

Rioux, Luke MUNI:EX

From: Renneberg, Tim LBR:EX
Sent: December 30, 2022 7:38 AM
To: Bains, Harry LBR:EX
Subject: FW: Updated Min Wage KM/QA

Here's the note from the minimum wage increase, with messaging and info on piece rates in Qs 11-13.

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From: Zilkie, Heidi GCPE:EX <Heidi.Zilkie@gov.bc.ca>
Sent: March 14, 2022 4:59 PM
To: Moraes, Josh LBR:EX <Josh.Moraes@gov.bc.ca>; Sangha, Jasmeet LBR:EX <Jasmeet.Sangha@gov.bc.ca>; Renneberg, Tim LBR:EX <Tim.Renneberg@gov.bc.ca>
Cc: Spencer, Brad GCPE:EX <Brad.Spencer@gov.bc.ca>; McGachie, Joanne GCPE:EX <Joanne.McGachie@gov.bc.ca>
Subject: Updated Min Wage KM/QA

Hello, MO.

As per Minister's request earlier today, we have updated a few sections of the KM/QA doc. Here is the latest and greatest – for his interviews tomorrow morning.

Cheers,
Heidi

Heidi Zilkie
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Minimum wage increase – June 1, 2022

Questions and Answers and Key Messages

Updated: March 14, 2022

Key Messages:

- **Having a fair minimum wage is a key step in our effort to lift people out of poverty, make life more affordable and build a strong economic recovery for B.C.**
- **B.C. has the highest minimum wage of any province in Canada.**
- **Effective June 1, 2022, the general minimum wage will increase to \$15.65 an hour.**
- **After reaching – and surpassing – the goal of \$15/hour last year, we committed to tie future increases to the annual rate of inflation.**
- **This is a 2.8% increase, which was B.C.'s average annual inflation rate in 2021.**
- **We have made incremental increases over several years to provide certainty for workers and predictability for businesses – as recommended by the Fair Wages Commission in 2018.**
- **The past years have shown us that, even during a pandemic, increasing the minimum wage does not lead to fewer workers being hired.**
- **And we will continue to advocate for fair wages for all workers, especially those low-income workers who have been so essential to our health and wellbeing during the pandemic.**

Questions and Answers:

1. What are you announcing today?

- I am happy to announce that B.C.'s lowest-paid workers will get a pay boost.
- The general minimum wage is increasing 45 cents from \$15.20 to \$15.65 an hour – effective June 1.
- B.C.'s minimum wage is now the highest of all Canadian provinces.
- B.C. had one of the lowest minimum wages in the country prior to 2017.
- Our commitment from the beginning was to increase the minimum wage to at least \$15 an hour through measured increases and then link future increases to the rate of inflation.
- We do not want our lowest-paid workers to fall behind.
- This is part of our plan to build an economy that works for everyone.

2. Why are you raising the minimum wage, for a third time, during a pandemic, when so many businesses continue to struggle?

- We know this is a very challenging time for businesses.
- B.C. has provided the highest per capita supports for people and businesses.
 - Since the beginning of the pandemic, our province has provided more than \$525 million in supports to help nearly 30,000 businesses.
- Increasing wages for our lowest-paid workers is the right thing to do.
 - Especially when many of these workers are delivering much-needed essential services — and are struggling to make ends meet.

If pressed

- It's also important to note that most small and large businesses are already paying above minimum wage.
- February's Labour Force Survey showed that British Columbia's strong economic recovery continued during the second month of 2022,
 - with job gains building on the 100,000 jobs created in 2021.
- B.C.'s unemployment rate continues to be one of the lowest in Canada and remains below pre-pandemic levels at 4.9%.
- BC leads Canada's Economic Recovery with 84,000 more people working today than prior to the pandemic.

