



The Transition to a \$15 Minimum Wage and Subsequent Increases

**BC FAIR WAGES COMMISSION REPORT AND
RECOMMENDATIONS TO THE MINISTER OF LABOUR**

Marjorie Griffin Cohen, Chair | Ivan Limpright, Member | Ken Peacock, Member

First Report January 2018

British Columbia Fair Wages Commission
An Independent Commission Appointed by the Minister of Labour

January 17, 2018

Honourable Harry Bains
Minister of Labour
Government of British Columbia

Dear Minister Bains:

The BC Fair Wages Commission began its work in October 2017 and I am pleased to present its first report entitled *The Transition to a \$15 Minimum Wage and Subsequent Increases*. The report makes recommendations for increasing the minimum wage in stages to get to \$15/hour and how it should be increased after that. It deals with only the general minimum wage.

The second report of the Commission will pertain to raising the minimum wage for the five groups of workers who have an alternate minimum wage. This will be available at the beginning of March.

Our third report on recommendations for reconciling the discrepancy between the minimum wage and a liveable wage will be available later in 2018.

Sincerely,

A handwritten signature in black ink that reads "Marjorie Griffin Cohen". The script is cursive and elegant, with the first letters of each name being capitalized and prominent.

Marjorie Griffin Cohen

Chair, BC Fair Wages Commission

The Transition to a \$15 Minimum Wage and Subsequent Increases

BC Fair Wages Commission Report and Recommendations to the Minister of Labour

Signed this 17 day of January, 2018.

Marjorie Griffin Cohen

Chair, Marjorie Griffin Cohen

Signed this 17 day of January, 2018.

Ken Peacock

Member, Ken Peacock

Signed this 17 day of January, 2018.

Ivan Limpricht

Member, Ivan Limpricht

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FIRST REPORT | January 2018

Acknowledgments

THE WORK FOR THIS REPORT on how to raise minimum wages in BC began in October 2017 and relied on the efforts of a great many people to have it completed in a relatively short period of time. The Fair Wages Commission (FWC) has been independent of government in choosing its methods of enquiry and in making its decisions, but relied on people within the Ministry of Labour for logistical help in a variety of ways. Ministry help was essential for managing travel for the province-wide consultations, managing and organizing the material received from the public on the website, and helping facilitate other communications with the public and the media. The research staff within the Ministry was quick to respond to requests for information about BC labour statistics, and for being our conduit to Statistics Canada for specific research studies. The finance staff within the Ministry facilitated the contracts with the researchers and other workers that we hired. Altogether the FWC is strongly supported by the Ministry and appreciates the efforts of the Minister, Harry Bains, and the Deputy Minister, Trevor Hughes, in ensuring that our requests are treated as priorities.

The terms of reference for the FWC originated within the Ministry and gave us the ability to examine a wide range of issues that are related to low wages. We realized at the outset that some of the issues about the minimum wage would require separate work and more time, something the Ministry understood and accepted. This explains why our decisions on the minimum wage will come in two reports.

The people of BC have been generous with their time in both the consultations and in providing briefs and comments to the FWC. At least 178 people presented at the public consultations throughout the province and many more who did not speak attended these consultations. In addition, about 1360 people sent either research briefs, answers to a questionnaire, or comments to the FWC. The people who appeared before us ranged from those who have considerable expertise in appearing at these kinds of events to those who were speaking at a public event for the

first time. Many of these people were newcomers to Canada whose first language is not English. The time involved in preparing for these presentations is considerable and is much appreciated by the FWC. We also appreciate the time spent by many organizations (particularly trade unions, employer organizations, and anti-poverty groups) to ensure that their constituencies were well represented through different types of presentations. It was clear that the planning for this had occurred over a lengthy period of time, and this preparation was reflected in the types of experiences and the quality of expertise that we heard. Talking to people in BC was time consuming for all involved, but it greatly informed our understanding of the issues.

We would like to thank Professor Malcolm Steinburg, at Simon Fraser University, for organizing graduate students to be volunteer note takers at the public consultations. He felt this would give students a first-hand view of one aspect of the construction of public policy. These students are Rida Masood, Joanna Rivera, Catherine Sanders, Jennifer McKeen, and Agnetha de Sa. We also appreciate the support of Professor Kendra Strauss, director of the Labour Studies Program at Simon Fraser University, for facilitating the creation of a web library of research materials on the minimum wage that is housed on the SFU Labour Studies website. Rida Masood, a graduate student at SFU, is responsible for its design and posting its content.

The work of the FWC has been greatly facilitated by our project coordinator and only staff person, Jessica Knowler. Her knowledge, skills and efficiency have been critical for having events run smoothly, and for providing assistance with all of the tasks associated with meeting the deadlines for the report itself. Her work has been indispensable.

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Executive Summary

THE MINIMUM WAGE IS THE FOCUS FOR CHANGE in BC because of the problems that resulted from both very low wages and the volatility of minimum wage increases in the past. The irregular nature and unpredictability of changes to the minimum wage created problems for both workers and employers. For minimum wage workers, long periods with no increases undermined the value of these wages and were so low that they covered very few workers. For employers, the long periods with no increases inevitably meant fairly large and rapid rises when the minimum wage was increased. These increases were difficult for some employers to absorb.

The Fair Wages Commission understands that no public policy can occur that is without some unintended negative consequence. Our intent in the recommendations for how to proceed, is to maximize the benefits in a way that will minimize the possible negative effects. The FWC has taken care to understand the effect of minimum wages on workers and the effect increasing these wages will have on employers who rely on low-wage workers. Consultations throughout the province gave us first-hand information about these issues, as did an examination of BC's history on the minimum wage and its impacts.

The effects of minimum wage increases in the past were important indicators for us, particularly to understand the impact on employment. The overwhelming evidence from Canada and other jurisdictions is that minimum wage increases have little or no effect on the over-all employment levels when economic conditions are good. This is based on an economic examination of what has actually happened (in contrast to the often dramatic predictions of massive job losses before the increase has occurred).

The economic conditions when a minimum wage increase occurs are also relevant to the impact on employment levels. If an increase to the minimum wage occurs during an economic downturn, it is more likely to have negative

employment effects. Considering the strength of the current BC economy, our assessment is that the timing is excellent for getting to \$15/hour relatively soon.

BC currently has the lowest unemployment rate in the country, has strong job growth, and a rising labour force participation rate. Total employment increased by 3.6% in 2017 – twice the national pace of job growth. Hiring in the private sector is particularly strong, growing by 4.4% last year. It should be noted that BC is a low wage province and average wages are below the national average for both men and women. BC also has more polarized wages, compared with other provinces, with the upper levels growing more rapidly than elsewhere and those in the lower brackets remaining stagnant for long periods of time.

BC is on a solid growth path: for four consecutive years BC's economy has expanded by more than 3% and for the past three years has led Canada in economic growth. BC appears to have moved away from the boom/bust cycle that characterized its earlier economic structure, one that was highly reliant on exports of resources. The economy can now be characterized as one that is increasingly diversified in both export and domestic markets. These positive economic indicators also encourage high rates of immigration and inflows of capital.

While economic predictions always need to be cautious because they are frequently wrong, it appears that for the immediate future BC's economic outlook is very good. Forecasters do warn that the pace of growth will moderate in the coming years, in anticipation of a slow-down in consumer spending, higher interest rates, and tighter mortgage policies.

Because of the current strength of the economy and the labour market, and the strong likelihood that these conditions will continue for at least the next two years, the FWC is making recommendations that are weighted more in the initial two years. This is under the assumption that for at least this period of time the economy will remain stable and well able to support higher wages with little or possibly no negative employment effects. We also feel that having higher increases in the first two years is much less risky than distributing the increases equally over time. There is always the risk that the longer time it takes to reach \$15/hour, the higher the possibility that conditions may not be as positive as they are now. It should also be noted that even the size of the increases in the first two years are not large in percentage terms, at least compared with increases in other jurisdictions.

The FWC recommendations deal with two time periods. The first is the transition period to get a "minimum wage to at least \$15/hour." Once this transition has occurred, the FWC recommends methods for achieving "regular, measured and predictable increases over time."

Recommendations

Increasing the Minimum Wage

The FWC mandate is to provide “a pathway to a minimum wage of at least \$15 per hour,” and feel this can be done for the general minimum wage in the following stages.

Year	Increase (\$)	Minimum Wage	% increase
June 2018	1.30	\$12.65	11.5
June 2019	1.20	\$13.85	9.5
June 2020	0.75	\$14.60	5.4
June 2021	0.60	\$15.20	4.1

As outlined in the above schedule, the FWC is recommending some “front-end” loading for the initial increases and then proposes two smaller increments to take BC’s minimum wage to \$15.20 in June of 2021. Recommending the minimum wage be slightly above \$15/hour in 2021 reflects a compromise between business’ general desire to see the minimum wage rise in a more gradual manner over a number of years and concern on the behalf of workers’ and the labour movement that prolonging the rise to \$15 means inflation will erode some of the “real” increase in the minimum wage.

The FWC is also suggesting there may be scope to add an additional \$0.15 to \$0.20 to the final increment in 2021, beyond the above recommended schedule. This is an option that should be determined approximately six months in advance of the final increase and will depend upon prevailing economic/labour market conditions. In making this decision, a permanent Commission or whatever entity is established to monitor the provincial labour market and determine the magnitude of future minimum wage increases, should consider factors such as adverse employment effects on younger workers stemming from earlier increases to the minimum wage, general economic conditions, worker and employer sentiment, and the degree to which inflation is higher than anticipated. If economic conditions are comparatively weak and youth employment rates have slipped in the intervening years, then this optional increment would likely not be added in 2021.

This schedule of increases pertains to the general minimum wage, not to the five groups of workers who are treated differently. The recommendations about minimum wage increases for these groups will be provided in Report # 2 of the FWC.

Minimum Wage Decisions after the Transition Period

The FWC recommends the following as measures to deal with the general minimum wage after the transition period to \$15/hour:

1. Establish a permanent commission with a staff to examine issues related to low-wages in BC and to give advice on increases to the minimum wage.
2. Provide for a permanent research function for the commission so that it can examine the changing nature of the labour market and how well new forms of work are protected with existing minimum wage coverage.
 - This function would enable the commission to monitor the impact of the minimum wage on specific populations, such as teenagers or youth. And make recommendations for adjustments to the minimum wage after 2021 to reflect economic conditions.
3. The permanent commission should establish predictable indicators to guide future increases to the minimum wage, such as the CPI (or some other relationship such as between the minimum wage and the poverty level or average wage levels). This indicator should be used as a basis for change in conjunction with consideration of other economic indicators.
4. Establish an advisory committee to the commission that is representative of the diversity of British Columbians.

The next two reports of the FWC will likely provide information that could further add to the tasks that a permanent commission could undertake. One report will deal with increasing the minimum wage for the five groups of workers whose minimum wage is different from the general minimum wage, and the other will be to examine how a livable wage can be reconciled with a minimum wage in BC.

1 Introduction

THE BC FAIR WAGES COMMISSION (FWC) was appointed by the British Columbia Minister of Labour, Harry Bains, in October 2017 to advise the government on how to deal with increasing the minimum wage. Its major tasks, which are detailed in the Terms of Reference in Appendix I, are as follows:

- Advise the government on establishing the timelines and increases to a minimum wage of at least \$15/hour.
- Advise the government on when and how to raise the minimum wage rates for five groups of workers whose minimum wage is different from the general minimum wage. These include farm workers paid by piece rates, live-in home support workers, liquor servers, resident caretakers, and live-in camp leaders.
- Advise the government on how increases to the minimum wage should be treated once \$15/hour is reached.
- Advise the government on strategies to address the discrepancy between the minimum wage and liveable wages.

