

August  
2018

# Minimum Wage Survey Report

YUKON CHAMBER OF COMMERCE

| 2237-2nd Avenue Whitehorse, Yukon Y1A 0K7



## Executive Summary

A total of 144 individuals answered the *Yukon Chamber of Commerce Minimum Wage Survey* that was launched on April 16 and closed on May 14, 2018.

- The three main sectors represented in the survey are the *Retail Trade* (20.8%), *Accommodation and Food Services* (11.8%) and *Professional, Scientific and Technical Services* (11.1%). 50% of the respondents are owners or shareholders, 32% are executives or members of the board of directors of the organizations and 17% are employees.
- 68.75% stated that no employee was paid below \$15/hour at the time the survey was conducted and 89.58% said that no employee working for their organization was paid the minimum wage.
- The *Accommodation and Food Services* and *Retail Trade* sectors are distinctive, showing a higher number of employees paid less than \$15/hour. More individuals were paid the minimum wage in the *Accommodation and Food Services* sector in comparison to *Retail Trade* and *Professional, Scientific and Technical Services* sectors.
- On the question of whether the minimum wage rate should be lower for specific occupations or age groups, it seems that agreement / disagreement depends more on the industry in which the respondent is involved than their position within the organization.
  - Almost half, 47.05%, of the respondent involved in the *Accommodation & Food Services* industry **strongly agree/agree** that the minimum wage should be lower for liquor servers and 52.94% that minimum wage should be lower for occupations that receive tips.
  - 46.66% of the respondents representing the *Retail Trade* industry strongly agree/agree that students should receive a minimum wage that is lower than the current rate. The proportion of respondents that **strongly agree/agree** with that statement is lower in the other two sectors.
- On the question of whether the minimum wage should be lower for inexperienced employees, data reveal more difference depending on the occupation type of the respondent.
  - Shareholders and owners are more in favour of this policy, 45.83% of them **strongly agree/agree** compared to 17.39% of the managers and board members.
- More respondents from the *Retail Trade* sector (63.34%) **strongly disagree/disagree** with an increase in the minimum wage rate to \$15/hour compare to the *Accommodation and Food Services* (58.83%) and the *Professional, Scientific and Technical Services* (53.33%) sectors.
- When considering only the respondents in management positions, i.e. owners, shareholders, managers and members of boards of directors, 50.85% **strongly disagree/disagree** that the minimum wage should be increased to \$15/hour.

- 136 respondents provided feedback on the impacts of an increase of the minimum wage rate to \$15.00/hour from the current minimum wage in Yukon. 56 respondents said that an increase would have no impacts. Other respondents mentioned, among other impacts, an increase or feeling pressured to increase the pay scale of the employees (n=17), an increase in the cost of products and services (n=16), reduction in staff hours or hours of operation (n=13), a reduction in number of hires (n=12), including marginalized groups (n=8), staff reduction and lay off (n=11) and increase in inflation (n=10).

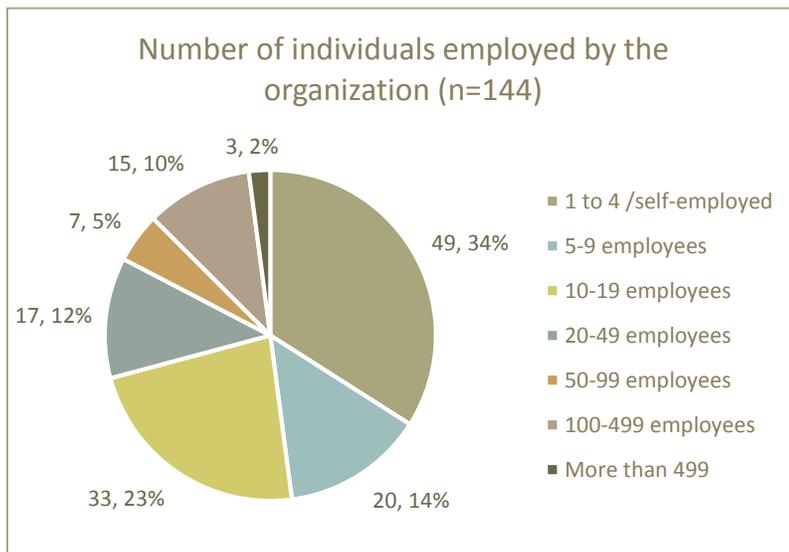
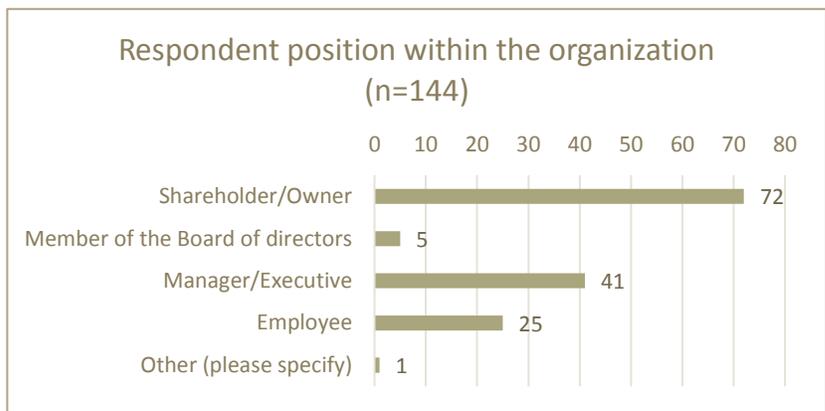
## Introduction

As the Yukon Employment Standards Board conducts a review on the territory’s minimum wage, the Yukon Chamber of Commerce created an in-house survey to better understand Yukoners’ stance on that matter. A total of 144 individuals answered the *YCC Minimum Wage Survey* that was launched on April 16 and closed on May 14, 2018. Please note that anyone with the weblink could have answered the survey, including more than one individual within a single organization. Some respondents may also work for a non-profit organization representing a specific industry sector. Also, incomplete surveys were included i.e. some respondents didn’t answer all the questions. For each question, the number of respondents is indicated.

## Respondents

50% of the respondents are owners or shareholders, 32% are executives or members of the board of directors of the organization and 17% are employees<sup>1</sup>.

According to the *Statistics Canada Business Register*, there were 1,859 businesses registered in the Yukon in June 2017. 48% or 900 businesses



have less than four employees and 86% less than 20 employees. 98% of Yukon businesses are small businesses, i.e. less than 100 employees<sup>2</sup>.

