their post-entry wage gains are substantial, both in the absolute and relative to non-minimum-wage entrants" (2004: 622).

More recently, a study by Even and MacPherson (2003) examined the mobility of minimum wage workers using the US Current Population Survey from 1979 to 1999. The authors corroborated earlier findings that earning the minimum wage is largely a temporary experience. Almost one half (47.2%) of minimum wage workers reported earning more than the minimum wage after one year.

This research shows that the vast majority of workers who earn the minimum wage today will earn more than the minimum wage in the near future. With experience and growing skills, these workers increase their productivity and thus garner higher wages. Increasing the minimum wage may actually make matters worse by retarding employment and training opportunities. This, coupled with the fact that most minimum wage earners are young and live at home, means that increasing the minimum wage will likely have no appreciable effect on poverty. [35] This conclusion has been reached by the majority of economists. As Gunderson reports, "There tends to be general agreement among economists that minimum wages are an exceedingly blunt instrument for curbing poverty" (2007: 19). [36]

35 While it is beyond the scope of this study to consider solutions to poverty in British Columbia, it is worthwhile to note the suggestive relationship between strong economic performance and the number of workers earning minimum wage. Consider the casual observation of economic growth rates and minimum wage incidence in the Canadian provinces. The three Canadian provinces with the lowest rates of minimum wage incidence—Alberta (1.2%), Saskatchewan (3.2%), and British Columbia (3.4%)—also have Canada's highest rates of economic growth. From 2003 to 2007, the average rate of real economic growth in these provinces was 4.7%, 2.9%, and 3.4%, respectively. Then consider Nova Scotia, Prince Edward Island, and Ontario, which from 2003 to 2007 had minimum wage incidence of 6.2%, 6.3%, and 6.8%, and economic growth rates of 1.4%, 2.2%, and 2.2%, respectively. Newfoundland & Labrador was an outlier, recording a minimum wage incidence of 7.4% while posting an average economic growth rate of 3.3%. However, Newfoundland & Labrador's relatively high average was driven by an uncharacteristically high growth rate in 2007; rates of real economic growth from 2003 to 2007 were: 5.9%, -1.8%, 0.3%, 3.3%, and 9.1% (Statistics Canada, 2008c). It is not unreasonable to conclude that strong economic performance may be the best remedy for low wages.

36 In 2007, the Employment Policies Institute conducted a survey of 280 labour economists in the United States and made a similar conclusion (see Fowler and Smith, 2007). About half (49%) believed that a minimum wage set to 150% of the current (federal) level would result in no change to poverty. Another 19% believed such an increase would actually increase poverty. Only a minority (32%) believed increasing the minimum wage would reduce poverty.

Conclusion

While minimum wages are implemented with the best of intentions, the economic reality is that they likely do much more harm than good. There is a vast amount of research from Canada and around the world that demonstrates convincingly that high minimum wages lead to lower employment levels, fewer benefits, less training, and lower school enrollment. Further, minimum wages have little or no effect on alleviating poverty and can even make problems worse for the workers minimum wages are intended to help.

IV. Employment effects of increasing BC's minimum wage to \$10 per hour

Increasing BC's minimum wage from \$8.00 to \$10.00 per hour has recently been advocated by numerous groups in British Columbia and across Canada. [37] As the previous section explained, such a significant increase in the minimum wage would have numerous negative impacts, especially on the employment opportunities for the workers minimum wage increases are intended to help. This section calculates the employment effects of increasing the minimum wage in British Columbia to \$10 per hour.

Profile of workers earning \$10 per hour or less

To analyze the impact of increasing the minimum wage to \$10 per hour, it is critical to understand who currently earns \$10 per hour or less. This section presents a profile of workers who earned \$10 per hour or less in British Columbia in 2007.

Number and age distribution of workers earning \$10 per hour or less

Table 5 presents the number of workers earning \$10 per hour or less by age in British Columbia in 2007. In 2007, there were 293,100 workers in British Columbia earning \$10 per hour or less, representing 15.9% of total employment in the province; the vast majority of workers in British Columbia earned more than \$10 per hour.

The prevalence of workers earning \$10 per hour or less tended to be higher in younger age groups. In 2007, 72.0% of teenagers (aged 15 to 19) worked for \$10 per hour or less, the highest percentage of any age group by a considerable margin. The next largest percentage of workers earning \$10 per or less was

37 See for example, New Democratic Party of Canada (2008), Canadian Labour Congress (2008), British Columbia Federation of Labour (2008), and Murray and Mackenzie (2007) of the Canadian Centre for Policy Alternatives. There are several reasons why unions and union-financed organizations would benefit from an increase in the minimum wage. As Swidinsky and Wilton (1982) explain, unions benefit because (1) union wage structures are often pegged to market wage differentials; if the lower end of the wage scale increases, union wage differentials will increase proportionately; and, (2) low-wage (unskilled) labour is a substitute for high-wage (skilled) labour, which often characterizes union labour. For further reading on the political economy of minimum wages, see Neumark and Wascher (2008).

Table 5: Number and percentage of workers earning \$10 per hour or less in British Columbia by age group, 2007

Age group	Total employment	Workers earning \$10 per hour or less	Percentage of workers earning \$10 per hour or less	Proportion of workers earning \$10 per hour or less
15-19	134,100	96,600	72.0%	33.0%
20-24	213,900	62,200	29.1%	21.2%
25-34	401,600	42,400	10.6%	14.5%
35-44	429,700	35,200	8.2%	12.0%
45-54	424,600	31,000	7.3%	10.6%
55+	237,100	25,700	10.8%	8.8%
All Ages	1,841,000	293,100	15.9%	100.0%

Source: Statistics Canada, 2008a; calculations by authors.

found among workers aged 20 to 24 at 29.1%. Each subsequent age group had a lower percentage of workers earning \$10 per hour or less, except the 55 and older age group (10.8%). As with minimum wage earners, this may reflect the number of retirees employed in part-time work to supplement their income.

Among workers earning \$10 per hour or less, 33.0% were aged 15 to 19, and 21.2% were aged 20 to 24; combined, young people accounted for 54.2% of workers earning \$10 per hour or less. Thus, the data clearly show that earning low wages is for the most part a phenomenon experienced by British Columbia's youngest workers.

As with the profile of minimum wage workers, the general profile of workers earning \$10 per hour or less in British Columbia is largely the same across Canada. In 2007, 31.7% of workers earning \$10 per hour or less across Canada were between 15 and 19 years old; another 21.6% were between the ages of 20 and 24. Combined, these two groups accounted for 53.2% of workers earning \$10 per hour or less (see Appendix A for a detailed breakdown of the ages of workers earning \$10 per hour or less in Canada).

Living situation of workers earning \$10 per hour or less

Table 6 shows the breakdown of those earning \$10 per hour or less by family structure in British Columbia for 2007. There are four general categories: member of a couple, single parent, child or relative living with family, and unattached individual.

Examining the living situation of workers earning \$10 per hour or less reveals that most of these workers live at home with family. In 2007, 145,300 (49.6%) of these workers were a son, daughter, or other relative living at home. Similar to the proportions among minimum wage workers, about half (48.5%) of workers earning \$10 per hour or less were between the ages 15 to 24 and were attending school. The proportion of workers earning \$10 per hour or less in

Table 6: Workers earning \$10 per hour or less in British Columbia by family structure, 2007

	Total employment	Workers earning \$10 per hour or less	Proportion of workers earning \$10 per hour or less
Total persons	1,841,000	293,100	100.0%
Member of a couple	1,014,900	87,100	29.7%
Spouse not employed	193,400	17,100	5.8%
Spouse employed	821,500	70,000	23.9%
Spouse earning minimum wage or less	11,300	2,400	0.8%
Spouse earning more than minimum wage	675,000	55,400	18.9%
Spouse self-employed	135,200	12,200	4.2%
Head of family, no spouse present	117,200	15,800	5.4%
Son, daughter, or other relative living with family	360,500	145,300	49.6%
15 to 19 years, in school	66,600	55,700	19.0%
15 to 19 years, not in school	53,700	32,700	11.2%
20 to 24 years, in school	32,300	14,800	5.0%
20 to 24 years, not in school	78,700	21,900	7.5%
25 years or over, in school	8,200	0	0.0%
25 years or over, not in school	121,100	19,000	6.5%
Unattached individual	348,500	44,900	15.3%

Source: Statistics Canada, 2008a; calculations by authors.

other living situations was much smaller. Nearly one third of these workers were members of a couple, and similar to minimum wage earners, the vast majority of this group were living in a household with an employed spouse. A further 15.3% were unattached individuals, while only 5.4% were single parents.

To compare, 48.8% of all workers across Canada earning \$10 per hour or less were a son, daughter, or other relative living with family. As with British Columbia, the proportion of workers in other living situations was much smaller: 31.3% were a member of a couple, the majority of whom lived in a household with an employed spouse; 13.2% were unattached individuals; and 6.7% were single parents (see Appendix A for a more detailed breakdown of the living situations of workers earning \$10 per hour or less in Canada).

Overall, the data clearly show that the general profile of workers earning \$10 per hour or less is strikingly similar to the general profile of minimum

wage earners. Critically, this means that the costs and benefits associated with increasing the minimum wage will largely be borne by the same type of workers currently earning the minimum wage: young and less skilled workers living with family.

Previous estimates of the employment loss associated with minimum wage increases

The overwhelming consensus of the academic research summarized in section III is that minimum wage increases have a significant impact on employment, particularly for younger workers. While the studies examine the impact of previous changes in the minimum wage, their findings can be used to estimate the likely impact of future minimum wage increases. Indeed, several authors have used historical research on the impact of minimum wage increases to estimate the likely impact of future changes.

In their 1992 study, Jean-Michel Cousineau, David Tessier, and François Vaillancourt of the Université de Montreal estimated the employment loss associated with increasing Ontario's minimum wage from \$5.40 to \$6.90 in 1990. [38] The authors first calculated the effect minimum wage increases had on unemployment rates for female and youth (aged 16 to 24) workers. They found that a 10% increase in the minimum wage was associated with a 1.4% increase in the unemployment rate for women and a 1.5% increase in the unemployment rate for young workers. The authors then calculated the employment loss by multiplying the percentage increase in the minimum wage by the employment effect found in their analysis. The 13 percentage point increase in the minimum wage (calculated as a ratio of \$11.50, the average industrial wage at the time) would lead to a 1.82 percentage point increase in the unemployment rate of women and a 1.99 percentage point increase in the unemployment rate of youth workers. The authors then implied that this increase in unemployment was equal to a loss of employment of 43,000 jobs among women and 18,000 jobs among youth.

A 1995 study by Michael Shannon and Charles Beach published in *Canadian Public Policy* calculated the expected employment loss associated with increasing Ontario's minimum wage from \$4.75 to \$6.75 in 1989. [39]

38 Ontario's minimum wage in 1990 was \$5.40. The authors estimated the employment loss associated with the New Democratic Party's (NDP) proposal to raise the minimum wage to 60% of the average industrial wage. The authors reported that the average industrial wage rate in 1990 was \$11.50, meaning that the NDP proposal equates to a \$6.90 minimum wage rate.

39 The \$6.75 represents 60% of the average wage in Ontario, a proposal put forth by the Ontario government in 1991.

The authors reported that this minimum wage increase would increase the cost of wages in the province by 23.3%. Shannon and Beach then calculated the employment loss in Ontario by multiplying this percentage increase in minimum wages by the employment effect (i.e., employment elasticity) [40] found by Clark and Freeman (1980) of -0.33. Clark and Freeman's employment effect of -0.33 means that a 10% increase in the minimum wage would lead to a 3.3% reduction in the number of jobs. Shannon and Beach found that a 23.3% increase in minimum wages in Ontario would lead to a 6.2% to 7.7% reduction in jobs among those affected by the increase (73,000 to 92,000 workers). [41]

Another study by Professors William Even of Miami University and David MacPherson of Florida State University (1996) estimated the employment loss associated with increasing the minimum wage in the United States from \$4.25 to \$5.51 in 1993. [42] Using existing estimates of the employment effect of changing the minimum wage, [43] the authors estimated that this 29.6% increase in the minimum wage would have reduced teenage (16- to 19-year olds) employment by 240,000, and youth employment (20- to 24-year olds) by 349,000 in the United States. [44]

In 2007, Professor Morley Gunderson of the University of Toronto conducted a study for the Ontario Ministry of Finance on the effects of increasing the province's minimum wage from \$8 to \$10 per hour. Professor Gunderson estimated the likely impact of increasing Ontario's minimum wage using estimates of the employment effect based on existing Canadian research. In his review of the Canadian research, Professor Gunderson found that "a 10% increase in the minimum wage is likely to reduce the employment of teens by 3% to 6%, and slightly lower for young adults" (2007: 12). He calculated that Ontario's proposed 25% increase in the minimum wage would likely result in a teen employment loss of 7.5% to 15.0% in the province.

40 See footnote 17.

41 The low-end estimate represents the authors' estimate of 20% non-compliance (because of minimum wage exemptions and/or employer non-compliance with the law). Put differently, the low-end estimate represents 80% of the base calculation.

42 The authors estimated the employment effect using what the minimum wage would have been in 1993 if the government indexed the minimum wage rate to the ratio of minimum wages to the average industrial wage starting in 1974. They found that instead of the legislated \$4.25 per hour in 1993, the "indexed" minimum wage would have been \$5.51 per hour.

43 The authors cite Brown et al.'s (1982) survey of the research which demonstrated that a 10% increase in the minimum wage causes teenage employment to drop between 1% and 3% with an average drop of 1.5%; and that a 10% increase in the minimum wage causes as much as a 1% decrease in the employment of young adults (aged 20 to 24).

44 The authors' use Brown et al.'s (1982) survey of 18 studies, which found that a 10% increase in the minimum wage reduces the employment of teenagers by an average of 1.5% and the employment of youth (20- to 24-year olds) by 1%.

Estimating the employment loss associated with a \$10 minimum wage in British Columbia

This section presents an empirical estimate of the employment loss in British Columbia associated with increasing the minimum wage to \$10 per hour. A range of the employment effects found in previous Canadian studies is used to estimate this employment loss.

Recall from table 4 in Section III that there are two general categories of employment effects: those that apply to workers who are directly affected (whose wage falls in between the old and new minimum wage) and those that apply to teens and youth workers more generally. Accordingly, two employment loss calculations will be presented. The first calculation estimates the employment loss for workers who currently earn \$10 per hour or less. The second estimates the employment loss for all teen and youth workers.

Employment loss for workers directly affected

Section III showed that the employment effect for workers directly affected by a minimum wage increase ranges from -0.45 to -2.0. This means that a 10% increase in the minimum wage would likely decrease employment among this group by 4.5% to 20.0%.