In addition, the FWC was directed to consult widely with people throughout the province and where possible, to support the principles of regular, measured and predictable increases over time so that employers can plan for the increases. The FWC is under the auspices of the Ministry of Labour, but its methods of inquiry, findings, and reports are independent of government.

Its members are:

- Chair, Marjorie Griffin Cohen, Professor Emeritus, Simon Fraser University.
- Ken Peacock, BC Business Council, member representing employer interests.
- Ivan Limpright, President of the United Food and Commercial Workers Local 1518, member representing worker interests.

This first report deals with the increases to the general minimum wage, and how further increases should be treated once \$15/hour has been achieved. The second report, which will be completed in early March 2018, will give advice to the government on how to raise the minimum wage of the five groups of employees who are treated separately from the general minimum wage. In 2018 the FWC will examine the issue of dealing with the discrepancy between the minimum wage and livable wages and will report on this later in the year.

The minimum wage has become the focus for investigation in BC for several reasons. One relates to the problems that have arisen in the past because of the unpredictability of increases and the lack of a regular method for determining its value. Another significant reason is related to the very high cost of living in BC, which has meant that people working at the minimum wage, full-time, full-year are living in poverty. As shown in the next section, workers at times have experienced very long periods without increases to the minimum wage, and not keeping pace with the increases in the cost of living has eroded the protection the minimum wage affords workers during these times.

The volatility and unpredictability of changes to the minimum wage also created problems for employers. The long periods with no increases inevitably meant fairly large and rapid rises that were difficult for some employers to absorb. Both business and labour groups object to the lack of regular and relatively predictable increases to the minimum wage.

The Fair Wages Commission has been guided in its decisions about the minimum wage by the objectives defined in its Terms of Reference. We specifically have undertaken our deliberations with the following principles in mind:

- Provide increased wage protection for workers without large negative employment effects.
- Provide consistency in minimum wage protection, over time and among workers.
- Provide evidence-based understanding of the minimum wage within the context of the economic climate.
- Provide reasonable and predictable increases as a goal for the future.

2 Methods used to inform the Fair Wages Commission

THE DELIBERATIONS OF THE FWC have been informed in different ways, including through statistical research and information provided through a variety of different types of consultations with individual employers, employer groups, individual workers, trade unions, academics, and groups representing community interests.

Consultations

An essential part of the information gathered came from consultations with people across the province. People were encouraged to participate in a variety of different ways that were facilitated through a website at the BC Ministry of Labour.¹ The website specifically encouraged employers and workers who had experience with the

¹ This website can be accessed through <https://engage.gov.bc.ca/fairwagescommission>

minimum wage or with pay of less than \$15/hour to discuss these experiences with the FWC and also to give their thoughts on the Commission's mandate for advice to government. This could be done in person at one of the consultations held throughout the province, through answering a questionnaire on the website, through submitting a research brief to the FWC, or by making a comment (see Appendix II for questionnaire). In addition to the information from the public consultations, the FWC received 109 research briefs or responses to the questionnaire, and 53 emails against and 1201 emails in favour of raising the minimum wage to \$15/hour.

The public consultations were held in eight different cities throughout the province in November and early December 2017. These occurred in Abbotsford (Nov. 16), Nanaimo (Nov. 17), Kelowna (Nov. 21), Vancouver (Nov. 23), Prince George (Nov. 28), Victoria (Nov. 29), Surrey (Nov. 30), and Cranbrook (Dec. 7): 178 people presented at these consultations. The regional consultations focused on three main questions: how and when the minimum wage should be raised to \$15/hour; how the five occupational groups that have minimum wages that are different from the general minimum wage should be treated; and how future increases to the minimum wage should occur once \$15/hour is reached. The FWC also asked for information about the experiences of employers and workers with either the current minimum wage, or experiences related to less than \$15/hour.

This first report of the FWC deals with the increase to the general minimum wage and how it should be determined in the future, so the results of the consultations and other communication from the public focuses on these aspects of the consultations. The impact on the five occupations treated differently will come in the second report of the FWC.

A wide variety of people were heard over the timeframe for soliciting peoples' experiences and opinions. In addition to the types of organizations, businesses, and community groups that presented and sent written comments to the FWC, specific interests were represented within these groups. In particular, the FWC heard of the concerns and ideas from those who are traditionally marginalized in the labour force and are over-represented among low-wage workers. These included women, young people, immigrants, visible minorities, temporary foreign workers, those who identify with the LGBTQ community, those with disabilities, and those who identify as Indigenous. Members of the FWC were also informed through discussions with researchers on the minimum wage, economists, community activists, employers, and those who have had experience with changes in the minimum wage in other jurisdictions.

Other research

Information from Statistics Canada, BC Statistics, and the Ministry of Labour provided the statistical understanding of the shape of the labour force, industries affected by the minimum wage, the state of the BC economy, and

comparisons with other provinces. A special review of the academic literature on the employment effects of increases to the minimum wage provided us with the understanding of experiences of minimum wage changes in a variety of different jurisdictions under different circumstances. This academic research gave specific insight into the likely effects of future minimum wage increases on employment in BC.² The FWC examined the history of minimum wage increases in BC to understand changes that were made at various times, and the impact these had on specific employers and groups of workers. This information was achieved through specific historical studies, government documents, and other materials.

The FWC also examined the variety of different methods used in other jurisdictions in Canada and elsewhere to make decisions on when and how to increase the minimum wage in the future. The research focus was on the distinctions between the model where deliberations and decisions were made solely by government or a model where advice was sought or decisions were made through an independent body.

² A specific review was provided by David Green, Professor and Chair, Vancouver School of Economics, University of British Columbia and is entitled "Assessing What We Know about Employment Effects of Minimum Wage Increases, Dec. 2017.

3 Context of the minimum wage in BC

Brief review of the minimum wage in BC

MINIMUM WAGES HAVE HAD A LONG HISTORY in Canada and were instituted in order to provide protection and fair treatment for workers. It is the lowest wage that an employer can pay workers who are covered by the legislation and is particularly important for workers who are not protected by a trade union. When first initiated in BC in 1918 the minimum wage was understood to be remedial in nature in order to mitigate the exploitation of women and girls. Over time minimum wage protection expanded to include most other workers, including those whose work traditionally has been considered more secure, regular and standard.³ This does not mean that the minimum wage covers all workers in the same way: various types of work situations are excluded from all minimum wage protection,

³ It was expanded to include men in 1925. This was largely because some employers evaded the minimum wage by paying men lower wages. Dennis Guest, *Income Security in Canada* (Vancouver: University of British Columbia Press, 1980. P. 73 and N.36, p. 221.

or are treated in a way that is different from the general minimum wage (see Appendix III for those excluded from the protection of minimum wage legislation).

BC's minimum wage is legislated through Employment Standards legislation and is detailed in the regulations (see Appendix IV). The minimum wage of the federal government is the minimum wage within each province where the employment occurs. This means that a worker whose employment conditions are governed by the federal, rather than the provincial labour legislation, is nevertheless covered by BC's minimum wage rate.

In recent history, the increases to BC's minimum wage have been highly volatile with lengthy patterns of no increases followed by relatively rapid increases in a short period. This was characteristic of most of the last two decades of the twentieth century and a large part of the 21st century (see Figure 1 and Table 1). As Figure 1 shows, most of the minimum wage hikes (two-thirds of the increases since 1980) in BC have been between 5% and 10%. The largest increase was in 1988, when the minimum wage jumped 23%. More recently, the three increases implemented in 2011 and 2012 were 9.4%, 8.6% and 7.9%, for a cumulative total of 28%. They were implemented over a relatively short time span of 14 months. These increases came after the minimum wage in BC was held at \$8.00 for just under ten years. In 1980 there were large increases to the minimum wage followed by eight years of no increase at all. Then in the 1988 – 1990 period, the minimum wage increased three times for a cumulative total of almost 37%.

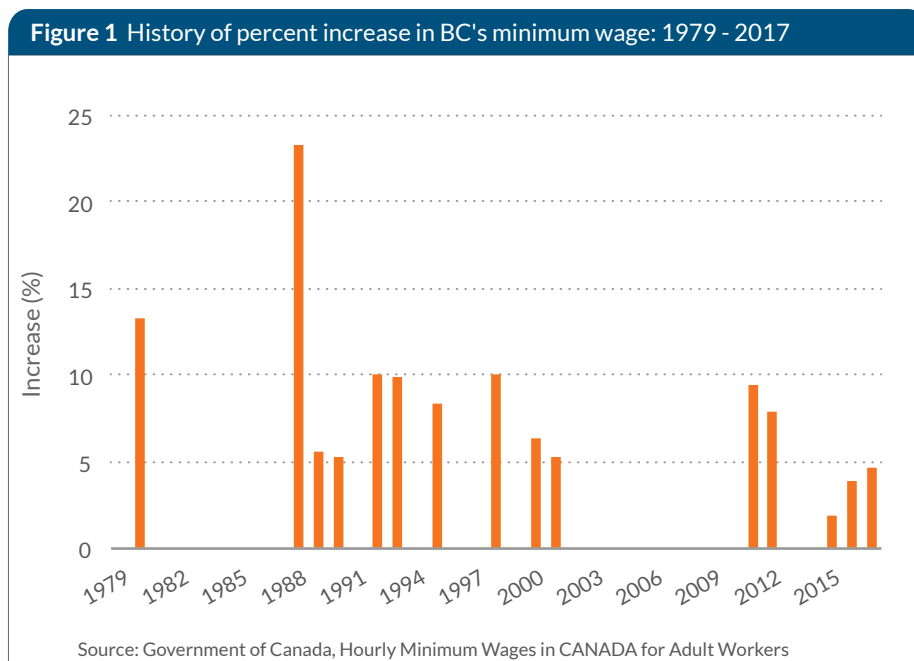


Table 1 Minimum wage increases and unemployment rates in BC: 2000 - 2017

	MONTH	HOURLY MINIMUM WAGE	INCREASE (\$)	INCREASE (%)	UNEMPLOYMENT RATE (%)
2000	November	\$7.60	0.45	6.29	7.2
2001	November	\$8.00	0.40	5.25	7.7
2002		\$8.00	0	-	8.5
2003		\$8.00	0	-	8
2004		\$8.00	0	-	7.2
2005		\$8.00	0	-	5.9
2006		\$8.00	0	-	4.8
2007		\$8.00	0	-	4.3
2008		\$8.00	0	-	4.6
2009		\$8.00	0	-	7.7
2010		\$8.00	0	-	7.6
2011	May	\$8.75	0.75	9.38	7.5
	November	\$9.50	0.75	8.57	7.5
2012		\$10.25	0.75	7.89	6.8
2015		\$10.45	0.20	1.95	6.2
2016		\$10.85	0.40	3.83	6.0
2017		\$11.35	0.50	4.61	4.9

Source: Government of Canada, Hourly Minimum Wages in CANADA for Adult Workers; Average Annual Unemployment Rate (<http://www.stats.gov.nl.ca/statistics/labour/pdf/unemprate.pdf>)

Distinctions need to be made between the long period of no increase in the minimum wage in the early 1980s and what happened early in the 21st century. In the early 1980s, the unemployment rate was very high at over 12% most years and climbed to 15% in 1984 (see Appendix V). Increasing the minimum wage during a period of high unemployment might have further affected employment. In contrast, over the ten years the minimum wage did not change beginning in 2002, the unemployment rate steadily decreased and reached a low of 4.6% in 2008. Increasing the minimum wage under these conditions would not have been risky.

Other provinces have also had long periods with no increases to the minimum wage. Over the past two decades, BC went from having the highest minimum wage to the lowest and then to the middle of the pack, among the larger provinces.

