



**GREATER CHARLOTTETOWN AREA  
CHAMBER OF COMMERCE**

**PROVINCE OF PRINCE EDWARD ISLAND  
MINIMUM WAGE RATE REVIEW**

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**SUBMITTED TO  
Employment Standards Board  
September 21, 2016**



GREATER CHARLOTTETOWN AREA  
CHAMBER OF COMMERCE

September 21, 2016

Mr. Donald MacCormac  
Attn: Hazel Walsh  
Employment Standards Board  
P.O. Box 2000  
Charlottetown, PE C1A 7N8

**Re: Request for Submissions regarding the Prince Edward Island Minimum Wage Review**

Dear Mr. MacCormac:

On behalf of the Greater Charlottetown and Area Chamber of Commerce, thank you for the opportunity to share the views of our close to 1,000 members regarding the minimum wage rate on Prince Edward Island.

First and foremost, the Chamber strongly recommends the development of a long-term strategy for minimum wage. For the prosperity of employers and working Islanders, the Chamber believes a thorough review on the process for determining minimum wage that includes consultations with stakeholders, is necessary. Such a review should include a study of alternative models and best practices in other jurisdictions.

In the interim, the Chamber acknowledges the efforts of government to provide a longer notice period regarding changes to the minimum wage rate. The Chamber would like to emphasize the importance of this practice, as it allows businesses to factor adjustments into their annual financial planning. We propose a minimum of 6 months' notice for changes, but suggest that, ideally, minimum wage rate changes should occur annually and be announced on a fixed date each year (e.g. January 1).

Our members continue to express concern about the pace of minimum wage increases in this province. Between 2010 and July 2016, PEI's minimum wage has risen from \$8.70 to \$10.75 or by 14.2%. During that same period the Consumer Price Index (CPI) rose by only 9.7%. The Chamber urges that future increases to minimum wage be tied to increases in the CPI. This policy is to be adopted by New Brunswick in 2017 and already exists in Alberta, Ontario, British Columbia, Nova Scotia, Saskatchewan and Yukon.

With ongoing economic uncertainty, locally, nationally and internationally, employers face increasing financial pressures. A rising minimum wage also forces employers to amend payroll

budgets, and increase contributions to Employment Insurance, Worker's Compensation and CPP premiums. When employers are not able to sufficiently plan for these changes, the financial impact is felt by workers in the forms of reduced staff hours or delayed hiring plans.

With the view of improving the situation for workers, the Chamber also reiterates its strong recommendation for increasing Prince Edward Island's basic personal tax exemption. Currently our province has the lowest basic personal exemption in Canada at \$8,000 and is one of only three provinces, alongside Manitoba and Nova Scotia, which does not automatically increase the basic personal tax exemption at the rate of inflation. The Chamber calls on the province to institute annual indexing of personal income tax brackets to remove the hidden tax hike that minimum wage earners experience every year due to inflation and the low basic personal exemption. This will put more money in the pockets of employees without negatively impacting employers' budgets.

Finally, the Chamber recommends that the process for setting the minimum wage on PEI be based on principles identified by the Ontario Chambers of Commerce in their recommendations to the Ontario Minimum Wage Advisory Panel. These principles reflect the views of our members as expressed in various surveys and roundtable discussions.

The principles include:

**Predictability:** Employers want a process that provides predictability so they can plan, grow, and invest with confidence.

**Transparency:** Employers require a process that is open and understandable.

**Fairness:** Employers want a process that considers the impact on both employers and workers.

Overall, employers want a process that ensures PEI's competitiveness. Decisions around minimum wage should not discourage investment, economic growth or job creation.

Thank you for your consideration of the views of our members on this important business and community issue.

Respectfully submitted,



Pam Williams  
President, GCACC



Penny Walsh McGuire  
Executive Director, GCACC