Increasing British Columbia's minimum wage from \$8 to \$10 per hour constitutes a 25% increase for workers earning exactly the minimum wage and an average increase of 12.5% for workers earning between \$8 to \$10 per hour. [45] The average wage increase can be calculated by summing the proportion of workers earning exactly the minimum wage, multiplied by a 25% increase, and the remaining group of workers earning between the old and new minimum wage, multiplied by their average increase of 12.5%. [46] Table 2 (pg. 13) shows that the number of workers aged 15 to 24 who earn the minimum wage is 35,000, and table 5 (pg. 30) shows that the number of workers aged 15 to 24 who earn \$10 per hour or less is 158,800. This implies that 22.0% of the 158,800 workers will experience a 25.0% wage increase. Assuming the remaining number of workers (123,800, or 78.0%) are equally distributed between the old minimum

45 This assumes an equal distribution of workers earning a wage between the old and new minimum wage.

46 The average wage increase for workers earning above the minimum wage can be calculated by averaging the percentage wage increases for each incremental increase in the minimum wage. Consider that for a worker currently earning \$8.01 per hour, increasing the minimum wage to \$10 per hour would constitute a 24.9% increase; for a worker earning \$8.02, it would constitute a 24.8% increase. The same pattern holds for each one-cent increase in the minimum wage. Similarly, at the other end of the distribution, for a worker currently earning \$9.99 per hour, increasing the minimum wage to \$10 per hour would constitute a 0.13% increase; for a worker earning \$9.98 per hour, it would constitute a 0.25% increase. The average of all the wage increases for this group will be the mid-point, or 12.5%.

Table 7: Employment effect associated with increasing the minimum wage rate to \$10 per hour in British Columbia, 2007 – workers directly affected

Minimum wage, 2007	Percentage increase from general minimum wage to \$10	Reduction (percentage change) in teen and youth employment		Teen and youth employment (15-24)	Reduction (number of jobs) in teen and youth employment	
		Lower bound employment effect (0.45)	Upper bound employment effect (2.0)		Lower bound estimate	Upper bound estimate
\$8.00	15.3%	-6.9%	-30.5%	158,800	-10,898	-48,434

Sources: Human Resources and Social Development Canada, 2008; Statistics Canada, 2008a: table 9; calculations by authors.

wage and the new minimum wage, the average wage increase will be 12.5%. Therefore, the average wage increase for all 158,800 workers is 15.3%.

Using estimates of the employment effect described above, this 15.3% increase in the minimum wage is associated with a 6.9% to 30.5% loss in employment for the teens and youths who are directly affected. Table 7 shows that the estimated loss in teen and youth employment in British Columbia associated with increasing the minimum wage to \$10 per hour equates to a loss of 10,898 to 48,434 jobs for these workers.

Employment loss for all teen and youth workers

This section will replicate the same methodology used for directly affected workers and apply it to all teen and youth workers.

Recall from section III that the employment effect for all teen and youth workers ranges from -0.3 to -0.6, meaning that a 10% increase in the minimum wage would decrease employment by 3.0% to 6.0%. As the minimum wage increase is applied to all teen and youth workers, there is no need to calculate an average percentage increase in wage rates; a 25.0% increase would be applicable to all workers. Using estimates of the employment effect described above, a 25.0% increase in the minimum wage is associated with a 7.5% to 15.0% loss in employment for teens and youths directly affected.

Table 8 shows the estimated employment loss in British Columbia associated with increasing the minimum wage to \$10 per hour. Given that total teen and youth employment in British Columbia in 2007 was 348,000, the estimated 7.5% to 15.0% loss in employment equates to a loss of 26,100 to 52,200 jobs.

The above estimates clearly show that the workers most directly affected by minimum wage increases—young workers—will be severely affected if British Columbia raises its minimum wage to \$10 per hour. Considering estimates derived from both methodologies produces a range of employment loss from 10,898 to 52,200 jobs for young workers.

Table 8: Employment effect associated with increasing the minimum wage rate to \$10 per hour in British Columbia, 2007 – all teen and youth workers

Minimum wage, 2007	Percentage increase from general minimum wage to \$10	Reduction (percentage change) in teen and youth employment		Total teen and youth employment (15-24)	Reduction (number of jobs) in teen and youth employment	
		Lower bound employment effect (0.3)	Upper bound employment effect (0.6)		Lower bound estimate	Upper bound estimate
\$8.00	25.0%	-7.5%	-15.0%	348,000	-26,100	-52,200

Sources: Human Resources and Social Development Canada, 2008; Statistics Canada, 2008a: table 9; calculations by authors.

Large versus incremental increases in the minimum wage

An important but often overlooked aspect of the employment loss effect is the way in which minimum wages are increased, which can have an important impact on the magnitude of the employment loss. In a 2007 study, Gunderson explained that the effect of a large, one-time increase in the minimum wage could be larger than that of incremental increases in the minimum wage. Gunderson identified several reasons for this. First, the cost of a large increase may place a heavy burden on employers, especially smaller ones, and lead them to to contract or even close their business. A large increase may also “shock” employers such that they may make more significant adjustments to labour inputs (i.e., number of workers employed, hours worked, etc.) than they otherwise would. In addition, a large, one-time increase may signal to employers that the government favours low-wage labour at the expense of other economic activities. As such, employers may make a permanent change to their business by shifting away from low-wage labour and increasing their use of other resources.

In an earlier study, Michele Campolieti and his colleagues (2005b) examined the employment loss effect during British Columbia's two 50-cent increases in the minimum wage from 1994 to 1995. These increases together were the largest cumulative increase among all Canadian provinces over their period of study, 1993 to 1999. The authors found that the employment effect associated with this minimum wage increase was about twice as large as the employment effect associated with all minimum wage increases from 1993 to 1999. They reported that “the results are suggestive of a much larger dis-employment effect emanating from a large as opposed to a series of smaller cumulative minimum wage increases of the same magnitude” (2005b: 96). While they caution that this conclusion is based on just one study, their research empirically demonstrates that large, immediate increases can have

a greater negative impact on youth employment than incremental increases can have.

As discussed above, Gunderson (2007) calculated that the employment loss associated with increasing the minimum wage in Ontario from \$8 to \$10 per hour would range from 7.5% to 15%. However, he also explained that this employment loss assumed no differential impact between a large, one-time increase and a series of incremental increases. Applying the findings from Campolieti et al. (2005b) to Ontario, he offered the following analysis: "If the effect of a one-time large increase is twice the magnitude as a series of ad hoc irregular increases (as the limited evidence suggests), then the effect would be double to approximately a 15% to 30% reduction in teen employment. The impacts would be slightly less for youths" (2007: 14).

The same adjustment that Gunderson (2007) used for Ontario is equally applicable to British Columbia. The estimate of the employment loss for British Columbia noted above assumes no differential impact between a large, one-time increase and a series of smaller incremental increases; the employment loss is calculated using estimates of employment loss associated with a marginal increase in the minimum wage. Applying Gunderson's adjustment, however, reveals that a large, one-time increase in British Columbia's minimum wage from \$8 to \$10 per hour could result in an employment loss ranging from 15% to 30%. This means that a large, immediate jump to a \$10-per-hour minimum wage in British Columbia could result in a much larger loss for young workers in the province.

Conclusion

This section empirically assessed the impact of increasing the minimum wage in British Columbia to \$10 per hour. It demonstrated that the costs and benefits of such an increase would largely be borne by the same group of British Columbians earning the current minimum wage, that is, young workers living at home. Workers such as single parents and unattached individuals would remain largely unaffected by this policy change. Using methodology developed by several Canadian and international economists, we found that increasing the minimum wage to \$10 per hour would have significant negative effects on employment. Specifically, the employment loss in British Columbia is conservatively estimated to range from 10,898 to 52,200 jobs for young workers. While proposals to increase the minimum wage to \$10 per hour may be based on good intentions, such an increase would have a profound negative effect on those currently earning the minimum wage, and would have almost no effect on low income workers who are struggling.

Conclusion

The purpose of this study is to inform British Columbians about the economic effects of high and increasing minimum wages. This study also aims to empirically assess the cost of increasing the minimum wage. Together, these analyses will help inform the public and policy makers about the impacts of changing minimum wage laws.

Minimum wage laws establish the lowest level of hourly pay that employers must pay workers. British Columbia's current general minimum wage rate is \$8.00 per hour, the 5th highest among the Canadian provinces. However, it has one of the highest minimum wage rates relative to average earnings when compared to all 10 Canadian provinces and 50 US states (7th highest out of 60).

The most commonly cited purpose of minimum wages is to increase the incomes of society's low-income workers. But in reality, minimum wages are simply incapable of achieving the intended results. Moreover, minimum wages can actually worsen the situation of the people minimum wage laws are intended to help.

In British Columbia, 62,600 workers earned the minimum wage in 2007, representing 3.4% of total employment. Of those earning the minimum wage, well over half (55.9%) were young workers between 15 and 24 years old. Further, the majority of BC's minimum wage workers live at home with family; most of these workers also attend school. Many of the remaining individuals earning minimum wages are adults who are supplementing their family income with part-time work during child-rearing years or after retirement. In general, the typical minimum wage worker in British Columbia—and across Canada—is someone who is young and living at home. As such, minimum wage increases will largely affect younger workers and actually have a negligible effect on adults, generally, and those supporting families, specifically.

The economic reality of minimum wages is that they likely do much more harm than good. A large body of research from Canada and around the world demonstrates convincingly that high minimum wages lead to lower employment levels, fewer benefits, less training, and lower school enrollment. Fewer employment opportunities and less training are particularly harmful, given that experience and skill development are important drivers of higher wages. Research also shows that earning the minimum wage is almost exclusively a temporary experience. This, coupled with the fact that higher minimum wages actually retard employment and training opportunities, leads to the conclusion that minimum wages will have no appreciable effect on alleviating poverty—a conclusion reached by most economists.

Despite the overwhelming evidence documenting the negative effects of minimum wages, some groups continue to advocate for increases. Section IV of this study empirically assessed the impact of increasing the minimum wage in British Columbia from \$8 to \$10 per hour. The data show that the costs and benefits of such an increase would largely be borne by the same group of British Columbians earning the current minimum wage, that is, young workers living at home. Workers such as single parents and unattached individuals would remain largely unaffected by this policy change. Using methodology developed by several Canadian and international economists, we found that increasing the minimum wage to \$10 per hour would have significant negative effects on employment. Specifically, the employment loss in British Columbia is conservatively estimated to range from about 10,898 to 52,200 jobs, but it could be higher. While increasing the minimum wage to \$10 per hour may reflect good intentions, it would have a profound negative impact on those currently earning the minimum wage, and have almost no impact on those greatest in need.

If the government wishes to raise the incomes of and improve economic opportunities for British Columbia's working poor, they would be wise to steer clear of increasing the minimum wage.

Appendix A: Profile of workers earning \$10 per hour or less in British Columbia and Canada

Table A1.1: Age and gender of workers earning minimum wage and workers earning \$10 per hour or less in British Columbia, 2007

	Total employed persons (thousands)	Earning minimum wage			Earning \$10 or less		
		Number of workers (thousands)	Percentage of workers earning minimum wage	Proportion of minimum wage earners	Number of workers (thousands)	Percentage of workers earning \$10 per hour or less	Proportion of workers earning \$10 per hour or less
Total	1841.0	62.6	3.4%	100.0%	293.1	15.9%	100.0%
15-19	134.1	25.2	18.8%	40.3%	96.6	72.0%	33.0%
20-24	213.9	9.8	4.6%	15.7%	62.2	29.1%	21.2%
25-34	401.6	9.2	2.3%	14.7%	42.4	10.6%	14.5%
35-44	429.7	6.6	1.5%	10.5%	35.2	8.2%	12.0%
45-54	424.6	5.8	1.4%	9.3%	31.0	7.3%	10.6%
55+	237.1	6.0	2.5%	9.6%	25.7	10.8%	8.8%
Male	938.3	24.1	2.6%	38.5%	115.7	12.3%	39.5%
15-19	68.1	10.8	15.9%	17.3%	43.6	64.0%	14.9%
20-24	111.0	3.4	3.1%	5.4%	23.4	21.1%	8.0%
25-34	210.0	3.0	1.4%	4.8%	16.3	7.8%	5.6%
35-44	217.9	2.3	1.1%	3.7%	11.5	5.3%	3.9%
45-54	205.6	1.8	0.9%	2.9%	9.7	4.7%	3.3%
55+	125.6	2.7	2.1%	4.3%	11.2	8.9%	3.8%
Female	902.8	38.5	4.3%	61.5%	177.4	19.6%	60.5%
15-19	66.0	14.4	21.8%	23.0%	53.1	80.5%	18.1%
20-24	102.9	6.3	6.1%	10.1%	38.8	37.7%	13.2%
25-34	191.6	6.2	3.2%	9.9%	26.1	13.6%	8.9%
35-44	211.8	4.3	2.0%	6.9%	23.7	11.2%	8.1%
45-54	218.9	4.0	1.8%	6.4%	21.4	9.8%	7.3%
55+	111.5	3.3	3.0%	5.3%	14.4	12.9%	4.9%

Source: Statistics Canada, 2008a; calculations by authors.

Table A1.2: Age and gender of workers earning minimum wage and workers earning \$10 per hour or less in Canada, 2007

	Total employed persons (thousands)	Earning minimum wage			Earning \$10 or less		
		Number of workers (thousands)	Percentage of workers earning minimum wage	Proportion of minimum wage earners	Number of workers (thousands)	Percentage of workers earning \$10 per hour or less	Proportion of workers earning \$10 per hour or less
Total	14251.4	716.1	5.0%	100.0%	2532.4	17.8%	100.0%
15-19	973.6	323.7	33.2%	45.2%	802.3	82.4%	31.7%
20-24	1526.5	123.5	8.1%	17.2%	545.8	35.8%	21.6%
25-34	3219.3	76.1	2.4%	10.6%	345.5	10.7%	13.6%
35-44	3387.2	70.1	2.1%	9.8%	306.9	9.1%	12.1%
45-54	3352.5	64.4	1.9%	9.0%	293.7	8.8%	11.6%
55+	1792.2	58.3	3.3%	8.1%	238.1	13.3%	9.4%
Male	7185.8	285.9	4.0%	39.9%	995.3	13.9%	39.3%
15-19	476.7	141.9	29.8%	19.8%	363.1	76.2%	14.3%
20-24	784.4	51.7	6.6%	7.2%	235.5	30.0%	9.3%
25-34	1657.2	28.5	1.7%	4.0%	130.3	7.9%	5.1%
35-44	1714.9	20.2	1.2%	2.8%	91.8	5.4%	3.6%
45-54	1632.0	22.3	1.4%	3.1%	86.3	5.3%	3.4%
55+	920.5	21.4	2.3%	3.0%	88.4	9.6%	3.5%
Female	7065.6	430.2	6.1%	60.1%	1537.1	21.8%	60.7%
15-19	496.9	181.8	36.6%	25.4%	439.2	88.4%	17.3%
20-24	742.1	71.8	9.7%	10.0%	310.4	41.8%	12.3%
25-34	1562.1	47.6	3.0%	6.6%	215.2	13.8%	8.5%
35-44	1672.4	49.9	3.0%	7.0%	215.1	12.9%	8.5%
45-54	1720.5	42.1	2.4%	5.9%	207.4	12.1%	8.2%
55+	871.7	37.0	4.2%	5.2%	149.8	17.2%	5.9%

Source: Statistics Canada, 2008a; calculations by authors.

