1. Introduction

This report analyzes the minimum wage for liquor servers in the province of British Columbia (B.C.). The report’s purpose is to provide information for the B.C. Fair Wages Commission (FWC) which, as outlined in its Terms of Reference, is “tasked with establishing a pathway to a minimum wage of at least $15 per hour and overseeing regular rate reviews.” Of particular relevance to this report are the directions to the FWC to “consider and make recommendations on other minimum wage rates under the Employment Standards Regulation”, such as the minimum wage for liquor servers, and to “make recommendations regarding strategies to address the discrepancy between the minimum wage and a ‘living wage’.” (B.C. Ministry of Labour 2017a)

2. Background on the minimum wage for liquor servers in B.C.

Introduction

A minimum wage for liquor servers is separate and lower than the general minimum wage and was introduced in the province British Columbia (B.C.) on May 1, 2011. The definition of liquor servers, the rationale for the introduction of the lower minimum wage, and the changes in the general and liquor server minimum wages over the period 2011 to 2017 are outlined below.

Definition of liquor servers

Under the B.C. Employment Standards Act (ESA), “an employer must pay an employee at least the minimum wage prescribed in the regulations” (B.C. ESA s 16 (1)). In the B.C. Employment Standards Regulation (ESR), liquor serving is an occupation exempted from the general minimum wage and receives a lower minimum wage.

The B.C. ESR (current to January 16, 2018) indicates that, as of September 15, 2017, the general minimum wage is $11.35 and the minimum wage for liquor servers is $10.10 (B.C. ESR, ss 15 and 18.1 (2), respectively).1

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In the B.C. ESR, liquor servers refers to employees: “(a) whose primary duties are as a server of food or drink or both, and (b) who, as a regular part of his or her employment, serves liquor directly to customers, guests, members or patrons in premises for which a licence to sell liquor has been issued under the Liquor Control and Licensing Act.” (B.C. ESR s 18.1 (1))

Rationale for the lower minimum wage for liquor servers

The separate minimum wage for liquor servers was introduced in 2011. Based on a B.C. Ministry of Labour document provided for the FWC, “[t]he stated rationale for the liquor server rate is that it is designed to protect jobs in the service sector while allowing the minimum wage to grow” (B.C. Ministry of Labour 2017b, 2).

The separate and lower minimum wage for liquor servers was introduced for the first time after consultations undertaken by the Ministry of Labour in 2010 and 2011 on B.C.’s employment standards systems, including the minimum wage. It is noted in the summary report on these consultations that participants were asked “whether there should be a different (lower) minimum wage for workers who receive gratuities”, as in the provinces of Ontario and Québec (B.C. Ministry of Labour, Citizens’ Services and Open Government 2011, 4).

The responses to this question of a separate lower minimum wage for workers who receive gratuities are presented in the summary report on the consultations (Ministry of Labour, Citizens’ Services and Open Government 2011, 7). The responses from employer groups are summarized in the report as follows.

Employer groups expressed very strong support for establishing a lower minimum wage for workers who receive gratuities, modelled along the lines of Ontario’s “liquor server rate”. In their view, this would provide cost relief to the food and restaurant industry that has been very hard hit by the implementation of the HST, recent changes to the laws governing drinking and driving, and the generally weak condition of the industry. They noted that in many licensed restaurants and bars, the servers earn more in wages and gratuities than anyone else, and that exempting these servers from the general minimum wage increase would make it easier for restaurant and bar owners to pay wage increases to employees who do not receive tips.

The responses from worker groups are summarized as follows:

Worker groups opposed a lower gratuity rate for liquor servers, citing both practical difficulties in fairly administering such a system as well as concerns that it would unfairly disadvantage many servers who do not work at “high end” restaurants and bars.
Specifically, they noted that gratuities are largely unregulated under the Employment Standards Act. Servers are often required to hand some of their gratuities over to a “tip pool” that is shared with other workers who do not receive gratuities or to management. In their view, if servers are required to rely upon gratuities for a larger proportion of their earnings, then it would become necessary to enact regulations either to ensure that servers are allowed to keep all that they receive in tips or to set rules on how tips should be allocated within the tip pool.

The introduction of the lower minimum wage for liquor servers in B.C. in 2011 appears to have recognized the employers’ argument regarding the need to “provide cost relief” in this specific sector. The argument that a lower minimum wage would support jobs was advanced by the Minister of Labour, Citizens’ Services and Open Government, Stephanie Cadieux, in the Legislature in May 2011, in response to questions about the lower minimum wage for liquor servers. The Minister stated that:

In relation specifically to servers, that’s a unique industry, where a vast number of people earn a great percentage of their income through tips. We’ve adopted an approach that is in line with what is existing in Ontario and has worked very well in Ontario. In that province the liquor server rate has allowed the general minimum wage to increase, while maintaining and supporting jobs in the food and beverage service sector.....

Liquor servers do earn a significant portion of their income through gratuities, as bills that include liquor are significantly higher. Our goal is to strike a fair balance with the needs of the job-creating employers such as White Spot so that we can make sure that we continue to have jobs for all of our citizens and ensure that they’re earning a wage where they can support themselves and their families. (British Columbia, Legislative Assembly 2011, 6808)

On the issue of the number of minimum wage rates, the International Labour Organization provides some guidance. The ILO report, How many different minimum wage rates should there be?, makes the following points: (i) keep it simple to provide an effective floor, and improve communication and monitoring (p. 16); (ii) recognize rationales for introducing multiple rates justified by, for example, higher average productivity and ‘capacity to pay’ higher minimum wages in some sectors, and higher productivity in some occupations (p. 16); and (iii) recognize that multiple minimum wage rates may result in “lower wages for workers with different characteristics, for example when rates are lower in occupation or sectors where women or migrant workers predominate” (p. 21) which challenges the principle of equal pay for work of equal value.²

The lower minimum wage for liquor servers might be consistent with the ILO point (ii) above. However, it should also be noted that economic conditions have improved since 2011 as indicated in the downward trend in the unemployment rate, from 7.5 percent in

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2011, to 5.1 percent in 2017 (Statistics Canada, CANSIM Table 282-0086). Further, the HST referred to above was revoked in 2013 and restaurant meals have since been subject to the GST only. At the same time, the lower minimum wage for liquor servers conflicts with the ILO advice provided in points (i) and (iii).

**Analysis of increases in the minimum wage for liquor servers compared to increases in the general minimum wage**

For the years 2011 through 2017, the general minimum wage, the minimum wage for liquor servers, and the average hourly wage for all workers are presented in Table 1. In May 2011, the general minimum wage rose from $8.00 to $8.75 per hour and the minimum wage for liquor servers of $8.50 per hour was introduced. Following the changes in May 2011, the general minimum wage and minimum wage for liquor servers increased to $9.50 and $8.75, respectively, in November 2011.

The gap between the general and liquor server hourly minimum wage has increased between 2011 and 2017. The absolute gap increased from $0.25 when the liquor server minimum wage was introduced in May 2011, to a gap of $1.25 in 2012; this gap of $1.25 has remained for the period 2012-2017. In relative terms, the liquor server minimum wage was 92 percent of the general minimum wage in May 2011 and declined to 89 percent of the general minimum wage in 2017.

