

December 6, 2009

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

RE: Greater Charlottetown Chamber Submission Regarding the 2010 PEI Minimum Wage Review

Dear Mr. MacCormac:

Once again, the Greater Charlottetown Area Chamber of Commerce appreciates the opportunity to provide input into the annual minimum wage review.

The Chamber continues to have significant concerns on the pace of minimum wage increases in the Province of PEI. In 2009, the minimum wage increased twice during the year or 5% while CPI was essentially *nil* over the same period (October 2008 to October 2009 - latest figures available). Since January 2002, the minimum wage has seen a 40% increase while the consumer price index (CPI) has lagged significantly at 18%. The pace of minimum wage growth is not sustainable for employers.

Other variables to be considered for 2010 include:

- 1) While we agree that some adjustment to the minimum wage is reasonable, specifically one tied to CPI, there are other ways to approach this issue. In our 2008 submission, the Chamber raised the idea of introducing a "training wage". This option is in place in other jurisdictions and is serving the needs of both employers and entry-level employees.
- 2) To date, PEI has been somewhat immune to the recession hitting other Canadian Provinces; however, there is acknowledgement that we may be seeing a "lag effect" on the Island due in part to the changes in the Provincial Nominee Program. The Chamber notes that the ensuing reduction in investment in Island businesses could lead to some troubling days ahead for the Province and employers generally. Already, large employers like Cavendish Farms, McCains, Cabinetmaster and others are initiating shutdowns and/or layoffs due to a slowing economy. While the worst may be over in other parts of the country, PEI may have some hurtles that have yet to be cleared. That being said, we do remain hopeful that any slowdown will be short-lived and shallow; however, employers will need flexibility to get through these hardships. A higher minimum wage will not help.

3) At present, interest rates continue to be low; however, several banks are forecasting a return to somewhat higher rates in later 2010. This will potentially be a further draw on employer resources should this scenario come to pass.

4) For those employers that are exporting to the United States, a higher Canadian dollar is hurting competitiveness in this global economy. Wage rates are a significant cost component of production and higher wages will further hurt the strain that is already evident in many sectors with a dollar near parity. No mitigation of an at-par dollar is currently in sight.

5) As noted in earlier submissions, the Board must consider the realities of living on PEI. We cannot directly compare PEI to Newfoundland or our other regional counterparts as our realities are vastly different. PEI does not have an oil and natural gas sector which is partly responsible for some of the higher wages in Nova Scotia and Newfoundland in particular.

To summarize, the Chamber is not opposed to measured and responsible increases to the minimum wage. We ask to Board to consider the items outlined above as well as the recent changes to the Employment Standards Act when making adjustments for 2010. We want employers on PEI to be successful; we also need a workforce that is fairly compensated. We recommend that any increase in 2010 be based on the increase in the CPI estimated by the Bank of Canada to be 1-2 % in 2010. Also, any changes need to be well communicated with plenty of lead time for employers to prepare accordingly.

Respectfully submitted,

Sean Casey
President