Table A2.1: Living situation of workers earning minimum wage and workers earning \$10 per hour or less in British Columbia, 2007

	Total employed persons (thousands)	Earning minimum wage			Earning \$10 or less		
		Number of workers (thousands)	Percentage of workers earning minimum wage	Proportion of minimum wage earners	Number of workers (thousands)	Percentage of workers earning \$10 per hour or less	Proportion of workers earning \$10 per hour or less
Member of a couple	1014.9	17.9	1.8%	28.6%	87.1	8.6%	29.7%
Spouse not employed	193.4	3.3	1.7%	5.3%	17.1	8.8%	5.8%
Spouse unemployed	25.5	0.0	0.0%	0.0%	3.3	12.9%	1.1%
Spouse not in the labour force	167.9	2.5	1.5%	4.0%	13.7	8.2%	4.7%
Less than 55 years	107.0	0.0	0.0%	0.0%	8.5	7.9%	2.9%
55 years and over	60.9	0.0	0.0%	0.0%	5.2	8.5%	1.8%
Spouse employed	821.5	14.6	1.8%	23.3%	70.0	8.5%	23.9%
Spouse earning minimum wage or less	11.3	0.0	0.0%	0.0%	2.4	21.2%	0.8%
Spouse earning more than minimum wage	675.0	10.8	1.6%	17.3%	55.4	8.2%	18.9%
Spouse self-employed	135.2	3.2	2.4%	5.1%	12.2	9.0%	4.2%
Head of family, no spouse present	117.2	2.7	2.3%	4.3%	15.8	13.5%	5.4%
Youngest child is less than 18 years	60.7	0.0	0.0%	0.0%	5.7	9.4%	1.9%
No children, or youngest child is 18 years or older	56.4	1.5	2.7%	2.4%	10.1	17.9%	3.4%
Son, daughter or other relative living with family	360.5	34.2	9.5%	54.6%	145.3	40.3%	49.6%
15 to 19 years, in school	66.6	16.9	25.4%	27.0%	55.7	83.6%	19.0%
15 to 19 years, not in school	53.7	6.9	12.8%	11.0%	32.7	60.9%	11.2%
20 to 24 years, in school	32.3	3.0	9.3%	4.8%	14.8	45.8%	5.0%
20 to 24 years, not in school	78.7	3.5	4.4%	5.6%	21.9	27.8%	7.5%
25 years or over, in school	8.2	0.0	0.0%	0.0%	0.0	0.0%	0.0%
25 years or over, not in school	121.1	3.8	3.1%	6.1%	19.0	15.7%	6.5%
Unattached individual	348.5	7.8	2.2%	12.5%	44.9	12.9%	15.3%
Living alone	211.8	3.5	1.7%	5.6%	20.2	9.5%	6.9%
15 to 24 years	20.1	0.0	0.0%	0.0%	5.7	28.4%	1.9%
25 to 54 years	153.1	1.9	1.2%	3.0%	11.1	7.3%	3.8%
55 years and over	38.6	0.0	0.0%	0.0%	3.4	8.8%	1.2%
Living with non-relatives	136.7	4.3	3.1%	6.9%	24.7	18.1%	8.4%
15 to 24 years	44.8	1.6	3.6%	2.6%	13.4	29.9%	4.6%
25 to 54 years	86.0	2.5	2.9%	4.0%	10.8	12.6%	3.7%
55 years and over	5.9	0.0	0.0%	0.0%	0.0	0.0%	0.0%

Source: Statistics Canada, 2008a; calculations by authors.

Table A2.2: Living situation of workers earning minimum wage and workers earning \$10 per hour or less in Canada, 2007

	Total employed persons (thousands)	Earning minimum wage			Earning \$10 or less		
		Number of workers (thousands)	Percentage of workers earning minimum wage	Proportion of minimum wage earners	Number of workers (thousands)	Percentage of workers earning \$10 per hour or less	Proportion of workers earning \$10 per hour or less
Member of a couple	8161.3	174.4	2.1%	24.4%	792.5	9.7%	31.3%
Spouse not employed	1494.7	45.1	3.0%	6.3%	181.6	12.1%	7.2%
Spouse unemployed	271.6	10.2	3.8%	1.4%	42.4	15.6%	1.7%
Spouse not in the labour force	1223.1	35.0	2.9%	4.9%	139.2	11.4%	5.5%
Less than 55 years	749.4	17.5	2.3%	2.4%	71.0	9.5%	2.8%
55 years and over	473.7	17.5	3.7%	2.4%	68.2	14.4%	2.7%
Spouse employed	6666.6	129.3	1.9%	18.1%	610.9	9.2%	24.1%
Spouse earning minimum wage or less	105.3	9.1	8.6%	1.3%	23.2	22.0%	0.9%
Spouse earning more than minimum wage	5626.8	97.6	1.7%	13.6%	497.1	8.8%	19.6%
Spouse self-employed	934.5	22.6	2.4%	3.2%	90.6	9.7%	3.6%
Head of family, no spouse present	1022.5	36.4	3.6%	5.1%	169.3	16.6%	6.7%
Youngest child is less than 18 years	524.3	17.4	3.3%	2.4%	74.9	14.3%	3.0%
No children, or youngest child is 18 years or older	498.2	19.1	3.8%	2.7%	94.4	18.9%	3.7%
Son, daughter or other relative living with family	2721.5	427.3	15.7%	59.7%	1236.4	45.4%	48.8%
15 to 19 years, in school	524.4	209.3	39.9%	29.2%	470.1	89.6%	18.6%
15 to 19 years, not in school	363.2	97.8	26.9%	13.7%	271.4	74.7%	10.7%
20 to 24 years, in school	228.2	32.7	14.3%	4.6%	123.0	53.9%	4.9%
20 to 24 years, not in school	598.8	49.6	8.3%	6.9%	211.4	35.3%	8.3%
25 years or over, in school	56.2	2.7	4.8%	0.4%	11.8	21.0%	0.5%
25 years or over, not in school	950.8	35.3	3.7%	4.9%	148.7	15.6%	5.9%
Unattached individual	2346.1	77.9	3.3%	10.9%	334.1	14.2%	13.2%
Living alone	1540.1	38.5	2.5%	5.4%	165.4	10.7%	6.5%
15 to 24 years	125.7	7.9	6.3%	1.1%	37.8	30.1%	1.5%
25 to 54 years	1131.8	19.8	1.7%	2.8%	89.2	7.9%	3.5%
55 years and over	282.6	10.7	3.8%	1.5%	38.4	13.6%	1.5%
Living with non-relatives	806.0	39.4	4.9%	5.5%	168.8	20.9%	6.7%
15 to 24 years	257.9	20.5	7.9%	2.9%	91.9	35.6%	3.6%
25 to 54 years	505.5	16.6	3.3%	2.3%	69.5	13.7%	2.7%
55 years and over	42.5	2.2	5.2%	0.3%	7.3	17.2%	0.3%

Source: Statistics Canada, 2008a; calculations by authors.

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Media Coverage – Minimum Wage/Employment Standards Discussions

EDITORIALS/LETTERS TO THE EDITOR:

Minimum wage should be raised to \$9.25 an hour

Vancouver Sun

Thursday, November 18, 2010

Page A18

By Editorial

When the provincial government last raised the minimum wage in British Columbia, the rate of \$8 an hour was the highest in the country. That was nine years ago. Today we have the lowest minimum wage in the country.

Over that time, the Liberal government has resisted raising the minimum in good times and bad. Successive ministers have reasonably argued that the minimum wage is less important for low-wage workers than other benefits they have achieved, including lower tax rates (most minimum wage earners now pay no provincial income tax), carbon and HST tax credits and, until the recession hit, a hot economy that drove the starting wage in many industries well above the legally prescribed minimum. They and many economists argue that a higher minimum wage would hurt low-wage workers by deterring employers from hiring.

While those factors are still important, they have become overshadowed by the injustice of freezing the wages of the lowest-paid workers in the province for nine years while all others have risen, and the fact that the government has never produced a rationale for what the minimum wage should be or a mechanism for adjusting it for inflation.

This is not a good time to impose higher costs on businesses. The economy is soft. Some are adjusting to the HST and the restaurants and bars complain they face another challenge from the new tougher drunk-driving legislation that came into effect in September.

Unfortunately, the long freeze on the minimum wage has left us without the luxury of waiting for the right point in the business cycle to raise the minimum wage. We note that when the government had the opportunity to act while the economy was hot, it chose not to.

While just 2.3 per cent of the labour force is paid minimum wage, that still represents more than 40,000 British Columbians. About one in five of those earns less than \$8 an hour, since the absolute floor is the \$6 an hour training wage allowed for new workers.

The report by the Liberal-dominated finance committee of the legislature last week recommending a thawing of the freeze on minimum wages represents a welcome opportunity for the government to take another look at this issue, with two primary objectives.

First, the minimum wage needs to be increased so that the minimum wages in this province are competitive with others and reflective of the generally higher cost of living in the Lower Mainland.

Second, the legislators should do for the lowest-paid workers in the province what they have done for themselves. That is to set up a mechanism that will automatically increase the minimum wage in line with increases in the cost of living. While inflation has been low in historical terms over the past nine years, the \$8 an hour wage would have to be about \$9.25 today to achieve the same purchasing power it had in 2001.

Within the next year, the minimum wage should be brought up to a level that at least matches inflation since it was last increased. This increase will likely not cause job losses because the real wage (inflation adjusted) isn't going up.

The government should abandon the training wage, which has never been monitored and is too open to abuse.

In its stead, the government could consider a separate, lower minimum wage for workers who also receive tips. This would help soften the blow for the hospitality industry.

Finally, the minimum wage should be subject to an annual review requiring a public report citing the reasons if the annual adjustment to the minimum wage is either above or below the rate of inflation.

Minimum wage increase a bad idea

Williams Lake Tribune

Tuesday, November 23, 2010

Page 0007

By Gilles Mailhiot

Editor:

So you think increasing the minimum wage is a good idea? Not so fast! On the face of it, increasing the minimum wage appears to be a great idea. That would be true if the increase was limited to entry-level jobs. But it does not stay there. Normally, when the minimum wage increases, it creates a ripple of increases in all levels of pay in an organization.

So, all of a sudden, the cost of doing business has gone up. All wages have increased, along with the attendant payroll taxes. Caught with the problem of increased labour costs, the employer has some options. He can reduce his labour costs by laying off employees, thereby creating more unemployment.

He can eat the increase by accepting a lower profit or he can increase prices on his goods and services. Usually the third option is the selected one. So now, the increased cost of doing business has resulted in price increases that, in most cases, nullify the original minimum wage increase. Then employee groups demand further pay increases to meet rising prices.

That's called inflation. Think back to the 70s and 80s inflation spiral caused by price and wage increases.

BC FEDERATION OF LABOUR – JIM SINCLAIR:

Take minimum wage to \$10 immediately

Times Colonist (Victoria)

Saturday, November 20, 2010

Page A15

By Jim Sinclair

The Nov. 16 editorial enjoined the B.C. Liberals to follow through on their finance committee proposal to raise the minimum wage. Having said that, it let the Liberals off the hook by setting the minimum wage too low.

Most British Columbians have overwhelmingly supported the B.C. Federation of Labour's call to raise the minimum wage to \$10 -- now. The federation's call isn't pulled from thin air. Moving to a \$10 minimum wage would still leave a full-time minimum-wage earner 69 cents below Statistics Canada's low-income cut-off.

This follows the recommendation of Harry Arthurs, former dean of Osgoode Hall Law School and past president of York University. Arthurs reviewed federal employment standards and recommended minimum wage policy should ensure no full-time worker earns less than the poverty line.

That's why we believe the minimum wage should be raised to \$10 immediately, followed by semi-annual increases to keep pace with changes in the low-income cut-off as determined by Statistics Canada.

Inevitably, some low-wage employers will argue moving to \$10 would amount to a 25 per cent increase and that is considered too large a jump. You can't help but ask where were they when the B.C. Liberals cut the minimum wage by 25 per cent and introduced the \$6 training wage? Where were they when MLAs voted themselves a 29 per cent wage raise and gave the premier a 54 per cent increase? Rather than trying to water down an increase that is long overdue, we should be challenging the Liberals to ensure those at the low end of the wage scale see a fair increase to \$10 now.

Jim Sinclair

President

B.C. Federation of Labour

CBU, Page , 26-Nov-2010

Tostenson, Sinclair debate minimum wage

By CBC Almanac

Susan McNamee: The minimum wage debate rages on. It's clearly becoming a hot potato in the Liberal leadership race, and BC Labour Minister Iain Black has asked his staff to call stakeholders to the table. We have a couple of them joining us at the BC Almanac table today. Call in and join in the discussion.

Now to our guests. Ian Tostenson is the president and CEO of the BC Restaurant and Foodservices Association, and Jim Sinclair is the president of the BC Federation of Labour. We've got Jim in the studio, and we've got Ian on the phone.

Welcome to both of you.

Ian Tostenson, first of all, what are your thoughts on Iain Black's invitation to meet key players in the debate?

Ian Tostenson: It might be just the way to end the gridlock. Iain called me yesterday to tell me that it was important for him to have all representations at the table, all points of view, and to get to a place that makes sense for the workers of BC and also in light of small business concerns. I think it's a great announcement.

McNamee: Jim Sinclair, how hopeful are you about these discussions?

Sinclair: Well, I think the good news is, after almost nine and a half years, they have agreed that finally we might get out of the gutter of the lowest minimum wage in Canada -- long, long, long, long overdue. It should be done now. I appreciate the consultation. I guess there must be something else happening in the Liberal Party. They're starting to change the way they do business. But let's be honest. Our position is very simple. It should be \$10 an hour. It should be moved there immediately to catch up with the rest of the country. Workers shouldn't pay for the fact that the Liberals ignored them for ten years, and we should go back to \$10 an hour. At that point let's sit down with business and let's sit down with the government and talk about how we move it up.

The final point I'd make on that is we just finished a poll we released yesterday. I'm not talking from out of the blue or from top of the mountain. Eighty-seven percent of British Columbians say raise it immediately, including the two hospitality workers I just talked to five minutes ago. So I think it's unanimous, almost unanimous. We don't need a lot of consultation. Let's get on with the job.

McNamee: Is it unanimous, Ian? Is it time for the \$8 minimum wage to be bumped up? Why, or why not?

Tostenson: Jim just said it should go to \$10 overnight. I think that that.... You know, you look at the current environment right now. In our industry it's pretty tough right now, but there's great intentions. The industry is.... I know what Jim's going to say -- is, well, we should have done it in the good times -- and maybe we should have, Jim, but right now I know we're looking at business closures, layoffs, because of the 0.05 drinking. HST has got an effect. The economy has got an effect. There's businesses out there that are off upwards of 40%.

It doesn't mean we shouldn't do this. What it means, I think, is how do we move with as much sensitivity as Jim's expressing for workers, which is great. I think we still have to say, you know, look let's have the same.... Business will get to it. One thing about business is if they see the

rationale and you build the business case, you get them on side; they'll get there -- but not overnight to ten bucks.

McNamee: Let's get to the callers. Should the minimum wage go up, and by how much? Give us a call.

Andrew from Vancouver: I just wanted to say that if you raised the minimum wage by \$2, that would amount to \$16 a day more for your employee. If your company can't handle \$16 a day, you're pretty much broke anyway, so I don't see that it really matters.

Tostenson: That is the case. Someone was on this morning on another talk show and said that he's a pub. He makes a couple of thousand bucks a month, not 10,000 bucks a month. But here's the other point that we have to be aware of. It's just not dealing with the \$8. We could argue or make the presentation here that there's other ways to flow money through low-wage-earners besides increasing minimum wage, because you get bracket inflation. The \$8 goes to \$10, the \$10 worker wants to go to \$12, and up and up you go. It's not just an isolated case of \$16 a day. You're going to have all your employees saying, here, lookit, in fairness, can we adjust this all throughout? We have to be careful about that.