The general minimum wage and the minimum wage for liquor servers relative to the average hourly wage in the province both increased over the 2011 to 2017 period. The increases in both minimum wages occurred as did in the average hourly wage for all employees in the province, as shown in Table 1. From Table 1, between 2011 and 2017, the ratio of the general minimum wage to the average hourly wage increased from 37.8 to 44.2 percent; and over the same period, the ratio of the minimum wage for liquor servers to the average wage increased from 36.7 to 39.3 percent. Thus, the changes in the minimum wage for both the general and liquor server minimum wage did have the effect of raising the floor relative to the average wage, but did so to a greater extent for the larger group of employees working at the general minimum wage.

3. **Review and analyze academic literature pertinent to liquor servers**

**Introduction**

The academic literature is briefly reviewed to provide insight into the nature of the working environment of liquor servers. Three main points are made: (i) there is high variation in tips income of liquor servers across the sector; and uncertainty exists in tip income arising from assigned shifts and sectors, as well tip pooling arrangements including the tip out rates; (ii) the employment is precarious for some liquor servers and the possibility of decent work is undermined by employment standards; and (iii) the work environment is sexualized and many liquor servers experience sexual harassment.
Evidence indicates that tipping systems, both legal regulations and employer practices, contribute to the normalization and accentuation of sexual harassment.

**Server tip amounts and tip pools**

Tipping practices and the distribution of tips were raised as issues of concern in the Worker group consultations held in 2010 and 2011 as noted above. The amount of tip earnings and contributions to tip pools, as well as the variation in tips received among servers, have not been well-studied in Canada and thus, caution is required in interpreting tip amounts, rates and pools.

Two studies suggest that the tip rate, which refers to the amount of the tip as a percentage of the meal price, is on average about 15 percent in Canada, based on data for the 2000s (Maynard and Mupandawana 2009; McAdams and von Massow 2017). However, since servers contribute to tip pools which are then shared with non-tipped workers, servers’ tip earnings are, again on average, less than 15 percent of the value of sales. In a study of restaurants in Ontario, based on a web-based survey of 160 servers, less than 8 percent of servers kept all of their tips (McAdams and von Massow 2017) which indicates the prevalence of tip sharing.

Three types of tip pools are discussed. Servers may be required to contribute to a tip pool on the basis of a percentage of the value of daily total sales. Servers may also contribute to the house tip through a percentage of tips directly received, where the tips are determined through credit and debit card receipts. Second, servers may directly ‘tip out’ non-tipped workers. Third, employers may add an automatic service charge to the bill, for example for large groups and banquets. The tip pool is then distributed to servers, non-tipped workers such as kitchen staff and bussers, and in some cases to supervisory staff, managers and owners. It is possible for an establishment to use a combination of these types of tip pools. From a liquor server’s perspective, the norm or employer’s policy on the collection and distribution of the tip pool is not always transparent, and concerns have been expressed that some portion of the tip pool is taken by the employer (Matulewicz 2015, 407).

There is variation in tip income among servers arising from tip pool practices, type of establishment, and other within establishment factors. In the Ontario study noted above, it was estimated that about 14 percent of servers tipped the house at 2 percent or less, one-third of servers tipped out at between 2.1 and 3 percent; another one-third tipped at between 3.1 and 5 percent; and the final 19 percent tipped out at more than 5 percent (McAdams and von Massow 2017, 439).

The amount of tip earnings received varies among liquor servers depending upon the type of establishment in which they are employed and its popularity. The main determinant of the absolute amount of the tip is the meal price, and therefore, the absolute size of the tip
will be larger in more expensive restaurants. In addition, the tip rate is higher in fine dining establishments, after controlling for the meal price (Maynard and Mupandawan 2009, Table 1). Tip income varies among servers even within the same establishment, as it depends upon the assigned shift and section (Matulewicz 2015), and the day of the week (Maynard and Mupandawan 2009). Therefore, even if the the tip rate and tip-out rate are known, the type and success of the establishment, and within establishment factors are expected to generate considerable variation in tip income among servers about which there is limited academic information.

**Liquor servers access to decent work**

Does the occupation of liquor serving offer decent work? Decent work, as defined by the ILO, “involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.” The extent to which liquor server employment offers decent work is analyzed in terms of the level and certainty of earnings, access to social protection, and freedom to express concerns and how these are reinforced through law.

The work of liquor servers is characterized as precarious work, the opposite of decent work. Liquor servers often work part-time which contributes to low employment earnings. Among all employees (i.e. not just liquor servers) in the full-service restaurant and drinking establishment sector, the average weekly hours worked was 22 hours in B.C. in 2016; this is lower than the average of 28 hours per week for employees for the entire service sector (Statistics Canada CANSIM Table 281-0033). In Ontario, liquor servers are more likely to work part-time, hold multiple jobs and have shorter job tenure, compared to all employees (Vosko, Noack and Thomas 2016, 41).

In addition to working part-time, liquor servers experience uncertainty in when they will work and on any given day, how much they will work. Shift schedules are often only posted several days in advance and employers may call workers in on short notice; the length of the scheduled shift may be reduced after the employee has commenced work in response to the number of customers (Matulewicz 2015).

The limited number of hours per shift and uncertain hours of work are reinforced by law because the B.C. ESA does not require that shift schedules be posted and the minimum number of hours of paid work was reduced to two hours (from four hours) in 2002 (Matulewicz 2015). The two-hour minimum contributes to the use of split shifts, where

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3 For Canadian restaurants in the early 2000, “[m]ost variation (84%) in tip amounts was explained by a meal’s price” (Maynard and Mupandawan 2009, 597). This finding for Canadian restaurants is consistent with the literature for the U.S. which also finds that bill size is the key determinant of tip size (Lynn 2006).

4 http://www.ilo.org/global/topics/decent-work/lang--en/index.htm. Precarious work is often conceptualized as the lack of decent work.

5 See Vosko 2008 on the concept of precarious work.
workers are asked to work several hours over the lunch period and return for additional hours over the dinner period, which contributes to increased worker costs of work.

Liquor servers experience uncertainty in employment earnings. Liquor server earnings are comprised of the hourly wage and the tips received. Earnings from the hourly wage will depend on the actual hourly wage and the number of hours paid by the employer, with the further caveat, that some employees report that they are not paid for all the time worked (Matulewicz 2015). Further, the tip income received depends upon the type of restaurant and its popularity, as well as, the practices or policies regarding the collection and distribution of the tip pool, and tipping behaviour of customers, as discussed above. In Ontario, for example, 20 percent of “liquor servers report earnings below the general minimum wage, even after tips” (Vosko, Noack and Thomas 2016, 41).

With respect to social protection, liquor servers entitlement is limited because insurable and pensionable earnings, as well as vacation and severance pay, are calculated on the basis of the hourly wage paid by the employer and do not include tip earnings.

Finally, regarding “freedom for people to express their concerns, organize and participate in the decisions”, the restaurant and drinking establishment sector is not highly unionized. For Canada as whole, the unionization rate in the Accommodation and food services sector is 5.4 percent, compared to 28.4 percent for all industries, in 2016 (Statistics Canada CANSIM Table 282-223). For Ontario, liquor servers are reported to have very low levels of unionization.