Looking at the sample of the *YCC Minimum Wage Survey*, 34% of the respondents have less than four employees and 71% have less than 20 employees. 10% of the respondents mentioned having between 100-499 employees; a proportion a lot higher than the 2% recorded by the *Statistics Canada Business Register*. This means

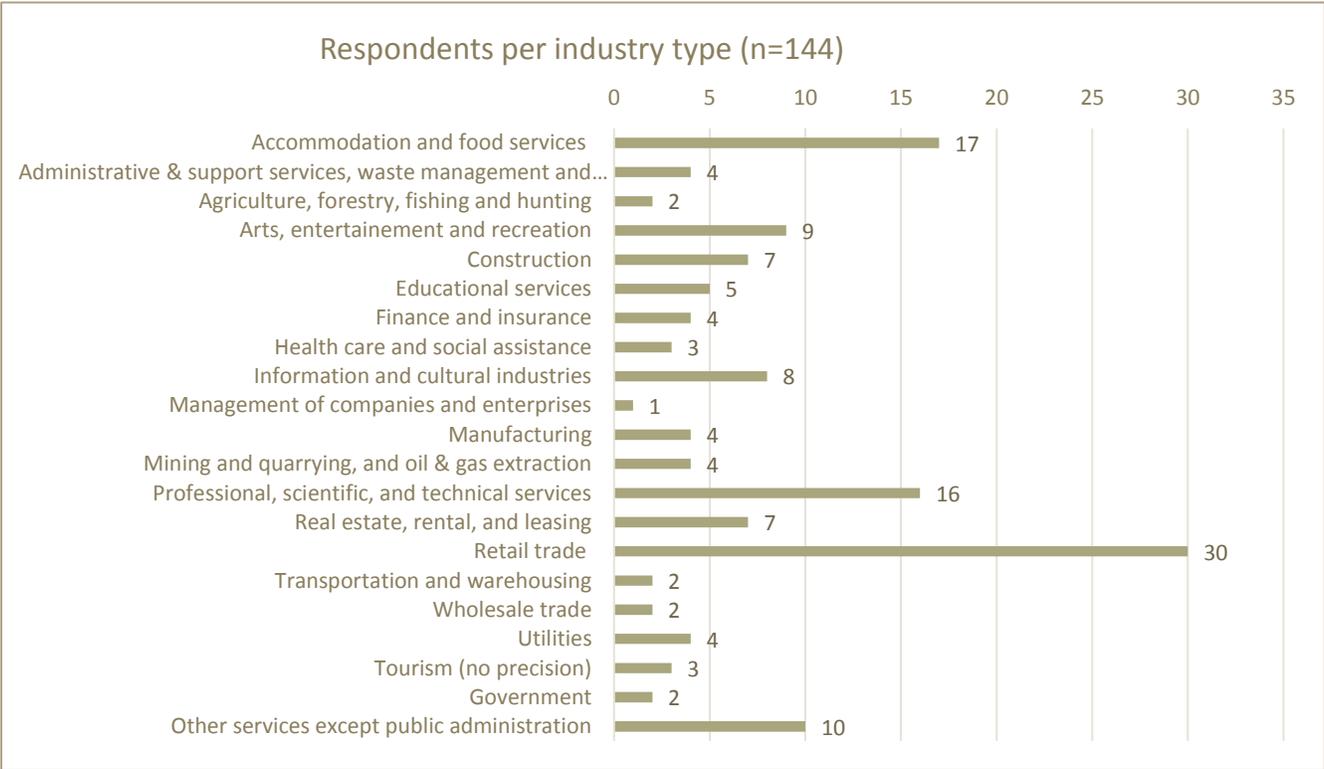
<sup>1</sup> The 25 employees that responded to the survey are working in the following sectors: *Information and cultural industries* (n=4), *Educational services* (n=3), *Finance & Insurance* (n=3), *Retail trade* (n=3), *Utilities* (n=3), *Administrative & support, waste management and remediation services* (n=2), *Real estate and rental and leasing retail trade* (n=2), *Agriculture, forestry, fishing & hunting* (n=1), *Health care and social assistance* (n=1), *Mining and oil & gas* (n=1), *Professional, scientific and technical services* (n=1) and *Other services except public administration* (n=1).

<sup>2</sup> [Table: 33-10-0034-01 \(formerly CANSIM 552-0006\)](#)

that medium-sized businesses or organizations are most likely overrepresented in the survey sample. A possible explanation could be that more than one individual per organization participated in the *YCC Minimum Wage Survey*.

The *2017 Yukon Business Survey*<sup>3</sup> conducted by the Yukon Bureau of Statistics shows that in terms of the number of businesses, the *Construction* and *Professional, and Scientific and Technical Services* sectors are the two main sectors representing respectively 15.8% and 15.8% of all Yukon businesses. *Retail Trade* which includes food and beverage stores, as well as grocery stores, made up 7.9% and *Accommodation and Food Services*, including drinking places, restaurants and limited-service eating places represented 7.4% of Yukon businesses. The same survey revealed that in terms of workers, the *Retail Trade* sector was the largest private-sector employer in 2017 with 2,747 workers.<sup>4</sup> The largest industry group was *Grocery Stores*, which represents 20 businesses employing 940 workers. The *Accommodation and Food Services* sector followed closely with 2,516 workers. Along with *Construction* (1,670) and *Professional, Scientific and Technical Services* (1,131), these four industries accounted for 56.6% of all private-sector employment.

In the *YCC Minimum Wage Survey*, the three main sectors represented are the *Retail Trade* (20.8% of all respondents), *Accommodation and Food Services* (11.8%) and *Professional, Scientific and Technical Services* (11.1%). *Other Services Except Administration* (6.9%), *Arts, Entertainment and Recreation* (6.3%) and *Information and Cultural Industries* (5.6%) represent another 18.8% of the sample. *Retail*

