

Yukon Employment Standards Board

Review of Yukon's Minimum Wage

November 30th, 2018

Presented to John Streicker, Minister of Community Services

INTRODUCTION

On March 20th, 2018, the Minister of Community of Services sent a request for the Employment Standards Board to conduct a review of Yukon's Minimum Wage and make any recommendations for changes.

The Board has completed its review and is pleased to submit its recommendation and report on the minimum wage in the Yukon, as requested pursuant to s. 18 of the *Employment Standards Act*¹.

In the following, we set our recommendation and provide our rationale.

RECOMMENDATION

We recommend that the current minimum wage in the Yukon of \$11.51/hour be increased incrementally over three years in the following amounts:

April 2019	\$0.90 plus CPI
April 2020	\$1.00 plus CPI
April 2021	\$1.10 plus CPI

Consumer Price Index (CPI) in the Yukon over the last 10 years has ranged from a high of 3.6% to a low of .2%.²

Given this fluctuation we calculated an average of 1.5% CPI increase each year and on that basis the following represents the likely increase in the minimum wage over three years:

April 2019	\$12.60 (est.)
April 2020	\$13.80 (est.)
April 2021	\$15.12 (est.)

After 2021, and until the next review, we suggest annual increases based on CPI in the Yukon.

These numbers of course will be different if the CPI (Yukon) is different.

¹ RSY 2002, c.72, available at: http://www.gov.yk.ca/legislation/acts/emst_c.pdf

² <http://www.eco.gov.yk.ca/stats/pdf/2017CPIAnnual.pdf>

RATIONALE

Current Situation

The Yukon is currently eighth out of 13 jurisdictions in Canada in the amount of hourly minimum wage³. It is the lowest of the three territories. Attached as Annex A is a graph showing the amount and increase in minimum wage amount over the last 6 years in each Canadian jurisdiction.

A person earning the current Yukon minimum wage of \$11.51/ hour, who works 40 hours a week, for 52 paid weeks a year, receives \$23,940.80 annually, before taxes and deductions.

The Yukon living wage for 2018 is \$18.57/hour. A living wage for a certain location is defined as the hourly rate of pay a household of 2 adults and 2 children requires in order to meet basic needs such as a adequate housing and nutritious food, after accounting for government transfers (e.g. Child benefits) and deductions from income (e.g. income tax and EI premiums). The Yukon Anti-Poverty Coalition calculates this amount using a standardized methodology accepted by the federal government and used generally to calculate living wages across the country. There is a gap in the Yukon between the minimum wage and the living wage of \$7.06/hour.⁴

In April, 2018 the Yukon median rent for a two bedroom home for four people was \$1073.00/month.⁵

There are relatively few people in the Yukon who earn minimum wage, or even up to \$13.00/hour. The number of those who earn between \$13.00 and \$15.00/hour is higher. In total, in 2017, according to the Yukon Bureau of Statistics (YBS) there were 2038 people who earned between \$11.32 (the minimum wage in 2017) and \$15.00, with 1211 people earning between \$13.00 and \$15.00/hour. These figures are consistent with the April – May 2018 survey results of the Yukon Chamber of Commerce.

The majority of these lower income employees work in the accommodation and food services industry (e.g. hotels, restaurants, bars) and the retail industry. The age of these wage earners is fairly evenly spread between 25 and 64, except for the very lowest paid employees (between \$11.32 and \$13.00) most of whom are between the ages of 15 and 34.

³ Government of Canada Minimum Wage Database, available at: <http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx?lang=eng>

⁴ Yukon Anti-Poverty Coalition, Living Wage in Whitehorse, Yukon, 2018. Available at: <https://yapc.ca/assets/files/Living%20Wage%202018%20-%20Final%20Report.pdf>

⁵ YBS - April, 2018 Monthly Statistical Report. Available at: http://www.eco.gov.yk.ca/stats/pdf/mr_Apr2018.pdf

Concerns Expressed about Increase in Minimum Wage

Some employer representatives, both in the literature and in representations to this Board or the Minister (e.g. Yukon Chamber of Commerce written submissions) have expressed concern about unintended negative consequences of an increase to minimum wage, especially if it is swift and major. Specifically they state:

