

POVERTY REDUCTION

It's time for a Poverty Free BC: The critical elements of a comprehensive poverty reduction strategy for BC

Submitted to BC's Poverty Reduction Task Force
March 2018

BC Federation of Labour





INTRODUCTION

The BC Federation of Labour congratulates the BC government for its commitment to developing a comprehensive poverty reduction strategy for the province of British Columbia. BC has lagged behind other Canadian provinces in tackling this issue. The evidence is clear: our failure to act has had a significant toll on individuals and our communities. A comprehensive poverty reduction plan will reduce unnecessary human suffering, strengthen our communities and support a strong economy.

We believe that an effective plan must be cross-ministerial, have legislated targets and timelines, and at its foundation value the human rights of all members of our communities. A good poverty reduction plan is an investment in our communities and has an upstream benefit leading to better educational, health and economic outcomes.

As members of the BC Poverty Reduction Coalition, we echo the recommendations outlined in their submission to the Poverty Reduction Task Force. We believe the government must take action in seven policy areas:

1. **Increasing income assistance**
2. **Improving wages for BC's lowest income earners**
3. **Providing quality, affordable and accessible childcare**
4. **Developing a housing strategy that ensures every British Columbian has a safe place to call home**
5. **Investing in the education and training of our residents**
6. **Building a public health care system that addresses the needs of the whole person**
7. **Eliminating barriers to make our communities equitable for everyone**

The BC Poverty Reduction Coalition has set out detailed recommendations for each of these areas. Therefore, below we are providing further comments on a few of those areas specific to our work.

1. IMPROVING WAGES FOR BC'S LOWEST INCOME EARNERS

MINIMUM WAGE AND THE LIVING WAGE

BC is a low-wage province. Despite the high cost of living, one fifth of our workforce earns less than \$15 per hour, and weekly average wages lag behind Ontario, Alberta, and Saskatchewan. In our submission to BC's Fair Wages Commission, we outline the case for raising the minimum wage as well as important background on the workers who are most likely to be impacted by low wages. Our report is attached for your reference.

In March, the government announced that it will increase the minimum wage to \$15 per hour by 2021. Though the timeline is not as quick as we hoped, this is an important step forward for our province. Raising the minimum wage will help hundreds of thousands of workers. Our government needs to take further steps to ensure that the minimum wage does not fall below the poverty line in the future. Therefore, we support the continued work of the Fair Wages Commission as an independent lens on low-wage work in our province. We look forward to the commission's upcoming recommendations on exemptions to the minimum wage and strategies to move from a minimum wage to a living wage for all British Columbians.

Our recommendations are to:

- Increase to the minimum wage to reach \$15 per hour by January 2019;
- Eliminate all exemptions to minimum wage laws; and
- Make the Fair Wages Commission a permanent body to oversee the transition to a living wage and provide ongoing monitoring of wage levels and employment standards in BC.

STRENGTHENING EMPLOYMENT STANDARDS LAWS AND IMPROVING ENFORCEMENT

The *Employment Standards Act* and its enforcement were gutted by the previous government, leaving workers vulnerable to abuse from their employers. At the same time, we have seen a dramatic change in the nature of the employment relationship with the rise of temporary, gig, and precarious work. BC has the highest proportion of part-time and temporary workers of the provinces.

With insecure employment, little to no enforcement and a flawed complaints process, workers lack recourse for exploitation on the job. This too often means a job isn't a path out of poverty. BC's *Employment Standards Act* and its enforcement need significant improvement.

We recommend:

- Eliminating the self-help kit and ensuring protection and recourse for workers whose rights have been violated;
- Increasing funding for the enforcement of the Act including conducting proactive investigations and enforcement;
- Increasing and expanding the penalties for employers who break the law;
- Improving the definition of an employee to ensure that employers cannot use independent contractors to skirt responsibility for meeting the minimum standards of the *Employment Standards Act*;
- Improving basic protections and benefits to workers, such as paid sick leave; and
- Improving the conditions of employment for children, including increasing the minimum work age from 12 to 16 years old.

LABOUR RELATIONS CODE

Unionization is necessary to combat rising income inequality. Specifically for women, workers of colour and members of equity groups, unions are an important part of economic security. Under collective agreements these workers have more protection from gender, racial and other forms of discrimination that can drive down wages.

But for 16 years, it has been hard for workers seeking to unionize to get fair treatment in BC. Our employment laws have been tilted in favour of employers. Weak labour laws have sentenced workers to a life of poverty due to contract flips that drive down wages, the intimidation of workers who seek to form a union, and the complicated processes that delay workers' justice.

If a worker wants to join a union, they should be able to make that choice with the confidence that the laws support them, and without fear of retribution from their employer. A *Labour Relations Code* review is underway, so this is the moment to make desperately needed improvements to

restore fairness and balance for workers.

We recommend:

- Removing barriers for workers to join a union;
- Preventing employers from interfering in organizing drives;
- Ending rampant contract flipping that enables employers to keep wages low and work unstable; and
- Ensuring that the Labour Relations Board is properly resourced so that it can do its job.

MIGRANT WORKERS

The poverty of BC's migrant workers is often overlooked. Some of the challenges facing migrant workers include low wages, limited benefits, the absence of information or misinformation, and indebtedness to unscrupulous recruiters. Migrant workers often find themselves isolated and the contributions they make to our province and its economy undervalued.