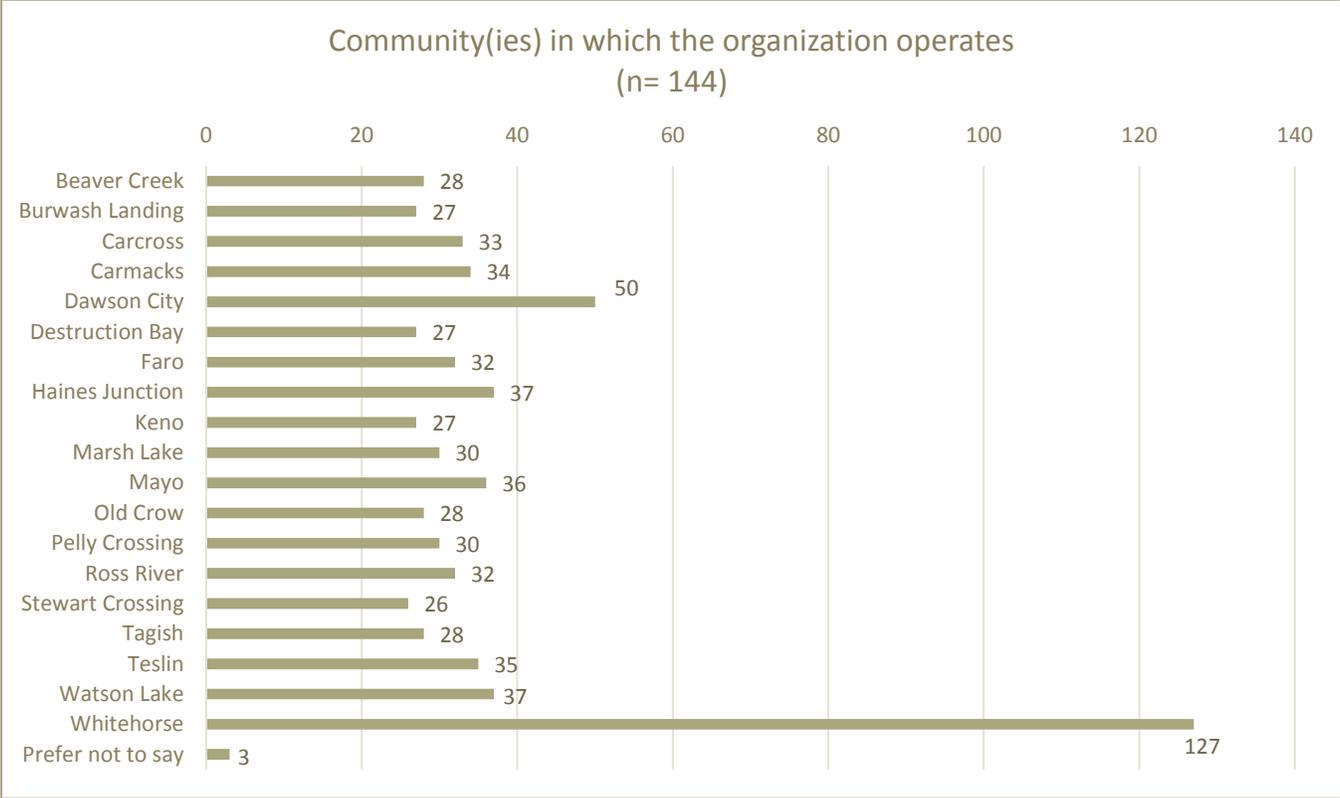


<sup>3</sup> [http://www.eco.gov.yk.ca/pdf/2017\\_Business\\_Survey\\_Report.pdf](http://www.eco.gov.yk.ca/pdf/2017_Business_Survey_Report.pdf)

<sup>4</sup> The survey specifies that because some employees hold more than one job, multiple job holders were counted more than once in 'Total Workers'. In addition, this total also includes any owners who actively work in their businesses.

Trade and Accommodation and Food Services are overly represented in the YCC Minimum Wage Survey compared to the 2017 Yukon Business Survey data: 20.8% vs 7.9% and 11.8% vs 7.4%.

The next section presents the survey results by sectors and by occupation types. We chose to display the results from the *Retail Trade and Accommodation and Food Services* sectors because they are the main ones that may be impacted by a change to the minimum wage rate. We also included the *Professional, Scientific and Technical Services* sector as it is one of the main sectors in terms of number of businesses in Yukon.

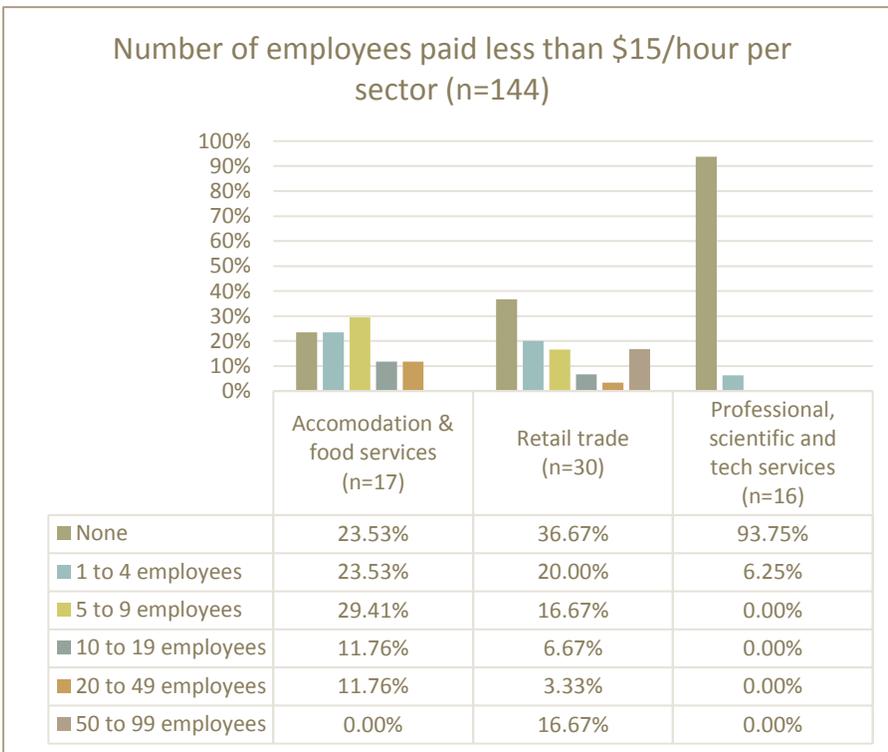
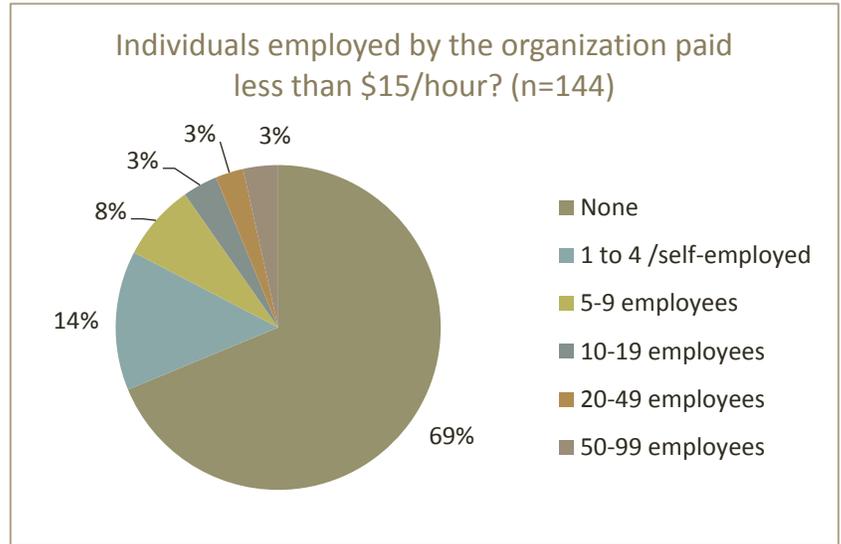


## Employees' Wage

### \$15/hour and less

Overall, 68.75% of the respondents stated that no employee was paid below \$15/hour at the time the survey was conducted.