- It will lead to a reduced number of jobs or a reduction in hours for employees because of increased costs to employers
- It will discourage or eliminate the hiring of students, young people, or those with little or no experience
- It will increase the costs of goods and services and as a result the people it is designed to help will be no further ahead and cost of living will increase
- It will result in even higher costs for employers because of the pay scale compression caused by a higher minimum wage
- It will affect the economy and jobs in the Yukon communities more than Whitehorse because of their higher operating expenses and transportation costs, and may result in fewer additional benefits offered to employees such as housing or other allowances
- It will intrude into the merit-based approach to pay favored by many employers

Benefits of an Increase in Minimum Wage

Other advocates and authors have noted the following benefits of an increase in minimum wage, stating:

- It will decrease poverty and improve the quality of life for more vulnerable people
- It will increase consumer spending power for lower wage earners and improve the local economy since the pattern of spending for lower income earners is generally local
- It will improve employee retention and productivity
- It will decrease the gender gap in wages as a higher proportion of women earn minimum wage or close to it
- It will provide more of an incentive for those on social assistance to seek employment
- It will improve health outcomes and lead to economic growth

Experience of Other Jurisdictions

Both Alberta and Ontario increased their respective provincial minimum wages relatively quickly and significantly over the last three years.

Alberta became the province with the highest minimum wage in 2018 at \$15.00/hour, after being the province with the lowest minimum wage in 2015 at \$10.20/hour and \$9.20/hour for liquor servers.

The 33% increase between 2015 and 2018 had no negative impact on employment. In fact, in the service sector, where most of the minimum wage earners work, there were 26,500 new jobs in 2016 and 22,900 in 2017.⁶

Ontario's minimum wage increased by \$2.60 to \$14.00/hour in January, 2018. Six months later, Ontario boasted the lowest unemployment in 18 years at 5.4%. Job creation in Ontario in the areas of accommodation, food services, wholesale and retail outperformed the Canadian average.⁷

At least one empirical study found no evidence of any connection between a higher minimum wage and employment levels.⁸ The authors state:

Even in the few cases where the minimum wage seems to have an impact on labour market aggregates, it is almost as likely to be a positive effect as a negative effect. Fear of disemployment effects are overblown by those with a vested interest in keeping wages down. Canadian policy makers should feel confident to move ahead with boosting the minimum wage, hopefully toward a living wage level, in a gradual and ongoing manner, with no fear that doing so will negatively shock employment levels.

The authors conclude:

Not surprisingly, employment outcomes depend first and foremost on the overall level of spending and macroeconomic activity.

⁶ <https://www.theglobeandmail.com/opinion/alberta-hasnt-suffered-for-raising-the-minimum-wage/article37517324/>

⁷ https://www.huffingtonpost.ca/2018/08/13/minimum-wage-hike-ontario-job-growth_a_23501349/

⁸ Dispelling Minimum Wage Mythology: The Minimum Wage and the Impact on Jobs in Canada, 1983–2012” by Jordan Brennan and Jim Stanford. Available at: <https://labourstudies.ca/en/citation/1338>

Reasons for the Recommended Increase in the Yukon

The low unemployment rate currently in the Yukon provides room to increase the minimum wage without creating major unintended negative consequences.

According to the Yukon Chamber of Commerce, there are 1859 businesses in the Yukon. 48% (900) employ fewer than 4 people; 86% employ fewer than 20 people; and 98% employ fewer than 100 people.⁹

It was reported to the Board that most small Yukon employers select their employees very carefully in order to retain them and create a harmonious and well-functioning workplace, and pay them well above the minimum wage.

The Board notes that 56 of 136 employer respondents to the survey of Yukon Chamber of Commerce members stated that an increase in minimum wage will have no impact on them. This makes sense given that the YBS shows so few employers pay minimum or close to minimum wage and that the sectors most affected are the retail and accommodation and food service sectors.

The proposed increase recommends an incremental three year approach, with the smallest increase occurring in the first year, so that employers can plan and budget, in order to minimize any impact.

