
THE VOICE OF BUSINESS

June 10, 2016

Honourable Christina Gray
Office of the Minister of Labour
404 Legislature Building
10800 - 97 Avenue
Edmonton, AB T5K 2B6
Email: labour.minister@gov.ab.ca

Dear Ms. Gray:

RE: MINIMUM WAGE CONSULTATION

On behalf of the Medicine Hat & District Chamber of Commerce Board of Directors and our over 750 members we serve, thank you for the opportunity to participate in the Minimum Wage Consultation that took place in Calgary on June 6, 2016.

Our letter of February 11th to you highlighted a summary of actions and correspondence since we commenced our involvement in the Minimum Wage dialogue in May 2015. On May 29, 2015, our Chamber submitted a letter to Minister Sigurdson with our formal policy regarding minimum wage for consideration and a subsequent letter on June 15, 2015 summarizing our responses to the questions posed at the June 11, 2015 consultation held in Edmonton. We also issued a letter on November 12, 2015 highlighting the results of our minimum wage roundtable and survey summary results and subsequent letter on February 11, 2016, after you were appointed to the Ministry of Labour.

Following the most recent consultation, we are requesting that the wage rate be further analyzed to ensure that we are addressing the primary issue of poverty reduction, rather than just moving the baseline of the minimum wage standard. The unintended consequences of minimum wage rates that are too excessive or aggressive are starting to be demonstrated through reduction of business hours and staff reductions, layoffs and cutbacks in hours. We are also seeing an impact on those individuals that minimum wage was intended to assist, as they do not have the skill set to provide the returns for the business to offset the increased costs that are being incurred. However, we also recognize that it may be difficult to directly correlate or argue that the minimum wage increase is solely responsible for the impacts due to the current economic state.

Ultimately however, the increase in minimum wage will not address the overarching issue of poverty reduction and providing for a “living wage” due to a number of circumstances surrounding poverty. As you are aware, poverty is defined as a lack of resources and opportunities to achieve a standard of living that allows full participation in the economic, social, cultural, educational and political spheres of society. Additionally because there is no single cause of poverty and because poverty exists because of a complex interplay of individual vulnerabilities, community structures, costs, systems and societal biases, without a more balanced approach among all of the different levels, progress on poverty reduction will be very difficult to make.

Additionally minimum wage should not be tied to “living wage” and poverty in Alberta, as the living wage in each region in our province is drastically different, varying from \$18.50 in Calgary to \$13.00 in Medicine Hat. Adjusting minimum wage to the “living wage” rate standards in larger centres will create an unequal disparity in the province and unfair legislated costs to the regions.

There is ongoing concern that the minimum wage increase proposed, \$15.00 by 2018, is greater than the profit margins of many small and medium sized companies that will be impacted and certainly more than what can be reasonably sustained. Additionally, increases don't take into account the impact on industries that are considered ‘price takers’ and can't raise their prices to cover costs. This type of decision, without evaluation of all the impacts and our fragile small business community, could create even greater concern amongst our province, in unemployment rates and business continuity. We continue to state that minimum wage does not help those who are unemployed and if there is greater unemployment, it will create greater reliance on our social programs and an even greater expense to the provincial economy. Additionally, it does not assist those with fixed incomes, such as seniors, who will experience the escalating costs to goods and services, but do not benefit from the increase in income levels.

As our economy has not rebounded and is still in a recessionary state, we ask that the government hold minimum wage to no more than the consumer price index (CPI). While businesses do not want to see any further increases, we also understand that this government is under pressure from other advocates to increase to \$15.00 now. Therefore, our Chamber believes that a reasonable increase would satisfy both sides to this issue, even if it was CPI, plus one or two percent.

THE VOICE OF BUSINESS

It is not reasonable to equate the scenarios in other jurisdictions to those in Alberta, nor is it reasonable to embark on decisions under the supposition that all regions in the province operate under the same “living wage” standard. There are varying factors in costs of living, benefits, subsidies, and levels of taxation that are not accounted for in just a basic minimum wage comparison.

The chart** below is an example of how our minimum wage in Canada can vary, but the after tax income is substantially impacted due to varying provincial tax models. While Ontario may be ranked at number 1 in the basic minimum wage, after taxes and deductions, their ranking falls to fourth amongst the provinces, with Alberta holding steady as the second ranked province in before and after tax calculations.