Sexual harassment of liquor servers

Studies have found that restaurants and drinking establishments are highly sexualized work environments where sexual jokes and innuendos, flirtation, and touching are common (Matulewicz 2015).

The sexualized environment is accentuated and normalized by employers’ hiring practices and dress codes. Liquor servers have observed that physical attractiveness is a key consideration for being hired (Matulewicz 2015). Servers also report on the explicit or implicit dress code which encourages women to wear short skirts, low tops and high heels. These practices reinforce and normalize a sexualized work environment. Although the recent B.C. decision to ban mandatory high heels in the workplace is a notable change, it was introduced as a health and safety issue. Concern about the sexualized environment in the restaurant sector in Canada is demonstrated in the Ontario Human Rights Commission (2017) report on “sexualized and gender-based dress codes”.

Sexual harassment of liquor servers is pervasive. A recent U.S. study reported that: “nearly 80% of women and 70% of men experienced some form of sexual harassment from co-workers”, “nearly 80% of women and 55% of men experienced some form of sexual harassment from customers”, “one third (33%) of women restaurant workers experienced sexual harassment from customers on at least a weekly basis”, and “two-thirds (66%) of
women experienced sexual harassment from management on at least a monthly basis” (ROCU 2014, 3).

Liquor servers, vulnerable to sexual harassment in the workplace, have constrained ability to prevent unwanted sexual attention. Liquor servers are typically women and relatively young, and are constrained by the pressures of being in a gendered and hierarchical work environment. Servers who resist employers’ dress code requirements, for example, may find that managers give them shorter or worse shifts, and sections argued to be associated with lower tips (Matulewicz 2015). Servers may accept sexual harassment in order to please customers because it is good for the business (Albin 2011) and because it may increase their tips. As Matulewicz (2015, 409) states “tips are a form [of] institutionalized quid pro quo in exchange for sexual labour and putting up with sexual interactions and harassment.”

Regulations which permit employers to pay a lower minimum wage to liquor servers reinforces their reliance on tip earnings and hence makes them more vulnerable to harassment. Although the gap between the general and tipped minimum wage for some U.S. states is much greater than the gap in B.C., nonetheless, the results from the U.S. are instructive. In the U.S., women servers in states with the $2.13 tipped minimum wage were “twice as likely to experience sexual harassment as women in states that pay the same minimum wage to all workers” (ROCU 2014, 2).

4. Profile of liquor servers

Introduction

A profile of liquor servers in B.C. is presented below based upon an analysis of a Statistics Canada custom tabulation of the 2016 Labour Force Survey confidential file. The data capture employed persons, 19 years and older, with a paid job. Liquor servers are defined as employees working in the occupations of either food and beverage server or bartender, in the industries of either drinking places or full-service restaurants and limited seating eating places, and who usually receive tips.6

These selection criteria give a good approximation of the group of employed liquor servers. The number of liquor servers could be slightly overestimated since there may be some employees included who work in the limited seating eating places and receive tips but do not serve liquor. These selection criteria may, however, slightly underestimate the number of liquor servers because bartenders and servers in other establishments such as casinos are not included. What is clear, however, is the main profile of liquor servers in terms of age, gender, part-time work status, and job characteristics are similar, regardless of whether, the added criterion of “usually receives tips” is applied.

6 This methodology is comparable to the one used by Vosko, Noack and Thomas (2016). Further details regarding the sample selection are provided in Appendix A.
**Demographic characteristics**

Based on the definition given above, there are approximately 19,200 liquor servers in B.C. in 2016 which represents 1 percent of the total number of employees, aged 19 years and over, in the province. Women are the majority of liquor servers, comprising 82 percent of all liquor servers. In comparison, among all employees, women and men are equally represented. About half of all liquor servers, 49 percent, are over the age of 25 years. See Table 2.

**Decent Work?**

Compared to the group of all employees in BC, the evidence indicates that liquor servers experience a decent work deficit. See Tables 3 and 4.

About two-thirds of liquor servers work part-time, defined as working less than 30 hours per week. Liquor servers are more likely to work part-time compared to all employees in general; as only 18 percent of the entire group of all employees work part-time. Further, the percentage of liquor servers working part-time involuntarily (meaning that they work part-time because they cannot find full-time work) is greater than the percentage of involuntary part-time workers among total employees. Specifically, 22 percent of liquor servers and 24 percent of all employees work part-time on an involuntary basis.

Compared to all employees, liquor servers have very low levels of union coverage. Ninety-seven percent of liquor servers report either not being a member of a union or not being covered by a collective agreement. In comparison, among all employees, 70 percent are not covered by a collective agreement or are not a member of a union.

In terms of job permanence, about 71 percent of liquor servers reported that the liquor serving job is a permanent job, compared to 88 percent of all employees.

Liquor servers have lower job tenure than experienced among the rest of employees. Only 15 percent of liquor servers had been in their job for 5 years or more, compared to 46 percent of all employees.

In comparison to all employees, liquor servers are more likely to have multiple jobs. Among liquor servers, 10 percent hold multiple jobs, compared to 6 percent among all employees.

Liquor servers are more concentrated in the lower hourly wage categories, compared to all employees. The general minimum wage and minimum wage for liquor servers changed part way through 2016 and at the end of the year, respectively, the hourly minimum wage rates were $10.85 and $9.60. Thus, the percentage of liquor servers with hourly wages (and tips) less than $10.85 is examined. As presented in Table 4, 16 percent of liquor servers, compared to 5 percent of all employees, report hourly wage rates (including tips) at less than or equal to $10.85. More than two-thirds of liquor servers, 68 percent, earn less than $15.00 per hour including tips, compared to 22 percent of all employees.
The concentration of liquor servers in the bottom quintile of household earnings is evident. As shown in Table 4, 52 percent of all liquor servers are in the bottom quintile of household earnings, measured in terms of weekly household earnings. That is, the combined weekly earnings of all members in the household in which the liquor server resides is less than or equal to $740 per week.

5. The minimum wage regime for liquor servers in B.C. compared with other Canadian provinces and selected other jurisdictions

Introduction

The minimum wage regime for liquor servers in B.C. is compared with other Canadian provinces and selected other jurisdictions. The focus here is on the minimum wage regulations and the legal treatment of tips is examined in section 7.

Minimum wage regime for liquor servers in B.C. in the Canadian context

The occupation “liquor servers” is an occupation exempt from the general provincial minimum wage, and subject to a lower minimum wage in B.C., as well as in the provinces of Ontario and Québec. In Québec, the lower minimum wage is for all tipped workers, rather than only for liquor servers; and the legal treatment of tips, as discussed in section 7, differs from their treatment in B.C.