The Board accepts that the living wage in the Yukon is \$18.57/hour. The Board does not expect that the minimum wage is the only way to decrease the gap between the living wage and minimum wage. Other ways in which this can be done include income supports such as the Canada Child Benefit, Yukon Child Care Benefit, Yukon Child Care Subsidy, GST Credit and Working Income Tax Benefit.

The Board recognizes that wages and the cost of living in neighbouring jurisdictions may have an impact on attracting workers to the Yukon. As a result, if the Yukon minimum wage continues to fall further behind the minimum wage in Alberta, BC and NWT, it may contribute to the difficulty in hiring in the Yukon.

Conversely, a higher minimum wage may help to bring more workers into the Yukon, especially to fill positions in the retail and accommodation and food service sectors. The target of approximately \$15.00/hour by 2021 and CPI (Yukon) annual increases after that (subject to a further review) will help ensure the Yukon is not disadvantaged in recruiting workers from outside the Yukon.

The Board factored in the CPI (Yukon) to the recommended increase because one of the purposes of the minimum wage is to allow those in lower skilled positions to be able to afford their basic needs. Since the CPI is an indicator of changes in consumer prices experienced by Canadians, and is obtained by comparing, over time, the cost of a fixed

⁹ Yukon Chamber of Commerce Minimum Wage Survey, August 2018. Available at: https://docs.wixstatic.com/ugd/0a12ae_aea29ce5dde542748a281f795d7a4a9b.pdf

basket of goods and services purchased by consumers, it is important to maintain this link to minimum wage.

The Board accepts that the purpose of the minimum wage is to address inequities in the work force. The Board notes the statement of Yves Giroux, the Parliamentary Budget Officer, an independent overseer of Parliamentary spending, on the issue of minimum wage:

Increases to the minimum wage have contributed significantly to reducing wage inequality and it's helped particularly those at the low end of the income spectrum.¹⁰

The Board believes that the recommended incremental increase to approximately \$15.00/hour (depending upon the CPI (Yukon) each year) over three years will benefit the Yukon by reducing the inequality gap as recognized by the living wage, improving the local economy by increasing consumer spending power, and allowing employers to attract and retain employees more easily.

The Board did consider a tiered approach but rejected it. To pay someone less to do the same work as another person on the basis of less experience is not an approach we support. Further, the minimum wage is conceived as the lowest amount a worker can be paid to do a job, without previous training or knowledge. Employees with greater training or experience can be expected to earn above the minimum wage.

The Board notes that the vast majority of the respondents to the minimum wage survey completed during the spring and summer of 2018 were in support of an increase to the minimum wage.

ATTACHMENTS

In addition to the graph at **ANNEX A**, we attach the following:

ANNEX B: Survey results prepared by the Yukon Bureau of Statistics

ANNEX C: A list of the organizations who we invited to provide feedback through meetings or written submissions

¹⁰ <https://www.thestar.com/politics/federal/2018/10/23/minimum-wage-hikes-help-reduce-income-inequality-report-shows.html>

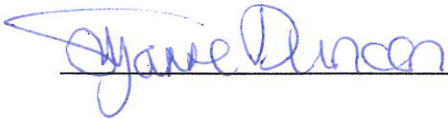
CONCLUSION

The Board thanks the Minister for this opportunity to contribute to this important work affecting the Yukon.

For the Employment Standards Board:

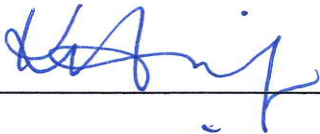
Chair:

Suzanne Duncan



Employee Representatives:

Katherine Hanifan

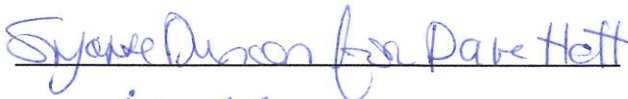


Dianne Williams



Employer Representatives:

Dave Hett

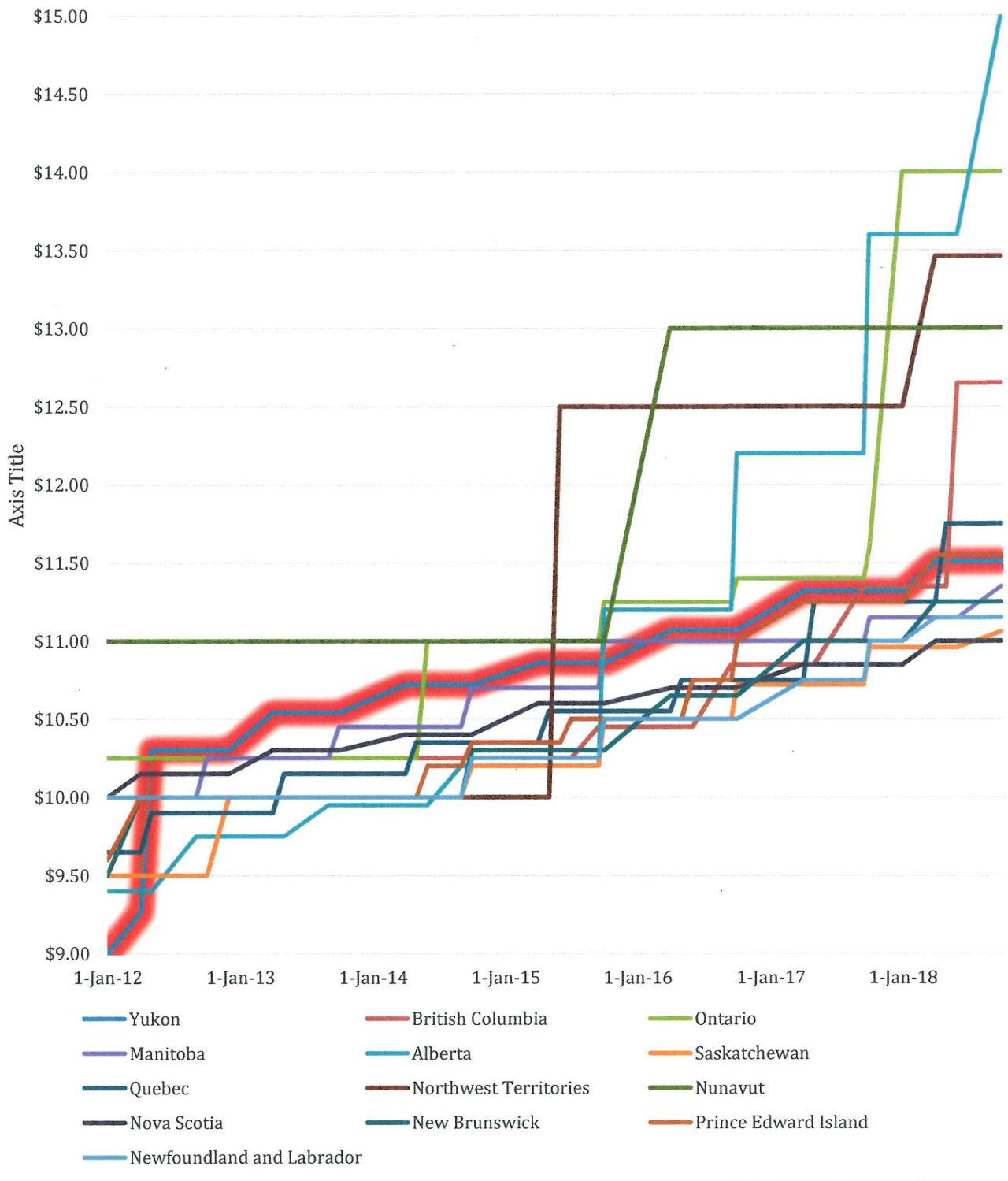


Kynan McIntyre



Annex A:

Minimum Wage Across Canada Since 2012



***Yukon emphasized with red outline**

Annex B:

Results of Employment Standards Board's Minimum Wage Survey (Attached PDF)



Report on the 2018 Public Engagement Survey on Minimum Wage Results

Prepared by
The Yukon Bureau of Statistics
for the
Department of Community Services

This report was prepared by Matthew Adaman, Yukon Bureau of Statistics, for the Department of Community Services, Government of Yukon.

For more information, contact the Yukon Bureau of Statistics at ybsinfo@gov.yk.ca.

