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BACKGROUND REPORT

**Submission to the
Alberta Ministry of
Labour on Proposed
Increases to the Provincial
Minimum Wage**

Canadian Poverty Institute
Ambrose University



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Submission to the Alberta Ministry of Labour on Proposed Increases to the Provincial Minimum Wage

Executive Summary

The Government of Alberta in October 2015 increased the province's minimum wage from \$10.20 to \$11.20. This position paper is a result of minimum wage consultations Alberta Labour held in Calgary on 06 June 2016 which the Canadian Poverty Institute attended. At the consultation the Province sought input on three clear questions:

- Experiences with changes to the minimum wage that took effect in October 2015.
- How the government can successfully implement future wage increases.
- How to measure the socio-economic impacts of changes to the minimum wage.

Accordingly, this submission contains three sections:

- Research in support of the minimum wage raise,
- How to successfully implement the minimum wage increases,
- How to assess the social and economic impacts of the increase.

The Canadian Poverty Institute strongly asserts that nobody who is working full-time should find themselves in a condition of poverty. Accordingly, the Canadian Poverty Institute is supportive of the minimum wage increase to \$15 by 2018, though cognizant that in some parts of Alberta, the \$15 minimum wage falls below the living wage. The Canadian Poverty Institute frames its position on the minimum wage increase around the *International Covenant on Economic, Social and Cultural Rights*. As a signatory to this Convention, Canada and Alberta are obligated to ensure fair wages that provide a decent living (Article 7a, i, ii). As such, compensating workers below such a level is a violation of their rights. In March 2016, the 6th Periodic Report of the Committee on Economic, Social and Cultural Rights raised the concern that “the minimum wage in all provinces remains inadequate and falls short of the living costs.” We consequently advocate for the protection of these economic and allied rights.

In support of the minimum wage increase, the Canadian Poverty Institute firstly submits that the minimum wage is an important source of income for maintaining households and not primarily earned by youth who, it is argued, may not need higher wages because of their continued dependence on their parents or guardians. We present data to show that minimum wages are earned by individuals that could actually use the “extra” income, irrespective of their age. With regard to segment “a” the Canadian Poverty Institute notes that historically minimum wage increases have not resulted in crippling effects on Alberta's economy. Rather, minimum wage increases accrue benefits that reverberate through the economy as a result of increased productivity and multiplier effects. Such triggers actually increase employment rates and do not destabilize them. We know that higher minimum wages reduce the length of time low wage earners risk earning below the poverty line. Moreover, it is our position that low minimum wages amount to a subsidy to businesses as the social and economic cost of low wage employment is transferred to the public.

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Through our current research on the experience of child poverty, we are also keenly aware of the negative impacts children living with adults on low income can suffer. Not only does this rob them of the experience of a childhood that is free of larger cares, it compromises their potentialities as a result of restricted opportunities.

As an evidence-based institute, we refrain from speculating on the impact of the October 2015 minimum wage increase as ample time has not elapsed for these impacts to be accurately measured, properly controlling for global and macro events. With respect to the implementation of the increases, (“b”) we submit the following:

- That the minimum wage increase *be completed before the next election* because it is more difficult to roll back wages in the event of political change.
- That the *implementation* dates be accompanied by a degree of *predictability* to allay the anxieties of the business community and other employers who will be affected by the wage increases.
- That the increase be *reasonably incremental* in nature. Assuming the implementation period ends in December 2018, \$0.95 over 30 months or a \$0.95 increment every 7.5 months will cover the remaining \$3.80 increase.
- That the government consider *tax breaks for small businesses* to offset the impact of the minimum wage during an adjustment period, in view of the fact small businesses comprise 95% of Alberta’s economy and do not make particularly large profits. Such tax measures should phase out over a 3-year period.

Based on our expertise as a research-based organization, we propose the following approach to assessing the social and economic impacts of the minimum wage increases (“c”). We propose the adoption of the methodology of *Impact Assessments* comprising Social Impact Assessment, Economic Impact Assessment and assessments of the synergies between these two. Also *short term and long term assessments* will provide longitudinal data for assessing the impacts.

