

# Official Opposition Caucus Submission to the Minimum Wage Review

July 2022



# Prince Edward Island Île-du-Prince-Édouard

## Legislative Assembly

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The past few years have been challenging for Islanders, but especially challenging for lower-income workers. Island workers have had to grapple with COVID-19-related disruptions, including the loss of employment hours or loss of employment entirely.

At a time of high inflation, workers are falling behind, especially those in low-wage and precarious employment. Similar to previous years, Islanders cannot afford to live on a minimum wage. **Far too many Islanders are putting in the hours but still earning poverty wages.** Islanders of all ages, not just youth, are working for minimum wage or just above it. Improving the minimum wage affects a broad spectrum of people and is one of the most impactful ways to reduce poverty and food insecurity on PEI.

**Minimum wage earners have little or no bargaining power** and are dependent on policies like the minimum wage to improve their well-being. We also need to see strong progressive employment policies with increased protections for workers, in particular precarious and non-unionized workers.

We must be bold in committing to move our economy toward a more equitable future, starting with an immediate minimum wage increase to \$15.21 an hour. We must also commit to a minimum wage target set at a living wage and take aggressive steps to meet that target quickly. Once we achieve a living wage, the Province can index the minimum wage to the Consumer Price Index to ensure it maintains pace with inflation.

Though not within the scope or powers of the Employment Standards Board, we recognize there are other measures that could and should also be used to leave lower-income earners with more money in their pockets, including progressive improvements to Island tax rates to support lower income workers, amending the *Employment Standards Act* to to guarantee paid sick leave and to reduce the standard number of hours needed for overtime compensation to begin, and implementing a basic income guarantee.

Our submission makes the following recommendations:

- The minimum wage should be increased to at least \$15.21/ hour, effective April 1, 2023.
- The target for the minimum wage should be a living wage.

- The Employment Standards Board's consideration of measures and poverty and the ability of an employee to maintain a suitable standard of living should holistically consider and be guided by the targets contained in the *Poverty Elimination Strategy Act*.
- The Employment Standards Board should recognize that other policy tools, like increases to the Basic Personal Amount, are not substitutes for increases to the minimum wage.

We believe that PEI should be the best province to live and work, and an increase in wages would be good for our labour market, our economy, and quality of life. We wish the Employment Standards Board well as it deliberates on its minimum wage recommendation.



Hon. Peter Bevan-Baker  
MLA for New Haven-Rocky Point  
Leader of the Official Opposition

On behalf of the Official Opposition caucus.

## Minimum Wage Review

Under the *Employment Standards Act*, the Employment Standards Board must conduct a review of the minimum wage on PEI at least once per year. Subsection 5(3) of the Act requires that in advising Cabinet on a minimum wage increase, the Board consider, among other matters:

- (a) any cost of living increase since any previous order affecting the cost to an employee of purchasing the necessities of life, including housing, food, clothing, transportation and health care and supplies;
- (b) economic conditions within the province and the concept of reasonable return on private investment; and
- (c) measures of poverty and the ability of an employee to maintain a suitable standard of living.

This submission summarizes economic conditions in the province, including the impacts of COVID-19, cost of living increases, changes in consumer confidence, and employment. It then discusses measures of poverty and taxation measures that have been used to combat poverty. We conclude by making recommendations on how the minimum wage is calculated and setting a target for a living wage.

## General Economic Conditions

Over the past five years, Prince Edward Island has typically led the country in GDP growth. Although PEI experienced a decline in GDP in 2020 as a result of the COVID-19 pandemic, it was the smallest decline of any province (see Table 1).

<b>Table 1: Gross domestic product (GDP) at basic prices, PEI</b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>GDP change (%)</b>	4.5%	1.7%	4.6%	-1.8%	6.6%
<b>Ranking Among Provinces</b>	1st	7th	1st	1st	1st

Source: Statistics Canada. Table 36-10-0402-01. Gross domestic product (GDP) at basic prices, by industry, provinces and territories. <https://doi.org/10.25318/3610040201-eng>

Despite PEI's economic success, economic gains have not translated well into improved wages for workers, relative to other provinces. In fact, PEI has, more often than not, ranked in the bottom half of provinces with respect to year-over-year growth in average weekly earnings (see Table 2).

<b>Table 2: PEI average weekly earnings, year-over-year change</b>					
	<b>2017 YoY</b>	<b>2018 YoY</b>	<b>2019 YoY</b>	<b>2020 YoY</b>	<b>2021 YoY</b>
Change in Average weekly earnings, PEI (%)	0.4%	2.47%	3.06%	8.81%	0.28%
Ranking Among Provinces	10th	6th	4th	1st	9th

Source: Statistics Canada. Table 14-10-0204-01. Average weekly earnings by industry, annual. <https://doi.org/10.25318/1410020401-eng>

The issue of minimum wage impacts different demographics unequally. Women, youth, and increasingly seniors have higher proportions who earn minimum wage, and are therefore more affected by policies in this area, for better or worse.

As minimum wage workers make up a larger proportion of workers across provinces, minimum wage increases can be a useful tool to increase wages and improve the economic conditions of demographics that disproportionately earn a minimum wage. According to Statistics Canada, in 2018, Canadian women made up 58.8% of minimum wage workers and female minimum wage

workers were 12.3% of all employees.<sup>1</sup> While workers aged 15 to 24 make up the majority of minimum wage workers nationally (52.3%), workers aged 55 and older have become a growing share of minimum wage workers, representing 13.4% of minimum wage workers—an increase from just 7.7% of minimum wage workers in 2008. In 2018, 45.8% of Canadian minimum wage workers worked full-time.<sup>2</sup>

This data provides an important reminder to look beyond unhelpful stereotypes or misconceptions—for example, that minimum wage earners are simply teenagers that live at home—and recognize the demographics of minimum wage earners are complex and evolving, and that many workers rely on their minimum wage income as their primary source of income.

### **COVID-19**

Although the Province rescinded its state of public health emergency declaration with respect to COVID-19 on April 5th, 2022, the pandemic nevertheless continues.

COVID has had a significant impact not just on the health of Islanders but also on the economy. Indeed, last year's report from the Employment Standards Board gave consideration to "ongoing costs to do business due to the COVID-19 pandemic".<sup>3</sup> With the end of the state of public health emergency and the relaxation of public health measures, a number of economic barriers and costs to businesses have been removed. For example:

- the vaccination passport program has been discontinued, so businesses no longer need to assign staff or other resources to meet government requirements under that program;
- capacity and gathering limits were lifted in April 2022, allowing businesses, particularly in the retail and food service sectors, to maximize their revenue; and
- many COVID-related expenses, such as the installation of plexiglass or the development of business capacity to conduct online sales, have already been incurred and/or have been reimbursed or subsidized.

### **Inflation and other economic conditions**

Economic concerns have now shifted to inflation rates in the province, which continue to exceed the national average and, in fact, lead the country. We appreciate the challenges that high inflation creates for both businesses and workers.

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<sup>1</sup> Dionne-Simard, Dominique and Miller, Jacob. "Maximum insights on minimum wage workers: 20 years of data". Statistics Canada. 11 Sep. 2019.

<https://www150.statcan.gc.ca/n1/pub/75-004-m/75-004-m2019003-eng.htm>

<sup>2</sup> Ibid.

<sup>3</sup> Prince Edward Island Employment Standards Board. "2021 Minimum Wage Review Report", pg. 2.

[https://www.princeedwardisland.ca/sites/default/files/publications/2021\\_employment\\_standards\\_board\\_minimum\\_wage\\_review\\_report.pdf](https://www.princeedwardisland.ca/sites/default/files/publications/2021_employment_standards_board_minimum_wage_review_report.pdf)

Inflation is measured by the Consumer Price Index (“CPI”), which measures the prices of a basket of goods. Much of our overall increase is driven by price growth in a few areas, namely food, shelter, and energy. There are multiple causes of these cost increases, which include:

- the conflict in Ukraine, which is affecting the cost and availability of fertilizer, oil and gas<sup>4</sup>;
- climate change and weather-based disruptions to agriculture and agri-food systems;
- supply chain issues;
- excess corporate profits; and
- an overheated housing and rental market.

<b>Table 3: Consumer Price Index by all-items, percentage change, not seasonally adjusted</b>					
2002 = 100	May 21	April 22	May 22	April 2022 to May 2022	May 2021 to May 2021
Canada	141	149.8	151.9	1.4%	7.7%
PEI	144.2	156	160.2	2.7%	11.1%

Source: Statistics Canada. Table 18-10-0004-13 Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit. <https://doi.org/10.25318/1810000401-eng>

### Consumer Confidence

Consumer confidence can be a useful economic indicator. A decline in consumer confidence means consumers will be inclined to spend less and save more. This will have negative impacts on the local economy.

Atlantic Canadian consumer confidence is down, and this is more pronounced on PEI. According to Narrative Research, a regional market research firm, consumer confidence is at its lowest level since the firm created its Consumer Confidence Index 25 years ago. On PEI, consumer confidence decreased 16.4 points from February 2022 to May 2022, compared to the Atlantic average of -13.4.<sup>5</sup>

The Bank of Canada’s Canadian Survey of Consumer Expectations for Q1 2022 gives a sense of why that might be. The survey notes that “[a]lthough workers anticipate significant price

<sup>4</sup> McKeen, Alex. “How much is inflation in Canada being driven by Russia’s war in Ukraine?” The Toronto Star. 20 April. 2022. <https://www.thestar.com/news/canada/2022/04/20/how-much-is-inflation-in-canada-being-driven-by-russia-s-war-in-ukraine.html>

<sup>5</sup> Narrative Research. “Consumer confidence levels in Atlantic Canada reach record lows”. 31 May, 2022. <https://narrativeresearch.ca/wp-content/uploads/2022/05/22-2-News-Release-CCI-FINAL.pdf>

increases in the near term, they believe their wages will increase only modestly. This is a source of dissatisfaction for them.”<sup>6</sup> BNN Bloomberg reports that the decline in consumer confidence is caused by higher inflation, rising interest rates, and uncertainty around the war in Ukraine.<sup>7</sup>

### Employment and minimum wage

Historically, traditional economic theory has been used to suggest minimum wage increases would lead to reductions in employment. In more recent decades, newer research—including Nobel-Prize-winning research—has shown that raising the minimum wage does not necessarily result in reduced employment, and higher pay might even boost the supply of labour.<sup>8</sup>

PEI’s current unemployment rate is lower than pre-pandemic levels, even as the labour force has increased significantly.<sup>9</sup> Over this same period, the number of part-time employment has also increased. (We note that many minimum wage workers work part-time.)

**Table 4: Labour force characteristics, March-June 2019 and March-June 2022, seasonally adjusted**

Labour Force Characteristics	2019				2022			
	March	April	May	June	March	April	May	June
Labour Force (x1,000)	85.8	86.6	86.1	86.9	92.2	92.1	92.8	91.7
Part-Time Employment (x1,000)	12.1	12.8	11.9	12.5	13.7	14.6	14.5	13.6
Unemployment (x1,000)	7.6	7.6	7.3	7.4	7.5	7.5	7.2	4.5
Unemployment Rate	8.9%	8.8%	8.5%	8.5%	8.1%	8.1%	7.8%	4.9%

Source: Statistics Canada. Table 14-10-0287-01. Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months. <https://doi.org/10.25318/1410028701-eng>

<sup>6</sup> Bank of Canada. “Canadian Survey of Consumer Expectations—First Quarter of 2022”.

<https://www.bankofcanada.ca/2022/04/canadian-survey-of-consumer-expectations-first-quarter-of-2022/>

<sup>7</sup> Argitis, Theophilos. “Canadian consumer confidence falls to 14-month low on inflation”. BNN Bloomberg. 28 Mar. 2022.

<https://www.bnnbloomberg.ca/canadian-consumer-confidence-falls-to-14-month-low-on-inflation-1.1743979>

<sup>8</sup> “Canadian-born David Card among 3 winners of Nobel in economics”. Radio-Canada. 12 Oct. 2022.

<https://ici.radio-canada.ca/rci/en/news/1830941/canadian-born-david-card-among-3-winners-of-nobel-in-economics>

<sup>9</sup> Statistics Canada. Table 14-10-0287-01. Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months. <https://doi.org/10.25318/1410028701-eng>



Job vacancies and the job vacancy rate (the number of job vacancies expressed as a percentage of labour demand; that is, all occupied and vacant jobs) have also increased on PEI beyond pre-pandemic levels. However, as Statistics Canada analysis suggests, job vacancy rates may be rising because offered wages are not meeting workers' expectations:

*“In February and March 2022, the LFS collected information on reservation wages, or the minimum hourly wage at which job seekers are willing to accept a position. The mismatches between the expectations of workers and the offered wages associated with vacancies may be contributing to the elevated level of job vacancies. Sectors where average offered wages fell short of average reservation wages in the first quarter included retail trade (average offered wage was 22.4% lower than the average reservation wage); accommodation and food services (-15.8%) and construction (-7.0%). (Data on reservation wages from the LFS and offered wages from JWVS are not adjusted for seasonality).”<sup>10</sup>*

	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 2021</b>	<b>Q1 2022</b>
Job Vacancies	1,635	1,685	1,470	3,020
Job Vacancy Rate	2.7	2.7	2.5	4.7
Average offered hourly wage	\$15.75	\$17.30	\$18.60	\$19.90

Source: Statistics Canada. Table 14-10-0325-01. Job vacancies, payroll employees, job vacancy rate, and average offered hourly wage by provinces and territories, quarterly, unadjusted for seasonality. <https://doi.org/10.25318/1410032501-eng>

In sectors where wages are commonly set at the minimum wage or are tied to it in another way<sup>11</sup>, a minimum wage increase could make employment in these sectors more desirable and worthwhile for both current and prospective workers.

<sup>10</sup> Statistics Canada. “Job vacancies, first quarter 2022”. 21 June, 2022. <https://www150.statcan.gc.ca/n1/en/daily-quotidien/220621/dq220621b-eng.pdf?st=NDeflkch>

<sup>11</sup> Some employers use a wage grid that sets the minimum wage as the starting wage, with an incremental increase for each upward step on the wage grid. For example, step 2 could be minimum wage + \$0.50/hr, step 3 could be minimum wage + \$1/hr, and so forth.

## Measures of Poverty

The *Employment Standards Act* requires the ESB to consider “measures of poverty and the ability of an employee to maintain a suitable standard of living” in making its recommendation to the Board.<sup>12</sup> We strongly encourage the Employment Standards Board to not only take notice of the Market Basket Measure, established by the *Poverty Elimination Strategy Act* as the official measure of poverty for PEI, but to also consider the poverty elimination targets contained in the same Act.

In particular, the *Poverty Elimination Strategy Act* calls for the short-term reduction and long-term elimination of food insecurity among Islanders over 18 years of age.<sup>13</sup> For the purpose of that Act, food insecurity is defined as “the inadequate or insecure access to food due to financial constraints”.<sup>14</sup> As Dr. Heather Morrison, the Chief Public Health Officer of PEI, notes in her 2021 report:

*“Food insecurity increases the risk of dietary deficiencies, chronic diseases, stress, and feelings of uncertainty. Children in these households are more likely to have educational, behavioural, and emotional difficulties than children in food-secure households. Households with lower educational attainment and income, and adults who are unable to work or have several functional health impairments have higher rates of food insecurity.”* (emphasis added)<sup>15</sup>

Dr. Morrison also notes that “[s]ince at least 2011, food security has consistently been higher among Canadians overall than among PEI residents,”<sup>16</sup>. Food insecurity rates are higher among women, younger Islanders, and tenants, and we note these demographics are more likely to be minimum wage workers.<sup>17</sup>

Amidst record inflation, food insecurity is a growing problem. According to Mike MacDonald of The Upper Room Food Bank and Soup Kitchen, food bank use is up 19% over last year.<sup>18</sup> Food Banks Canada, in their 2021 HungerCount report, notes that PEI experienced a 9.5% change in

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<sup>12</sup> See subsection 5(3) of the *Employment Standards Act*.

<https://www.canlii.org/en/pe/laws/stat/rspei-1988-c-e-6.2/latest/rspei-1988-c-e-6.2.html>

<sup>13</sup> See subsection 3(1), *Poverty Elimination Strategy Act*, RSPEI 1988, c P-14.1.

<https://www.canlii.org/en/pe/laws/stat/rspei-1988-c-p-14.1/latest/rspei-1988-c-p-14.1.html>

<sup>14</sup> See clause 1(1)(e), *Poverty Elimination Strategy Act*, RSPEI 1988, c P-14.1.

<https://www.canlii.org/en/pe/laws/stat/rspei-1988-c-p-14.1/latest/rspei-1988-c-p-14.1.html>

<sup>15</sup> Morrison, Heather. “2021 Chief Public Health Officer’s Report.” Pg 62.

[https://www.princeedwardisland.ca/sites/default/files/publications/cpho21\\_report\\_web.pdf](https://www.princeedwardisland.ca/sites/default/files/publications/cpho21_report_web.pdf)

<sup>16</sup> Morrison, Heather. “2021 Chief Public Health Officer’s Report.” Pg 63.

[https://www.princeedwardisland.ca/sites/default/files/publications/cpho21\\_report\\_web.pdf](https://www.princeedwardisland.ca/sites/default/files/publications/cpho21_report_web.pdf)

<sup>17</sup> Polsky, Jane Y. and Garriguet, Didier. “Household food insecurity in Canada early in the COVID-19 pandemic”. Statistics Canada. 16 Feb. 2022.

<https://www150.statcan.gc.ca/n1/pub/82-003-x/2022002/article/00002-eng.htm>

<sup>18</sup> Khan, Anam. “Food bank use on P.E.I. up 20% over last year”. CBC News. 7 Jun. 2022.

<https://www.cbc.ca/news/canada/prince-edward-island/foodbank-pe-i-inflation-1.6480913>

total food bank visits from 2019-2021. And, more alarmingly, their report shows PEI had by far the highest proportion of clients whose primary source of income was job income at 23.4%.

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
% job income	14.1%	14.3%	11.1%	11.4%	9.6%	15.3%	10.3%	12.7%	23.4%	5.9%

Source: Food Banks Canada. "HungerCount 2021: A Tale of Two Trends".  
<https://fcbblobstorage.blob.core.windows.net/wordpress/2022/05/HungerCount-Report-in-Design-Oct-20.pdf>

PROOF, an interdisciplinary research team investigating household food insecurity in Canada, has noted:

*"The only intervention that has ever been shown to move the needle on food insecurity is income. Research has found reductions in food insecurity where federal or provincial policies have improved the financial circumstances of vulnerable households. To reach the target of eliminating food insecurity among children in the next 5 years, **all the evidence points to enacting policies and programs that ensure families have enough money to make ends meet.**" (emphasis added)<sup>19</sup>*

PROOF further notes that "[r]eductions in the provincial income tax rate for low-income households and **increases to minimum wage could both help reduce food insecurity**". (emphasis added)<sup>20</sup>

**We recommend that the Employment Standards Board use the targets in the *Poverty Elimination Strategy Act* to inform its recommendation on a minimum wage increase.**

### **Taxation Measures**

Some submissions have proposed increases to the basic personal amount as a way to support lower-income workers. However, an increase to the minimum wage is a significantly more effective measure to support lower-income workers than an increase to the basic personal amount, and it is less costly to the provincial treasury.

<sup>19</sup> PROOF. "Prince Edward Island: The first jurisdiction to set explicit targets for reducing food insecurity". 21 Apr. 2022.

<https://proof.utoronto.ca/prince-edward-island-the-first-jurisdiction-to-set-explicit-targets-for-reducing-food-insecurity/>

<sup>20</sup> Ibid.

First, to benefit from the basic personal amount, a worker would need to have income in excess of the threshold. Currently, the threshold is \$11,250 and will increase to \$12,000 on January 1, 2023. This means that many low-income workers, including some part-time workers and summer students, would not receive any benefit from an increase to the basic personal amount. In fact, Island workers earning more than \$100,000 a year in income would see a greater benefit than the aforementioned workers.<sup>21</sup>

Second, the benefit received from a basic personal amount increase is relatively minimal. For example, consider the increase to the basic personal amount threshold from \$11,250 to \$12,000. This means that Islanders will no longer have to pay a 9.8% tax rate on an additional \$750 of income. This equates to a \$74 benefit per eligible worker; in other terms, it's roughly equivalent to a 5.5 hour shift at today's minimum wage.

In contrast, a minimum wage would be more beneficial to lower-income workers in a few ways. The benefit of increasing a worker's hourly wage is felt immediately. Workers would not have to wait until tax season to receive the benefit, nor would they have to earn a minimum level of income to benefit from an increase to the minimum wage.

<b>Table 7: Estimated benefit of minimum wage increase</b>				
	<b>Weeks Worked</b>	<b>Hours Worked</b>	<b>Benefit if minimum wage increases by \$0.50</b>	<b>Benefit if minimum wage increases by \$1</b>
High School Summer Worker	8 (July-August)	37.5	\$150	\$300
Postsecondary Summer Worker	16 (May-August)	37.5	\$300	\$600
Part-time throughout year	50	20	\$500	\$1,000
Full-time throughout year	50	37.5	\$937.50	\$1,875

Changes to the basic personal amount are also extremely costly to the province. According to the Department of Finance, increasing the basic personal amount by \$750, along with an increase to the low-income tax reduction threshold by \$1,000, will reduce provincial revenues by an estimated \$6.25M.<sup>22</sup> Conversely, raising the minimum wage has the potential to increase

<sup>21</sup> Department of Finance. "Opposition Briefing – *Income Tax Act*". 26 Oct. 2021. <https://www.scribd.com/document/582435448/Opposition-Briefing-Note-Income-Tax-Act-Changes-26-October-2021>

<sup>22</sup> Ibid, Pg 1.

provincial revenues, particularly where an increase to the minimum wage increases income above the basic personal amount threshold.

**We recommend that the Employment Standards Board acknowledge that the Basic Personal Amount is not a substitute for minimum wage increases, and that minimum wage increases are demonstrably better for minimum wage workers and the provincial treasury.**

## Calculating Minimum Wage

The minimum wage is currently set at \$13.70, and with the exception of last year, minimum wage increases, as a percentage, have exceeded increases in CPI. The most recently available CPI statistics for PEI are for the month of May 2022 and show a 11.1% increase to the consumer price index, the highest in the country.<sup>23</sup>

The 2021 report of the Employment Standards Board showed the Board sought to “signal the possibility of a \$15/hour minimum wage recommendation to the Government of PEI by 1 April 2024.”<sup>24</sup> We note that this is a \$15/hour minimum wage recommendation **by**, not **in** 1 April 2024. **Based on the level of inflation being experienced on PEI, we believe the minimum wage should immediately be raised to \$15.21/hour.** This would be achieved in the following way:

$$\begin{aligned} &\text{Current minimum wage of } \$13.70 * 1.11 \text{ (11\% increase to CPI in May 2022)} \\ &= \$15.21 \text{ minimum wage for 1 April, 2023} \end{aligned}$$

It is important to account for recent inflation rates while being mindful of future inflation. Minimum wage orders usually take effect on April 1, roughly five to six months after the Employment Standards Board issues its recommendation to Cabinet. Officials from the Department of Finance recently told the Standing Committee on Education and Economic Growth that inflation rates are expected to return to some sense of normal by mid-2023.<sup>25</sup> If we expect high inflation into the future, that should be reflected in the minimum wage increase so precarious workers don't fall behind.

While some other statutes include language that limits increases to financial assistance or other financial obligations by tying increases to CPI or using a hard cap where CPI increases exceed typical levels, we note the *Employment Standards Act* does not include language that limits the size of a minimum wage increase.

We also note that a minimum increase like the one suggested above is not without precedent in Canada. For example, Alberta increased its minimum wage from \$13.60 in 2017 to \$15 in 2018.<sup>26</sup>

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<sup>23</sup> Statistics Canada. Table 18-10-0004-13 Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit <https://doi.org/10.25318/1810000401-eng>

<sup>24</sup> PEI Employment Standards Board. “2021 Minimum Wage Review Report”. Pg 3. [https://www.princeedwardisland.ca/sites/default/files/publications/2021\\_employment\\_standards\\_board\\_minimum\\_wage\\_review\\_report.pdf](https://www.princeedwardisland.ca/sites/default/files/publications/2021_employment_standards_board_minimum_wage_review_report.pdf)

<sup>25</sup> Neatby, Stu. “Despite highest inflation in the country, P.E.I. finance officials say ‘worst is likely behind us’”. The Guardian. 14 June, 2022. <https://www.saltwire.com/atlantic-canada/news/despite-highest-inflation-in-the-country-pei-finance-officials-say-worst-is-likely-behind-us-100743790/>

<sup>26</sup> Government of Alberta. “Minimum wage expert panel”. <https://www.alberta.ca/minimum-wage-expert-panel.aspx>

## Moving Beyond \$15 to a Living Wage Target

We note that the Employment Standards Board has expressed that the setting of a minimum wage target is not in their jurisdiction<sup>27</sup>, although it has proposed a soft target of a \$15 minimum wage by 2023. In any event, we feel it is important to submit our views as other organizations have done.

In 2020, Christine Saulnier of the Canadian Centre for Policy Alternatives estimated that a living wage for Charlottetown, PEI was \$19.30.<sup>28</sup> Without accounting for the fact this figure is two years old, it is still \$5.60 more than the current minimum wage.

Some stakeholders have suggested that future minimum wage increases should be indexed to CPI. **At the current time, our view is that CPI should be considered as a floor for minimum wage increases, not a ceiling.** Because our minimum wage is not a living wage, strictly adopting CPI as our standard for future wage increases will all but guarantee minimum wage workers will never attain a living wage.

Setting a living wage as our minimum wage target is the only appropriate target, but a target is only worthwhile if it is something Cabinet, on the recommendation of the Employment Standards Board, will work toward in an aggressive and timely way.

**We recommend that a living wage be set as PEI's minimum wage target, with minimum wage increases indexed to CPI AFTER a living wage has been reached.**

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<sup>27</sup> PEI Employment Standards Board. "2021 Minimum Wage Review Report", pg 1: "Under existing legislation, the Board cannot formally recommend specific minimum wage rates for multiple future years." [https://www.princeedwardisland.ca/sites/default/files/publications/2021\\_employment\\_standards\\_board\\_minimum\\_wage\\_review\\_report.pdf](https://www.princeedwardisland.ca/sites/default/files/publications/2021_employment_standards_board_minimum_wage_review_report.pdf)

<sup>28</sup> Saulnier, Christine. "Charlottetown Living Wage 2020". Canadian Centre for Policy Alternatives. 2 Nov. 2020. <https://policyalternatives.ca/publications/reports/charlottetown-living-wage-2020>