2018 Minimum Wage Public Engagement Survey Results

Background

The Yukon Bureau of Statistics (YBS) hosted an online public engagement survey on behalf of the Department of Community Services in order to gather feedback on the minimum wage in the territory. The survey focused primarily on the importance of various criteria used to set the minimum wage, and also contained questions about the current minimum wage rate and the frequency of minimum wage review.

The survey was open to the public from June 8th, 2018 until July 15th, 2018. In total, the survey gathered 661 responses. Most respondents are Yukon residents (97.1%) and the majority are located in Whitehorse (79.0%). About two-thirds (63.4%) of respondents identified themselves as female, about one-third (31.3%) as male, while 0.8% identified themselves as belonging to other genders. Over a quarter (27.2%) of respondents identified themselves as belonging to the 30-39 years age group, followed by 21.8% in the 60 years or older age group and 17.2% in the 40-49 years age group. A majority of respondents (65.2%) identified themselves as employees, while 17.4% identified themselves as employers. Of the respondents who identified themselves as employees, 46.4% stated they earned \$30 per hour or more and 3.7% stated they earned \$12 per hour or less.

This report focuses on key results from this engagement survey. Detailed results can be found in the appendix.

Survey Results

Opinions on the current minimum wage rate

When asked if they felt that the current minimum wage rate of \$11.51 per hour was too low, good at its current levels, or too high, the majority (86.4%) stated it was too low. Another 10.6% stated it was good at its current levels, and 0.6% stated it was too high (figure 1).

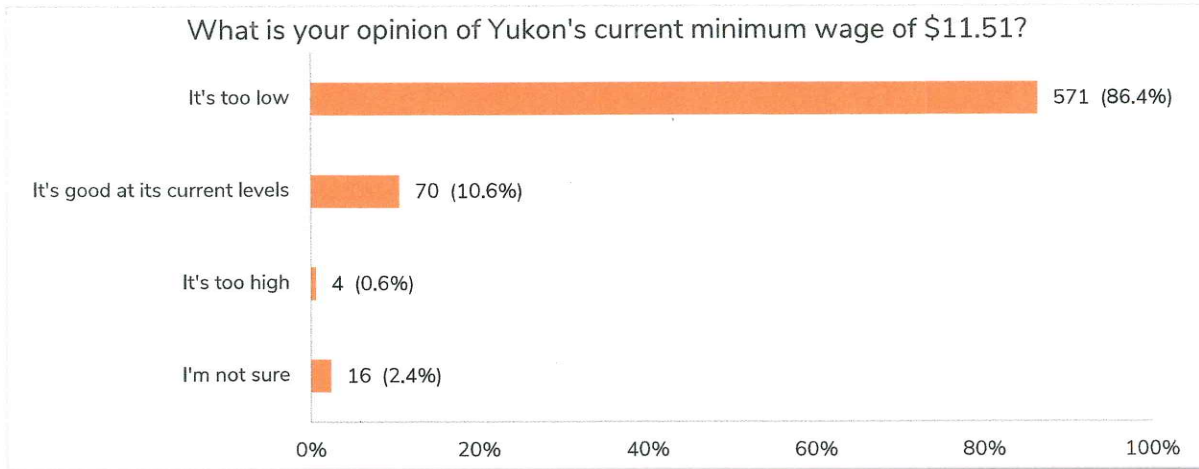


Figure 1 - Results from the question "What is your opinion of Yukon's current minimum wage of \$11.51?".

Importance of factors to consider in setting the minimum wage rate

Respondents were next asked to rate how important they felt various factors were when deciding what the minimum wage rate ought to be. Respondents were asked to rate the importance of these factors on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important". Respondents could also answer "Don't know".

For the ease of reading, figure 2 on the following page focuses on the proportion of responses that indicated either a neutral opinion (3) or a degree of importance (4 or 5). More detail about the responses to this series of questions can be found in the appendix.

Large majorities of respondents rated "Cost of Living changes" (86.4%), "Gender pay equity" (83.5%), and "Higher wages for employees" (81.7%) as important criteria to consider in setting the minimum wage rate. A majority of respondents also rated "Economic growth" (65.1%) as important in this decision.

