

LEGISLATIVE RETURN

SUBMITTED BY: Hon. Mr. Streicker, Minister of Community Services

1. On March 4, 2021, Ms. White, Leader of the Third Party

asked the following question during the Oral Question Period
at page(s) 2551-2552 of *Hansard*

submitted the following written question – WQ No. _____

gave notice of the following motion for the production of papers – MPP No. _____

RE: Minimum wage

OR

2. This legislative return relates to a matter outstanding from discussion with
_____ on _____ related to:

Bill No. _____ Second Reading Third Reading
 Committee of the Whole: _____

Motion No. _____ RE: _____
at page(s) _____ of *Hansard*.

The response is as follows:

Please see attached documents:

Letter from Minister Streicker to Employment Standards Board (ESB) dated March 20, 2018

Cover letter and review from ESB dated November 30, 2018

Letter from Minister Streicker ESB dated February 27, 2019

Order from ESB dated March 6, 2019

Economic review dated October 1, 2019

Cover letter and review by ESB dated December 12, 2019

Order from ESB February 19, 2020

March 11, 2021
Date

Signature



Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

March 20, 2018

Eric Schroff
PO Box 10065 Stn Main
Whitehorse, YT Y1A 7A1

Dear Mr. ^{Eric}Schroff,

RE: Review of the Yukon Minimum Wage

Yukon's current minimum wage is \$11.32/hr, which places the territory with the sixth highest minimum wage across Canada. On May 1st, our minimum wage will rise to \$11.51/hr based on the Consumer Price Index, however due to changes in other jurisdictions, the Yukon will then be the 7th highest in the country, and we are expected to move to 8th place by June 2018. The last minimum wage review in Yukon took place in 2012, and there have been many changes in both the Yukon economy and the minimum wage rates across the country that I believe warrant a review.

Therefore, I am requesting the Board exercise its authority to conduct a review of Yukon's minimum wage as set out in the Yukon Employment Standards Act.

As the Board has new members, Shane Hickey, Director of Employment Standards, will be available to support the Board through orientation, research, document preparation, and other services the Board may require. Once the review is complete, I request that the Board forward any recommendations with their rationale to me for review and to provide to my Cabinet colleagues for approval. I have attached contact information for the current Board members so that you may coordinate your first meeting.

I have also attached a guiding terms of reference prepared by the Employment Standards branch to move discussion forward and clarify responsibilities during this process.

Thank you again for your service on this important Board, and devoting your time and expertise to conducting this review of minimum wage.

Sincerely,

John Streicker
Minister of Community Services

Enclosures



Employment Standards Board

Box 2703, Whitehorse, Yukon Y1A 2C6

- Yukon NDP
- BYTE – Empowering Youth
- Women's Directorate

In our meetings we asked each organization (except the Yukon Bureau of Statistics from which we obtained statistical and economic information) to answer the following three questions in addition to any other representations they wished to make:

1. What do you think the minimum wage in the Yukon Territory should be and why?
2. If you believe the minimum wage should increase, do you think it should be increased over a period of time and if so, over what period of time?
3. What is your view of the effect of the minimum wage on the economy of the Yukon?

We are very appreciative of the time and thoughtful efforts of the organizations who made submissions to the Board on this issue. Their submissions combined with the results of the public survey and other information we gathered provided us with very useful material.

Should you wish to meet to discuss the results of the report, please let me know.

On behalf of the Board, thank you for the opportunity to conduct this important and timely review.

Sincerely,



Suzanne Duncan, Chair
Employment Standards Board

Enclosure

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>

Full report available at: https://www.pbo-dpb.gc.ca/en/blog/news/LMA_Oct_2018

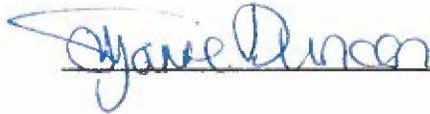
CONCLUSION

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

For the Employment Standards Board:

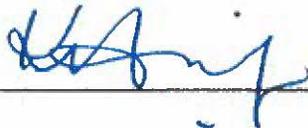
Chair:

Suzanne Duncan



Employee Representatives:

Katherine Hanifan

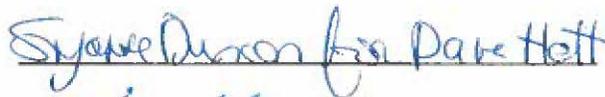


Dianne Williams



Employer Representatives:

Dave Hett

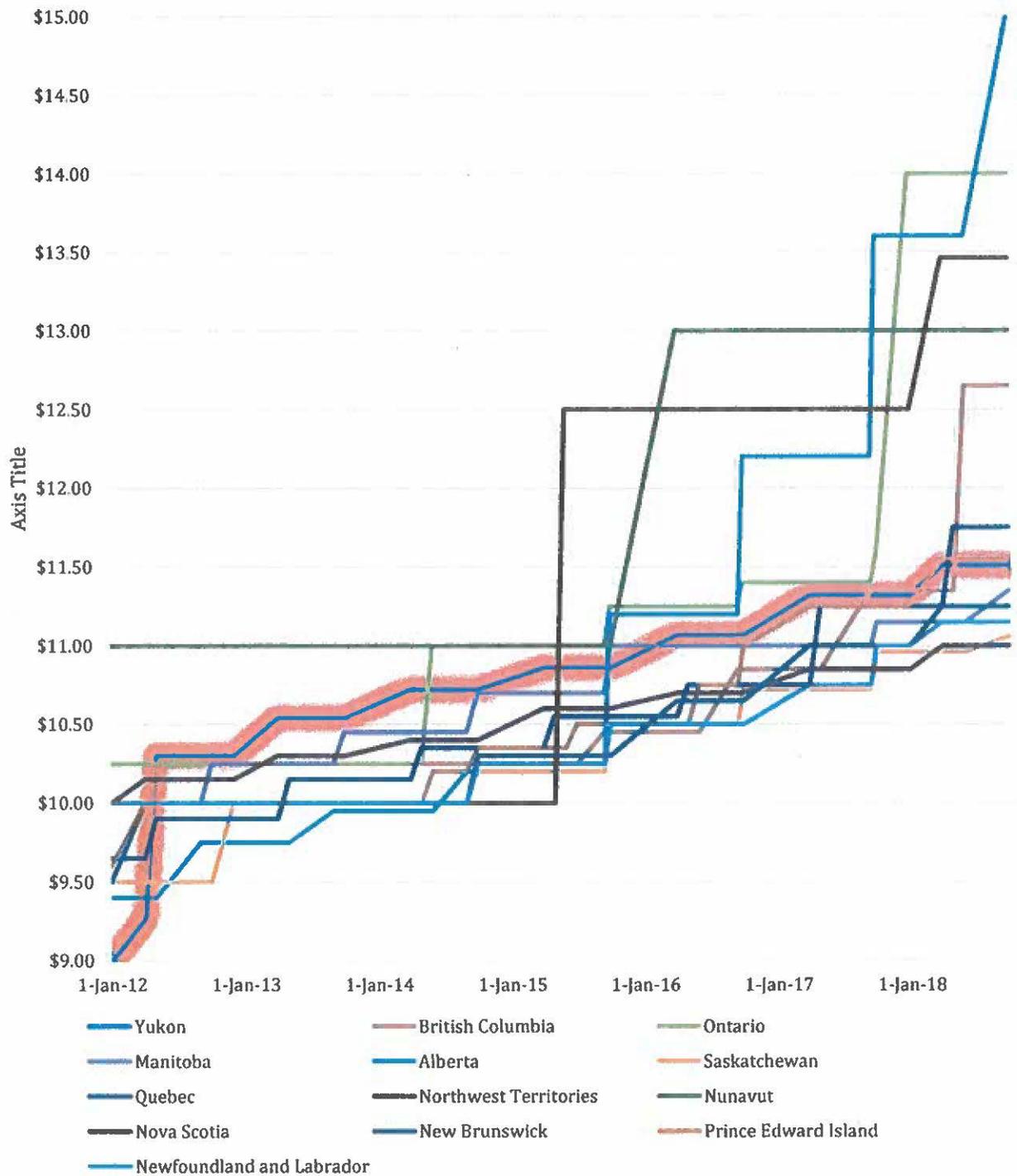


Kynan McIntyre



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).