McNamee: Jim Sinclair is shaking his head.

Sinclair: Fair point. Let's be concerned about everybody here. But there was no outcry when they lowered the minimum wage from \$8 to \$6, 25%, at the urging of business, and no one said, oh, my God, workers are going to really suffer because of a 25% pay cut.

The other question I'd say is I want to make the point that \$10 is what most people are paying now. We're talking about the smaller group of employers that have benefited from the lack of policy all these years, and there's going to have to be a bump. I think we should say as a society you're entitled to open up a coffee shop, open up whatever you want, but you've got to pay a wage that's at the poverty level, and frankly, \$10 for a single person is still below the poverty level.

Tom from Victoria: The minimum wage in Ontario is \$10.25. The minimum wage in the United Kingdom is \$12 an hour equivalent. The minimum wage in Australia is \$13.50 equivalent. The OECD says that a low-wage job is \$12 or less an hour. One in five BC workers make a low wage. The living wage for Metro Vancouver is calculated at \$18.17 per hour, and in Victoria it's \$17.31 per hour.

McNamee: Thank you. I guess those are the facts and figures that Tom has come up with. We know where he stands.

What about the \$6 training wage, Jim? Should that stay in place? Should there be a training wage?

Sinclair: I was reading in the paper the other day about the person making \$6.75 training the person she was working with. The training wage is the minimum wage. That's what it's always

been. This was just brought in by the Liberals to lower the minimum wage to \$6. I want to say there are still people in the hospitality industry making \$6.75 an hour. If you walk into a McDonalds store in Vancouver, good chance the person serving you is making \$6.75 an hour. In Newfoundland that same person is making \$10.25 and it's a third less expensive to live there. It's just wrong.

McNamee: Ian Tostenson.

Tostenson: Well, Jim, I don't think you should say it about McDonalds. I happen to know a lot about how McDonalds pays. They're great contributors to this industry. I think that they're really starting to not use the training wage, which is six bucks for 500 hours, and you'll find that a lot of their employees, the majority of employees are paid well above the minimum wage. So I just think it's unfair to point them out. They're good corporate citizens. They try to do the right thing. But they are in a very competitive business and low margin.

But let's not misconstrue here. I think you're hearing an industry that's prepared to step up and do what it can, given the economics that it's faced with, to do what is right here. So we're not balking at this. I think there needs to be some changes and there probably needs to be a rethink on a training wage.

I don't personally think that someone should be...if someone's making minimum wage at ten bucks, say it's \$10, that your new employee necessarily comes in at ten bucks with no experience. I mean, maybe there's a rationale for some training, maybe six is too low and maybe 500 hours is too long a period. But I think those are the kind of things that hopefully this panel that we put together deals with.

McNamee: Let's go to West Vancouver. Jim is on the line.

Jim: I was just thinking that the argument that if the minimum wage is increased to \$10 per hour then it would filter up and other people would want an increase, and thinking back a couple of years when our provincial politicians voted themselves a raise in the neighbourhood of about 30%, I believe, I didn't see anyone else clamouring for a great increase in wages. So I think that whole argument is rather hollow.

McNamee: Okay. I want to talk about the politics of it a little bit because we're hearing more about it from the two leadership candidates, contenders so far. It seems suddenly we're reviewing it and looking at it.

Jim Sinclair, if the Liberals grab this as a football they're going to run with, where does that leave the NDP platform?

Sinclair: Well, they'll have to look at their platform. I'm not in charge of their platform.

We've been fighting with the Liberal government for nine years. They're grabbing it now. Why? Because they're at 9% in the polls, they're 20% in the polls. They're grabbing it now because they realize they have to start listening to us again, and I think that whatever the reason, the politics of

this, there's 200,000 people out there making less than ten bucks an hour. Those are the people I'm talking about today and representing today, and I think those are the ones that it should be done today. Let's not have a mile-long review and all that stuff. Let's get on with it. Nine years is too long.

McNamee: Shawnigan Lake. Lea is on the line.

Lea: We have a small restaurant in the area, and we have up to 11 employees now. So being in the hospitality business it does really concern us, the raising the minimum wage. I think we do need to keep it in perspective, though. Of my 11 employees, most of my minimum wage employees are dishwashers or high school students working part time for a little extra cash, so seeing an increase to them, I'm sure they would love it. It's not going to affect their living standard so much, but it is definitely going to increase my payroll.

McNamee: What might it mean to you, Lea? Could you possibly have to lay off somebody if everybody started making \$10 an hour?

Lea: Definitely we're going to have to look at it. We're very seasonal, being in this area. We get good business in the summer and we see about a third of the business in the winter. So it'd definitely mean we'd have to take advantage of more EI layoffs in the winter. You'd see a lot more of that. We try really hard to keep our employees on throughout the winter as much as we can, but we'd definitely have to lay [audio dropped].

Tostenson: ...[audio picked up] that really says. I mean, it's fine for me to say this, but, I mean, when they're making payroll, 80% of restaurants are small business, less than 50 employees, and the economics are a bit sketchy right now.

You know, one thing I think it does do is that you end up with the owners putting more hours in and not hiring as many part-time people. You know, cooks and kitchen, they're very convenient jobs for students who aren't necessarily relying on these minimum wage jobs to live because they're doing other things.

I think the biggest problem, though, is if we have to deal with low-wage workers is one thing, but I disagree with the caller. You will get.... If someone's making \$10 an hour and your new person comes in at ten bucks an hour and they've been there for...and they're experienced, they're going to want their increase as well, too. So there is bracket inflation, there is no question.

McNamee: Jim in Tomslake.

Jim: All these callers, some I agree with and some I disagree with. The lady who had the pub or something on here a couple of callers ago. People need to realize if they own the business that if you have people who are making more money, that are making minimum wage, they will spend more money at your business. That's just commonsensible math. The economy will move. Poverty will go down. We can't keep giving people welfare aid and helping them out and stuff like that. Get people working. It's just common math. The more people make better money, the

more people spend, the more the economy works. I just don't understand how people can't figure that one out.

McNamee: Okay, Jim, we're going to have to leave the last word with you. And we want to say thank you to Jim Sinclair for coming in. Thank you to Ian Tostenson on the line.

Sinclair: Sawbuck minimum wage lacking

CBYG

Monday, November 29, 2010

By CBYG

News reader: The head of the BC Federation of Labour says a \$10 an hour minimum wage is still not enough.

Jim Sinclair made the comment in his opening address to delegates at the BC Federation of Labour convention in Vancouver this morning.

Reporter: Jim Sinclair kicked off the five-day convention with a sprawling 45-minute speech to more than 900 delegates here at the Vancouver Convention Centre. But, Sinclair touched on traditional issues facing the labour movement; government cuts, protection for workers and working conditions and, of course, the minimum wage.

Now, some in the Liberal government have said they will consider bumping it up to \$10 an hour. Sinclair says that's great, but not good enough. He says the BD Fed will immediately start pushing for \$11 an hour after that is instituted.

Now, Sinclair also talked about the upcoming provincial election saying those in the labour movement must fight to push the Liberals out of government and he firmly endorsed NDP and leader Carole James.

Sinclair: What minimum wage consultation?

CHNL

Monday, November 29, 2010

News reader: BC's top labour boss, Fed President, Jim Sinclair, is wondering this morning, if, and when the province might ask for his advice (On minimum wage).

Sinclair: We haven't been asked. My phone hasn't rung off the hook from Mr. Black. I understand he's phoned some people that have talked to me but we haven't received a phone call yet that he'll be talking to us.

Building a better B.C. will take a cooperative effort

Vancouver Sun

Monday, November 29, 2010

Page A11

By Jim Sinclair

Today, one of the most important meetings in the province begins when more than 1,200 working people, from every corner of the province and every occupation, come together to shape a new vision for our province.

People who teach our children, run our forest industry, serve our food, take care of our sick, mine our resources, protect our environment, pick up our garbage and build our industries. In short, the people who get up every day and do just about everything that makes our province possible. For five days they will stop doing those jobs and turn their experience and wisdom to charting a course that will return hope to British Columbians.

It won't be easy. Working people and the labour movement face many challenges. We have witnessed a decade of decline in all things decent in our province. People are frustrated and discouraged. Child poverty is the highest in Canada. Care for seniors is failing. Our minimum wage is the lowest. Our students have the highest debt. We lead the nation in job losses. Those injured on the job have no pensions. Unemployment is unacceptably high. The list is long.

At the top of our agenda will be the creation of good jobs. We need policies that put British Columbia first and a government that will act on them. As we watched sawmill after sawmill, pulp mill after pulp mill close (50,000 good jobs lost) it became abundantly clear that Liberal forest policies failed miserably. Log exports hit record levels and nothing was done. Delegates know that forestry will only remain a foundation of our economy if we bring in policies that require proper reforestation and value-added industry.

Delegates this week also will debate how the labour movement can work with environmentalists to build a skilled, sustainable economy that produces good, union jobs. Labour and environmental groups have worked together in the past. Now more than ever, we must combine our resources, skills and energies to confront climate change.

Gordon Campbell was recently declared "Builder of the Decade" by one of his corporate backers. How then do we explain the shortage of 160,000 skilled workers Campbell's own government predicts the province will face in five years? The Liberals built bridges, buildings and roads but they failed the most basic challenge -to build a new generation of builders.

How else do you explain the number of graduating apprentices actually dropped during the largest building boom in our history? Instead of investing, the government cut funds and fired apprenticeship counsellors.

Too many employers have ignored their obligation to train workers and the Liberals made it worse.

The answer lies not in poaching skilled workers from under-developed countries, but in investing in British Columbians so we can perform the skills in our province.

The men and women who make up the labour movement take seriously their responsibility to work on behalf of all workers, not just those who have a union card. That is why the Federation continues to campaign to end the Liberal's nine-year minimum wage freeze. Former Liberal

ministers and even the Chamber of Commerce are now agreeing with the Federation and the vast majority of British Columbians who believe the \$6 an hour "training wage" should be eliminated and the minimum wage raised to \$10 an hour.

The labour movement is under no illusion that \$10 an hour will end poverty, but it does get us one step closer to a province where no full-time worker finds themselves with a paycheque that leaves them below the poverty line. Delegates this week will no doubt discuss what we need to do next, so that everyone in our province earns a living wage and we can reverse B.C.'s shameful levels of poverty.

It is not enough to simply imagine what a better province would look like. We also need to explain how we pay for the services we want and need. No matter how you measure it, the Liberal's reckless tax cuts of the last decade have failed to deliver the promised results and have left us collectively poorer not richer.

The HST is the wrong tax, at the wrong time to be paid by the wrong people. The province wide revolt against this dishonest tax must not be allowed to turn into a reckless tax-cutting campaign.

Delegates this week will continue a discussion that needs to spread beyond our convention hall and across our province: how to introduce tax fairness to build a province that makes us all collectively richer. That discussion is long overdue.

Want to be part of building a better province? Stop by the Vancouver Convention Centre this week and have a listen. You won't be disappointed you did.

Jim Sinclair is president of the B.C. Federation of Labour.

LEADERSHIP CANDIDATES/OTHER MINISTERS:

Abbott advocates moving HST referendum up

CHAN

Thursday, November 25, 2010

By Global BC Noon News

News reader: It's taken a few weeks, but the first serious candidate has now announced he's running for leader of the Liberal Party. Education Minister George Abbott announced his intention to run a couple of hours ago. This follows an announcement earlier that Moira Stilwell is also running.

Mr. Abbott joins us now from downtown Vancouver.

First of all, this means you're stepping down as Education Minister, I assume.

Abbott: Yes, I tendered my letter of resignation to the Premier this morning.

News reader: So why, I guess, is the biggest reason...? Why would you like to run for leader and as Premier?

Abbott: Well, I think we have an enormous amount of work to do as a government, and as a party to reconnect with British Columbia. I think we have, in some quite fundamental ways, lost both the trust and confidence of British Columbians. I think we need to get out, listen to people, listen to their ideas, reconnect at the grassroots levels with people..

And I think one of the things that I bring to the table in terms of value-added is that I do reach out to people. I listen respectfully to people, and I build constructive solutions with people.

News reader: Let's pretend we're in an election race now, and I'm going to ask you about some key points.

I guess, first up, which most people want to know: if you win the leadership and become Premier, would you repeal the HST?

Abbott: Well, I would take it to a referendum. One of the things I said this morning is I'd like to move the referendum up at least as early as June 24th of 2011. That's a full 3 months earlier than it's currently slated for under the Recall and Initiative Act.

News reader: I thought, though, if you do become leader, that happens in February. Elections BC said they need at least 6 months to be able to organize an earlier referendum, so that puts you around August at the earliest, anyway. So isn't that a bit redundant?

Abbott: I would like to work with Elections BC to see if that is, in fact, so. If we could get agreement between the government caucus, the official opposition caucus, the pro- and anti-HST groups to move it up and to utilize the Referendum Act, rather than the Initiative and Recall Act, have it earlier, get it done, get this area of division behind us, I think that would be enormously important.

News reader: The next set provincial election date is May of 2013. Would you move that up?

Abbott: I don't anticipate doing so. I think while there may be a bit of a bump after a new BC Liberal leader is elected, think that bump will be both illusory and transitory. I think we need to reach out as a party and as a government to the grassroots. We've got a lot of work to rebuild the confidence and trust among the electors of British Columbia. I want to take the full amount of time to do that. Pretending we can build the trust without a lot of hard work, I think, is wrong.

News reader: Last question, Mr. Abbott.

What's your take on raising the minimum wage? We have the lowest minimum wage in Canada. It sits at \$8 an hour. Moira Stilwell says she would raise it in 50-cent increments until it hit the \$10-an-hour mark. What's your take on that?

Abbott: Well, I think what I want to see.... And you're absolutely right. We had the highest minimum wage back ten years ago; we now have the lowest. I think this is something that we must review in the weeks ahead, and certainly support a review with all of the stakeholders involved -- MLAs, both sides of the House, with business, labour, and other leaders in the province -- to talk about that important issue. Again, I don't want to be definitive about what we should do until a review is underway. But I do think that it would be very important at this point in time to see that wage begin to move up.

News reader: All right, Mr. Abbott. Thank you very much for your time today.

Abbott: My pleasure. Thank you.

News reader: And we're going to Victoria now, where Keith Baldrey is standing by with more on George Abbott's announcement this morning.

Keith, you mentioned to me earlier, what is important when a candidate announces that they're running for leader is how many other caucus members or MLAs are there to support him. Did any show up for Mr. Abbott today?

Baldrey: Yeah, there were a number there. By my count, he's got the backing of at least nine..

News reader: Keith, stand by. We're getting your audio in place. We can't hear you.

Go ahead. There we go. Start again.

Baldrey: Yes, by my count he's got about 9 MLAs backing him. A number of them in the room there today. Others, like Kash Heed apparently do back him and weren't able to make the announcement.

So caucus support is important. That's an impressive list. I thought he was going to have a little more than that. But nine is nine. And those represent, I think, a lot of the purely small "I" liberal members of the Liberal caucus.

Keep in mind, of course, the BC Liberals are a coalition of small "I" liberals, and small "c" conservative. George Abbott very much represents the small "I" liberal side of the party.

But what was also interesting, Randene -- and I think this is even more key to the chances of success for Mr. Abbott -- is he has three well known Conservative Party-linked political operatives working for him, people I have known over the years.