About half of respondents rated "Market wage rates" (48.9%), "Impacts on employers' costs and business viability" (48.1%), as important criteria to consider in setting the minimum wage rate. Note, however, that respondents were more likely to be neutral in assessing the importance of these factors rather than rating them as unimportant. The factor "Parity with other jurisdictions" was considered important by 40.8% of respondents.

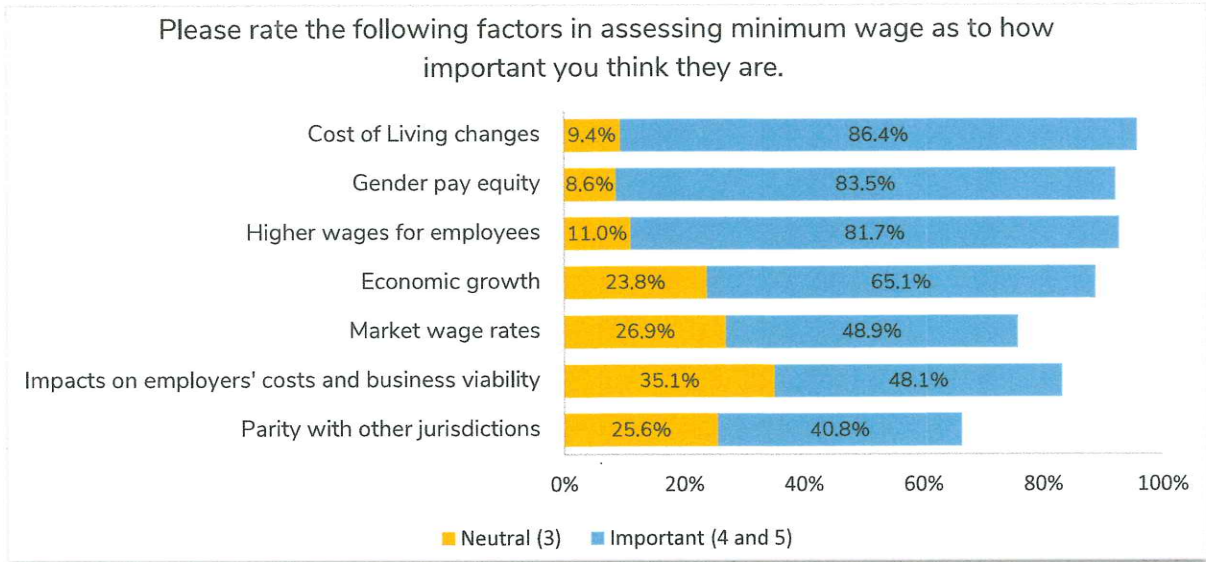


Figure 2 - Distribution of responses to "Please rate the following factors in assessing minimum wage as to how important you think they are.". Respondents were asked to rate importance on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important". Figure 2 illustrates the distribution of responses from neutral (3) to important (4 and 5).

Frequency of minimum wage adjustments

Finally, respondents were asked whether minimum wage adjustments should be made more frequently, less frequently, or at the same annual time interval as they are now. A majority of respondents (73.4%) stated the frequency of minimum wage rate review should remain as-is on an annual basis. Another 20% stated it should be done more frequently (figure 3).