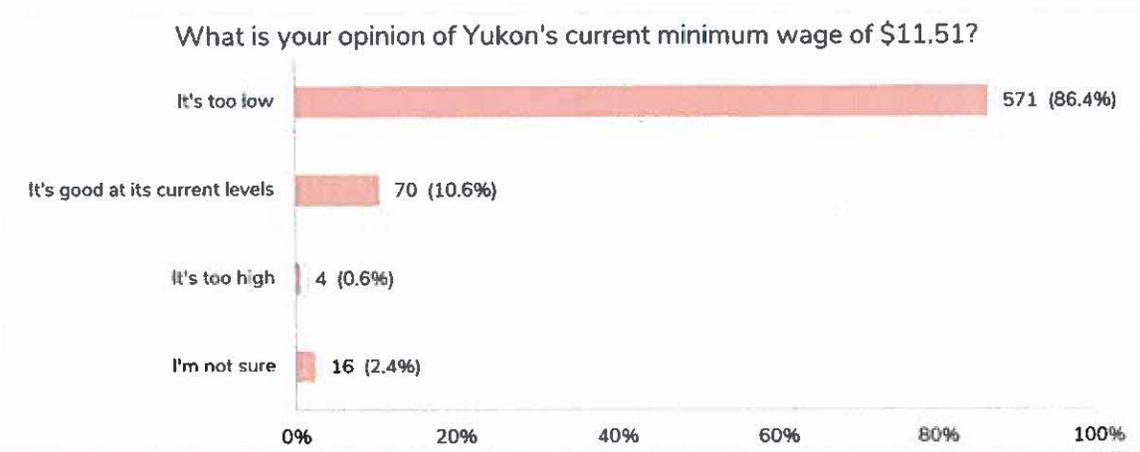


Figure 1 - Results from the question "What is your opinion of Yukon's current minimum wage of \$11.51?".

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.

Please rate the following factors in assessing minimum wage as to how important you think they are.

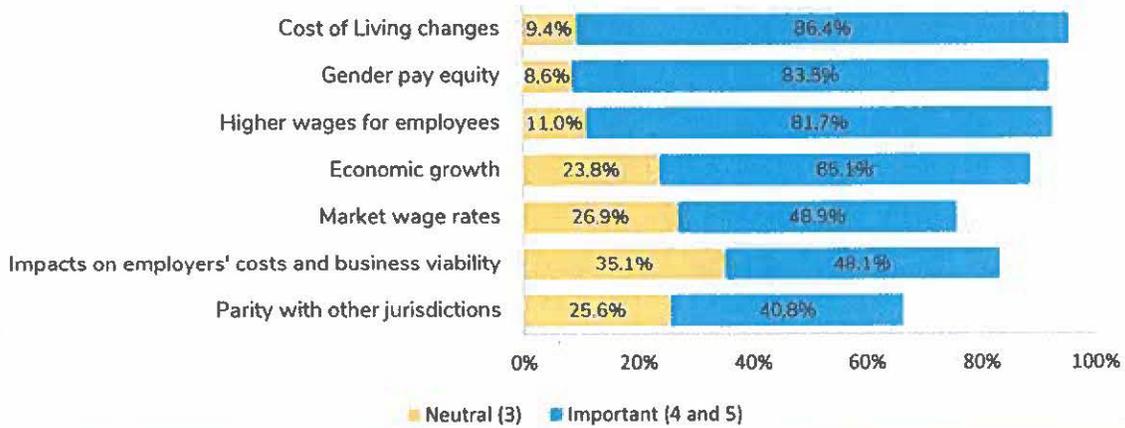


Figure 2 - Distribution of responses to "Please rate the following factors in assessing minimum wage as to how important you think they are.". Respondents were asked to rate importance on a scale from 1 to 5, where 1 was "Not important" and 5 was "Extremely important". Figure 2 illustrates the distribution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

How often do you feel minimum wage should be adjusted?

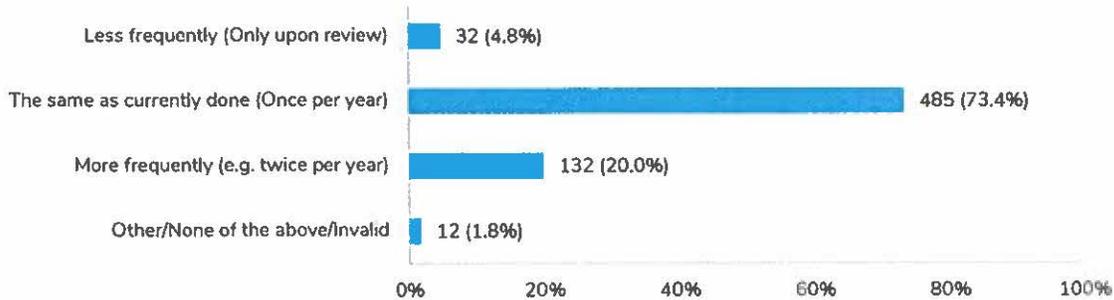


Figure 3 - Distribution of responses to the question "How often do you feel minimum wage should be adjusted?".

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

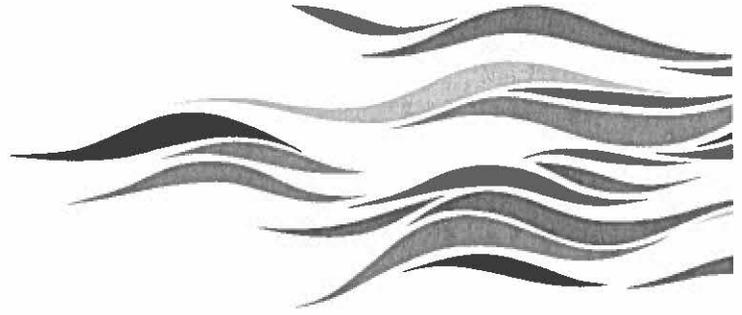
***Yukon Federation of Labour
International Union of Operating Engineers
Yukon Building & Construction Trades Council
Yukon Employees' Union
Teamsters Local 31
Canadian Union of Postal Workers, Local 852
International Brotherhood of Electrical Workers, Local 1574
United Association of Plumbers and Pipefitters,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



February 27, 2019

Employment Standards Board
12 Versluce Place
Whitehorse, YT Y1A 5M1

Via EMAIL

Dear Employment Standards Board:

RE: Review dated November 30, 2018 regarding minimum wage in the Yukon Territory

I write further to my letter to the Employment Standards Board (the "Board") dated March 20, 2018, to thank you for your review and recommendations regarding the minimum wage in the Yukon, provided on November 30, 2018. I am writing to provide feedback regarding the Board's Review and to seek an Order of the Employment Standards Board regarding the establishment of a minimum wage for the Yukon.

We note and fully acknowledge that the authority to establish the minimum wage in the Yukon rests with the Board, pursuant to section 18(1)(a) of the Employment Standards Act. We also note that past practice to establish a minimum wage has been for the Board to issue an Order. Then the Commissioner in Executive Council considers the Order pursuant to section 18(7), of the Employment Standards Act.

The Review provided includes the following information/recommendations, with which we fully agree:

- The Board met widely with groups and individuals in completing the Review;
- Minimum wage in the Yukon should increase;
- That Yukon's most important comparable jurisdictions are British Columbia, Alberta and the Northwest Territories;
- That minimum wage should increase in increments towards an overall goal of approximately \$15/hour;
- It is desirable for the Yukon minimum wage to increase initially on April 1, 2019;
- That having the minimum wage increase annually by the amount of the Consumer Price Index (CPI) has been effective and should continue.

Consumer Price Index (CPI)

The Board included several calculations, as part of the Review, which included estimated minimum wage amounts, set out for each of the next three years, based on an average CPI of 1.5%. We now know that CPI for 2018 has been determined to be 2.4% (see attached 2018 Yukon Consumer Price Index Report). For your information, we have also attached a recent report from the Conference Board of Canada, which projects CPI in the Yukon to increase to 4.6% in the next year(s). We have included this additional information here for your consideration in determining the Order requested to establish the Yukon minimum wage.

Feedback

As noted above, our government appreciates the analysis and accepts the overall recommendations of the Board. We do however seek the Board's additional consideration of the manner by which the recommendations are implemented. There is concern that implementing the specific increases along with an unknown CPI amount may result in a challenge for employers, especially those in the accommodation and food-service industries. In consideration of the change of circumstances of the current and projected CPI for the Territory, the following process might be considered to achieve the Board's recommendations.

The Board might issue an Order pursuant to Section 18 of the Employment Standards Act to increase the minimum wage by \$0.90, plus CPI for April 2019. This would result in a minimum wage of \$12.71 for 2019. Beyond this Order, the government commits, through the Minister, to seek further review, recommendations and Order(s) of the Board regarding minimum wage, for consideration for 2020 and 2021.

Such an Order would provide an initial increase for employees of \$1.20 per hour while allowing the Board to further consider additional information including variations to CPI, comparisons and monitoring of other jurisdictions (as noted by the Board, neighbouring jurisdictions of Alberta, British Columbia and Northwest Territories) and any other information the Board chooses to evaluate, including an economic impact analysis of additional increases, which the government will commission and provide.

Timing of the Order

With respect to the Board's issuing an Order pursuant to section 18 of the Employment Standards Act, time is of the essence. It is reasonable for government to provide employers and employees with as much notice as possible so they can plan and make necessary administrative changes to implement wage increases. Given that April 1 is just over a month away and that an increase of \$1.20/hour is significant, an Order from the Board at its earliest possible convenience, would be most appreciated. As has been the practice in the past, the Department of Justice, would be able to assist in drafting an order, immediately following the Board's decision and instructions.

It is important to reiterate that the clear authority for the establishment of minimum wage in the Yukon rests with the employment Standards Board.

We trust this letter is of assistance in considering this matter and our request for an Order to be issued, by the Board. Should you require any additional information or have further questions, please do not hesitate to contact me.

Sincerely,



John Streicker
Minister of Community Services

EMPLOYMENT STANDARDS ACT

Having received the Employment Standards Board Order entitled *Minimum Wage Order No. 2019/01* which is attached (the "Order");

Therefore, pursuant to the *Employment Standards Act*, the Commissioner in Executive Council orders

1 The establishment of the minimum hourly wage set out in section 1 of the attached Order is approved.

2 Order-in-Council 2012/46 is repealed.

3 This Order-in-Council comes into force on April 1, 2019.

Dated at Whitehorse, Yukon, March 6, 2019.

Commissioner of Yukon

LOI SUR LES NORMES D'EMPLOI

Attendu que l'ordonnance de la Commission des normes d'emploi, intitulée *Ordonnance 2019/01 sur le salaire minimum*, (« l'ordonnance ») a été reçue et est jointe en annexe;

À ces causes, la commissaire en conseil exécutif, conformément à la *Loi sur les normes d'emploi*, décrète :

1 Est approuvé le salaire horaire minimum établi à l'article 1 de l'ordonnance paraissant en annexe.

2 Le Décret 2012/46 est abrogé.

3 Le présent décret entre en vigueur le 1^{er} avril 2019.

Fait à Whitehorse, au Yukon, le 6 mars 2019.

Commissaire du Yukon

ORDER OF THE EMPLOYMENT
STANDARDS BOARD

MINIMUM WAGE ORDER NO.
2019/01

Pursuant to subsection 18(1) of the *Employment Standards Act*

1 The Employment Standards Board orders that

(a) the minimum hourly wage is fixed at \$12.71 per hour effective April 1, 2019; and

(b) effective April 1, 2020, and on April 1 of each subsequent year, the minimum hourly wage is increased by the annual increase, during the preceding calendar year, in the Consumer Price Index for Whitehorse maintained by Statistics Canada.

2 Employment Standards Board Minimum Wage Order 2012/01 is repealed.

Dated at Whitehorse, Yukon March 6, 2019.

Chair

ORDONNANCE DE LA COMMISSION
DES NORMES D'EMPLOI

ORDONNANCE 2019/01 SUR LE
SALAIRE MINIMUM

Conformément au paragraphe 18(1) de la *Loi sur les normes d'emploi*,

1 La Commission des normes d'emploi ordonne ce qui suit :

a) le salaire horaire minimum est fixé à 12,71 \$, à partir du 1^{er} avril 2019;

b) à compter du 1^{er} avril 2020, le salaire sera majoré le 1^{er} avril de chaque année par un montant correspondant à l'augmentation annuelle de l'année précédente de l'indice des prix à la consommation publié par Statistiques Canada pour Whitehorse.

2 L'Ordonnance 2012/01 sur le salaire minimum de la Commission des normes d'emploi est abrogée.

Fait à Whitehorse, au Yukon, le 6 mars 2019.

Président



Economic evaluation of proposed changes to the minimum wage

Economic Research Branch
Department of Finance

Executive summary

Proposed changes to the minimum wage

- The Yukon Employment Standards Board recommended in late 2018 that Yukon's minimum wage be increased from \$11.51 per hour in 2018 to over \$15 per hour in three steps by April 2021.
- Cabinet approved the first recommended hike bringing the minimum wage in Yukon to \$12.71 as of April 2019.
- Approval of the other two increases was postponed until an economic evaluation of the potential impact could be conducted.

Economists are divided on the economic impact of minimum wages

- Despite an extensive body of literature, there is little in the way of a consensus among economists about the impacts of minimum wages on employment.
- Both proponents and opponents of minimum-wage increases can point to a multitude of peer-reviewed studies to support their case.
- The lack of evidence cuts both ways, with little clear and convincing evidence that minimum wages harm labour market outcomes for low-wage workers, nor much evidence that they reduce poverty.

Modest minimum wage hikes unlikely to lead to adverse job outcomes

- Though the impact of minimum wages on employment is contentious, most economists agree that the short-run effect on employment of modest increases in the minimum wage is likely to be minimal.
- The proposed increases, however, are not modest. If fully enacted, they would represent the largest three-year increase in Yukon's minimum wage in fifty years.
- Nevertheless, Yukon's growing economy and strong labour market should be able to accommodate some additional increase in the minimum wage.

Proposed increases bring the minimum wage into the "danger zone"

- Assuming no employment losses from higher minimum wages, low-wage workers in Yukon would see monthly earnings increase by \$165, which falls to \$117 after tax.



- If, on the other hand, employers reduce hiring in response to minimum wages, the after-tax benefit is halved to \$54 per month.
- In this second scenario, job losses amongst the lowest-paid workers (those earning the old minimum wage) cause net benefits from higher minimum wages to fall from almost \$200 per month to \$30 per month.
- The existing empirical literature cannot say definitively which of these two scenarios is more likely, however, the higher the minimum wage the more likely the second scenario.
- Research suggests this transition between Scenario 1 and Scenario 2 happens when the minimum wage exceeds 45% of average wages and that minimum wages above 50% of average wages are harmful for low-wage workers.
- For Yukon in 2021, this danger zone 45-50% range is expected to lie between \$14 and \$15.50 per hour.

The minimum wage is at best a crude anti-poverty measure

- Even those economists who support minimum wage increases would acknowledge that it is an exceptionally crude policy tool.
- The greatest defect with minimum wages is that they are poorly targeted towards poor households. Most minimum-wage earners aren't poor (e.g., students and youths living with their parents), and many poor don't earn minimum wage.
- Even assuming no job losses due to the higher minimum wage, only a fraction of the increased payroll costs ends up in the hands of the poor.
- One-third goes to payroll deductions and 70% of the remainder is paid to minimum-wage earners in non-poor households. This leaves just 20 cents on the dollar for the poor.