Changes in who is covered

There are different minimum wages for certain categories of workers in BC. These include farm workers who are paid by the piece for certain hand-harvested crops, liquor servers, live-in home support workers, live-in camp leaders, and resident caretakers (see Appendix III). In recent history, the structure of the minimum wage for certain groups of workers changed. In 2001 BC introduced a lower minimum wage for new entrants to the labour force:

[t]he minimum wage is \$6.00 an hour for an employee who (a) has no paid employment experience before November 15, 2001, and (b) has 500 or fewer hours of cumulative paid employment experience with one or more employers.⁴

This minimum wage was \$2.00 or 25% less than the general minimum wage and became known as the ‘training wage’ because it was thought to apply primarily to very young entrants to the labour market. However, this was not confined to young teenage workers, but also covered older workers, such as newcomers to Canada and others who did not have the requisite 500 hours of Canadian experience to escape this low wage.⁵ In BC this exception to the general minimum wage was eliminated in 2011.⁶

⁴ B.C. Reg. 261/2001

⁵ The federal government of Canada stipulates that workers under 17 years of age receive the same rate as the general adult rate in the province or territory where they work.

⁶ Both Nova Scotia and Ontario maintain different minimum wages for young or inexperienced workers. “Current and Forthcoming Minimum Hourly Wage Rates for Young Workers and Specific Occupations.” Government of Canada Minimum Wage Database (<http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt3.aspx?GoCTemplateCulture=en-CA>)

Another significant change occurred in 2011 when a new minimum wage for liquor servers was introduced. This rate applies to employees who serve liquor, either by itself or with food, at an establishment that has a liquor license. BC and Ontario are the two provinces that have this minimum wage for liquor servers. Quebec has a lower minimum wage for all workers who receive tips.

Table 2 Share of current minimum wage employees by firm size in BC: 2016

FIRM SIZE	INCIDENCE OF MINIMUM WAGE EMPLOYEES IN FIRM SIZE	SHARE OF MINIMUM WAGE EMPLOYEES AMONGST FIRM SIZES
Less than 20 employees	6.3%	28.4%
20 to 99 employees	4.8%	17.5%
100 to 500 employees	2.9%	8.8%
More than 500 employees	4.6%	45.1%
Less than 100 employees	11.1%	45.9%
More than 100 employees	7.5%	53.9%

Source: Statistics Canada, custom tabulation for 2016.

Minimum wage coverage

The current minimum wage is \$11.35 and applied to 4.8 % of employees in BC in 2016. Those earning the minimum wage tend to be over-represented by youth and people who have been historically disadvantaged and who are not in trade unions.⁷ Women, at 62% of the total, are more heavily represented among minimum wage earners than men (see Appendix VI for information by age and gender). Youth (those less than 25 years) also are over-represented, comprising 54% of all minimum wage earners. Those earning the minimum wage or less are concentrated in a few

⁷ Statistics Canada, Labour Force Survey, custom tabulation for 2016.

major sectors and comprise 19% of those working in agriculture, 16% of those working in accommodation and food services, 9.4% of those working in trade, and 8.5% of those in services classified as 'other' (see Appendix VII). As noted earlier, not all workers receive the protection of a minimum wage and the exclusions to the minimum wage are extensive.

The common impression is that minimum wage workers are primarily in small firms. While about 11% of the employees in small businesses (less than 100 employees) work for the minimum wage, the distribution of minimum wage earners shows that the majority (54%) of minimum wage workers are working for large employers (more than 100 workers).

Important information for this report relates to the characteristics of workers who will benefit from the minimum wage increase to \$15/hour.⁸ About 20% of the BC labour force earns less than \$15/hour. Almost a quarter of all females currently earn less than \$15/hour, and about 16% of males are in this wage category (see Appendix VIII). The workers earning less than \$15 are about evenly divided in age, with 48 % being 24 years old or less, and 52% being 25 or older. A large majority are not students (76%) and 61% are in a coupled family. Appendix VIII shows the share of total wage earners who earn less than \$15/hour by various categories. As is the case with the current minimum wage, women predominate among these workers as do youth (those under 25). But an overwhelming majority are not students.

Minimum wage and wage inequality

BC has been a low wage province for most of the 21st century, with the average earnings below the national average (see Figure 2). Wages in BC have become more polarized, relative to other provinces, with earnings in the upper levels growing more rapidly than elsewhere, and those at the lower brackets remaining stagnant for a long period of time.⁹ Figure 3 shows how wages of both men and women in BC compares with the Canadian

⁸ Note: The information for those earning less than \$15/hour comes from Statistics Canada, Labour Force Survey monthly PUMF (Jan-Oct 2017).

⁹ Fortin, Nicole M. and Thomas Lemieux, "Changes in wage inequality in Canada: An interprovincial perspective," Canadian Journal of Economics, (May 2015) Vol. 48, No.2, p.688.

Figure 2 Canada and BC average annual employment income: 2000 - 2015

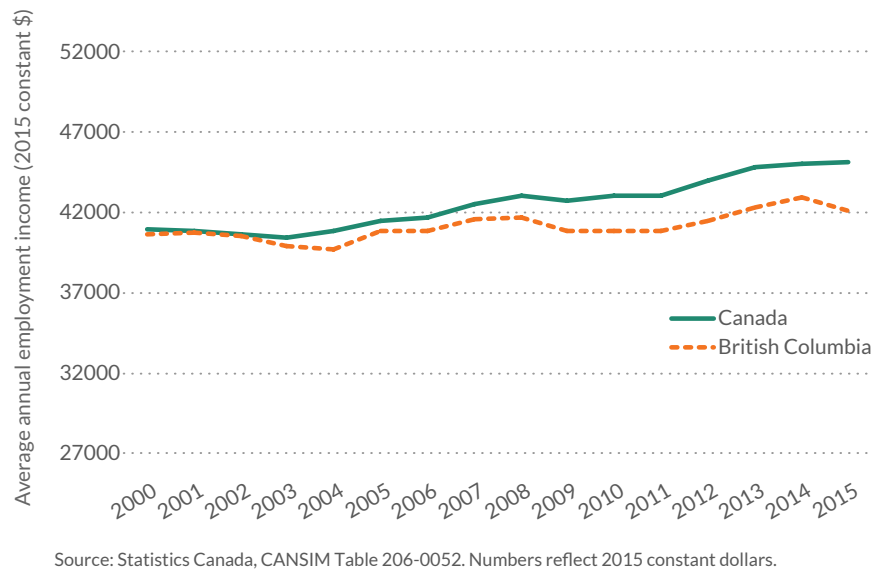
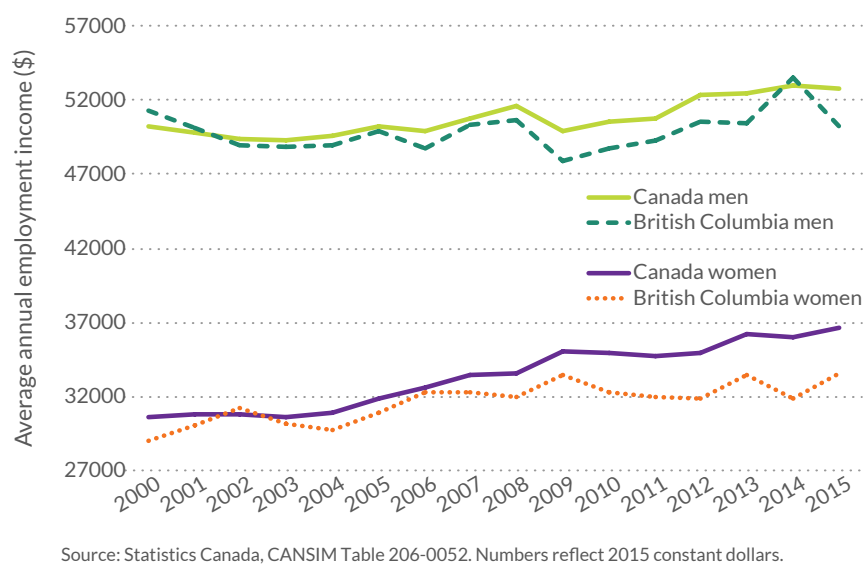


Figure 3 Canada and BC average annual employment income by gender: 2000 - 2015



average. Both males and females have average employment income that is lower than the national average, but females in BC have fallen far behind the Canadian average.

Part of the problem of little improvement at the low end of the wage scale stems from keeping the minimum wage from rising for such a long time. The role of the minimum wage is often overlooked when wage inequality is examined, but it is significant for shifting wage compression for those at the bottom of the wage scale. While BC held the minimum wage at \$8/hour for 10 years, other provinces were increasing their minimum wages. This meant that most provinces improved the distribution of wages as they increased their minimum wages beginning from about 2005. As economists Nicole Fortin and Thomas Lemieux show, this has been particularly important for women in the provinces where the minimum wage increased.¹⁰ BC was for too long the anomaly in the low-high wage distribution and the result was not only low wages for many women, but also one of the highest gender-wage gaps in the country.¹¹

The important point is that improving the minimum wage is significant for the over-all wage distribution and particularly for reducing the gender gap, since women are predominant among minimum wage workers. But it is also significant for the general distribution of wages in a province where the wages of high income earners have grown much faster than low-income earners for a long time.

Other jurisdictions

Increases to the minimum wage to \$15/hour are scheduled to occur in other Canadian provinces by 2019 and in many US cities. Alberta began its path to a \$15/hour minimum wage in 2015 and staged its increases over four years with increases each year of \$1.00, \$1.00, \$1.40 and \$1.50. It will have a \$15.00 minimum wage by October 2018. Ontario will have a \$15.00 minimum wage by January 1, 2019 through a more rapid path than used by Alberta. On January 1, 2018, Ontario's minimum wage rose from \$11.60 to \$14.00, a \$2.40 increase (20.6%) and will increase by another \$1.00 on January 1, 2019 (7.1%). No other provinces have announced a move toward \$15/ hour although

¹⁰ Fortin, Nicole M. and Thomas Lemieux, "Changes in wage inequality in Canada: An interprovincial perspective," *Canadian Journal of Economics*, (May 2015) Vol. 48, No.2., 682-713.

¹¹ Wage gaps for other groups of workers who are historically disadvantaged and disproportionately represented among minimum wage workers are not available, although this would be important to track in the future.

several have linked future increases to the rate of inflation or to the advice received from an independent body or commission (see Appendix IX).

Many US jurisdictions are also moving to raise minimum wage rates to \$15/hour. Seattle began moving toward a \$15.00 minimum wage on April 1, 2015. It has a relatively complicated schedule for implementation with different rates and times for employers with fewer than 500 employees (termed small employers) and those with 501 or more employees (large employers). Both large and small employers are further distinguished by whether they pay medical benefits and/or the employee earns tips. This means, for example, that a large employer who does not pay medical benefits and whose employees do not earn tips was required to pay the minimum wage of \$15/hour in 2017, a \$2.00 increase from 2015. In contrast, a small employer who pays medical benefits or whose employees earn tips will have until 2021 to be required to pay \$15/hour.¹²

San Francisco is another US city moving to a \$15.00 hourly minimum wage. It began this process in 2015 and will reach \$15.00 on July 1, 2018 through four increments. Once \$15/hour is reached it will be increased annually by the CPI. The state of California will reach \$15.00 more slowly: employers with more than 26 employees will have until 2022, while those with fewer than 26 employees will have until 2023. Once \$15/hour has been reached it will be indexed to inflation.

The long period of loss of wage protection in various jurisdictions in North America, coupled with a decline in trade union density in both the US and in Canada, contributed to the increased pressure on governments to protect the lowest paid workers with increases to the minimum wage. Setting the minimum wage at \$15/hour has been the target for trade unions and others who act on workers' behalf. In BC \$15/hour would be just above the poverty level for a worker who worked full-time, full-year in 2017.