In the remaining seven provinces and the three territories, liquor servers receive the general minimum wage. The province of Alberta is a recent member of this group having eliminated the lower liquor server minimum wage on October 1, 2016.7 The elimination of the lower minimum wage for liquor servers in Alberta was motivated by an expressed preference for a simple minimum wage system. In 2010, the Standing Committee on the Economy undertook consultations with stakeholders and members of the public as part of the review of its minimum wage policy. One of the Standing Committee’s recommendations was that the “minimum wage should also be consistent for all minimum wage earners.” Further, the rationale stated that a “minimum wage differential for employees who receive gratuities or for new employees to receive a training minimum wage creates a minimum wage policy that is too complex. Albertans prefer simple policies over complex policies.” (Alberta, Standing Committee on the Economy 2010, 5)

In the provinces where liquor servers receive a lower minimum wage, the difference between the general minimum wage and liquor server minimum wage varies, as summarized in Table 5. In 2017, in B.C., the gap between the general and liquor server minimum wages was $1.25 ($11.35-$10.10); this compares to $1.50 ($11.60-10.10) in Ontario and $1.80 ($14.00-$12.20) in Québec.

7 https://www.alberta.ca/release.cfm?xID=4350079537D29-D02C-56DB-A10007423EAB7762.
Minimum wage regime for liquor servers in the U.S.

In the U.S., the Department of Labor’s *Fair Labor Standards Act* (FLSA) stipulates a general minimum wage for all workers and a lower minimum wage for all tipped employees which includes liquor servers. Workers are covered by the federal minimum wage regulations if they are employed by enterprises with at least two employees and (i) annual gross sales of at least $500,000, or (ii) government agencies, hospitals, schools, nursing enterprises. Employees are also covered if employed by smaller firms engaged in interstate commerce, or as domestic service workers. Apart from tipped employees, certain other occupations and groups of workers, are exempt from the federal general minimum wage.

To be classified as a tipped worker, the FLSA indicates that (i) “the employee retains all tips”, and (ii) “the employee customarily and regularly receives more than $30 a month in tips”. Tipped workers include servers and bartenders, but also include hairdressers, personal care workers, and taxi drivers, among others; servers and bartenders comprise approximately 58 per cent of tipped workers (Allegretto and Cooper 2014, Table 1).

The current federal minimum wage, as stipulated by the *Fair Labor Standards Act*, is $7.25 for all covered non-exempt workers and the minimum wage for tipped workers is $2.13 per hour. However, the employer must ensure that the employees’ tips amount to at least the difference between the tipped minimum wage and the general minimum wage, known as the “tip credit”, so that the employee makes at least the general minimum of $7.25. Legislative efforts are underway to raise the level of the tipped minimum wage (Allegretto and Cooper 2014).

The FLSA allows for mandatory tip pooling but it is restricted to those workers who customarily receive tips. As stated by the U.S. Department of Labor, “a valid tip pool may not include employees who do not customarily and regularly receive tips, such as dishwashers, cooks, chefs, and janitors.” Further, the FLSA stipulates that the “employer is prohibited from using an employee’s tips for any reason other than as a credit against its

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9 Under the FLSA, exempt occupations include farm workers, seasonal workers, and other “informal” occupations including newspaper deliverers, babysitters. The FLSA also permits certain population groups to be paid a lower minimum wage and these groups include young workers under the age of 20 (for the first 90 days of employment), students registered in either high school or college working in the retail or service enterprises, agriculture, or education institutes, and workers with disabilities. U.S. Department of Labor. Wage and Hour Division. *Questions and Answers About the Minimum Wage.* https://www.dol.gov/whd/minwage/q-a.htm.


minimum wage obligation to the employee (“tip credit”) or in furtherance of a valid tip pool. Only tips actually received by the employee may be counted in determining whether the employee is a tipped employee and in applying the tip credit.”

There is considerable variation across states in the U.S. in the labour standards provisions for tipped workers, although it is the case that the federal tipped minimum wage provision applies unless the state has a higher provision. Some states have introduced different categories of the tipped minimum wage depending upon the size of the enterprise.

States broadly align in three categories. First, there is a group of seven states (plus Guam) which do not have a separate tipped minimum wage and employers are required to pay tipped workers the regular state minimum wage before tips. For this group of states, including California and Washington, the general minimum wage is higher than the federal general minimum wage of $7.25. The second group is comprised of 26 states (plus the District of Columbia and Virgin Islands) which have a tipped minimum wage but that tipped minimum wage is greater than the federal tipped minimum wage of $2.13. The tip credit varies among states in this group, from $0.75 in Hawaii, to $9.17 in the District of Columbia. Some of these states with a tipped minimum wage have introduced different categories of tipped minimum wage and tip credit depending upon the size of the enterprise, occupation, and region within the state (e.g. as in New York City), and some states have introduced more stringent rules regarding coverage of the minimum wage (e.g. Ohio). The third group is comprised of 18 states (or jurisdictions) with the same provisions as the federal provision.

Minimum wage for liquor servers in the OECD context

Minimum wages are widespread throughout the OECD and achieved through either universal national wage floors or sectoral agreements (Schulten 2014). Within the OECD, 26 out of 34 OECD countries have statutory minimum wages; and in the 8 countries without statutory minimum wages, “a large part of the workforce is covered by wage floors specified in sector- or occupation-level collective agreements…. [which] can be seen as a functional equivalent of a binding statutory minimum wage” (OECD 2015a, 36).

About a half of all OECD countries with a minimum wage have sub-minimum wages for younger workers, or new entrants to the labour market. Some countries specify a separate minimum wage for certain apprenticeships (e.g. U.K.) and others have different minimum wages for low and high skill occupations (e.g. Greece) or higher minimum wages than the floor for certain occupations (e.g. Japan). In Australia, there is a national minimum wage

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15 See data provided by the Department of Labor. Wage and Hour Division. https://www.dol.gov/whd/state/tipped.htm.
and then sectoral awards can have a minimum wage above this. (See OECD 2015a, Table 1.2.)

While there is a separate lower minimum wage for liquor servers in some Canadian provinces and for tipped workers in some U.S. states, for OECD countries generally, I could find no evidence of a separate and lower minimum wage for the occupation of liquor servers. The review of two summary reports (OECD 2015a, Eurofound 2017), as well as a wage database (WageIndicator.org), did not reveal evidence of a separate and lower wage for liquor servers or tipped workers generally, although it may exist but not reported in the survey reports. Tipping is less common in Europe than in the U.S., so it is not surprising that servers do not have a lower minimum wage. There is however some variation among countries in whether tipping is permitted and how employers are entitled to use tips in the calculation of the minimum wage (ILO 2014, 22).

6. Analysis of the effect of changing the minimum wage on employment in this industry

Empirical analyses of the effects of changes in the minimum wage on employment in specifically, full-service restaurants and drinking establishments, and its effect on both employers and workers, for Canada, as far as I am aware, has not been undertaken. Several studies for the U.S. have focused upon the effects of minimum wage changes on the restaurant industry employment but offer conflicting results. Wessels (1997) finds that an increase in the minimum wage increases employment for tipped restaurant workers over a certain wage range which is consistent with a theoretical view of a monopsonistic labour market where employers have some power in the labour market (in contrast to a theoretical view of a competitive labour market). In contrast, Even and Macpherson (2014) argue that an increase in the tipped minimum wage will decrease employment in the restaurant industry, although it will increase the weekly earnings for employees.

Studies which examine the empirical estimates across a broad range of industries provide some guidance. A recent OECD (2015a, 21) report, based upon a meta-analysis, concludes that “[t]he weight of the evidence in both advanced and emerging economies suggests that moderate increases in the minimum wage are unlikely to have significant negative employment effects – although more vulnerable groups might be slightly more adversely affected.”

