

PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Kathleen M. Casey

Published by Order of the Legislature

Standing Committee on Community and Intergovernmental Affairs

DATE OF HEARING: 10 FEBRUARY 2010

MEETING STATUS: PUBLIC

LOCATION: POPE ROOM, COLES BUILDING, CHARLOTTETOWN

SUBJECT: DIFFERING WAGE SYSTEM

COMMITTEE:

Robert Henderson, MLA O'Leary-Inverness
Jim Bagnall, MLA Montague-Kilmuir
Cynthia Dunsford, MLA Stratford-Kinlock
Sonny Gallant, MLA Evangeline-Miscouche
Gerard Greenan, MLA Summerside-St. Eleanors
Alan McIsaac, MLA Vernon River-Stratford replaces Paula Biggar, MLA Tyne Valley-Linkletter

COMMITTEE MEMBERS ABSENT:

Paula Biggar, MLA Tyne Valley-Linkletter
Olive Crane, Leader of the Opposition
Pat Murphy, MLA Alberton-Roseville

GUESTS:

Bernard Obed and Stephanie Roberts; Nicole McTague; Jonathan Jamieson; Janine Abbott and Kelly Chaisson; Emily-Grace MacPhee and Lydia Peters; Jessica Taylor; Daniel Martell; Sarah MacLean and Angie Potter; Gillian McCrae; Erin Ferguson and Megan Rowley; Kevin Horne and Judy Lea; PEI Working Group for a Liveable Income (Edith Perry and Ann Wheatley)

STAFF:

Marian Johnston, Clerk Assistant and Clerk of Committees
Ryan Conway, Research Officer

The Committee met at 1:30 p.m.

Chair (Henderson): Okay, I'd like to welcome everybody here. It looks like we have a very large gallery in the back so that's going to make for an interesting debate here today.

We also have a fairly lengthy agenda and I'd ask for a motion to approve the agenda.

Mr. Gallant: So moved.

Chair: So moved by Sonny.

Okay, I guess we'll start off with our first presenters, Bernard Obed and Stephanie Roberts. I don't know - for those that are watching on, our first role would be to identify yourselves, whether you're speaking or making your presentation as individuals, or whether you're representing a group, we'd like to know that. We'll try to keep, you know, give your presentation, try to keep it somewhat in check as far as length, based on the amount of presenters we have, and we'll probably have a few questions after you're done.

So I'll turn it over to you, and thank you very much.

Bernard Obed: Good afternoon. We'd like to thank you for giving us the opportunity to speak in front of you in regards to minimum wage. My name is Bernard Obed and this is Stephanie Roberts. We're both in the retail business management program at Holland College.

Stephanie Roberts: We feel that the minimum wage here on PEI is in need of change. We feel there should be a differentiated system in place. We came up with a differentiated system that revolves around people who are under 18 and over 18, also training wages and student wages.

People under the age of 18 should receive a wage system different of those over 18. People under 18 are more likely to be students in high school, more likely to be living at home with parents or relatives, so their overall cost of living is fairly low. People who are over 18 are more likely to be students in college or university, living on their own and barely able to survive. People who are not students most likely are living on their own, away from their parents, and paying bills, buying food and just trying to earn a living.

We feel anybody over the age of 18 should be able to afford the basic necessities such as food, clothing, and shelter, and be able to afford other things like student loans, transportation, etc.

Having a minimum wage system that pays more for people over the age of 18 would give people a better chance to afford the basics of life and be able to pay for those things like loans, transportation, or whatever else that may be. For example, I am working at a job now and I only make minimum wage, which is 8.40 an hour, and I am a student. I live at home and I can still barely afford to live off what I take home every two weeks. I've been working for five years now and I still make the same as someone who would just start off who would be 16, which I think is unfair because I am an adult and I pay bills and I go to school. I have to buy all the basic necessities.

Bernard Obed: We feel that this differentiated system would be fair to people over the age of 18 because they are more likely the people who need it the most. Students or adults who are living on their own should be able to collect more than teenagers.

We feel that having one system isn't fair. Adults need more money to survive and people under 18 don't need as much. An adult in their thirties or forties or whatever

else the case may be should not be receiving the same wages as a 16 or 17 year old, no matter what the type of work or experience each one has. This system would only be fair so adults receive they deserve and the respect of the hard work they put in to try and earn a living.

Stephanie Roberts: We think the differentiated system should also have training wages. People who are first-timers on a job should receive a training wage less than those who are experienced, similar to a probationary period. These inexperienced workers should be getting 50 cents less up to a period of three months than the experienced worker. It's only fair that the experienced worker receive more money than the first-time worker.

Bernard Obed: We also think that this differentiated wage system should include student wages. We think that the government should consider holding back on taxes towards students who work summer jobs, taxes on school books, and taxes on student loans. Increasing minimum wage may not be the solution to poverty, but these considerations towards taxes on students will help students earn a better living and help pay for the high cost of being a student. Increasing minimum wage will only get people to pay more taxes, and we think the government should look at students who work summer jobs and the taxes that students pay should be reduced or removed because the majority of students earn minimum wage and can't afford higher taxes.

PEI has the fourth-lowest minimum wage in the country, which is below the regional average. Newfoundland has promised to hike its minimum wage to \$10 an hour by July and New Brunswick says it will reach \$10 by September. Nova Scotia pays 8.60 for experienced workers and 8.10 for inexperienced workers. We think that this is unfair and having a differentiated system

that pays under 18s less than over 18s, and paying training wages to inexperienced workers versus experienced workers, and paying students student wages, is a better solution.

Chair: Is that it?

Okay. First question, Alan McIsaac.

Mr. McIsaac: Do you have any idea of what you think minimum wage should be? You want a differentiated wage. What should they be?

Bernard Obed: I think it should be up to par with the other provinces in Atlantic Canada. Like, they're promising 10 bucks an hour. So we think it should be -

Chair: That's Newfoundland. The other provinces are, you say, 8.60 and -

Bernard Obed: Nova Scotia.

Mr. McIsaac: What should the split be? Are you talking the low end of that then or the high end, at 8.60 or \$10.00? That's where I'm - I'm just subbing on this committee - but just wondering where you're at on this thing.

Bernard Obed: We think that the students should be able to have a differential wage system of their own because they're the ones who can't afford, like, loans.

Mr. McIsaac: So minimum wage on PEI is 8.40. If there was a differentiated wage, is the 8.40 the low end or the high end?

Bernard Obed: The low end.

Mr. McIsaac: The low end.

Bernard Obed: Yeah. The inexperienced worker should be getting the low end, where the experienced worker should be getting at least -

Mr. McIsaac: How much difference?

Bernard Obed: At least 50 cents more.

Mr. McIsaac: At least 50 cents more.

Stephanie Roberts: At least.

Mr. McIsaac: That would hardly take you up to - I know I think 8.40 takes you up to 17.4, maybe 17.5, and the poverty line is 19.

Ms. Dunsford: But they're not (Indistinct).

Mr. McIsaac: Yeah. I see that. I just wanted to get your idea on what the numbers were.

Chair: Cynthia Dunsford.

Ms. Dunsford: Just a quick question, and I just want to clarify. Did you suggest that there be no income tax for a group of people?

Bernard Obed: Yeah, for students. For summer student jobs.

Ms. Dunsford: Just summer students under the age of 18, or over?

Bernard Obed: Just students in general.

Stephanie Roberts: Between the ages of 18 to 24.

Ms. Dunsford: Okay. Thank you.

Chair: Okay, Jim Bagnall.

Mr. Bagnall: Thank you for your presentation. First question is: Did you say you were representing Holland College? Your class, I mean.

Stephanie Roberts: Yeah.

Chair: But they're not representing the college.

Bernard Obed: We're not representing Holland College. We're representing ourselves as students.

Mr. Bagnall: Okay. Are you doing a project for the school? Is this part of a project?

Bernard Obed: This is part of a project -

Stephanie Roberts: For a business law class.

Bernard Obed: For a business law class, yeah.

Mr. Bagnall: It is part of a project. So when you were asked to do this presentation, were you asked to take the side of two-tier wage system?

Bernard Obed: No.

Mr. Bagnall: Or did you have your choice of how you wanted to do it?

Bernard Obed: Just our personal view on what we think minimum wage should be.

Mr. Bagnall: Okay. So you think that there should be a training wage?

Bernard Obed: Yeah.

Mr. Bagnall: Should it be less than 8.40 or more than 8.40?

Bernard Obed: I think it should be the lowest, where the minimum wage is right now.

Mr. Bagnall: Okay. So minimum wage is 8.40 right today. What should training wage be?

Bernard Obed: At least 50 cents more.

Mr. Bagnall: Should be 50 cents more?

Chair: They say that minimum wage should

be 8.90, is what he said.

Bernard Obed: I'm just saying, like, you guys are promising that minimum wage is supposed to rise. From that standpoint we think it should be 50 cents more than what the minimum wage is going to be.

Chair: Okay. Just -

Mr. Bagnall: No.

Chair: You got another question?

Mr. Bagnall: Oh, yeah. You haven't answered my question, I don't think, the way I wanted. I know it's not the way I wanted, but I mean -

Chair: You can't mislead the witness now, Jim.

Mr. Bagnall: What I'm trying to say is, if the minimum wage today is 8.40 and you're going to bring in a training wage, what should the training wage be?

Bernard Obed: At least 50 cents more.

Mr. Bagnall: Fifty cents more than 8.40.

Chair: They're saying, Jim, basically the minimum wage should be higher but the minimum wage would be 8.90, and then above that.

Mr. Bagnall: That isn't what he said. He said the minimum wage today is 8.40. That's what it is today. Correct?

Bernard Obed: Yeah. The lowest minimum wage -

Mr. Bagnall: If you put in a training wage, you said you want it to be 50 cents higher.

Bernard Obed: Yeah.

Mr. Bagnall: So you want a training wage

to be \$8.90 an hour.

Bernard Obed: We're not saying that from 8.40 as a minimum wage. We're saying whatever the minimum wage is -

Stephanie Roberts: It should be 50 cents higher.

Bernard Obed: - it should be 50 cents higher than -

Chair: For experienced -

Bernard Obed: For experienced.

Mr. Bagnall: That's fine. Okay, I know what you're saying now. That's good.

Chair: Okay. That's it, Jim?

Mr. Bagnall: No. But the training wage is not going to be higher. Experienced wage is going to be higher. The training wage is going to be the lower wage.

Bernard Obed: That's what we're saying. The training wage is going to be the lowest of minimum wage and the experienced worker would get 50 cents more than inexperienced.

Mr. Bagnall: That's right. Okay. I agree with you now.

Chair: From my perspective, just one quick comment though. You think that minimum wage should be based on age. I'm kind of questioning whether there should be any - there's probably human rights issues out there that base something on age. I can see it maybe based on experience, but -

Bernard Obed: Yeah, we said under 18s.

Chair: But that's based on age. Do you see what I'm getting at? So I'm just wondering: Did you do any research on that particular topic to say would there be discriminatory

challenges put in front of us?

Stephanie Roberts: No, we didn't look into that.

Chair: Okay. Anyway, that might be something to check into though just to see how big of an issue that would be. As legislators we have to take that into consideration when we make recommendations and we always try to be a little cautious. It would be the same as trying to base it on gender, to say that women make more than men, or vice versa. So age is kind of that same sort of criteria.

Anyway, okay, we thank you very much for your presentation.

Stephanie Roberts: Thank you.

Bernard Obed: Thanks.

Chair: Our next one up is Nicole McTague. So Nicole, I guess the same. Welcome to our Standing Committee on Community and Intergovernmental Affairs on our review of the differential wage system. We'd like to ask you to identify yourself and if you're representing any organization or group. You can have five or 10 minutes for your presentation.

Nicole McTague: My name is Nicole McTague and I'm representing myself.

Chair: Okay.

Nicole McTague: In 2008, 751,400 Canadians worked at or below the minimum wage, representing 5.2% of employees in the country. Women accounted for 60% of the workers who earned the minimum wage; about 35% of teens aged 15-19 worked for minimum wage; 29% of minimum wage workers fell between the ages of 25 to 54. One in four Canadian workers makes just \$10 an hour or less and close to half, 44% of low income households, have at least one

working adult.

Certain groups, including recent immigrants, persons with disabilities, Aboriginal Canadians, and young single-parent families, face disproportionately high levels of poverty.