¹² For a full schedule of Seattle's minimum wage changes see:
<http://www.seattle.gov/Documents/Departments/LaborStandards/OLS-MW-multiyearChart.pdf>

4 Findings from public consultations, briefs, and questionnaires

Minimum wage

THE TERMS OF REFERENCE directed the FWC to consult with the people of British Columbia, which was done in a variety of ways explained in the methods section of this report. The result of these consultations represents the points of view of those who elected to contact the FWC. In this sense, our findings are not a true survey, but they are significant in that they give voice to people's experiences and the ideas of those with information about both the industries affected and the labour market of these industries. What follows is a summary of what we were told in the regional public consultations and the written submissions to the FWC.

The obvious distinction in points of view about how and when to raise the minimum wage is between employers, workers, and representatives from various communities. Before detailing the concerns and positions of each, the points of agreement will be noted.

Almost everyone who appeared before the FWC or who sent in a written brief asked for regular and predictable increases to the minimum wage. Employers and workers and their advocates all felt that the very long period where the minimum wage did not increase in BC in the first decade of the 21st century was something that should not be repeated. For workers, this period represented a serious loss of protection for low-income workers and was so low that by 2008, the minimum wage covered only 2.7% of workers.¹³ Employers noted that such a long period without an increase inevitably meant a shock for them when the increase did occur.

The other main area of agreement, which is related to the above, is that the decisions about increases to the minimum wage should be depoliticized. While this will be discussed in more detail below, the main point is that both employers and workers and their advocates would like to see minimum wage increases tied to some predictable and rational measurement that is overseen by a body that is independent from government. It should be noted that both employers, workers, and their organizations mentioned they appreciate the Fair Wages Commission review process and consultations. They specifically like that the FWC is independent of government in its advisory role and that it is a tripartite initiative.

While almost everyone who presented recognized that the minimum wage would increase to \$15/hour, major divergences occurred over the timing of when this should happen, with workers and their organizations wanting it to happen either immediately or by January 1, 2019 at the latest, and employers and their organizations advocating mostly for dates that ranged between three and five years (2021-2023). There was also considerable agreement that in the future the minimum wage should use the Consumer Price Index (CPI) as a consideration in maintaining the value of the minimum wage.

¹³ Statistics Canada, Labour Force Survey, "Share of employees working for minimum wage or less, by province" (<https://www.statcan.gc.ca/pub/75-001-x/tables-tableaux/topics-sujets/minimumwage-salaireminimum/2008/tbl02-eng.htm>)

Table 3 Examples of the public who made representations to the FWC

BUSINESS SECTOR	TRADE UNIONS AND WORKER ORGANIZATIONS
<ul style="list-style-type: none"> • <i>Chambers of Commerce</i>: Parksville, Nanaimo, Prince George, Vancouver, Greater Langley, Cranbrook • <i>Boards of Trade</i>: Vancouver, Burnaby, Surrey • <i>Restaurant associations</i>: Restaurants Canada, Alliance of Beverage Licensees, BC Restaurant and Food Services Association, independent restaurant owners • Manufacturers and exporters associations • <i>Agricultural associations</i>: BC Agricultural Council, BC Greenhouse Growers Association, United Flower Growers, farm owners • <i>Independent or small business associations</i>: Canadian Federation of Independent Business, Canadian Franchise Association • Living wage employers • Local business owners (piano services, bike shop, organic farmer, restaurant owners, small retailers) • Retail Council of Canada 	<ul style="list-style-type: none"> • BC Federation of Labour • Unifor • UNITE HERE! Local 40 • BC Employment Standards Coalition • Retail Action Network • West Coast Domestic Workers Association • BC Ferry and Marine Workers Union • <i>District Labour Councils</i>: Nanaimo Duncan District Labour Council, New Westminster District Labour Council • MoveUP • Hospital Employees Union • BC Government and Service Employees' Union
COMMUNITY ORGANIZATIONS	INDIVIDUAL VOICES
<ul style="list-style-type: none"> • <i>Think tanks/policy consultancy groups</i>: Canadian Centre for Policy Alternatives, PolicyLink • <i>Poverty reduction groups</i>: BC Poverty Reduction Coalition, Together Against Poverty Society, BC ACORN • <i>Teacher Associations</i>: Surrey, Delta • <i>Women's organizations</i>: Central Okanagan Elizabeth Fry Society, Vancouver Rape Relief Women's Shelter • West Coast LEAF • Vibrant Abbotsford • Mount Lehman Credit Union • Nanaimo Pride Society • Latin American Advocacy Coalition • Kwantlen Public Interest Research Group • <i>Student unions</i>: Douglas College Students' Union, SEIU Local 2, Vancouver Community College, BC Federation of Students, College of New Caledonia, Camosun College, Kwantlen Student Association 	<ul style="list-style-type: none"> • Teachers (working and retired) • Speech pathologist • First Nations • Students, other youth • LGBTQ workers • Early Childhood Educators • Migrant farm worker • People with disabilities • Service sector workers (food, cleaning) • City councillor • HSBC Personal Banker • Academics • Member of the Legislature • Former employees at the Ministry of Labour

Employers' concerns

The greatest variety of views on how to get to \$15/hour occurred among employers with most advocating between three and five years. There were a few employers and employer groups who wanted the minimum wage to increase only with the CPI, meaning that its real value would not increase beyond what it is now. These tended to be those who saw the minimum wage as a distortion to the normal working of the market. Some others wanted it to increase by the CPI plus \$0.20 per year, which would result in a considerable time to reach \$15/hour. In contrast, some employers were living wage employers or were already paying workers at least \$15/hour and argued that this was possible to do, even if the employer was a small business person. The main advantage they found was that staff turnover was low and that meant less time on training new employees. Others said they wanted to pay more, but could not do it without having a uniformly higher minimum wage across their industry because they would then be at a competitive disadvantage. No one felt that it was possible to live on the minimum wage, with many employers understanding that this category of low-wage worker would be relying on another family income to survive.

The main concerns of employers centred on the problems they would encounter if the minimum wage increased rapidly. Many small, independent businesses who rely more on young minimum wage workers felt they would be particularly vulnerable to a sudden, large increase. These employers were mostly in the restaurants or small-scale retail businesses, and anticipated either laying off workers or reducing their hours of work. Some very small businesses said it would just mean greater work hours for themselves and their family, which might not be sustainable. Agricultural employers, who tended to employ a large number of workers many of who worked only seasonally, also felt they would be negatively affected.¹⁴ We did hear from some small agricultural employers, who were speciality farmers such as organic farmers. They discussed the pressures of raising the minimum wage, but tended to see it as manageable if it is predictable and applicable throughout the industry. The main concern for some farmers is that they were not in a position to pass on price increases to consumers because they were price takers. The result would be a very large increase to their wage bill that would greatly affect their ability to earn a reasonable return. This, they felt, could lead to greater mechanization, something that other employers also felt would be likely.

Employers often talked about the problems of training new entrants to the labour market and how a higher minimum wage would be a disincentive to hire these workers. In one restaurant in Prince George, for example, one-

¹⁴ Many agricultural workers, those who do hand-harvesting, receive a specific minimum wage that will be discussed in the second report of the FWC. But a large proportion of agricultural workers, such as year-round workers and those working in greenhouses, are not paid by piece work, but are covered by the regular minimum wage

third of the labour force of 18 employees earned the minimum wage. This meant that any increase in the minimum wage would have a large impact on the employer's wage bill.

The effect of an increase on the minimum wage is understood by most employers to have a cascading effect on wages. They sense that it would not only be those earning below \$15/hour who will be affected by the change, but other workers in the company as well. Some employers also warned that the minimum wage increases would have an inflationary effect on general prices. The FWC frequently heard the thought that this price increase, plus the laying off of workers would hurt the population that the minimum wage increase is trying to help.

Remediation

Employers frequently pointed to other government policy tools that could be used instead of the minimum wage to support low-wage workers. They felt that the minimum wage was too blunt a tool and not the most effective way to deal with poverty.

Chambers of Commerce frequently mentioned that among the current minimum wage earners, fewer than 6% can be identified as heads of households and that other policy initiatives, rather than the minimum wage, would be more efficient in helping this group of workers. These employers tend to see the minimum wage as an entry level wage that is not permanent for most workers. Other employers also specifically pointed to various kinds of public policies that could be introduced to help reduce the cost-of-living in BC. These included policies to reduce the costs associated with housing, transportation, and childcare.¹⁵

Many employers believe the government should provide specific programs to help employers in the transition period to a \$15/hour minimum wage. These included income tax credits, training subsidies for hiring young entrants to the labour market, and the re-introduction of a lower minimum wage for new entrants to the labour market. Some other measures were suggested, such as instituting an apprenticeship system in the agricultural sector. In Victoria, it was suggested that simply adding bus lanes would greatly improve transportation times, something that would allow workers to live further away from the downtown core.

Timing of increases and Post \$15/hour

At the first set of consultations in the Lower Mainland employers preferred increases once a year over smaller increases more frequently, but this was a less consistent preference in areas outside the Lower Mainland and in written responses to the FWC questions. There was more uniformity about what should happen after \$15/hour is

¹⁵ The specifics of these kinds of policies were not pursued in this round of consultations but may be explored in the second phase when the FWC deals with ideas about reconciling the discrepancies between the minimum wage and a livable wage.

reached. Most employers want the minimum wage to be tied to the CPI in the future. They tended not to discuss in detail the mechanisms for this occurring, but generally were in favour of an independent tri-partite commission so that the process could be depoliticized.

Worker and trade union concerns

The three major points expressed consistently by workers and trade unions are that the minimum wage needs to be raised as quickly as possible, but not later than January 1, 2019; that all workers should receive the same minimum wage protection with no exceptions to this principle; and that a permanent fair wages commission should be responsible for setting and monitoring the minimum wage once \$15/hour has been reached.

The presentations at the regional consultations covered a wide range of issues with the major themes related to the hardships very low-wage workers experience, the very high cost of living in BC, the over-representation among low-wage workers of vulnerable groups who historically experience discrimination, and the adverse social effects of poverty wages.

In each community, low-wage workers told of the enormous difficulty of paying for basic living expenses when earning poverty wages. This was not something that applies mainly to young workers, but also affects many mature workers who have worked for lengthy periods of time. Below are some examples from people we heard from:

- *A food service worker at a University about working for 24 years and making \$14.30 an hour. This was an adult woman.*

We also heard from women and men working at the Vancouver airport, and the Pacific Mall in downtown Vancouver.

- *One woman has worked at YVR airport as a cashier for 13 years and makes just \$13.41/hour.*
- *A man who is an immigrant to Canada spoke of making \$13.50/hour at Vancouver Pacific Mall for 40 hours/week. He works at another part-time low wage job for 20/hours week in order to make ends meet for his wife and two daughters.*
- *Many adults talked about how both parents in their households hold multiple low-wage jobs and the problems this creates for their family life. Parents take different shifts so that someone is home with children at crucial times, meaning that the family is rarely together.*

The inability to improve their wages, even when in unionized jobs, is often related to the outsourcing of jobs in both the public and private sectors. This means that workers go from one employer to another (who bid on low wages to win the contract when contracts are negotiated). It is this process of shifting employers when workers' wages tend to stagnate, but in this process employers gain another cost advantage because the workers also lose seniority in benefits so they never improve these important aspects of long-term job remuneration.