3. Why is this just a 2.8% increase? The inflation rate in Canada is almost twice that.

- We know that inflation in Canada varies month to month and province to province.
- The inflation rate for a single month is relatively volatile, so it makes sense to look at the average provincial inflation rate over the past year which, in B.C., was 2.8%.
- The provincial inflation rate is a more reasonable benchmark than the national rate when it comes to the minimum wage in B.C.

- We've reviewed a number of different options and this approach is consistent with B.C.'s past practices and those in other jurisdictions (Ontario, Manitoba, Saskatchewan, New Brunswick, Yukon) when determining various increases.

4. Why are you not giving businesses 6 months notice? Can you not postpone the date of the increase beyond June 1st?

- Our commitment from the beginning was to increase the minimum wage to at least \$15 an hour through measured increases, then link future increases to the rate of inflation.
- We do not want our lowest-paid workers to fall behind.
- The June 1st date for the increases has been used every year since 2018. Keeping a standard date is part of making the increases gradual and predictable.
- We will be looking at options for future years, including whether a formula should be laid out in legislation which would provide annual notice for future changes.

5. Won't this minimum wage increase lead to more inflation?

- Having a fair minimum wage is a key step in our effort to lift people out of poverty and make life more affordable.
- Making sure our lowest paid workers are not left behind is the right thing to do.
- UK Economist Marianna Mazzucato, who is an advisor on B.C.'s Economic Plan, advocates wage laws that ensure the minimum wage is not set less than 50% of the average wage.
- The average hourly wage in B.C. (\$31.46) is now approximately double the minimum wage.

6. Does this new regulation mean there will be a minimum wage adjustment every year?

- Our commitment was that, once the minimum wage reached \$15.20/hr on June 1st last year, we would provide predictability for employers and workers by tying future minimum wage increases to the rate of inflation.
- We will be looking at options for future years, including whether a formula should be laid out in legislation.

7. How many people will benefit from this increase?

- In 2021, 6% of workers in B.C., just over 135,000 people, earned minimum wage or less.
- Many of these workers are food service staff (including liquor servers), grocery store workers, retail workers – people who have been essential workers during the pandemic.
- This increase gives these people the support they need – when they need it.

8. Isn't it mostly teenagers that make minimum wage? Why put this burden on businesses just to give teens more pocket money?

- I can tell you with certainty, that is it not mostly teenagers making minimum wage.

- In 2021, 52% of employees earning minimum wage or less were over the age of 25 and 58% were women.
- More than 136,000 employees were minimum wage earners in 2021, with 58,100 working full time and 78,200 working part time.
- We know that many low-income workers are the most vulnerable in our workplaces, and this includes thousands of new Canadians and racialized people in low wage jobs, as an example.

9. How many businesses pay minimum wage in the province?

- Many small businesses are already paying above minimum wage. —
- But it's important to note that many of the employers paying the minimum wage are large corporations, and not small businesses.
- In fact, only a third of minimum-wage earners work for businesses with fewer than 20 employees.
- 53% of minimum wage workers are employed by large organizations with 100 or more employees.

10. Is this increase just for the hourly minimum wage, or are other wages increasing as well?

- This minimum wage increase applies to employees covered by B.C.'s Employment Standards Act.
- It includes other types of wage structures, such as daily or monthly rates for live-in camp leaders and resident caretakers.

11. What about piece rates? What's happening with them?

- Effective Jan. 1, 2023, the increase of 2.8% will apply to minimum piece rates for hand harvesting of the 15 agricultural crops specified in the employment standards regulation including:
 - peaches, apricots, Brussels sprouts, daffodils, mushrooms, apples, beans, blueberries, cherries, grapes, pears, peas, prune plums, raspberries, and strawberries.

12. How do you justify allowing farm workers to be paid less than the hourly minimum wage?

- We have been taking an in-depth look at how to ensure minimum compensation for farm workers hand harvesting the specified crops is fair for workers, sustainable for farm operators and economically viable for the industry.
- We will continue to work with the Ministry of Agriculture and Food to ensure farm workers are not only paid a fair wage, but that they have safe working conditions.
- This increase in the piece rates is the most appropriate step right now to improve the wages for hand harvesting while protecting the industry that employs them.