With respect to Canada, the empirical literature on the effects of a minimum wage increase, across industries, indicates that the disemployment effects are greater for teenagers than older workers, and the impacts on older workers are often statistically insignificant or even positive (Campolieti, Fang and Gunderson 2005; Fang and Gunderson 2009; Green 2014).18

18 See also, Brochu and Green (2013) who find that a 10 percent increase in the minimum wage results in a decline in employment of 2.5 percent for teenagers, across Canada for the period 1979 to 2008. Ryczynski
Given that liquor servers are greater than 19 years of age, and 49 percent are 25 years of age or older (see Table 2), it follows that the disemployment effects for liquor servers of an increase in the minimum wage will likely be small and less than for teenagers, although the effects will depend on the size of the increase in the minimum wage.

Finally, the disemployment effects will vary depending upon general economic conditions and how changes in the minimum wage are timed with tax policy (OECD 2015a) and this general argument would also apply to the case of liquor servers. In a growing economy, when the unemployment rate is relatively low, and employers are struggling to find workers, increases in the minimum wage will likely have a smaller impact on employment compared to an increase in the minimum wage during a period of slow economic growth or a recession.

7. Treatment of tips: provincial employment standards regulations and income tax regulations

Introduction

This section analyzes the regulations on how tips are treated by employers and how tips are treated for tax purposes in B.C. and other provinces. The treatment of tips by employers as outlined in the B.C. ESA is compared to treatment in other provinces. In addition, the treatment of tips for tax purposes, including insurable earnings and pensionable earnings, of relevance to Canada Pension Plan contributions and Employment Insurance premiums, respectively, is considered. Since tip income is received by employees in other occupations and sectors (such as hairdressers, bell hops, and hotel cleaners), the regulations regarding tips, and their tax treatment, may not be specific to liquor servers. Several legal cases regarding the treatment of tips are also analyzed.

Regulation of how tips are treated by employers in B.C., compared to other provinces

The treatment of tips by employers in B.C. is compared to other provinces in terms of five features. These features are: definitions of wages and tips and clarification of automatic service charges; control of the tip pool; participants in the tip pool; deductions from tips; and transparency of the tip pool procedures.

i) Definitions of wages and tips

The B.C. Employment Standards Act distinguishes between wages and gratuities (B.C. ESA s 1). The definition of wages includes “salaries, commissions or money, paid or payable by an employer to an employee for work” and “money that is paid or payable by an employer as an incentive and relates to hours of work, production or efficiency”. Wages do not
include gratuities and “money that is paid at the discretion of the employer and is not related to hours of work, production or efficiency”. (B.C. ESA s 1)

Further interpretation on the distinction is provided. “Gratuities (tips) are not wages unless used to pay an employer’s business costs. Gratuities are paid by customers to the person who served them in appreciation for the service. While tips are considered income for income tax purposes, they are not wages for purposes of this Act. Since tips are not paid by the employer to the employee for work performed, they are not wages, therefore, the Director has no jurisdiction over tips.”

In other provinces, greater detail on the distinction between wages and tips is provided. In Ontario, for example, in the Bill 12 Protecting Employees’ Tips Act, 2015 which was introduced in June 2016 (amending the Employment Standards Act, 2000), tips are defined as follows: “voluntary payments made by a customer for employees, whether made directly to the employee or to the employer for the employee; or a payment of a service or similar charge imposed by the employer, where a reasonable person would believe that the payment would be kept by an employee or shared amongst employees.”

With respect to an employer’s automatic service charge, several provinces are explicit that the service charge is a tip for employees. The Ontario Guideline states: “[i]f service charges are being included on invoices, banquet hall rental agreements, etc., employers should be explicit about who and what that money is intended for (e.g., tips for servers or facilities charges). Otherwise, the whole amount of the service charge may be considered to be tips and other gratuities that were intended for employees.”

ii) Control of a tip pool

In B.C., the ESA does not define tip pools. However, the Interpretation Guidelines Manual British Columbia Employment Standards Act and Regulation provides interpretation. In this document, it is stated that: “[e]mployers can require employees to pool their tips, and to share them with those employees who work in positions that otherwise have no access to tips.” The example provided is as follows: “An employer requires all employees who receive tips to put 15% of tips received into a pool. The pool is disbursed to all employees who do not receive tips at the end of each shift according to a formula agreed to by the employees. This activity does not contravene the Act.”

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The control of the tip pool in B.C. is comparable to that in Ontario but contrasts with situation in Québec. In the Québec An Act Respecting Labour Standards (The Act), it is stipulated that tip pools can only arise from employees voluntarily agreeing to the tip pool. A guideline provided on the website states: “[a] employee receiving tips has the right to participate in a tip-sharing arrangement. This arrangement, whether verbal or in writing, must result from the free and voluntary consent of the employees who are entitled to the tips.” Employers cannot mandate tip-sharing and they can be asked by employees to manage and distribute the tips. Employees hired after the tip-sharing agreement has been reached are required to participate.

The legality of the tip pool in B.C. is not straightforward, as demonstrated by the case of Marcello Pizzeria & Restaurant heard by the B.C. Employment Standards Tribunal in 2010 (see Matulewicz 2013). The Tribunal Delegate, in the original case, concluded “that the mandated contribution to the house tip was simply a way of passing on some of the payroll costs to the servers.” (BC EST # D042/10, 3) Thus, the tip pool, collected as a percentage of sales, and distributed to non-tipped workers according to the criterion of hours worked, contravened the ESA.

iii) Participants in a tip pool

In B.C., employers can distribute funds from the tip pool to non-tipped workers, as noted above.

Likewise, in Ontario, the employer can also determine which employees will receive a share of the tip pool. In the Ontario Protecting Employees’ Tips Act, 2015, a tip pool is defined as “a collection of employees’ tips that is redistributed among some or all employees. This includes tip outs, which are payments from one employee to other employees because it is required by the employer’s policy. For example, a server "tipping out" a busser for clearing tables.”

In Ontario, the new ESA clarifies that employers may only benefit from a share in the tip pool under two conditions. The employer may share in the tip pool if: “he or she is a sole proprietor, partner, director or shareholder in the business”; and “he or she regularly performs to a substantial degree the same work as some or all of the employees who share

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23 In the Ontario ESA, it is stipulated that “employers do not need the employees’ agreement to make deductions from their tips and other gratuities if the amount will be redistributed among some or all of the employer’s employees as part of a tip pool.” https://www.ontario.ca/document/your-guide-employment-standards-act/tips-and-other-gratuities.
25 K Marcello Ristorante & Pizzeria Ltd., BC EST No. 2010A/11, April 20, 2010 (Tribunal Member Carol L. Roberts), BC EST # D042/10. Key features of this case are: a waiter for Marcello Pizzeria & Restaurant paid into a tip pool that was shared with front-of-the-house, non-tipped workers; he also paid into a house tip pool at 2 percent of value of his total sales which the employer distributed to kitchen staff and occasionally to “pay people who swept sidewalks or washed the windows” (BC EST # D042/10, 3).
in the redistribution, or employees of other employers in the same industry who commonly receive or share tips and other gratuities.”

In contrast, in Québec and P.E.I., it is explicitly stated that employers may not keep a portion of the tips. In Québec, employees who are not tipped, may not participate in the tip pool, so this would exclude employers. The P.E.I. ESA indicates that tips are the exclusive right of the employee. While an employer may institute the practice of a tip pool, the “practice does not give the employer a proprietary interest in the tips and gratuities so pooled” (P.E.I. ESA s. 17.1 (10)). Further, “[n]o employer of an employee shall require the employee to share a tip or a gratuity with the employer of the employee”, and it is explicit that this right refers also to service charges (P.E.I. ESA ss 17.1 (4) and (7)).

iv) Deductions from tips

With respect to deductions, the B.C. ESA stipulates that employers may not make deductions from wages to pay for business expenses (B.C. ESA s 21) and similarly, it is indicated that employers may not deduct business costs from tips. With respect to deductions, the ESA states that “[a]n employer must not require an employee to pay any of the employer’s business costs except as permitted by the regulations” and “[m]oney required to be paid contrary to subsection (2) is deemed to be wages, whether or not the money is paid out of an employee’s gratuities and this Act applies to the recovery of those wages” (B.C. ESA ss 21 (2) and (3)). As stated in the Interpretation Guidelines Manual British Columbia Employment Standards Act and Regulation, “[e]mployers cannot deduct from a tip pool, or from tips to which the employer has access, such as those made through debit or credit cards. An employer may not charge an employee for costs such as a "dine-and-dash fund".”

As in other provinces, such as Québec and P.E.I., it is stipulated that employers may not deduct administrative charges associated with credit card use from employees’ tips. Other provinces provide more examples of deductions which are not permitted such as deductions for breakage and spillage.

v) Transparency of tip pool practices

The B.C. ESA does not include requirements for the employer to inform employees about the tip pooling practices.

In contrast, the P.E.I. ESA indicates that the employer may adopt a tip pooling practice and “shall advise an employee, in writing, of any pooling policy in effect at the time the

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employee is hired” (P.E.I. ESA s 17.1 (11)). In Ontario, the website includes a section on best practices which indicates that employer should “establish a clear policy for the handling of tips”, and should “post the policy in the workplace where the employees can see it.”

How are tips treated by employers for tax purposes?

The Income Tax Act stipulates that gratuities or tips received by employees constitute earned income and thus, employees must declare these amounts as earned income for taxation purposes. The degree of under-reporting of earned income for income tax purposes is not discussed here. Rather, the focus is on analyzing whether tips or gratuities are considered as pensionable or insurable earnings under, respectively, the Canada Pension Plan and the Employment Insurance Act.

Tips are considered to be pensionable and insurable earnings if the tips are controlled tips, rather than direct tips. The Canada Revenue Agency defines controlled gratuities as “gratuities that are controlled by the employer” which include for example, mandatory service charges, “tips allocated to employees using a tip sharing formula determined by the employer”, and “tips that the employees are required to turn over to their employer and are later distributed to the employees”.

Direct tips are “gratuities that are paid directly by the client to the employee and that are not subject to any of the forms of control by the employer”; examples of direct tips include when a “client leaves money on the table at the end of the meal and the server keeps the whole amount”, “tips pooled and/or shared among employees in a manner determined by the employees (as opposed to the employer)”, and “when paying the bill by credit card, a client includes an amount for a tip on the credit card and the employer returns the tip amount in cash to the employee”.

Thus, service charges and employer mandated contributions to a tip pool are controlled tips and therefore, insurable and pensionable earnings. The CRA states: “[c]ontrolled tips form part of the employee’s total remuneration and are subject to CPP contributions and EI premiums being deducted at source, provided that this person is employed in pensionable and/or insurable employment.”

In the matter of direct tips, the CRA states that an “employee can elect to make CPP contributions on tip amounts earned in the course of pensionable employment where the tip income is found not to be subject to CPP contributions at source.”

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A recent case underscores this point that controlled tips contribute to insurable and pensionable earnings. In *Andrew Peller Limited v The Minister of National Revenue*, heard in 2013 with an appeal in 2015, the decision rendered is that gratuities become insurable earnings when the gratuities are paid by the employer. The court held that "the tips and gratuities distributed to the workers at the Appellant’s restaurants were paid by the Appellant to those workers and, consequently, form part of their pensionable and insurable earnings." (2015 TCC 329, Andrew Peller Limited and the MNR 2015, 19)

The court concluded that: "[t]he questions, of whether or not tips and gratuities were controlled or direct, the degree of control exercised by the employer or whether the tips and gratuities were paid by electronic tender or case, are irrelevant because the test for determining whether those amounts are insurable earnings or contributory salary or wages is whether or not they were ‘paid’ by the employer, as opposed to being received personally by the employee. In the latter case, where tips and gratuities are received personally by the employee, there would remain the further question of whether existing provincial legislation requires the employee to declare those amounts to the employer.” (Andrew Peller Limited and the MNR 2015, 18)

*Interpretation of tips and implications for vacation pay (and severance pay)*

There remains a lack of clarity regarding the use of tips in the calculation of provincially determined vacation pay (and by extension severance pay). This occurs despite the CRA definition of controlled tips and its implication for insurable and pensionable earnings.

The lack of clarity is raised by the case of *Compass Group Canada (Beaver) Limited v Avrum C. Pfeffer*, heard by the B.C. Employment Standards Tribunal in 2002.

In the Appeal, the Adjudicator, confirming the original decision, concluded that “[i]t follows that it is unimportant that an employer may call a payment ‘gratuity’. If what is said to be a gratuity is money paid or payable for work, or money paid or payable as an incentive to work and relates to hours of work, production or efficiency, the amount paid or payable is to be treated as wages.” (BC EST #D504/02, 5-6).

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31 This case involves Andrew Peller Limited which operates wineries, retail wine stores, and two restaurants in Ontario and the two issues considered are: “whether the tips and gratuities received by the workers, or front-of-the-house restaurant employees, were part of their contributory salary and wages pursuant to subsections 8(1) and 9(1) of the CPP”; and “whether the tips and gratuities received by the workers, or front-of-the house restaurant employees, were insurable earnings pursuant to the EIA”. See Andrew Peller Limited and The Minister of National Revenue, 2015 TCC 329. Two previous cases which also finding that gratuities are insurable earnings are Tampopo Garden Ltd. and the MNR Citation 2011 TCC 110 and S&F Philip Holdings Ltd OP Sooke Harbour and the MNR, Citation 2003 TCC 384; two contrary cases were also cited.

32 The case involves the catering company, Compass Group, and a catering manager, Pfeffer, and the key features are: the employee received a given salary per year and a “guaranteed $4,000 a year in ‘gratuities’”; the gratuities "was determined by, and collected by, the employer from a service charge of 10 to 15 percent on the bill for food and service”; the employer determined to whom to distribute the gratuity and to distribute the money to “reflect the amount of work by each person relative to his or her fellow workers”. See Compass Group Canada (Beaver) Ltd. and Pfeffer, BC EST File No. 376 and 398, November 13, 2002, BC EST # D504/02 and Matulewicz (2013).
The distinction between wages and tips is not straightforward. While the CRA views controlled tips as contributing to insurable and pensionable earnings, provincial regulations regarding contribution of tips to vacation pay and severance pay appear silent. In the P.E.I. ESA, it is stipulated that if the employer and the employee first agree, then “tips or gratuities of the employee are to be calculated as additional wages of the employee” (P.E.I. ESA s 17.1 (2.b). This is of potential relevance when calculating vacation pay.