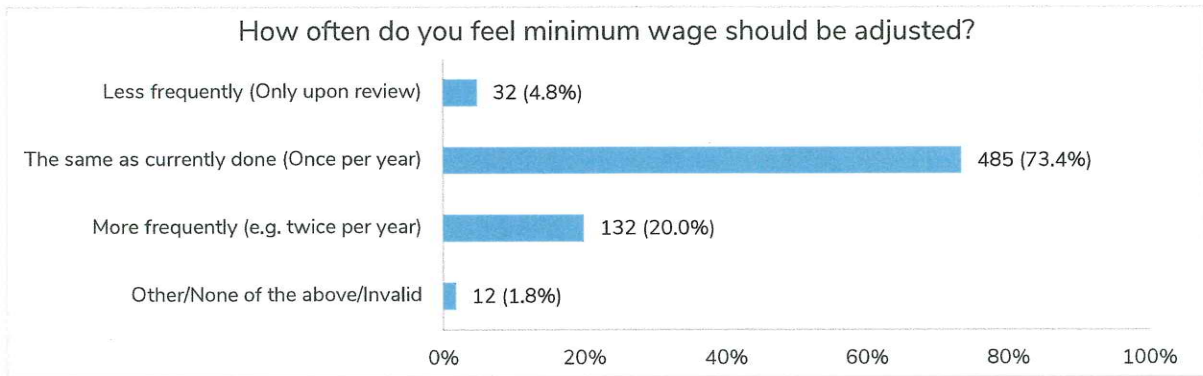


Figure 3 - Distribution of responses to the question "How often do you feel minimum wage should be adjusted?".

Appendix: Detailed survey results

Table 1: Responses to "Where do you currently reside?"	Frequency	Percent
Yukon	642	97.1%
Other Canadian province or territory/Outside Canada	19	2.9%
Grand Total	661	100.0%

Table 2: Responses to "Where do you reside within Yukon?"	Frequency	Percent
Whitehorse	522	79.0%
Other Yukon Communities	77	11.6%
Dawson City	43	6.5%
Non-Yukon Resident	19	2.9%
Grand Total	661	100.0%

Table 3: Responses to "Are you completing the survey as an individual, or on behalf of a government or an organization?"	Frequency	Percent
Individually	582	88.0%
On behalf of Business Organization	54	8.2%
On behalf of a Non-Government Organization	16	2.4%
On behalf of a Labour Organization/First Nations Government/Non-Government Organization	9	1.4%
Grand Total	661	100.0%

Table 4: Responses to "What is your gender?"	Frequency	Percent
Female	419	63.4%
Male	207	31.3%
Other	5	0.8%
Prefer not to say	30	4.5%
Grand Total	661	100.0%

Table 5: "Responses to How old are you?"	Frequency	Percent
29 years or younger	106	16.0%
30-39 years old	180	27.2%
40-49 years old	114	17.2%
50-59 years old	102	15.4%
60 years or older	144	21.8%
Prefer not to say	15	2.3%
Grand Total	661	100.0%

Table 6: "Responses to How do you primarily identify yourself within the workforce?"	Frequency	Percent
Employee	431	65.2%
Employer	115	17.4%
Retired from work	68	10.3%
Not in labour force	20	3.0%
Other	27	4.1%
Grand Total	661	100.0%

Appendix: Detailed survey results

Table 7: Responses to "What is your estimated hourly rate of pay at your current employment? If you have more than one job, please indicate the rate of pay at your primary job."

	Frequency	Percent
Minimum Wage (\$11.51)/\$11.52 - \$12.00	16	3.7%
\$12.01-\$13.00	9	2.1%
\$13.01-\$14.00	8	1.9%
\$14.01-\$15.00	16	3.7%
\$15.01-\$17.00	17	3.9%
\$17.01-\$20.00	22	5.1%
\$20.01-\$25.00	62	14.4%
\$25.01-\$30.00	75	17.4%
Over \$30	200	46.4%
Not applicable/Refused/Other	6	1.4%
Grand Total	431	100.0%

Table 8: "Responses to What is your opinion of Yukon's current minimum wage of \$11.51?"

	Frequency	Percent
It's too low	571	86.4%
It's good at its current levels	70	10.6%
It's too high	4	0.6%
I'm not sure	16	2.4%
Grand Total	661	100.0%

Table 9: Responses to "How important is: Higher wages for employees"

	Frequency	Percent
1	21	3.2%
2	19	2.9%
3	73	11.0%
4	130	19.7%
5	410	62.0%
Don't know	8	1.2%
Grand Total	661	100.0%

Responses to this question were given on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important".

Table 10: Responses to "How important is: Economic growth"

	Frequency	Percent
1	16	2.4%
2	40	6.1%
3	157	23.8%
4	205	31.0%
5	225	34.0%
Don't know	18	2.7%
Grand Total	661	100.0%

Responses to this question were given on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important".

Table 11: Responses to "How important is: Impacts on employers' costs and business viability"

	Frequency	Percent
1	32	4.8%
2	67	10.1%
3	232	35.1%
4	174	26.3%
5	144	21.8%
Don't know	12	1.8%
Grand Total	661	100.0%

Responses to this question were given on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important".