Summary of proposed changes and national and historical comparisons

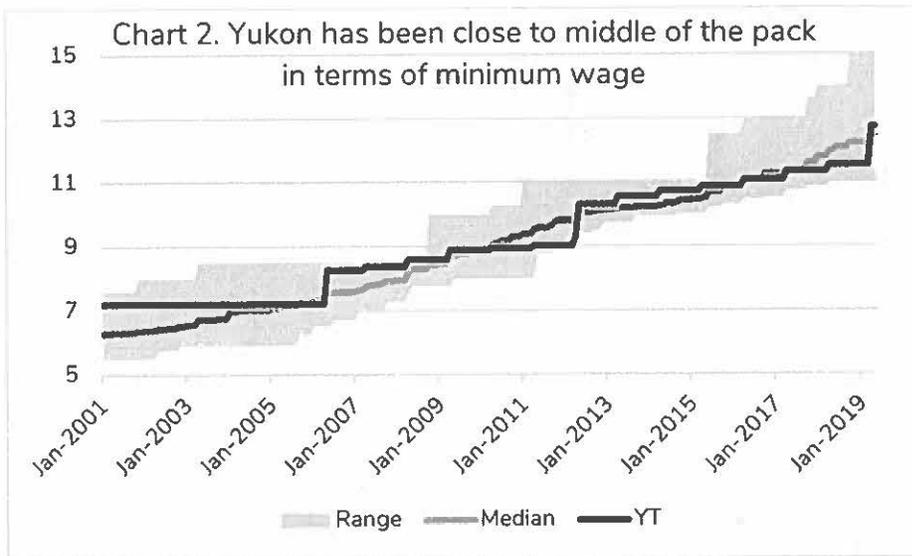
Two decades of minimum wage hikes in Yukon and other jurisdictions

Minimum-wage rates in Canada have risen substantially over the last two decades and outpaced growth in both average wages overall as well as consumer prices. The average minimum wage in Canada has doubled since 2000 rising from around \$6.25 to \$12.50 as of May 2019. Adjusting for inflation, real minimum wages have increased on average by 40% or 1.7% annually. This is substantially faster than real wages for the country as a whole, which increased at an annual rate of 0.5%. As a result, the minimum wage has now risen to just under 50% of average wages from just under 40% in 2000.

Yukon's minimum-wage rate has tended to be in the middle of the pack compared with other Canadian jurisdictions (Chart 2). With the increase on April 1, Yukon had the fifth-highest



minimum wage among provinces and territories. Unlike in the rest of Canada, overall wages have grown at about the same rate as the minimum wage over the last two decades. Adjusted for inflation both the minimum-wage rate and average hourly earnings have increased by just under one-third. Minimum-wage workers earn 44% of average earnings in Yukon. Historically, Yukon's minimum-wage rate has tended to be close to 40%, so the current setting is somewhat higher, compared with average wages than it has been for much of the past two decades.



Proposal would make Yukon's minimum wage highest in Canada

The Yukon Employment Standards Board (YESB) is responsible for setting the minimum-wage rate in Yukon subject to approval from Cabinet. In December, YESB recommended increasing the minimum wage in three annual increments to \$15.12 by April 2021¹. Cabinet adopted the first of these increases in April 2019 increasing the minimum wage by \$0.90 plus a cost of living adjustment based on growth in the Consumer Price Index for Whitehorse. This brought the minimum wage to \$12.71 from \$11.51 effective April 2019. YESB also proposed further annual increments of \$1.00 in 2020 and \$1.10 in 2021 again with cost-of-living adjustments in both years.

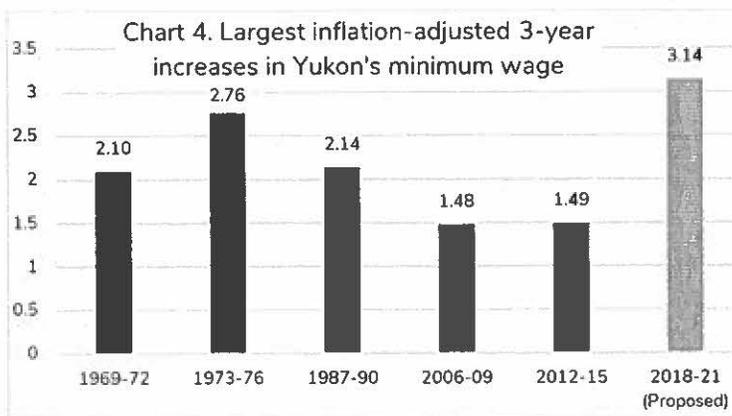
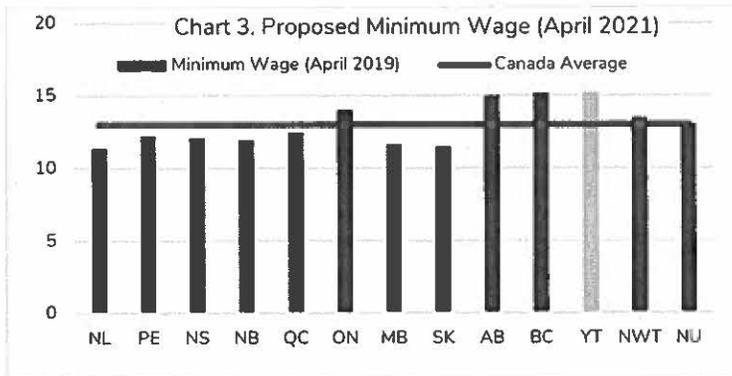
The proposed increases are large and would lead Yukon to have the highest minimum wage among Canadian jurisdictions (Chart 3)². The size of the increase is unprecedented. Adjusted for inflation this would be the largest three-year increase in the 50+ year history of the minimum wage in Yukon (Chart 4) and more than double any three-year increase from the last

¹ Depending on changes in consumer prices, the estimate of \$15.12 assumes average annual inflation of 1.5%.

² Based on inflation forecasts from the October 2019 Interim Fiscal and Economic Update



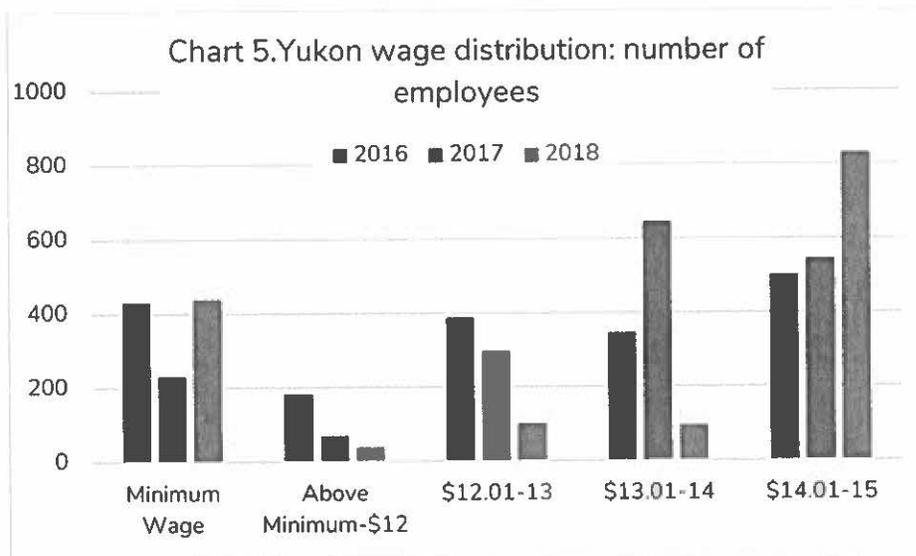
30 years. The rate of increase in the minimum wage is substantially more than the increase expected for average hourly earnings in Yukon. As a result, minimum wage would rise to 50% of average wages, the highest ratio on record going back to 1990.



Characteristics of minimum-wage workers

The number of low-wage workers in Yukon has been declining. Yukon's tight labour market over the last several years has lifted wages, leading to fewer workers earning less than \$15 per hour (Chart 4). Those that did earn less than \$15 per hour in 2018 were much more likely to be at the top end of this range (\$14.01-15 per hour).

According to the Yukon Employment and Skills Survey there were 1,500 employees earning less than \$15 per hour in 2018, or about 7% of employees. The number of wage earners making less than \$15 per hour has declined by almost 20% since 2016. While the overall number of low-wage earners has fallen, the number of high-wage low-wage earners has increased substantially. Over half of the workers earning less than \$15 per hour earned more than \$14 per hour, up from about a quarter of low-wage workers in 2016.