Lorne Valensky, who's been a fixture on the political scene in BC both at the provincial and federal levels for some time; Mark Jiles; and Byng Giraud -- all very well known organizers.

And if you want to win a leadership campaign, it isn't just going out there and making speeches. You've got to work the phones, work the constituencies. There's a lot of people voting in this

process --every person who is a member of the BC Liberal Party. As well, you need to sign up new members and have them vote for your candidacy.

That's why getting the back-room organizers, the likes of these three guys, is very important. That was more impressive, I think, than the fact that nine MLAs seem to be backing George Abbott.

It's going to be interesting to see how many back Kevin Falcon when he decides to finally go in, how many back Rich Coleman, and how many back Mike de Jong, and how many back Christy Clark, who's still out there. I just talked to her. She's going to maybe have something to say tomorrow -- not today. But she's still toying with running as well.

So I think it's going to be a little more crowded field in the next few days.

News reader: I also wanted to mention that you just talked to the Labour Minister, Iain Black, who is talking about possibly moving on the minimum wage.

Reporter: Yeah, they're going to put it out to consultation. It's going to be a defined consultation with certain groups. You're going to be having business groups brought in for the impact on them. Also, organized labour is going to be consulted, academics, economists, think tanks, policy institutes.

Even a couple of Americans in the States are going to be asked for their thoughts on this issue. So it looks like the minimum wage.... I would suspect this consultation will be wrapped up in time for the new leader to take over, to take what is arrived at here with this consultation process, And I would be very surprised if the minimum wage does not go up as a result of this.

So the new leader, whether it's George Abbott or one of his colleagues, will probably have that ready for him or her to announce some time after February 26th. Does it go up in 50-cent increments as Moira Stilwell is suggesting? Does it go by suddenly 2 bucks, or is it some other method? I'd be surprised if we don't have a conclusion that says the minimum wage has to increase. By how much -- who knows?

News reader: All right, Keith. Thank you for very much for that.

Stilwell & Abbott: Time to revisit min wage

CIVT

Friday, November 26, 2010

Bill Good: The only two people to formally enter the Liberal leadership race agree on at least one issue. They both promise to raise the minimum wage if they become Premier.

At \$8 an hour, BC's is the lowest minimum wage in Canada and as Nafeesa Karim reports, not all business owners are opposed to the idea.

Reporter: Candy shop owner Lisa Caruk has been in business for almost a year. She relies on people having a few extra dollars to spend in her store.

Lisa Caruk: Candy, food, treats, make people happy. If they have a little extra money, then they'll spend more on those little treats that will make them happier, because candy makes people really happy, right?

Reporter: She says raising the minimum wage to \$10 an hour will mean more money in people's pockets and better employees. Caruk: Because I usually have one person, maybe two people working at a time, I need to find someone that's responsible and for \$8 an hour, I'm looking at teenagers, and I don't really trust someone that's young to run a store when I'm not here.

Reporter: Caruk's logic is what Liberal leadership candidate Moira Stilwell is counting on with her promise to gradually raise the minimum wage if she becomes Premier.

Moira Stilwell: Everybody I've talked to says this is the time to do it. What businesses are concerned about is uncertainty.

Reporter: Fellow candidate, George Abbott, agrees.

George Abbott: It's time to address that issue.

Reporter: But the BC Chamber of Commerce warns raising the minimum wage will do more harm than good.

John Winter: Hours of work are probably going to be the most critical area if businesses have to face a 25% increase in cost. That's likely how they'll respond, by cutting back on the number of hours that they employ people.

Reporter: Back at the candy shop Caruk has a different view of what's harming her bottom line.

Caruk: The HST is a way bigger deal than this is.

Reporter: And if the wage hike goes through, she hopes minimum wage earners will spend their cash on candy.

Issue of child poverty still a provincial priority

The Daily News (Nanaimo)
Monday, November 29, 2010
Page A08
By Mary Polak

Re: 'Kids in poverty only a piece of the puzzle,' (Daily News, Nov. 26)

No government wants to see any child or family living in poverty and there is always more that can be done to support families who are at the low end of the income spectrum.

However, the rate of child poverty in this province has declined for the fifth consecutive year and by a total of 46% during that period. This is encouraging and demonstrates that our approach is meeting with positive results.

Our plan is focused on targeted investments and cross-ministry initiatives which include: up to \$765 in monthly rental assistance for low income families; child care subsidies that support about 50,000 children over the course of a year; the elimination of provincial income taxes for 325,000 British Columbians; the elimination of MSP Premiums for low income families; and, 100% coverage of drug costs for those with low incomes.

As a government, we are continually assessing the effectiveness of initiatives and targeted investments that impact low income families. To that end, in the coming weeks, our government will be gathering input on employment standards, including minimum wage. It's an issue that is worthy of discussion but one that also warrants careful consideration. The last thing we want to do is make a decision that has unintended consequences, such as a loss of jobs at the low end of the income spectrum which would hurt the very people we want to help.

Our government's efforts on the issue of child poverty and support of low income families remains a priority -- and we will continue to exercise the same level of commitment moving forward.

Mary Polak
B.C. Minister, Children
and Family Development

Krueger: Wages and welfare rates

CHNL

Monday, November 29, 2010

By CHNL

News reader: While Victoria ponders this prospect of a higher minimum wage, that probably won't lead to higher welfare payments.

The indication coming from Social Development Minister, Kamloops-South MLA, Kevin Krueger.

Krueger: We are in really tight financial constraint for running a deficit. We're doing the best that we can.

The number of people needing to draw income assistance is down to around a third of what it was at one time.

News reader: Krueger will also tell you that the best answer to welfare is a job.

And, the number of people collecting a paycheque in our province has increased by a whopping 422,000 since his Liberals formed the government.

OPPOSITION - CAROLE JAMES:

James to BCFL: NDP will raise min wage

CBU

Tuesday, November 30, 2010

By CBC Almanac

Mark Forsythe: Over on the other side of the political fence this morning, New Democratic Party leader Carole James addressed the BC Federation of Labour convention in Vancouver. She spoke about her plans to govern if the NDP wins the next election.

Carole James: And I'm really looking forward to the day when I stand as premier with BC's lowest paid workers and sign into law an increase in the minimum wage to \$10 an hour and tie future increases to inflation and reward hard work in British Columbia.

New Democrats are working towards the day when every community and every person is valued by government. I look forward to the day when New Democrats as government stand with parents and children to announce an affordable, accessible early learning and care system so families can better balance work and home life in this province.

I look forward to the day when a New Democrat government puts a stop to the privatization of our health care system and spends public dollars in public health care in British Columbia.

Forsythe: Carole James speaking to delegates at the BC Federation of Labour convention earlier today. After that speech reporters asked her about concerns that NDP insiders continue to raise about her leadership and she responded in part

James: Well, as you know it's been a challenging time over the last while but our team is focused, our team is coming together. It's going to take some time for folks. Emotions were high coming out of that weekend but we're working hard. We're working hard as a group and that's going to continue.

People in British Columbia are counting on us. Failure isn't an option. We don't have a choice but to work hard on behalf of the people of British Columbia. They're counting on us and we're going to make sure we deliver for them.

Reporter: What have you done to weld the dissent in the NDP ranks? Some of the MLAs weren't behind you. What are you doing to address that (inaudible)?

James: As I said that weekend, I'm reaching out to all MLAs. I'll be having an opportunity to sit down with each of them to talk about the concerns they have, to bring forward their ideas and

strategies on how we can make sure that we present that positive vision. So that work has begun and I'm looking forward to that.

Forsythe: Reporters quizzing NDP leader Carole James at the BC Federation of Labour meeting this morning.

BUSINESS/BOARD OF TRADE/CHAMBERS OF COMMERCE/CFIB:

CFIB minimum wage concerns

CHNL

Friday, November 26, 2010

By CHNL

News reader: The BC government decision to start a consultation regarding a possible minimum wage increase has the voice of small business concerned.

The Canadian Federation of Independent Business (is) lamenting the possibility.

Reporter: Brian Bonney with the CFIB says they're worried because the government is considering an increase to BC's lowest legal pay rate of \$8 an hour.

Bonney: The concern we have, is that when you give one employee in a staff of 15 that's on minimum wage, a \$2 increase, all the others are going to say, I worked hard to get to where I am, I also deserve a \$2 to make sure I'm still getting ahead in the company.

Reporter: He says, only 2.3% of British Columbians make minimum wage.

Bonney suggests a program for just that small percentage of workers would be a better idea than hiking the rate across the board.

Winter; Consultation process on minimum wage

CBC

Monday, November 29, 2010

John Winter outlines his arguments against increasing the minimum wage in BC. He does not endorse an increase as proposed by the Federation of Labour which would see a 25% increase that many small businesses, such as restaurants, could ill afford. He says only 2.7 % of workers in BC earn minimum wage.

Surrey North Delta Leader, Page 1, 30-Nov-2010

Surrey businesses support higher pay

By Kevin Diakiw

Surrey businesses are calling for a higher minimum wage in this province.

Typically, business groups have opposed increasing the minimum wage, saying market forces determine an adequate wage.

However, this city's businesses are bucking that trend.

The Surrey Board of Trade (SBOT) went to its 1,440 members last month and asked if they support raising the minimum wage in B.C. from its current \$8 an hour, the lowest in the country.

The SBOT membership voted 80 per cent in favour of lifting it to a more livable wage.

The membership decided in October that workers deserve a wage more reflective of the cost of living in B.C., according Anita Patil Huberman, CEO of the SBOT.

"Right now the minimum wage is at \$8 (an hour)," Huberman said Friday. "We know from the membership poll that we took, that many businesses already pay above that, in the \$10 to \$12 range."

Huberman acknowledged that the call for a higher minimum wage is partly due to a desire for a more level playing field with businesses that might be getting cheaper labour.

"That's part of the equation," Huberman said. "It's about offering a competitive playing field for everyone, so then at least they start from the same basis point."

Not many other boards of trade have taken a similar stance, except Victoria, which is also calling for a higher minimum wage. Huberman said she knows of no others.

The B.C. government has begun laying the groundwork for the first minimum wage increase in nine years. Labour Minister Iain Black said Thursday he has asked staff to consult with business and labour representatives over the next three months.

B.C. has both the lowest minimum wage and the highest cost of living in the country.

New Brunswick raised its minimum wage from \$8.50 to \$9 an hour on Sept. 1 and will take it to \$10 by next summer. Ontario has the highest minimum wage in Canada at \$10.25.

It's \$8.70 in Prince Edward Island, \$8.93 in Yukon, \$8.80 in Alberta, \$9.25 in Saskatchewan, \$9 in Manitoba and Northwest Territories, \$9.20 in Nova Scotia, \$9.50 in Quebec and \$10 in Nunavut and Newfoundland.

North Shore Outlook, Page 05, 01-Dec-2010
Province considers minimum wage hike
By Greg Hoekstra

If the province raises the minimum wage, it must do so in a way that won't harm local businesses, warned North Vancouver Chamber of Commerce president Anne McMullin last week.

Otherwise, the wage hike could result in job losses and business closures, which isn't good for anyone, she said.

"If [a minimum wage increase] is going to occur, the business community has said they would like to see a gradual, phased-in approach," McMullin told The Outlook last week, after the province announced its considering the first minimum wage increase in nine years.

On Thursday (Nov. 25) B.C. labour minister Iain Black announced his ministry will meet with key business and labour stakeholders in the coming months to discuss employment standards - including the minimum wage.

Kirkpatrick said the North Van chamber has been consulted by the province in the past. If they're asked to give input this time around, they'll push for the ministry to cover all its bases before approving a wage hike, McMullin said.

"The government needs to look at all the costs and the impacts before making the decision," McMullin said. "It's difficult to say whether it would have an impact on social issues."

West Vancouver Chamber of Commerce president Gary Mussatto said he wasn't surprised by last week's announcement. B.C.'s \$8 an hour minimum wage, he said, is outdated and not in keeping with the province's cost of living.

However, Mussatto noted that consumers should be warned the wage hike could, at first, have some adverse effects.

"I believe it's time for a raise," said Mussatto. "But people need to realize that it will affect prices and it will affect unemployment."

In a statement to the press, Black said he's asked ministry staff to research "how we can best ensure employment standards reflect the realities and needs of employees and employers in 21st-century workplaces."

This includes speaking to organizations that represent the interests of both employees and employers, as well as independent labour experts, Black said.

The process, he added, is expected to take two to three months.

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The Delta Optimist, Page 3, 08-Dec-2010

Delta chamber supports gradual increase of minimum wage

By Dave Willis

The Delta Chamber of Commerce wouldn't mind seeing an increase to the minimum wage.

"It would be safe to say we wouldn't object to it," said chamber chair John Appleby.

The group asked its members via a blog post for their thoughts on a possible increase to the \$8 minimum wage, which is the lowest in Canada. The majority of those who responded favoured an increase.

The one caveat chamber members did suggest is that it be implemented in gradual increments, Appleby noted.

B.C. Labour Minister Iain Black announced last month that he asked staff to meet with business and labour stakeholders to discuss employment standards, including the minimum wage.

"The workplace is changing constantly," Black said in a press release. "I've asked staff to gather views on how we can best ensure employment standards reflect the realities and needs of employees and employers in 21st-century workplaces."

The Delta chamber "is speaking up as part of this process in the coming months," the blog post stated.

Appleby noted the B.C. Chamber of Commerce had a conference call with the minister on Monday and the Delta chamber had passed along its opinions to the provincial group.

Chamber looking into changes regarding B.C.'s minimum wage - Asking for your input on how an increase would impact locally - Abbotsford Mission Times - December 7, 2010 7:04 AM

Hon. Iain Black, Minister of Labour, has asked the BC Chamber and its member chambers, including the Abbotsford Chamber of Commerce for input on the minimum wage as part of a government-to-business consultation on the province's current employment standards, including the minimum wage.

Specifically, he has asked the Chamber to focus on potential impacts facing the business community should the minimum wage be raised.

The BC Chamber currently has no formal policy on this issue other than a survey conducted with member Chambers five years ago. So, in order for the BC Chamber to develop a public position on this issue they are soliciting input from member Chambers around the Province. The Abbotsford Chamber of Commerce participated in a province wide conference call on December 6th in order to garner a perspective on the issue and to provide input.

The Chambers are responding particularly to queries put forward from the government.

In a recent news release Minister Black stated, "The workplace is changing constantly. I've asked staff to gather views on how we can best ensure employment standards reflect the realities and needs of employees and employers in 21st-century workplaces."

Black said staff will have focused discussions with organizations that represent the interests of employees and employers, as well as independent experts, over the next two to three months.

The purpose of the meetings will be to elicit stakeholder views and provide advice on how to modernize B.C.'s employment standards system around the following themes:

- The role and purpose of the minimum wage in today's economy, and how it should be established and adjusted.
- Enhancing flexibility for employees and employers.
- Clarifying and simplifying standards.
- Improving the provision of information on employment standards to employees and employers.
- Improving the enforcement of employment standards.
- Ensuring expeditious hearing and determination of complaints.

The Employment Standards Act and regulation set minimum standards of wages and working conditions in most British Columbia workplaces.

The legislation covers hours of work, overtime, minimum wage, payment of wages and statutory holidays.

If you have comment or opinion on changes to the Employment Standards Act including minimum wages please contact David D. Hull Executive Director at the Chamber office. 604 859 9651 or david@abbotsfordchamber.com

BC Minimum Wage survey - <http://www.surveymonkey.com/s/8MFK7C9> - Dec. 7, 2010

Greater Vernon Chamber of Commerce Members....we need your input!