Now, looking at the percentage of employees paid less than \$15/hour in the three main sectors represented in this survey, we notice that the *Accommodation & Food Services* and *Retail Trade* sectors are distinct by showing a higher number of employees paid less than \$15/hour.



This trend is confirmed by the 2017 *Survey of Employment, Payrolls and Hours (SEPH)* from Statistics Canada which shows that the *Accommodation and Food Services* sector has the lowest average weekly earnings (including overtime) followed by the *Trade (Retail and Wholesale)* sector.<sup>5</sup>

### Current Minimum Wage

On April 1, 2018, two weeks before conducting this survey, the minimum wage had increased from \$11.32/hour to \$11.51/hour. Of all participants (n=144), 89.58% (129 respondents) said that no

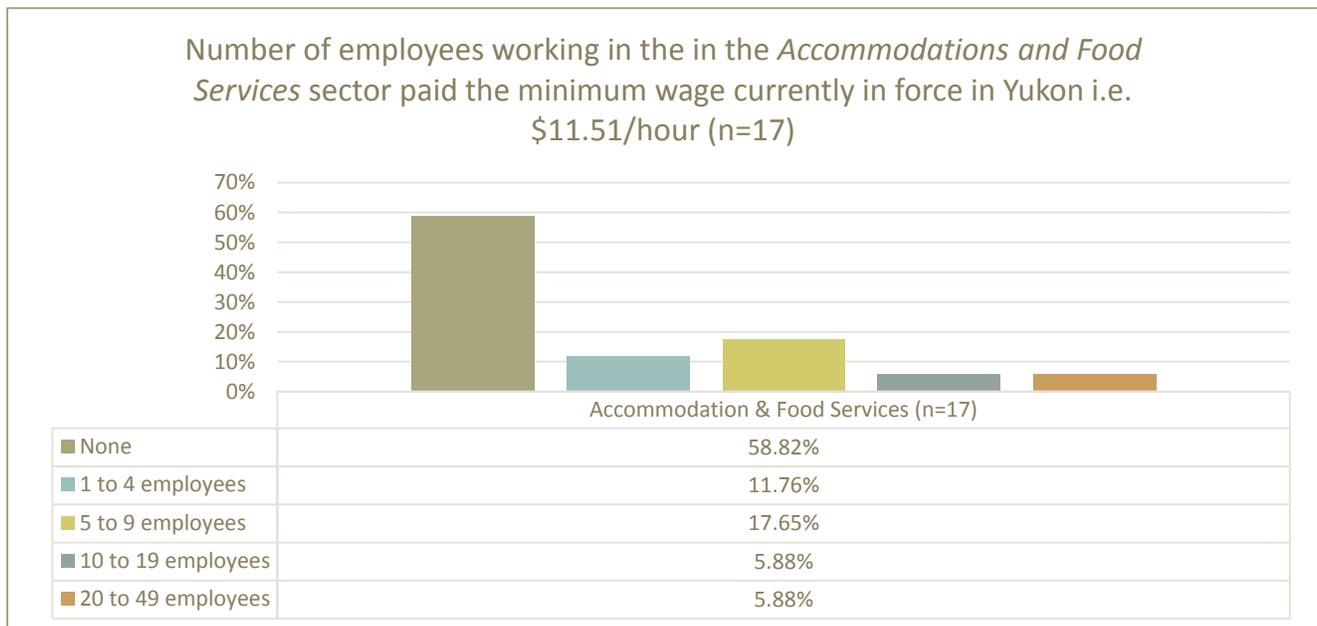
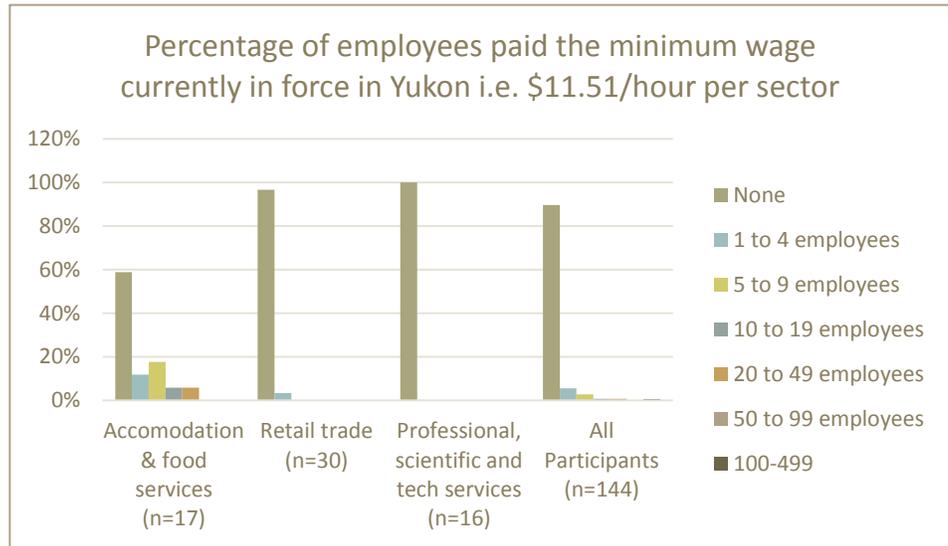
employee working for their organization was paid the minimum wage. However, 5.56% (8 respondents) noted that between one and four employees in their organisation were paid

<sup>5</sup> See CANSIM 281-007

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410020401&pickMembers%5B0%5D=1.12&pickMembers%5B1%5D=2.1&pickMembers%5B2%5D=3.1>

\$11.51/hour. 2.78% (4 respondents) indicated that between five and nine employees were paid the minimum wage.

While the *Retail Trade* sector is more aligned with the general trend, *Accommodation and Food Services* shows a unique trend where more individuals were paid the minimum wage in comparison to the other two sectors.

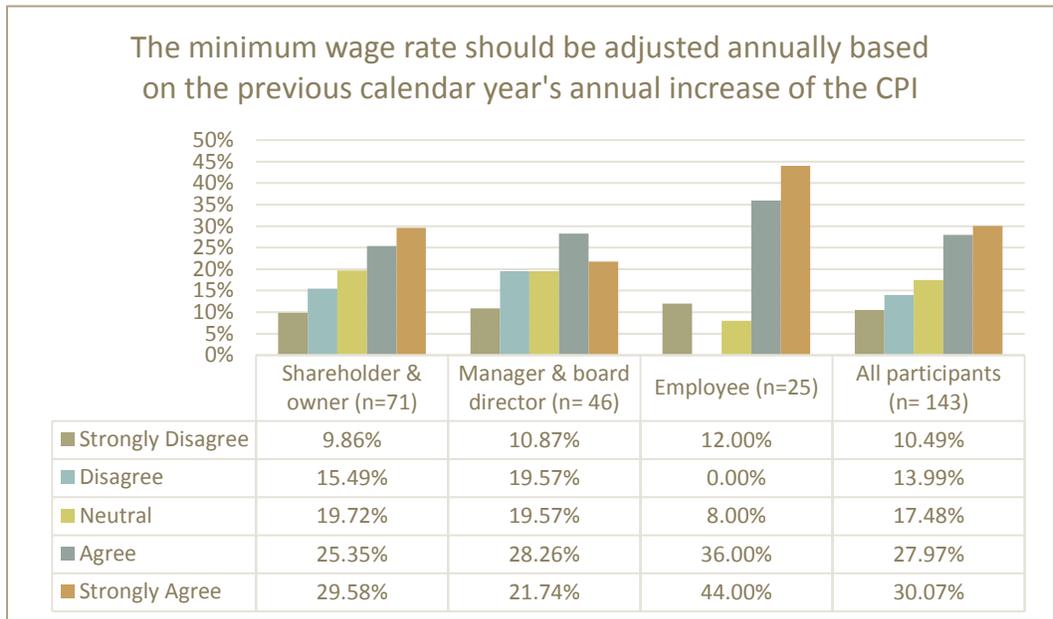


## Minimum Wage Views

Across jurisdictions in Canada there are several policies on minimum wage rates based on occupation and worker types<sup>6</sup>. In the Yukon, the minimum wage rate is adjusted annually based on the previous calendar year's annual increase in the Consumer Price Index (CPI) for Whitehorse.

<sup>6</sup> For more information, see Service Canada website: <http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt3.aspx?lang=eng&wbdisable=true>

We notice differences in the respondents' answers depending on the industry sector and their position within the organization. Overall, 58.04% of all respondents (n=143) strongly agree/agree that the minimum wage should be



adjusted annually based on the CPI. The results show that employees are the most in favour, 80.0% of them strongly agree/agree with the annual adjustment, followed by the shareholders/owners 54.93% and managers/members of a board of directors 50% that strongly agree/agree with this policy. Also, more individuals i.e. 62.50% of the respondents engaged in the *Accommodation & Food Services* industry strongly agree/agree with that statement compared to 50% of the *Retail Trade* industry and 43.75% in the *Professional, Scientific and Technical Services*.

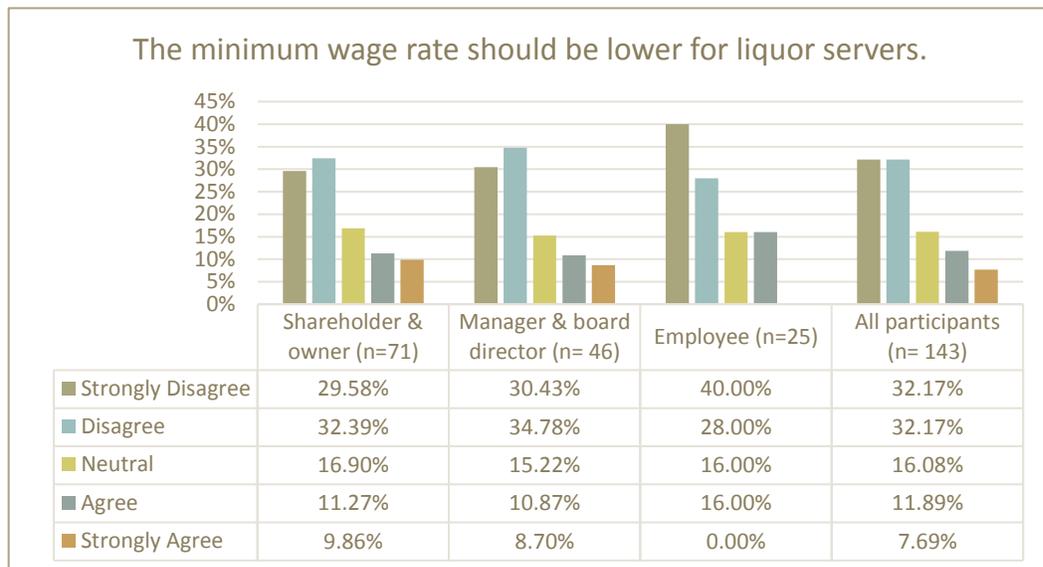
### Minimum Wage & Occupation Types



The minimum wage rate for liquor servers in Ontario and British Columbia is lower than the regular minimum wage. Although, BC plans that by June 1, 2021, liquor servers will be paid the regular minimum wage<sup>7</sup>. In Québec, the minimum wage is

<sup>7</sup> <https://www2.gov.bc.ca/gov/content/employment-business/employment-standards-advice/employment-standards/factsheets/minimum-wage>

lower for occupations that receive gratuities. Québec defines it this way, “an employee receiving tips generally receives tips or gratuities and works (sic): in a restaurant, except for fast food establishments; for an enterprise



that sells, delivers or serves meals for consumption outside the establishment; on premises where alcoholic beverages are sold for consumption on site; in an establishment that offers in return for remuneration accommodations for tourists, including a camping establishment”<sup>8</sup>.

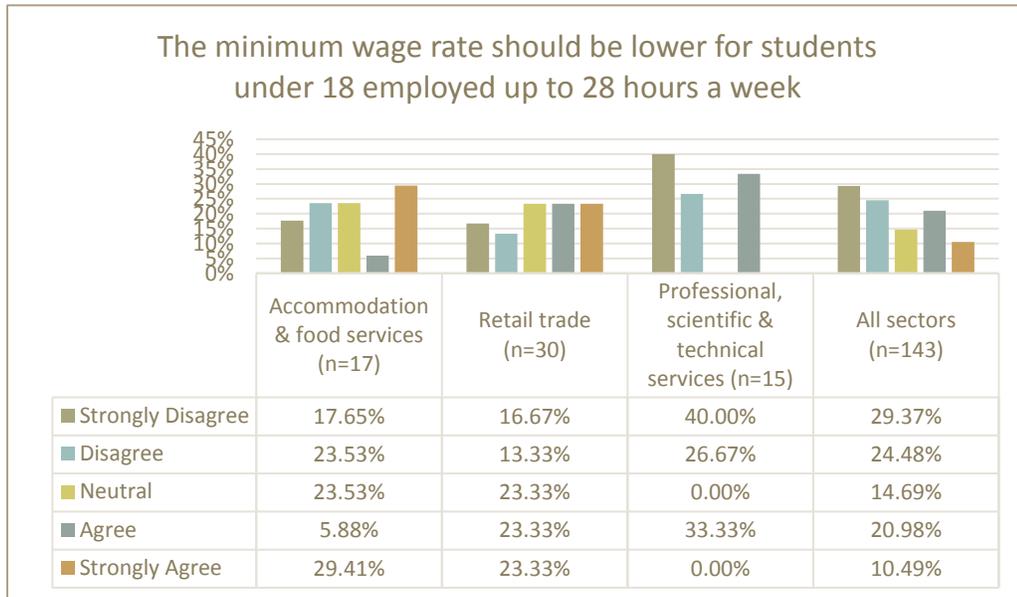
Almost half, 47.05%, of the respondent involved in the *Accommodation & Food Services* industry strongly agree/agree that the minimum wage should be lower for liquor servers. On the other hand, 80% of the *Professional, Scientific and Technical Services* strongly disagree/disagree that liquor servers should be paid less than the regular minimum wage. Similar trends are observed in regard to other occupations that receive gratuities. 52.94% of the respondents from the *Accommodation and Food Services* sector strongly agree/agree that minimum wage should be lower for occupations that receive tips whereas 71.43% of those providing *Professional, Scientific and Technical Services* strongly disagree/disagree.

Now, looking at the same two questions from an occupational point of view, 61.97% of shareholders and owners strongly disagree/disagree that the minimum wage should be lower for servers as do 65.21% of managers & board directors and 68% of employees. Similar trends subsist for the statement on a lower minimum wage for occupations receiving gratuities; 58.82% of shareholders and owners strongly disagree/disagree and 63.63% of managers & members of a board of directors. However, more employees disagree with a lower wage for liquor servers (68%) than for other occupations that receive gratuities (59.09%).

It seems that agreement / disagreement depends more on the industry in which the respondent is involved than their position within the organization.

<sup>8</sup> <https://www.cnt.gouv.qc.ca/en/wages-pay-and-work/wages/wages-employees-receiving-tips/index.html>

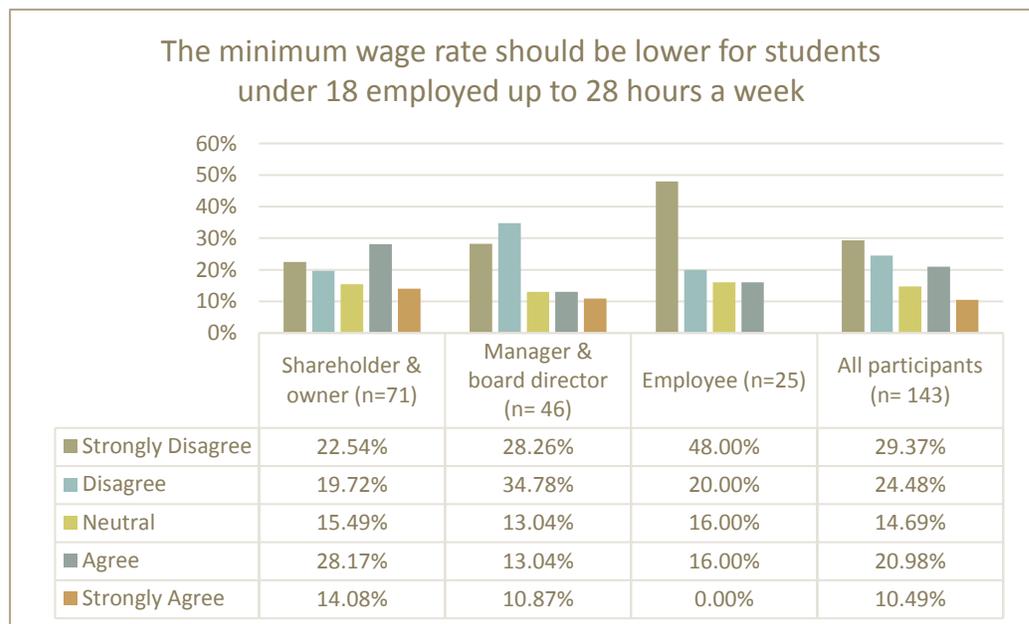
The province of Ontario has established a specific minimum wage rate for students. The rate is applied “to students under the age of 18 who work 28 hours a week or less when school is in session, or work during a school break or summer holidays”<sup>9</sup>.



46.66% of the respondents representing the *Retail Trade* industry strongly agree/agree that students should receive a minimum wage that is lower than the current rate. The proportion of respondents that strongly agree/agree with that statement is lower in the other two sectors; 35.29%

for the *Accommodation & Food Services* sector and 33.33% for the *Professional, Scientific and Technical Services* sector with a large majority of respondents from that sector, 66.67% that strongly disagree/disagree that students should get a lower rate.

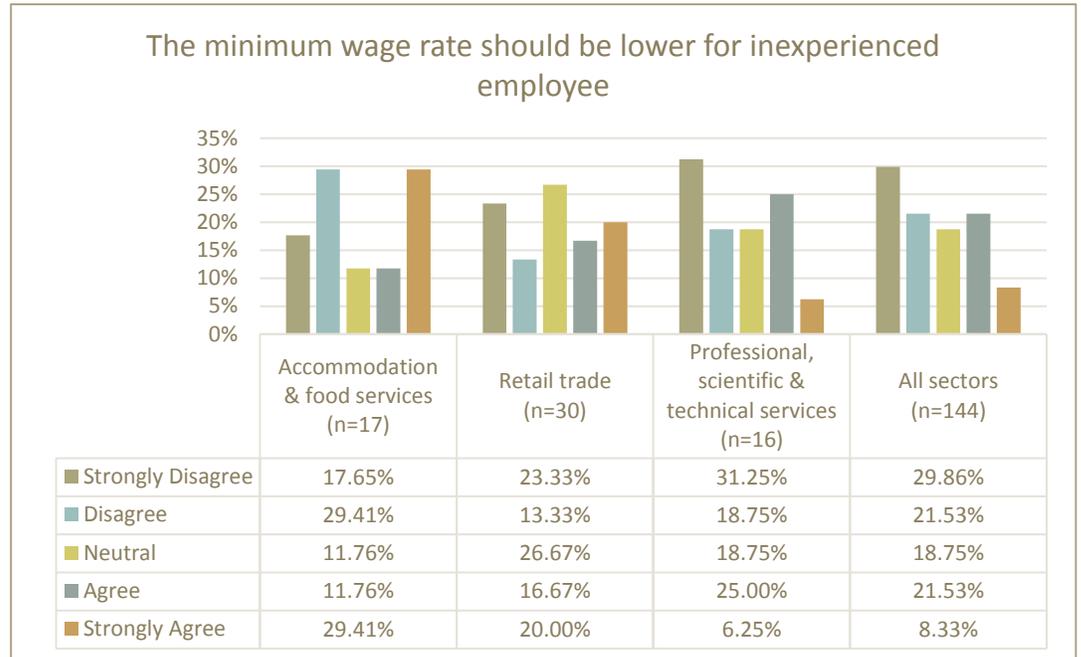
The opinion of the shareholders and owners is evenly split on that policy; 42.25 % of them strongly agree/agree and 42.25% strongly disagree/disagree that the minimum wage for employed students under 18 should be lower. A majority of managers and members of boards



<sup>9</sup> <https://www.ontario.ca/document/your-guide-employment-standards-act-0/minimum-wage>

of directors, 63.04%, strongly disagree/disagree with that statement. Only 23.91% of them strongly agree/agree.

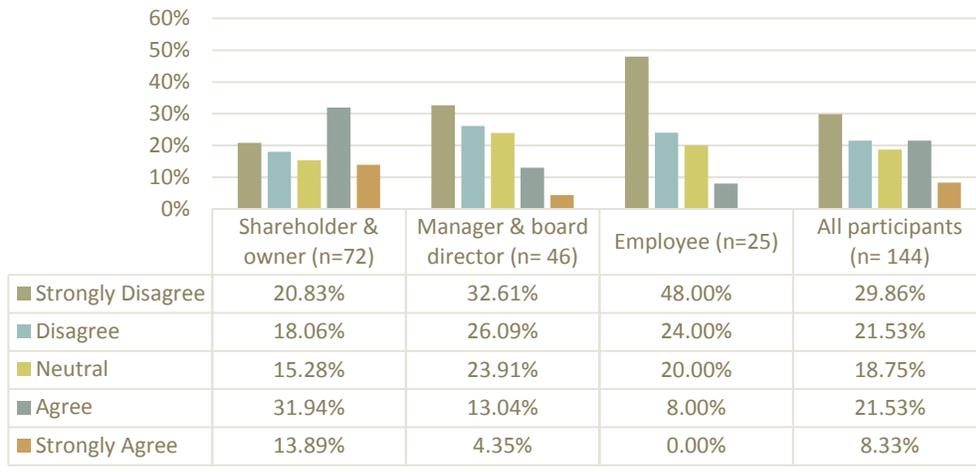
In Nova Scotia, two wage rates exist: one for experienced employees and one for inexperienced employees. An inexperienced employee is defined as an individual who “has done a kind of work for less than three calendar months and has worked for the same employer for less than three calendar months”<sup>10</sup>. The



*Accommodation and Food Services*, as well as the *Retail Trade* sectors, are both divided on that question. 47.06% of the respondents engaged in the *Accommodation and Food and Services* strongly disagree/disagree and 41.17% strongly agree/agree. Looking at the *Retail Trade* sector 36.66% strongly disagree/disagree and 36.67% strongly agree/agree. 50% of the respondents from the *Professional, scientific and technical* strongly disagree/disagree with this statement.

<sup>10</sup> <https://novascotia.ca/lae/employmentrights/minimumwage.asp>

### The minimum wage rate should be lower for inexperienced employee



Data reveal more difference depending on the occupation of the respondent. Shareholders and owners are more in favour of this policy, 45.83% of them strongly agree/agree compared to 17.39% of the managers and board members.

Actually, 58.70% of the respondents who are managers or board directors strongly disagree/disagree.

Some jurisdictions in Canada have also special minimum wage rates for resident caretakers, live-in resident support workers, live-in camp-leader and homeworkers. We asked to the respondents if they believe that the minimum wage should be higher for these occupations. While the results for resident caretakers, live-in support workers and live-in camp leaders present some similarity, few respondents (16.31%) are supportive of a higher minimum rate for homeworkers (employees who do paid work out of their homes for an employer e.g. online research, preparing food for resale, sewing, telephone soliciting, etc.).

### The minimum wage rate should be higher for:



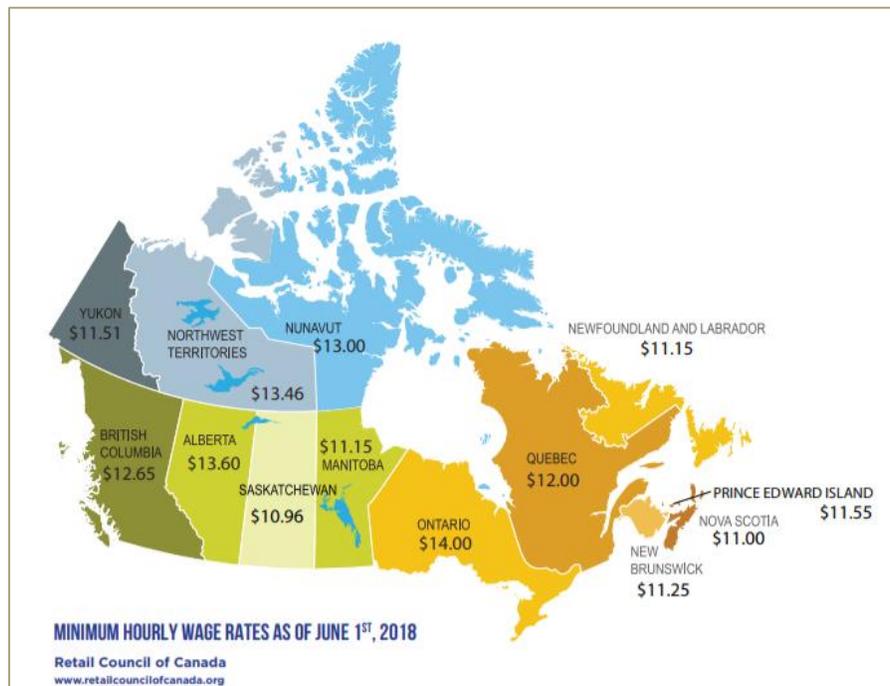
### Minimum Wage in Canada

As of August 2018, the Yukon has the lowest minimum wage (\$11.51) among the territories. Ontario has the highest rate in Canada (\$14.00) while Saskatchewan has the lowest (\$10.96). Yukon's minimum wage currently ranks 8th highest among 13 Canadian jurisdictions.

Alberta announced they would raise their minimum wage to \$15/hour on October 1, 2018, and Ontario will do the same on January 1, 2019.

Participants were asked if they were in favour of an increase

in the minimum wage rate to \$15/hour. A higher proportion of respondents, 63.34%, from the *Retail Trade* sectors strongly disagree/disagree with that statement. 58.83% of the respondents from the *Accommodation and Food Services* and 53.33% of the *Professional, Scientific and Technical Services* strongly disagree/disagree that the minimum wage rate should be increased to \$15/hour.