13. Why isn't the increased piece rate coming into effect at the same time as the minimum wage increase, on June 1, 2022?

- The decision was made as to not disrupt the current harvesting season which is already underway in June. Past increases to the piece rates have also occurred in the winter.

14. Won't this increase lead to more job losses in an already struggling economy?

- We know the impacts of COVID-19 continue to hamper the province's hospitality and tourism sectors.
- We increased the minimum wage in 2020 and again in 2021. Employment in B.C. is now above pre-pandemic levels meaning more people are employed in B.C. today compared to before the last two increases in the minimum wage. From the beginning of the pandemic, our government has been supporting both workers and employers and this will continue as we build a strong economic recovery.
- We continue to help small businesses deal with the economic impact of COVID-19 while providing new supports to help them succeed now and when the pandemic is over.
- We believe that increasing wages for our lowest-paid workers is the right thing to do — especially when many of these workers are delivering much-needed essential services — and are struggling to make ends meet.

15. Some advocates say that \$15.65 an hour isn't enough and that it still leaves people earning far less than a "living wage"?

- We're proud that we reached and surpassed our goal of \$15/hour minimum wage last year.
- And we haven't stopped there, because we know hard working minimum wage earners need more support to be lifted out of poverty.
- As of June 1, B.C.'s lowest paid workers will earn \$15.65 an hour to keep up with inflation, making this the highest minimum wage among Canadian provinces.
- The Fair Wages Commission has been examining the gap between living wages and the minimum wage in B.C. and we expect to receive its report soon.
- Increasing the minimum wage is also a key part of B.C.'s Poverty Reduction Strategy, which aims to help people break the cycle of poverty and access better opportunities and better services.

16. How does this compare to what other provinces are doing around minimum wage?

- I am proud that B.C. continues to offer the highest minimum wage of any other province in Canada. We are leading the way for provinces.
- That said, Nunavut's minimum wage is \$16.00, while New Brunswick's is at \$11.75. Every province and territory has their own unique set of circumstances to consider.

17. Why aren't income assistance and disability assistance rates tied to inflation?

- We certainly appreciate and are closely monitoring the effects that inflation are having on those most in need.
- It's also important to note that since forming government in 2017, we've increased rates three times for a total increase of \$325 per month.

- The last permanent rate increase of \$175 per adult, per month came into effect April 2021. This was the largest single increase to income assistance and disability assistance rates in B.C.'s history.
- Through TogetherBC, our cross-government poverty reduction strategy, we've also taken other actions to reduce poverty such as changing policies that made it unnecessarily difficult for people to access support and introducing the child opportunity benefit that is helping nearly 300,000 families.

BACKGROUNDER

Alternate minimum wage groups

In addition to the general hourly minimum wage, government has been working to increase minimum wages for alternate groups, as follows:

Piece rate farm workers

- Piece rate farm workers are those who hand-harvest crops, such as blueberries and mushrooms, with 15 various fruits and vegetables having different minimum pay rates.
- B.C.'s farm worker piece rate system has been in place for over 40 years, established in 1981. Since 1990, the general minimum wage has increased by 176% while the average increase for piece rate crops is 77%.
- British Columbia has set minimum piece rates for 15 specific fruits and vegetables.
- On January 1, 2019, piece rates were increased by the same rate as the general minimum wage had been on June 1, 2018 (11.5%).
- On January 1, 2023, piece rates will increase by 2.8%, the same rate as the general minimum wage rate increases on June 1, 2022.
- The Ministry of labour has been working with the Ministry of Agriculture and growers of the 15 regulated crops to assess how the piece rate system is operating.
- The following crops have regulated minimum piece rates in BC:

○ peaches	○ cherries
○ apricots	○ grapes
○ Brussels sprouts	○ pears
○ daffodils	○ peas
○ mushrooms	○ prune plums
○ apples	○ raspberries
○ beans	○ strawberries
○ blueberries	
- Growers of other crops may use piece or hourly rates, providing it equals or exceeds the minimum wage.