Despite the improvement in earnings, the minimum wage is still relevant for at least some employees. There were 408 workers who earned the minimum wage in 2018, little different than 2016. The fact that the number of minimum-wage workers has been stable would seem to be at odds with the clear improvement in the rest of the distribution. It could be that some workers are willing to work for minimum wage because of non-wage income in the form of sales commissions or gratuities. This is particularly true for food and beverage servers and bartenders of whom there were 360 employed in Yukon in 2018.

Teens and students represent the bulk of minimum-wage workers in Canada. Detailed data on the household characteristics of minimum-wage workers are not available for Yukon, but there are data at the provincial level. Last year, Statistics Canada published a report on the composition of minimum-wage workers. In the first quarter of 2018, 10.1% of employees in the ten provinces earned minimum wage (1.5 million workers). Of these, roughly half were students or youths living with their parents.

The report compared the household characteristics of three different categories of minimum-wage workers: those under 25 who were in school or living with their parents, those between the ages of 15 and 65 who were in single-earner households and those in dual-earner households.

The minimum-wage earners under-25 who were in school or living with their parents were much more likely to work part-time (~83% vs ~33% for over 25), in temporary jobs (~33% vs ~14%) and in retail or food and accommodation services (~72% vs ~45%). These workers tended to live in larger households that had the highest incomes of the three groups.



Work patterns for minimum-wage workers were similar in both single-earner and double-earner households, with workers in both groups averaging about the same number of hours worked, with similar shares of full-time workers. Where they differed was in their income profile. Adjusting for family size, two-earner families earned 2.4 times as much as single-earner families and only 10% less than the under-25s. Two-earner families were less likely to live in rental accommodation (38% vs 62% for single-earners). Half of minimum-wage earners in two-earner households were immigrants, compared with 35.2% in single-earner households and 17.9% in the under-25 group.

Most minimum-wage earners are employed in the retail sales and food and accommodation services. These two industries together account for 60% of minimum-wage workers. These industries are competitive with low profit margins.

Assessing the evidence

There is a substantial body of literature on the various economic impacts of minimum wages around the world, spanning decades. Despite extensive research, there is very little consensus on the impacts of minimum wages, and the topic remains one of the most contentious in economics. Both opponents and proponents of minimum-wage hikes can single out particular studies that back their case.

The lack of agreement mostly stems from the fact that minimum-wage changes are an especially difficult empirical problem. Employment losses generally don't take the form of outright job losses, but rather a reduction in the rate of job growth. Thus, to get the impact employment must be compared not to what it was prior to the minimum-wage increase, but what it would *have been*.

Impacts usually take place across several dimensions and over an extended period of time. Employers can respond to minimum-wage changes in a myriad of different and subtle ways that are unique to their particular circumstances. For example, a restaurant may raise the prices of some menu items, use cheaper ingredients, reduce business hours, or use more temporary or part-time staff to better match peak business-times. Even if staff still see the same hours they may have less flexibility in scheduling, have to work split-shifts, or take on tasks that otherwise would have been done by less skilled workers (e.g. serving staff may have to take on the duties of bussers and hosts).

Impacts are spread out over several years. Employers might start changing practices in anticipation of minimum-wage hikes, or they may wait until they have some data on how it impacts their business. Even if individual employers do not change behaviour, market forces could shift an industry to use less labour as more labour-intensive businesses fail.



The lack of evidence cuts both ways with little clear and convincing evidence that minimum wages harm labour market outcomes for low-wage workers nor much evidence that they reduce poverty. At best, minimum wages can be said to be a crude anti-poverty measure that provides scattershot benefits to the working poor, but carries substantial risk of unintended consequences, especially for the most vulnerable. Despite the disagreement, certain propositions have more supporting evidence than others, for example that minimum wages are more likely to impact youth employment, or that they reduce wage inequality.

Minimum wages and employment

The textbook view of how minimum wages affect the market for low-skilled work is fairly straightforward. If it is illegal for employers to hire low-skilled labour below a certain wage, only those workers skilled enough to be worth hiring at the higher wage will find work. This benefits the high-skilled, low-wage workers who remain employed at a higher wage at the expense of low-skilled workers who are priced out of the labour market.

This was the consensus view until the 1990s when it was challenged by Card and Krueger (1994). This groundbreaking study found that employment in New Jersey fast-food restaurants increased compared to those in neighbouring Pennsylvania after New Jersey increased its minimum wage from \$4.25 per hour to \$5.05 per hour. The study led economists to begin questioning whether price floors behaved differently than in other labour markets.

Usually price floors and ceilings cause obvious effects consistent with the textbook model as, for example, when long lines appeared at gas stations following fuel price caps during the 1970s. So the failure of Card and Krueger to find supportive evidence of disemployment effects caused a major shift of opinion on minimum wages within the economics community. In contrast to other price ceilings or floors, such as rent controls that are roundly opposed by economists, experts are split as to whether minimum-wage increases cause substantial disemployment effects, with the balance of opinion slightly in favour of the textbook view.

Though the study remains controversial, it is generally well-regarded by both sides of the minimum-wage debate. Though other studies have disputed Card and Krueger's findings, there has emerged a "tentative empirical consensus that the short-run employment effects of temporary, modest minimum-wage increases...are probably negative, but small. (Fernández-Villaverde 2018)" This consensus, however, is a narrow one, only applying to modest increases over the short run.

The impact of large changes: how big is too big?

As already stated, the proposed 30% increase in the minimum wage to \$15 per hour would be the largest three-year increase in Yukon's history. Such a large increase could have more adverse employment outcomes than those under study in Card and Krueger. In 2015, Krueger



himself acknowledged that: "a \$15-an-hour national minimum wage would put us in uncharted waters, and risk undesirable and unintended consequences (Krueger, 2015)." It should be noted that, in that same article where Krueger cautioned against a \$15 minimum wage, he advocated a US\$12 per hour Federal minimum.

Even if some increase in the minimum wage can be beneficial, eventually there must be diminishing returns. Clearly, a \$50 minimum wage would leave vast swaths of the population unemployable. There is only limited information on where these cutoffs might lay. L'Université du Québec à Montréal professor Pierre Fortin conjectured that threshold effects might explain why "old" minimum-wage research in the US consistently found evidence of adverse employment impacts, while many of those following the publication of Card and Krueger did not. Minimum wages in the US fell from around 47% of the average hourly wage to about 34% in the early 1990s. Fortin speculated that minimum wages started to cause negative outcomes when they rose towards 45–50% of average earnings:

The actual state of knowledge of the impact that the minimum wage has on employment in North America, and especially in Québec, leads to the conclusion that a minimum wage that is greater than 50% of the average wage is harmful to small wage earners and that a minimum wage that is less than 45% has very little risk for this group of workers. Between these limits, the area of 45% to 50% would represent an increasing danger to employment. (Fortin, 2010)

The proposed increases in Yukon are projected to result in a minimum wage that is near the top end of the danger zone, with 45-50% of 2021 average hourly earnings translating to \$14-15.50/hour.

Evidence from the Fight for \$15

The Fight for \$15 is an American labour movement that began advocating for a \$15 per hour federal minimum wage in the US in 2012. It has succeeded in boosting minimum wages in several states and cities in the US and some Canadian provinces. Since these increases are notable it has the potential to shine new light on the economic impacts of the minimum wage.

Seattle was one of the first US cities to institute a minimum wage, which has resulted in one of the most significant studies in recent decades. The Seattle Minimum Wage Study at the University of Washington was a well-funded effort to shine new light on the minimum-wage debate using unique administrative datasets unavailable to other researchers and in-depth interviews with minimum-wage workers. Seattle began phasing in minimum-wage increases in April 2015, bringing the minimum wage from \$9.47 to \$15 per hour in 2018. Their research showed that the initial phase in of the minimum wage to \$13 per hour caused average earnings



of low-wage workers to increase by 3%, while hours worked fell by 9% for a net loss of \$125 per month.