These will enable Government to assess positive or negative impacts tied to the wage increases. A mixed methods approach is also recommended to enable complementarity in measurements so a fuller picture can emerge in terms of the variables being observed.

For *sampling units*, we suggest sessions with a cross-section of low wage earners, employers who predominantly employ low wage earners, non-profit sector employers as well as government departments that employ low wage earners. In addition to *interviews*, *focus group discussions* that include people from all sampling units will yield viewpoints that will deepen the data and provide a clearer snapshot of assessments. On the quantitative spectrum there are a variety of *survey instruments* that can provide rich sources of data, such as cost of living logs, turnover rates of businesses, business profit margins, food bank usage among employed people, as well as unemployment data among specific sectors and occupations.

In conducting such assessments, the Canadian Poverty Institute cautions against ideological bias as it will be in the Government’s, and indeed in Albertans’ interest, for these impact assessments to be conducted by multi-disciplinary and inter-disciplinary teams of researchers working independently and collaboratively. The Canadian Poverty Institute acknowledges the time you have taken to conduct these consultations and actively seek reasoned position papers on this very important and opportunity-shaping legislation for Albertans.

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The Alberta Ministry of Labour has invited submissions on its proposed increases to the provincial minimum wage. Specifically, the Ministry of Labour is seeking input on three questions:

- Experiences with changes to the minimum wage that took effect in October 2015.
- How the government can successfully implement future wage increases.
- How to measure the socio-economic impacts of changes to the minimum wage.

This submission contains our response to these three questions.

1. The Socio-Economic Context

The International Labour Organization (ILO) has noted that, across the OECD, wage growth has lagged increases in productivity and inflation for several decades.¹ This has been an important driver of rising inequality. One of the factors accounting for depressed wage growth is the growth of precarious employment as job quality has fallen.

CIBC has tracked employment quality in Canada for the past two decades and reports a continuing decrease. Employment quality, according to CIBC, is measured by the distribution of full-time vs. part-time employment, self-employment vs. paid-employment, and the sectoral composition of full-time employment. In its most recent report (March, 2015), employment quality nationally was reported to be at its lowest recorded level, 15% below the rate of the early 1990's. Alberta was reported to have suffered one of the most dramatic decreases, falling 3% during 2014.²

In recognition of this rise in precarious employment, a new concept has emerged of “the precariat” as a distinct class.³ This class is characterized by chronic uncertainty and insecurity arising from increasingly flexible forms of employment such as contract, part-time, casual and informal forms of employment. Such employment is

typically lower-paid and lacks benefits. This has arisen partly from the process of outsourcing functions by both public and private organizations, along with the associated decline in unionization.

The rise in precarious employment is an important factor in the growth of the working poor across Canada. A recent report found that 20% of the workforce in Toronto is employed in precarious employment, while another 20% is in somewhat precarious employment, and this form of employment has risen by 50% over the last 20 years.⁴ In Alberta, 29% of those requiring emergency food assistance in 2015 were working.⁵

While precarious employment affects all segments of society, it is particularly prominent among the most vulnerable populations who also experience the highest rates of poverty. Women, recent immigrants, visible minorities and persons with disabilities are particularly prone to precarious employment. Increasing the minimum wage represents one important strategy for addressing these fundamental and growing inequities in Canadian society.

2. Support for the minimum wage increase to \$15 per hour

The Canadian Poverty Institute strongly asserts that nobody who is working full-time should find themselves in a condition of poverty. We understand that the responsibility for income security is threefold: individuals assume responsibility through work; business assumes responsibility for providing a just wage; and government is responsible for providing the appropriate regulatory regime and income replacement in situations of need. When individuals are working to meet their responsibility it is incumbent upon business and government to meet their respective responsibilities to provide a just wage and the appropriate policy and regulatory regimes that will support that. Accordingly, *the Canadian Poverty Institute supports the gradual increase of the Alberta minimum wage to \$15 per hour*. Our support is based on our understanding of Alberta's human rights obligations as well as the economic, social and fiscal benefits of an increased minimum wage.