8. Conclusion

The introduction of the separate minimum wage for liquor servers in 2011 adds complexity into the minimum wage system for B.C. and disproportionately affects one population group, namely women, who are the majority of liquor servers. While the different minimum wage was argued to be needed for this sector, the economic conditions have since improved. The general minimum and liquor server minimum wages increased relative to the average hourly wage rate for employees over the period 2011-201 indicating some improvement in the effectiveness of the floor.

The review of the academic literature indicates the existence of high variation and uncertainty in tip income. Further, regulations and employer practices relating to tipping contribute to the accentuation of sexual harassment in the workplace.

From the comparative analysis of minimum wage regimes, the regime in B.C. resembles that in Ontario, given that both provinces have a lower minimum wage for liquor servers. However, the legal treatment of tips differs between these two provinces. No other provinces have a lower minimum wage for liquor servers, although the minimum wage regime in Québec has a lower minimum wage for all tipped workers combined with a legal treatment of tips which differs from B.C. The minimum wage regime for Canada altogether, B.C. and Ontario notwithstanding, exhibits greater similarity with European countries and seven states in the U.S. which do not have a sub minimum wage for all tipped workers.

In B.C., the regulation of tips is more limited compared to other provinces. This pertains to: definitions of wages and tips including automatic service charges; control of the tip pool; participants in the tip pool; deductions from tips; and transparency of the tip pool procedures. Greater regulation of tips has implications for improving the certainty of tip income.

Controlled tips as defined by the CRA contribute to pensionable and insurable earnings. Given that the decision of the case, Andrew Peller Limited v The Minister of National Revenue, underscores that service charges and tips paid by the employer are classified as controlled tips, attention to this issue is warranted.
The distinction between wages and tips is not straightforward. While the CRA views controlled tips as contributing to insurable and pensionable earnings, provincial regulations regarding contribution of tips to vacation pay and severance pay remain silent.
References


Table 1: General Minimum Wage, Minimum Wage for Liquor Servers, and Average Hourly Wage for Employees, British Columbia, 2010-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>General Minimum Wage ($)</th>
<th>Minimum Wage for Liquor Servers ($)</th>
<th>Absolute Gap ($)</th>
<th>Relative ($$) = (2)/(1)*100</th>
<th>Average Hourly Wage for Employees ($)</th>
<th>General Minimum Wage/Average Wage (%) = (1)/(5)*100</th>
<th>Liquor Server Minimum Wage/Average Wage (%) = (2)/(5)*100</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.00</td>
<td>N.A.</td>
<td>0</td>
<td></td>
<td>22.73</td>
<td>35.2</td>
<td>35.2</td>
</tr>
<tr>
<td>2011 (May 1)</td>
<td>8.75</td>
<td>8.50</td>
<td>0.25</td>
<td>97.1</td>
<td>23.18</td>
<td>37.8</td>
<td>36.7</td>
</tr>
<tr>
<td>2011</td>
<td>9.50</td>
<td>8.75</td>
<td>0.75</td>
<td>92.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>10.25</td>
<td>9.00</td>
<td>1.25</td>
<td>87.8</td>
<td>23.55</td>
<td>43.5</td>
<td>38.2</td>
</tr>
<tr>
<td>2013</td>
<td>10.25</td>
<td>9.00</td>
<td>1.25</td>
<td>87.8</td>
<td>24.14</td>
<td>42.5</td>
<td>37.3</td>
</tr>
<tr>
<td>2014</td>
<td>10.25</td>
<td>9.00</td>
<td>1.25</td>
<td>87.8</td>
<td>24.28</td>
<td>42.2</td>
<td>37.1</td>
</tr>
<tr>
<td>2015</td>
<td>10.45</td>
<td>9.20</td>
<td>1.25</td>
<td>88.0</td>
<td>24.98</td>
<td>41.8</td>
<td>36.8</td>
</tr>
<tr>
<td>2016</td>
<td>10.85</td>
<td>9.60</td>
<td>1.25</td>
<td>88.5</td>
<td>25.26</td>
<td>43.0</td>
<td>38.0</td>
</tr>
<tr>
<td>2017</td>
<td>11.35</td>
<td>10.10</td>
<td>1.25</td>
<td>89.0</td>
<td>25.71</td>
<td>44.2</td>
<td>39.3</td>
</tr>
</tbody>
</table>

Sources:
1. General minimum wage and minimum wage for liquor servers refer to the rates at the end of the year (except for May 1, 2011 when the separate minimum wage for liquor servers was introduced); data are from the B.C. ESR (point in time).
2. Annual average hourly wage is for employed employees; data are from Statistics Canada CANSIM Table 282-0074.
Table 2: Liquor servers by gender and age, BC, 2016

<table>
<thead>
<tr>
<th>Gender</th>
<th>Liquor servers</th>
<th>All employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (in '000s)</td>
<td>Percent</td>
</tr>
<tr>
<td>Women</td>
<td>15.7</td>
<td>81.8</td>
</tr>
<tr>
<td>Men</td>
<td>3.6</td>
<td>18.8</td>
</tr>
<tr>
<td>Both Women and Men</td>
<td>19.2</td>
<td>100.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age (Both Women and Men)</th>
<th>Liquor servers</th>
<th>All employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (in '000s)</td>
<td>Percent</td>
</tr>
<tr>
<td>19-24 years</td>
<td>9.8</td>
<td>51.0</td>
</tr>
<tr>
<td>25 years plus</td>
<td>9.4</td>
<td>49.0</td>
</tr>
<tr>
<td>19 years and older</td>
<td>19.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Notes: definition of liquor server: employees, 19 years and older, employed in the occupation of bartender or food/beverage server in the industries of either drinking places (alcoholic beverages) or full-service restaurants and limited seating eating places and usually receive tips. Totals may not add to exactly 100% due to rounding.
Table 3: Liquor servers by work and job characteristics, BC, 2016

<table>
<thead>
<tr>
<th></th>
<th>Liquor servers</th>
<th>All employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (in ’000s)</td>
<td>Percent</td>
</tr>
<tr>
<td><strong>Full-time/part-time</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>6.5</td>
<td>33.9</td>
</tr>
<tr>
<td>Part-time</td>
<td>12.8</td>
<td>66.7</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>100.5</td>
</tr>
<tr>
<td><strong>Number of Jobs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single job</td>
<td>17.2</td>
<td>89.6</td>
</tr>
<tr>
<td>Multiple job</td>
<td>2.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Union coverage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>18.7</td>
<td>97.4</td>
</tr>
<tr>
<td><strong>Type of job</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent</td>
<td>13.6</td>
<td>70.8</td>
</tr>
<tr>
<td>Temporary</td>
<td>5.6</td>
<td>29.2</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Job Tenure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-6 months</td>
<td>3.7</td>
<td>19.3</td>
</tr>
<tr>
<td>7-12 months</td>
<td>3.3</td>
<td>17.2</td>
</tr>
<tr>
<td>13-60 months</td>
<td>9.4</td>
<td>49.0</td>
</tr>
<tr>
<td>61 months +</td>
<td>2.8</td>
<td>14.6</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Reason Part-time</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary</td>
<td>10.0</td>
<td>78.1</td>
</tr>
<tr>
<td>Involuntary</td>
<td>2.8</td>
<td>21.9</td>
</tr>
<tr>
<td>Total PT</td>
<td>12.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Notes: definition of liquor server: employees, 19 years and older, employed in the occupation of bartender or food/beverage server in the industries of either drinking places (alcoholic beverages) or full-service restaurants and limited seating eating places and usually receive tips. Totals may not add to exactly 100% due to rounding.
Table 4: Liquor servers by hourly wage rate and household weekly earnings quintile, BC, 2016

<table>
<thead>
<tr>
<th>Hourly wage rate (including tips)</th>
<th>Liquor servers</th>
<th>All employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (in '000s)</td>
<td>Percent</td>
</tr>
<tr>
<td>≤ $10.85</td>
<td>3.1</td>
<td>16.1</td>
</tr>
<tr>
<td>$10.86-$15.00</td>
<td>10.0</td>
<td>52.1</td>
</tr>
<tr>
<td>$15.01-$21.00</td>
<td>4.5</td>
<td>23.4</td>
</tr>
<tr>
<td>≥$21.01</td>
<td>1.6</td>
<td>8.3</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Household weekly earnings quintile</th>
<th>Liquor servers</th>
<th>All employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 - from $600.00 to $740.00</td>
<td>9.9</td>
<td>51.6</td>
</tr>
<tr>
<td>Q2 - from $740.01 to $1,200.00</td>
<td>3.1</td>
<td>16.1</td>
</tr>
<tr>
<td>Q3/4 - from $1,200.01 to $2,384.50</td>
<td>4.3</td>
<td>22.4</td>
</tr>
<tr>
<td>Q5 - from $$2,384.51 to $10,980.00</td>
<td>1.9</td>
<td>9.9</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Notes: definition of liquor server: employees, 19 years and older, employed in the occupation of bartender or food/beverage server in the industries of either drinking places (alcoholic beverages) or full-service restaurants and limited seating eating places and usually receive tips. Totals may not add to exactly 100% due to rounding. Quintiles 3 & 4 are combined due to low numbers; numbers may not add to exactly 100% due to rounding.
Table 5: General Minimum Wage and Minimum Wage for Liquor Servers (or Tipped Workers), British Columbia, Alberta, Ontario and Québec, selected years

<table>
<thead>
<tr>
<th></th>
<th>General Minimum Wage</th>
<th>Minimum Wage for Liquor Servers (or Tipped Workers)</th>
<th>Gap=General Minimum Wage - Minimum Wage for Liquor Servers (or Tipped Workers)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BC¹</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>10.45</td>
<td>9.20</td>
<td>1.25</td>
</tr>
<tr>
<td>2016</td>
<td>10.85</td>
<td>9.60</td>
<td>1.25</td>
</tr>
<tr>
<td>2017</td>
<td>11.35</td>
<td>10.10</td>
<td>1.25</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Alberta²</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>10.20</td>
<td>9.20</td>
<td>1.00</td>
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<tr>
<td>2015</td>
<td>11.20</td>
<td>10.70</td>
<td>0.50</td>
</tr>
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<td>2016</td>
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<tr>
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<td></td>
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Sources:
1. General minimum wage and minimum wage for liquor servers refer to the rates at the end of the year; B.C. data are from the B.C. ESR point in time.
2. Alberta data refer to the end of the year; data are from Alberta ESR s 9 and https://www.alberta.ca/release.cfm?xID=4350079537D29-D02C-56DB-A10007423EAB7762.
3. Ontario data refer to the end of the year; data are from https://www.ontario.ca/document/your-guide-employment-standards-act-0/minimum-wage#section-0.
4. In Québec, the lower minimum wage applies to all tipped workers; data refer to the end of the year and are from https://www.cnt.gouv.qc.ca/en/wages-pay-and-work/wages/wages-employees-receiving-tips/index.html.
Appendix A: Detailed Description of the Data and Sample

The tables are based on a Statistics Canada custom tabulation using the 2016 Labour Force Survey confidential file. The sample is comprised of employed persons, 19 years and older, in the non-institutionalized population, in B.C., who had a paid job or who have a job but were absent from work in the reference week (it excludes people who are self-employed).

The analysis focuses upon employees who are liquor servers in their main job. The main job is defined as the job with most paid hours in the year.

Liquor servers are defined in the B.C. Employment Standards Regulation as employees: “(a) whose primary duties are as a server of food or drink or both, and (b) who, as a regular part of his or her employment, serves liquor directly to customers, guests, members or patrons in premises for which a licence to sell liquor has been issued under the Liquor Control and Licensing Act.” (B.C. ESR s 18.1 (1))

Thus, the task is to identify Liquor servers using variables available in the 2016 Labour Force Survey on occupations relating to serving food and/or drink and, in industries which are licensed to sell liquor. The 2016 LFS uses the National Occupational Classification (NOC) 2011 system, at the four-digit level, to classify the occupation of the main job of the individual employee; and it uses the North American Industrial Classification (NAICS) 2012 system, at the four-digit level, to classify the industry of the main job of the individual employee.33

Liquor servers are selected as employees employed in the occupations of Bartenders (NOC code 6512) or Food and beverage servers (NOC code 6513) in the industries of Drinking places (alcoholic beverages) (NAICS code 7224) or Full-service restaurants and limited-service eating places (NAICS code 7225). Full-service restaurants typically have a licence to sell liquor; although some Limited-service eating places do have a liquor license, they are less likely to have one compared to Full-service restaurants. At the NAICS 2012 six-digit level it is possible to separate Full-service restaurants from Limited-service eating places, however, NAICS 2012 at the six-digit level is unavailable in the 2016 LFS. While this approach of using two occupations and two industries to identify liquor servers is comparable to that of Vosko, Noack and Thomas (2016), one difference, however, is that the analysis of liquor servers in Ontario is based upon the 2014 LFS which uses the NAICS 2007 classification and this has separate categories for Full-service restaurants and Limited-service eating places; thus, servers in the Limited-service eating places can be excluded.

Since not all Limited-service eating places have a liquor license, the task is to find a criterion in the 2106 LFS to exclude those workers in the Limited-service eating places which do not have a liquor license and hence are not liquor servers. The method used here is to exclude employees who do not usually receive tips, since servers providing food “over

the counter” are unlikely to receive tips. The variable “usually receives tips” is used as a criterion to exclude servers in the Limited-service eating places who may not be serving liquor. This selection does not appear to affect the results on shares of liquor by various characteristics.

This definition of liquor servers provides a good approximation of the number of liquor servers. It could be slightly overestimated if this method results in the inclusion of some servers who receive tips and are employed in a Limited seating eating place without a liquor license. However, some bartenders and liquor servers are excluded resulting in underestimation: this would include a small number of employees in in other industries such as Gambling industries (NAICS 7132), Other amusement and recreation industries (NAICS 7139), and Traveller accommodation (NAICS 7211).