Often the assumption is that low-wage workers have low education or English language skills levels, and while this is sometimes the case, 51% of those earning less than \$15/hour in BC had at least some postsecondary education and 36.5% have either a postsecondary certificate, diploma, or a university degree.¹⁶

- *We heard of childcare employees in Cranbrook with Early Childhood Education credentials who were working for years at \$12/hour. This is less than the \$12.98/hour one childhood educator said she made in 1998. The very low wages there meant that childcare centres were very understaffed.*
- *One young woman in Surrey speaks four languages and is in university, yet can only find very low wage work.*
- *We heard from a young male employee with a university degree in Prince George about the inability, after two years of working in a bank, to both meet monthly student debt payments and afford rent for an apartment. He is moving back to live with his parents in P.E.I.*

The many stories of student poverty, a condition that would clearly extend well into their adult lives because of large debt, showed that while 'youth' are a major component of low-wage workers, this should not imply that protection of the minimum wage is insignificant. It is often assumed that this age group is less in need of minimum wage protection because those who are teenagers are living with parents and their income is less crucial.

- *This is the situation that was recounted to us by one father with a 15 year old daughter, who felt she did not need an increase in her wage because it was just extra spending money for her.*
- *But we also heard from youth who were attending school but who worked many hours in order to contribute to the family income.*

¹⁶ Statistics Canada, Labour Force Survey, custom tabulation.

- *One young man spoke of his experience of taking eight years to complete a degree in part-time studies due to having to contribute to family income. He was from a family of new Canadians and both his parents and sister all make less than \$15/hour with no paid sick leave. He continues to live at home and works to help with family expenses.*

Working students are often part of families where adults are making very low wages. Students who were not teenagers but in the youth category, repeatedly told of the struggle with student debt since both tuition and the cost of housing has escalated in recent years. Where at one time a student might expect to earn enough in a summer to cover a year studying, this is no longer the case and low-wages are an important part of the problem.

Other workers in groups that have historically been disadvantaged in the labour force spoke to the FWC in different communities. These included those identifying as part of the LGBTQ community, as Indigenous, and those with disabilities. All of these workers are over-represented in the very low-wages group and told both of their specific struggles living on less than \$15/hour and of how a change in the minimum wage will affect their communities.

Those in the agricultural sector who do not work at piece rates will also have a significant increase when the minimum wage changes.

- *We spoke to an agricultural worker who is in BC through the Seasonal Agricultural Worker Program. Workers in this program are guaranteed the minimum wage of the province by the federal program (so are not paid BC's hand-harvesting rates). He works in a greenhouse and spoke of the problems of trying to live on the minimum wage, and is specifically disadvantaged beyond those normally receiving the minimum wage because he had deductions for EI and CPP taken out of each paycheck. He cannot take advantage of these benefits because he is not a permanent resident. He would like to stay in Canada and bring his wife and child here, but he cannot accumulate enough money on the minimum wage to do this.*

Altogether, the FWC heard from many different types of low-wage workers in different sectors of the economy. By traveling around the province, the FWC was able to better understand the context of low-wage work within specific communities. Most of the workers were involved in service industries that included food or cleaning services (at hospitals, universities, office buildings, malls, airports), the retail sector, agriculture, and even professional workers. These workers come from diverse backgrounds and communities, that include immigrant and domestic workers, and unionized and non-union workplaces.

Community members' concerns

In each of the areas where the FWC held consultations people from the community told us about the effect of raising the minimum wage where they live. Most who spoke to us wanted to relate the extreme hardship for people

working at very low wages. Teachers in Abbotsford, Kelowna, Cranbrook, Surrey, and Prince George told of the sad experiences of children who simply do not have enough food, whose parents cannot have contact with the school because they are manipulating several jobs, and children who have no place to be when school is over because their parents cannot afford childcare and are working. Sometimes charitable organizations (like the Salvation Army in Cranbrook) provide food for some children in school, but it is not unusual for these children to be stigmatized and ostracized for their difference of living in poverty. This experience of poverty greatly affects the children's ability to learn. At our first consultation in Abbotsford, an 11 year old, (whose mother, a teacher, was speaking to us), said that he did not want to see any kids coming to school without food.

Anti-poverty groups pointed to the health issues associated with low wages, but also the morality and human rights obligations to ensure that people have wages on which they can live. The people living and working on minimum wages are in a poverty cycle that is impossible to break and they can't afford to do anything other than work more than full time to pay for basic necessities. Their presentations, like many others, spoke of other kinds of public policy that is needed in addition to a higher minimum wage. These were groups that pointed out that businesses will object, but that they often confront cost increases in other areas (such as for fuel) that exceed increases to the minimum wage, but still manage.

In each community, the distinct nature of the economy and the labour force was made apparent. As an academic economist in Prince George pointed out, in a resource extracting community there are good jobs associated with the resource sector that are unionized, but in the same community there are very low wage jobs, often in the public sector. Resource dependent areas are usually characterized as very divided communities. In these communities, a minimum wage that reflects the real costs of living is crucial to many workers.

5 Findings on economic relationships

THE FWC REALIZES THAT ANY PUBLIC POLICY CHANGE inevitably has both positive and negative outcomes, and our intent is to make a recommendation so that we can be reasonably sure the gains made from increasing the minimum wage are larger than the cost of negative effects. The issues we heard from employers centered on the impact the minimum wage would have on employment, prices, general wages, and the negative effect on the earnings of the people it is intended to protect. The following is an examination of each of these issues through a review of existing research.

Impact of minimum wage increases on employment

In order to understand the impact of increases to the minimum wage on employment in BC, Canada and elsewhere, we asked David Green, Professor of Economics at the University of British Columbia and an expert on minimum wage impacts, to provide a review of the extensive literature on the minimum wage, and to give an idea of how moving toward \$15/hour is likely to affect employment in BC. We have also read much of the extensive literature on the effect of minimum wages on employment, prices, and earnings and wage distribution.

When economists look at the impact of the minimum wage they focus on the effect on the general level of employment, rather than on the unemployment rate to understand the major implications. This is because the

employment level is considered a 'cleaner' measure of impact in that it reflects the demand for labour and employers' decisions. The unemployment level, in contrast, includes supply decisions on the part of labour. So, for example, if the minimum wage increases, more people may be enticed to enter the labour force and some might not become employed, making the unemployment rate go up. Focusing on the unemployment rate would be misleading in this case. The employment rate, then, reflects only the decisions of employers to hire labour and more directly shows if there is a negative impact as a result of increasing the minimum wage.¹⁷

Statistics Canada maintains that in Canada the effects of an increase in minimum wages on total employment 'would typically be small or non-existent'.¹⁸ Any effects that occur are usually confined to a decrease in employment levels for teenagers. Green's examination of the Canadian and US literature, plus findings from his own research indicate similar results. Some distinctions in the studies occur, however, and these can be significant and are often related to the methods used. The main distinctions seem to be on the employment impact on teenagers and whether this impact is then extrapolated to the age groups older than teenagers. This is sometimes done and, according to Green, largely explains the very large numbers that are sometimes presented as the potential effects of minimum wage increases in Canada. He finds that using teenagers' experiences is a poor predictor of the effect on other minimum wage workers, such as older women. The focus on teenagers is because it is this group that is the one affected in a statistically significant way by an increase in the minimum wage. This is because teenagers have an employment rate that is highly elastic primarily because they have no or few accumulated skills and easily can be replaced by more experienced workers or capital.¹⁹

In Canada, the effect of minimum wage increases on young adults (20-24) and other minimum wage workers is basically zero. According to Green, the effect of a 10% increase in the minimum wage could possibly result in an employment effect of between 0.1% and 0.3%. So if the employment rate of the economy is 64% a 10% increase in the minimum wage could mean that the employment rate could decline to between 63.8% and 63.94% with almost all of it occurring among teenagers. This negative effect, although slight, is further tempered by another finding, which is that although it takes longer for young adults to find work, the results are improved labour market experiences in that layoff rates tend to be reduced. This means a higher minimum wage leads to more stable jobs,

¹⁷ Of course, most will instinctively look at what happens to unemployment, so we have included unemployment rates that are associated with minimum wage increases (see Appendix V).

¹⁸ Galarneau, Diane and Eric Fecteau, "The ups and downs of minimum wage," Statistics Canada, March 3, 2016. <https://www.statcan.gc.ca/pub/75-006-x/2014001/article/14035-eng.htm>

¹⁹ Other research indicates that the effect on youth employment is variable and when it occurs can be the result of some other policy issues such as poor timing. Dale Belman and Paul J. Wolfson, "What Does the Minimum Wage Do?" (W.E. Upjohn Institute for Employment Research (Kalamazoo, Michigan, 2014) p. 51.

but getting them tends to take longer. Green sees this as a move away from a high-turnover, low-wage model toward a more stable, low-turnover, higher-wage model for typically low-wage employers.

Overall, the minimum wage does not have a major impact on economic activity with employment and unemployment rates moving more in relation to other economic conditions. As would seem to be intuitive, increasing the minimum wage during an economic downturn would increase the chances of negative employment effects while implementing the increase during positive economic conditions would have fewer negative effects.

Many, however, will look at the relationship between the minimum wage and the level of unemployment. As can be seen from Table I, unemployment rates have not been negatively affected by increases in the minimum wage since 2000. This is also largely true for the 1980s and 1990s (see Appendix V). The factors leading to an increase in unemployment are related to the over-all health of the economy and not on minimum wage increases.

The recent increases in the minimum wage in BC have not had a significant impact on employment levels and the only other jurisdictions in Canada moving toward a \$15 minimum wage are in the process of doing this, so there is no evidence from their experiences yet. Green does look at the Seattle experience of a \$15 minimum wage and the reports of large negative effects there. These appear significant, but he feels the Seattle conditions are significantly different from BC and that it is not an instructive guide. Green does caution against a very high, rapid increase in the minimum wage, which could possibly have more negative effects. The increase in BC from \$11.35 to \$15.00 is a fairly big increase of \$3.65 and it is not entirely clear what the employment impact would be, but if it happens very quickly it could have larger negative effects than have been seen in the recent past, where there have been negligible negative impacts.

Issue of spill-over effect on wages

In the regional consultations FWC heard from employers who were concerned about not only the immediate impact of rising minimum wages but also of the effect this would have on the wages of other workers. Many workers, particularly those with seniority or higher skills, will want to maintain their difference in job status so will want higher wages. It is then likely that there will be a spillover effect on other workers. A review of the literature shows that this does happen but tends to be confined to workers working above, but close to the minimum wage.²⁰ In BC, the spill-over effect will not affect the entire labour force but will mostly be confined to some workers within the

²⁰ Belman and Wolfson pp. 471.

sectors and firms affected that earn within \$2 of the minimum wage according to Green.²¹ Other studies of other countries reinforce this in that increasing the minimum wage also boosts the earnings of those earning moderately higher hourly wages.²²

Effect on prices

The other issue that is important is the likely effect on over-all prices. The FWC was frequently warned by employers that increasing the minimum wage would mean passing on higher costs to consumers.²³ Green agrees that this is likely the case although explains that an increase in the minimum wage is not likely to show a significant overall increase in prices. The price increase will be confined to the industries that employ these workers and will rise by the proportion of the wage bill in the industry. This is confirmed by most of the literature on the minimum wage, which tends to be confined to examining what happens to prices in restaurants. The impact on prices depends on the size of the minimum wage increase and small wage increases do not have an identifiable impact on prices at all. Most price increases, when they occur, happen immediately after the minimum wage is instituted.²⁴

Effect on earnings and wage distribution

During the province-wide consultations the FWC frequently heard concerns from employers that increasing the minimum wage could harm the group of workers it is designed to help. This is because higher wages may result in either layoffs or fewer hours of work for the group as a whole. Summaries of research on this, from a variety of countries, indicate that this is unlikely to happen and that the minimum wage has a “positive and significant effect on the measures of earnings of vulnerable groups” and a very substantial majority of these workers benefit from a minimum wage increase.²⁵ The main effect is that it raises wages at the bottom and tends to reduce wage inequality.²⁶

²¹ Brochu, Pierre David A. Green, Thomas Lemieux, James Townsend, “The Minimum Wage, Turnover, and the Shape of the Wage Distribution,” unpublished paper.