1 Lavoie, M. and E. Stockhammer (eds) (2014). *Wage Led Growth: An Equitable Strategy for Economic Recovery*. Geneva: International Labour Organization.

2 Tal, B. (2015). *Canadian Employment Quality Index*. Toronto: CIBC World Markets.

3 Standing, G. (2014). “The Precariat and Class Struggle.” *Revista Critica de Ciencias Sociais* 103. May 2014: 9-24

4 Lewchuck et al (2013). *It's More than Just Poverty: Employment Precarity and Household Well-being*. Toronto: United Way Toronto.

5 Food Banks Canada (2015). *Hunger Count 2015*.

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2.1 Alberta's human rights obligations

The Canadian Poverty Institute first acknowledges Alberta's obligation to ensure a just wage regime as a signatory to the International Covenant on Economic, Social and Cultural Rights (ICESCR).⁶ In Article 7, the ICESCR stipulates *"the right of everyone to the enjoyment of just and favourable conditions of work which ensure, remuneration which provides all workers with fair wages and equal remuneration for work of equal value without distinction of any kind, and a decent living for themselves and their families in accordance with the provisions of the present Covenant."*

In our submission to the Committee on Economic, Social and Cultural Rights for its periodic review of Canada's progress with respect to the implementation of the ICESCR, we raised the issue of low minimum wages and the deterioration of employment quality in Canada. In our submission we made recommendation that *"the state party take steps to set national wage standards and encourage subnational governments (provinces and territories) to ensure minimum wages are regulated so that workers can make a 'decent living' in compliance with Articles 7 and 11(1)."*⁷

The ensuing report by the Committee on Economic, Social and Cultural Rights⁸ for the 6th periodic review notes that whilst *"the minimum wage has been adjusted in all provinces during the period under review, the Committee is concerned that the minimum wage in all provinces remains inadequate and falls short of the living costs."*⁹ The

Canadian Poverty Institute consequently reminds the government of its obligation to ensure adequate wages in order to realize the social and economic rights of workers guaranteed under the ICESCR to which Canada (and Alberta) is a signatory.

"the Committee is concerned that the minimum wage in all provinces remains inadequate and falls short of the living costs"

U.N. Committee on Economic, Social and Cultural Rights

2.2 Benefiting working Albertans

Raising the minimum wage is a direct benefit to working Albertans. Contrary to the assertion by some that minimum wage increases are not required as they are earned largely by youth living at home, evidence shows that many *minimum wages earners are family maintainers, older people or young adults working their way through a trade or college.* We are struck by Alberta statistics¹⁰ which construct a picture of who works for minimum wage. We think it is useful to reiterate that:

- 77% of workers in Alberta working at minimum wage are permanent employees;
- 61% of minimum wage earners are female;
- 52% work in sales and retail;
- 50% are married, dual earners, of which 30% have children; and
- 32% are heads of household.

Whilst we are aware that the proposal under consideration is not about attaining a living wage for Albertans, we note that an increase in the minimum wage to \$15 will assuage some of the dire living circumstances of some Albertans. For example, Living Wage Canada, an arm of Vibrant Communities Canada, computes that in Calgary, an individual needs \$18.15 to get by, \$17.36 in Edmonton and \$13 in Medicine Hat based on a 37.5 work week¹¹. While the proposed \$15 wage rate will not guarantee that people do not live in poverty, it will raise the standard of living for many vulnerable Albertans.

2.3 Benefitting the economy

One of the arguments against the increased minimum wage is the assertion that businesses, at 3-4% profit margins, cannot absorb the wage increase and will reduce hours, lay off staff or increase prices which will reverberate throughout the economy. We submit that historically in Canada, and in Alberta, minimum wages increases have not resulted in the dramatic effects for businesses and the economy that are purported. We concede there could be minor negative impacts in terms of prices and inflationary trends, but counter that these changes are not in direct proportion to the amount of the increases in wages.