They also showed that this was unevenly distributed across low-income groups. More experienced workers who held jobs when the minimum-wage ordinance went into effect saw a net gain in income with higher wages more than offsetting a decline in hours. Unexperienced workers with jobs were no worse off, so most of the loss of income for low-wage workers fell on those who were not working at the time the ordinance was passed who were unable to get work following the minimum-wage hikes. This is consistent with research that shows higher minimum-wage rates reduce turnover and hiring as businesses find retaining experienced staff more cost-effective than training new hires at a higher rate.

These results do not necessarily fully extend to Yukon. As the rate only applied at the municipal level and businesses may have substituted for low-wage labour outside the city in a way that would not be possible in Yukon. Moreover, Seattle didn't have one minimum wage, but four depending on whether a firm was small or large, offered health insurance or if employees earned tips. Like Card and Krueger, the Seattle studies were not immune to criticism. A study by the UC Berkley Center on Wage and Employment Dynamics using public data and looking specifically at the food-service industry found that wages increased without causing offsetting disemployment effects. However, the University of Washington study does provide a good picture of the sorts of negating impacts that might take place. Those with experience see wage gains, but this is offset in aggregate by lower employment among those with little-to-no experience.

Minimum wages and poverty

Increasing the minimum wage enjoys widespread support among Yukoners. The 2018 Minimum Wage Public Engagement Survey showed that 86% of respondents thought that the then \$11.51 per hour minimum wage was too low. Minimum wages have an intuitive appeal to most people, many of whom earned minimum wage at some point in their youth and couldn't imagine trying to subsist on such low wages in adulthood.

Given the political appeal, it is not surprising that minimum wage regulations are found throughout the developed world, in every OECD country save for Sweden, Norway and Switzerland. Minimum wages can be a politically appealing anti-poverty measure, because they reward work. Meanwhile, the cost of higher minimum wages appears to be borne by minimum-wage employers, who are less sympathetic, especially if they are large corporations perceived by some as exploiting low-wage employees.

There is some evidence that minimum wages help to reduce wage inequality. Several studies have shown that the decline in the minimum wage in the US was an important contributor to



an increase in US wage inequality (Lee 1999; Autor Manning and Smith 2016; Kearney and Harris 2014). Similarly, for Canada, Fortin and Lemieux (2016) show that rising minimum wages in Canada helped to reduce wage inequality in the 2000s. There is much less evidence that minimum wages impact poverty rates. The general conclusion of the literature is that there is no statistically significant relationship between minimum wages and poverty (Card and Krueger 1995, Neumark and Wascher 2008, Campolieti, Gunderson and Lee 2012).

The weak link between minimum wages and poverty is due to the fact that minimum wages are poorly targeted towards the people the policy is meant to help. Minimum wages can only benefit a subset of poor households, those with minimum-wage earners. They do nothing to address poverty for non-working poor families, or those in poor families earning above minimum wage. Most of the benefit of minimum wages go to workers who aren't poor, including students and youths living at home, workers earning most of their money from tips and commissions and multiple-earners in non-poor families.

That minimum wages only benefit a subset of poor households and create large spillover benefits to the non-poor is a weakness, but could also be said of many other important anti-poverty measures, such as subsidies for higher education. One key difference, however, is that minimum wages redistribute income from a narrow subset of society, minimum wage employers, rather than spreading it across the tax base (Campolietti and Gunderson).

The increased payroll costs for minimum wage employers is far greater than the benefit to poor people. For every additional \$100 the average employer pays out in higher minimum wages ~\$70 will go to minimum-wage earners in non-poor families, \$30 in gross income go to poor households, which after taxes and benefit reductions is a net gain of \$22. This \$22 can be diminished further depending on the extent employers respond to higher costs reducing hours or raising prices.

Best estimate of minimum wage effects on Yukon's economy

The lack of consensus around minimum-wage impacts makes it difficult to evaluate the potential impacts on Yukon's economy. To reflect this difference of opinion, two illustrative scenarios have been prepared, one with no reduction in labour hours as a response to higher prices, and the other with an employment response.

The calculations are based on the Yukon Bureau of Statistics' estimate of 1,500 employees earning less than \$15 per hour. The estimates have been adjusted to reflect the new minimum wage as of April 2019. Hours worked per week for these 1,500 low-wage employees is 24.5,



based on average hours worked by minimum-wage workers in the provinces (Morissette and Dionne-Simard 2018).

Scenario 1: No employment response

With no employment change, gross earnings for low wage employees increases on average by \$165 per month. After taxes and other deductions, this falls to \$117 per month. Those workers who had been earning the old minimum wage see the biggest net-earnings gain of just under \$200 (\$275 gross), while those earning close to the new minimum wage have a net-earnings gain of \$60 per month. Reductions in benefits, such as the Yukon Child Benefit, are not included in this calculation and have the potential to further erode the benefit to some poor families. The C.D. Howe Institute estimates that the combined impact of taxes and benefit reductions mean that a family of four with household income of between \$40,000 and \$50,000 nets just 30 cents for every extra dollar earned.

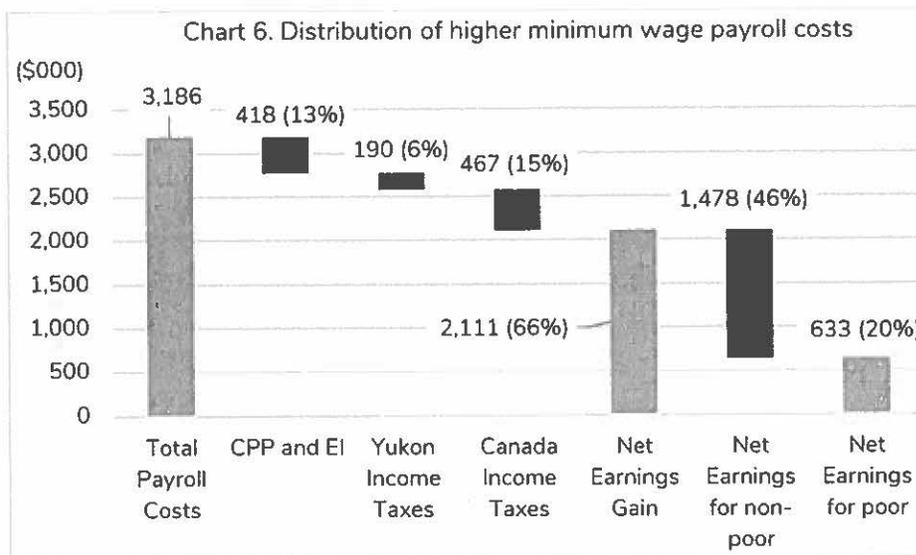


Chart 6 highlights one of the major downsides of minimum-wage policy: Its lack of targeting to the poor. The increase in minimum wages is estimated to increase payrolls of minimum-wage employers by \$3.2 million annually. Of this, one-third is deducted for income taxes, CPP and EI. The bulk of the benefits go to low-wage earners in non-poor households (youths living at home, dual-earner couples and those earning significant gratuities and commissions), who are estimated to represent around 70% of low-wage earners.

Higher minimum wages are able to provide an extra \$168 per month for some 450 poor workers, but those same workers could have received almost \$600 per month if most of the increased payroll costs didn't flow to government and non-poor households.



Higher payroll costs must be met out of lower profits for minimum-wage employers or higher prices. Minimum-wage employers tend to be concentrated in highly competitive industries with low profit margins. For example, according to Industry Canada just 78% of Yukon businesses in the food and accommodation industry earned a profit in 2017. This figure is even lower nationally, with just 69% of food and accommodation businesses that are profitable. As such, it is assumed that employers pass higher minimum-wage costs onto consumers.

Even with full pass through, consumer prices only increase by 0.2%. This works out to \$168 annually per household, or just \$14 per month. Food and drinks from restaurants see the biggest increase in prices at just over 1.1%, followed by the price of clothing and footwear, which increases by 0.6%.

Scenario 2: with employment impacts

Gains for the lowest earners are significantly reduced when the scenario allows for employers to respond to higher minimum wages by reducing hiring. Based on elasticity estimates from Brouillette et al (2016), the higher minimum wage is estimated to reduce low-wage employment by about 80 jobs. This reduces the average net-earnings gain for low-wage workers by slightly more than half, from \$117 to \$54 per month. Moreover, these jobs are disproportionately lost at the lowest end of the earnings distribution consistent with previous research that shows job losses tend to be concentrated among the lowest productivity workers (i.e. those with the least experience). As a result, the lowest-skilled workers, those earning the old minimum wage, are only slightly better off, on average earning only \$31 more per month on net.

It should be noted that these workers are disparately affected with most earning \$196 per month more as in Scenario 1 and those that aren't working earn nothing. Research shows that reduced employment occurs because of reduced hiring rather than layoffs. So it's not that those 82 workers lost their jobs in Scenario 2, but rather they were unable to get hired.

Were it not for Yukon's strong labour market, higher minimum wages would have been a net negative for the lowest-wage low-wage workers. What is important for determining job losses isn't the level of minimum wages but the level relative to average wages. The Economic Research Branch is projecting above-average wage growth of 4% and 3.6% in 2019 and 2020 respectively. If instead wages grew by 1.8%, annually as in 2017-18, estimated job losses would climb to 111. Were this the case the lost earnings from those who would otherwise be employed more than offsets the earnings gains from those who remain employed at the higher minimum wage.



What's more likely?

But this means that the current empirical work is next-to-useless in evaluating the employment and welfare effects of the current efforts by many cities and states to move to a \$15 minimum hourly wage (indexed, also, to inflation). A candid assessment of the literature can only reach the conclusion that those politicians and activists claiming that academic research supports their “fight for \$15” may not be considering all relevant factors. (Fernandez-Villaverde 2018)

Whether increasing the minimum wage above \$15 per hour in Yukon will impact the economy more like Scenario 1 or Scenario 2 is a question that is as yet unanswerable from the empirical literature. What is generally agreed upon is that moderate increases in the minimum wage are more likely to look like the first scenario where there is little adverse impact on low-wage employment. But the greater the increase in the minimum wage, the more likely we move from a Scenario 1 world to a Scenario 2 world, where adverse employment outcomes start to outweigh the benefits of higher earnings among low-wage workers.

As previously discussed, the proposed schedule of minimum-wage increases would represent the largest three-year increase in the minimum wage on record. It would result in record highs for the minimum wage both in terms of purchasing power (i.e. adjusted for inflation) and as a share of average earnings. Fortin 2010 argues that this transition between Scenario 1 and Scenario 2 happens when the minimum wage exceeds 45% of average wages and that minimum wages above 50% of average wages are harmful for low-wage workers. For Yukon in 2021 this 45-50% range is expected to lie between \$14 and \$15.50/hour.

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Moira.Lassen

From: tntlaw@klondiker.com
Sent: Friday, December 13, 2019 6:47 PM
To: John.Streicker
Cc: Jaime.Mellott; Louise.Michaud; Matt.King; Monica.Nordling
Subject: Review of Yukon's Minimum Wage
Attachments: Review of Yukon's Minimum Wage Dec 12, 2019.pdf

Dear Minister Streicker,

On behalf of the Employment Standards Board, it is my pleasure to provide you with the Board's review of the minimum wage. In short, the Board is ordering that effective April 1, 2020, the current minimum wage of \$12.71 rise according to the following formula: .50 to \$1.00 (to be determined by Cabinet) plus 2019 CPI.

Please note that in finalising the report we encountered formatting difficulties such as spacing and other minor matters. There are still some formatting that is not quite right; nonetheless, we believe that the substance of the report is in order. Please let me know if you require clarification on any aspect of the report.

Merry Christmas!

Thomas E. Ulyett
Chair, Employment Standards Board
Whitehorse, Yukon
867-335-5844

Yukon Employment Standards Board

Review of Yukon's Minimum Wage

December 12th, 2019

Presented to John Streicker, Minister of Community Services, Government of Yukon

Introduction

The Employment Standards Board ("the Board") is an independent tribunal established by the *Employment Standards Act* ("the Act"). The Act confers on the board three separate functions: adjudicative, regulatory and advisory. As an adjudicative body, the board hears appeals of the decisions of the director and reviews certificates for wages issued by the director. In its regulatory role, the board has the authority to make orders to establish Yukon's minimum wage [section 18(1)(a)]. In its advisory role, the Board is required to advise the Minister of Community Services ("the Minister") on any matter that the Minister refers to it (section 104). In addition to these three functions, the Board also has the authority to issue declaratory opinions on any matter arising under the Act (section 103).

Under the Act, setting the minimum wage is a two-step process. The Board has the power to establish the minimum wage by way of an order [section 18(1)(a)], but the power to implement that order resides with Cabinet [section 18(7)].

Background

In a letter to the Board dated March 20, 2018, the Minister exercised his authority under section 104 of the Act by asking the Board for advice on the minimum wage. The Board responded by providing the Minister with recommendations in a report called "Review of Yukon's Minimum Wage" dated November 30, 2018 ("the 2018 Review"). The Board recommended that the minimum wage be increased incrementally over three years in the following amounts:

- April 2019 - \$0.90 plus CPI (- \$12.60)
- April 2020 - \$1.00 plus CPI (-\$13.80)
- April 2021 -\$1.10 plus CPI (- \$15. 12)

The Minister responded to the above recommendations in a letter to the Board dated February 27, 2019. At page two of that letter the Minister requested the following:

As noted above, our government appreciates the analysis and accepts the overall recommendations of the Board. We do however seek the Board's additional consideration of the manner by which the recommendations are implemented. There is concern that implementing the specific increases along with an unknown CPI amount may result in a challenge for

employers, especially those in the accommodation and food-service industries. In consideration of the change of circumstances of the current and projected CPI for the Territory, the following process might be considered to achieve the Board's recommendations.

The Board might issue an Order pursuant to Section 18 of the Employment Standards Act to increase the minimum wage by \$0.90, plus CPI for April 2019. This would result in a minimum wage of \$12.71 for 2019. Beyond this Order the government commits through the Minister to seek further review recommendations and Order(s) of the Board regarding minimum wage, for consideration for 2020 and 2021.

Such an Order would provide an initial increase for employees of \$1.20 per hour while allowing the Board to further consider additional information including variations to CPI, comparisons and monitoring of other jurisdictions (as noted by the Board, neighbouring jurisdictions of Alberta, British Columbia and Northwest Territories) and any other information the Board chooses to evaluate, including an economic impact analysis of additional increases, which the government will commission and provide.

(emphasis added)

The end result was that the Board issued an Order dated March 6, 2019, providing that the minimum wage for April 1, 2019, rise to \$12.71 and that the minimum wage for each subsequent year rise on April 1 according to CPI in Whitehorse in the preceding year. That Order was implemented by Cabinet under O.1.C. 2019/51 and came into effect on April 1, 2019.

Mandate

While the Act [section 18(1)] allows the Board to consider and establish the minimum wage "from time to time", in this case the Board considers its mandate to arise from the Minister's letter of February 27, 2019, where he stated that "...the government commits, through the Minister, to seek further review, recommendations and Order(s) of the Board regarding minimum wage, for consideration for 2020 and 2021."

Following the Minister's aforementioned commitment, in the late summer of 2019 the Board began a further review of the minimum wage for 2020 and beyond. It was decided by the Board that the present review would focus on 2020 only with its consideration of the minimum wage for 2021 to occur in the fall of 2020.

To establish the minimum wage for April 1, 2021, in the fall of 2020 the Board will undergo a similar process of analyzing and evaluating a broad range of economic data sources that come forward after November 2019 to ensure that the third and final recommendation in the 2018 Review is evidence based.

Methodology

The Board conducted a literature review of data about Yukon 's economy that was published since the 2018 Review. The Board met several times from September to December to discuss the process for review and the new economic data. The Board decided that it was not necessary to do a further public consultation given that the 2018 survey found that an overwhelming percentage (86%) respondents said the then minimum wage of \$11.51 was too low. As part of this review, the Board gave close consideration to a 15-page 2019 report prepared by the Yukon government called "Economic Evaluation of proposed changes to the minimum wage".