Canada brings hundreds of thousands of workers into the country who are employed in predominately low-wage sectors of caregiving and domestic work, farm work, and retail and cleaning. Wages in these sectors are lower than average and rarely provide benefits. Unionization rates are also lower in these sectors resulting in fewer workplace protections. Migrant workers are also exploited with low wages in otherwise high-wage sectors like construction.

The situation for migrant workers can be further complicated by employer interference and a lack of information about their workplace rights and health and safety. How information is shared matters – for example, translation is limited outside the major language groups, leaving many workers without access to information or reliant on word of mouth. Without a worker registry, there is no information on where migrant workers are employed making it challenging for worker advocates and other support groups to provide resources and training.

Another factor keeping migrant workers in poverty is unscrupulous debtors in their countries of origin – agents who demand multi-thousand-dollar payments for placing migrant workers in foreign work contracts, and the loan sharks most workers rely on to raise the funds to pay these exorbitant fees.

We recommend the following:

- Immediate access to Medical Services Plan coverage upon arrival for all migrant workers;
- More options under the provincial nominee program for workers who want to stay in Canada;
- The development of a comprehensive temporary foreign worker employer registry;
- A robust legal framework for dealing with agents and debtors exploiting migrant workers;
- Unannounced inspections of all workplaces and employer-provided housing to ensure compliance with regulations pertaining to occupational health and safety, employment standards, municipal bylaws, and public health; and
- Increased inter-jurisdictional cooperation between health authorities, the Workers' Compensation Board, and municipalities to ensure that any health or safety or employment standards issue faced by a migrant worker can be dealt with swiftly.

UNDOCUMENTED WORKERS

Undocumented workers in our communities face high levels of poverty, insecurity and stress.

Because of their lack of legal status, undocumented workers and their families fear accessing services and supports. Access to health services is an ongoing challenge, with many waiting until a problem is life-threatening before they seek treatment. This not only puts their lives at risk, but also places an additional burden on the system as minor treatable problems become more serious. Other key issues for undocumented workers are access to childcare at reasonable rates, to English as an additional language courses, and to the K-12 school system for their children.

The lack of immigration status also leaves the door open for bad employers to undercut employment standards and health and safety regulations for the sake of profit. We know of many workers in fields such as construction and the restaurant industry who are paid cash, often below minimum wage, and who do not receive overtime, holiday pay and other guaranteed benefits. Similarly, we know of health and safety laws being evaded by some employers who treat undocumented labourers as expendable, putting their lives at risk.

BC can lead on this issue by becoming Canada's first sanctuary province. This would allow undocumented residents to access education, health care and other vital services. It would also level the playing field by ensuring that undocumented workers have the confidence to access health and safety and employment standards protections. By disallowing bad employers to leverage fear of deportation over workers who claim their rights, BC can close the door on the exploitation of vulnerable workers while simultaneously sending a message to employers that they must play fair to stay in business in BC.

To lift undocumented workers out of poverty, we recommend the following:

- Make BC a sanctuary province, including:
 - Protecting undocumented citizens from information sharing between services providers, law enforcement and the Canadian Border Services Agency that may lead to detention and deportation;
 - Prohibit school districts, health care providers, and educational institutions offering basic English as an Additional Language courses from enquiring about documentation status; and
 - Proactively enforcing employment standards laws and issuing penalties to businesses who do not meet health and safety and employment standards when employing undocumented workers.

2. INVESTING IN THE EDUCATION AND TRAINING OF OUR RESIDENTS

APPRENTICESHIPS

A path out of poverty must include access to good jobs. However, BC has not been doing enough to invest in the education and training of its residents. In addition to significantly reducing tuition fees and providing greater access to post-secondary education, our province must make significant improvements to its apprenticeship programs.

Jobs in the trades are good, family-supporting jobs that British Columbians must be ready to step

into. However, under the BC Liberal government, training for skilled trades was deregulated; comprehensive training programs were chopped into small pieces; and mandatory classroom and hands-on learning requirements were cut to the bone. While the demand for qualified tradespeople in our province has increased, apprenticeship completion rates have plummeted. Compulsory certification was also dropped, leading to a de-skilling of the workforce.

The result? A failed experiment that has led to a shortage of skilled workers. It's time for BC to find a new path forward and for government and employers to invest in our young people. Our economic and social prosperity depends on it.

We recommend:

- Strengthening requirements for hands-on supervision, mentorship, and training by journeypersons of the trade;
- Returning compulsory trades certification for selected trades that impact worker, public and environmental health and safety;
- Setting minimum quotas for First Nations, women and other equity-seeking groups on publicly-funded infrastructure projects; and
- Engaging employers to provide more, full-scope work experience opportunities on public and private projects to enable current apprentices who are bottlenecked in the system to complete their training.

3. BUILDING A PUBLIC HEALTH CARE SYSTEM THAT ADDRESSES THE NEEDS OF THE WHOLE PERSON

PHARMACARE

We applaud the BC government's recent decision to eliminate MSP premiums. Eliminating fees will make life more affordable for many British Columbians; yet, there is more we can do to address the burden of health care costs unfairly borne by our lowest income earners. One important step is working with the federal government to institute a universal pharmacare program.

Poverty is a social determinant of health. Research confirms that being poor shortens your life. One of the main problems is people being unable to afford necessary prescription drugs. We know that millions of Canadians can't afford the medication they need, jeopardizing their health and forcing them to make impossible financial choices.