Minimum Wage Comparisons*

	AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
Minimum Wage Rate	11.20	10.45	10.50	11.00	11.25	10.75	10.65	10.70	10.50	10.50
Salary (2000 hrs)	\$22,400.00	\$20,900.00	\$21,000.00	\$22,000.00	\$22,500.00	\$21,500.00	\$21,300.00	\$21,400.00	\$21,000.00	\$21,000.00
Federal Tax	\$5,550.07	\$5,055.07	\$5,088.07	\$5,418.07	\$5,583.07	\$4,382.12	\$5,187.07	\$5,220.07	\$5,088.07	\$5,088.07
CPP/EI/QPP	\$1,515.48	\$1,413.03	\$1,419.86	\$1,488.16	\$1,522.31	\$1,456.14	\$1,440.35	\$1,447.18	\$1,419.86	\$1,419.86
Provincial Tax	\$2,453.08	\$2,408.01	\$2,685.95	\$3,404.30	\$3,439.07		\$3,560.22	\$3,667.66	\$3,365.57	\$2,695.65
Summary										
Before Tax Ranking	2	8	7	3	1	4	6	5	7	7
Total Tax After Tax Salary	\$9,518.63	\$8,876.11	\$9,193.88	\$10,310.53	\$10,544.45	\$5,838.26	\$10,187.64	\$10,334.91	\$9,873.50	\$9,203.58
After Tax Salary	\$12,881.37	\$12,023.89	\$11,806.12	\$11,689.47	\$11,955.55	\$15,661.74	\$11,112.36	\$11,065.09	\$11,126.50	\$11,796.42
After Tax Ranking	2	3	5	7	4	1	9	10	8	6

* For Single Income Earners

** This table uses the basic minimum wage rate for each province as of May 2016, multiplied by 2000 hours per year and applying standards set by the Canada Revenue Agency online payroll deductions calculator

While Government has relayed that Alberta has had one of the lowest minimum wage rates in Canada, prior to the 2015 increase, if you look at after tax income, we are ranked second amongst provinces. As such, we are requesting that when evaluations are done on income level comparisons, it must be evaluated based on after tax income, alongside any minimum wage rate reviews.

With the information previously provided and in follow up to the June 6, 2016 consultation, we ask that Government:

1. Evaluate after tax income, rather than gross income and minimum wage;
2. Provide income supports to ensure every family has the necessary amount of income that they take home after expenses. This may include child care subsidies; providing for a Working Income Tax Benefit that allows low-wage workers to keep more of their earnings; and looking at child tax credits;
3. Factor in other after tax income benefits, such as employer paid benefits. A minimum wage rate does not take into consideration the compensation that an employer is providing beyond just a wage rate. This may include health care benefits, child care options, meals, accommodations, etc, that assist in providing an employee a higher take home pay. Many employers assist with other benefits that the employee does not have to pay for out of their income. These benefits may be reduced or eliminated if wage rates are substantially increased.
4. Implement a training wage and/or student wage to address workers under 18 or those who may need training in order to qualify for the same wage scale or skill level as those who have graduated from high school or post-secondary.
5. Provide a grant, incentive or bridging measure for businesses such as an employee retention credit or hiring credit to assist in absorbing the unanticipated increased costs, if significant wage rates are implemented beyond the consumer price index formula.

We also continue to urge Government to evaluate the economic impacts regarding lost investment opportunities from businesses choosing not to locate their business in Alberta because it may not be viewed as competitive nationally or internationally in labour costs. The government will also need to assess impact on youth employment; overall employment/unemployment; business closures due to increased costs; impact on poverty reduction; cost of living impacts such as housing, child care and food costs; costs related to government sector/public sector wage increases and the overall implications on taxation levels from increased provincial and municipal labour costs; impact on accommodation rates and net impact on tourism; business bankruptcies; employment levels for vulnerable and underrepresented Albertans such as aboriginals and people with disabilities; and impacts on post-secondary enrollment due to those choosing to work rather than completing additional education.

THE VOICE OF BUSINESS

We certainly appreciate the phased approach and the consultative process and we look forward to continuing along this collaborative path in a means to find solutions that work for all. We have committed to continuing to assess and measure the impacts with factual results and data to support the information as we move forward. Our goal is to ensure that we look beyond the ideological reports that are debated on both sides of the issue and look towards the impacts in our province and in our communities, to the people that support this province. Our ultimate goal is to ensure that policies and programs are beneficial to all Albertans and that any decisions made are not politicized.

We would welcome you to come to Medicine Hat to present to the Business Community in our region and meet with leaders from the various sectors of our community. If you have any questions or would like to schedule a consultation, roundtable, event or meeting, please contact our Executive Director, Lisa Kowalchuk at 403-527-5214 ext 222 or at lisa@medicinehatchamber.com. Thank you for your consideration and for the opportunity to meet with you.

Sincerely,



Khrista Vogt
2015-2016 President
Medicine Hat & District Chamber of Commerce

Enclosure

Letter of May 29, 2015 to Minister Sigurdson

Letter of June 15, 2015

Letter of November 12, 2015

Letter of February 11, 2016

Policy: Impacts of Significant Minimum Wage Increase

cc: Deron Bilous, Minister of Economic Development and Trade: edt.ministeroffice@gov.ab.ca

cc: Robert Wanner, Medicine Hat MLA: medicine.hat@assembly.ab.ca

cc: Drew Barnes, Cypress-Medicine Hat MLA: cypress.medicinehat@assembly.ab.ca

cc: Jeff Parr, Deputy Minister, Labour: jeff.parr@gov.ab.ca

cc: Leann Wagner, Assistant Deputy Minister, Strategy and Policy Division, Labour: leann.wagner@gov.ab.ca

cc: Brad Lafortune, Chief of Staff, Office of the Minister, Labour: brad.lafortune@gov.ab.ca

cc: Ken Kobly, President & CEO, Alberta Chambers of Commerce