²² Belman and Wolfson, p. 406.

²³ Some farmers told the FWC they were price takers and could not pass on the increase in costs to consumers.

²⁴ MacDonald, Daniel and Eric Nilsson, 2016. The Effects of Increasing the Minimum Wage on Prices: Analyzing the Incidence of Policy Design and Context, Upjohn Institute Working Paper 16-260. Kalamazoo, MI. http://research.upjohn.org/cgi/viewcontent.cgi?article=1278&context=up_workingpapers

²⁵ Belman and Wolfson, pp 210-11.

²⁶ Belman and Wolfson, p. 404.

Economic outlook in BC

The effect of a minimum wage increase is also related to the state of the economy. If increases occur during economic downturns the likelihood of a negative employment effect is stronger. This would appear to be a good time for minimum wage increases in BC. The BC economy remains on a solid growth path, supported by rising exports, substantial increases in consumer spending, and high levels of activity in the residential housing sector. For four consecutive years, BC's economy has expanded by more than 3% and for the past three years led all provinces in economic growth.²⁷

A brighter global economic picture is supporting a rebound in BC's international merchandise exports. A lower Canadian dollar since the 2014-16 oil price collapse has also contributed to better times for the export sector. BC's resource sector, which still is the dominant part of the export base, is benefitting from the improved global economic backdrop. The upswing in BC's service exports has been even stronger than that for goods. Tourism, a key export sector, is now one of the province's fastest growing industries, a trend that is likely to extend through 2018-19. Exports of services produced by BC's advanced technology industries are also on the rise, supporting the continued growth of the technology sector, which represents a significant share of the province's GDP. BC's film and television industry has enjoyed unprecedented growth. A competitive exchange rate, a top-ranked pool of local talent, and the arrival of new productions have all added to levels of activity in the sector.

The labour market has been remarkably strong. Following a strong gain in 2016, the number of people working in the province continued to climb in 2017: total employment in the province jumped by a very robust 3.6% in 2017. This gain was twice the national pace of job growth. The recent strength of the job market is further underscored by the fact that hiring in the private sector was particularly strong. The total number of employees in the private sector, jumped by an even more impressive 4.4% last year.²⁸

More than two years of strong job growth pushed BC's unemployment rate steadily lower. A string of impressive job gains pushed BC's unemployment rate to 4.6%, more than two full percentage points below the 6.8% recorded at the beginning of 2016. The unemployment rate for people aged 15-24 years averaged 8.9% last year, which is the lowest jobless rate for younger people since 2008. The strength of the job market is attracting more people into the workforce, which is reflected in a rising participation rate. Here the strongest increases have been for younger

²⁷ Statistics Canada, Provincial Economic Accounts.

²⁸ Statistics Canada, Labour Force Survey.

workers: the participation rate for younger workers averaged 66.8% in 2017, up significantly from the 63.4% last year and 61% a few years back.²⁹

Forecasters expect the pace of growth to moderate in the coming years. In part, this expectation reflects the likelihood that consumer spending will cool (from a record pace of growth) and that the expansion in BC's hot housing sector will be tempered by slightly higher interest rates and a tightening of mortgage lending policies. The Ministry of Finance's BC Economic Forecast Council projects real GDP growth of 2.4% in 2018.³⁰ This is still a healthy pace of growth, but a notable downshift from the estimated 3.4% expansion in 2017. The Forecast Council foresees a further modest downshift to 2.2% in 2019. Moderation in some of the key sectors means job growth is poised to slow as well. Tighter labour market conditions may also crimp the pace of employment growth in the coming years, if tighter labour market conditions translate into more widespread hiring challenges.

²⁹ Statistics Canada, Labour Force Survey.

³⁰ The Economic Forecast Council is comprised of 13 independent economic forecasters in Canada. The council's mandate, as determined by the Budget Transparency and Accountability Act, is to provide economic advice to the Minister of Finance in advance of each budget and fiscal plan. The Council met in December 2017 and the forecasts presented above are the averages of the 13 forecasts. See Ministry of Finance press release: https://archive.news.gov.bc.ca/releases/news_releases_2017-2021/2017FIN0036-002006.htm

6 Recommendations

Getting to \$15/hour

MAKING CHANGES TO THE MINIMUM WAGE will affect a large number of workers who currently earn less than \$15/hour and the employers who hire these people. In making our recommendations we are particularly concerned with the problem of low wages in BC and the role of the minimum wage in both improving earnings for low-wage workers, but also for helping to reduce the escalating wage inequality in this province.

The FWC is acutely conscious of the possibility that the impact on some employers could be significant and in coming to our decision we have tried, as much as possible, to mitigate these adverse effects. Most notably, we understand that raising the minimum wage very rapidly is a problem for small businesses so our recommendations are for several gradual changes. After this transition period, we recommend moving toward a regime that brings annual increases that will at least keep up with the cost of living.

As we noted earlier, there is no policy change that has only positive repercussions, and that it is good policy to proceed so that negative impacts are as low possible. In coming to our decisions, we have taken into account both the problems for workers who work at poverty wages, and the problems for employers if wage increases occur too rapidly. As we heard repeatedly in our consultations with both workers, employers, and people in the community, no person should work full-time and live in poverty. Over and over we heard about the high cost of living in BC, and not simply in large urban areas, but also in less populous parts of the province. Very low wages are part of this problem and are something that can partially be improved by raising the minimum wage.

The FWC is also guided by the information we have that deals with both the impact of minimum wage increases on employment and the state of the BC economy. Recent evidence seems to show that BC has moved away from the boom/bust cycle that characterized its earlier economic structure, one that was highly reliant on exports of resources. The economy can now be characterized as one that is increasingly diversified in both export and domestic markets. It also has performed strongly in recent years with sustained over-all growth, strong job growth, and low unemployment rates. BC currently has the lowest unemployment rate in Canada. These positive economic indicators also encourage high rates of immigration and inflows of capital.

While economic predictions always need to be cautious because they are frequently wrong, it appears that for the immediate future BC's economic outlook is very good. For this reason, the FWC is making recommendations about the minimum wage increases that are weighted more in the initial two years under the assumption that it is highly likely that for this period of time the economy will remain stable and well able to support higher wages without negative employment effects. This reflects our understanding that there will be fewer negative impacts in increasing the minimum wage when the economy is strong. The FWC recommends getting to \$15.00 by 2021, but also including in the 2021 figure an amount to help maintain the value of the minimum wage. This will make the minimum wage \$15.20.

Year	Increase (\$)	Minimum Wage	% increase
June 2018	1.30	\$12.65	11.5
June 2019	1.20	\$13.85	9.5
June 2020	0.75	\$14.60	5.4
June 2021	0.60	\$15.20	4.1

The FWC is also suggesting there may be scope to add an additional \$0.15 to \$0.20 to the final increment in 2021, beyond the above recommended schedule. This is an option that should be determined approximately six months in advance of the final increase and will depend upon prevailing economic/labour market conditions. In making this decision, a permanent Commission or whatever entity is established to monitor the provincial labour market and determine the magnitude of future minimum wage increases, should consider factors such as adverse employment effects on younger workers stemming from earlier increases to the minimum wage, general economic conditions, worker and employer sentiment, and the degree to which inflation is higher than anticipated. If economic conditions are comparatively weak and youth employment rates have slipped in the intervening years, then this optional increment would likely not be added in 2021.

This schedule of increases pertains to the general minimum wage, not to the five groups of workers who are treated differently. The recommendations about minimum wage increases for these groups will be provided in Report # 2 of the FWC.

We recognize that the transition period to \$15/hour requires a large increase of \$3.65 and, therefore, have staged this in relatively modest increments that are higher in the beginning of the transition. As we noted above, moving to a higher minimum wage more rapidly in the first two years is important because we feel we can safely anticipate economic prosperity to continue for at least two years. While the percent increases are higher than in the immediate past, they are not excessive and are considerably less than increases in other provinces (see Appendix V). Our sense is that the path we suggest poses the least risk to the economy and to employers, while providing more wage protection for workers more quickly.

Post \$15/hour

As was noted earlier in this report, our consultations with the people of the province indicate that there is a broad, general agreement about how the minimum wage should be treated once the goal of \$15/hour is reached. Almost everyone who addressed this issue wanted to see increases to the minimum wage occur in a consistent and predictable way. Workers feel it is important to be able to maintain the value of the minimum wage over time and to increase it under certain circumstances, and employers want the ability to plan for increases in a regular way.

Many spoke specifically about tying the minimum wage to increases in the CPI, while others felt that the increases in prices should be considered in tandem with other measures of economic health in the province, such as the average or median wage or the poverty line. A thorough examination of each of these benchmarks is important because each in itself can have limitations. For example, if the average wage is low, as it is in BC relative to the Canadian average, then pegging the increases to this measure could contribute to keeping wages low. Similarly, the standard measurement of CPI may be inadequate to reflect the actual increases to costs of living for low-income people.

It should be noted that the minimum wage we have recommended for 2020 will be well below that of both Alberta and Ontario, assuming that their minimum wage increases beyond reaching \$15/hour will increase with the CPI.³¹

³¹ Ontario has announced that it will increase minimum wages with cost of living increases.

For this reason, consideration in the post-\$15/hour increases will need to weigh whether the minimum wage should rise more than the CPI.

Another strong recommendation was also for oversight on the minimum wage to be in the hands of an independent body that represents the interests of labour, business and the community. Some groups would like to see low-income people themselves represented on this body. Most people appearing before the FWC did not go into a great deal of detail about what they felt the duties of the oversight body should be, but those who did were consistent in calling for a body that is permanent, has a staff, and has a research capacity to examine the impact of increases to the minimum wage on specific groups of workers and industries. They also expect it to be able to assess economic and labour market conditions in relation to increasing the minimum wage, and to establish what is a fair minimum wage in the context of these conditions.

Decisions about minimum wages occur in different ways throughout provincial and territorial jurisdictions in Canada. Some governments rely on an independent government appointed body that represents the interests of employers, workers, and the community to give oversight and advice to government. These include the Northwest Territories, Prince Edward Island, Newfoundland and Labrador, and Nova Scotia. Other provinces rely solely on government decisions, with some having the decision tied to the CPI (see Appendix IX for a cross jurisdictional comparison).

Our recommendation is that BC establish a permanent commission on fair wages. Since this is the first report of the current FWC, we are not in a position to include all of the tasks that we feel the commission could or should do and will add to the recommendations below in our subsequent reports.

Permanent commission

Establish a permanent commission with a staff to examine issues related to low-wages in BC and to give advice on increases to the minimum wage.

Research function of a commission

Provide for a permanent research function for the commission so that it can examine the changing nature of the labour market and how well new forms of work are protected with existing minimum wage coverage.

This function would enable the commission to monitor the impact of the minimum wage on specific populations, such as teenagers or youth. It will also be important to be able to look at the distribution of wages in relation to the national average, and the differences across regions of BC.

Considerations for a permanent commission

Economic conditions: The commission should consider other factors when changes to the minimum wage are made. These would include the economic conditions so that adjustments could be made in relation to whether the economy is expanding or in crisis.

Predictability of increases: Establish a predictable indicator for increases to the minimum wage, such as the CPI, or some relation to the poverty level or average or median wage (this should be established by the permanent commission), but this should be used as a basis for change in conjunction with consideration of other economic indicators.

Representation: Establish some way that the advice to the commission is representative of community interests.