One third of working Canadians do not have employer-funded, prescription drug plans. That number increases as employment income drops. For workers earning poverty wages, prescription drug plans are a dream not a reality. Women and young workers are less likely to have coverage. And even for those with a plan, co-payments and deductibles add up.

The current system benefits pharmaceutical companies and insurers instead of the people who need medication. An investment in a universal pharmacare program will pay off in better health outcomes and lower health care costs in the long run.

We recommend:

- Working with the federal government to implement a national, universal pharmacare program.

INJURED WORKERS AND THEIR DEPENDENTS

The historic compromise that led to the development of the *Workers Compensation Act* is based on trust – while the Act provides protection for employers from litigation, it must also ensure that injured workers and surviving dependents are made whole with full compensation regardless of fault.

In 2002, the BC Liberal government made major changes to the system resulting in a significant negative impact on the fair compensation of injured workers and their surviving dependents. The erosion of these rights and protections continued throughout 16 years of BC Liberal governance.

The sweeping changes made to the compensation side of the system were so extreme that many seriously disabled workers are now living in poverty. The consequences of these changes on the working people of BC and their families have been devastating, but the province has also paid a price. This shredded “social safety net” has shifted the burden of workplace disability and death from the employers’ pockets—where it properly belongs—onto the public system.

Research has shown a steady increase in the number of injured workers seeking the support of the public system, including public health care, employment insurance sick-leave benefits, income and disability assistance, housing assistance, food banks, disability and low-income tax credits, Registered Disability Savings Plan, and Canada Pension Plan disability.

Our government has an opportunity to restore equity and fairness to the system by taking bold action on workplace health and safety and compensation.

We recommend:

- Making significant improvements to workers’ compensation so that injured workers and their surviving dependents are fairly compensated and can be assured they will live above the poverty line.

Respectfully submitted,



Irene Lanzinger
President, BC Federation of Labour



The British Columbia Federation of Labour represents over 500,000 members working in every corner of the province, and in every sector of the economy.

The BCFED has a long and proud history of fighting for the rights of all working people.

The goals of the BCFED are best exemplified by its slogan: “What we desire for ourselves, we wish for all.”

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AN ECONOMY FOR EVERYONE

THE CASE FOR A \$15 MINIMUM WAGE



BC FEDERATION OF LABOUR

submission to the

FAIR WAGES COMMISSION

November 23, 2017



An Economy for Everyone:
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An Economy for Everyone

THE CASE FOR A \$15 MINIMUM WAGE

IN THE FALL OF 2014, the BC Federation of Labour launched the Fight for \$15 campaign to increase BC's minimum wage to \$15 per hour. At that time, a \$15 per hour wage was chosen as the target because it put a worker 10% above the poverty line.

The campaign has received tremendous public support. Polling has confirmed what our interactions with the general public told us — raising BC's minimum wage to \$15 per hour is popular and broadly supported across the province.

A 2016 poll by Insights West showed that 83% of British Columbians agreed that a person earning the minimum wage should live above the poverty line, and 76% supported raising the minimum wage to \$15 per hour.

The public understands that workers in low-wage jobs cannot keep up with the cost of living in our expensive province.

In constant dollars, our current minimum wage is lower than the minimum wage in 1973, and has lower purchasing power. With housing, transportation, heating and food costs on the rise, workers are falling behind. In our large cities, cost pressures are even greater. Vancouver was just listed as the least affordable city in North America with soaring housing costs and low income levels.¹

The nature of work is changing as well. The former BC Liberal government weakened employment standards laws and underfunded enforcement measures, fostering the rise of precarious employment. More workers find themselves in the “gig” economy or accessing temporary agency work.

Unions have traditionally helped boost wage rates for working people, but changes made by the former BC Liberal government to the *Labour Code* have made organizing efforts more difficult. The result is declining rates of unionization in BC, leaving working people with few avenues to protect their rights.

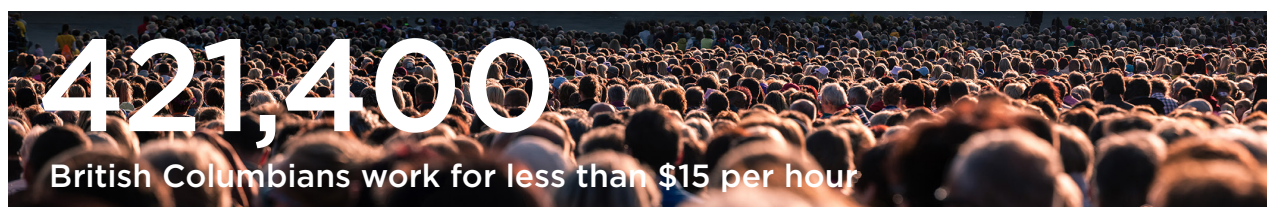
For low-wage workers an increase to the minimum wage can't come soon enough. An aggressive plan to lift the wage above the poverty line — and then to a living wage — is desperately needed.

