

This fact sheet shares the details on minimum wage, dispels some myths, and offers recommendations.

What is a minimum wage?

The minimum wage is the lowest amount that employers are legally allowed to compensate employees. The dominant goal of the minimum wage is to safeguard non-unionized workers in unskilled areas of the labour market. However, minimum wages can also help those earning higher wages.^{1,2}

Increasing the Minimum Wage

While some argue that increasing the minimum wage is detrimental to low wage workers, stating that it will cause lower employment rates and higher levels of unemployment, a study undertaken by the Canadian Centre for Policy Alternatives (CCPA) proves otherwise. The Centre analyzed the relation between minimum wages and

Increases in the minimum wage lead to increases in employment rates.

Effective minimum wages help increase earnings of low-wage workers, advance equality among employed people, better the total labour income portion of GDP, and lower poverty rates.³ In Canada, individual provinces and territories outline minimum wage standards through relevant regulations and legislation;⁴ and in Alberta minimum wage requirements are laid out under the *Employment Standards Regulation*.⁵

In certain provinces minimum wage legislation has existed since 1918. The level of compensation required under a minimum wage, however, has not been static. Evolving social and economic conditions mean that the minimum wage must be adjusted for it to continue to be applicable.⁶ In Alberta, the Lieutenant Governor in Council is responsible for regulations around the minimum wage,⁷ including reviewing the rate of compensation and making any increases required to reflect provincial employment standards legislation. To this end, the ultimate decision around minimum wage rates “rests with government.”⁸

employment across Canadian provinces over a 29-year period (1983 to 2012). The report found “almost no evidence of any connection whatsoever between higher minimum wages and employment levels in Canada.”⁹ Indeed, where evidence existed, the authors note that the empirical connection was “as likely to be positive as negative,” that is, increases in the minimum wage rate also led to increases in employment rates.¹⁰ Therefore, employment levels, the Centre states, are not determined by the minimum wage, but are instead influenced by greater macroeconomic factors, for instance aggregate demand and GDP.¹¹

Simple observations to increases in the dollar value of the minimum wage alone may not be helpful, however, as it is crucial to consider how individuals’ “buying power” has increased or decreased over time, and therefore how this has impacted their livelihood.¹² While we know that minimum wages across Canada have been increasing in dollar value, what may be less understood is how the freezing of the minimum wage is basically a means of lowering this rate. Since inflation impacts the prices of goods, the cost of consumption increases over time. However, a flat minimum wage results in decreased

buying power, and therefore means that consumers must spend more of their earnings on essential items that were more affordable in the past. This results in minimum wage earners being worse off even though their wages have not been decreased. Therefore, it is important that the minimum wage is set at effective rates, and that effective changes are regularly made to it.¹³

Upcoming Changes:

- ▶ Ontario - \$11.40 from \$11.25 (October 1, 2016);
- ▶ British Columbia - \$10.85 from \$10.45 (September 15, 2016).

Profile of Minimum Wage Earners

While there are assumptions that minimum wage earners are mostly unattached teenagers who hold non-permanent work, data profiling minimum wage earners in Alberta between April

The majority of minimum wage earners are parents, with a large portion of them being single earner families with children.

Current Minimum Wage

In Alberta, the minimum wage rate for most employees is \$11.20 per hour. Different minimum wage levels are set for certain workers, however, including liquor servers. These workers were earning \$1.00 per hour less than the regular rate before government changes in October 2015. Since then, the province increased the liquor server rate to \$10.70 per hour, with promises that this differential will be fully removed by October 2016. Other categories of employees subject to separate minimum wage requirements include some salespeople, land-agents, "other professionals," and domestic employees who live in their employer's residence. In addition, the province has a list of employees who are exempt from the minimum wage (about eight different categories of employees).¹⁴

2015 and March 2016 shows otherwise. In this province, the majority of minimum wage earners are not teenagers, but are 20 years of age or older (67.3%). In addition, the majority of minimum wage earners are not unattached individuals, but are parents (45%), with a large portion of them being single earner families with children (15.5%). Moreover, the majority of minimum wage earners hold permanent rather than temporary work positions (76.7%). Finally, the majority of minimum wage earners are females (61.2%).¹⁸

