

Introduction

In June 2016, the Edmonton Social Planning Council released a [Minimum Wage fACT Sheet](#) providing an overview of the minimum wage, the impacts of increasing it, and countering some common myths and misconceptions. This was published when the Alberta government was gradually increasing the minimum wage in yearly increments between 2015 and 2018 to \$15 per hour. Since that timeframe, the minimum wage has remained frozen.

This fACT Sheet will provide an update to the situation and provide recommendations for a path forward to meaningfully improve the situation of low wage earners.

What is a Minimum Wage?

The minimum wage refers to the lowest wage rate that an employer can legally pay their workers. In Canada, provinces and territories set the minimum wage for the vast majority of workers, which means that the minimum wage can vary depending on where you live in the country. In addition, the federal government sets the minimum wage for employees working in the federally regulated private sector, which includes banking and airlines (Poulin, 2023).

The purpose of establishing a minimum wage is to protect workers against unduly low pay and to overcome poverty and reduce inequality (International Labour Organization, n.d.).

Current Minimum Wage

In Alberta, the minimum wage is currently \$15 per hour, but only \$13 for students under the age of 18. The federal minimum wage is \$17.30 per hour as of April 1, 2024 and is adjusted annually based on the annual average Consumer Price Index from the previous calendar year. For employees in the federally regulated private sector who live in an area where the provincial or territorial minimum wage rate exceeds the federal rate, employers must pay the higher of the two (Government of Canada, 2024).

Minimum Wage by Province

When the minimum wage in Alberta was increased to \$15 per hour on October 1, 2018, it became the province with the highest minimum wage in the nation. On June 26, 2019, the \$13 rate for students under the age of 18 was implemented (Government of Alberta, n.d.). Since then, every other province or territory has increased their minimum wage in subsequent years while Alberta's has

remained frozen. As a result, it now has the second-lowest minimum wage in Canada (Zapata, 2024).

As of April 1, 2024, the minimum wage for each province and territory in Canada ranked from lowest to highest (Retail Council of Canada, 2024) was the following:

Province	Minimum Wage Rate
Saskatchewan	\$14.00
Alberta	\$15.00
Nova Scotia	\$15.20
Quebec	\$15.25
Manitoba	\$15.30
New Brunswick	\$15.30
Prince Edward Island	\$15.40
Newfoundland & Labrador	\$15.60
Northwest Territories	\$16.05
Ontario	\$16.75
British Columbia	\$16.75
Yukon	\$17.59
Nunavut	\$19.00

The Minimum Wage is not the Same as a Living Wage

Although the minimum wage is a safeguard for workers, especially for non-unionized workers in unskilled areas of the labour market, it does not mean that the minimum wage will allow workers to make ends meet as intended.

A living wage is defined as the hourly wage that a primary income earner must make to provide for themselves, their families, and reach basic financial security (Sheloff, 2023). The living wage rate is based on what a household's basic living expenses are and the income deductions and government transfers that a household qualifies for. The minimum wage tends to be lower than the living wage.

In Edmonton, the living wage was calculated to be \$22.25 per hour as of November 8, 2023. Living wage numbers can vary throughout Alberta depending on the community you live in. According to the Alberta Living Wage Network, the living wage for 2023 can range from \$17.35 per hour in Medicine Hat to \$38.80 per hour in Canmore (Alberta Living Wage Network, 2023). Alberta's current minimum wage rate is well below that range.

Despite living wage calculations increasing

every year since 2018, the minimum wage has been frozen ever since. In a time of high inflation putting pressure on a high cost of living, minimum and other low wage earners who already faced a challenging time making ends meet will increasingly feel these pressures without meaningful increases to their income.

Demographics of Minimum Wage Earners

A common assumption of minimum wage workers is that they are predominantly teenagers who work part-time and live with their parents to earn a little bit of extra spending money. However, according to Alberta's minimum wage profile between October 2019 and September 2020, only 27.1% of minimum wage workers are between the age of 15 and 19. This means 72.9% of minimum wage earners are over 20 years old. Among this demographic, 41.6% of minimum wage workers are 30 years or older and 11.5% of minimum wage workers are 55 years or older.

A sizable portion of minimum wage earners also have children under 18 (41.2%) and the majority of minimum wage earners hold permanent rather than temporary positions (73.5%). In addition, most minimum wage earners were women (59.3%).

The majority of minimum wage earners have at least a high school diploma. Only 22.2% of these workers never completed high school and almost half (45.4%) completed at least some post-secondary education, with three-quarters (75.3%) of those having received a certificate, diploma, or degree.

The most common industry that minimum wage workers were employed in was in the retail sector (32.3%) or the accommodation and food services sector (28.6%). They accounted for 60.9% of all minimum wage workers (Government of Alberta, 2021).

The Benefits of Increasing the Minimum Wage

Any time the minimum wage sees an increase, some critics argue against it saying this will hurt the economy, leading to job loss among low-wage workers. However, the evidence has shown that raising the minimum wage boosts incomes for low-income workers who spend their money in the communities they live in, thus benefitting local economies. Minimum wage increases also have little or no effect on employment levels or job growth. Studies of minimum wage increases across Canada and the U.S. did not result in job losses for adult minimum-wage earners (Canadian Centre

for Policy Alternatives, 2024).

Increases to the minimum wage are more likely to positively impact the well-being of those in low-income. Studies have shown that for every dollar added to the minimum wage, suicide rates among people with a high school education or less dropped by 3.4 to 5.9% (Young, 2020).

Increases to the minimum wage have also been linked to decreases in the prevalence of food insecurity. Research has shown when the minimum wage increases by one dollar, there is a 5% less chance of experiencing food insecurity (PROOF, 2022).

Final Thoughts and Recommendations

The cost of living crisis we are experiencing is not only the result of rising prices but also of wages not catching up, resulting in households' buying power decreasing significantly over time. While conversations on how to bring down the prices of essential goods like food, shelter, and utilities are important, it is also crucial that increases to a household's income, particularly from wages and salaries, are also part of this conversation.

While the minimum wage has stayed the

same, the living wage continues to increase, resulting in an ever-widening affordability gap for minimum wage and low-income earners. Increases to the minimum wage must take this gap into account and any future planning on the current minimum wage should strive to close this gap in a timely and reasonable manner.

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