The BC Federation of Labour recommends:

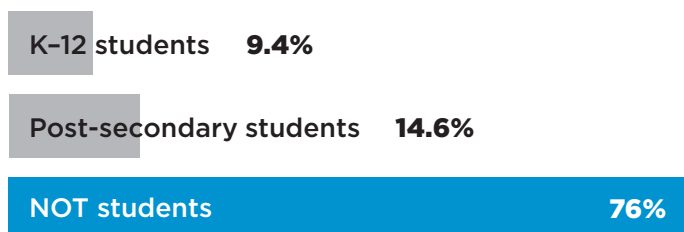
- 1. Reach a \$15 per hour minimum wage by January 2019.**
- 2. Eliminate all exemptions to minimum wage laws.**
- 3. Make the Fair Wages Commission a permanent body to oversee the transition to a living wage and provide ongoing monitoring of wage levels and employment standards in BC.**

BACKGROUND

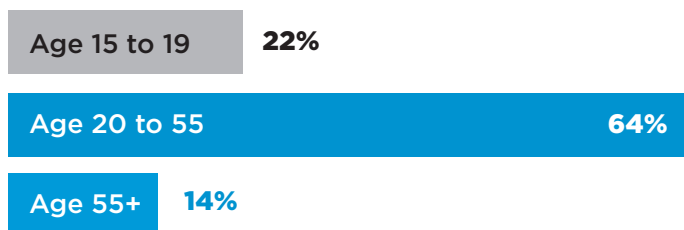
Who is earning low wages in BC?



Most workers earning less than \$15 per hour are **not students**



Most workers earning less than \$15 per hour are **age 20+**



Only 28% of BC workers earning under \$15 work for small businesses with fewer than 20 employees.
42.5% work for large companies.

Number of employees			
Less than 20	20 to 99	100 to 500	500+
28%	18%	11.5%	42.5%

Source: Labour Force Survey 2016

BACKGROUND

Equity seeking groups are over-represented in low-wage work

WOMEN

According to the 2016 Statistics Canada's Labour Force Survey, 62% of BC's minimum wage earners are women.

59% of workers earning less than \$15 per hour are women, and 45% of these women are in their prime working years aged 25-54.

Women are also more likely to work part-time and hold multiple jobs. 37% of all minimum wage workers in BC are women working part-time. According to Statistics Canada, women are 40% more likely than men to be working multiple jobs.

Not surprisingly, pay equity issues are reflected in BC's median wage of \$22.49 per hour. This number is deceptive as it hides a gender pay gap of \$4.54 per hour, with women's median earnings at \$20.52 per hour compared to men's at \$25.06.²

NEW IMMIGRANTS

In 2015, the average total income of recent immigrants was 37% lower than that of non-immigrants. Further, the low-income rate for new immigrants is 31.4%, which is more than double the 12.5% rate for non-immigrants.³

WORKERS OF COLOUR

There continues to be a significant income gap between workers of colour and non-racialized workers. And rather than improving, the wage gap has slightly increased over the past decade. 2015 Census shows that the income gap has increased from 25% in 2005 to 26% in 2015.

Gender is also a major factor in earnings, with women of colour earning 53% of the average income of non-racialized men.⁴

2015 Census data also shows that Canadians of colour are more likely to find themselves in poverty with low-income rates of 20.8% versus 12.2% for non-racialized Canadians.

There is also a disconnect between poverty levels and education levels for workers of colour.

Stemming from the 2006 Census data, a Government of Canada report found 25% of workers of colour living in poverty had a university certificate or degree, compared to 11% of non-racialized workers.⁵





INDIGENOUS WORKERS

According to the 2015 Census, 4.9% of Canada's population is Indigenous. 17.7% of Canada's Indigenous people live in BC. Since 2006, the Indigenous population across Canada has grown by 42.5%.

Canada's Indigenous population is younger, with an average age of 32.1 years versus 40.9 years for the non-Indigenous population.

The average total income of Indigenous people was 25% less than non-Indigenous people.

Indigenous women's incomes were 55% of non-Indigenous men, exposing a 45% income gap.

Indigenous people are more likely to live in poverty with a low-income rate of 23.6%, as compared to 13.8% for non-Indigenous people.⁶

WORKERS WITH DISABILITIES

In 2014, Canadians with disabilities made up one fifth of the overall population aged 25 to 64.⁷

Workers with mental-cognitive disabilities face high instances of poverty with a low-income rate of 27%, and those with physical-sensory disabilities have a rate of 17%. For those with combined disabilities, the low-income rate is even higher at 35%.⁸

Workers with disabilities also have lower than average employment rates. In 2011, the employment rate of Canadians with a disability was 49%, compared to 79% for Canadians without a disability.⁹

Further, persons with disabilities face a significant wage gap, earning a mere 56%

of the average annual earnings of a person without a disability. Persons with combined disabilities earn even less at only 32% of the average earnings.¹⁰ They are also twice as likely to be employed in the lowest-waged sectors including retail, accommodation and food services, and more likely to be in short-term and part-time positions.¹¹

LGBTQ+ WORKERS

Though there is limited specific employment data for LGBTQ+ people in Canada, the Canadian Coalition Against LGBTQ+ Poverty's joint submission to the consultation on Canada's Poverty Reduction Strategy came to some important conclusions about employment trends.¹² LGBTQ+ people are more likely to live in poverty, experience an income gap, and earn lower wages than heterosexual and cis-gendered Canadians.

LGBTQ+ workers are more likely to experience discrimination at work, with trans people being most at risk. And LGBTQ+ people with intersecting identities are particularly vulnerable to discrimination and poverty, for example, trans women of colour, and LGBTQ+ new immigrants.