Research and Data Sources

The Board considered the following reports that were published after the 2018 Review:

- Current & 2020 minimum wage in BC, AB & NWT ("Employment Law in Canada" updated in 2019)
- CPI 2018 Report (Yukon Bureau of Statistics, February 2019)
- Territorial Outlook Economic Forecast: Summer 2019 (Conference Board of Canada, July 9, 2019)
- Yukon Monthly Statistical Review (Yukon Bureau of Statistics, October 2019)
- Yukon Employment (Yukon Bureau of Statistics, October 2019)
- Interim Fiscal & Economic Update (Government of Yukon, October 2019)
- Economic Evaluation of proposed changes to the minimum wage (Government of Yukon, Fall 2019)
- Living Wage in Whitehorse, Yukon: 2019 (Yukon Anti-Poverty Coalition, October 2019)

Rationale and Findings

The Board continues to advance the rationale provided on pages 2 to 7 of the 2018 Review, which is attached as Appendix A.

The Board finds that Yukon's economy continued to perform well throughout 2019. The Yukon government's Interim Fiscal & Economic Update stated the following at page 4:

... incomes and retail sales continued to grow, and construction activity has been strong. Employment was up in the first eight months of the year and the unemployment rate remained well below historical averages.

The same report concluded at page 12 that over the next few years Yukon's economy is expected to remain strong: "The medium-term economic outlook is little changed from what was presented in the Fiscal and Economic Outlook in March [2019], with projections for continued growth in key economic indicators."

Based on the reports listed above, the Board has considered the following facts and forecasts about Yukon's economy in 2019 and beyond:

- Minimum wage: It is \$12.71 in Yukon. In three neighbouring jurisdictions it is \$13.85 in BC (moving to \$14.60 on June 1/20 and \$15.20 on June 1/21), \$13.46 in NWT (since April 2018) and \$15.00 in Alberta (since October 2018)
- Living wage: It has increased since 2018 and is now \$19.07 as of October 2019
- CPI: It will be approximately 2.3% in Whitehorse in 2019 and in the 2% range to 2022
- Wages: They will grow at an average annual pace of 3.0 per cent between 2019 and 2025, faster than inflation
- Number of minimum wage earners: In a labour force of approximately 22,000 in 2018, 408 workers earned minimum wage (i.e. 2% of the workforce)
- GDP: It will be 3.0% in 2019 with gains every year to 2023
- Unemployment: It will be approximately 3.1% for 2019 and will remain well below the national average for the next few years
- Employment rate: In 2019 it will be the highest in Canada at 72.5%

- Job openings: In 2019 there were more vacant jobs than there are unemployed workers
- Population: It will grow by 1.7% in 2019 and is expected to increase annually at least until 2023

The Board read with interest and discussed at length the "danger zone" theory advanced in the government's October 2019 evaluation of changes to the minimum wage. The theory posits that when the minimum wage exceeds 45% of average wages employers will reduce hiring resulting in job losses amongst the lowest paid workers. The October 2019 evaluation estimated that the danger zone is estimated to lie between \$14.00 and \$15.50. The same report found that most economists agree that the short-run effect on employment of modest increases in the minimum wage is likely to be minimal. Furthermore, the report concluded at page one that "...Yukon's growing economy and strong labour market should be able to accommodate some additional increase to the minimum wage." The Board supports and shares this conclusion.

Conclusion

The Board concludes that

- the minimum wage should be increased on April 1, 2020;
- it is necessary to increase the minimum wage to maintain a competitive labour market with neighbouring jurisdictions;
- the increase should bring the minimum within the range of what its neighbouring jurisdictions will be in 2020 (\$13.46 to \$15.00); and
- Yukon's strong economy can absorb an increase up to \$14.00 on April 1, 2020, without significant job losses.
- Finally, as provided for in the Order below, the minimum wage for April 1, 2020, should rise according to the following formula: 2019 minimum wage plus .50 to \$1.00 plus 2019 CPI in Whitehorse.

Order

Exercising its authority under section 18(1)(a) of the Act, the Board Orders that

- the minimum hourly wage effective April 1, 2020, be fixed at a rate according to the following formula: \$12.71 + an increase between .50 and \$1.00 + 2019 CPI for Whitehorse; and
- effective April 1, 2021, and on April 1 of each subsequent year, the minimum hourly wage be increased by the annual increase, during the preceding calendar year, in the Consumer Price Index for Whitehorse maintained by Statistics Canada.

Attachment:

Appendix A: Review of Yukon's Minimum Wage, November 30, 2018

For the Employment

Standards Board: Chair:

Thomas E. Ulyett

Employee Representative:

Dianne Williams

Employer Representatives:

Dave Hett

Kynan McIntyre

Appendix A

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.

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

²<http://www.co.gov.yk.ca/stas/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/months

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://srvll6.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://ya.pc.ca/assets/files/Living%20Wage%202018%20-061ZO Final Vn2 0Report.pdf](https://ya.pc.ca/assets/files/Living%20Wage%202018%20-061ZO%20Final%20Vn2%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 <http://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/Oa12_ae29ce5dde5427481f795d7a4a9b.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>

Full report available at: https://www.pbo-dpb.gc.ca/en/blog/news/LMA_Oct_2018

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

EMPLOYMENT STANDARDS ACT

Having received the Employment Standards Board Order entitled *Minimum Wage Order No. 2020/02* which is attached (the "Order");

Therefore, pursuant to the *Employment Standards Act*, the Commissioner in Executive Council orders

1 The establishment of the minimum hourly wage set out in section 1 of the attached Order is approved.

2 Order-in-Council 2020/34 is repealed.

3 This Order-in-Council comes into force on April 1, 2020.

Dated at Whitehorse, Yukon, February 20, 2020.

Commissioner of Yukon

LOI SUR LES NORMES D'EMPLOI

Attendu que l'ordonnance de la Commission des normes d'emploi, intitulée *Ordonnance 2020/02 sur le salaire minimum* (« l'ordonnance »), a été reçue et est jointe en annexe;

À ces causes, la commissaire en conseil exécutif, conformément à la *Loi sur les normes d'emploi*, décrète :

1 Est approuvé le salaire horaire minimum établi à l'article 1 de l'ordonnance paraissant en annexe.

2 Le Décret 2020/34 est abrogé.

3 Le présent décret entre en vigueur le 1^{er} avril 2020.

Fait à Whitehorse, au Yukon, le 20 février 2020.

Commissaire du Yukon

ORDER OF THE EMPLOYMENT STANDARDS
BOARD

ORDONNANCE DE LA COMMISSION DES
NORMES D'EMPLOI

MINIMUM WAGE ORDER NO. 2020/02

ORDONNANCE 2020/02 SUR LE SALAIRE
MINIMUM

Pursuant to subsection 18(1) of the *Employment Standards Act*

Conformément au paragraphe 18(1) de la *Loi sur les normes d'emploi*,

1 The Employment Standards Board orders that

1 La Commission des normes d'emploi ordonne ce qui suit :

(a) the minimum hourly wage is fixed at \$13.71 per hour effective April 1, 2020; and

a) le salaire horaire minimum est fixé à 13,71 \$, à partir du 1^{er} avril 2020;

(b) effective April 1, 2021, and on April 1 of each subsequent year, the minimum hourly wage is increased by the annual increase, during the preceding calendar year, in the Consumer Price Index for Whitehorse maintained by Statistics Canada.

b) à compter du 1^{er} avril 2021, le salaire sera majoré le 1^{er} avril de chaque année par un montant correspondant à l'augmentation annuelle de l'année précédente de l'indice des prix à la consommation publié par Statistiques Canada pour Whitehorse.

2 Employment Standards Board Minimum Wage Order No. 2020/01 is repealed.

2 L'Ordonnance 2020/01 sur le salaire minimum de la Commission des normes d'emploi est abrogée.

Dated at Whitehorse, Yukon, February 19, 2020

Fait à Whitehorse, au Yukon, le 19 février 2020

Chair

Président