Low wage workers are more likely to be people of colour and women. Sixty per cent of workers earning less than \$10 an hour are women; 32% of workers of colour fall into this group, as do 38% of women of colour. Incidences of those working for minimum wage amongst those 55 and older is rising. Minimum wage workers include 30,000 who headed a family with no spouse present, almost all at least with one child under 18; 34,000 with a spouse who was not employed; and 31,000 who lived alone.

These three groups, particularly those who support a spouse or a child under 18, had difficulty making ends meet on a minimum wage income alone. The poverty line for a single person in Canada in 2006 was 21,202, according to Statistics Canada.

I cannot define my opinion. I am not 100% sure coming into this if the government is intending on lowering our minimum wage or increasing it. I have formed my opinion on either way this idea may go. I do not feel it right that we classify people into groups and necessity of wage. Examples: there are plenty of people ages 16 to 25 who have families and home or apartments that require money to keep money to keep running and to keep food on their tables. The government is helping a lot of these people today through affordable housing, social assistance, and daycare subsidy. The fact is that if we choose to lower the income of the people requiring this assistance, that will in turn end up being more money the government would be putting out to help these families.

Students who pay thousands of dollars to get the proper training to make more money

should not be told they do not have experience. Isn't that what school is for? There are people doing jobs that have done so with no education, and while they're not necessarily doing the jobs correctly, making more than five times the people who have just trained for two years of school in every aspect of that field.

Students, I feel, will be the most impacted by this decision and not in a good way. If this goes through the government should offer students better tax breaks, as well as more student loans. My income was 20,000 for a year of working full-time and I was declined a provincial loan altogether. I got a total of a little under 4,000 for the year and paid Holland College around the same. I am forced to work full-time while I go to school. If I was making minimum wage, I would not be able to do this.

As we all know, the cost of living isn't going down. Rent increases on a yearly basis and so does everything else. I also know that when minimum wage increases and businesses are forced to put the wage up, their products, most of the time, increase. I understand this is not a win-win situation.

I believe if this were a larger province where most people had a choice where they worked that the tier minimum wage would be accepted. But most people don't have a choice here. There are little jobs. Most jobs are not willing to pay anything above minimum wage. People are starting to rely on getting a set amount and not having to fight for it. A company should pay people for their worth, not only because a law was put in place. If a person is worth \$10 an hour and a company knows that, they should pay them \$10 an hour. But in most cases we know they don't. They pay them the minimum they have to because they know the person needs the job more than they necessarily need them, due to the lack of jobs on Prince Edward Island paying more

than minimum wage.

If you give businesses the option to make wages lower, as much as we would like to think that they wouldn't, I'm sure that is the wage the person would make.

In conclusion to what I have been saying, I would just like for you to know I feel this whole topic is a topic of change, and most residents of Prince Edward Island are not all that happy when it comes to change. I, though, invite change. Change is inevitable and can sometimes be better or worse for the people involved. I trust our government to do the right thing and take all the opinions and facts into play and make the right decisions for all parties involved in this change.

Chair: Thank you.

Any questions? Jim Bagnall.

Mr. Bagnall: First of all, I want to tell you that was a great presentation and you were right on the mark with your figures and the poverty lines, so I know you did some research into this before you came. Are you a Holland College student also?

Nicole McTague: Yes.

Mr. Bagnall: And you're in the same program as the other two?

Nicole McTague: Yes.

Mr. Bagnall: Okay. So you're opposed to a training wage?

Nicole McTague: I feel that there already is, really, a training wage. Most people come in making the lowest and then six months into it or three months into it they're offered a raise. I think most businesses are doing right by that already.

Mr. Bagnall: Are you opposed - or for

beverage servers who are going to be getting tips being paid less than minimum wage?

Nicole McTague: Not unless the business can guarantee them the tips, no. If they can't guarantee them tips - people tip according to what they feel right, like when you go to a restaurant - and if they can't guarantee them \$4 from every table, then they shouldn't be able to pay them lower.

Mr. Bagnall: Thank you.

Chair: Any other questions?

Question from Cynthia.

Ms. Dunsford: Right at the beginning of your presentation - it was great, by the way, well done - you said that there was a certain percentage of Canadians working at or below minimum wage. What were you able to find out about that at or below?

Nicole McTague: I got the numbers from a labour force survey. It just said in 2008, 751,400 Canadians. So I'm guessing, myself, that they surveyed people and some people stated they were making lower. It just said worked at or below the minimum wage.

Ms. Dunsford: Okay.

Chair: Just a quick question. I don't necessarily need to know where you work, but you had mentioned you work at a higher than minimum wage rate. Why is that? Why do you think you're making more than minimum wage?

Nicole McTague: I don't know.

Chair: Is it the employer, that that's their standard base rate?

Nicole McTague: Yeah.

Chair: I mean every employer might have a

different -

Nicole McTague: It is.

Chair: - wage rate for somebody that starts, or maybe you do things that have a skill set or something that's different. I'm just trying to get a handle on why you make more than minimum wage.

Nicole McTague: When I started I started at \$10 an hour in 2008 -

Chair: Okay.

Nicole McTague: - and that is their starting wage. But every six months I am put in for review for an increase.

Chair: Okay.

Mr. Bagnall: What company do you work for?

Chair: I don't know if -

Nicole McTague: Hertz Car Rental.

Chair: Okay. What's your position with them?

Nicole McTague: Customer service representative.

Chair: Thank you.

Our next presenter we have is Jonathan Jamieson. Welcome, Jonathan, to our committee.

Jonathan Jamieson: Thank you.

Chair: The same thing. I guess it gets routine here, but just identify yourself for the record and if you're representing yourself or any group.

Jonathan Jamieson: I'm Jonathan Jamieson. I'm representing myself.

So what we're talking about doesn't really seem to be that clear. The major amendments to the section 5 of the *Employments Standards Act* is the ability to fix minimum wage rates for employees or classes of employees in different employment or different classes of employment by the board, subject to the approval of the Lieutenant Governor in Council.

That's pretty similar to what we're doing right now. The only thing it allows is a differentiation. So what is done with the amendments is really what we're trying to focus on and what we're trying to guide you towards. So I'm going to paint a picture of what it means to be working for minimum wage.

Right now, according to Stats Canada, in PEI the gross average rent cost is \$620 per month and working minimum wage, before taxes, you get \$1,344 a month, which is pretty small. If you look at the average - sorry, it's a tough act to follow - the average expenditure that Canadian families spent on taxes, it's about 20%. So that's giving us roughly over \$1,000 for disposable income. That's about 57% of your income going towards rent. Rent alone. So you're not left with much after that. So we understand it's hard to work for minimum wage and survive, regardless of who you are.

I also know that government, provincial and federal, tends to allow parents to subsidize students or young people. They like to look at it, with student loans especially, that the parents should be kicking in a little bit and taking care of them. But there's almost 40,000 families on PEI. There's 39,185 according to Stats Canada last year. That's almost 40,000 different situations. Not every parent has the ability or the willingness to subsidize their children regardless of what age and what their need is. So it kind of looks like what's going to be done with this differentiated wage system is a lower - I was

under the impression that the government would be looking to lower wages, but I was informed that that's not right. It'd be kind of staying at 8.40 for the differentiated so inexperienced or employees who receive gratuities, and then as the continual growth of inflation and that sort of thing, we'd continue to rise our minimum wage.

In my mind it seems that the inexperienced worker should be paid a lower minimum wage. I don't know what it should be. Maybe it could continue with the inflation, a small growth. Just at a smaller rate of growth than what minimum wage for everyone else should be. But as for gratuities and tips, I work for tips myself and I work marginally over minimum wage. I just got a raise to \$9. I started at 8.60. So I make probably \$4 a shift in tips. So to be able to say that just because someone's receiving tips they should have a lower minimum wage, that they're going to be subsidized by the public essentially, I think that's wrong. I don't think that should be in place at all.

If you think back to your youth, have you ever heard working-poor when you were younger?

Chair: I hear it today.

Jonathan Jamieson: You hear it today. That's too bad. It's a part of my generation, and generations slightly before me. From what I've heard, for generations before, anyone who was working, you could pay your rent, you could pay your food, go to school. You could survive on minimum wage, and it's too bad that now there is a working poor.

Minimum wage doesn't affect the people that sit comfortably above the poverty line. It affects me and it affects your children. It affects single mothers that have to work and rely on tips as a little extra boost because minimum wage doesn't cut it for them.

There's no way working on minimum wage you could support your children for \$14,000 a year. You just couldn't do it.

So there are other avenues that can be travelled to help out minimum wage and help out businesses. Businesses want to pay their staff. They want their staff to be in the best financial situation possible, but they also have their own interests to look out for. They want to keep their margins good. They want to have a profit. So there's things like tax-cuts or the basic personal tax exemption that other people have mentioned that can be changed and haven't really followed the same trends as the growth in minimum wage or the inflation rate.

My points, basically, are differentiated for inexperienced workers for a small portion of time. Not like BC, not 500 hours. Maybe 200 hours, because really, a couple of weeks at work full-time you know what you're doing there. You understand what's going on. You know how to punch your clock in and you know how to show up on time, that sort of thing. Gratuities, absolutely not a differentiated wage for them. Look into tax cuts for the poverty line because there's a lot of us sitting at it.

Chair: Okay. Do you consider a tip a wage?

Jonathan Jamieson: No, not at all.

Chair: That's fine.

Jonathan Jamieson: Because it's inconsistent.

Chair: (Indistinct) but I just - okay, Jim, and then Cynthia.

Mr. Bagnall: Thank you, Jonathan, for your presentation. So if it was a two-week training period you'd have no problem with that, someone starting in a new job.

Jonathan Jamieson: Or a basic. The first

job you start at, an argument is if someone has never worked before, they're coming straight out of whatever situation and they've never been in a workforce, there's all these things. Supervisory prices that go along with it and extra training that needs to go along with it. But you're working full time. It only takes a few weeks to catch on to all those basic things if you're working 40 hours a week.

Mr. Bagnall: Okay.

Jonathan Jamieson: So I think it should be a small portion. In BC it's 500 hours and minimum wage is 6 -

Mr. Bagnall: Six dollars to \$8.

Jonathan Jamieson: Yeah. It's 6 bucks.

Mr. Bagnall: So it's \$2 less.

Jonathan Jamieson: Yeah. And \$8 is the lowest in the country. You can't live on that. And 6 bucks, can you imagine if, hypothetically a woman gets pregnant, she's young, her parents threw her out of her house and say: I'm not supporting you at all. And you've never worked before. She was with her highschool sweetheart and thought it was it. At 6 bucks an hour -

Ms. Dunsford: He's not so sweet anymore.

Jonathan Jamieson: No. So she has to work for, like, four or five months to be able to -

Mr. Bagnall: I liked your - on the tax, the income tax exemption. That's one of the major issues on minimum wage and wage differentials as you go through. One of the things is every time minimum wage is raised, you know who benefits the most from it?

Jonathan Jamieson: The government because they get more taxes.

Mr. Bagnall: The government of the day, or whatever government, benefits the most from it because they don't change the basic tax exemption when they do this. What happens is the government are reaping money off the working poor every time they do a minimum change rate. Unless governments change - and it's the same way it's been going on so I'm not saying one government is at fault for this. But it happens that the government get more money on the working poor, and every time the minimum wage is raised government are the beneficiary of it.

Jonathan Jamieson: I haven't done much research on it, I'm not an expert by any means, but it seems like there's a lot of tax breaks for big business, and even small business it seems like there's a lot of tax breaks. But for the working poor, just the basic personal exemption, I saw a graph with how it's grown over the last few years and how our minimum wage has grown, and they're substantially different lines.

Mr. Bagnall: If you're looking for information on that, if you talk to Erin McGrath, I think it is -

Chair: Erin McGrath.

Mr. Bagnall: - from the Federation of Independent Businesses. She has all kinds of stats on that and from small businesses across the province.

Jonathan Jamieson: It just seems like there's a lot more breaks for people who have money opposed to people who don't.

Mr. Bagnall: Good presentation. Thank you.

Jonathan Jamieson: Thank you very much for your time.

Chair: Cynthia Dunsford.

Ms. Dunsford: (Indistinct) to acknowledge your last comment about improvements that need to be done in that regard. There has been, over the years, many improvements done on the social side of things, but got a long ways to go yet.

You mentioned that in a shift as a server you're getting \$4 tips.

Jonathan Jamieson: Yeah.

Ms. Dunsford: Would you have to split?

Jonathan Jamieson: It would be at a coffee shop. So it's people leaving a dime.

Ms. Dunsford: Oh, it's not - you're not waiting tables, necessarily.

Jonathan Jamieson: No, I'm not waiting tables. I'm not that bad at my job.

Ms. Dunsford: No, no. I was just going to - I'm thinking, where do you work?

Jonathan Jamieson: No. It's a coffee shop. So people leave -

Ms. Dunsford: Okay, I understand. They leave it in front, sort of a deal like that.

Jonathan Jamieson: Yeah. My biggest day was a \$20 day. That's, whew! They're killing me. But I would fall under that category. I receive gratuities but not necessarily -

Ms. Dunsford: Do you actually, technically, fall under that category if you work in a coffee shop?

Jonathan Jamieson: I don't know. I fall under the category of receiving gratuities. It depends on how you want to break it down. If you want to say someone who is serving alcoholic beverages, then I wouldn't fall under that. But I receive tips.

Ms. Dunsford: True. Okay.

Jonathan Jamieson: In my mind. Am I wrong?

Ms. Dunsford: No. I'm asking you. Yeah. Okay.

Jonathan Jamieson: I think I do.

Ms. Dunsford: Great.

Chair: Alan McIsaac.

Mr. McIsaac: Good presentation. A lot of research on it. I was just wondering, are you part of the Holland College class as well?

Jonathan Jamieson: I am.

Mr. McIsaac: Rough estimate of what you feel the minimum wage needs to be?

Jonathan Jamieson: It's a hard one because, like Jim had mentioned, if you kick it to 10 your tax bracket moves up so you're probably getting less than what you made at 9-something. Like, you're taking home. So it's hard to say.

Ms. Dunsford: How much does it go up?

Jonathan Jamieson: I really don't know to be honest.

Mr. McIsaac: Okay.

Jonathan Jamieson: I think with a boost of -

Ms. Dunsford: That's not that bottom - it's a different income bracket? Sorry.

Jonathan Jamieson: Thank you. With a boost of your minimum wage, coupled with tax breaks for the working poor, then that would be a lot more effective than just boosting minimum wage. Because when you boost minimum wage inflation run rampant.

Tax brackets are up. So you don't really end up with that much more money. You don't end up with \$2 an hour more or \$1.40 or \$1.60.

Mr. McIsaac: So are we hearing from you that we shouldn't put it up?

Jonathan Jamieson: No, you're not hearing that at all. If it was a perfect world I'd say put it up and give tax breaks.

Mr. McIsaac: Okay. Good.

Jonathan Jamieson: Another question?

Chair: Okay, thank you very much.

Jonathan Jamieson: Thank you very much. I'm going to have go work for (Indistinct) over minimum wage. So thank you very much.

Chair: I'm sure you're learning.

Jonathan Jamieson: Have a good one.

Chair: Kelly Chaisson and Janine Abbott.

Ms. Dunsford: From 13 to 19, a 30% increase?

Mr. Bagnall: Basic. See, that's what (Indistinct).

Ms. Dunsford: Thirty per cent more going from 15 to 19. (Indistinct).

Chair: I guess there's a quick discussion there just on income tax. It would depend on how many hours a person works through the run of a year, depending on what their income tax is, because there's a basic personal exemption. So you could be making a lot more than minimum wage but if you're only working for eight weeks of the year it's a whole lot different story than if you're working for the whole year.

Mr. Bagnall: Once you raise their wage, without the basic exemption going, you go into a tax (Indistinct) -

Chair: I agree. That's right. The higher the income you make as an annual income, the greater the chances of more taxes you'll pay.

Anyway, I guess you know the routine, Kelly and Janine. I'll ask you to identify yourselves and take it from there.

Janine Abbott: I'm Janine Abbott.

Kelly Chaisson: I'm Kelly Chaisson.

Janine Abbott: We're representing ourselves today.

We understand that this new multi-tiered minimum wage system is trying to assist companies and other people in the province and that it's most likely the company's best interest at hand. However, we disagree with it in a lot of aspects.

We think that by having a new multi-tiered wage, yes, it will save companies money on each individual first-time worker, but it will have a lot of bad effects, rather than good. One of the possible outcomes that we discussed would be the possibility of employers hiring a new employee, getting to pay them this lower minimum wage during probation, and when it's over firing them and hiring another first-time employee and doing the same thing.

This will keep a lot of wages for companies at the lowest that they can be but it will affect employees in negative ways. They might not be able to hold a job for longer than a probation period, giving them no opportunity to have benefits from any workplace. The only time they will be able to hold a job is when they finish school and have a good degree. Even then they might not be able to hold a decent job because of this probation. There's a possibility that they

won't have very much, if any, work experience, because employers don't necessarily have to keep them on longer than they want to.

The new multi-tiered system would be backtracking to what it was like years ago when men and women didn't, and couldn't, make the same amount of money. If it didn't work then and everyone was in disagreement, why go back to the way that it was? We have made a lot of progress in recent years and to completely toss those ideas away just doesn't make sense to us.

Kelly Chaisson: We don't think, if this works out, that it's going to be as discriminatory as it was in other times but it shows the same pattern in some ways. Because someone is just starting fresh, they will receive less. Because someone's making tips that fluctuate, they will receive less. Because someone who doesn't have as much experience as others, they might not be able to work for more than the probation period. For servers there's day or nights where it isn't busy and they might not have as many tips coming in or they have to share it with other ones working. Restaurant servers will only be making a small portion of what they could be, and people trying to pay off their student loans or paying to get into school.

While reviewing information from across Canada regarding a two-tiered minimum wage, we came across an article in 2008 called: Manitoba Rejects Two-tier Minimum Wage. Labour minister Nancy Allan said: If you look at what's happening in all of the jurisdictions across Canada there has been a move away from two-tiered system. Also discussed was how a person working for a minimum wage of \$8.50 would receive an annual salary of \$17,680, and the poverty line for a person in Canada is \$21,202.

In Manitoba a person working for the 8.50 an hour full-time is already making below

the poverty line in Canada. In PEI our minimum wage is 8.40 now. So by making a multi-tiered system, and the possible lowering of minimum wage, a person that would start working full-time would be making less than people already working full-time.

There are other ways the government could deal with poverty, student poverty, for example. They could take taxes off textbooks and make student earnings tax-free. They could also make student loans easier to get with less paperwork and less emphasis on the parent's income.

So, as students, this is how we feel on a multi-tiered minimum wage.

Chair: Okay. Thank you.

Alan McIsaac

Mr. McIsaac: Just a question there. I (Indistinct) your comment about employers hiring and the firing and the cycle. Do you feel that's a big serious issue.? I think that might happen in a case, but in general don't you think that the -

Janine Abbott: No, I don't think it -

Mr. McIsaac: - experience counts?

Janine Abbott: I think that the experience counts a lot, but I don't think that it would happen a lot, employers doing this. It was just one of the possibilities that we kind of thought of while we were talking about a minimum wage, a lower one for the probation period or whenever it takes training (Indistinct).

Mr. McIsaac: Okay.

Chair: Okay, Jim Bagnall.

Mr. Bagnall: The biggest thing I think, and you talked about it, and if you go to a

training wage, is what's the length of a training period? I mean, if you go to BC's legislation they're talking 510 hours, I think it was.

Chair: Five hundred, I believe.

Mr. Bagnall: Five hundred hours. On PEI that's more than any of our seasonal workers work regularly. You know what I mean? Like, even the government employees that are on the road, they work 14 weeks and then they're off. They just barely get their 400 and some hours to draw unemployment.

What I see the problem is if you're in the tourism business and you're a university student and you're going to work, maybe at a tourist place or a restaurant for the summer months, and if you're going in at a training wage, you're in there for the whole summer and then you're gone back to university again and you never get that raise. Right?

The problem about this legislation and what's going on is we don't know what the training wage is going to be. We don't know how many hours that they are planning to put the training wage to. So it makes it very difficult on this item. I'm opposed to it. I guess you probably already can tell that, and it's no secret. But if it was a two-week training period then it might be something I could support. If, for a new employee coming in, to start off for two weeks, I could say: Yeah, we could do that, and that wouldn't be that bad an idea. But if it's going to be 500 hours, then I would be definitely opposed to that because that could be the whole season and your whole income, you know, where you never get a chance to raise.

You have some good points on your things but, you know, we really don't know what they're talking for a training period yet, and we really don't know what the differential in wage is going to be. In BC it's \$2. Right? It's \$8 and \$6. If it's a \$2 difference here,

then that's a major blow to us, but we don't know. But thank you for your presentation. Your views are - you're right on as far as I'm concerned.

Chair: Cynthia Dunsford.

Ms. Dunsford: I have a quick comment. This process is actually part of being able to put forth recommendations as a legislative committee to the Legislature. So everything that everyone has to say here during these hearings does matter. I won't go as far as to necessarily form an opinion right now, because I'd like to hear more from Islanders, but I just wanted to make a quick comment - I've lost my point.

Chair: And I don't know what it would be.

Ms. Dunsford: What was it? No. No. No. It was - oh, my word, I've drawn a blank, and it wasn't anything you said this time.

Mr. Bagnall: Just so you know, this has already been passed -

Ms. Dunsford: Oh, I know what it was.

Mr. Bagnall: - in the Legislature. Right?

Ms. Dunsford: I know what it was.

Mr. Bagnall: And it's already been passed by everybody on this table, with the exception of me. So I want you to know that. I voted against it.

Ms. Dunsford: Sorry, I remember what it was. In your presentation - and some of the others, and those to follow - there's been a comment about the possibility about minimum wage going lower than what it is now. I think that the debate on the floor of the Legislature, it was established that that would not be the case. So just to clarify for anybody that's presenting or has presented, I think that that's been established, that this is not - it isn't a question of whether or not the

minimum wage will actually be lower than what it is now. Just to clarify.

Mr. Bagnall: Doesn't say that in the legislation so it's never been established.

Ms. Dunsford: So are you saying that it was mentioned that -

Mr. Bagnall: I'm not saying what it is. What I said is it doesn't say that in the legislation.

Ms. Dunsford: No, and I didn't actually say that. I said that during our debate it was established on the floor of the Legislature, in Hansard. There is document of it being not lowered to what it is now, any more than what it is now.

Chair: Just a couple of quick questions from my perspective.

The issue you talked about, employers dismissing. I know Mr. McIsaac mentioned a little bit about maybe there isn't a lot of employers do that. But do employees feel that they have some sense of protection under, say human rights, for wrongful dismissal? I mean, there are rules around that. I ask that question. What's your thoughts?

Janine Abbott: Yeah. Definitely. There would be some - not protection under. I don't think there can be like a written rule because there's a lot of ways that you could go around it and kind of defend it almost. But I don't think that it would really happen on a regular basis. It's just a possibility.

Chair: You're also in favour, though, say, as an example, somebody works at a minimum wage job, in just say a coffee shop, as an example, that they should stay at minimum wage forever. It's not a matter of being legislated to give them an increase after a certain length of time. Am I hearing you right?

Janine Abbott: Well, it's common sense that if you're there for a long period of time and you're doing a really good job that you would get a bit of a raise.

Chair: One would think that.

Janine Abbott: Yeah.

Chair: But you don't think it should be legislated then. It shouldn't be legislated then, or should be legislated? That's really what our issue is. Should you legislate a second minimum wage for something, whether it's experience or whatever?

Janine Abbott: I don't think so, no.

Chair: So you'd leave that up to the discretion of the employer.

Janine Abbott: Yeah.

Chair: Okay. Fine. Thank you.

Janine Abbott: Thank you.

Chair: Okay, our next one is Emily-Grace MacPhee and Lydia Peters.

Welcome, ladies, and I'll ask you to identify yourselves and continue on with your presentation.

Emily-Grace MacPhee: I'm Emily MacPhee.

Lydia Peters: I'm Lydia Peters, and we're both students from Holland College, and we'll be representing ourselves today.

Emily-Grace MacPhee: So we feel as though the minimum wage system which we currently have on Prince Edward Island is not as efficient and as fair as it could be.

At the present time all workers who are employed and given minimum wage are paid the amount of \$8.40. Even those

employees who are in training and those who receive gratuities are paid an equal amount to those who are experienced and who do not have the privilege of receiving tips. By implementing a new system to distribute minimum wage our local businesses will benefit greatly, as well as our citizens. We believe that the recommendations which the board has put forth will positively affect our Island.

Currently, in British Columbia, those employees who are in training receive a lower wage paid to them than those who are experienced. In order for their wages to increase they must have worked an equivalent of 500 hours within that field of work. Once these hours are completed they then begin to be paid a regular minimum wage. The first job, or entry level job, as it is named, only allows the trainee to be paid \$6 an hour, which is \$2 short of their current minimum wage. Although we agree with this method that British Columbia has, we believe that those who are in training do deserve a higher wage. With this small change we feel that this approach to minimum wage would be very beneficial. By giving those who are in training a dollar decrease in wage per hours from the minimum wage it would allow our experienced workers to feel as if they are much more of a valued asset to the business and overall create higher productivity.

Also, by paying those who are receiving training a lower wage than those who are fully trained, that would allow the company to cover the costs which occur when they do have to train their employees. This would be especially beneficial to many of our Island's small businesses.

Lydia Peters: The next recommendation that the board is putting forward is to pay a lower wage to those who have the privilege of receiving some sort of tip.

We also strongly agree with this statement

as we feel the current system is unfair to those who work in similar environments but cannot receive a tip, such as those employed in a retail establishment. As both of us have at one point worked within a retail store we know the labour and hardships that the public can cause. When working with these stores you are still one on one with the person, devote your time to them, instead of doing other tasks which have been assigned, and are responsible for their well-being. However, there is no option for a tip even though many of the situations are similar to that of a restaurant. For those retail stores whose employees have the privilege of receiving commission, we feel as though they should have the same treatment as those who receive tips.

Following the model which is currently being used in Quebec and reducing the wages of those who receive tips would allow for a much fairer distribution of minimum wage. Those employees who do receive some sort of gratitude for their work should receive a dollar less an hour than those who are not in the field where a tip option is available. By decreasing these wages the businesses will clearly benefit because of the money saved and they will also benefit with a better quality of service as employees will work harder to receive a higher tip.

We feel as though the board, as they propose, should meet on an annual basis. Without holding these yearly meetings these newly implemented rules would become outdated, as our current system is. Also, with the input of the public the board will be able to properly weigh the pros and cons of the new system towards minimum wage and make adjustments if necessary.

Chair: Okay.

Questions? Alan McIssac.

Mr. McIsaac: Do you have any age range on this split or amount of hours put in after

the 500 hours? In our case you'd be starting at 7.40, right? If you use the BC example and work 500 hours at 7.40 before you go to 8.40. Are you in favour of that ?

Lydia Peters: Not 500 hours.

Emily-Grace MacPhee: Not 500 hours.

Mr. McIsaac: Do you have a time frame?

Emily-Grace MacPhee: Because of the seasonal work, which PEI does have, 500 hours would not an acceptable period because then you have to work an entire year in order to receive your \$1 increase. So we kind of agree with what you were saying, like a two-week increase, or the two-week training period because for the most part you're not left alone within a two week period of first starting your job anyways. Even after that two-week period, for the first month you know your manager's probably are not going to leave you alone in the store by yourself, type of thing, for more than like an hour period of time, like a lunch period.

Mr. McIsaac: But you would be willing to drop to \$7.40?

Emily-Grace MacPhee: For the training period. For a 2-week training period.

Chair: Any other questions?

Just one question I have. So do you consider a tip to be a wage or an earning, and do you perceive that to be a difference?

Emily-Grace MacPhee: I personally feel that if you are receiving wage that it is, or if you are receiving a tip that it is beneficial towards you. Like we said, there is other situations, such a retail store, where you have very similar situations to a restaurant or to somewhere that is serving some type of liquor or whatever, that you don't have the privilege of receiving a tip but you are still dealing with the public in a lot of the same

situations.

Chair: See, I sort of look at it as a tip is sort of a deal between the customer and the person who served them. I don't see it necessarily as a wage. I see it as an earning.

Emily-Grace MacPhee: Yeah.

Chair: You know, you collect all your earnings at the end of the year and what have. So that's why I just want to get a clarification what our thoughts would be on that. Like to me a wage is an arrangement that you have between an employer and the employee and you get that. As I said, a tip is, to me, totally different because it's never a guarantee that everybody automatically tips. So that's why I just wanted to clarify that.

Ms. Dunsford: There's another category too, if I may add to that. There are people, young people, students too, also working on commission. Right?

Lydia Peters: Yeah.

Ms. Dunsford: So is that considered a wage?

Mr. Bagnall: Commissions are.

Ms. Dunsford: They are, technically?

Mr. Bagnall: Yes. You have to pay all the benefits on them.

Chair: See, I would also agree with Jim. I would say that a commission is a wage because it's based on a sale.

Ms. Dunsford: But technically it is anyway.

Mr. Bagnall: Technically it's a wage.

Ms. Dunsford: Not like a tip, which (Indistinct).

Mr. Bagnall: No.

Chair: Like I say, I'm just clarifying. I see a tip - this is my interpretation - is that's a deal between -

Ms. Dunsford: Yeah, but technically -

Chair: - the consumer and the person serving.

Ms. Dunsford: - it's whether or not you have to claim it, when it comes down to it.

Mr. Bagnall: If you follow the letter of the law, you're supposed to claim all your tips, and a commission has to go on your payroll as paying it, a commission, and you have to take the deductions off of it when you pay it.

Ms. Dunsford: So if you have to claim tip, then that is wage.

Chair: No. I see that as different.

Ms. Dunsford: No, but I know how you see it. I'm just saying -

Chair: I see it as a tax on an earning.

Ms. Dunsford: - that if you went to claim it then it becomes part of an income.

Chair: See, an earning, that's what I'm saying the difference is between a wage and earning. An earning is a taxable earning vs. a wage is between employer and employee relationship. That's just my opinion.

Ms. Dunsford: Yeah.

Chair: Okay, well, we thank you very much for that. I guess we got into the debate more so than yourselves. You stimulated the discussion.

Ms. Dunsford: I understand what (Indistinct).

Chair: Yeah.

Mr. Bagnall: Just got to claim it.
(Indistinct).

Chair: That's correct.

Mr. Bagnall: (Indistinct) but they don't do benefits on them.

Chair: That's right. They don't. That's why I say there's a difference between the two.

Ms. Dunsford: It's impossible to get away with it on commission, right?

Chair: Oh, yeah, our next presenter is Jessica Taylor. Sorry about that.

Mr. Greenan: The employer, (Indistinct) they use that.

Ms. Dunsford: Exactly.

Chair: I would look as though as commission you're based on the sales that you had.

Mr. Bagnall: Commission is (Indistinct) exactly the same way you (Indistinct).

Mr. Greenan: And the business is usually (Indistinct).

Mr. Bagnall: (Indistinct).

Chair: Anyway, we'll get this back on track. Sorry for that sideline.

Anyway, Jessica, you know the routine, I guess. You've been here watching us.

Jessica Taylor: My name is Jessica Taylor and I'm representing myself.

Who would be affected by a differentiated minimum wage system? They are young. They are single. They are students. They work part-time, many in retail stores and

restaurants. They are sons and daughters living at home working to finance their education and other expenses. Less frequently they are middle-aged, married or working full-time. Some are men and women trying to support their families, while others are older workers looking to supplement their pension.

I do not believe a differentiated minimum wage system would be ideal. They would only cause problems for businesses. If we had a two-tiered minimum wage based on work experience it would make a lot of young people not want to work. Isn't the government trying to promote young people to work? Even a two-tier where it's based on tips would be horrible. Tips are bonuses. People working in restaurants, or even Tim Hortens, shouldn't be punished for earning them. They work very hard to receive them and a lot of people don't tip. So setting their wage lower than someone who does not receive tips wouldn't be equal nor would it make sense.

I notice the discussion is on a differentiated minimum wage system, not necessarily a two-tiered wage system. However, a two-tiered is a possibility. Having a differentiated minimum wage would make students not want to work and/or make them unhappy while being at work. Knowing the person working beside you is making more money just because they have more experience or are older than you, that would decrease morale in student workers.

It surprises me that so many Canadian provinces have already adopted differentiated minimum wage rates. Ontario, for example, their minimum wage currently is \$9.50. However, if you are a student under the age of 18 working under 28 hours per week during the school year, the minimum wage is \$8.90, a 60-cent difference, which doesn't really sound like a lot to most people, but for a student who's trying to work their way through college or

university or even high school it's a huge difference.

Also in Ontario they have a different wage for liquor servers - people working in bars or at restaurants where liquor is served. Their minimum wage is \$8.25, which is a \$1.25 difference just because they serve liquor and could possibly earn tips. But I don't think that the Province of Ontario understands that not everyone tips. Therefore, it isn't fair to set a lower price just because they may get bonuses.

In Quebec their minimum wage is currently \$9. However, for workers that earn tips their minimum wage is set at 8. That is a \$1 difference just because they work in an industry where they have an opportunity to earn tips.

The differentiated minimum wage would affect students the most. However, also, it would also affect adults. The percentage of age groups working for minimum wage dramatically falls with age: 44% for teens aged 15 to 16; 30% for teens aged 17 to 19; 7% for youth aged 20 to 24; and fewer than 3% for those 25 to 34-year-olds. However, it rises to 8.2 for the small number of workers 65 years and older.

Even though the percentage is small for adults and older people working, we still have to consider them. It would be hard for them to meet their basic needs and pay the bills, especially since the cost of living rises every year. If an adult was re-entering the workforce, was out of experience for a while, and had to start at a low salary due to the differentiated minimum wage, how could they support their family? They'd be living pay cheque to pay cheque and/or barely getting by. A lot of adults who re-enter the workforce usually go for jobs that earn tips because they know they will be receiving a salary along with those tips. But if there's a differentiated wage system where jobs earning tips are affected, they

still won't be able to pay their bills and afford groceries to feed their family.

I don't think that the Province of Prince Edward Island should adopt a differentiated minimum wage. I believe the province should stay with a fixed minimum wage for all employees and raise minimum wage. Out of the 10 provinces and 3 territories Prince Edward Island is in the bottom four for having the lowest minimum wage, which sits at \$8.40. Even a small increase will be appreciated by minimum wage workers, considering the province has the fourth-lowest minimum wage in Canada.

Chair: Okay.

Anyone have any questions?

Mr. Bagnall: You realize as of April we'll be the second lowest in Canada.

Jessica Taylor: I read that. Yes.

Mr. Bagnall: There'd only be one, which would be BC, that will have a lower minimum wage.

Jessica Taylor: It's insane. It's crazy.

Chair: Okay, any other questions for Jessica?

So you're in agreement, then, it should be up to the discretion of the employer then to determine the wages -

Jessica Taylor: Yes,

Chair: - after the bottom, as far as the minimum wage goes?

Jessica Taylor: Yes. Most employers start their employees off at minimum wage, and if every year maybe they - it would be up to the employer, but I don't think it should be a law. You know what I mean?

Chair: That's really what the debate is. Does government try to legislate a second wage for whatever that might be? There's nothing wrong with leaving it up to the discretion of the employer.

Anyway, Alan McIsaac, and then Gerard Greenan.

Mr. McIsaac: I had a question on that. It's brought up a couple of times here, and different opinions for sure, but what do you think about the training period? If you started at the base, like our minimum wage, and you had a training period at that level and then after a suggested couple of weeks you go up, based on your experience. Do you agree with that idea or not? Or you just want to be stuck perhaps at the low wage forever, or whatever?

Jessica Taylor: I still don't think it should be a law, like the training wage. It should be up to the employer. If they want their employees to work well and be productive they should be giving wages.

Mr. McIsaac: They'd give an incentive.

Jessica Taylor: Not wages, sorry, raises.

Mr. McIsaac: Okay.

Jessica Taylor: So they probably should start off minimum wage and then work their way up, kind of thing.

Chair: Gerard Greenan, then Jim Bagnall.

Mr. Greenan: With your own work experience, now did you find that you started out with a minimum wage and eventually moved up and the minimum wage was your training wage?

Jessica Taylor: At my current job I started more than minimum wage but I have worked for minimum wage for 2½ years.

Mr. Greenan: At the same job?

Jessica Taylor: Two different jobs but one job - no, 3½, sorry. One job was 2½ years. I never got moved up but it's up to the employer, I guess, and the company.

Chair: So we could have helped you there with a differentiated minimum wage.

Jessica Taylor: Yeah, I know.

Chair: We could take one with your employer.

Okay. Jim Bagnall.

Mr. Bagnall: Mr. Chair, I kind of think you're not right on what you're saying as far as employers are concerned. Because employees, when they hire a person, there's a minimum wage set, if they pay minimum wage, that is. It's up to the employer after that to determine what raises the employee gets. Not government, which is what you were kind of saying.

Chair: Oh, I did.

Mr. Bagnall: And that's not correct. It's up to the employer to determine the employee, and if she's a good employee, or he's a good employee, you reward them because you want to keep them. I've always found when I had business if you had good employees you paid to keep them because you didn't want to lose them, and that meant that you were evaluated on your work and you were paid on your work.

But I think most people that ran a business are the same way. Because it costs an employer to have a new employee in because it takes more of your own time and more of staff time to training. So if you get a good employee, you want to keep them, I can tell you that.

Chair: Okay. Thank you very much,

Jessica.

Our next presenter will be Daniel Martell and we'll take a little 5-minute break after that. Daniel Martell. You know the routine, Daniel.

Daniel Martell: My name is Daniel Martell and I'm representing myself. I'd like to discuss my views and opinions on the differentiated wage system.

I base my opinions on research that I've done, my own personal experience, and comments from other individuals who are for and against the issue.

There are three examples given in regards to how this system might function. I've determined the pros and cons for each of these situations.

The first is an inexperienced worker would receive a different minimum wage. These individuals would keep the title of an inexperienced worker until they have completed a certain time period. For example, in British Columbia employers expect 500 hours, or three months in Nova Scotia in a particular field. This system is a way for an employer to get cheaper labour. An employer cannot justify paying an inexperienced worker a lower minimum wage when they're performing identical tasks as a so-called experienced worker. I also believe that motivation and morale would decrease after an employee sees that they're receiving less money for doing an equal amount of work. Entering the workforce should be fun and exciting for an inexperienced worker. This system will not give a feeling of equality to these individuals.

The second example involves students being paid a different minimum wage. A student is typically defined as an individual under the age of 18. This is in direct conflict with the Canadian Charter of Rights and Freedoms

since it is discriminating against their age. Students are just as capable of doing the job that an adult can perform. I believe that a number of employers would use these systems to their own advantage knowing that they will save money by hiring inexperienced workers and students.

The third example given is paying individuals a different minimum wage if they work in an industry that receives tips. Ontario has a population of nearly 13 million and Quebec has a population of almost 8 million. These two provinces are currently using this system. I think this system is working in these places because of the regularity of the tips and the large population. Since Prince Edward Island has a population of roughly 140,000 people, I believe that this is too small of a population to support a system like this one. Also, the tourism season from May till September contributes a large amount of tips to these individuals, therefore this system would impact these individuals negatively while they are working during the winter months.

I recommend that Prince Edward Island remains with one minimum wage that should be annually adjusted to match the national average. If there is some type of differentiated wage there should be specific guidelines and stipulations based on the industries and individuals that are going to be affected. Otherwise, many Islanders could be affected negatively.

Chair: Okay. Thanks, Daniel.

Any questions for Daniel? Jim Bagnall.

Mr. Bagnall: Good job, Daniel.

Daniel Martell: Thank you.

Mr. Bagnall: I guess what I say about that is we've talked about waitresses and servers, but what we haven't talked about is that if they do put a training wage in it affects

every single sector on PEI, not just those two, waitresses or thing, because an inexperienced worker coming in could mean anybody going into the fish processing industry, going into the sales clerk at any store. Any of those, because they would be training, they would be a new time employee going into those where they wouldn't have a chance for tips or anything else.

Most of the presentations we've heard all talked about the tourism industry and the food and beverage industry. Well, it affects everyone, not just these two industries. Just so you realize that. Because anybody in the training, so it could affect anybody, that part of it.

Chair: That's a good point, Jim. But I might add minimum wage affects every occupation too, I mean, no matter what. You're setting the lowest level that anybody can pay a wage. So whether it's done by a training wage or whether it's done by a minimum wage (Indistinct).

Mr. Bagnall: Nobody's (Indistinct) that. I'm just saying it's not specific to two sectors.

Chair: No. That's right. It affects every - which a minimum wage does, as well, it affects every sector. So that's why it's an important subject and why it needs to be discussed in great length.

Okay, I thank you very much.

Daniel Martell: Thank you.

Chair: If there's no other questions then we'll take a five-minute break and try to come back at 20 to three, please.

[Recess]

Chair: I'd like to ask our committee to reconvene. Okay, we'll ask our committee

to reconvene, and our next presenters are Angie Potter and Sarah MacLean.

Welcome, ladies. So we'd ask you to, once again, identify yourselves because I'm not sure which one is which and you can make your presentation, or if you're representing any individual or a group.

Angie Potter: Okay, I'm Angie Potter and this is Sarah MacLean, and we're representing ourselves.

I would like to say that we thank you for giving us this opportunity to give our opinion on such an important issue.

The question of a differentiated wage system is important enough to bring all of these people here today. There are many minimum wage jobs on Prince Edward Island and something like this will effect a large amount of people. It is our opinion that a differentiated system would be more beneficial to the employer than it would be to the employee. Although other provinces such as BC, New Brunswick and Ontario have some type of differentiated system, it is not fair to compare these provinces to PEI. We need to concentrate on what the situation is here on the Island. Our economic culture is unique. We are very seasonal and we are very dependent on federal transfer payments. Our population base is extremely small.

As a single mother of six kids who has been out of the workforce for the last 15 years, I don't think that this would benefit me in any way as I try to return to the workforce, and I feel I'm not alone in this situation. I have the skills to do many of the minimum wage jobs and I certainly have the need to work. So would it be fair that I have to reenter the workforce at a lower minimum wage? To me, this feels like punishment for staying at home to raise my family. That is not to say that I would expect to have the same wage as someone who has been there longer than

me, but limiting me to a lower minimum wage cannot be justified.

We feel that employers will hire workers for the time period that they are eligible for the lower wage and then when they reach that limit, the workers could be laid off and new workers hired at the lower rate again. We may not agree with it, but employers will do whatever is necessary to keep their expenses lower, and if that means hiring at a lower wage, that is what they'll do.

This type of legislation would benefit the company, not the employee. There would be no benefit to the employee. It would target women, minorities, students, and low income earners. How many people are in the workforce but still rely on social assistance for help? If we start them out at a lower minimum wage or restrict their earnings in other ways, we will be holding them down more than they are already. Students need the summer jobs that they get to pay for their education. With the cost of education rising, how can we possibly think of bringing them into the workforce at a lower minimum wage?

Sarah MacLean: If the government were to differentiate by job class, such as waiters and waitresses, how would they determine the wage? The only people who might make enough to give warrant to this are people in high-end restaurants. They are in the minority. How can you compare a waitress in a diner to a waitress in a high-end restaurant? Tips are left by quality of service and customer preference. People don't leave tips because they have to nor should they be expected to. All that does is put the cost of labour onto the public. Again, a saving to the company and no benefit to anyone else. How would it be determined what jobs are going to be classified as tip jobs? What would happen to the people who got tips that were not in this classification? There is no way to stop people from giving tips to individuals for good work.

Many of these wages are already set at minimum wage because of the tips. People are not going to be more inclined to tip especially at this point in time in the economy. A differentiated wage system will lead to a resentful class of workers who may take their anger out on customers. It will create friction between the lower and higher level employees and it will create a higher turnover rate. In the United States, American Airlines had adopted the system and are now adjusting things to bring employees onto the same level.

In closing, we would like to say that any wage differentiation would only hire minimum wage workers. If the government wants to make improvements to the wage system, it should consider raising the minimum wage and raising the personal tax credit for individuals.

Chair: Okay.

Alan McIsaac.

Mr. McIsaac: I'm trying to get clear in my mind. Everybody's talking about minimum wage because minimum wage is the minimum wage, right? It's not minimum minus something, what I understood from this, okay? So if it's 8.40, we're not talking about dropping down. I think Emily and Grace are the only two that talked about - they would be considered rolling it back.

So if the minimum is 8.40 as it is today, and we're talking a second tier after experience, are you against that? We're not talking, that I know of, dropping it below 8.40. The two-tier would be 8.40 and up because we're talking minimum wage is 8.40. That's my understanding of the thing, okay? So we're not talking lowering it. We're putting the minimum 8.40 and possibly, from the discussion I've heard today, with a training bonus or whatever, after a training period, you would actually go up, okay?

That's what I want to get clear, if you're against that. You think it just should be the 8.40 straight on?

Angie Potter: I think it should be the 8.40 and then as you're there and your work is monitored, you'd go up from there.

Mr. McIsaac: That would be up to a second tier then.

Angie Potter: I think you should get a raise based on your performance. I don't think you should get a raise just because you've been there.

Chair: At the discretion of the employer, then.

Angie Potter: Yes.

Mr. McIsaac: That's the way it is right now, basically -

Chair: That's correct.

Mr. McIsaac: - though, it's at the discretion of the employer. With a two-tier thing, it possibly could be that after a training period, you would reach that level anyway.

An Hon. Member: But Alan -

Mr. McIsaac: Just, I got another question too, it's -

Chair: Alan, (Indistinct) -

Mr. McIsaac: It come up again about employers, once you've reached that higher level, they're going to lay you off. Do you really think, in general, if your work is up to par, that employers would do that?

Angie Potter: I think some would.

Sarah MacLean: Some would.

Mr. McIsaac: Some, maybe, but based on

the quality of work, I know I've hired people, and Jim's hired people, and most people have hired people - if they're a good worker, I can't see rolling them over just to save 40 or 60 cents an hour.

Angie Potter: I think it's a possibility, but I don't know how often it would happen.

Mr. McIsaac: Okay.

Angie Potter: But I think it's a possibility.

Chair: Cynthia, do you want - okay, Jim Bagnall.

Ms. Dunsford: Go ahead, you're riffing off him, so you go ahead.

Mr. Bagnall: Alan is partially right as of today. But next week -

Mr. McIsaac: Can we get that in writing?

Mr. Bagnall: I said partially. When we go to the next minimum wage, then the beverage people would not increase, but everybody else would. So you'd be into a two-tier wage system and that's where the problem is going to lie forever and ever and ever. That's why I have a concern. That you will be stagnant at 8.40, but anybody that's not in the beverage system or a waitress or whatever are going to continue to raise their wages where the beverage people will stay until they have that differential wage, whatever it be, if it's \$2 or whatever the figures.

So that's the problem is into the future. That's what I don't agree with. I think everybody should be treated equally, and if a government sets a wage, I think it should be for everybody.

Chair: But that's an assumption that we would separate a tip-oriented profession, I guess. I just want to clarify that.

Mr. Bagnall: That's what the bill says.

Chair: No, it doesn't. We haven't made a recommendation to the government to say what our recommendation would be.

Mr. Bagnall: The bill that we passed in the Legislation says that. (Indistinct) -

Chair: It allows that - I corrected it - it allows that to happen.

Mr. Bagnall: Yes.

Chair: It doesn't -

Ms. Dunsford: (Indistinct).

Chair: That's right. That's correct.

Mr. Bagnall: You voted for that.

Chair: No, it allows it. It doesn't mean that it's going to be implemented.

Mr. Bagnall: You voted to allow for that to happen.

Chair: Which every other province has the same similar legislation.

Anyhow, Cynthia Dunsford.

Ms. Dunsford: I'll just go back to something that Daniel touched on and it seems to be kind of hovering over just about every presentation. I'm wondering if you also think that there is a possible discrimination case here based on the charter. Do you see basing it on maybe even experience or age or what have you? If it's legislated, do you find that to be discriminatory?

Angie Potter: Yes, I do.

Sarah MacLean: Definitely, yeah.

Ms. Dunsford: Okay.

Mr. Bagnall: I do, too.

Ms. Dunsford: I didn't ask you, I asked them.

Mr. Bagnall: As a matter of fact, I've got the *Human Rights Act* out looking at it right now.

Chair: It's good to know that we're in agreement then. We don't want to contravene any *Human Rights Act*.

Okay, thank you very much, ladies.

Angie Potter: Thank you.

Chair: Our next presenter, Gillian McCrae.

You're next, Gillian. You can take it from here.

Gillian McCrae: Go ahead?

My name is Gillian McCrae. I'm from Holland College, the business administration program. I just want to say that this has been a great experience, being able to take part in this opportunity regarding the legislation surrounding the wage differentiation.

We have to, first, assess the needs versus the wants of our community and our representatives. With a natural resistance to change, the issue of wage differentiation has been seemingly unclear to the public. If it's of the consensus to prevent this possible legislation from being passed, the question is why? This process is about looking at our future, and the immediate changes, opinions and views are temporary. Out of all the people you're going to hear over the next two weeks, I'm probably the only one with the experience as a businessperson who has been effected with the wage differentiation during my career in Ontario.

Presently, we have one flat minimum wage across the province. The view supporting an

increase in the flat rate by raising the minimum wage is not a remedy for poverty. It would have an adverse effect on both small business and the taxpayers. Wage differentiation does have a positive effect, starting with the ambitious student who strives within the workplace to the business owner who's accountable for recognizing performance.

I do not agree incorporating a label of training or experience wage as a solution due to the complication who sets the standard. That kind of proposition would create wildfire within the workplace for everybody. Having a three-month probationary period is standard practice that shouldn't contribute to the fluctuation of minimum wage either. It should be left up to the discretion of the employer based on performance reviews.

I believe that a student wage is fair up to the age of 18. I don't feel it is age discrimination. Employers take on the additional responsibility to provide the opportunity to teach students for the first time, first-time applicants, the basics of entering the workforce, starting with hygiene, appearance and teamwork and this doesn't even cover production, training, customer service and the other basic fundamentals we take for granted.

I spent the last five years as an employer in the restaurant business in Ontario with over 20 full-time and part-time staff. We had three different minimum wages: liquor servers, students, and general minimum wage workers and it all worked. Wage differentiation did not spark conflict within the workplace. Liquor servers are on the understanding that their gross income is supplemented through gratuities. The liquor servers made less than the general minimum wage workers and the students made more than the liquor servers.

The one complaint was that of the students

who felt as though they worked equally or harder than a peer, and in this case they deserved to make the same amount of money. As an employer I believed in equal work and equal pay and my responsibility was to value their performance. I never hesitated, as an employer, to increase one's wages. But however, that is not always the case. We tend to forget about some businesses where the owner is working 60-plus hours a week and can only afford two workers at minimum wage. Two hundred dollars in the run of a month can make or break their business.

Small business represents over 90% of all the businesses across the Island and we need to give these business owners options and opportunity and wage differentiation supports these options and potential employment. We need to support them and not create obstacles. Times are tough enough as it is. We can't strangle the business owners whose bottom line is effected by survival. There would be more success in creating tax credits for small business. We are well aware that entrepreneurs value and appreciate good work, and given the chance to save on taxes, they can increase wages so eventually minimum wage isn't their issue. Increasing the minimum wage to a standard flat rate will effect small businesses across the Island. Not only would all the wages be prompted to increase, but so would payroll taxes; staff hours could possibly be reduced; potential cutbacks on the number of employees, price increases to the consumers, and investments in the business put on postponement.

If we create a beneficial option for independent business to continually provide employment using wage differentiation to accommodate the costs in increasing the general minimum wage, liquor servers and students would remain at the present wage of 8.40, and slowly we can increase the general minimum wage over time, reviewing

it yearly.

Chair: Okay, thank you.

Cynthia Dunsford, a question for Gillian.

Ms. Dunsford: I just want to comment with a question, too, but I really appreciate your perspective. It is a different perspective, and I think you're right in saying that we probably won't be hearing too much of that perspective. So it's really important that you came so that we have first-hand knowledge about somebody who's actually been there and knows the effects of the possible changes that can happen within the system.

I'm going to ask you the same question, because you did touch on the discriminatory aspect to this. You said that you didn't find that the age factor was. Do you want to elaborate a little bit on that?

Gillian McCrae: Yeah, I just look at it from a broader perspective. I see it as, you know, people under the age of 18 are even still considered infants legally. So I just look at it like there's just people - we get benefitted in all different sorts of ways. I think that the way that it works in Ontario is that for working under a minimum amount of hours of 28 hours being up to the age of 18, you're only required to pay that minimum wage.

I didn't feel as though it was discrimination because you're not discriminating when you're giving those people a raise based on their performance. It's kind of more of an incentive. If any of the students were working equally or harder as a peer that might have been a couple of years older, like, that's just - it even provides more opportunity as an employer to employ students. You want to see people grow and you want to see people get better at their job and move on and move forward. So I don't think business owners are in a position where they're going to hire students to save money.

Ms. Dunsford: Right. Would you prefer a system where you increased one's salary incrementally based on age or based on performance?

Gillian McCrae: Based on performance, but creating the - I feel that keeping it within that age group of, you know, the majority of children are living at home and they don't incur a lot of additional expenses that other people do. The employer is taking on these new applicants, providing them just basic training just to get themselves into the workforce until they're of the age of 18. During that time they can still increase their rate.

Ms. Dunsford: Keeping in mind that there's a strong possibility that people below the age of 18 are out on their own and incurring the same kind of bills as those that possibly could be 18 or over.

Gillian McCrae: Yeah, and for people under the age of 18, exceeding, say, that 28 hour, that 30-hour standard, then would qualify for that general minimum wage based on (Indistinct).

Ms. Dunsford: Okay, thank you.

Gillian McCrae: Okay.

Chair: Okay, Alan.

Mr. McIsaac: (Indistinct) on the presentation that you made and I comment on that, and that was when you said it was a great opportunity.

Because that's actually what this is all about. Whether we vote on it in the House - we voted on it to bring it to this stage where we could take it to the public, find out what the opinion of the people is. That's the idea behind the standing committees is to get some input. We could sit in there and we could say yes to this, no to that, yes to this, no to that, and act like a dictatorship, or we

can come out and actually hear from the people and that's what this is all about. I think it's been fantastic today, a great opportunity for us to hear from you guys as well.

Gillian McCrae: One thing I just want to say is that a lot of the minimum wage positions are label-orientated or task-orientated. For the small business owners that can afford their business, their salary and the wages of other people, I think that differentiation gives them a little bit of option and opportunity in hiring for positions available. Not for them to save money but to survive at the end of the day.

Chair: Okay, Jim Bagnall.

Mr. Bagnall: Welcome. I was intrigued when you said you had your own business in Ontario. What type of business did you have?

Gillian McCrae: I had an Italian restaurant.

Mr. Bagnall: An Italian restaurant?

Gillian McCrae: Yeah. It was in Burlington.

Mr. Bagnall: So how come you're not running it now? How come you're on PEI, going to Holland College, I guess that's my question.

Gillian McCrae: Okay, I sold it last spring. I had a buyer that came in. I had three partners at the time and it was just - the recession was last year. It was September. We had an opportunity where there was a franchise that wanted to come in and take over the leasehold, so we just decided that we were just going all move forward. I'm originally - well, not originally, but I've lived - I call PEI home. We moved here when I was younger. I'm still from away.

Mr. Bagnall: I'm just intrigued that a young

person like yourself and your stature have been in your own business and you've been an entrepreneur and you've been through the system. Good for you.

Gillian McCrae: Yeah, I just want to plant my feet back, back home, go to school. That's it.

Chair: Just a final wrap-up there, when you had your business in Ontario, so it was a restaurant, did you have any difficulty finding employees based on the concept of a different wage?

Gillian McCrae: No, no, not at all. We didn't have - no, not based on wage. More based on skill and skill set and experience. So we wouldn't - it would start with - you just start from the bottom up if you're a dishwasher, you could pay the minimum wage. You could pay them 20 cents more just to beat the other guy down the road. So it wasn't an issue. It was an issue trying to find skilled workers in the kitchen, but not for servers.

Chair: What about turnover? Did you find that was any factor, based on the concept of a two -

Gillian McCrae: No, no. It was standard so they were used to it. It wasn't something that was up for debate, yeah.

Chair: Okay, thank you.

If there are no other questions, thank you very much, Gillian.

Gillian McCrae: Thank you.

Chair: The next presenters, Megan Rowley and Erin Ferguson. From my perspective, I do know Megan. I have seen her working at the PEI Potato Museum in O'Leary. So it's good to have a western perspective.

Anyway, Megan, you fellows know the

routine. I'll ask you to identify yourselves, whether you're representing a group or organization or individuals, and - continue.

Erin Ferguson: My name is Erin Ferguson.

Megan Rowley: And I'm Megan Rowley.

Erin Ferguson: And we are representing ourselves but we are from the Holland College accounting program.

We believe that the minimum wage here on Prince Edward Island could benefit from having a differentiated tiered wage system. But we believe there should be a basic minimum amount that individuals should be required to receive.

Megan Rowley: Experienced workers should be given a higher wage than inexperienced workers just coming into the field. While saying that, we believe the workers should be monitored by their supervisors in order to ensure they are completing the required work for what they are being paid for. The experienced and inexperienced workers should be demoted or increased in pay based on the quantity and quality of their work completed.

When hiring students for summer employment, we believe it should be mandatory that those who have a higher education, like a university or a college student, should be paid a higher wage than those who are currently enrolled in high school. The employers would also benefit from a differentiated tiered system because they would not have to waste their money in resources hiring inexperienced employees at the same wages as experienced employees. Yes, it would cost them more to hire experienced workers, but in the end it would be more beneficial to the employers and their business. We could say the employees would be more likely to keep a job that they feel that they are receiving a good enough pay and fair pay from.

Erin Ferguson: Although we agree that this new wage system would be beneficial, we do believe there should be a basic minimum amount employees should be paid.

For example, Quebec has set in place - in the restaurant industry, employees are penalized in pay because they anticipate tips and other forms of gratuities as a part of their job. We believe that these employees in these industries should not be penalized because they might not always receive these tips and gratuities from customers and they will suffer financially because of it.

The basic minimum amount should also take into consideration the economic circumstances and cost of living on Prince Edward Island. Such as in Alberta they have a higher cost of living which caused their minimum wage to increase so employees can still live in costly apartments and homes. The employers that don't have a lot of financial support may suffer with this as well. They may be able to hire a couple of experienced employees, but in the run of a successful business they would in the end need to hire more inexperienced workers than experienced ones because they may not be able to afford to hire the experienced workers for more money.

Megan Rowley: In closing, we feel that the differentiated tiered wage system would benefit more industries as well as employees. While saying that, we strongly agree that there should be stipulations on the basic minimum amount no matter what job that you have.

Chair: Okay, very good.

Any questions for Megan and Erin? So you feel it should be left up, then, to the discretion of the employer to reward employees based on their skill sets as long as there's a set -

Megan Rowley: As long as there's a set

minimum amount.

Chair: - bottom base, yes.

Alan McIsaac.

Mr. McIsaac: Any thought into what that minimum need be here on PEI?

Megan Rowley: We talked about around like 9 or 10 and the inexperienced workers should get paid the minimum at the beginning, and experienced should get up to, say, a dollar more, then raised as the employer feels that they're doing their job.

Chair: So after two seasons at the potato museum, you should be entitled to a bit more money, is that correct?

Megan Rowley: That's correct.

Ms. Dunsford: (Indistinct).

Chair: I'll be talking to the manager about that.

Mr. McIsaac: He's supposed to come back in, say, two weeks.

Chair: Sonny Gallant.

Mr. Gallant: Well, you just raised there, our chairman, but I'll just throw this out there for thought, like. If we were - like, we talk about the two-tier, you also have to think of businesses and the hardship that is going to happen to them by wages going up a buck.

Megan Rowley: Right.

Mr. Gallant: But if there was a tier for students that didn't need so much income then it may help the people that are supporting a family and paying rent, they could get \$10 an hour, where you're only paying those students, 8.40 or 7.60.

Erin Ferguson: That's true.

Mr. Gallant: Do you agree with that?

Erin Ferguson: Yes.

Megan Rowley: Yes.

Mr. Gallant: It may help get people in a better financial situation because they can make more money and the business could afford to pay more.

Megan Rowley: Could pay more, exactly, yeah.

Erin Ferguson: I agree.

Chair: Okay, any other questions? It must be a pretty interesting class because I'm noticing here, against and for, about an even split on this. So you must have some pretty good debate in the classroom.

Unidentified Guest: Yes.

Chair: Okay, thank you very much.

Megan Rowley: Thank you.

Erin Ferguson: Thank you.

Chair: Our next presenters are Kevin Horne and Judy Lea. Kevin and Judy, I guess you know the routine. You've been here for most of the proceedings so I'll ask you to continue.

Kevin Horne: Good afternoon, ladies and gentlemen. My name's Kevin Horne and this is Judy Lea, and we're here to share our views on this issue.

One statistic that more than any other stresses the need to increase the Island minimum wage is the food bank usage from the 2007 Hunger Count report. In March 2007, over 2,800 people had to go to the food bank, 23.7% of which were Islanders

who are employed. This shows that the Island's minimum wage does not allow many working Islanders to meet their basic needs.

The report also came to the conclusion that many food bank users on PEI only earn minimum wage or slightly higher. It is extremely difficult for these people to pay rent, deal with the high price of oil and buy groceries. Many people are concerned with the high price of oil and wonder how they will continue to heat their home or how to put gas in their car to get to work. Too many people have to make the decision of paying rent, heat their homes, or buying groceries for their family.

Judy Lea: Who would benefit from the staggered minimum wage? As we see it, only a few would have an advantage by having multi-level minimum wage. For example, large corporate businesses that hire a lot of young people. It would not only save money on wages but also would save money on paying extra payroll tax. This would not help our minimum wage workers or our young people. It would put them at a disadvantage. They would make less money, but they would still have to pay the same as anyone else when it came to going to the movies, eating at restaurants, getting an education or anything else.

We think with young people having lower wages here on Prince Edward Island they will end up leaving the Island in favour of places with better wages. Why should they make lower wages if they do the same work? As for the service industry, for an example, waitresses, waiters and liquor servers, these people are the first ones thought of when tips come into play. But unless you work in the industry you probably don't realize that these tips don't stop with those people. These tips end up with the servers. They end up with the hostesses, table cleaners, dishwashers, cooks, chefs, and even some supervisors.

So if the law was to state that this particular class of workers should make a lower wage, then the lower wage should be extended to the rest of the people that would get tips or have the opportunity to get tips. This would include people that work in hotels, from the people who open the door to the bellhops and housekeepers. What about hairdressers, pizza delivery people, taxi drivers, people who deliver mail? Even mechanics get tips by times.

I think that if you start looking at people that get tips this would open up a big controversy. What are tips and where do you stop? What about all the people that get a monetary gift, whether it be money or a gift? Should all these people have their wages altered? There are already funding programs in the federal government, such as Canada's summer jobs, which make employers eligible for funding of up to \$300,000 per employer, and the provincial government programs such as Jobs for Youth program.

Kevin Horne: The employment standards laws of Prince Edward Island state that minimum wage boards are required to consider the social and economic effects of the minimum wage rights in the province. They must consider any cost of living increase since the previous order or regulation.

With respect to the costs to an employee of purchasing the necessities of life, including, but not limited to, housing, food and clothing and health care, noted from the *Labour Standards Act*, noted from the young workers sections under special categories of workers, it is stated that there has been a marked trend since the early 1980s towards the repeal of youth because these could be deemed contrary to the Charter of Rights and Freedoms which prohibit discrimination on the basis of age.

Judy Lea: Conclusion: we are firmly against a two-tiered wage system and

believe it would be discriminating to people making a lower wage. This proposed change would only benefit businesses and would be hard on these workers. Islanders should be put first. Promoting a two-tiered wage system will take money from the workers and it will be clearly aimed at increasing profits for businesses. The amendments of this act are quite broad and could open up all kinds of inequalities of payment of wages in our workforce, including the amount and kind of work that is being done, possibly based on gender and age.

If proclaimed, we believe it would reflect badly on PEI and would discourage newcomers from coming to live and work. It would especially be harmful to students and seasonal employees who represent a large percentage of voters of Prince Edward Island, of which there are many on PEI.

That is it.

Chair: Okay.

Questions? Alan McIsaac.

Mr. McIsaac: (Indistinct) was your understanding that the two-tiered minimum wage was dropping?

Kevin Horne: It was, yes, at the beginning when we started our research, yes. We just found out today that it was not.

Mr. McIsaac: Well, that's my understanding of it anyway. Can you give me an idea of what you feel we need as a minimum wage here on PEI?

Kevin Horne: The cost of living would be a good - the standard of a living wage, I believe, is and I'm guessing on this, but it's got to be up around \$11 an hour, \$12 an hour. Obviously that's too high of a jump. But I'm thinking anywhere from 9 to \$10 would be a very good start in that direction.

Mr. McIsaac: Okay. I know at 8.40, we're coming in at 17,500 per year and the poverty line's 19, so -

Kevin Horne: Exactly, so we're behind the eight ball right from the get go.

Mr. McIsaac: Okay.

Chair: Cynthia Dunsford.

Ms. Dunsford: You started off with some statistics about the food bank here. I wanted to kind of ask the question about that. Are you volunteers or do you work for the food bank?

Kevin Horne: No, it was just something we came up with.

Ms. Dunsford: Okay, there was a statistic that you mentioned that it was, I think it was 23% of the - 20 some % of the 2,300 who were there in -

Kevin Horne: Twenty-three point seven, yeah.

Ms. Dunsford: Do you have any more profile on that group? Is it, or maybe, it could be something that the next group of people will be able to elaborate on but I just was curious if you had anymore information.

Judy Lea: We got it from - it's called the Hunger Foods Facts and it's from the food banks. It was posted on line.

Ms. Dunsford: And that's here? This is our food bank?

Kevin Horne: It's PEI, yes.

Judy Lea: Yes.

Ms. Dunsford: Okay, no, I was just wondering if that was your, where you were coming from with your experience with the

food banks. Okay.

Chair: Alan McIsaac.

Mr. McIsaac: Just wanted to follow up on where I started there. If you understand that it's not lowering, hopefully, that's what the understanding is, but that there would be a step based on experience or whatever, would you be in favour of that sort of thing? I think that's what we're trying to find out too, if it's two-tiered and the second tier is on the upside.

Kevin Horne: My feeling on that one is the majority of the people we're talking about is younger people.

Mr. McIsaac: Right.

Kevin Horne: There are already programs in place through Jobs for Youth and that kind of stuff that the employers have access to and if you can subsidize that employee wages with that program, you shouldn't need to legislate a different wage. Do you know what I mean?

Chair: So you'd rather leave it to the discretion of the employer then?

Kevin Horne: Pardon?

Chair: You'd rather leave the wage to the discretion of the employer then?

Judy Lea: Increases in wages.

Chair: Okay. Gerard Greenan.

Mr. Greenan: My experiences with the Jobs for Youth is that not all businesses have that opportunity. I mean, they all have the opportunity to apply for it but they certainly don't all get the funding. So that it's not equitable there. Some would have the ability to access funding through Jobs for Youth.

Kevin Horne: I did a little bit of looking at this, and most of the info we found was not everybody is qualified to do it. Everybody can fill one out, fill out the application the same as anything else. I actually brought this comment up to Erin McGrath. Her comment was there was too much paperwork involved. Three hundred thousand dollars per employer per province is a substantial amount of money, I would think.

Chair: Just a question I would have. You've mentioned that increasing the minimum wage - is there a certain level that you think the minimum wage should be at? I know you talked about \$12 an hour, but that it wouldn't have an impact on the cost of living? Because obviously, I think the higher minimum wage goes - is a person's lot in life going to change dramatically by the minimum wage changing?

Judy Lea: It would have to go in hand with the personal basic tax exemption. Like, you'd have to raise the personal tax exemption along with the wage in order to help these low income people.

Chair: But from an employer's prospective, whatever goods or services they provide, the higher expenses that they bear in wages, are they not going to have to recoup some of that money from the marketplace in some capacity? So hence your cost of living then becomes - I'm just wondering what your thoughts would be under that premise.

Kevin Horne: Yeah, I know where you're -

Chair: So would that person actually be any better off in their buying power capability?

Kevin Horne: But if we have a two-tiered system, wouldn't that happen as well?

Chair: Oh, it could, yes.

Kevin Horne: So I mean, regardless of

which way you put the minimum wage, it's going to effect one way or another. If you make it two-tiered so that instead of going down, we're going up, the employer is going to have to recover those costs or a portion of them.

Chair: So neither - it improves the person's chance in society.

Kevin Horne: In a perfect world, obviously, we jack up the minimum wage by \$2 and the basic personal tax exemption by (Indistinct).

Chair: Yes, I know you made the comment of people leaving the province, but I mean, we look at Alberta, it has the lowest minimum or one of the lowest, it's the same as ours, I guess, Alberta. BC is the lowest which would be more affluent provinces, I would assume, than Prince Edward Island.

Okay, if there's no other questions, thank you very much.

Judy Lea: Thank you.

Chair: Our next presenters are the PEI Working Group for a Livable Income.

Thank you. Okay, we've asked you to identify yourselves as individuals and if you're representing a group which I'm assuming it's the PEI Working Group for a Livable Income, and make your presentation.

Ann Wheatley: Sure. My name is Ann Wheatley and I'm with Cooper Institute and also with the PEI Working Group for a Livable Income. This is Edith Perry with ALERT and with the Working Group for a Livable Income. So we're here today representing a pretty wide sort of coalition group.

Chair: Take it away.

Edith Perry: Yes. The PEI Working Group

for a Livable Income is a coalition of social justice and community organizations. Our members are: ALERT, Cooper Institute, the PEI Advisory Council on the Status of Women, PEI Federation of Labour, PEI People First, Women's Network of PEI, Actions Femmes de l'Î.-P.-É, - my French is not good - PEI Healthy Eating Alliance, PEI Council of People with Disabilities, and the Saint Vincent de Paul Society from the Holy Redeemer Parish.

The basic goal of the Working Group is to influence the attitudes and actions of the community, employees, employers, and public policy makers with regard to the advantages of a livable income for all people. The Working Group asserts that the health of Islanders and of our province's economy will be enhanced if everyone has access to a livable income.

By livable income, the PEI Working Group means an income that allows a family or an individual to pay their rent or mortgage and, with their monthly bills, buy medicine and healthy food, use transportation and child care, have money left for some extras like sports activities or the kid's birthdays, as well as to cover emergencies such as cars or furnaces breaking down, or having a family member laid off or hurt.

Ann Wheatley: So in 2006 we took a great deal of care and time to make a presentation to the Employment Standards Review Panel. At that time, we encouraged panel members to consider the idea of a livable income as the basis for setting minimum wage rates. We pointed out that the basis of meaningful employment is a wage that provides a livable income. A minimum wage of less than \$10 an hour is not a living wage and it doesn't reflect the true needs of workers and their families.

So while we recognize that the recent increases to PEI's minimum wage are a step in the right direction to \$8.40, it still is

really a poverty wage. You pointed out after the last presentation that somebody who's making minimum wage working full-time year round is making less than what is currently considered the poverty line for PEI.

In general, wages in PEI are low. In 2006 Stats Canada said that 26% of Islanders worked for less than \$10 an hour, and the only province that had a higher percentage of low income workers would be Newfoundland and Labrador. So our minimum wage rate - again, you mentioned this before - is among the lowest in the country.

So in our view there's a problem with the minimum wage. It's way too low. Just as disturbing, we find, is the sort of lack of a plan to bring it up to an acceptable level. Even in New Brunswick and Newfoundland and Labrador, for example, there are plans to raise their minimum wage to \$10 an hour in Newfoundland and Labrador by July this year and in New Brunswick next year in September. Again, \$10 is just to get you out of poverty. It's not really going to provide a really decent income. I think that there was - it's been suggested at the federal level that the minimum wage, when they floated the idea of a federal minimum wage, that it should be \$12 an hour.

So I don't think we can claim to value employees, women, families, and Islanders and continue to maintain a minimum wage at a rate which guarantees that workers will not be able to live and meet their basic needs with dignity. When the minimum wage is kept low it effects more than the people who are earning the minimum wage. It acts as an anchor, keeping all wages lower. It decreases community expectations and allows employers to feel satisfied because they've conformed to some established standard, and it doesn't matter that that standard is less than adequate.

Some business people have spoken out against a higher minimum wage, saying that it would result in insupportable increases in their costs. I think that it's important to note that the healthy functioning of small and medium-sized businesses is really important to the economy of PEI, but so is the capacity of Islanders to participate in that economy. The benefits of raising workers' wages is seen in their increased ability to spend money locally, and in fact to support PEI businesses. For people who are making lower wages, it's more likely that they're going to be spending their money locally than people in the higher income brackets who are investing in stocks and companies out of province.

Edith Perry: So the question is, is it two-tiered or differentiated minimum wage? I think that was actually the title. It isn't just about two tiers. You're looking at several levels.

The Working Group for a Livable Income has grave concerns about the possibility of introducing multiple minimum wage rates in PEI. A two-tiered or differential minimum wage has potential to negatively affect some workers more than others.

One example: women occupy the highest percentage of service jobs, which are the types of jobs most likely to be affected by this kind of system. As primary caregivers they are most likely to step out of the workforce for extended periods of time and find themselves reentering the labour force. Women, especially during child-rearing years, face the challenge in getting access to training and programs, to upgrade their skill which also could put them at a risk of being considered untrained, inexperienced or new workers, if you went into this kind of grading system.

People who have the potential to earn tips - and I think you've had some presenters on that score. I have three grown children and

they all had the experience of working in summer jobs in restaurants, etc., so I kind of learned through osmosis what they experienced. They had to live at home in order to just get by.

These people might be expected to receive lower wages from their employers under the guise of tips bringing their income up to some sort of standard. This includes many workers in the restaurant and hotel industry, mainly youth and women. This is a totally subjective and insecure system which throws back to the community the responsibility for supplementing unfair low wages. There are no standards for tipping. The amounts paid in tips vary according to things like time of day, mood of the customer, or the appearance of the server, maybe even the appearing mood of - you know, the day went bad for the server as well. It would be unfair to use tips in the calculation of an employee's wage.

Ann Wheatley: Another group that would be adversely effected by a differential wage system would be students who are hired to do the same jobs as older workers, often at a much lower rate. Certainly their costs have not gone down either. Their tuition fees and cost of living increase. They're in as much a need of jobs that pay a livable wage as anybody else. Yet it's common practice to pay students minimum wage. I heard you talking earlier about the Jobs for Youth program. There are a lot of federal and provincial programs that provide funds to community organizations and small businesses. Those subsidy programs are based on the minimum wage. Not all community organizations certainly have the ability to top that wage up.

So I think that allowing for a separate wage rate for students could have a really negative effect on their summer jobs and prospects for being paid well. In PEI, our recreation, environmental and other community, even health, programs have been developed and

function using really cheap summer labour. At the same time, our students are graduating from colleges and universities with massive debt load.

I, too, have three young people who have made their way through university. The challenges that they've faced in summer jobs ranged from doing unpaid training, buying uniforms, paying unreasonable transportation costs to get to the jobs. So certainly, I think, students stand to lose if they have to accept a different wage from other workers.

It's your turn.

Edith Perry: Untrained workers, both young and old, may find themselves as permanent on-the-job trainees. We are aware that some enterprises already extend training time, especially if they receive wage subsidies, as long as possible and then let the workers go, taking on new trainees. I have personal experience of friends who had that experience.

I work in I guess you would say a middle income business, and most of us would be considered, including myself - I'm trained because it's a blue collar labour intensive kind of job.

Apprentices in the trades provide high quality work at low wages and are the first to be let go when enterprises reorganize. Long-time, low wage workers who, even in the current system, never seem to receive the remuneration that matches their years of work and accumulated experience with the same enterprise could well be affected. I fall into that category.

Just as a little sidebar, I've worked for 17 years at this place. I am called permanent part-time, and have been such for most of those years. I started out at 6.58 an hour and I am now at the grand sum of 11.50 an hour. A lot of years to be working at that kind of

work, at that kind of low wage.

Contract workers are at risk, as well, of being exploited by contractors who will have the freedom to base their wage scale or compensation rate on a level at or lower than minimum wage, keeping in mind, of course, minimum wages seemed to be used as kind of a standard.

New immigrants, who are usually considered untrained and new entry, and especially those with language barriers, will be particularly affected, considered untrained for years even though they are engaged in work of equal value to that of long-time Canadians. Again, where I work, they are hiring immigrants who have professional training in other countries and you're all aware of that issue.

People with disabilities in some cases even now, with the current single minimum wage system are employed at lower than minimum wages, with employers taking the attitude that they are providing training even though the employees are doing real work of equal value to non-disabled workers.

Again, at my place of business, there is a fellow there who has worked longer than I have and I am shocked that he is being paid far less than me and he does hard, grunt work. Yet, because he is seen as someone who they can't move into some kind of management position or whatever, or they can't put him in two or three other job situations for whatever reasons, they think that they can still pay him a low wage.

Ann Wheatley: So in summary, we look to the PEI government to develop policies and programs that support inclusion, equity and equality for everybody and we're afraid that at a differential minimum wage would do just the opposite because it would effect some people more adversely than others.

In general, people who earn higher wages

already will be less effected by changes to the minimum wage. This has the potential to deepen the income gap in this province. PEI needs employment standards including a livable minimum wage that makes it possible for Island workers and their families to live in good health and with dignity.

Chair: Okay, thanks.

Just a quick comment, though. You seem to be arguing against your arguments, I guess. Like, you've mentioned the individual that was working at the same job for quite some time. You would rather leave that to the discretion of the employer versus legislating that that individual be entitled to an extra wage, after a period of time.

Edith Perry: Perhaps that's your interpretation. From where I'm sitting, that person has every right to have as high a wage as the rest of us based on his years of experience, the fact that he's loyal, he's there, he's depended on.

Chair: Exactly, yes.

Edith Perry: The company is in a position to - if they value his or mine or some of the other long-time employees working for them, then the wages should reflect that.

Chair: But that hasn't happened in this case, though. The employer, at their discretion, has said that they don't think it's worthy of that individual getting more money. So that's why I'm a little - it just -

Edith Perry: They're using the minimum wage that exists as a standard, and for them, when they pay a couple of dollars more to the new person that gets hired, they know it's being seen by those people to be a much better job to get into than, say, someone who's still sticking with a minimum wage. Nine dollars and twenty-five cents an hour is not a livable income and that's above the

minimum wage.

Chair: Another comment just would be, you mentioned the concept of livable income. Like, that would depend a lot, the situation the individual is in. If I use a student as an example, their livable income probably is - if you base the terms always on that - then the livable income of a student is probably lower, so hence they would get a different wage than the person who has family and a higher livable income. So I'm just trying to get some clarification on that.

Edith Perry: When I worked for a big hotelier operation in the 1990s the grand total was 5.50 an hour for we experienced adults, and the student wages - remember, we did have a two-tier system at one time?

Mr. Bagnall: Yes.

Edith Perry: A student was getting 5.25 an hour. This is summer work. Those students were there probably their third and fourth summer, certainly more experienced at the job than I was, and they were expected to work ever bit as hard as I was. Now, this business still saw fit to pay them the student wage because the bottom line was better for them. You know, and I mean, hey -

Chair: But I'm just saying, if you use the definition of livable, if we ever went into that perspective, like I say, then employers could say: That individual is a student so they don't need as high a livable income as this person, so that's why it's a questionable -

Edith Perry: We're looking at two different - you know, our group is lobbying and advocating for a livable income. This differential wage proposal is just one aspect of it.

Chair: Correct.

Edith Perry: It still doesn't take away from

the fact that you do need to have a livable income, and we're not just talking about students. We're talking about -

Chair: Everybody.

Edith Perry: - people who are just entering into the workforce, the women that we mentioned, etc.

Mr. Greenan: Re-entering.

Edith Perry: Pardon?

Mr. Greenan: Re-entering as well.

Edith Perry: Re-entering, yes, the new immigrant to the country, you know.

Ann Wheatley: I think the point is that a low minimum wage does keep wages down. It keeps - and you know, we talked about a quarter of Islanders in 2006 working for less than \$10 an hour. Clearly, that's not livable for an individual. It's definitely not livable for a family. So I think that we're talking about aiming higher when you set the minimum wage. Yes, there are complications with using livable income as a base rate because it is going to be different, you know, if you have eight kids or -

Chair: That's all (Indistinct).

Ann Wheatley: - if you have one, but I think the point is that it needs to be based on something that's more fair, and we need to be aiming higher than just getting people out of poverty.

Chair: Yeah, I think, no argument there. We're trying to get the standard of living as high as we can. That's the goal, objective.

Ann Wheatley: Yeah.

Chair: Anyway, Jim Bagnall, you had a question?

Mr. Bagnall: Just curious, Edith. You said you were classed as full-time part-time?

Edith Perry: Permanent.

Mr. Bagnall: Permanent part-time.

Edith Perry: Yes.

Mr. Bagnall: Is that less than 32 hours a week?

Edith Perry: They try to keep it that way and it works. Yes, that's -

Mr. Bagnall: So they don't have to pay you benefits?

Edith Perry: Yes.

Mr. Bagnall: Okay. That's what I thought.

Edith Perry: It's year-round work, too.

Mr. Bagnall: Pardon?

Edith Perry: It's year-round work, too. But you can't get laid off so you don't get UI.

Mr. Bagnall: Yes, but once you stay under that there threshold, they don't have to pay you benefits, the corporation.

Edith Perry: That's right.

Mr. Bagnall: And that's where a lot of corporations have gone.

Ann Wheatley: Yeah. People are already getting around paying workers -

Edith Perry: Yeah.

Mr. Bagnall: That's right. Exactly.

Ann Wheatley: - and giving workers benefits. I don't think they need one more way to do it.

Mr. Bagnall: That's exactly right.

Chair: Okay, any other questions?

Okay, we thank you very much for the presentation.

Edith Perry: Thank you.

Chair: Okay, the next item on our agenda, I'll refer to the clerk to identify some possible dates and hearings and give us an update on the amount of presenters.

Clerk Assistant and Clerk of Committees: Thank you, Mr. Chair.

We had a wonderful day today. We have 16 more individuals and groups in the Charlottetown area who wish to make presentations to us; 11 in Summerside and west of Summerside; and four in the Montague area. In addition to that, we've had a total of 37 written or emailed or telephone comments, and you've received those.

Of the 16 presenters in Charlottetown, approximately 9 of those are also going to be from Holland College. So it's not quite as - they were very disciplined with the amount of time they took on their presentations, so it's not as tough a task really to get them all into one meeting as you might think.

If you have your calendars handy, or I can send you an email, I'm wondering how your calendars look to travel east, west and meet again in Charlottetown, the week of March the 8th.

Mr. Bagnall: I won't be, I'm out of the province.

Ms. Dunsford: I'm out of the province, too.

Clerk Assistant and Clerk of Committees: All right, well -

Chair: This is where the hard part comes into play is to try to -

Clerk Assistant and Clerk of Committees: Would you like to email me dates when you are available? We really will need three days because we'll be traveling. We'll have one day in Charlottetown and we'll have one east and one west.

Ms. Dunsford: Okay.

Mr. Bagnall: Next week I'm available all week.

Clerk Assistant and Clerk of Committees: Okay.

Chair: I think, just as a couple of comments. It's probably going to be impossible to get all the existing committee, so I mean it's just a matter of at least knowing that we have, number one, a quorum, and a guaranteed quorum to go travel because I don't want to run into that.

Ms. Dunsford: (Indistinct).

Chair: The other issue is that you can get substitutes or whatever, I mean.

Mr. Bagnall: I don't have too many substitutes.

Chair: No, I know, and I appreciate that, Jim, so I mean -

Clerk Assistant and Clerk of Committees: Perhaps if you -

Ms. Dunsford: We'll email you some dates.

Clerk Assistant and Clerk of Committees: Yes, please email me some dates. I thought perhaps we might try to do these one after another but they don't necessarily have to be that way. It can be a date next week.

Mr. Bagnall: I'm available after the 23rd of

February, the 22nd. The 23rd is what day?

Clerk Assistant and Clerk of Committees: Tuesday.

Mr. Bagnall: I'm available up to Tuesday.

Clerk Assistant and Clerk of Committees: Okay.

Mr. Bagnall: And Wednesday morning. After that, I'm not.

Chair: And when are you back, Jim?

Ms. Dunsford: After he gets a tan.

Chair: Well, I just, you know, if you're -

Clerk Assistant and Clerk of Committees: Motion to adjourn if -

Chair: Just one other item was the 1-800 number.

Clerk Assistant and Clerk of Committees: Oh, yes.

Chair: I had a request, one comment from a person said that maybe you should have a 1-800 number. I mean, I know we have a Centrex system but a lot of the general public don't know that. Whether that would be something that'd be worthwhile or not. So I just said I'd bring it to the committee's attention.

Mr. Bagnall: What's the cost?

Clerk Assistant and Clerk of Committees: The cost is minimal, and not only would it be used for this committee but it would be used for all committees and, in fact, everything.

Mr. Bagnall: I'd say go ahead.

Ms. Dunsford: Yeah.

Clerk Assistant and Clerk of Committees:

It's just a matter of -

Mr. Bagnall: I think it's a good idea.

Clerk Assistant and Clerk of Committees:

- \$35 to set it up and then the long distance charges, so if it's not used, then -

Ms. Dunsford: Get the message out there somehow to advertise it.

Clerk Assistant and Clerk of Committees:

Okay, good idea, committee, and Mr. Chair.

Mr. Bagnall: Move for adjournment.

Chair: Okay, we have a move for adjournment.

Meeting adjourned.

The Committee adjourned