The next two reports of the FWC will likely provide information that could further add to the tasks that a permanent commission could undertake. One report will deal with increasing the minimum wage for the five groups of workers whose minimum wage is different from the general, and the other will be to examine how a livable wage can be reconciled with a minimum wage in BC.

Appendix I: Terms of Reference for the Fair Wages Commission

FINAL Terms of Reference

FAIR WAGES COMMISSION

Whereas the general minimum wage in British Columbia is \$11.35/hour and the liquor server minimum wage is \$10.10/hour as of September 15, 2017;

And whereas among Canadian provinces, minimum wages range from \$10.72 to \$12.20/hour as of August 2017, although Alberta has announced a commitment to be at \$15/hour by October 2018 while Ontario has plans to reach \$15/hour by January 2019;

And whereas with the cost of living in BC, a person working full-time in a minimum wage job cannot make ends meet or support a family;

And whereas in contrast to the minimum wage, a living wage is designed to reflect what earners in a family need to bring home based on the actual costs of living in a specific community;

And whereas government intends to increase the minimum wage to \$15/hour as part of a plan to create good jobs, fair wages and build a sustainable economy in every sector and in every corner of the province, including indexing it to inflation in the future so as not to fall behind;

And whereas the Confidence and Supply Agreement from May 2017 contains the following commitment at Section 2 (e): *“Immediately establish an at-arm’s-length Fair Wages Commission that will be tasked with establishing a pathway to a minimum wage of at least \$15 per hour and overseeing regular rate reviews. The commission will bring forward recommendations regarding strategies to address the discrepancy between minimum wages and livable wages. The commission will make its first report on a new minimum wage within 90 days of its first meeting.”*

Now, therefore, the Minister directs the establishment of an impartial Fair Wages Commission as follows:

1. The Commission will consist of a Chair, one representative of employer interests and one representative of worker interests. These three Commission members will be appointed by the Minister of Labour. The Minister may add two members (one who represents employer interests and one who represents worker

interests) to the Commission if needed after the first report is submitted (as per item 4 below) to address the complexities of the discrepancy between minimum wages and living wages.

2. The budget for the Commission will come from the Ministry of Labour. Payment for the Commission Chair and its members will be in accordance with government policy. The Ministry will provide administrative support for the Commission, including research and website support.
3. The Commission will determine its own procedures, including the format for reporting to the Minister and communications. It is expected that the Commission will engage in consultations with and receive submissions from interested stakeholders from all regions of the province including but not limited to representatives of economists, trade unions, the technology sector, small business, and youth.
4. The Commission will make its first report on a new minimum wage within 90 days of its first meeting. The first meeting of the Commission will take place on or before October 1, 2017 to enable a first report no later than December 31, 2017. The report should be in writing to the Minister of Labour and address the issues in items 5 to 7, inclusive, below. The timing for items 8 and 9 are for discussion with the Minister but are not required to be included in the first report to the Minister.
5. The Commission must prepare recommendations on the general minimum wage that will result in a series of increases over time to reach a \$15/hour minimum wage. Where possible, the recommendations should support the principles of regular, measured, and predictable increases over time to allow employers an appropriate notice period to plan for the changes on the way to a \$15/hour minimum wage.
6. The Commission should consider the impact of minimum wage increases in other jurisdictions including those jurisdictions that have committed to achieving \$15/hour. Consideration should be given to the prevailing views on the impact of minimum wage increases on employment.
7. The Commission must consider and make recommendations on the other minimum wage rates under the *Employment Standards Regulation*.
8. The Commission must prepare recommendations related to regular rate reviews once the \$15/hour minimum wage is achieved, including the Commission's role in overseeing regular rate reviews. The Commission should give consideration to the BC consumer price index and other factors (e.g., economic and labour market conditions), and provide recommendations on when and how the increases beyond the \$15/hour minimum wage should be determined.
9. The Commission will review the issue of what constitutes a "living wage" and the elements that make up determining a "living wage", including a jurisdictional scan of the issue in BC and across Canada. Recognizing rapid changes occurring in the economy, the Commission will make recommendations regarding strategies to address the discrepancy between the minimum wage and a "living wage".
10. The Minister of Labour will make the Commission's reports public after a reasonable period of time to review and consider them. The Minister will also provide the reports to Cabinet.

Given under my hand this 29 day of September, 2017.

Honourable Harry Bains, Minister of Labour

Appendix II: Questionnaire

1. What is a reasonable timeframe or schedule of increases in the minimum wage to reach \$15-an-hour?
2. Once the \$15-an-hour minimum wage is achieved, how and when should this be increased in the future?
3. What are your experiences or thoughts about the liquor server minimum wage?
4. What are your experiences or thoughts about the farm workers piece rates in BC?
5. What is your experience or thoughts about the live-in care giver minimum wage?
6. What is your experience or thoughts about the live-in camp leaders minimum wage?
7. Are there any issues for other groups that need to be considered?
8. Is there anything else you would like the Fair Wages Commission to consider when developing their recommendations about the increases in the minimum wage to \$15-an-hour?

Appendix III: Workers excluded from the minimum wage

No employees in BC are specifically excluded from only the minimum wage requirement of the Employment Standards Act.³² However, some occupations and some types of employees performing specific duties are excluded from the whole Act or parts of the Act. In effect, the minimum wage requirement does not apply to the following:

- An architect, as defined in the Architects Act
- A member, other than an honorary member, of the Organization of Chartered Professional Accountants of British Columbia under the Chartered Professional Accountants Act or a person enrolled as a student under that Act
- A member of the Law Society of British Columbia under the Legal Profession Act or a person enrolled as an articulated student under that Act
- A registrant of the College of Chiropractors of British Columbia continued under the Health Professions Act
- A registrant of the College of Dental Surgeons of British Columbia continued under the Health Professions Act, other than a registrant who is only authorized under the bylaws of that College to use the title "dental therapist" under that Act
- A professional engineer, as defined in the Engineers and Geoscientists Act, or a person who is enrolled as an engineer in training under the bylaws of the council of the Association of Professional Engineers and Geoscientists of the Province of British Columbia
- A person licensed as an insurance agent or adjuster under the Financial Institutions Act
- A member in good standing of the Corporation of Land Surveyors of the Province of British Columbia under the Land Surveyors Act or a person admitted as an articulated pupil under that Act
- A registrant of the College of Physicians and Surgeons of British Columbia continued under the Health Professions Act
- A registrant of the College of Naturopathic Physicians of British Columbia established under the Health Professions Act
- A registrant of the College of Optometrists of British Columbia established under the Health Professions Act
- A registrant of the College of Podiatric Surgeons of British Columbia established under the Health Professions Act
- A person licensed under the Real Estate Services Act
- A person registered under section 35 of the Securities Act
- A member of the British Columbia Veterinary Medical Association under the Veterinarians Act
- A professional forester as defined in the Foresters Act
- A student who is employed, by a board as defined in the School Act or by an authority as defined in the Independent School Act, to work at the secondary school where he or she is enrolled

³² Information is from the BC Ministry of Labour.

- A student enrolled at a secondary school under the supervision of a board as defined in the School Act or an authority as defined in the Independent School Act in a work study, work experience or occupational study class
- A sitter;
- A person receiving benefits under the Unemployment Insurance Act (Canada) as a result of working on a job creation project under section 25 of that Act.
- A person participating in Youth Community Action while working for financial credit towards post-secondary tuition fees under that program.
- A person receiving
 - income assistance or benefits under the BC Benefits (Income Assistance) Act,
 - a youth allowance or benefits under the BC Benefits (Youth Works) Act, or
 - a disability allowance or benefits under the Disability Benefits Program Act,
 - while the person is participating in a time-limited government program that provides on-site training or work experience and is operated under an Act referred to in paragraph (a), (b) or (c).
- A student in an academic or technical program recognized under the bylaws of the College of Registered Nurses of British Columbia as meeting a standard of academic or technical achievement required for registration as a member of that college
- A student who is in training to be a licensed practical nurse within the meaning of the Nurses (Licensed Practical) Regulation, at a hospital as defined in the Hospital Act
- An auxiliary or volunteer fire fighter employed by a fire department that is organized by a municipality or regional district for the protection of the public
- A fisher
- A newspaper carrier
- A salesperson who is paid entirely or partly by commission and who is employed to sell, or sell a lease arrangement for, any of the following products: heavy industrial or agricultural equipment; sailing or motor vessels.
- A person:
 - providing foster care in their place of residence to children or adults if the foster care situation meets
 - criteria established by the provincial government to receive or deliver foster care services, or
 - criteria established by a health authority, or any other designated authority, to receive or deliver foster care services if the provincial government has delegated its authority to that body to establish criteria, or
 - (b) a person providing relief to a person referred to in paragraph (a).
- A player on a major junior ice hockey team if the player is entitled, in respect of each of the first 5 hockey seasons the player completes, to receive a scholarship from the team, or the league of which that team is a member, in an amount equal to or greater than the eligible cost of an academic year of a post-secondary educational program in Canada of the player's choice.

Appendix IV: BC minimum wage legislation

Employment Standards Act

EMPLOYMENT STANDARDS REGULATION³³

[includes amendments up to B.C. Reg. 158/2017, September 15, 2017]

Part 4 — Minimum Wages

Minimum hourly wage

15 Subject to sections 16 to 18.1, the minimum wage is \$11.35 an hour.

Minimum daily wage

16 (1) The minimum daily wage for a live-in home support worker is \$113.50 for each day or part day worked.

(2) The minimum daily wage for a live-in camp leader is \$90.80 for each day or part day worked.

Minimum wage — resident caretakers

17 The minimum wage for a resident caretaker is,

(a) for an apartment building containing 9 to 60 residential suites, \$681.00 a month plus \$27.29 for each suite, and

(b) for an apartment building containing 61 or more residential suites, \$2 319.65.

Minimum wage — farm workers

³³ Source: Employment Standards Regulation (http://www.bclaws.ca/Recon/document/ID/freeside/396_95#part4)

18 (1) The minimum wage, including 4% of gross earnings vacation pay, for farm workers who are employed on a piece work basis and hand harvest the following berry, fruit or vegetable crops, is, for the gross volume or weight picked, as follows:

(a) apples	\$18.89 a bin (27.1 ft ³ / 0.767 m ³);
(b) apricots	\$21.73 a 1/2 bin (13.7 ft ³ / 0.388 m ³);
(c) beans	\$0.259 a pound / \$0.571 a kg;
(d) blueberries	\$0.438 a pound / \$0.966 a kg;
(e) brussel sprouts	\$0.180 a pound / \$0.397 a kg;
(f) cherries	\$0.248 a pound / \$0.547 a kg;
(g) grapes	\$20.07 a 1/2 bin (13.7 ft ³ / 0.388 m ³);
(h) mushrooms	\$0.260 a pound / \$0.573 a kg;
(i) peaches	\$20.07 a 1/2 bin (12.6 ft ³ / 0.357 m ³);
(j) pears	\$21.27 a bin (27.1 ft ³ / 0.767 m ³);
(k) peas	\$0.323 a pound / \$0.712 a kg;
(l) prune plums	\$21.27 a 1/2 bin (13.7 ft ³ / 0.388 m ³);
(m) raspberries	\$0.395 a pound / \$0.871 a kg;
(n) strawberries	\$0.380 a pound / \$0.838 a kg.

(1.1) The minimum wage for farm workers who are employed on a piece work basis and hand harvest daffodils is \$0.152 a bunch (10 stems) for gross number picked.

(2) Each employer of farm workers must display, in a location where they can be read by all employees, notices stating the following:

- (a) the volume of each picking container being used;
- (b) the volume or weight of fruit, vegetables or berries required to fill each picking container;
- (c) the resulting piece rate.

(3) Farm workers described in subsection (1), and their employers, are exempted from section 58 of the Act on condition that the farm workers receive not less than the minimum wage described in subsection (1).

(4) A farm labour contractor must keep records of the following information:

- (a) the name of each worker;
- (b) the work site location and dates worked by each worker;
- (c) the fruit, vegetable, berry or flower crop picked in each day by each worker;

- (d) the volume or weight picked in each day by each worker.
- (5) The records required by subsection (4) must
 - (a) be in English,
 - (b) be kept at the employer's principal place of business in British Columbia, and
 - (c) be retained by the employer for 2 years after the employment terminates.

Minimum wage — liquor servers

18.1 (1) In this section, "**liquor server**" means an employee

- (a) whose primary duties are as a server of food or drink or both, and
 - (b) who, as a regular part of his or her employment, serves liquor directly to customers, guests, members or patrons in premises for which a licence to sell liquor has been issued under the *Liquor Control and Licensing Act*.
- (2) The minimum wage for a liquor server is \$10.10 an hour.

Appendix V: History of the minimum wage and unemployment rates in BC: 1979 – 2017

YEAR	MONTH OF INCREASE	WAGE (\$)	INCREASE (\$)	INCREASE (%)	UNEMPLOYMENT RATE (%)
1979		3.00	0	-	7.7
1980	July	3.40	0.40	13.33	6.7
	December	3.65	0.25	7.35	6.7
1981		3.65	0	-	6.8
1982		3.65	0	-	12.1
1983		3.65	0	-	13.9
1984		3.65	0	-	15
1985		3.65	0	-	14.3
1986		3.65	0	-	12.7
1987		3.65	0	-	12.1
1988	July	4.50	0.85	23.29	10.3
1989	October	4.75	0.25	5.56	9.1
1990	April	5.00	0.25	5.26	8.4
1991		5.00	0	-	9.9
1992	February	5.50	0.50	10	10.1
1993	April	6.00	0.50	9.9	9.7
1994		6.00	0	-	9.1
1995	March	6.50	0.50	8.33	8.5
	October	7.00	0.50	7.69	8.5
1996		7.00	0	-	8.7
1997		7.00	0	-	8.5
1998	April	7.15	0.65	10	8.8
1999		7.15	0	-	8.3
2000	November	7.60	0.45	6.29	7.2
2001	November	8.00	0.40	5.26	7.7
2002		8.00	0	-	8.5
2003		8.00	0	-	8
2004		8.00	0	-	7.2
2005		8.00	0	-	5.9
2006		8.00	0	-	4.8
2007		8.00	0	-	4.3
2008		8.00	0	-	4.6
2009		8.00	0	-	7.7
2010		8.00	0	-	7.6
2011	May	8.75	0.75	9.38	7.5
	November	9.50	0.75	8.57	7.5
2012	May	10.25	0.75	7.89	6.8
2013		10.25	0	-	6.6
2014		10.25	0	-	6.1
2015	September	10.45	0.20	1.95	6.2
2016	September	10.85	0.40	3.83	6.0
2017	September	11.35	0.50	4.61	4.6

Sources: Government of Canada, Hourly Minimum Wages in CANADA for Adult Workers (<http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt2.aspx?GoCTemplateCulture=en-CA>); Average Annual Unemployment Rate (<http://www.stats.gov.nl.ca/statistics/labour/pdf/unemprate.pdf>)

Appendix VI: Minimum wage earners by gender and age in BC: 2016

	INCIDENCE OF MINIMUM WAGE EARNERS (%)	SHARE OF MINIMUM WAGE EARNERS (%)	TOTAL EARNING MINIMUM WAGE	ALL PAID WORKERS
GENDER				
Women	5.9%	62%	57,700	978,400
Men	3.7%	38%	36,000	980,200
Total	4.8%	100%	93,800	1,958,600
AGE				
15-24 years	15.7%	54%	50,600	321,400
15-19 years	30.5%	35%	33,000	108,300
20-24 years	8.3%	19%	17,600	213,100
25 + years	2.6%	46%	43,100	1,637,200
FEMALE				
15-24 years	18.1%	31%	28,700	158,800
15-19 years	32.7%	20%	18,500	56,600
20-24 years	10.0%	11%	10,200	102,200
25 + years	3.6%	31%	29,100	819,600
MALE				
15-24 years	13.5%	23%	21,900	162,700
15-19 years	28.0%	15%	14,500	51,700
20-24 years	6.8%	8%	7,500	111,000
25 + years	1.7%	15%	14,100	818

Statistics Canada, Labour Force Survey, custom tabulation

Appendix VII: Minimum wage earners by industry in BC: 2016

	INCIDENCE OF MINIMUM WAGE EARNERS (%)	SHARE OF MINIMUM WAGE EARNERS (%)	EMPLOYEES ('000)	TOTAL ('000)
NAICS TOTAL	4.8%	-	1958.6	93.8
Agriculture	18.8%	0.7%	12.8	2.4
Forestry, Fishing, Mining, Oil & Gas	1.3%	2.3%	44.5	0.6
Utilities	0.0%	0.7%	13.4	0.0
Construction	0.9%	7.2%	141.4	1.3
Manufacturing	1.5%	8.0%	156.7	2.3
Trade	9.4%	16.9%	331.0	31.2
Transportation & Warehousing	2.3%	5.8%	112.8	2.6
Finance, Insurance, Real Estate and Leasing	2.5%	5.3%	103.2	2.6
Professional, Scientific & Technical Services	2.2%	6.6%	129.4	2.8
Management, Administrative & Other Support	4.5%	3.6%	71.3	3.2
Educational Services	2.1%	7.6%	149.2	3.2
Health Care and Social Assistance	1.3%	12.8%	250.4	3.2
Information, culture & recreation	5.5%	5.3%	104.5	5.7
Accommodation & food services	16.0%	8.2%	160.4	25.7
Other services	8.5%	3.8%	73.9	6.3
Public administration	0.0%	5.3%	103.7	0.0

Source: Statistics Canada, Labour Force Survey, custom tabulation. Note: 0.0 are estimates with less than 1,500 employed employees.

Appendix VIII: Low wage earners in BC: Jan – Oct 2017

	INCIDENCE OF ALL WORKERS EARNING LESS THAN \$15 (%)	SHARE OF ALL WORKERS EARNING LESS THAN \$15 (%)	ALL WORKERS EARNING LESS THAN \$15	ALL PAID EMPLOYEES
GENDER				
Women	24.6%	60.8%	251,400	1,022,800
Men	16.1%	39.2%	161,900	1,006,100
Both genders	20.4%	-	413,300	2,028,900
AGE				
19 and under	83.3%	23.5%	97,500	117,00
Ages 20 – 24	45.3%	24.9%	102,900	227,300
Ages 25 – 64	12.2%	47.7%	197,200	1,615,300
Over 65	22.7%	3.8%	15,700	69,300
Total, all ages:	20.4%	-	413,300	2,028,900
STUDENT STATUS				
Not students	16.7%	75.5%	300,000	1,795,700
Students	59.5%	24.5%	97,600	163,900
Total, student status	-	-	397,600	1,959,600
FAMILY TYPE				
Unattached	18.1%	16.6%	68,800	379,300
Couple family	18.8%	60.6%	250,500	1,335,400
Single parent family	34.8%	11.2%	46,300	133,000
Other family type	26.3%	11.5%	47,700	181,300
Total, family type	20.4%	-	413,300	2,028,900
FULL-TIME VS. PART-TIME EMPLOYMENT				
Full-time workers	13.5%	53.2%	220,000	1,627,400
Part-time workers	48.1%	46.8%	193,300	401,500
Total, full-time & part-time workers	-	-	413,300	2,028,900

Source: Statistics Canada Labour Force Survey PUMF (Jan-Oct 20217). Excludes workers earning exactly \$15.00. Total numbers may not add up exactly due to rounding.

Appendix IX: Cross jurisdictional comparison

JURISDICTION	RATE (\$/HOUR)	EFFECTIVE DATE	CABINET DECISION ONLY OR ADVICE FROM INDEPENDENT BODY	NOTES ON FUTURE CHANGES
British Columbia	11.35	Sept 15, 2017	TBD	<ul style="list-style-type: none"> Established Fair Wage Commission to recommend a pathway to at least \$15/hour.
Alberta	13.60	Oct 1, 2017	Cabinet	<ul style="list-style-type: none"> \$15.00 on Oct. 1, 2018; increases past \$15 not announced. Authority rests with cabinet; no independent commission. 'Ongoing stakeholder consultations' with government to determine a consistent schedule in the future.
Ontario	14.00	Jan 1, 2018	Minimum Wage Advisory Panel (2014)	<ul style="list-style-type: none"> Going to \$15 on Jan 1, 2019; post \$15/hour, min wage will rise annually with inflation. Yearly changes indexed with Ontario inflation (CPI) mandated in the Statute. Minimum Wage Advisory Panel 2014 report; no future panels announced.
Quebec	11.25	May 1, 2017	Cabinet	<ul style="list-style-type: none"> Commitments for further yearly increases with the goal of a minimum wage rate at 50% of the average wage by 2020 (expected to be roughly \$11.75 in 2018; \$12.10 in 2019; \$12.45/hour in 2020). Cabinet decision; no evidence of independent body or indexation method.
Manitoba	11.15	Oct 1, 2017	Cabinet: mandated indexation to CPI	<ul style="list-style-type: none"> On May 31, 2017, government passed a Bill to index minimum wage to provincial CPI. Indexed annually but can be frozen in cases of economic downturn.
Saskatchewan	10.96	Oct 1, 2017	Minimum Wage Board	<ul style="list-style-type: none"> Yearly increases based on average of increases in CPI and average hourly wage. Minimum wage board (2011): 5 members Labour Standards Act: legislates a review of min wage by the board once every two years (last report done between 2009-2011). Recommended that the minimum wage be adjusted every September with annual reviews and announcements in April; automatic adjustment if CPI indexation falls below 41% of average hourly wage.

Nunavut	13.00	April 1, 2016	Cabinet: mandated ministerial review	<ul style="list-style-type: none"> • Mandatory review by Minister.
Northwest Territories	12.50	June 1, 2015	Independent advisory committee	<ul style="list-style-type: none"> • Independent body gives advice. • 2015 increase based on advisory committee: business, labour, and social justice.
Yukon	11.32	April 1, 2017	Employment Standards Board	<ul style="list-style-type: none"> • On April 1 of each year, the rate increases based on annual increase for the preceding year in the CPI for Whitehorse. • Employment Standards Board: 5 member board; Chair, employer representatives (2), employee/worker representatives (2). • Board holds public reviews and makes recommendations to cabinet; also hears appeals and make determinations on certain matters related to the Employment Standards Act.
Prince Edward Island	11.25	April 1, 2017	Employment Standards Board	<ul style="list-style-type: none"> • Independent body gives advice. • Employment Standards Board: reviews min wage annually, considers economic factors, holds consultations with the public (orgs and individuals)
New Brunswick	11.00	April 1, 2017	Cabinet: mandated ministerial review	<ul style="list-style-type: none"> • Future changes tied to inflation. • Ministerial review every two years.
Newfoundland and Labrador	11.00	Oct 1, 2017	Independent body	<ul style="list-style-type: none"> • Independent body gives advice: 2017 public consultations at 7 locations and written submissions. • Minimum wage increases annually on April 1st to coincide with other maritime provinces; recommended to tie to CPI.
Nova Scotia	10.85	April 1, 2017	Minimum Wage Review Committee	<ul style="list-style-type: none"> • Yearly increase to reflect previous year changes in national CPI (indexing formula in regulation). • Minimum Wage Review Committee completes annual reviews: formula for adjusting the minimum wage to national CPI, also tasked with monitoring economic conditions • Nova Scotia has 'inexperienced' wage rate: \$0.50 less than regular min wage.