The minimum wage in British Columbia (BC) is \$8.00/hour. The exception to the minimum wage law is that for a first job where the employee has no work experience prior to November 15, 2001, the minimum wage is \$6 for the first 500 hours with one or more employers.

How does BC compare across Canada?

Alberta \$8.80
BC \$8.00
Manitoba \$9.50
New Brunswick \$9.00
Newfoundland \$10.00
NWT \$9.00
Nova Scotia \$9.65
Nunavut \$10.00
Ontario \$10.25
PEI \$9.00
Quebec \$9.50

Saskatchewan \$9.25

Yukon \$8.93

In order for us to better understand our business community and for us to pass on valuable feedback to government agencies, please answer the questions below. Thank you for your time, input and comments!! Greater Vernon Chamber of Commerce

1. Should the minimum wage in British Columbia be increased?

Should the minimum wage in British Columbia be increased? Yes/No/Undecided

Other (please specify)

2. Should the BC minimum wage be increased, please rate the impact this would have on your business.

Should the BC minimum wage be increased, please rate the impact this would have on your business. 1 - No impact 2 3 4 5 - Moderate impact 6 7 8 9 10 - Extreme negative impact

Other (please specify)

3. Would an increase in the BC minimum wage affect your staffing levels in your business?

Would an increase in the BC minimum wage affect your staffing levels in your business? Would result in layoffs? Would limit hiring additional staff? Would decrease current employee hours?

No change

Other (please specify)

4. Would an increase in the BC minimum wage cause your business to close?

Would an increase in the BC minimum wage cause your business to close? Yes/No

Other (please specify)

5. If the BC Government were to increase the minimum wage, what should it be increased to?

If the BC Government were to increase the minimum wage, what should it be increased to?

\$8.00/hour - wage should stay the

same \$8.50/hour \$9.00/hour \$9.50/hour \$10.00/hour \$10.50/hour \$11.00/hour or more

Other (please specify)

6. How many people does your business employ?

How many people does your business employ? 1-56-1011-1516-2021-3031-4041-5051 plus

Other (please specify)

7. Do you own your business or are you an employee of a business?

Do you own your business or are you an employee of a business? Own my own business?

Employee of a business?

Other (please specify)

8. Is your business a member of the Greater Vernon Chamber of Commerce?
Is your business a member of the Greater Vernon Chamber of Commerce? YesNo

Restaurants being hit by perfect storm

Times Colonist (Victoria)

Thursday, December 09, 2010

Page B09

By Carla Wilson

One in five B.C. restaurants will likely close its doors by winter's end, say leading industry officials.

Restaurants are in a perfect storm of continuing economic uncertainty, introduction of the harmonized sales tax, stricter drinking-driving laws and the possibility of a higher minimum wage.

"By about April or May, their cash flows will be depleted and it's likely we will see up to 20 per cent loss in restaurant operations," said Frank Bourree, a principal of Victoria's Chemistry Consulting.

Bourree was speaking about the capital region. But a survey of 300 B.C. hospitality operators two weeks ago in Vancouver showed they have seen a drop in sales ranging between 30 and 50 per cent because of the HST and tougher limits on blood alcohol levels, he said.

"Our food and beverage industry is taking an absolute beating," said Bourree.

Family-owned independent restaurants are expected to be hit the hardest among the capital region's 650 food outlets, Bourree said, adding "it is going to be brutal."

Corey Judd, owner of Cabin 12 restaurant at 607 Pandora Ave., is expecting to survive, attributing his optimism to the 12 staff members "who care" by doing their best to minimize waste and help save money. Even so, he had to borrow money Tuesday to cover the payroll. "That's not abnormal," Judd said.

Ian Tostenson, president and CEO of the B.C. Restaurant and Foodservices Association, agrees with Bourree's prediction for the restaurant industry, a sector already vulnerable to high turnover.

"I would say 20 per cent would probably be a reasonable number of businesses that could go under. We know there are a lot of small businesses just hanging on by a thread," Tostenson said from Vancouver. "We continue to be plagued by this sluggish economy."

When the 0.05 per cent blood-alcohol level regulations came into effect in September, customers changed their behaviour. "They just stopped going out. They said 'that's it,'" Tostenson said.

Suburban restaurants and those in communities without taxi service are among those suffering the most, he said. The after-work crowd is also drying up because they don't want to take a

chance with the new rules. This follows the introduction of the HST in July, which added seven per cent for a total 12 per cent tax paid by diners.

If B.C. considers changing the minimum wage, the restaurant industry wants to be at the table, Tostenson said.

Don Monsour, the restaurant association's Victoria chairman, agrees that restaurants will be shutting down because of today's difficult business climate. The 20 per cent closure figure is "probably pretty accurate," he said, adding, "but no one has a crystal ball."

Other challenges facing the industry include fewer tourists and a strong dollar, Monsour said. "You are looking at a horrible situation coming down the road."

Any minimum wage increase will affect restaurants' costs, he said. Staff who don't get tips and are now earning more than the minimum will want an increase if lower-paid staff, who receive gratuities, see their rate rise.

To offset the impact of this "perfect storm," Monsour suggests restaurants offer smaller portions to make dining out more affordable.

A solution to the HST issue is to incorporate it in the price on the menu or billboard so that it doesn't jump out at diners, he said.

Monsour added restaurant operators can avoid making diners uncomfortable if they only order an entree and they should focus on quality, service and atmosphere.

cjwilson@timescolonist.com

Time to hike minimum wage: poll

Times Colonist (Victoria)

Friday, December 10, 2010

Page B01

By Andrew A. Duffy

The Greater Victoria Chamber of Commerce is wading into the battle to raise the minimum wage armed with a strong mandate from its membership to see the \$8-an-hour rate increased immediately.

A survey of 303 chamber members showed 85 per cent believe it's time the general minimum wage was increased from its current level -- the lowest statutory minimum wage in the country -- with many members noting an increase is "long overdue" and the current level "is an embarrassment."

More than 100 of the respondents added their own comments to the survey in support of an increase in the wage, citing everything from the cost of living in B.C. to the need to attract and retain talent among the reasons for doing so.

One business owner noted the training wage at that business starts at \$8 an hour instead of the allowable \$6 -- "I do not pay them the \$6/hr wage which I think is immoral" -- while other employees make more than \$10 an hour.

"It helps with employee retention. I think that in a city where the cost of living is so high we can't continue to pay such a low wage and hope to continue to have success," the owner wrote.

Other owners noted those who earn less tend to spend all their money, which means an increase in the minimum wage would correspond with a boon to the economy as it would result in an increase in the amount spent on goods and services.

Another pointed out if the margins of a business were so thin that an increase of the minimum wage to \$10 an hour would kill it, then the business model isn't viable in the first place.

Chamber CEO Bruce Carter said the results of the survey did not really surprise him, though he was surprised businesses weren't concerned about compression -- that business owners felt an increase wouldn't bring upward pressure to other wages.

Carter said the survey results have made it clear the chamber should push for an increase immediately. "What we heard was 'we want the minimum wage to go up and we want it to go up now' so our mandate is to go out there and lobby government to do that," he said. "But it needs to be done responsibly and carefully, perhaps a phased approach is best."

He also suggested the government needs to look at a special wage category for those who make a significant amount of money from gratuities or commissions. "If you are making \$8 an hour but making \$16 an hour in tips do we really need to increase your wage?" he asked.

While the Chamber has not picked a figure for a new minimum wage, the survey showed 56 per cent of respondents to the survey felt the wage should be at least \$10 an hour.

"We must remain attractive to labour because that's important," he said. "In the labour market we're in, we're around 5.5 per cent unemployment, it's still fairly tight and you need to care for people you want to do your work and it doesn't well work at that (existing) wage level."

Of the 303 responses to the survey, 41 were from members inside the hospitality industry and 26 others were in the retail sector -- two segments of the economy that are often tied to the minimum wage.

The vast majority of survey respondents (82 per cent) said the starting wage offered at their businesses was in excess of \$10 an hour, with 56 per cent saying their starting wage was \$12 an hour or more -- likely a reflection of the fact 32 per cent of respondents were from professional and business services or the finance, insurance and real estate sectors.

Only 17 per cent of those polled said their lowest entry wage was below \$10 an hour.

MINIMUM WAGES

British Columbia \$8
Alberta \$8.80
Saskatchewan \$9.25
Manitoba \$9.50
Ontario \$10.25
Quebec \$9.50
New Brunswick \$9
Newfoundland \$10
Prince Edward Island \$9
Nova Scotia \$9.65
Northwest Territories \$9
Nunavut \$10
Yukon \$8.93

MINISTER BLACK/MISCELLANEOUS MEDIA:

POVERTY: B.C. minimum wage the lowest in Canada

Nanaimo News Bulletin
Tuesday, November 23, 2010
Page 1
By Rachel Stern

British Columbia's minimum wage has sat at \$8 an hour for nearly a decade. It is now the lowest in Canada. Ontario boasts the highest, after raising it 75 cents to \$10.25 this March. Nanaimo Mayor John Ruttan said the minimum wage needs to increase.

"For a family it would be virtually impossible to live on \$8 an hour," said Ruttan.

He said increasing it must be done gradually to minimize the impact on small businesses and avoid layoffs. He said small business is currently the leader in job creation and an increase of that amount, about 25 per cent, could be difficult.

"I can see a catastrophic challenge if it went from \$8 to \$10 overnight," he said.

The B.C. Federation of Labour has been pushing for the government to increase the minimum wage for years and wants the government to eliminate the \$6 an hour training wage. Recently the federation submitted a letter with the support of 21 B.C. mayors calling for minimum wage to increase to \$10.

"The Liberals told us the minimum wage did not need to be increased when the economy was producing jobs," Jim Sinclair, president of the federation, said in a statement released for Labour Day. "According to the B.C. Liberals there is never a good time to increase the minimum wage."

Reasons for increasing the minimum wage, according to the 2005 report Minimum Wages in Canada, include alleviating poverty, reducing wage inequality, providing an incentive to leave income assistance programs and helping pay for rising tuition fees, among other reasons.

Raising the minimum wage can sometimes be ineffective in fighting poverty because of the broad spectrum of workers it encompasses from youth to secondary earners in households of wealthier families. It found increasing it could also lead to the elimination of lower wage or training jobs leading to more volunteer or unpaid internships.

According to 2003 statistics, 60 per cent of minimum wage workers were teens or youth who live with their parents, 25 per cent were couples, of which 75 per cent have a spouse earning more than minimum wage, 11 per cent are single individuals and four per cent are single heads of families.

The legislative finance committee recently recommended that the minimum wage be raised.

The recommendation was contained in the committee's report released last week based on a tour through B.C. for ideas on what should be in the next budget.

"It's no question that the recommendation of the committee is a breakthrough in our fight to raise the minimum wage, but there will be no celebrating until the money is in the paycheques and in the pockets of B.C.'s lowest paid workers," said Sinclair.

The finance committee did not spell out the size of the increase.

CKNW, Page , 25-Nov-2010

Black consulting with stakeholders on min wage

By CKNW Christy Clark

Christy Clark: Change is in the air. Well, with respect to the minimum wage, that's for sure. We've heard from both leadership candidates that are so far in the race, one that she very much wants to raise minimum wage, the other that he is open to raising minimum wage. Now the legislative committee on finance has said that they would like to see the minimum wage raised. Well, we thought we'd check in with Iain Black. He is BC's Labour Minister and joins me now.

Nice to have you on the program, Iain.

Iain Black: Good afternoon, Christy, and to your listeners.

Clark: Now, are you going to raise the minimum wage? Are you thinking about it?

Black: Well, what we've announced today, Christy, is that I've instructed my senior staff to engage key business and labour stakeholders in discussions on the Employment Standard Act. Part of these discussions will include but not be limited to the topic of the minimum wage. So the purpose of these discussions will be to seek stakeholder views on how to ensure that the basic terms and conditions under which we regulate work in BC are reasonable and sufficiently

flexible to meet the needs of employees and employers of the 21st century, but clearly, the minimum wage is one of the issues that should be discussed with this group, and so that's why we're going to put it to them.

Clark: You're talking to business leaders, small business, large business. You're also talking to labour, I take it.

Black: Yeah, actually my intention is to have senior officials meet with representatives from approximately 12 to 15 stakeholder groups representing employers associations, independent experts, leading academics and economists from not just within BC but actually across Canada -- and there's one or two in America I'd like to talk to as well -- and labour advocacy groups that advocate on behalf of unrepresented workers.

Clark: Now, minimum wage \$8 an hour in BC, the lowest in Canada. Finally, why is now the time to change it if, Iain, the government's been in power for a decade and hasn't seen fit to do so?

Black: Well, over that same decade what you've seen, of course, is the addition of 420-odd-thousand jobs that did not exist this time back in 2001. You're also seeing us have one of the highest standards of living in Canada, among the highest wages in the country, with an average wage of about \$23 an hour and a youth wage not being down at minimum wage but actually at about \$13.55 an hour. So a lot of the key measurements in terms of what the economy is producing signal that things have been managed very, very well. The taxes are low, the wages are high, and these are the right signs. But you do from time to time as a labour minister reflect on, with your cabinet and with your premier -- and there's not a labour minister in the country who doesn't do so with his or her cabinet or his or her premier -- as to where the minimum wage is at, and we now get the sense that this could be the time to do it.

But I'll tell you.... This is the important thing. When I was reassigned as Labour Minister.... You may recall that I was Labour Minister before the last election. When I was going through my briefings once I was reappointed with the honour of having this role about a month and a half ago now, I turned to the staff during the transition discussions and said: okay, so I remember the minimum wage topic well. What's new? The answer was: not a whole lot. And I said, okay, well, what do we know in terms of the current information? In terms of what the economists are saying, we're at a different economic state now than we were three years ago. What's different? And what became clear to me is that there is a need to step back from the oversimplified and political rallying cries and collect some thoughtful and informed and, frankly, up-to-date perspective. That's what I'm hoping these consultations are going to provide.

Clark: Has anyone done this in the past, Ian? I ask because it's been a decade. BC's at the bottom of the pile. You say you want to go look at it now. Wouldn't it have been prudent over the years to have had a few looks at it before now?

Black: Well, there certainly has been research accumulated and research analyzed through that time. I mean, as we analyzed and discussed this in the past, including when I was the Labour Minister, the data was indicating that if you did what was being proposed by the NDP and Jim

Sinclair of the BC Federation of Labour prior to the last election to raise the minimum wage and effectively the payroll of small business by 25% in one fell swoop, the data was very clear that you would put up to 55,000 people out of work almost overnight and inject about \$255m in costs onto the backs of the small business, family-owned, mom-and-pop businesses in British Columbia. That was not at all a responsible way of going at it.

It continues to be this wonderfully seductive concept, but the danger with the minimum wage is that it's one of these things where, when you pull on a string, there's a little bell that rings somewhere else. In the case of minimum wage, when you pull on that string, there are several bells, a dozen or more bells, that ring, and some of them are alarm bells when it comes to actually hurting the most vulnerable workers and lowest-earning British Columbians. So you have to be very, very careful buying into the seduction of the concept being so simple.

Clark: One of your colleagues wants to raise it almost in one fell swoop over two years by 25%. Is that too much?