6 <http://www.ohchr.org/EN/ProfessionalInterest/Pages/ICESCR.aspx>

7 http://www.cwp-csp.ca/resources/sites/default/files/resources/INT_CESCR_CSS_CAN_22920_E.pdf

8 http://tbinternet.ohchr.org/Treaties/ICESCR/Shared%20Documents/CAN/E_C-12_CAN_CO_6_23228_E.pdf

9 Page 5

10 <https://work.alberta.ca/documents/alberta-minimum-wage-profile.pdf>

11 <http://livingwagecanada.ca/index.php/living-wage-communities/alberta/>

We assert that there is more absorptive capacity for businesses in the economy. A study of the impact of increased minimum wages on Canadian employment rates over the past 30 years reported that “... *there is no obvious relationship between employment rates and*

“...there is no obvious relationship between employment rates and an increased real minimum wage...”

Murray, S., & Mackenzie, H. (2007). Bringing Minimum Wages above the Poverty Line. Economic Security Project. p. 8

*an increased real minimum wage... For the most part, larger-scale changes in the economy drive the employment rate. Major trends - such as recessions, the growth of female labour participation, economic growth - upstage any impact the minimum wage has on employment*¹². When comparing employment rates with minimum wage rates (and highlighting points in time where the minimum wage was increased) in Alberta from 1976-2005 (alongside data from BC, Ontario, and Quebec), the study found that “*there is no obvious relationship between employment levels and the minimum wage*”¹³.

Not only has an increased minimum wage not produced significant detrimental economic effects historically, there is abundant research to show that *higher minimum wages have clear social and economic benefits*. First, studies have linked minimum wage increases with a rise in productivity, finding “...higher wages may lead to workers feeling greater satisfaction with their job (or increase their fear of losing a job that is therefore perceived to be more valuable) and proactively increasing their effort and productivity”¹⁴. By this reasoning therefore, increased minimum wages may benefit employers by offsetting the cost of low-productivity amongst employees¹⁵. There is also some evidence suggesting that a higher minimum wage increases incentives to work. Counter to the popular narrative, therefore, a higher minimum wage could actually increase employment rather than reduce it¹⁶.

Secondly, multiplier effects have been proven to be strong in an economy with higher wages in general and a higher minimum wage has similar effects. We know increasing the minimum wage helps boost the spending power of the working-poor. Research has also shown that the economic multiplier is greater for increased income at the bottom end of the income spectrum as any income increases at that end are more likely to be spent on local goods and services. This in turn contributes to a stronger local economy.¹⁷ It is no coincidence that in recessions, one of the biggest concerns of economists is consumers holding back spending. The point here is that increasing the minimum wage stimulates demand, prompting employers in the broader economy to hire more staff to meet the increased demand¹⁸.

2.4 Benefitting Alberta’s fiscal capacity

Raising the minimum has important public fiscal benefits. Research in the United States estimated the public cost of minimum wages to society through an analysis of Walmart’s staffing and low wage policies. It is estimated that Walmart costs the US public approximately \$6.2 billion in tax dollars by keeping wages at their lowest possible level and, as a result, forcing workers to rely on government funded support services¹⁹. In Alberta, it is estimated that poverty costs the public \$7.1B-\$9.5B annually due to increased health, welfare and justice expenditures²⁰. This does not include the cost of tax credits²¹, or the economic cost of the lost potential societal contribution of those individuals and families living in poverty²². The Canadian Poverty Institute asserts that *low minimum wage policies thus represent a subsidy to business* as the public picks up the social and economic costs arising from poverty and low-wage employment.

2.5 Benefitting Alberta’s families and children

While raising the minimum wage is only one component of what must be a broader poverty reduction strategy, research has shown that it can be significant in addressing poverty.²³ As many minimum wage positions result in precarious livelihoods, increasing the minimum wage has the potential to reduce the period of time people live in precarity, thereby also reducing the length of time they

12 Murray, S., & