

Cabinet Submission – Request for Decision

Minister: The Honourable Shirley Bond
Ministry: Jobs, Tourism and Skills Training, and Minister Responsible for Labour
Date: 24/11/2014 Ministry Document #: JTSTL 07-14
Title: Minimum Wage; ^{NR}

s.12,s.13

Background / Context:

In B.C., there are approximately 2.3 million workers (including the self-employed), of whom approximately 570,500 are represented by a union. s.12,s.13

Government's relationship with organized labour has changed in the past couple of years. Until recently, there was no formal government relationship with organized labour. The relationship was mainly informal on an issue-by-issue basis, including through discussions on public sector bargaining with the Public Sector Employers' Council Secretariat or on certain other labour issues in the Ministry of Jobs, Tourism and Skills Training and Minister Responsible for Labour (e.g., employment standards protections of temporary foreign workers, workplace health and safety). Since 2011, the relationship with organized labour has changed in several ways, notably with a regular quarterly meeting with the Minister Responsible for Labour and the establishment in September 2013 of the Premier's LNG Working Group which resulted in organized labour's participation in a process that resulted in an April 2014 report with 15 recommendations on workforce planning and skills training for the LNG opportunity. In addition, Tom Sigurdson, Executive Director of the B.C. and Yukon Territory Building and Construction Trades Council, was appointed to the new Board of Directors for the Industry Training Authority.

Issue 1 - Minimum Wage [SEE APPENDIX 2 FOR DETAILED ANALYSIS AND OPTIONS]

- There is currently an expectation that the minimum wage will be reviewed “every two years”. The last change to the minimum wage was in May 2012. This increase followed a Ministry consultation in 2011 that found representatives of both employers and labour generally agreed that future increases should be made in an incremental and predictable way. The results of the 2011 consultation were made public.
- Since the 2011 consultation and as recently as November 2014, the Ministry has continued to hear from key stakeholders on the minimum wage. The B.C. Federation of Labour had been calling for an immediate increase to \$13/hour and for subsequent yearly increases tied to inflation; however, in November 2014, it announced a campaign for a move of the minimum wage to \$15/hour. Employers continue to indicate that small, regular increases are preferable over large, one time jumps.
- B.C.’s general minimum wage is \$10.25/hr which is currently tied for 8th among Canadian jurisdictions. This year, B.C.’s minimum wage has fallen from 5th to 8th due to the increases

put in place by other Canadian jurisdictions. With the increase from \$10.00 to \$10.30 in New Brunswick to occur on December 31, 2014, B.C.'s minimum wage will drop to 9th. Minimum wage rates in Canada range from \$10/hr to \$11/hr.

- The minimum wage in B.C. has been determined on an ad hoc basis whereas the minimum wage in most other Canadian jurisdictions is established based on a specific policy direction (e.g., linked to annual increases in the Consumer Price Index).
- s.12,s.13

NR

Page 05 to/à Page 09

Withheld pursuant to/removed as

NR

NR

s.12,s.13

NR

NR

s.12,s.13

APPENDICES:

1. s.12,s.13
2. Further detail on Minimum Wage Issue
3. NR
4. NR

Contact: Athana Mentzelopoulos
Deputy Minister

(250) 952-0102



Honourable Shirley Bond

November 27, 2014

Date Signed

Page 12

Withheld pursuant to/removed as

s.12;s.13

APPENDIX 2: Minimum Wage

s.12,s.13

Key Considerations:

- Based on public statements made by the Premier and by previous labour ministers since 2011, there is an expectation that the minimum wage would be reviewed “every two years”. The last change to the minimum wage was in May 2012.

s.12,s.13

- All Canadian jurisdictions, other than B.C., have commitments to regular minimum wage increases based on a statistical measure (e.g., CPI) and/or a mechanism in place for a formal review (e.g., panel of experts). See table below for further detail.

s.12,s.13

Background/Context:

Prior to the last round of minimum wage increases in 2011 and 2012, senior ministry staff held meetings between December 2010 and February 2011 with labour and business stakeholders representing over thirty groups, including organized labour, the Employment Standards Advocates Coalition (a coalition of organizations advocating on behalf of un-represented workers), umbrella business organizations, and selected industry associations. Meetings and discussions were also held with the Centre for Policy Alternatives and the Fraser Institute, and selected academics.

In these meetings staff heard views on a wide range of issues and concerns related to the minimum wage, including the role and purpose of the minimum wage, the perceived impacts on employment levels and business costs associated with minimum wage increases, as well as specific suggestions for increasing the minimum wage at that time. The 2010/2011 consultation, which resulted in a public report, revealed differing perspectives on a variety of issues, including what the minimum wage rate should be. However, many participants, representing both employers and workers, did agree that once adjustments were made to bring the minimum wage up to a desired rate, it would be preferable that future increases be made in a relatively incremental and predictable way that is “de-politicized” as much as possible.

General Minimum Wages by Canadian Jurisdiction – As of November 18, 2014

| Jurisdiction | Rate (\$/hr) | Effective Date | Future Changes |
|---------------------------|--------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Ontario | 11.00 | June 1, 2014 | Yearly changes to be indexed with Ontario inflation (CPI). Mandated in the Statute. |
| Nunavut | 11.00 | Jan 1, 2011 | Mandatory review by Minister. |
| Yukon | 10.72 | April 1, 2014 | On April 1 of each year, the rate increases based on annual increase for the preceding year in the CPI for Whitehorse. |
| Manitoba | 10.70 | Oct 1, 2014 | Independent body gives advice. |
| Nova Scotia | 10.40 | April 1, 2014 | Each year rates increase to reflect previous year changes in national CPI (indexing formula in regulation). Independent body gives advice. |
| Quebec | 10.35 | May 1, 2014 | Since 2002 annual review is made by the minister, according to a framework with 13 indicators. (not a statutory requirement) |
| Prince Edward Island | 10.35 | Oct 1, 2014 | Independent body gives advice. |
| British Columbia | 10.25 | May 1, 2012 | |
| Newfoundland and Labrador | 10.25 | Oct 1, 2014 | Rate to increase to \$10.50 on Oct.1, 2015. Independent body gives advice. |
| Alberta | 10.20 | Sept 1, 2014 | Annual increases linked to an average of the annual increases in Average Weekly Earnings and the CPI in Alberta. (policy commitment) |
| Saskatchewan | 10.20 | Oct 1, 2014 | Yearly increases based on average of increases in CPI and average hourly wage for the previous year. (indexing formula in regulation) |
| New Brunswick | 10.00 | April 1, 2012 | Rate to increase to \$10.30 on Dec 31, 2014. Will increase to \$11.00 by 2017. Tied to inflation thereafter. Independent body gives advice. |
| Northwest Territories | 10.00 | April 1, 2011 | Independent body gives advice. |

Page 16 to/à Page 44

Withheld pursuant to/removed as

NR