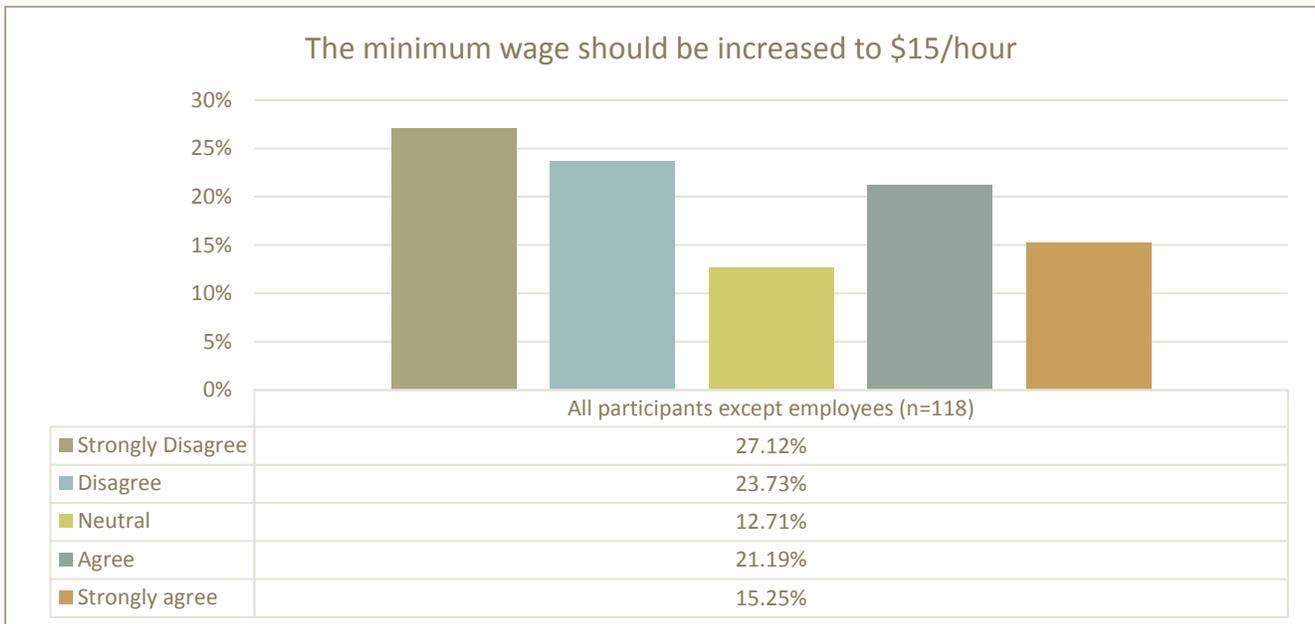


Looking at the results by occupation types, 54.93% of shareholders and owners strongly disagree/disagree. Managers and members of boards of directors were evenly split on that question

with 45.65% who strongly disagree/disagree and 45.65% who strongly agree/agree. A net majority of employees, 72% strongly agree/agree that the minimum wage rate should be raised to \$15/hour.



When considering only the respondents in management positions, i.e. owners, shareholders, managers and members of boards of directors, 50.85% strongly disagree/disagree that the minimum wage should be increased.



The last question explored the impacts of an increase to \$15.00/hour from the current minimum wage in Yukon for organizations participating in the survey. 136 respondents provided feedback on that question. The following table offers a summary of the comments.

Classification Category	# of quotes	Quote
No Impact / not applicable	56	
Wage Scale – Increase or pressured to increase	17	<i>We currently do not pay the minimum wage to any of our employees. I do believe an increase in minimum wages requires me to evaluate and adjust wages to reflect what I believe their value is to our company. Furthermore, I believe our current employees should receive higher compensation for their work but that would have a financial impact on those we serve.</i>
Cost of products and services increase	16	<i>The increased cost in labour would be passed onto the consumer as well, resulting in higher costs of our goods and services.</i>
Staff hours & hours of operation reduction	13	<i>As a small employer, we need to have flexibility to differentiate between experienced, full-time and newer, p/t employees. (...). We would likely hire fewer p/t staff and may have to reduce f/t hours.</i>
Reduction in number of hires <ul style="list-style-type: none"> <li>• <i>Especially marginalized groups (students, people with disabilities, etc.)</i></li> </ul>	12 (8)	<p><i>It would force our business to run leaner, resulting in less available hours for currently employed people, as well as reduced hiring and available positions.</i></p> <p><i>This would only affect 1-4 summer student workers who have not worked for us previously.</i></p>
Staff reduction and lay off	11	<i>It would mean a significant increase in payroll costs as all wages would have to go up by a similar percentage to keep things equitable and would result in reducing hours and laying off staff.</i>
Inflation increase	10	<i>None directly but would lead to an increase in of prices in the territory (speed up inflation) and ultimately drive up all wages and expenses to our firm.</i>
Closure / Unsustainable / not affordable	7	<i>There will be expectation to increase all wages across the board accordingly, as an employer who strives to pay a reasonable wage well above minimum and a \$1.4M payroll budget it will be unsustainable.</i>
Minimal impact	7	
Operating Expense Increase, including payroll	7	<i>Employees making \$15.00 per hour, or close to it, will expect a raise due to minimum wages employees making close to what they are currently making. Being that the increase to \$15.00 per hour is a \$3.68 increase, I think ALL employees regardless of their wage will expect an increase, again raising the overall cost of wages to the employer.</i>

Classification Category	# of quotes	Quote
Purchase Power Increase	7	<i>Would not affect our employees' wages but would affect their buying power.</i>
Profitability Loss	5	<i>It would make it extremely difficult to juggle. That big of a jump would mean increase payroll, increase payroll taxes, less money available to run business in general, no money for employee recreational activities, menu change, forced to buy less expensive items - not as fun or different food items. It just would be very difficult. It would mean increased menu pricing. This could mean decrease in sales.</i>
Depreciation of current employee wage	4	<i>We currently pay a minimum wage of \$16.00 - \$17.00 to our workers, to attract the skills we need. We would not be able to afford to pay the same employees at \$21/hour. Nor would we be able to attract the same skilled employees (at \$16.00) if workers get paid the same amount to buy groceries.</i>
Recruitment & Retention	4	<i>Still trying to be competitive as a non-profit organization to attract staff, will mean the difference of several thousand dollars over a 3-4-month period when factoring in MERCs, but committed to providing a fair wage.</i>
Impact on customer service	2	<i>The impact would be about \$600,000 which would not be sustainable, therefore in order to stay in business we would need to take 20 people off the payroll and reduce the amount of staff required to look after the customers, decrease customer service and basically lower our standards on running a good business. The other options are to reduce the hours of operations and longer wait times to get service and longer lines at the registers.</i>
Stronger economy	2	<i>\$15/hour would mean a stronger economy for everyone, including our organization. Stronger economy means stronger businesses.</i>
Employee Perks elimination/reduction	2	<i>Employee perks (staff discount and paid lunch) would be eliminated.</i>
Staff workload increase	2	<i>We would have to have smaller staff to do the same amount of work so higher workloads for less people.</i>
Unemployment increase	2	<i>Extreme - while I understand the need for people to earn more money the cost of doing business is very expensive. If minimum wage were to climb that high everything in the territory would cost more or fewer people would be employed. If businesses start to lose money due to their salary line the first thing that happens is prices go up or people lose jobs. It is a horrible cycle.</i>