Black: Well, I'm going to wait to be informed by what the consultation process provides, Christy. Here is my take on it. My role as the Labour Minister is to make sure that I am giving advice to our cabinet and to our leader, whoever he or she may be, in such a manner that says: "Look, here's the most current view on this. Here's the most current view from the leading academics in the country, the leading economists. Here's their view on minimum wage relative to how our economy has been recovering from this recession -- thankfully, better than any other jurisdiction in North America. Here is what they are recommending that we contemplate." And my job as the Labour Minister is to do two things. One is to make sure that the business of government continues through this very, very exciting time in the history of our party and our province as we literally are picking a new premier by the end of February but also to make sure that when he or she is in the role, that they've got the opportunity to make these decisions on a very informed basis. That is what I intend to deliver.

Clark: And when will we see that report, Iain?

Black: Well, my understanding from the senior staff is that this should take probably two to three months to complete all the interviews and the discussions and assemble a report, so I'm hopeful that I'll see this in the late winter.

Clark: All right. Thank you so much.

B.C. opens door to minimum wage hike as part of review of employment standards

CP News

Thursday, November 25, 2010

VICTORIA _ The B.C. government is opening the door to a possible increase in the minimum wage, which has been frozen at \$8 an hour for a decade.

Labour Minister Iain Black has announced that in the coming months his staff will gather the views of business and labour leaders on the minimum wage in the current economy, and how it should be adjusted.

It's part of a wide-ranging round of consultations over the next three months on how to modernize B.C.'s employment standards.

In addition to the minimum wage, the consultations will consider how to clarify workplace standards, improve enforcement and speed up the handling of complaints.

George Abbott and Moira Stilwell, the two declared contenders to replace Premier Gordon Campbell as Liberal leader, have both said they favour increasing the minimum wage.

Labour leaders have been pushing for an increase for years, complaining that B.C. has the lowest wage in Canada.

Black considers minimum wage increase

CBYG

Thursday, November 25, 2010

By CBYG

News reader: The BC Government is finally ready to talk about raising the minimum wage. Earlier this month a committee of the legislature recommended the government consider an increase. This week, Liberal leadership candidates picked up on the issue. Now Labour Minister Iain Black says he plans to meet stakeholders to discuss employment standards, including the minimum wage.

Iain Black: I expect that they'll have a report back into my office probably within about 90 days or so, I think late winter. That would then leave the new leader and the new cabinet an opportunity to be informed by that report and make whatever decisions they choose are appropriate at that point in time.

News reader: The current minimum wage in BC, at \$8.00 an hour is the lowest in the country.

Black keeping details of report under wraps

CHNL

Thursday, November 25, 2010

By CHNL

News reader: And it's simply a fact-finding mission. That from the minister of Labour, who says there are no promises the minimum wage will be raised. Iain Black with the comments after telling ministry staff to meet with 12 to 15 stakeholder groups to discuss employment standards in the province.

Black: No, I wouldn't guarantee anything. I'll be informed by the report from the ministry after talking to the key stakeholders and the key experts in terms of economists and academics in the country, and frankly across North America.

News reader: Black won't say who will be approached by the ministry, hoping to keep politics out of the talks. He expects a report to be on his desk between 90 and 120 days, which he will then forward to the new Premier and cabinet.

Minimum Wage Issue to Be Reviewed - By 250 News - November 25, 2010 03:24 PM

Prince George, B.C.- While a poll conducted for the B.C. Federation of Labour indicates 87% of the British Columbians questioned favour an immediate increase of the minimum wage to \$10 an hour, the Province is about to embark on a fact finding mission.

Labour Minister Iain Black has announced he has asked senior ministry staff to meet with key business and labour stakeholders to discuss employment standards, including minimum wage.

The discussions are set to take place over the next couple of months, and he expects a report back in about 90 days.

The Budget 2011 committee has already recommended an increase in the minimum wage to \$10 dollars an hour.

B.C. Federation of Labour President, Jim Sinclair, says the poll shows the vast majority of British Columbians want the minimum wage increased immediately "Unlike Labour Minister Iain Black who calls the increase 'dangerous' and Liberal leadership hopefuls who prefer a slow incremental increase that ensures our minimum wage remains the lowest in the country."

BC Local News, Page 01, 26-Nov-2010

B.C. begins review on minimum wage

By Tom Fletcher

VICTORIA - As B.C. Liberal leadership candidates join the chorus calling for an increase in Canada's lowest minimum wage, the government has begun laying the groundwork for the first increase in nine years.

Labour Minister Iain Black said Thursday he has asked staff to consult with business and labour representatives over the next three months. Black's announcement came hours after Shuswap MLA George Abbott resigned as education minister and announced his leadership bid, featuring a promise to review the minimum wage.

Vancouver-Langara MLA Moira Stilwell, the first leadership candidate to declare, has called for it to be increased immediately from the current \$8 an hour to \$8.50, with 50-cent increases every six months until it reaches \$10.

Stilwell advocated the same schedule of increases for the \$6-an-hour "training wage" that applies to new workers in their first 500 hours of employment. Both rates were set by the B.C. Liberal

government in 2001, and calls for an increase have become an annual Labour Day campaign by the B.C. Federation of Labour and the NDP opposition.

Both groups have advocated an immediate increase to \$10 an hour. Black cautioned that a sudden increase could be "dangerous" for small businesses struggling to recover from a deep recession.

Finance Minister Colin Hansen said this week that only 2.3 per cent of B.C. workers are paid minimum wage, and the majority of those are young people who live with their parents.

New Brunswick is the latest province to raise its minimum wage, going from \$8.50 to \$9 an hour on Sept. 1 with further increases to take it to \$10 an hour by next summer.

In March, Ontario raised its minimum wage by 75 cents to \$10.25, the highest in Canada.

It's \$8.70 in Prince Edward Island, \$8.93 in Yukon, \$8.80 in Alberta, \$9.25 in Saskatchewan, \$9 in Manitoba and Northwest Territories, \$9.20 in Nova Scotia, \$9.50 in Quebec and \$10 in Nunavut and Newfoundland.

The Daily Courier (Kelowna), Page A03, 29-Nov-2010

The Courier takes it to the streets

The B.C. government is opening the door to a possible increase in the minimum wage, which has been frozen at \$8 an hour for a decade.

Labour Minister Iain Black has announced that in the coming months his staff will gather the views of business and labour leaders on the minimum wage in the current economy, and how it should be adjusted.

It's part of a wide-ranging round of consultations over the next three months on how to modernize B.C.'s employment standards.

The Daily Courier asked people in Kelowna: Do you think the provincial government should raise the minimum wage?

ALLISON FALLIS: "Definitely, oh yah, for sure. Because the cost of living is so high. It's just skyrocketed, especially in Kelowna."

LORRAINE BROOMHAM: "Oh yes. I'm always going to agree with that. We're just strapped. Everything is so expensive. We need more money to grow and feed and spend. It's quite hard."

ERIC KNUTTLA: "Yes. Because it's hard enough to make a living out there with the wages the way they are, especially when you are just starting a job. It's crazy."

JENNIFER SHORMAN: "Absolutely, I think they should. Because the cost of living in British Columbia is massive compared to the rest of Canada and I think it should match that. Especially the cost of living in Kelowna; the sunshine tax that is living in Kelowna."

TODD SHORMAN: "It should be an average or in line with the rest of Canada. At one time, we were the highest; now, we're the lowest. I realize that the economy was pretty good there for a while and pretty much nobody was working at minimum wage. But now that it's gone the other way, it's going back again. It's so hard to raise a family on a minimum wage job or even to start off."

JULIE OUGH: "Yes, to balance out the cost of living. So it's not so hard for people to purchase new homes or pay for rental accommodation or go to school."

Summerland Review, Page 001, 01-Dec-2010
Wage hike under review

The number of signs pointing towards an increase in the provincial minimum wage is growing. But this evidence says little about the implementation and impact of such a move - an uncertainty that causes some concerns among local leaders.

Provincial labour minister Iain Black said last week that he had asked his staff to discuss potential changes to the minimum wage with business and labour leaders during the next three months.

Minimum wage earners currently receive \$8 per hour, the lowest minimum wage in the country.

Victoria Road Deli and Bistro owner Roger Gillespie said he would support an increase, but warned against a sudden spike, which small businesses might not be able to absorb.

Mayor Janice Perrino echoed this concern. While workers are overdue for an increase, such a hike might pose a risk for small businesses.

"It (small business) is a huge sector of our workforce, so this could potentially put many small businesses out of business," said Perrino. "Especially, if (the increase) is sudden... just as we are coming out of the down economy."

For others such as labour and provincial opposition under NDP Carole James, the proposed increase cannot come soon enough in light of a new report on child poverty in British Columbia.

The report released Nov. 24 - one day before Black announced the up-coming review - slammed the provincial government for failing to reduce Canada's highest recorded rate of child poverty.

The review of the provincial minimum wage coincides with one of the most tumultuous period in recent provincial politics. Black announced the up-coming consultations after his former cabinet colleagues Moira Stilwell and George Abbott expressed support for an increase.

Both Stilwell and Abbott are running to replace Gordon Campbell as leader of the B.C. Liberals and premier of British Columbia and their respective support for a higher wage appears to be an attempt to broaden their support and distance themselves from Campbell, who in the past had consistently rejected calls for an increase.

Campbell resigned last month after he failed to defuse public anger over his handling of the controversial Harmonized Sales Tax.

Stilwell went a step further during her announcement by spelling out the details of her proposal. It calls for an immediate increase from the current \$8 an hour to \$8.50, with 50-cent increases every six months until it reaches \$10.

Perrino said she would favour such a staggered increase, with some modification.

"I would change that six months to nine months to allow businesses time to adapt," she said. "That way the \$10 would be reached in 36 months," she said.

Both the B.C. Federation of Labour and the NDP opposition have advocated an immediate increase to \$10 an hour. Black though cautioned against a sudden increase by saying it could be "dangerous" for small businesses struggling to recover from a deep recession.

If the province were to increase to the minimum wage in the coming months, it would be the first increase in a decade.?

Such a move would satisfy a chorus of government critics, including labour leaders and poverty activists, who have consistently accused the B.C. Liberals for favouring the well-off ahead of workers struggling at the lowest margin of the income spectrum.

B.C. finance minister Colin Hansen implicitly rejected this criticism, when he noted that just 2.3 per cent of B.C. workers receive the current minimum wage, adding that most minimum wage earners still live at home.

Yet the minimum wage law also serves as a broader signal to the rest of the labour market.

New Brunswick is the latest province to raise its minimum wage, going from \$8.50 to \$9 an hour on Sept. 1 with additional increases set to take it to \$10 an hour by next summer.

In March, Ontario raised its minimum wage by 75 cents to \$10.25, the highest in Canada.

It's \$8.70 in Prince Edward Island, \$8.93 in Yukon, \$8.80 in Alberta, \$9.25 in Saskatchewan, \$9 in Manitoba and Northwest Territories, \$9.20 in Nova Scotia, \$9.50 in Quebec and \$10 in Nunavut and Newfoundland.

- With files from Tom Fletcher

MEDIA PANELS:

Panel debates minimum wage – with guests Moe Sihota, Erin Chutter, Rafe Mair

CBU

Monday, November 29, 2010

By CBC Early Edition

Stephen Quinn: One hour of your work is worth \$2.25 more in Ontario than it is right in BC. That's because of our \$8 an hour minimum wage. It is the lowest minimum wage in the country. But Minister of Labour Iain Black says he's going to look at how it should be adjusted. Here to offer their perspective on the issue, the Early Edition's political panel. Moe Sihota is the president of the BC NDP. Erin Chutter has worked for the BC federal Conservatives and the BC Liberals. Rafe Mair is a blogger and former Socred cabinet minister. All of them join me on the line this morning. Good morning all three of you.

All: Good morning.

Quinn: Great to be talking to you rather just hearing you. Erin, in the past, the Liberal position has been that increasing the minimum wage is going to be bad for business, it's going to throw people out of work. How seriously can people take this turnaround?

Erin Chutter: Well, this is a great example of when public policy and politics crash into each other, probably like one of those very dangerous bike intersections in Vancouver and just because a policy is good politics doesn't necessarily make it a good policy. And the flipside of that of course we've seen with the HST. A very good policy but it turns out to have been rather serious politics. There's been lots of research shown by many, many different economists over time that a minimum wage has very little impact on the actual average wages in a province. And we certainly have that here in British Columbia. We have some of the highest average wages in the province and I read with some interest Jim Sinclair's piece this morning in the Vancouver Sun about the BC Federation of Labour meetings coming up this week and it's like he believes that somehow increasing the minimum wage is going to have this massive impact on creating employment and in fact research has shown the opposite will happen. I think what's happened within the Liberal caucus is they've realized that that issue has dragged on for a long time. It's because a rallying cry against the government and at a time when the government has enough rallying cries against it, and I think they've decided to move forward with changing the policy. But again, we could have a very, very long argument over many days with many PhDs involved as to whether or not it's good policy but obviously it's very good politics.

Quinn: Moe, your party has been pushing for this for a long time. What do you think of the timing of it?

Moe Sihota: I think the government is starting to crumble under some pressure. And obviously there are some divisions within their cabinet about it, when you get some people like Moira Stilwell and George Abbott saying it ought to be increased. I think that the Liberals would still prefer to do it. You look at Miss Stilwell's proposal on an incremental basis where it kind of moves from \$8 to \$8.25, maybe to \$8.50 and then over a period of time gets up to \$10. I don't think that's right. Most of the provinces across the country are in the \$10 range. Even provinces like Newfoundland and New Brunswick are either there or headed there. I mean \$10 an hour is still about \$3.12 more than what it takes to kind of meet the basic poverty level in this province. So it addresses the problem but not fully. I think it reflects the government's general attitude that

it doesn't really sort of care about those people that are in the low end of the pay scale. Now, you know, there's always the argument made that if you increase the wage to \$10 an hour, that obviously means that prices are going to go up or there are going to be layoffs. I did that as Minister of Labour and never once saw that there was a shift in employment levels downward. And the companies that really benefit are the McDonald's of the world. You know, in Newfoundland they're paying about \$10 an hour to people; in BC on the training wage they're actually paying \$6.75 an hour.

Chutter: They're not actually....

Sihota: Let me finish.

Chutter: They're not actually paying that wage. That's the mythology of your argument.

Sihota: Listen, the price of a Big Mac in St. John's is \$4.19 -- the same as here in Vancouver. So you know, when you really get down to it, it has a minimal effect on the bottom line. Large employers such as McDonald's benefit significantly, and it's about time it was increased. I'm glad to see some of the people are starting to talk along those lines. But it should be increased right away to \$10 an hour.

Quinn: Erin, we'll hear from you in just a second. I want to....

Chutter: I just can't help it. I get so passionate about these things.

Quinn: I want to get Rafe's take on this in a moment. Rafe, Iain Black, the Labour minister, says there is concern about raising the minimum wage because of the potential for job losses. What do the Liberals do here?