Appendix: Detailed survey results

Table 12: Responses to "How important is: Cost of Living changes"	Frequency	Percent
1	11	1.7%
2	15	2.3%
3	62	9.4%
4	189	28.6%
5	382	57.8%
Don't know	2	0.3%
Grand Total	661	100.0%

Responses to this question were given on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important".

Table 13: Responses to "How important is: Market wage rates"	Frequency	Percent
1	25	3.8%
2	54	8.2%
3	178	26.9%
4	188	28.4%
5	135	20.4%
Don't know	81	12.3%
Grand Total	661	100.0%

Responses to this question were given on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important".

Table 14: Responses to "How important is: Gender pay equity"	Frequency	Percent
1	30	4.5%
2	14	2.1%
3	57	8.6%
4	70	10.6%
5	482	72.9%
Don't know	8	1.2%
Grand Total	661	100.0%

Responses to this question were given on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important".

Table 15: Responses to "How important is: Parity with other jurisdictions"	Frequency	Percent
1	79	12.0%
2	95	14.4%
3	169	25.6%
4	140	21.2%
5	130	19.7%
Don't know	48	7.3%
Grand Total	661	100.0%

Responses to this question were given on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important".

Table 16: Responses to "How often do you feel minimum wage should be adjusted?"	Frequency	Percent
Less frequently (Only upon review)	32	4.8%
The same as currently done (Once per year)	485	73.4%
More frequently (e.g. twice per year)	132	20.0%
Other/None of the above/Invalid	12	1.8%
Grand Total	661	100.0%

Annex C: Agencies invited to provide feedback

Business/Tourism Organizations

***Yukon Chamber of Commerce
Whitehorse Chamber of Commerce
Tourism Association of Yukon (TIA)
Klondike Visitors' Association (KVA)
Yukon Contractors' Association
Watson Lake Chamber of Commerce
Dawson City Chamber of Commerce
Yukon First Nations and Cultural Tourism Association
Yukon Chamber of Mines
Klondike Placer Miners' Association
Restaurants Canada
Yukon Tourism Education Counsel***

Non-Government Organizations (NGO's)

***The Victoria Faulkner Women's Centre
Yukon Women's Coalition
Women in Trades and Technology Association
Yukon Aboriginal Women's Council
Yukon Status of Women Council
Yukon Women's Transition Home Society
Yukon Anti-Poverty Coalition (YAPC)
Fetal Alcohol Syndrome Society of Yukon (FASSY)
Challenge Disability Resource Group
Multicultural Centre of the Yukon
Canadian Filipino Association of the Yukon
Blood Ties Four Directions Centre
BYTE – Empowering Youth***

Labour Organizations

***Yukon Federation of Labour
International Union of Operating Engineers
Yukon Building & Construction Trades Council
Yukon Employees' Union
Teamsters Local 31
Canadian Union of Postal Workers, Local 852
International Brotherhood of Electrical Workers, Local 1574
United Association of Plumbers and Pipefitters, Local 310
United Brotherhood of Carpenters and Joiners, Local 2499***

First Nations

***Carcross/Tagish First Nation
Champagne & Aishihik First Nations
First Nation of Nacho Nyak Dun
Kluane First Nation
Kwanlin Dun First Nation
Liard First Nation
Little Salmon/Carmacks First Nation
Ross River Dena Council
Selkirk First Nation
Ta'an Kwach'an Council
Teslin Tlingit Council
Tr'ondëk Hwëch'in Hän Nation
Vuntut Gwitchin First Nation
White River First Nation***

Municipalities/Government Organizations

***Association of Yukon Communities
City of Whitehorse
Carcross Area Advisory Planning Committee
Village of Haines Junction
Village of Carmacks
Hamlet of Ibex Valley
Town of Dawson City
Marsh Lake LAC
Deep Creek LAC
Village of Mayo
Town of Faro
Hamlet of Mount Lorne
Ross River Round Table
Tagish LAC
Village of Teslin
Town of Watson Lake
City of Whitehorse
Yukon New Democratic Party
Yukon Party***