

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: 11 MARCH 2010

MEETING STATUS: PUBLIC

LOCATION: POPE ROOM, COLES BUILDING, CHARLOTTETOWN

SUBJECT: DIFFERING WAGE SYSTEM

COMMITTEE:

Robert Henderson, MLA O'Leary-Inverness
Michael Currie, MLA Georgetown-St. Peters, replaces Olive Crane, Leader of the Opposition
Valerie Docherty, MLA Kelly's Cross-Cumberland, replaces Paula Biggar, MLA Tyne Valley-Linkletter
Sonny Gallant, MLA Evangeline-Miscouche
Pat Murphy, MLA Alberton-Roseville
Buck Watts, MLA Tracadie-Hillsborough Park, replaces Cynthia Dunsford, MLA Stratford-Kinlock

COMMITTEE MEMBERS ABSENT:

Jim Bagnall, MLA Montague-Kilmuir
Paula Biggar, MLA Tyne Valley-Linkletter
Olive Crane, Leader of the Opposition
Cynthia Dunsford, MLA Stratford-Kinlock
Gerard Greenan, MLA Summerside-St. Eleanors

GUESTS:

PEI Association of Newcomers to Canada (Jennifer Jeffrey, Craig Mackie); PEI Federation of Labour (Carl Pursey); Union of Public Sector Employees (Shelley Ward); Island New Democrats (Ron Kelly, James Rodd)

STAFF:

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

The Committee met at 2:15 p.m.

Chair (Henderson): I'd like to call our meeting to order.

This is a meeting of the Standing Committee on Community and Intergovernmental Affairs, reviewing the subject of different minimum wages.

This will be considered our last public meeting as we were able to handle all the individuals that have contacted us, or organizations, I guess, as well, that have requested to have a public presentation. So we welcome those in the audience.

I'd like to have an approval of the agenda that's in front of everybody.

Mr. Currie: Agreed.

Chair: Approved by Mike Currie.

Based on that, our first presenters are the PEI Association of Newcomers to Canada, so we could ask them to come forward and take the seats at the end.

I would like to welcome you to our standing committee. I would ask you to identify yourselves as individuals, and the name of the organization you're representing, for the record.

Craig Mackie: Very good.

Good afternoon. My name is Craig Mackie. I'm the executive director of the PEI Association for Newcomers to Canada, and with me today is my colleague, Jennifer Jeffrey. She is the coordinator of the employment assistance service at the association, and we'd like to express our appreciation and the opportunity to address you today.

The Association for Newcomers to Canada

is mandated to provide a range of short-term settlement services and long-term social inclusion and community integration programs for immigrants and refugees. The PEIANC also delivers numerous cross-cultural awareness and public education programs.

The ANC was formed in 1993 to support refugees, primarily, at the time. In the last few years the association has grown dramatically, as has our immigrant population on the Island. We've grown so that we can increase the necessary services with the newcomers that have come in. About a decade ago we could expect around 150 or so immigrants every year, mostly refugees, as I said. Last year, we brought 1,218 people through our doorways at the Association for Newcomers and we anticipate at least that many coming again in this coming fiscal year.

The association, 10 years ago, probably had a staff of five. Now we are 26 people serving all of those folks. We deliver programs like the refugee resettlement assistance program, immigrant adaptation, Canadian life skills - and that's a really important one - interpreter training, language assessments, employment assistance, support for internationally educated health professionals, immigrant student support, a volunteer host program, a Francophone settlement program, and a multi-cultural education service, to name some of the services and programs we provide. We also run and support a variety of community events like Global Jam, and the upcoming fundraiser - I'll get a plug in right now -

Chair: Yeah, good promotion.

Craig Mackie: - the upcoming fundraiser - tickets are available - it's called Island to Island: Hope for Haiti, and we're, of course, co-sponsoring this with the Carrefour. So, we'll hope that you'll, at least, buy a ticket

and come out and enjoy some music. The headliner is Vishten. Did I get the commercial okay? I should ask Paul if he got that.

What I wanted to do is just give you an overview and familiarize you with the Association for Newcomers. We believe strongly in the diversity that we're helping to bring to the Island and the support we give to our immigrants.

My colleague, Jennifer Jeffrey, will now speak on why we believe a multi-tiered minimum wage could become a barrier to making our province more inclusive for immigrants.

Jennifer Jeffrey: Thank you, Craig.

So as Craig said, my name is Jennifer Jeffrey, and I coordinate our employment program at the ANC.

I'll just start by giving you just a little bit of some information about the services that we currently provide for our immigrants in that program. We have six full-time employment counsellors who case manage, right now, about 250 immigrants. They come with a variety of education and work experience, ranging from people with very little formal education, as in refugees, to very highly educated doctors, engineers, managers. So there's a big range there.

The services that we provide to these clients are either one-on-one with an employment counsellor or in group workshop settings. The employment program assists with job searching, resumé and cover letter writing, information on Canadian workplace culture, job interview skills, foreign credential recognition, and accessing training and educational opportunities.

Two of our employment counsellors work specifically with internationally educated health professionals and these clients need a

lot more assistance because there is a lengthy credential recognition process for them.

The association has provided employment counselling services for newcomers since 1997, and during this time our clients have experienced many barriers to employment, and these include low English skills, a lack of Canadian work experience, minimal exposure to Canadian workplace culture, and difficulty in getting those foreign credentials recognized. They also experience challenges in having their education, their experience, and their culture valued in the Canadian workplace.

To overcome some of these barriers, newcomers often want to gain any work experience that they can that will expose them to the workplace culture here. It will help them improve their English skills and it also helps them meet new people. They really want to immerse themselves in our community. To do this, they often work in entry-level minimum wage jobs.

So why we're here today is if the province of PEI implements different minimum wage rates for different employees or different classes of employees, we feel that this may have a negative impact on newcomers to Canada. So, in addition to the barriers, immigrants experience, the change to the *Employment Standards Act* could pose as another barrier for immigrants wishing to integrate into the workplace. Many immigrants start their work experience in Canada in minimum wage jobs, regardless of the education and the experience they may come here with. With different minimum wage rates newcomers could automatically be slotted into the lower wage without consideration of the value and benefits that they bring to the workplace. So if they always start at the lowest minimum wage, what message is being sent to immigrants and to their co-workers?

Immigrants have the potential to be seen by employers as inexperienced workers. For example, how might a newcomer feel if she has a professional degree from her home country but is being paid less than a co-worker simply because she doesn't have the Canadian work experience. We see being paid differently than colleagues around you - it could act as a social barrier.

The other thing to consider is how might immigrants perceive being paid differently here than in other provinces in Atlantic Canada. A potential disadvantage of having more than one minimum wage in the province is that it could make PEI less attractive to immigrants than provinces that pay the same minimum wage to everyone.

The employment program at the PEIANC has strong relationships with many local businesses. Some of those employers pay minimum wage and they've hired our clients with the same wage rate as all other employees. They are having great experiences with our clients. They recognize the benefits of hiring newcomers. It's been my experience while working at the ANC that employers are only going to hire people who they feel are qualified to do the job that they're hiring for. So the fact that they might have an accent or they may not have the level of grammar that native English speakers have, it doesn't affect their ability to do the job that they're hired for.

By allowing for different minimum wage rates, the risk is that certain groups of people will automatically be put into a lower wage. What is the message that this sends to these groups of people? We think that it could send the message that some individuals' work is less valued than others.

So the PEI Association for Newcomers to Canada asks just that you think about this and consider these implications as you go forward with your recommendations.

Craig Mackie: That bring to a conclusion our very brief presentation. Our objective was to make you aware of the growing immigrant population on Prince Edward Island and that, again, to ask you that as you make your recommendations and you go forward with this, that you consider this part of our new and valuable population on Prince Edward Island.

So thank you for your time.

Chair: Do you have any questions for the organization, the newcomers?

Just one thought. Like, you mentioned that you think it's a deterrent for immigrants to come to a province that would have a different minimum wage system, but Ontario and Quebec and BC, they would be provinces that probably have the highest proportion of immigrants that go to those provinces and they have a different minimum wage system. So how would you explain that? Or on the other side of it, do you think immigrants aren't choosing Prince Edward Island because it doesn't have a different minimum wage system?

Craig Mackie: I think what we're saying is it's potentially one barrier. We were referring to Atlantic Canada, we weren't referring to - we're trying to retain them in this area.

Chair: True, but Nova Scotia also has a different system, too. So you think people are choosing PEI versus (Indistinct) -

Craig Mackie: We're just saying it could be one thing.

Chair: Oh.

Craig Mackie: All we're trying to do is raise, as I say, that there are possibilities that these may be considerations. We don't have the answers and it's not really clear yet what you're moving forward with. So we found it

a little difficult, but it was really to make you aware that this could potentially be yet another barrier for our newcomers.

Chair: Why do you think immigrants are choosing to come to PEI? If your numbers are up into the thousands versus just a few a few short years ago, what's attributing that?

Craig Mackie: Partly the Provincial Nominee Program, partly the way the federal government is choosing to settle refugees in other parts of the country. Those would be the two main contributing factors. But I think as you have a growing population of immigrants it becomes easier to settle here. So if you have a larger Chinese community, Chinese people feel more comfortable, larger Korean community. They feel like there's some place that they can connect with in the province.

I'm sorry, were you about to say something, Jennifer?

Jennifer Jeffrey: No, that's okay.

I did just want to add, though, that regardless of people coming here and why they first decide to come, that really part of our job as a settlement agency, and something that I'm sure that the province wants to do, is to keep people here. So looking at retention and why people stay, we just want to bring forward the fact that having something like possibly two minimum wages and maybe, again, could be automatically slotted into a lower minimum wage because of barriers, that could add to just a feeling of being treated differently, of almost sort of being slotted that way.

So even though people choose to come and they're here - and most of my clients really enjoy PEI - it's something to do with retention, and I think it's an important thing to look at for keeping people and keeping people happy and feeling good about the

work that they do on PEI.

Chair: A question from Mike Currie.

Mr. Currie: I guess, Craig, you could probably answer this. I thought that you only provided settlement services for those areas that the government deems as necessary to grow their economy, which is bioscience and renewable energy and other areas like that. So you provide settlement services for everybody, even the fish plant workers?

Craig Mackie: If they request support, we'll try and provide them with information that may need about how to - you know, what's the pathway to becoming a permanent resident or a Canadian citizen. So yeah, we will provide -

Mr. Currie: But they're temporary workers.

Craig Mackie: Sorry?

Mr. Currie: They are temporary workers.

Craig Mackie: Yes.

Mr. Currie: So you provide settlement services to them?

Craig Mackie: If they ask and we have the available time, we'll try and provide them with information.

Mr. Currie: Has there ever been a request for settlement services?

Craig Mackie: Yeah.

Mr. Currie: Did you help?

Craig Mackie: Yeah. It's not a big part of what we do.

Jennifer Jeffrey: Not at all.

Mr. Currie: It's my understanding, though,

that if it's not on your web, according to Paul Snow, if it's not listed on the link to the jobs that the government of PEI deems is necessary, you won't assist them with settlement services. So I'm just wondering why you're saying now that you'll help these people?

Chair: Would it be different in an immigrant and a refugee, too, maybe, that has a bearing, does it?

Jennifer Jeffrey: No.

Mr. Currie: They're both one and the same.

Jennifer Jeffrey: Yeah.

Mr. Currie: In my mind, they are. They're both people.

Jennifer Jeffrey: Yes, that's right.

Craig Mackie: Yes, they're all newcomers.

Mr. Currie: That's right. So you're telling me that you do provide settlement services for communities. If the community of Wellington wants to bring in people for their fish plant, or in Souris or Tignish, that you'll provide settlement services, English second language, so on and so forth.

Craig Mackie: Yeah, it's not something that we've done a lot of. In fact, I don't think we've done anything to that extent.

Mr. Currie: No, but it focuses on Charlottetown is what - rural PEI is not getting the service.

Craig Mackie: We just actually helped in a couple of instances in eastern Prince Edward Island with some immigrant families settling there and we've had our multicultural education people go into the school and meet with the teachers and the students.

Mr. Currie: Good.

Craig Mackie: We're happy to meet with businesses and communities. No, we're an Island-wide service and it is taking time. People tend to settle here first but there are - slowly we're seeing some people begin to move out into other parts of the Island. It just takes time.

Mr. Currie: So a temporary worker that comes in under a temporary work visa, you're telling me that you will assist those people?

Craig Mackie: If they approach us looking for assistance.

Mr. Currie: Okay, that's all I want to hear.

Jennifer Jeffrey: Because the other thing is that our association is funded by a wide variety of different departments. You know, the employment program, my program, for example, has always been funded through Service Canada, now Skills PEI. But there are different rules under that funding than there is through Citizenship and Immigration Canada. For example, our program can work with Canadian citizens whereas CIC is a little bit more - it's tricky with providing services to Canadian citizens.

Mr. Currie: You're funded by CIC.

Jennifer Jeffrey: Not -

Craig Mackie: In part.

Mr. Currie: In part, yes.

Jennifer Jeffrey: Yes, in part.

Mr. Currie: The majority of it.

Craig Mackie: It's in part by CIC.

Mr. Currie: And some by the province.

Craig Mackie: And some by the province,

and some by Health Canada, and so -

Mr. Currie: That'd be the refugee part of it then.

Craig Mackie: No.

Jennifer Jeffrey: No.

Craig Mackie: That's the International Educated Health Professional Initiative -

Mr. Currie: Okay.

Craig Mackie: - which is a separate program that started three, four years ago now. So there are different programs that come up and sometimes it's Citizenship and Immigration, sometimes it's Service Canada - Skills PEI now - and through the devolution that occurred. More is now coming from the province in support of settlement and education services, yeah.

Mr. Currie: Okay.

Chair: Next question to Pat Murphy. He was smiling so hard I couldn't see his hand up there. There was just that glow.

Mr. Currie: He's all sunburned from the flashes of camera there.

Chair: Yeah, exactly.

Mr. Murphy: Make me forget my question here in a minute.

We had a presentation from a group from Holland College. They were of the opinion that the multi-level minimum wage was a good idea. Their perspective was that it would make inexperienced workers, such as students, more marketable to the job market. I'm just wondering what's your take on that? Do you think that might be something that would help immigrants?

Jennifer Jeffrey: I don't think that's

necessary for immigrants. Like I said, we have great relationships with employers. They have hired people, our immigrants, without any sort of lower minimum wage.

The other thing is, is that as of October 5th of this year - 2009, sorry - Skills PEI has come out with lots of great new funding programs for employers, targeted wage subsidies, that if employers need sort of that little extra boost to maybe hire an immigrant, there are already programs set up through the province, one specifically for immigrants, that employers can apply for and get. In some cases, if it's a private employer, they can get up to 50% targeted wage subsidy, and if it's a nonprofit they could get up to 100% funding to hire someone. I see that that is what people could use, if they need an incentive.

Mr. Murphy: Thank you.

Chair: Any other questions?

So ultimately then, the association of newcomers would prefer to see wage rates above the minimum wage be decided by the employer?

Craig Mackie: Say that again, please?

Jennifer Jeffrey: Yeah.

Chair: (Indistinct) confused (Indistinct). So you're basically saying, though, that the wage rate above minimum wage should be decided at the discretion of the employer for workers?

Craig Mackie: We think that the minimum wage is fine.

Chair: Yes.

Craig Mackie: A minimum wage.

Jennifer Jeffrey: One, the same for everyone.

Craig Mackie: Yeah.

Chair: But if an employer wants to pay more, they'd have (Indistinct) discretion (Indistinct).

Jennifer Jeffrey: Oh yeah.

Chair: That's right.

Jennifer Jeffrey: Okay.

Chair: So you don't think it should be legislated for them to pay more at a certain time? That's ultimately what you're saying.

Craig Mackie: We didn't come in with - because it wasn't clear about which direction that the legislation was headed. The amendment we looked at was it was going to be this or that, and it seemed to be both and that, so we have no problem with a minimum wage, but that implies one. I don't know whether you can have more than one minimum wage just by definition. Minimum wage is a minimum wage, right?

Chair: I guess you look at the different provinces that have implemented it, that's the way that they have different wages.

Craig Mackie: They have a differentiated -

Chair: Or depending on the occupation or depending -

Craig Mackie: A scale.

Chair: - on the amount of experience or whatever it might be.

Jennifer Jeffrey: I just think that if an employer would like to recognize an employee's experience -

Chair: Hard work, yeah.

Jennifer Jeffrey: - then -

Chair: They can do so.

Jennifer Jeffrey: Exactly, and then there is one minimum wage. If an employer wants to pay above that, then I'm sure no one's going to argue with him.

Chair: Okay.

Craig Mackie: We have copies for you. Again, thank you for the time and consideration that you've given us. We appreciate that.

Jennifer Jeffrey: Thank you.

Chair: Okay, our next presenter is the PEI Federation of Labour.

Mr. Currie: UPSE's not presenting?

Chair: Haven't so far, anyway.

Mr. Currie: (Indistinct) the next -

Chair: Oh, the next one. Oh, I'm sorry, I actually missed one. But anyway, does UPSE want to or does the Federation of Labour? Does it matter? Okay, let's go with the Federation of Labour now. Sorry about that. I guess I -

Mr. Currie: (Indistinct).

Chair: We'll have UPSE after that and then the Island New Democrats. I apologize for that.

Carl Pursey: Okay, I would like to introduce myself. My name is Carl Pursey, and I'm president of the PEI Federation of Labour. I've held this position for the last five years. I've also worked for 34 years with Canada Post where I was president of the union for 15 years and held various other union executive positions.

The Prince Edward Island Federation of Labour recognizes that the two recent

increases to PEI's minimum wage which now brings the Island's minimum wage to 8.40 was a step in the right direction. However, these small steps don't go far enough to address the problems of working people here. Even after the increase, PEI remains near the bottom of the category nationally. Only New Brunswick and British Columbia are lower, and in New Brunswick they're going to 8.50 on April 1st and \$9 on September 1st, 2010.

If an Islander works 40 hours a week for 52 weeks a year at that level of minimum wage, they would bring in an annual income of \$17,472. This is well below the poverty line, and that's why we have a problem with that.

To have a measure of where this leaves Island workers who work for minimum wage, we need to look no further than Statistics Canada's low income cutoffs, which is essentially a poverty indicator. It shows that a single worker on PEI in 2006 would need to make an annual income of \$18,147 to be above the poverty line. If he or she were living in a community between 30,000 and 99,000 persons, a couple would have to make 22,591, and a family of four would require 33,721. All of these numbers are higher than our current Island reality would suggest, and this was a full three years ago. It's almost four years ago now that these figures were out.

Recently, food banks in Canada released the *Hunger Count Report 2009*, and it revealed a glaring yet not at all surprising statistic. It showed that in March of 2009 over 2,700 Islanders were assisted by food banks here on PEI. Of those, 20% report an employment income, and they are truly the working poor. This clearly demonstrates the Island's minimum wage has not allowed working Islanders to address their basic needs in the past, and it is doubtful that an increase of 40 cents is enough to address it in the future.

From the report - this is from the report on this - it says:

When they speak to those coming through the food banks on PEI about why they need help, we hear two recurring themes. The first is employment. For some people, this refers to the lack of employment opportunities and the inability to find work. For others, this means working in low-wage jobs or working in jobs that provide limited hours of employment each week. The second theme is the elevated cost of housing. Many of their clients report having difficulties in paying their rent and mortgage. The cost of maintaining and heating their homes is also a great expense that eats into most household budgets.

If we look at the social detriments of health, we find that income and food are the two most important. It is unlikely that with a minimum wage salary that we need for local food banks to provide necessary supplement support that any family will be capable of living healthy. The long-term impact of children in families living in poverty is titled to the negative. Not only is it clearly documented, common sense alone compels us to agree that when children grow up without need they become more productive members of society.

It is clear that working at minimum wage certainly does not allow an individual or their family to claw themselves out of poverty. Unfortunately, the present minimum wage goes nowhere in meeting the basic needs of thousands of Islanders. The provincial government needs to understand that our minimum wage level has a much greater impact on workers, and the economy in general, than in many other provinces and territories in our great Confederation.

In PEI in 2006, 26% of Islanders - roughly 15,000 from tip to tip - worked for less than \$10 an hour, providing PEI the dubious honour of the second-highest percentage of

low-income workers in Canada, behind Newfoundland and Labrador.

What is perhaps the most disappointing, however, is that unlike many other provincial and territorial governments, PEI hasn't come up with a long-term plan to determine where our minimum wage is going. In such a prosperous country as Canada it is unimaginable that there is currently no province that has a minimum wage above their province's poverty line. The only territory, Nunavut, has \$10 an hour, meets Statistics Canada's poverty line. There is increasing optimism with so many provinces and territories planning long-term commitments to raise their minimum wages, and we are hopeful that our provincial government will join them shortly.

The provinces and territories thinking ahead include:

Nova Scotia - it has taken positive actions so workers have a minimum wage of 9.20 on April 1st, 2010, and 9.65 in October 2010.

Newfoundland and Labrador has done better because their minimum wage will be 9.50 in January 2010 - which just passed - and \$10 in July 2010.

Ontario is increasing their minimum wage by 75 cents per hour annually to reach 10.25 by March 31st, 2010.

Nunavut has the highest minimum wage of \$10 an hour as of September 5th, 2008, an increase of \$1.50 an hour from 8.50 an hour set in 2003.

Alberta's minimum wage is adjusted annually, every April, based on Alberta's average weekly wage increases.

The Yukon increases their minimum wage on April 1 of each year, based on the annual increase of the preceding year in the Consumer Price Index for the city of

Whitehorse.

We are certain that the Chamber of Commerce and other business groups are suggesting that there are horror stories which allegedly illustrate bad increasing minimum wages to a livable level for their members. However, it is clear that the prospective benefits of providing Island workers with a livable wage will far outweigh the scare tactics.

These benefits include good employers who pay decent, or want to, but who compete with firms that don't, will be provided a more level playing field. Employers will also benefit from less turnover and easier recruitment. Workers can easily be lured away from employers that provide low pay. The negative consequences of high turnover include adding staff and training costs, administrative costs, operational disruption, loss of productivity, low morale, and a decreased ability for PEI to maintain a skilled workforce. Also, an increase in the ability of teens and youth to be more independent and self-sufficient. This enables young adults to leave home, and helps to reduce their post-secondary education debt loads.

With the retention and attraction of workers on PEI being an issue of note in ensuring the province's future economic prosperity, now more than ever it is time to distance ourselves from the below-par wage and employment standards. We all need to realize that we are no longer just competing with the rest of Canada to attract business to PEI, we are looking to attract workers, and, indeed, retain them. Increasing our minimum wage level that will allow all Islanders to meet their basic needs is a small but very positive step forward. We urge this committee to make this a reality.

Therefore we're asking the government to raise the minimum wage each six months so by the end of 2010 workers make at least

\$10 an hour. Upon completion of this measure the increase would be attached to the annual Consumer Price Index. The time has come for this government to usher in an era where all Islanders working full-time on PEI can earn a wage that, at very least, covers the basics of life.

The two-tiered minimum wage is completely opposite to what we should be doing in order for our workers to obtain a better standard of living. A lot of the bottom tier of the two-tiered jobs would be seasonal and the next year employers would look for new people to bring in at the lower tier rate again, so they would never end up paying the second tier of a minimum wage. This makes for more people living in poverty and never being able to retire with a decent pension because their incomes are so low.

A two-tiered minimum wage, meaning more than one minimum wage, is an unacceptable direction for many workers, let alone a just society. When discussing the issue with past and present provincial governments, the two groups that seem to be potentially targeted for this are students just entering the workforce and workers who earn gratuities.

On students, if our Island economy is going to properly start the integration of young workers into the workforce, both government and employers have to stop looking at our young workers as a cheap labour force. They should begin working hard to ensure that a student's first work experience provides them with much training and exposure to a workplace as possible so they get the best start in their working lives.

Unfortunately, too many Island businesses look at proper training of employees in the terms of short-term expense it creates rather than looking at the major impact it will have in creating the skilled workforce that their business needs to provide for their own future financial success.

Minimum wage jobs are meant to be starter jobs that require lower skills and less experience, so it makes very little sense to set a lower wage for anyone working at a minimum wage job, especially when a discriminatory measure such as age is used.

In the end, most students in a minimum wage job are performing work of equal value to that of the more experienced workers and they do not deserve to be treated as second-class citizens.

Then, on workers who earn gratuities - we cannot understand any logical basis for lower wages for workers in industries where they earn gratuities, especially considering the unstable nature of such compensation. The amount of gratuities a worker earns depends on a combination of so many factors, such as the size of business, the time of year, the product sold, the weather, etc., and to punish workers based on this supposed bonus is ridiculous.

The business community, rather than lobbying to punish their workers due to the gratuities they work hard to earn, should look at them as a no-cost method for the employer to top up their employees' salary, which in turn will reduce staff turnover and lower retraining costs.

Something that this government should remember is that the amount of gratuities that an employee earns is directly proportional to the success of the business that they work for. Therefore any employer that is complaining about the amount of gratuities that an employee earns should be able to afford to pay them the full minimum wage.

On enforcement. If a two-tiered wage is ever put in place, we feel that enforcement would not be properly done because anyone who would complain of their working conditions would be told to find work elsewhere. These workers are scared to go public or say

anything in fear of losing their jobs. The lowest of the two-tiered wage, for a lot of employers, would be maximum wage. This is the maximum that these employers would pay. It's not minimum. It's maximum.

So we feel that a large group of people, this is the maximum amount they're going to - they always hire on the lowest wage that they can and that's the way they'll keep. So that's the maximum that anybody will be working that's working for that employer.

The federation would like to recommend that a two-tiered minimum wage be completely removed from the employment standards legislation so that low-wage earners do not have this hanging over their heads, knowing that it can be implemented at any time by government. So let's remove it and get rid of it once and for all.

The PEI Federation of Labour and our 10,000 plus members would like to thank you for the opportunity to bring our recommendations to this important committee, and we hope that your recommendations will improve the working situation for some of the most exploited and mistreated workers on Prince Edward Island and in Canada.

Thank you.

Chair: Thank you, Mr. Pursey.

Do you have any questions for the Federation of Labour?

Valerie Docherty.

Ms. Docherty: Mr. Pursey, one thing that has come forward that I'm aware of is the fact that the cost to train employees is very costly to an employer. That doesn't matter what industry it's in, but typically, when you think even on a service industry which is where, I think, a lot of youth, particularly on Prince Edward Island, have an opportunity

to work.

Would you ever consider the fact if an employer was allowed to pay a training wage with a very specific amount of time, like x number of hours or x number of days, that once they've completed that training period, then they would automatically move into whatever a legislated minimum wage would be, or higher, if indeed the employer wants to go there?

Carl Pursey: No, because I tend to differ with you there on a lot of the service industry that the cost is high for training. I don't think the cost is very high to train a person that works in a restaurant or in a laundry at a hotel or that type of thing. Usually, after a day or two, they're basically on. They know pretty well what they have to do, or after a week or so they would know what they have to do, for sure.

To put this different wage in only encourages these employers that once they get them trained to hire someone else so they can pay the lower wage again. Next year, these tourism businesses and whatnot that just hire seasonal, they're going to come after government: Give us some money, we want to put on a thing to bring workers in so we can attract workers for our businesses. We don't want to take anybody back that we trained last year because we have to pay them too much money. We can use the lower minimum wage - which is a maximum wage that these fellows will pay to bring in more untrained workers so they can train them.

There's all kinds of money, too, being spent by government in training and that type of thing already. Government money is being spent for training in lots of different fields as it is. So no, we definitely don't think there should be a training wage at all. The training wage should be the lowest of the minimum wage and then employees that have been there longer, then they get more money

above the minimum wage.

Ms. Docherty: Okay, thank you.

Chair: I'm curious, I'm assuming there's also like a Nova Scotia federation of labour. Have you talked to your counterparts in those other jurisdictions that have implemented and what kind of feedback did you get back from them? Are they death against it? Are they trying to fight to get it abolished in those provinces?

Carl Pursey: Yes, they want to get rid of the two-tiered wage in any of the other provinces -

Chair: That have it?

Carl Pursey: - that have it.

Chair: Okay.

Sonny Gallant.

Mr. Gallant: Thank you very much for your presentation. What would you suggest for a minimum wage on PEI?

Carl Pursey: We've been talking \$10 an hour but that was back four years ago when we started this. We're saying we want all the provinces - together the federations of labour were saying by 2010 we wanted to be to \$10 an hour. Some of the provinces have met this. We've given different briefs to government in the past saying that's where we'd like to see it start. But like, with ours so low as it is, and even to talk of lowering it even lower is just unreal.

Chair: I might correct you. Nobody's ever talked about lowering it. Okay?

Carl Pursey: Well, they haven't said how they wanted to do it. Whether they've put another step in there or whatever. But we feel if they did that, to put another step in, then the minimum wage would not go to

where it should be, and that other step is to where the minimum wage should be starting. Because we need to be socially responsible here and people need to make a living. A lot of these places that pay such low wages don't seem to realize that if people have the money they're going to be spending it. How many of these people that are out there working in the tourism industry for the summer and the restaurant business or the fast-food business can afford to go out and spend money at these places?

Now these low-income earners, if they're making money, they're only going to spend it in their communities and it's going to be to the benefit of everybody. They're not going to take all the money they're making extra and put it in the bank because they're below the poverty line now.

Chair: So why is it, do you think, that employers don't see that side of it?

Carl Pursey: Because right now there's still - there are extra workers here and some of them just see how much more they can have for themselves. Because of the surplus of workers and the high unemployment rate, they want to keep the rates down and a race to the bottom.

Chair: But if you're saying that if an employer paid higher wages that they would probably receive more business back because - so to me, you'd think employers would see that as a benefit, though. I think Henry Ford, that was one of his theories, was if he paid his workers a bit more they would buy his cars. So I'm just curious to what -

Carl Pursey: Well, some - we're not saying all places are like this. There's a lot of businesses out there that pay their - in the seasonal industries and stuff, that do pay their staff sufficiently. But there's a lot of people that don't and some of these, like, have their professional lobbyists that go

across the country. No matter what the minimum wage is, these associations will say: It's got to be lower. They use the same argument, they're professionals at it, and they just want to have a lower wage, no matter what it is. They don't say what they think a reasonable living allowance is or what people should be making. They just say it's got to be lower, whatever it is. If it was \$6 an hour, minimum wage here, these other fellows would be still making the same argument saying that it should be lower and they can't make any money as it is.

But we would like to see a fair living wage for people and show that the government is responsible and take these steps.

Chair: Okay, any other questions for Mr. Pursey?

Anyway, we appreciate your comments, Mr. Pursey.

Carl Pursey: Thank you.

Chair: I apologize to the next group, but it is the UPSE Union of Public Sector Employees. We'll ask them to come forward next.

Carl Pursey: I have some extra copies here.

Chair: Okay, Marian will -

Clerk Assistant and Clerk of Committees: I'll pass those out, Carl. Thank you.

Chair: Anyway, I apologize for getting the order mixed up a bit there.

Shelley Ward: No problem. There's no problems at all.

Chair: Good. Anyway, I guess you know the routine here. So identify yourself and what organization you're representing or if you're representing yourself as an individual.

Shelley Ward: Okay, my name is Shelley Ward and I am president of the PEI Union of Public Sector Employees, and we represent 5,000 members, both in the private and public sector on Prince Edward Island.

The PEI Union of Public Sector Employees, the province's largest union on Prince Edward Island, welcomes the opportunity to present a submission for consideration regarding the proposed implementation of a two-tiered minimum wage system on PEI.

Our union is firmly against the province establishing a minimum wage system that allows for lower wages for inexperienced workers, students and/or workers earning tips. Such changes to the wage rate are unnecessary and only serve to allow businesses to pay already low-wage earners even less. The proposed changes are an unconscionable attack on the most vulnerable segment of the Island's labour force. A two-tiered minimum wage system is unfair, unjust and mean-spirited. In short, Island workers deserve better.

In 2008, 5.6% of workers on PEI were working for minimum wage or less, and that comes from Statistics Canada, 2009, Minimum Wage. The most current minimum wage on PEI is \$8.40, the third-lowest minimum wage in the country. Statistics Canada data further shows that average weekly earnings on PEI are the lowest in the country. The average weekly earnings in PEI in 2009 were \$697.11.

The average weekly earnings in Nova Scotia were the next lowest of \$736.31. The remaining Atlantic Provinces had average weekly earnings of \$757.88 in New Brunswick and \$801.62 in Newfoundland. Instituting a sub-standard minimum wage for some workers would only serve to exacerbate a poor situation where low-wage earners in this province already find themselves.

I'll be providing a table for you which will illustrate the minimum wage rates which effect across Canada. The jurisdictions most relevant to those discussions are British Columbia, Nova Scotia, Ontario and Quebec, provinces that have lower minimum wage rates for the types of workers specifically being considered by the province to receive a lower minimum wage. The wage gap between the different minimum wages in each jurisdiction ranges from 50 cents in Nova Scotia to \$2 in BC. Inexperienced workers in BC are those in less than 500 hours of work experience. In Nova Scotia inexperienced workers are those with less than three months of experience in the type of work they are being hired for.

The rationale for a lower wage for workers who earn tips is that they receive tips. However, it is important to take into consideration the unstable nature of the tips. Tips are by no means guaranteed. The amount of tips workers receive fluctuates across the year. Tips are dependent upon the success of the business, and employers have various methods in place for distribution of those tips. Most importantly, service workers are incredibly hard-working and in no way deserve to be paid less than other low-wage earners, tips or no tips.

Two main rationales exist to why a wage differential should exist for inexperienced workers and students. First, a lower wage for inexperienced workers and students will lower youth unemployment, and second, inexperienced workers require training and constant supervision. However, evidence suggests that other factors more strongly drive youth unemployment than minimum wage levels and worker surveys indicate that inexperienced workers receive very little, if any, job training while earning the inexperienced wage rate.

In reality, the type of work minimum wage earners are typically engaged in requires

very little training in order to perform required duties. In essence, the inexperienced minimum wage rate acts as a subsidy for employers as workers are performing equal work for less pay.

Proposed system. The two-tiered minimum wage system proposed by the province raises some very significant questions. Foremost among them is why the province is considering such a system in the first place. No rationale or justification has yet been advanced by the province to explain why a differential wage system is necessary other than to say that other provinces currently have the system in place.

A number of other important questions also exist. Who defines experienced? Will "student" include high school and university students or those individuals below a certain age? Will inexperienced workers and students receive a certain number of guaranteed hours of training? Will those workers earning the lower minimum wage perform different tasks than those experienced workers or will they be paid lower wages for equal work? When do workers transfer from inexperienced to experienced? Does experience with one employer count as experience with another? What will be the gap between the different minimum wage gaps? Will the lowest minimum wage be less than the current minimum wage? Will tip earners who receive little to no tips receive the general minimum wage?

The proposed system creates administrative complexities that are wholly unnecessary. What is clear about a two-tiered minimum wage system is that it discriminates against workers, devalues workers, is open to abuse by employers, presents challenges in recruiting and retaining workers, and defeats the purpose of a minimum wage.

Discriminatory. The proposed two-tiered wage system is discriminatory toward low-

wage workers, young workers and women. Low-wage earners in this province currently earn wages they can barely survive on. The fact that this province is even considering forcing some of these workers to accept lower wages than others is perplexing. Our union is strongly opposed to this province targeting low-wage workers in what can only be in an effort to cut wages for employers.

More than 60% of minimum wage workers are under 25 years of age, and about 60% of those are female. Further, individuals under 25 are eight times more likely to earn minimum wage than those over 25, and those over 25 and women are unrepresented in all age groups among those earning minimum wage. A two-tiered minimum wage system that singles out students, inexperienced workers and those earning tips amounts to nothing less than age and gender discrimination as these types of workers are likely to be under the age of 25 and female.

Devalues workers. A two-tiered minimum wage system devalues workers. A situation will likely exist whereby two employees working side by side doing the same work will be paid different wage rates. Equal pay for equal work is a fundamental tenet of the human rights legislation locally, nationally and internationally. The purpose of such legislation is to ensure that workers are not devalued through discrimination based on a number of factors.

Devaluing workers through a lower pay for equal work can have devastating impacts upon an individual's standard of living. Employment Insurance benefits will be lowered, purchasing power declines, student loan costs increase, poverty levels rise and standard of living generally declines.

A system which allows employers to pay a lower wage to some workers for performing work is open to gross abuse by employers.

Businesses will have the ability to shift towards cheaper, devalued workers at the expense of the experienced workers. The result could be an increase in unemployment for more experienced workers who also tend to be older workers. Data indicates that the proportion of minimum wage earners begins to slightly rise among individuals age 55 years and over after dropping off among those 25 to 55. This would negatively impact older workers who rely on minimum wage employment or who use minimum wage work to supplement their retirement income.

Unless the province puts safeguards in place, employers could also layoff more expensive experienced workers in favour of the lower paid workers. In effect, employers could prevent workers from ever receiving the higher minimum wage. Low-wage earners are already the most vulnerable and least protected segment of the labour force. A two-tiered wage system would only increase their vulnerability.

An aging population and the ability to retain a strong labour pool are two important issues being grappled with in many parts of Canada today. It is difficult for employers to recruit and retain low-wage workers who provide valuable services to the province if those workers are paid less than in other provinces.

The fact that PEI has among the lowest minimum wage and average weekly earnings in Canada does not help in the pursuit to attract and retain workers, especially young workers. A two-tiered minimum wage system, particularly one that includes a lower wage for workers earning gratuities, adds further to the problem of recruitment and retention.

PEI has a seasonal economy, with tourism being the major industry. This industry is largely dependent upon low-wage workers. Following increases to the minimum wage

in New Brunswick in April, PEI will have the lowest minimum wage in the region. A sub-standard minimum wage for inexperienced workers, students and/or workers earning gratuities does nothing to either encourage young workers to remain working on PEI or attract young workers from other provinces to work in PEI for the summer. A potential lack of workers would have a devastating impact on the tourism industry and Island economy as a whole.

The arguments for the establishment of a minimum wage are well documented and are neatly summarized by Gunderson in 2005. A minimum wage is put in place to help alleviate poverty, reduce wage inequality, increase demand and purchasing power, generate multiplier effects, provide an incentive to leave income maintenance programs, and to protect the unprotected, among other reasons. Instituting a lower wage for some minimum wage workers increases wage inequality, decreases demand on purchasing power, does nothing to alleviate the poverty or reduce the strain on income maintenance programs, and clearly does not protect the unprotected.

A minimum wage is meant to serve as a base level that employers must respect. Minimum means minimum. To go lower than the minimum for some workers is insulting. It also implies that the worker is being overpaid at the general minimum wage rate. To argue that any minimum wage worker is overpaid and not deserving of the highest minimum wage available is wrong.

One possible rationale for the implementation of a two-tiered minimum wage system is to decrease labour costs for Island businesses. KPMG's Competitive Alternative study analyses the relative cost of doing business in 136 cities in 10 industrialized countries in North America, Europe and Asia-Pacific. The study indicates that Charlottetown has a relatively low cost of doing business when compared

with other North American cities in Atlantic Canada and New England. Charlottetown, with a cost index of 95.8, ranks third out of the 11 cities examined. Therefore, low-wage workers should not be called upon to maintain this affordability by being forced to accept a wage that is below the general minimum wage.

Further studies indicate that the minimum wages tend to be paid by businesses who compete on a local level rather than nationally or internationally. Therefore, an increase in the minimum wage could not create a cost disadvantage for employers relative to their competitors. The affordability of doing business in PEI needs to be balanced more fairly with the needs of workers. Maintaining a relatively low-cost business environment should not be brought about or sustained by continuing to pay workers wages that are not livable or by paying workers performing the same work different wages.

A two-tiered minimum wage is not the type of change to the minimum wage that would be most beneficial, effective or productive for Islanders. Our union strongly believes that the province should refocus its efforts in establishing a livable minimum wage for all Islanders. Statistics Canada uses the low income cutoff as a measure to indicate the low income for Canadians likely devote a larger share of income than average to the necessities of food, shelter and clothing. The measure can be considered a poverty indicator.

In 2009, the before tax low income cutoff for a single individual was \$18,544 in urban PEI and \$14,914 in rural PEI. For a family of four, the urban before tax low income cutoff was \$34,347. The rural before tax low income cutoff was \$27,714. Further analysis indicates that 3.3% of families and 20.2% of individuals in PEI in 2007 earned less than the after tax low income cutoff. The minimum wage of \$8.40 results in a before

tax income of \$17,472, assuming a 40-hour work week. A 37.5-hour work week results in a before tax income of \$16,380. Both incomes are below that of the 2007 before tax low income cutoff of \$18,544 for a single individual.

This means that minimum wage workers in PEI earning less than the low income cutoff for 2007 can be considered to be living below the poverty line. In order to meet the low income cutoff in 2007 of \$18,544 the minimum wage in PEI would have needed to be \$8.91.

The current government repeatedly emphasises the theme of putting Islanders first. How is implementing a two-tiered minimum wage system that keeps some workers further below the poverty line than others for doing equal work putting Islanders first?

The impact of low wages can be clearly illustrated by looking at food bank usage. In March 2008 food banks on PEI assisted 2,892 individuals, of which 19.5% were working. This amounted to a 3% increase in the number of people assisted between 2007 and 2008. The reasons for increase in food bank usage are mainly associated with increased energy, housing and renting costs. This clearly illustrates the importance of minimum wage increasing to reflect the cost of living. It further indicates how detrimental the lower minimum wage for some workers in the province could be.

Within our region, Newfoundland plans to implement a \$10 minimum wage in July of 2010, with New Brunswick to follow in September 2011. In October 2010 Nova Scotia will implement a minimum wage of \$9.65.

Our union firmly believes that PEI should focus its efforts on trying to achieve similar minimum wage increases for Islanders. We should do all we can to ensure that every

Islander earns a livable wage and maintains a certain standard of living. A two-tiered minimum wage system does not accomplish either goal. Continuing to pursue such an objective is a reprehensible and a shameful attack on low-wage earners.

Thank you.

Chair: I have a question from Buck Watts, and any other questions?

Mr. Watts: Yeah, well, thank you, Shelley, for your presentation.

Shelley Ward: Thanks, Buck.

Mr. Watts: It's very - you have lots of detail, and you leave no doubt what your position and UPSE's position is on this particular issue, so it's good to get a clear message.

I guess the question I did have you just answered it within the last minute or so about the minimum wage. I guess I will ask it. What, in your mind, should the minimum wage be? Right now, of course, it's at 8.40 an hour. What do you think it should be and how soon should we get there?

Shelley Ward: We believe that it should be up to the \$10. I realize that we would like to see it even higher as to union wages. We'd like to have everybody organized, but we realize that in the private sector, in some areas, cannot pay higher than that. But we believe that there should be a threshold and the lowest being \$10 an hour.

We do represent individuals in the private sector. We've struggled unbelievably, to organize the early childhood educators. It's a prime example where you do see, until they've been organized, these wage scales which are different all over the place. These are people that are looking after our young, and some of them were making minimum wage right at that level until we came in. We

were able to increase that pay scale for them.

It's not about trying to shut down organizations. It's not about trying to shut down businesses. We all have to live. We understand that. But you have to provide a livable wage for people. By not providing that livable wage, then you're putting more strain onto the social systems that we have. Nobody wants to be on social assistance, nobody does. Nobody likes to be on unemployment. Unemployment isn't even enough. It doesn't last long enough, the weeks aren't long enough, the amount of money that people get is not long enough. We are a seasonal province, as I said in my report, and the biggest employment time is during the summer months and there has to be a livable wage for somebody. Because then when you do go on that, the unemployment system, you only have 56% of your wages and that's not enough to pay the bills, especially when you have a family.

Mr. Watts: Right. Yeah, okay, thank you, Shelley. The livable wage, that's the term that we have been hearing quite a bit of, so anyway, thank you.

Shelley Ward: Yeah.

Chair: Any more questions?

I'm a little bit mixed up on some - like, as a government member, we get these e-mails constantly on internal and external jobs. I notice, like, I just jotted down a few of them there as I was going through my BlackBerry, but asphalt plant inspector, property agent, RCW, and nurse I. All of those people that are levelled at that position would do the same work, correct? But I notice there's a different range. Like as an example, asphalt plant inspector, in this advertisement, 19.24 to 21.85. Could you explain to me how somebody gets a different wage? Like they all wouldn't - do they all start at 19.24 and after more

experience go up to 21.85? Or do they start at different levels based on - from their interview (Indistinct)?

Shelley Ward: Yeah, I know where you're going. At least within a union we have safeguards in place where a person cannot be laid off because they've reached that threshold. Yes, we have those steps. It's a step system. Once you've worked -

Chair: And what's it based on?

Shelley Ward: Pardon me?

Chair: What's it -

Shelley Ward: So many hours. Once you've reached so many hours you reach another step, and you reach another step. But you don't get laid off because you've reached that top step. You stay there and you continue to work. We have these other provinces that have this two-tiered system or they could have three and four, whatever it is, but what we've - you've asked my brother, Carl Pursey, if he's spoken to you or our other sister unions and stuff, and we have the same.

Chair: Okay.

Shelley Ward: What is happening in those systems is that people are getting laid off. They're not being called back to work after the season or whenever it is, or they're getting fired or whatever.

Chair: So a person reaches a certain range, once they're at the high end, they're getting sacked.

Shelley Ward: That's right. That's right.

Chair: But wouldn't there be safeguards in place for wrongful dismissals on that?

Shelley Ward: If you're not organized, where do you go?

Chair: I just assume those other jurisdictions would have some sort of an *Employment Standards Act* for wrongful dismissal or human rights. I take it, there's no such thing?

Shelley Ward: Not that I'm aware of. I mean, I was quite active, and still am, quite active - I don't know if Carl's still here or not - in the Federation of Labour. We started an initiative, I think it was probably about 10 years ago, where we called upon students. What our focus actually, at that time, was occupational health and safety. Because there are issues with occupational health and safety with the seasonal employment and in your fast-food places and stuff like that. Yeah, we have a labour board. But these people are scared. They won't go there because you'd find out you're going there and then you get canned, for what reason?

Chair: Yeah, we had that from a presenter up in O'Leary, I think. There was certainly a fear there that prevented some of them from wanting to come forward. So you're legitimate in that, yeah.

Shelley Ward: Yeah, but the thing is is that with a tiered system, all they do is they let you go. In other jurisdictions they will let you go once you reach a certain threshold and then they bring in somebody else new. It's not helping anybody.

Chair: But don't you see it as a bit hypocritical, though, that you have this system, it's basically a different tiered system -

Shelley Ward: No, I don't.

Chair: - and then not saying it's good for the minimum wage earners?

Shelley Ward: No, because we don't fire our members whenever they reach a certain wage scale.

Chair: So what if there - I mean, and I'll just throw this out - what if there were safeguards put in place so the employer couldn't fire somebody because they reached the highest level?

Shelley Ward: That's what we've said in here. There are no safeguards for those people if they reach a certain level. There is none.

Chair: So what would it take to put a safeguard in?

Shelley Ward: It would have to be something that an employer would have to be accountable, and that there would be something in place for an employee that they've been let go without just cause.

But still, you have to have a minimum wage, and it's not a wage - like, as other presenters have said, nowhere has a province said what the high end is and what the low end is. There are some suggestions that the minimum wages will be the high end. Say it's \$10. Well, that will be the high end. But as employers, they will hire people at these low ends. How is that - that's defeating the purpose of having a livable wage.

Chair: I'm not saying I'm for or against it either. But just I look at the argument. You're really deciding to say it's to the discretion of the employer to determine the wages above minimum wages. That's what I said before in a few other cases. Or do you legislate that after a certain period of time of experience? Like, what you fellows are doing here in your system, that they're entitled to a certain wage rate (Indistinct) -

Shelley Ward: But we have, I must remind you, that we also have that system because the province has brought in a classification system that puts that into place. Okay? So we haven't made those tiered systems. To be quite honest, our members would like to see one step. So when the wage increases would

come - for the organized - when the wage increases come, then everybody will get that wage increase. You don't have to wait those times. We have other collective agreements that don't have those steps systems, that have one -

Chair: Okay, no doubt, yeah.

Shelley Ward: - that have one level. So when you come in, that's what you make. So you're not working side by side with somebody who is doing the exact same job as you and making less. We were just successful in organizing your group, and there's so many pay scales in that place it's just - it's heartening.

Chair: But you're having that happen, though, if you take this nurse I situation at 27.18 for, I'll assume the person who starts out -

Shelley Ward: They're not our members, first of all.

Chair: Well, okay, but I'll use the property agent or the asphalt plant worker or the RCW, and then the high end is 33.12. They're doing the same job. So one person could be making 33.12 and the other could be making 27.18, so they are doing the same job but different wages.

Shelley Ward: They are, but there are safeguards in there that set what that is. Here's what your entry level is and here's what you have to do to get to your next step, and here's what you get to your next step. When you reach there, you know that you're not going to get laid off.

Chair: Correct, yeah, no, I understand that. So then, there could be a nurse II position that probably starts at 33.12 to the next level, is that correct? The nurse II might be a little different duties as far as what they do, correct?

Shelley Ward: I don't know what's in the PEI -

Chair: Well yeah, I suppose a nurse II or a property agent I and II.

Shelley Ward: - I got enough to do with (Indistinct), I've got 13 of my own. They only got one.

Chair: I hear you, I understand. Anyway, that's fine.

A question from Valerie Docherty.

Ms. Docherty: Shelley, I'm a little shocked, I guess, by your comment when you said there's no protection for non-organized staff. So this is more of a - I'm asking you to educate me. If I worked in the private sector in an area that did not have representation by an organization like yours, you're telling me that if some reason the employer just felt for no reason at all that I'm to go, I can't go to human rights. I've got no means of going to say: They let me go without any justifiable reason?

Shelley Ward: No, again, you misunderstand what I'm saying. Human rights is there, the labour board's there, which I did say. The thing is people are scared to go because if they go to another place to go to work then somebody - you're asked for references. You call for that reference and then you're going to get a bad reference. Here they are, they're a disturber, and who wants a disturber in their workplace? But that's what is happening, reality is.

Chair: It's really the fear factor, yeah.

Shelley Ward: It's the fear factor, and it is happening in other provinces. When you've got those systems where there's a tiered, once they never reach that higher threshold, they just don't reach it. Not all of them, some of them.

Ms. Docherty: Would you be in agreement to a tiered system if there were those limitations or expectations put in that an employer cannot just willy-nilly let you go because you've reached the top? Do you see yourself supporting the tiered system so long as the employee's protected?

Mr. Currie: That's already there.

Chair: But she's saying it's not because of fear. It's there, but they don't - they fear it, is what she's saying.

Shelley Ward: But there's no - what we would support is a livable minimum wage, and employers couldn't go and hire somebody below that livable minimum wage. It would have to be legislated what that livable wage was.

Ms. Docherty: Okay, okay. All right, thank you.

Shelley Ward: If people want to pay them more above that, then fill their boots.

Chair: That's right, at the discretion of the employer.

Ms. Docherty: Okay.

Chair: Okay, no other questions?

We thank you very much for your presentation.

Shelley Ward: Okay.

Chair: Our final presenter today is the Island New Democrats. We'll ask representatives of that organization to come forward.

Welcome, gentlemen. I guess you're very well familiar with legislative committees, Mr. Rodd, but anyway, for the record, identify yourselves and the name of the organization you're representing.

James Rodd: Thank you, Mr. Chairman. James Rodd, leader of the Island New Democrats, and with me is Ron Kelly, secretary of the party.

Mr. Chairman, and members of the standing legislative committee, we're going to make a verbal presentation, and we'll be getting an e-mail copy of this to your committee within the very short future.

Chair: Thank you.

James Rodd: Let's be clear. The real purpose of a multi-tiered minimum wage is not to help working people. It is designed to allow some employers to keep their labour costs down at the expense of their employees. In fact, it is designed to allow some employers to keep their labour costs down at the expense of employees who are barely making enough to survive.

At the centre of all of this are employees who are currently making minimum wage. Let me repeat that: employees who are making the minimum wage, not the maximum wage, \$8.40 an hour. They're not employees who are making \$12 an hour, or \$15 an hour or \$20 an hour, and they're certainly not employees whose base rate starts at \$65,344 a year. No, Mr. Chairman, they are not Members of the Legislative Assembly of Prince Edward Island.

Despite propaganda from various quarters, the imposition of a multi-tiered minimum wage system is not about fairness either. It's not about the alleged fairness of paying experienced workers more than inexperienced workers. It's not about the alleged fairness of paying non-students more than students. It's not about the alleged fairness of paying those workers who don't receive gratuities more than those workers who do receive gratuities. If that were the case, we'd already have achieved some fairness. After all, employers in Prince Edward Island have had the legal ability to

pay differential wage rates since Jacques Cartier was a cabin boy. What they have not had - and in our view, Mr. Chairman, should not have - is the right to pay differential minimum wage rates.

A minimum wage is just that, a minimum wage. By definition, it's the lowest rate that an employer should be able to pay any employee in Prince Edward Island. If employers feel that experienced workers should be paid more than inexperienced workers, then pay them more. If employers believe that non-students should be paid more than students, then pay them more. If employers feel that a worker who doesn't receive gratuities should be paid more than a worker who receives gratuities, then pay them more. They already have the ability to do that.

But, of course, we know that it isn't really about fairness or about paying employees more. If it were you'd have employers bragging about how they had increased the wages of experienced workers, non-students, and those employees who don't receive gratuities. The bottom line here, and it really is a bottom line, is that the purpose of a multi-tiered minimum wage structure is to keep wages down, not bring them up.

After all, you don't see too many workers coming to this committee and saying: Please, bring in a multi-tiered minimum wage. What you do see, though, is groups of employers coming to this committee, and to current and former governments of this province, and saying: We need a multi-tiered minimum wage structure. Not all employers, of course, have taken this view and we don't want to paint everyone with the same brush. But there are some who have taken this approach as a means of lowering their operating costs.

So let's cut through all the propaganda and lay things out as they really are. The question really comes down to this: Should

the members of the provincial Legislature of the Province of Prince Edward Island, as representatives of the people of Prince Edward Island, support efforts by some employers to keep their costs by freezing the legislated minimum wage paid to some of their employees, or should they support efforts by low-wage workers to earn an income above the poverty line?

Because, Mr. Chairman, in regard to this multi-tiered minimum wage, you can't do both.

Now, at first glance, it would seem to be an easy question for representatives in a democratic system of government to answer. After all, how many employees are there compared to how many employers? Prince Edward Island has a workforce of about 80,000 people over the age of 15. Not all of these individuals will be affected by changes to the minimum wage, of course, and some may also double as employers who might be also in favour of a multi-tiered minimum wage structure. Nevertheless, many thousands of workers in Prince Edward Island will feel the direct or indirect negative effects of a multi-tiered minimum wage system.

How many employers will allegedly benefit from a multi-tiered minimum wage system? The push for such a system appears to be coming primarily from four sectors of the business community. If you read the material made public by such groups as the PEI branch of the Canadian Restaurant and Foodservices Association, the Greater Charlottetown Chamber of Commerce, the PEI wing of the Canadian Federation of Independent Business, and the Greater Summerside Chamber of Commerce, you will find, to a greater or lesser degree, in each case, support for a multi-tiered minimum wage structure.

How many Island voters are represented within this coalition? The CRFA claims that

there are about 350 restaurants and food service companies on PEI, so let's be generous and use that figure to represent their membership numbers. The Charlottetown Chamber has 825 members, while the Summerside Chamber 350, and the CFIB claims a membership of 1,100. Taken all together, those figures add up to about 2,600. Of course, there's a fair bit of overlap and duplication between these groups. In addition, we know that not all members support a multi-tiered minimum wage. So how many voters are represented by the views put forward by these groups in favour of a multi-tiered minimum wage? Perhaps 1,000, 2,000 at most.

So why are the democratically elected members of the Prince Edward Island Legislature even debating this issue? Even the Employment Standards Review Panel that first suggested this approach in 2006 did so with noticeable hesitation. For example, in the concluding paragraph of its report, the panel said: that while the review panel is not convinced differential wage rates are appropriate at this time, the panel proposes that the legislation be amended to provide for the possibility of more than one minimum wage rate in the future. At the same time, the panel conducted a very revealing analysis of minimum wage rates and, among other things, recommended that government continue to increase the minimum wage.

The reason we are here now, with the legislation already changed to allow for a multi-tiered minimum wage is, in our view, nothing more or less than the reflection of a long-standing imbalance in the political life of Prince Edward Island. Put simply, some people, some groups of people and some sectors of our society have a great deal more influence on political decisions than others do.

In this case, some people, some groups of people and some sectors of the business

community lobbied both the former Conservative government and the current Liberal government to implement a multi-tiered minimum wage system so that they could lower their operating costs. Even though this group was much smaller than that group of voters who would be negatively impacted by this change, the smaller group prevailed.

Why would that be, Mr. Chairman?

Chair: A request was made to our committee to review the concept of different minimum wages and this is a two-party committee. We agreed to do so, so hence, we're getting the feedback from the general public.

James Rodd: However, Mr. Chairman, it might be instructive to examine the links between the prevailing side on one hand, and the governments and political parties involved on the other hand. A review of the annual reports of Elections PEI, for example, might be helpful, for one thing.

For example, of the total amount of contributions over \$250 received in 2007 by the Progressive Conservative Party of Prince Edward Island, 75.7% came from companies. In 2008, the year after they lost power, that figure fell to 70.4%, still a very significant factor overall.

As for the Liberal Party of Prince Edward Island, fully 77.1% of the total amount it received in 2007 in donations of over the \$250 figure that requires a public listing came from companies. In 2008, that share fell to 74.5%.

Of some interest, as well, is the fact that the total amount received by the Conservative Party for companies donating more than \$250 came to a little over \$401,000 in 2007, a tad over 129,000 in 2008, while the comparable figures of the Liberal Party were \$379,572 in 2007 and \$258,591 in 2008.

Now -

Chair: We have a question

An Hon. Member: I don't mean to be -

Chair: If you want to take questions, or do you want to leave it to the end?

James Rodd: I'd prefer to take questions later, if it were possible.

An Hon. Member: (Indistinct).

Chair: I'll permit that to happen.

James Rodd: Thank you very much.

Now, we're not saying that some companies bought their way into the good graces of either party or of the governments that they controlled. We're certainly not claiming that anything illegal occurred here. Our only point is to further illustrate the imbalance that exists in the political sphere within Prince Edward Island.

In a similar fashion, we would like to be able to illustrate the imbalance represented by the receipt of monies from the Immigrant Investor category of the Provincial Nominee Program by any of these same companies, but unfortunately, that data is unavailable.

Fortunately, for the sake of democracy, companies can't vote. At the end of the day the employees of Prince Edward Island hold the upper hand in marking election ballots, and it is the employees and other voters of Prince Edward Island that the members of the provincial Legislature must apply if they wish to retain their current jobs.

On that basis, Mr. Chairman, the Island New Democrats recommend that the Legislature take the following action:

a) Reverse the recent amendment to the *Employment Standards Act* that allows for

the creation of a multi-tiered minimum wage, removing the reference to classes of employees in different employments or different classes of employment;

We also recommend: amend the wording of the *Employment Standards Act* to reflect the need to ensure that the very lowest wage paid to any employee in Prince Edward Island places that employee above the low income cutoff figure applied to a single person in a community the size of Charlottetown.

In 2008 that figure was \$18,976. Using the reference in the Employment Standards Review Panel of 2006, it outlined that the average low-income wage earner works 32 hours a week. Allowing for both full-time and part-time employment, that would work out to a minimum wage of \$11.40 an hour.

Mr. Chairman, the Island New Democrats also recommend that a mechanism be added to the *Employment Standards Act* that would automatically adjust the minimum wage each year by the annual change in the low income cutoff amount for a single person living in a community the size of Charlottetown, while also removing the recent amendment to the *Employment Standards Act* that requires the Employment Standards Board to hold public hearings each time it wishes to change the minimum wage. Thereby, removing a mechanism that seems primarily designed to delay or discourage the implementation of increases to the minimum wage.

Mr. Chairman, the Island New Democrats also recommend, as a small step towards balancing the power relationship between workers and employers in both the workplace and the political spheres of PEI, that they bring in changes to labour legislation that would allow employees to more easily and freely exercise their right to join a union.

In watching the debate, Mr. Chairman, over the minimum wage unfold over the past four or five years, we have been disappointed to see that it has been allowed to devolve into a divisive and socially disruptive squabble. In our view it is the responsibility of governments to show leadership by laying out the basic principles that are designed to establish a framework for the community that has elected them, and to some extent that's what the concept of a minimum wage is supposed to do.

However, in this case, the minimum wage concept has been allowed to erode. Instead of allowing further attacks on the concept, we suggest that this and future governments must enhance and reinforce the principles inherent in the minimum wage concept. Specifically, this would entail a social and legal recognition that a minimum wage rate should provide each and every worker in Prince Edward Island with an income that is at least above the poverty line. In this way the community would be saying to all potential employers that: If you wish to operate here on PEI, please realize that we will not tolerate any effort to take advantage of our people.

Unfortunately, recent governments in this province, including the current Liberal government, have actually encouraged this attitude of exploitation by promoting PEI as a place of cheap labour. For a whole host of reasons we believe that this is an inappropriate, and ultimately ineffective, approach to economic development, in addition to its obvious ethical problems.

Having said that, we also acknowledge that many small businesses in PEI are finding it difficult to keep their heads above water. We sympathize with their situation, but we do not believe that paying poverty-line wages is the answer to that dilemma.

For one thing, we are of the opinion that such an approach actually undermines the

chances of survival of many small businesses. In contributing to the economic weakening of their local community, businesses that pay low wages are severely restricting the purchasing power of many of their own customers.

For example, if three different people were receiving a \$100 raise, which one would be more likely to spend the bulk of that money in his or her community? A person who has an annual income of \$15,000, a person making 50,000 or a person making 150,000? All things being equal, I think it's fair to expect that the proportion of the \$100 re-circulated in the local economy would decrease as the annual income level increases.

This is really just another illustration of the Henry Ford principle. When asked why he paid his factory workers so much more than others, he replied: I want them to buy my automobiles.

We know, of course, that many local businesses already recognize this principle. For example, we were pleased to note that, in rejecting the concept of a multi-tiered minimum wage, the West Prince Chamber of Commerce applied this concept to its analysis of the effect that a multi-tiered minimum wage would have on its community.

We believe that this realization is especially prevalent in rural PEI, and it's another indication of the current government's lack of connection with rural PEI when it fails to understand this reality.

Instead of promoting a race to the bottom, we believe that Prince Edward Island governments must change their philosophical direction and lead a widespread and coordinated initiative to re-brand this province as a place that values quality, quality in our environment, quality in the landscape, quality in our products,

quality in our way of life, quality in our hospitality, and especially quality in our people. As my mother always said: Buy quality, it lasts.

In conclusion, Mr. Chairman, to paraphrase Elton John: He must have been a gardener that cared a lot. I'm saying to you, ladies and gentlemen of this legislative committee, are you gardeners who care a lot who strive for the quality in your garden, or gardeners who believe in limiting the amount of water to the minimum amount you can get away with while some of your garden shrivels and dies?

Thank you, Mr. Chairman. I'll entertain any questions.

Chair: Thank you.

Sonny Gallant had a question.

Mr. Gallant: (Indistinct).

Chair: A question from Mike Currie.

Mr. Currie: In your comments you said you'd like to reverse the recent change to the act. When was the act changed?

James Rodd: The act that was - well, there have been a number of amendments made to the *Labour Act*.

Mr. Currie: When was the act changed for the two-tiered?

James Rodd: When was the last time?

Ron Kelly: The amendments were passed by the Legislature.

Mr. Currie: Pardon?

Ron Kelly: The amendments were passed by the Legislature this past year whether - they have not been -

Mr. Currie: What government was in power last year?

Ron Kelly: - they have not been proclaimed yet which is the real question.

Mr. Currie: What government was in power?

James Rodd: The Liberals.

Mr. Currie: Thank you. You were indicating both Conservative and Liberal a number of times in your comments.

James Rodd: Mr. Chairman, the former Conservative government had brought the initial -

Mr. Currie: We chased them, thank you very much, in 2006. We didn't make the changes. The change was made last year. If you're going to make a presentation, make it accurate.

Thank you.

Ron Kelly: There is a reference, if I'm not mistaken, to the fact that your former minister of labour, Mr. MacFadyen, met with the groups that we mentioned before -

Mr. Currie: We had to chase them.

Ron Kelly: - and agreed to delay changes until they had a chance to make another presentation to government. Is that not correct?

Mr. Currie: Absolutely not, we chased them.

Ron Kelly: It's not?

Mr. Currie: Right.

Ron Kelly: Then you better change the -

Mr. Currie: We didn't change the act.

Ron Kelly: Just a minute, I didn't say you changed the act.

Mr. Currie: Good. Yes you did.

Ron Kelly: What I said is that you supported those changes -

Mr. Currie: No, we didn't.

Ron Kelly: That's on record in this legislative committee. I think the member over here made that reference in response to Mr. Bagnall's comments. Plus, that reference is on the Chamber of Commerce website. So if you don't think it's correct, get them to change it.

Mr. Currie: I know it's not correct because I never supported it.

Ron Kelly: I'm talking about the fact that your minister of labour decided to delay changes until the others could have a shot at it.

Mr. Currie: We didn't change the act. Thank you.

Ron Kelly: That's correct, I never said you did.

Mr. Currie: Yes, you did.

Chair: Do we have any other questions?

Just one question, I'll have for you, just regarding - obviously the New Democratic Party in Nova Scotia has a two-tiered system over there. So have you been in touch with the government over there to see how that's working from their perspective? Are they planning any changes to their system?

James Rodd: To answer your question, no, I have not been in contact with this particular question. You have to recognize they've only been in power for a little less than a year so there's lots of things that

they'll have to consider and to deal with.

Chair: Anyway, I was just curious on that.

Okay, a question from Sonny Gallant.

Mr. Gallant: (Indistinct) for missing the first few minutes of your presentation. What do you think would be the minimum wage that you would be comfortable with?

James Rodd: According to the low income cutoff, 11.40.

Mr. Gallant: Eleven forty?

James Rodd: Eleven forty.

Chair: No other questions?

We thank you very much for your time and your presentation.

James Rodd: Thanks very much for your time.

Chair: The next item on the agenda is the discussion of next steps. I guess what I'd be proposing that we think - I was going to summarize by saying we've now had six meetings in the public. We've received 53 written submissions and we've had 51 presentations given to us on this particular subject.

So I would suggest that we try to compile some of those - like, I know we've got some here of the written presentations - compile some of the views on that and give it to the actual committee. There's a few fill-ins here at the moment. Do we have any proposed scheduling of next meetings?

Clerk Assistant and Clerk of Committees: We don't, Mr. Chair, and I'm wondering how much time the committee might like before we get together to talk about our report.

I would think you'll need a little bit of time. It's a fair amount of material that has come in.

Chair: Yes.

Clerk Assistant and Clerk of Committees:

I am expecting, perhaps, three to four more written presentations to come in, people who've indicated they are interested and they're going to send something in but I haven't received it yet.

Chair: I had two to me as well, as Chair. I've submitted, I've given them.

Clerk Assistant and Clerk of Committees: Yes, I have those.

Chair: They're part of the 53, so you wouldn't have had copies of them.

Clerk Assistant and Clerk of Committees:

Perhaps you might like me to work with the Chair as to scheduling the next meeting to talk about the report?

Chair: Yeah, we may look at something like early April. We'll try to get something, a meeting before the Legislature sits, if that's at all possible. That should give everybody enough time, correct?

Clerk Assistant and Clerk of Committees: Thank you.

Chair: Any other discussions or subjects?

Mike Currie.

Mr. Currie: Clerk, based on that amount, you said 53 and 51, would that be the most presentations we ever received for a standing committee?

Clerk Assistant and Clerk of Committees:

No, it wouldn't. There was an issue on the genetically modified organisms which did prompt a large response from the public. But

it certainly is among the top. It's probably in the top three, yeah, if it's not second.

Chair: I guess we've tried to be as accommodating as we can to everybody who has expressed an interest in presenting. We've done 1-800 numbers and we made it as public as we could, and we had a fair bit of media coverage on the subject, so I guess that in its own right has given everybody, at least, the opportunity to know that there's a debate on the subject. I think we've done our due diligence as a committee on that part of it.

Anyway, if everybody's in agreement, are there any other issues?

Looking for a motion to adjourn.

Buck Watts.

Meeting adjourned. Thank you very much.

The Committee adjourned