Rafe Mair: Well, for the economists that Erin is talking about, read the Fraser Institute. Now, what we're talking about here is a very simple, but important, point to be made. We are supposed to be a society that cares for one another. What we've got is a society full of billionaires that break the bloody system and then go hand themselves out million-dollar prizes. The reason I'm connecting this is we have a societal problem that is absolutely fatal. If we don't start changing the gap between the rich and the poor and bringing the middle class back in, we're in the kind of trouble -- and I know you're going to say I'm an alarmist -- we're in the kind of economic trouble that gave rise to the great revolutions of the 18th and 19th and 20th centuries. And we should start thinking globally and thinking about these things. And I might just point out to my two colleagues that Newfoundland is now a have province. It's no longer a have-not province. But this is long overdue. A nickel on a hamburger? My God! And I'll tell you this, though. My friend Erin will love this. I meet lots of these people that are suffering that they have to pay another \$1.05 for those. I meet them all, and their grievances are real. I meet them all on cruises in the Mediterranean, for God's sake. It's about time we came to reality.

Quinn: Erin?

Chutter: There's a couple of points here. The first point is I'd just like to point out that Newfoundland is a have province now because of the oil-and-gas industry, which I know that Rafe has had major issues with in BC becoming an oil-and-gas province. So that's a little disingenuous. The other side of the matter is 40,000 people earn the minimum wage in BC. Most of those are part-time people. They're students. They're people taking a second part-time job. There's this mythology that there's this bulwark of our citizens who are supporting their families on \$6.25 per hour. The statistics show that is not accurate at all. In fact, British Columbia has one of the highest average wages in the country. McDonald's is not paying most of its employees minimum wage. It's paying them above minimum wage because that's what the market has made the wage to be -- much, much higher than minimum wage. But what the minimum wage allows is for small businesses, family-run businesses, to bring in extra staff and gradually train them and gradually bring them up to speed and train them to be the workers of the future. The cost to business to increase the minimum wage is about \$220m a year. That will have an impact on some of those students' jobs. They'll be gone. It'll have an impact on some of those small and family-run businesses. The proprietors will have to go back to working those 15-hour days just to make ends meet. If there's no real compelling reason to do it, I'm not sure why we're doing it. I don't...

Mair: Someone's got to suffer, Erin. Why in the hell is it that people who are poor must suffer? Why can't these....

Quinn: We've got 30 seconds left. Let's just give the last word to Moe here, since Erin's had two cracks at it.

Sihota: Well, there's a couple of things to consider from the small business side. Clearly, as you deal with public policy, you have to strike some kind of a balance. On the small business side, correctly, in my view, and this started with the NDP, the small business tax rate is now the lowest in the county. So they're getting a good break there. With that combined, I think that business has some capacity to be able to take the \$10 an hour hit. Having said that, I think what the government would be better advised to do is increase it to \$10 but particularly for the hospitality sector, which has been hit by the drinking-driving laws, it's been hit by the HST, the government should go back and take a look at how they might be able to assist them in terms of some of their cost structures. But that aside, the wage should be increased by \$10 right away.

Quinn: All of you, thank you so much for this this morning. I appreciate it very much. Great to hear from you.

Panel: Modernizing employment standards – with guests Laura Jones, Jason McLean
CBU

Tuesday, November 30, 2010

By CBC Early Edition

Stephen Quinn: Employing people in this province means following some rules. Well, now the Minister of Labour wants some help to modernize that rulebook. This morning our business panel steps up with their suggestions for the Employment Standards Act. Laura Jones is the VP,

Western Canada, Canadian Federation of Independent Business; Jason McLean, chair, Vancouver Board of Trade and the CEO of McLean Group.

Good morning. Nice to see you face to face rather than just listening to you, as I always do.

Minimum wage, currently the lowest in the country. There's been lots of talk about this as the Liberal leadership race heats up. Should it be the highest? Should it be somewhere in between?

Laura Jones: Well, it's really interesting, actually, when you consider the minimum wage debate, because it's one of the few markets where.... In other markets we basically trust the buyers and sellers to get together and agree on the terms of exchange, and when it comes to labour markets, we don't do that. We say the government needs to step in and needs to be very involved and in the case of minimum wage needs to set a floor, so a minimum wage rate that employees and employers can agree on.

I think in BC we have had kind of an interesting experiment over the last ten years, because minimum wage has stayed the same, and the market has made minimum wage irrelevant -- largely irrelevant. Only about 3% of employees here earn minimum wage, so the vast majority of employers are paying more than minimum wage, and if they tried to offer minimum wage, they wouldn't find many people putting up their hands and wanting to work for them. And those who are earning minimum wage are largely under 25, and they're students, first jobs, many of them in the service industry, where you get tips on top of minimum wage anyway. So it's interesting that the market has kind of made it irrelevant.

I think that one of the questions that doesn't get asked in this debate that really should be asked is what exactly are we trying to accomplish when we raise the minimum wage, and is this the most effective way to go about that. That's something I hope in this debate that we will discuss, because if we're serious about doing some good, we need to ask that question.

Quinn: Would you advocate getting rid of the minimum wage altogether, then? Why do we need one?

Jones: Well, I don't think that's practical or realistic, but I think what's gone on in BC does beg the question: why do we need a minimum wage? That's kind of a radical thought for many people, but that's where I come back to. Let's really think about what it is that we want this to do, because in my view what we want a minimum wage to do is to protect those who most need protection and to help those who most need help -- those, for example, who may be single mothers trying to support families on a minimum wage. I mean, that's not a very good scenario, but if those are the people we're trying to help, I would suggest we can be more targeted in our aid to those people, and there are other approaches that actually may be a whole lot more effective than just raising the minimum wage across the board. It's not clear exactly what it is that that is going to accomplish.

Jason McLean: I think Laura raises the interesting prospect of debating whether a minimum wage plays the same social-economic role that it used to. As she said, most employers pay way more. I haven't paid minimum wage in...I don't think ever. But it does play an important role in

protecting really vulnerable employees and, I think, being a safety catch against unscrupulous employers.

Whatever we do here, I think it's important for a graduated approach. It can't be rolled out quickly. It needs to happen over time. The impact on small business could be really dramatic. I guess I come down to a very simple concept. We haven't addressed this in about a decade. We're the lowest minimum wage in the country in a very high-cost-of-living area. It just seems very sensible that we revisit this debate, open it up and talk about the issues.

One of the models that I find very interesting, which Ontario has adopted to some extent, is South Australia has a graduated minimum wage that's primarily based on age. From 17 to 21 you have kind of an increasing minimum wage into the 20s. I think we should play with ideas like that. I think we should look at this, but whatever we do, we should not have a major shock to employers in this economy. That would not stand.

Quinn: I don't know that that would stand up to a constitutional challenge in Canada, paying somebody who is 20 less than you pay someone who is 21, but on to another topic. Jason, overtime rules are on the table. Now, what kind of changes would you like to see in terms of when employers or how much employers have to pay when it comes to overtime?

McLean: Well, be careful getting me started here. You know, as a CEO I spend a lot more time on this issue than I ever thought I would.

I have two types of employees. I have federally regulated employees in the aviation business, and I have provincially regulated employees everywhere else. Having just spent several weeks in Europe, the one thing I'll start out by saying is we're actually pretty lucky with the employment standards regime we have here. Employees and employees have a certain amount of flexibility that many, many places in the world do not. For example, I would not want the ESA review to undermine the current situation where if you have sustained poor performance from an employee, you can actually terminate them. That's actually allowed. It sounds like common sense, but you'd be surprised what jurisdictions like Alberta, Newfoundland, France...don't allow that sort of thing.

One thing that's always annoyed me a lot is, you know, we manage our businesses to minimize overtime costs, for example. In the Canada Labour Code you have time and a half, but you don't have double time, like you do under BC. I think that double time should be eliminated. It would keep the fires of commerce stoked a lot more if we didn't have that prospect. You know, I remember working as a drywaller a long time ago. I was given the option to work straight time as much as I wanted to, and as a young guy I was delighted with that.

Quinn: Laura, though, there are a lot of people who don't ask for overtime, who aren't being paid overtime. There's an inference that.... I'll suggest maybe the media business is a place where this runs rampant. People work a lot of free overtime hours -- and not just the media business but all over the place. There's an expectation among many employers that people won't get paid overtime.

Jones: Again, I think we really need to look at the context in which this discussion is now taking place. We have a soft economy right now, so things have changed a little bit, but coming into this soft economy and where we're headed in British Columbia.... I mean, it used to be that we worried a lot about not enough jobs, and really, our big concern now is not enough employees to fill the jobs that we have. In that context employees actually have a lot of power in the labour market, and what we have seen is that employers are really stepping up to the plate in terms of trying to provide more flexibility and trying to create conditions that are really attractive to employees.

In many cases the employment standard code gets in the way of that. These rules get in the way of that. They get in the way of employers and employees being able to negotiate, for example, working additional hours and not getting paid overtime, which in many cases is actually a win-win scenario for both the employers and the employees.

Quinn: I'm afraid we're out of time. Thank you both so much.

OTHER:

Asian Journal - December 03-December 09, 2010

Rattan Mall: MINIMUM WAGE: HEARTLESS RIGHTWING KEVIN FALCON JUST DOESN'T GET IT! Print Edition: Page 2

IT'S been bad enough having a HEARTLESS politician - Premier Gordon Campbell - shamelessly denying the poorest of the poor in this province a decent minimum wage all these years even as he helped his rich business supporters get richer and richer and richer by giving them tax breaks and every type of incentive, all at the expense of the poorer British Columbians. Now we have a CAMPBELL CLONE (or should I say 'clown'?) trying to become the next Premier so that he can keep rewarding his rich business pals - KEVIN FALCON. And what exactly is his stand on the minimum wage?

This is what he told the media on Tuesday as he launched his bid for the B.C. Liberal Party leadership: "I do agree it's time to raise the [minimum wage] rate, I just think we have to be smart about how we increase it in a way that stages it in alignment with the small businesses community to ensure we don't punish the very people we're trying to help."
What a joke!

Let me analyze that SLIMY bit of reasoning for you.
But first let me quote what he added to that comment: "If we were smart we should have adjusted it to inflation."

Ah! As I see it, here Falcon admits that his boss Campbell was/is STUPID! Subconsciously, in my opinion, he seems to admit that Campbell and his Liberal caucus, including Falcon himself, were THUGS who robbed the poorest of the poor of their RIGHTFUL WAGES.
Shame on these spineless characters!

BUT - and this is important to note! - even his words: "I do agree it's time to raise the [minimum wage] rate," seem TERRIBLY SHALLOW - indeed, a desperate attempt to win some electoral support because the Liberals are behind the NDP in the polls for now. They lack sincerity. But then again, considering all the lies that Campbell told before each election to mislead the electorate, what could you expect from his close buddy Falcon?!

Falcon's statement about being "smart" how they increase the minimum wage is nothing but the usual scare tactic used by his boss Campbell. That is why you can NOT trust this man, believe you me!

NDP leader exposed such superficial and misleading logic when she told Asian Journal last week: "On the minimum wage, it is critical that we make sure that we increase the minimum wage. And let's remember that those dollars will be spent in communities. People who are on minimum wage will spend their increase in their wage in small businesses, in restaurants, in stores; it becomes an economic stimulus program that actually keeps the money in our communities. So it will encourage growth in our economy, it will support growth in our economy. So I think that's a very important one."

SO this is what the electorate must let Falcon and other slimy Liberal politicians know: either you commit to increasing the minimum wage to \$10 RIGHT AWAY - or you can forget about getting their vote!

Indeed, a poll conducted by Angus Reid Strategies for the BC Federation of Labour has found that an overwhelming majority of British Columbians support an IMMEDIATE INCREASE of the minimum wage to \$10. EIGHTY-SEVEN PERCENT of respondents supported the immediate \$2 increase, with 63 percent of respondents saying they "strongly support" an immediate increase to \$10 an hour.

(The Angus Reid Strategies poll was conducted November 15-19 and surveyed 804 British Columbians. The margin of error is $\pm 3.5\%$.) As the federation's boss Jim Sinclair put it: "This is the highest level of public support we have seen for an immediate increase to bring our minimum wage up to \$10 an hour. The vast majority of British Columbians want it increased immediately by \$2, unlike Labour Minister Iain Black who calls the increase "dangerous" and Liberal leadership hopefuls who prefer a slow incremental increase that ensures our minimum wage remains the lowest in the country."

Sinclair noted that his federation has been calling for an immediate increase to \$10 followed by regular increases to ensure no full-time worker earns less than the low-income cut-off as established by Statistics Canada.

The federation is also calling for the elimination of the \$6 an hour "training wage" introduced by the Liberals.

That SCANDALOUS ROBBERY that Campbell so immorally sanctioned to rip-off mainly the VISIBLE MINORITY workers and reward the mainly WHITE businessmen is something that DISGUSTED me. It is something that I have written against in the strongest possible terms time and time again over the past years. Every Liberal MLA who kept their mouth shut on this score

deserves condemnation of the worst kind. They are not fit to be called humans!

These COLD-BLOODED Liberal politicians who seem to have no fear of God should heed Sinclair's advice: "It is increasingly clear that only a small group of low-wage employers and Liberal ideologues support continuing the nine-year minimum wage freeze. They need to listen to municipal leaders, anti-poverty activists, economists and the vast majority of British Columbians who want this shameful nine-year minimum wage freeze lifted, and who want a \$10 minimum wage now.

"The only people missing from this conversation for the last decade were the B.C. Liberals. We do not need more studies or consultations with business lobbyists and low-wage employers. We need to raise the minimum wage to \$10 an hour immediately."

LET me provide you more background on this debate to show you just how immoral the Liberals and their rich business chums have been on this issue:

- * Earlier this year, the Vancouver Sun reported that the number of B.C. public servants earning more than \$100,000 a year JUMPED 22 PER CENT in just two years. The newspaper reported: "In all, among those agencies analyzed, more than 2,000 public-sector employees joined the six-figure-salary club between 2007 and 2009."

- * Amount by which Campbell raised his own wage in 2007: 54 PER CENT

- * Amount by which Campbell ROLLED BACK WAGES for health care workers in 2004: 15 per cent. Many of these workers were South Asians or Chinese-Canadians and other East Asians.

- * Last year I exposed Campbell's hypocrisy in complaining about how the federal government doesn't have a single national standard on employment insurance. Campbell said: "Canadians are Canadians, and they should be TREATED EQUALLY." Yet he obstinately refused to follow the same criteria of equal treatment of all Canadians when it came to the minimum wage!

- * When Campbell came to power, B.C.'s minimum wage at \$8 was the HIGHEST in the country. Last year, when New Brunswick increased its minimum wage from \$8 to \$8.25, B.C. earned the dubious distinction of having the LOWEST minimum wage in Canada. The minimum wage in Ontario is now \$10.25 and their student's minimum wage is \$9.60.

- * What made that situation even more disgraceful was the fact that New Brunswick had a 34 per cent LOWER cost of living than B.C. For example, B.C. had the HIGHEST average monthly rent (\$1,154) in the country at the time.

- * During last year's election campaign, the BC Chamber of Commerce indulged in a disgraceful campaign of disinformation to scare people into believing that we would lose jobs if the minimum wage were increased. When the United Steelworkers research rep Kim Pollock challenged the BC Chamber of Commerce on that claim, reps of the chamber did not have the guts to get back to him because they knew that their lies would be exposed.

- * B.C. Federation of Labour President Jim Sinclair pointed out: "The Liberals told us the minimum wage did not need to be increased when the economy was producing jobs. Now that we have eight percent unemployment and youth unemployment at 16 percent, the Liberal government tells us we can't afford to increase it. According to the BC Liberals there is never a good time to increase the minimum wage."

FALCON should take a pay of \$8 per hour too or we should tell him to take a hike - and never come back!