Clearly more data is needed to better understand the economic situation of Canada's LGBTQ+ population.

YOUNG WORKERS

Though the majority of people earning less than \$15 per hour are not young workers, many young people earn low wages. In fact, the lowest median wage in BC is earned by young women ages 15-24. Their wage falls more than \$10 per hour behind the median wage of all workers in BC.

Low wages are a serious issue for young workers. We must finally dispel the myth that all young workers are kids living in their parents' basement working for spending money on the weekend. This harmful stereotype ignores the reality that young people are in the workforce to pay rent, cover tuition and schooling costs, and raise families. Like everyone else, young people are paying the real costs of living in our expensive province.

There are some very real challenges facing young workers. They are at a higher risk of workplace injury, and less likely to be experienced with employment standards, making them more vulnerable to exploitation and abuse.

Young people are also facing record levels of student debt. The Federation of Post-Secondary Educators reports the average student debt load in BC is now \$35,000.¹³ It would take 3,084 hours of work at the current minimum wage to pay off that debt.

Young workers are more racially diverse, and thus may face additional forms of discrimination in their workplace.

Young workers experience lower rates of unionization. In 2012, only 14.8% of workers in Canada aged 17 to 24 were unionized, a drop from 26.4 % in 1981. This is greater than the decline in the general unionization rate.¹⁴



RECOMMENDATION 1

\$15 by January 2019

THE BC FEDERATION OF LABOUR

recommends that the minimum wage in BC reach \$15 per hour no later than January 2019.

We suggest a two-step process to get there — a lift to \$14 per hour in July 2018 and then to \$15 per hour in January 2019. Further, we recommend a universal increase for all workers, regardless of the size of company they work for or where they live.

SUSTAINING A STRONG ECONOMY

BC's economy is in a strong position. This strength is projected to continue into 2018 and 2019.

In 2015 and 2016, BC had the highest provincial growth ranking in the country.¹⁵ And BC's

growth is projected to be the second highest, next to Alberta, in 2017.

¹⁶ This translates to overall strength in the job market, sustained gains in consumer spending, and the continuation of a high-priced housing market.

Unemployment in BC is at a record low. There has never been a better time for BC to make a significant increase to the minimum wage.

The Economic Forecast Council sees BC's gross domestic product expanding by 3% in 2017, 0.7% more than projected. Retail sales, jobs, housing starts and exports are exceeding

expectations.¹⁷ RBC concurs with the 3% prediction saying, "We expect overall growth in the province to surpass the 3% mark for the fourth consecutive year."¹⁸

Unemployment in BC is at a record low. BC had the lowest unemployment rate in Canada at 4.9% in October 2017 according to Labour Force Survey data. Projections suggest this rate will trend even lower as we head to 2020.

In other words, there has never been a better time for BC to make a significant increase to the minimum wage.

Some people may be concerned about making a meaningful increase to the minimum wage over a short time period, but there is precedent for large increases to the minimum wage in BC.

In 1972, the minimum wage was increased 83.3% over four years. In 1980, wages were lifted by 21.7%. And most recently, in 2011, the minimum wage increased by 28% over a one-year period moving from \$8 per hour to \$10.25 per hour — the first increase in over a decade.¹⁹

Despite claims that such a significant lift would cause job loss, BC's unemployment rate declined after the 2011/2012 increases. The unemployment rate in 2010 before the lift was 7.6%. Following the lift, the rate dropped: 2011 to 7.5%; 2012 to 6.8%; 2013 to 6.6%; 2014 to 6.1%.²⁰

ADDRESSING INEQUALITY

Despite signs of a strengthening economy, poverty and inequality has been deepening in British Columbia.

Low-wage workers have been left out of our economic boon. In 2015, 7.6% of BC's population earned \$250,000 or more. In contrast, 40% earned less than \$25,000.²¹

This widening income gap necessitates a government intervention.

According to First Call's BC Child Poverty Report Card, 16% of British Columbians lived in poverty in 2014. This is higher than the Canadian average of 14.4%. One out of five, or 19.8% of BC children, were living in poverty, which was again higher than the national average. The number of poor children in BC was 163,260.²²

Foodbanks Canada reports providing service to more than 100,000 British Columbians in 2015, and that one in six households accessing services are employed or recently employed.²³

The cost of poverty is well documented — from education outcomes, to health care, to policing and corrections. As a society, we all pay the price when we ignore growing poverty.

Unfortunately, having a job in BC does not mean you are lifted out of poverty. Working full-time at the current minimum wage of \$11.35 per hour does not put a worker above the poverty line. In fact, it leaves a worker nearly \$4,300 below Statistics Canada's Before-Tax Low Income Cut-off (based on a 35-hour work week over 52 weeks per year).

Poverty wages are taking a toll on families: 56.1% of workers earning less \$15 per hour are the head of their household; 47.1% have children under 24; and 11% are single parent families.²⁴

ECONOMIC IMPACT

We often hear accounts of the negative impact a lift to the minimum wage will have on businesses and the economy. But these assumptions need to be challenged, and the benefits of paying working people a fair wage given equal standing in this debate.

Who pays low wages?

Though people often argue that small businesses will be the most affected by minimum wage increases, the reality is that they do not employ the majority of low-wage workers.

72% of workers earning less than \$15 per hour work for businesses with 20 or more employees. 54% work for businesses with 100 or more employees and 42.5% work for businesses with more than 500 employees.²⁵

Will an increase to the minimum wage lead to job loss?