ESPC's Minimum Wage Recommendation

In its 2016 Child Poverty Report, the ESPC recommended that the Alberta government raise the minimum wage to be closer to the living wage (which was \$17.36 in 2015). The Government of Alberta has already made promises to increase the minimum wage to \$15 per hour for October 2018, however, the province has not implemented a "firm schedule" to reach this amount. The ESPC, therefore, urges the province to stick to this commitment, as there is ample evidence of the benefits of increased minimum wages in reducing poverty and inequality, and sustaining economic growth.¹⁹

Minimum Wage by Province

In Canada, 6.9% of employees earned minimum wages between April 2015 and March 2016. The highest percentage of employees earning minimum wages was in Ontario at 9.9%, and the lowest was in Alberta and Saskatchewan, where 3.1% of employees earned a minimum wage. In Alberta, this equates to a total of 59,200 minimum wage earners—more than the entire population of Airdrie.¹⁵

Living Wage: What's the difference?

In contrast to a minimum wage, a living wage is the level of earnings a family requires to be able to afford the "actual cost of living in a specific community."²⁰ This amount takes into consideration government transfers and income deductions. The family dynamic assumed in a living wage is a two-parent household with two young children. The living wage rate, however, does not vary greatly for different household dynamics, such as those without children or a spouse. The living wage is a conservative estimate that is meant to help families get out of poverty and attain basic economic stability.²¹ In Edmonton, the living wage is \$17.36 per hour as of 2015.²²

Nearly all provinces and territories made increases to their minimum wage between March 31, 2015 and March 31, 2016, and others are scheduled to increase the minimum wage sometime this year. The most significant increases were in the Northwest Territories (\$2.50 increase to \$12.50), and in Alberta (\$1.00 increase to \$11.20).¹⁶

Selected minimum wage rates across Canada:¹⁷

As of June 1, 2016:

- ▶ Quebec - \$10.75;
- ▶ Manitoba - \$11.00;
- ▶ Saskatchewan - \$10.50;

1 Government of Canada, "Minimum Wage Database Introduction" <http://srv16.services.gc.ca/dm-wid/sm-nw/intro.aspx>
2 & 3 Canadian Centre for Policy Alternatives, "Dispelling Minimum Wage Mythology" https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2014/10/Dispelling_Minimum_Wage_Mythology.pdf

4 Government of Canada, "Minimum Wage Database Introduction" <http://srv16.services.gc.ca/dm-wid/sm-nw/intro.aspx>

5 Alberta Labour, "Minimum Wage" <https://work.alberta.ca/documents/MinimumWage.pdf>

6 Government of Canada, "Minimum Wage Database Introduction" <http://srv16.services.gc.ca/dm-wid/sm-nw/intro.aspx>

7 Alberta Labour, "Minimum Wage" <https://work.alberta.ca/documents/MinimumWage.pdf>

8 Government of Canada, "Minimum Wage Database Introduction" <http://srv16.services.gc.ca/dm-wid/sm-nw/intro.aspx>

9, 10, & 11 Canadian Centre for Policy Alternatives, "Dispelling Minimum Wage Mythology" https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2014/10/Dispelling_Minimum_Wage_Mythology.pdf

12 & 13 Canadian Labour Congress, "The Minimum Wage in Canada" <http://canadianlabour.ca/sites/default/files/media/min-wage-canada-2015-04-15%2001.pdf>

14 Alberta Labour, "Minimum Wage" <https://work.alberta.ca/documents/MinimumWage.pdf>

15 & 16 Alberta Government, "Alberta Minimum Wage Profile: April 2015—March 2016" <https://work.alberta.ca/documents/alberta-minimum-wage-profile.pdf>

17 Alberta Government, "Minimum Wage Backgrounder"

18 Alberta Government, "Alberta Minimum Wage Profile: April 2015—March 2016" <https://work.alberta.ca/documents/alberta-minimum-wage-profile.pdf>

19 Edmonton Social Planning Council, "The Path Forward: Opportunities to End Child Poverty in Alberta" <http://psalberta.org/sites/default/files/Alberta%20EWP%20Report%20FINAL.pdf>

20 & 21 Living Wage Canada, "Canadian Living Wage Framework" http://www.livingwagecanada.ca/files/2013/8/24/Living_Wage_Full_Document_Nov.pdf

22 Edmonton Social Planning Council, "More Than Minimum: Calculating Edmonton's Living Wage" http://www.livingwagecanada.ca/files/2013/8/24/Living_Wage_Full_Document_Nov.pdf