Resident caretakers

- A resident caretaker is defined as someone who lives in an apartment building that has more than eight residential suites and is also employed as a caretaker, custodian, janitor or manager of the building. Minimum rates for resident caretakers are calculated on a monthly basis and are dependent on the number of units in a building.
- Prior to June 1, 2018, resident caretakers' minimum monthly wage was:
 - For 9-60 units: \$681.00 + \$26.29/unit
 - For 61+ units: \$2,319.65
- Currently, resident caretakers' minimum monthly wages have **increased 34%** to:
 - For 9-60 units: \$912.28 + \$36.56/unit
 - For 61+ units: \$3,107.42
- As of **June 1, 2022**, resident caretakers' minimum monthly wages will increase 2.8% to:
 - **For 9-60 units: \$937.82 + \$37.58/unit**
 - **For 61+ units: \$3,194.43**

Live-in camp leaders

- Live-in camp leaders who receive an alternate minimum wage are those employed by a charity or non-profit seasonal camp for campers under 19 years of age.
- The alternate minimum wage for this category was \$90.80/day prior to June 1, 2018.
- The wage for this category has increased at the same rate as the general minimum wage, and currently is \$121.65/day (**34% increase**).
- As of **June 1, 2022**, the wage for this category will increase by 2.8% to **\$125.06**.

Live-in home support workers

- Live-in home support workers are employed by an agency, business or other employer providing, through a government-funded program, home support services for anyone with an acute or chronic illness or disability not requiring admission to a hospital. These workers provide services on a 24-hr basis, without being charged for room or board.
- Currently, the minimum wage for this category is \$113.50/day.
- As of **June 1, 2022**, the wage for this category will increase by 2.8% to **\$116.68**.

Liquor servers

- Liquor servers are those workers who primarily serve food or liquor, or both, and who regularly serve liquor directly to customers. The lower liquor server wage was discriminatory, since the majority of these servers are women.
- Prior to 2011, liquor servers in B.C. were covered under the general minimum wage, but then the government of the day mandated a lower minimum wage for these workers, arguing their tips made up the difference.

- The current government committed to increase the wages for liquor servers incrementally, until 2021 when the separate category would be eliminated completely.
- The minimum wage for liquor servers went from \$10.10/hr in early 2018 to the general minimum wage of \$15.20/hr as of June 1, 2021 (**50.5% increase**).

From: Leduc, Danine LBR:EX
To: Hughes, Trevor LBR:EX; Blakely, John H LBR:EX; Tanner, Michael A LBR:EX
Cc: Hourston, Sveah LBR:EX
Subject: Update - AFF - Piece Rates - MLP support with Jan 1 start date
Date: February 10, 2022 2:10:21 PM

s.13

Thanks
Danine

Danine Leduc
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DECISION NOTE

Cliff #: 62990

Date: February 1, 2022

PREPARED FOR: Honourable Harry Bains, Minister of Labour

ISSUE: Seeking Confirmation of Approach for Adjusting Minimum Wage Rates in 2022

BACKGROUND: Government's 2020 election platform committed to tying the minimum wage to the rate of inflation once the minimum wage reached at least \$15.00/hour. Premier Horgan included this item as a priority in his mandate letter to the Minister of Labour (Minister).

In December 2021, Ministry of Labour (Ministry) staff sought the Minister's direction regarding how to proceed with the 2022 adjustment to minimum wage rates. Direction was given to proceed with an amendment to the Regulation to adjust all minimum wage rates by the 12-month average percentage change to the BC Consumer Price Index (CPI) for 2021, effective June 1, 2022, s.12; s.13

s.12; s.13

This direction was provided pending the release of the final 2021 BC CPI numbers and the outcome of consultations with the Ministry of Agriculture, Food, and Fisheries (AFF) regarding the timing and amount of the minimum piece rates adjustments.

DISCUSSION:

Adjusting Minimum Wage Rates by the BC CPI

As announced in January 2022, the average percentage change to the BC CPI for 2021 (compared to 2020) was 2.79456%. BC Stats rounds this figure up to 2.8% for its public reports. Applying 2.8% to the current general minimum wage rate (rounded to the nearest nickel) would result in an increase of 45 cents to \$15.65. This would be the second highest minimum wage rate in Canada and first among provinces (see Attachment 1). This rate is lower than the average percentage change to the national CPI for 2021, which was 3.35766%, or 3.4%, as reported by Statistics Canada (which, if applied to the BC general minimum wage, would result in a 50-cent increase to \$15.70).

While adjusting the minimum wage based on the BC CPI would result in a slightly lower adjustment for 2022, over the past five years, the BC CPI has been higher than the national CPI, thus reflecting the cost of living in BC. In addition, there is precedent for using the BC CPI for adjusting the minimum wage, rather than the national CPI (e.g., as per the 2016 minimum wage adjustment). Other Canadian jurisdictions that tie minimum wage to inflation generally use their provincial CPI to guide these adjustments

(see Attachment 1, noting that only small population provinces - Nova Scotia and Newfoundland and Labrador use the national CPI).

Application to Alternate Minimum Wage Rates

The proposed adjustment of 2.8% would also apply to alternate minimum wage rates, including the rates for live-in home support workers, live-in camp leaders, and resident caretakers.

s.12; s.13

Next Steps

If the Minister agrees, Ministry staff will begin the preparation of an Order-in-Council (OIC) amending the regulation to adjust all minimum wage rates by the 12-month average percentage change to the BC CPI for 2021 (i.e., 2.8%), effective June 1, 2022, with the exception of the minimum piece rates.

s.12; s.13

This would ensure that the OIC would be in force by the effective dates as specified, with sufficient time to notify workers and employers.

ATTACHMENTS:

Attachment 1: General Minimum Wages in Canada (as of January 1, 2022)

Approved / Not Approved	Date:
Minister's Signature:	

Contact: Trevor Hughes, 778-974-2189

s.12; s.13

Attachment 1: General Minimum Wages in Canada (as of January 1, 2022)

Jurisdiction	Rate (\$/hr)	Effective Date	Notes on Future Changes
Nunavut	16.00	April 1, 2020	Annual mandatory review by Minister.
British Columbia	15.20 (proposed: 15.65)	June 1, 2021 (June 1, 2022)	Government commitment to tie future minimum wage adjustments to inflation
Yukon	15.20	August 1, 2021	On April 1 st of each year, the minimum wage is adjusted based on annual increase for the preceding calendar year in the CPI for Whitehorse.
Northwest Territories	15.20	September 1, 2021	Independent body gives advice.
Alberta	15.00	Oct 1, 2018	No required adjustments to minimum wage.
Ontario	15.00	Jan 1, 2022	On October 1 st of each year, the minimum wage is adjusted by the percentage change to the CPI for Ontario over the two preceding calendar years.
Quebec	13.50	May 1, 2021	No required adjustments to minimum wage.
Prince Edward Island	13.00	April 1, 2021	\$13.70 effective April 1, 2022 Independent body gives advice after an annual review.
Nova Scotia	12.95	April 1, 2021	Annual adjustment on April 1 st based on the percentage change in the national CPI for the calendar year immediately preceding the year in which the adjustment occurs. Effective 2022.
Newfoundland and Labrador	12.75	October 1, 2021	Annual adjustment on April 1 st based on the percentage change on the national CPI for the year immediately preceding the year in which the adjustment occurs. Effective 2022.
Manitoba	11.95	Oct 1, 2021	Annual adjustment on October 1 st based on the percentage change in the provincial CPI between the calendar year immediately before the date of adjustment and the calendar year two years before the date of adjustment.
Saskatchewan	11.81	Oct 1, 2021	Cabinet may annually adjustment the minimum wage by June 30 th based on average increases in CPI and average hourly wage.
New Brunswick	11.75	April 1, 2021	\$12.75 effective April 1, 2022. \$13.75 effective October 1, 2022. Annual adjustment on April 1 st based on the percentage change in the provincial CPI between the calendar year immediately before the date of adjustment and the calendar year two years before the date of adjustment. Minister must review every two years.

MINISTRY OF LABOUR
INFORMATION NOTE

Cliff #: 63148

Date: March 4, 2022

PREPARED FOR: Honourable Harry Bains, Minister of Labour

ISSUE: Seeking approval of an Order in Council (OIC) amending the *Employment Standards Regulation* to increase all minimum wage rates by the rate of inflation in BC.

BACKGROUND: Government has made several public commitments to adjusting the minimum wage by the rate of inflation. This item was identified as a priority in Government's 2020 election platform, Premier Horgan's mandate letter to the Minister of Labour (Minister), and the 2022 Throne Speech.

Currently, the general hourly minimum wage rate is prescribed under the *Employment Standards Regulation* (Regulation) as \$15.20/hour. The Regulation also provides alternate minimum wage rates for live-in camp leaders, resident caretakers, live-in home support workers, and minimum piece rates for hand harvesting of specified crops in the agricultural sector. Since 2017, all minimum wage rates have been adjusted annually and by the same percentage amounts, except for the live-in home support worker rate and minimum piece rates, which have been frozen since 2017 and 2019 respectively.

DISCUSSION: In December 2021 and January 2022, the Minister directed Ministry of Labour (Ministry) staff to proceed with amendments to the Regulation adjusting all minimum wage rates by the 12-month average percentage change to the BC Consumer Price Index (CPI) for 2021, effective June 1, 2022, except for the adjustment to minimum piece rates, which will be effective January 1, 2023.

The average percentage change to the BC CPI for 2021 (compared to 2020) was 2.8%. When applied to the current general minimum wage rate (and rounded to the nearest nickel), this results in an increase of 45 cents to \$15.65, making BC's general minimum wage rate the third highest in Canada (behind Nunavut's \$16.00/hour and the Yukon's \$15.70/hour, effective April 1, 2022) and first among provinces. The alternate minimum wage rates will also increase by 2.8%.

These adjustments result in minor fiscal impacts for the Ministries of Social Development and Poverty Reduction, Children and Family Development, and Health, related to means-tested subsidies and service providers that pay their staff the minimum rate for live-in home support workers. In addition, the adjustments to the minimum piece rates have implications for the Ministry of Agriculture and Food. When consulted, none of these Ministries raised concerns regarding the proposed adjustments.

While the Ministry has not engaged in broad consultations with stakeholders regarding the proposed adjustment to the minimum wage, this commitment has been publicly announced by Government and it is widely expected. The Ministry also intends to undertake some stakeholder engagement to raise awareness of the proposed changes among employers and employees before the measures come into effect.

The proposed OIC adjusting the minimum wage rates will provide that minimum wage employees, many of whom are women or members of other equity groups, are better able to withstand recent inflationary pressures and participate in the economy. This will also support employers, businesses, and BC's economic recovery through increased productivity and employee spending, in addition to responding to employers' requests for more regular and predictable adjustments over large one-time jumps. This approach restores the past practice of adjusting all minimum wage rates consistently and by the same percentage amount.

NEXT STEPS:

To ensure the specified minimum wage rates adjustments are in force by the specified dates, Cabinet must approve the attached OIC to amend the Regulation. ^{s.12; s.13}

s.12; s.13

A public announcement will follow shortly thereafter so that employers and workers will have sufficient notice of the increase before the effective date of June 1, 2022.

Contact: Trevor Hughes, 778-974-2189

Reviewed by			
Dir:	ED: MT	ADM: DL	DM: TH

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Withheld pursuant to/removed as

s.12 ; s.14