Two Canadian studies point to limited impact from minimum wage increases in Canada.

In April 2015, Economist David Green, a professor and former chair of the Vancouver School of Economics at UBC, conducted a



thorough review of academic research on the economic impacts of minimum wages, and in his report, he concludes that bold increases to the minimum wage make good economic sense.²⁶

Though a small impact on employment is possible, the report finds that opponents of minimum wage increases often “misrepresent the existing economic research” and exaggerate negative employment outcomes. Green finds, though young people may see a small impact initially from a significant wage increase, any negative impact is likely offset by the benefits of lifting a large number of workers above the poverty line.

Similarly, in October 2014, the Canadian Centre for Policy Alternatives (CCPA) released *Dispelling Minimum Wage Mythology*, a Canada-wide study that found increases to minimum wage have little if no impact on job creation or job loss. Brennan and Stanford found that in 90% of the instances there was no statistically significant connection between the minimum wage and labour market outcomes.²⁷

The study also examined the impact on young workers and retail and hospitality workers, and determined there is no consistent evidence of significant loss of employment.

They conclude that policy makers can move ahead with an increase to the minimum wage without concerns about job loss resulting from the change.

Similar findings are reflected in a recent US-based report by the National Employment Law Institute. The 2016 report, *Raise Wages, Kill Jobs? Seven decades of historical data find no correlation between minimum wage increases and employment levels*, found as its title suggests — increases to the federal minimum wage in the USA since 1938 did not correlate to decreases in employment levels. “To the contrary, in the substantial majority

of instances (68 percent) overall employment *increased* after a federal minimum-wage increase.”²⁸

Will the cost of living increase?

Some have argued that the cost of goods will go up significantly if workers are paid a fair wage. However, after the 28% increase to BC’s minimum wage in 2011-2012, the consumer price index (CPI) showed a lower rate than the national average.²⁹

CPI	BC	Canada
2010	1.3%	1.8%
2011	2.4%	2.9%
2012	1.1%	1.5%

CPI is a complicated measure and wages are only one factor that affect the cost of goods and services. The value of the Canadian dollar in relation to trade partners, energy prices, consumer spending trends, natural disasters, and transportation costs are all contributing factors to the cost of goods and services measured by CPI.

How will it impact businesses?

Often lost in the debate about lifting the minimum wage are the positive impacts for businesses when employees are paid well. Employers are likely to see improved worker satisfaction and retention, and decreased training and recruitment costs.

It’s no surprise that minimum wage and low-wage employers, in particular in the food services sector, are having a hard time recruiting workers in Metro Vancouver where rents and other costs are skyrocketing.³⁰ A fair minimum wage will help to address this problem.

Further, local economies are given a boost by increasing the purchasing power of low-wage earners who spend their disposable income directly in their communities — buying groceries for their families, eating at restaurants, going to the movies, etc.

BROADER MOVEMENT TO A \$15 PER HOUR MINIMUM WAGE

British Columbia is not the only place contemplating a \$15 per hour minimum wage.

In 2013, voters in the City of SeaTac approved a new minimum wage. There was no phase in period and on January 1, 2014 the minimum wage increased to \$15 per hour from \$9.19 per hour.

Following Seatac, we have seen several other jurisdictions make significant increases to the minimum wage. The cities of Seattle, San Francisco, and New York all have plans in place to achieve a \$15 per hour minimum wage. State-wide increases are also planned in Oregon, New York, and California. And in Canada, Alberta and Ontario have committed to reach a \$15 per hour minimum wage.

Large companies in Seattle started paying \$15 per hour on January 1, 2017.

In San Francisco, the minimum wage is currently \$14 per hour. It will rise to \$15 per hour on July 1, 2018.



Employees in New York City will be paid \$15 per hour by December 31, 2018 if working for companies with 11 or more employees. Employees in establishments with 10 or fewer employees will get there on December 31, 2019.

Alberta's minimum wage is currently \$13.60 per hour. It will increase to \$15 per hour on October 1, 2018.

Ontario's minimum wage will hit \$14 per hour on January 1, 2018, and the Liberal government there has promised \$15 per hour by January 1, 2019.

	Earliest implementation date	\$15/hr for all workers
Seatac	January 1, 2014	January 1, 2014
Seattle	January 1, 2017	January 21, 2021
Alberta	October 1, 2018	October 1, 2018
San Francisco	July 1, 2018	July 1, 2018
New York	December 31, 2018	December 31, 2019
Ontario	January 1, 2019	January 1, 2019



PREFERRED METHOD OF INCREASE FOR BC

Regions have adopted different paths to a \$15 per hour minimum wage, some using a staggered approach and others implementing universal wage increases.

The cities of Seattle and New York provided a staggered timeline based on employer size. However, each jurisdiction defined small businesses differently: Seattle used a cut off of 500 employees, whereas New York used a significantly smaller cutoff of 10 employees.

Regional approaches have been adopted in Oregon and New York State.

In contrast, the provinces of Alberta and Ontario and the City of San Francisco have taken a universal approach, lifting wages

regardless of employer size. Alberta set out increases over a two-year period. Ontario plans to reach \$15 per hour over one-year period with a large initial lift.

The BC Federation of Labour recommends a universal increase for all workers, regardless of the size of company they work for or where they live.

We believe that an implementation plan with fewer steps is better for workers and employers. A multi-step approach is harder to implement, leads to higher administrative costs and can lead to more payroll errors. It is also less transparent for workers and more difficult to enforce.

Taking a universal approach ensures that employers know their responsibilities and employees know their rights.

RECOMMENDATION 2

Eliminate Exemptions

IN OUR VIEW, there should be no exemptions to the minimum wage. The minimum wage must be just that — the minimum wage a person can be paid for any kind of work in the province of British Columbia. They should be paid for each hour worked and be eligible for overtime when working in excess of 40 hours per week.

The existence of exemptions opens the door to exploitation and abuse of vulnerable workers. These workers are not only subject to poverty wages, but also to weak employment standards law and lack of enforcement resulting in little recourse when wronged by their employer.

It is the recommendation of the BC Federation of Labour that all wages caught under current exemptions be lifted to \$14 per hour by July 2018, and then to \$15 per hour by January 2019.

There are a number of exemptions named in the *Employment Standards Act and Regulation*. Below are three examples of workers who are exempt from current minimum wage laws.

LIQUOR SERVERS

The liquor server wage originated in 2011 after pressure from employer representatives from the restaurant sector with no meaningful consultation with workers.

There is also a significant gender gap that cannot be ignored. According to Statistics Canada, 81% of all food and beverage servers in BC are women — and the server wage only helps to entrench gender discrimination.

Serving is a difficult job with high customer service demands, poor hours, and often inferior working conditions. Servers deal with issues like part-time work, last-minute shifts, cancelled shifts, and split shifts. Additionally, servers often face a range of abuses such as sexual harassment and wage theft.

Some have argued that servers have access to tips and therefore do not need a fair wage. However, tips are not considered wages by the *Employment Standards Act* and they cannot be substituted for fair pay. Additionally, other tipped workers are not paid a lower rate, including valets, taxi drivers, hotel concierges, hair stylists and estheticians. Tipping is largely unregulated and open to abuse by employers and managers. Inequity of tips is further magnified depending on your place of employment, for example, tips at lower priced establishments versus high-end restaurants.

Research has also shown that making servers dependent on tips to pay their bills leaves them at risk of enduring sexual harassment at work. Managers who assert dress codes and customers who feel entitled to engage in sexualized behaviour because they are “paying for service”

means workers are vulnerable and left with little recourse.³¹

Other provinces have made the move to eliminate the liquor server wage. Alberta eliminated the province's lower liquor server wage on October 1, 2016. As that province moves towards a \$15 per hour minimum wage, liquor servers will arrive there at the same time.

FARMWORKERS

Farmworkers' piece rate must be eliminated. All farmworkers should be guaranteed at least the hourly minimum wage.

Farmworkers are predominately workers of colour and include a high population of new immigrants. The discriminatory practice of paying poverty wages to vulnerable, and often exploited, workers must end.

Piece rate legislation makes little sense. It is not clear why some crops are covered by minimum wage but others use piece rates. For example, blueberries are paid at a piece rate, whereas tomato harvesting is paid at the minimum wage.

The piece rates have no correlation to minimum wage rates.

Increases to the piece rate have lagged behind other increases. Since 1992, the minimum wage has increased by 106.4% but the piece rate for blueberries, for example, has only increased by 48.5%. The average increase in piece rates since 1992 is only 61.8%.



Farmworkers are also excluded from various other provisions of the *Employment Standards Act*. They receive no overtime, even in peak season, and no statutory holiday pay. Paying piece rate encourages poor labour practices, discouraging workers from taking breaks, for example, which can lead to overworking and result in injury.

The piece rate is hard to enforce, unlike an hourly wage. It is more open to abuse by unscrupulous employers through rigged scales, improper counting, unregulated bin sizes, rejection of crops due to quality, and overall poor record keeping.

The piece rate can also result in differentiated pay for the same work — workers under the Seasonal Agricultural Workers Program are paid an hourly wage while other workers are paid the piece rate. This practice is inequitable and discriminatory.

LIVE-IN CAREGIVERS

There are various classes of domestic workers/ caregivers in the *Employment Standards Act* and *Regulation* that are subject to various exclusions of rights, including minimum wage and overtime wages.

The live-in caregiver wage unfairly targets a vulnerable workforce of predominately women of colour. It devalues a job traditionally considered women's work and leaves workers at risk of overwork, isolation and abuse with no recourse.

The BC Federation of Labour supports the recommendation of the West Coast Domestic Workers' Association that all domestic workers/ caregivers, including live-in caregivers, receive at least minimum wage for all hours worked and receive additional compensation for overtime.

RECOMMENDATION 3

Permanent Commission

BEYOND A \$15 PER HOUR MINIMUM WAGE

Historically we have seen the stagnation of the minimum wage followed by significant corrections. For example, minimum wage remained at \$3.65 per hour in the 1980s for eight years. The wage freeze was followed by a 23% increase to \$4.50 per hour in 1988. Again, there's a similar pattern after an increase to \$8 per hour in 2001, the minimum wage was frozen for 10 years. It wasn't until 2011 that the first of several increases was made totalling 28% over a one-year period.³²

Low-wage workers have been subjected to the political will of governments. This roller coaster needs to end, as both workers and employers require predictability and notice for regular adjustments.

To ensure this stability, the work of the Fair Wages Commission needs to continue after we reach \$15 per hour. As set in the terms of reference, a tripartite commission must remain in place to make further recommendations on how to close the gap between the minimum wage and the living wage.

Specific consideration should also be given to expanding the Commission to include representation from equity-seeking groups that are over-represented in low-wage work,

including, but not limited to, representatives of black, Indigenous and persons of colour (BIPOC) communities and new immigrants.

There should be an ongoing review of the minimum wage on an annual basis.

Instruments such as the Consumer Price Index (CPI) are not sufficient when looking at minimum wage increases. For low-income earners, the majority of their earnings are spent on items that increase in price more quickly than CPI such as rent, childcare, food and transportation.

The Commission should also be tasked to make recommendations beyond setting the minimum wage, to include employment standards provisions and government programs that affect low-wage workers.

The living wage calculation — that is used to estimate the actual cost of living for a family — makes particular note of other costs that affect affordability for workers.³³ For example, by investing in programs like affordable housing, accessible childcare, and reducing post-secondary tuition fees, the living wage decreases. The Commission's terms of reference should include an examination of

Low-wage workers have been subjected to the political will of governments. This roller coaster needs to end, as both workers and employers require predictability and notice for regular adjustments.

ENFORCEMENT OF EMPLOYMENT AND LABOUR STANDARDS

Rules are just words written on the page if there is no one ensuring compliance.

Unfortunately, there are employers who exploit workers and by misclassifying them as contractors or by refusing to pay even the legal minimum wage with little to no consequences. Workers may also experience other forms of exploitation at work such as wage theft, which takes many forms including failure to receive meal breaks, not being paid overtime, being charged for breakage or dine-and-dash events, and being forced to clock out before the end of a shift. Though these examples of wage theft are in contravention to the Act, workers report such infractions occur regularly.

After the Liberal government was elected in 2001, BC's *Employment Standards Act* was gutted. The complaint process was dramatically changed by the implementation of a self-help kit that forced vulnerable workers to confront their employers directly about workplace rights violations.

The government also reduced staffing at the branch, going from a staff of 151 in 2001, to a current total of 74, reflecting a 51% reduction. The expenditures on employment standards administration and enforcement have declined while the number of workplaces with employees has increased by 25% and the total number of employees has increased by 24%.

Needless to say, the balance of power in BC workplaces dramatically shifted, with workers having few avenues of recourse. Today, most employment standards complaints are only brought forward after a worker has left a workplace, otherwise the fear of reprisal is too great.

Following the *Changing Workplaces Review*, the Ontario government recognized the need for better enforcement, and promised to hire 175 more employment standards officers. Additionally,

There must be a substantial budget increase for the Employment Standards Branch to once again pro-actively enforce basic workplace standards.

they are launching an education program for small and medium sized businesses to ensure that employers understand the rights of their employees.

Along with a review of BC's *Employment Standards Act*, there must be a substantial budget increase for the Employment Standards Branch that would enable the Branch to once again pro-actively enforce basic workplace standards.

Further, the BC *Labour Code* is deficient in successorship provisions. Successorship laws are meant to provide job security and ensure that employers cannot undermine the efforts of workers to organize and bargain collectively simply by selling off all or parts of their business.

Often with a contract flip, workers will be fired and then hired back (as non-union workers) at a lower wage and under poorer working conditions. The language in Section 35 of the *Labour Code* must be strengthened so that employers cannot undermine bargained wages and working conditions, nor the rights that workers gain through unionizing.

A tripartite commission must remain in place to make further recommendations on how to close the gap between the minimum wage and the living wage.

the impact of these and other government programs and services on low-wage workers.

The BC Federation of Labour recommends that the Fair Wages Commission be renamed the Living Wage Commission to reflect its ongoing mandate.

In preparing its ongoing recommendations, the Commission should be empowered to engage in consultations and conduct research. Consultations should be wide-ranging and involve workers, businesses, labour bodies, government, economists and academics.

New research is needed desperately. It is clear from preparing this report that critical data on BC's labour force is not currently available. For example, we made a request for Labour Force Survey data specific to persons with disabilities and were informed that such data is not collected, nor is it available for workers of colour and LGBTQ+ workers. There is also limited research on farm workers earnings and for liquor servers.

An ongoing Living Wage Commission can play a key role in recommending areas of study and focus to better understand the changing demographics in our communities as well as the changing nature of our workplaces.

Conclusion

It is well documented that high rates of poverty undermine economic stability, and that low wages have a negative impact on working people, their families, and communities.

In short, we all pay the price when a significant number of working people are earning poverty wages.

For the last 16 years the former BC Liberal government ignored the needs of working people, letting wages stagnate, cutting and eliminating vital programs and services, and undermining basic protections for working people. As a result, British Columbia is currently experiencing record levels of inequality.

We must turn this trend around.

For low-wage workers, an increase to the minimum wage can't come soon enough. An aggressive plan to lift the wage above the poverty line — and then to a living wage — is desperately needed.

As such, the BC Federation of Labour strongly encourages the Fair Wages Commission to set an aggressive timeline to reach a \$15 per hour minimum wage by January 2019; end of the discriminatory practice of allowing exemptions to the minimum wage; and ensure the continuation of a Commission to oversee the transition to a living wage and provide ongoing monitoring of wage levels in BC.

By taking the necessary steps to lift British Columbians out of poverty we can start building an economy that truly works for everyone.

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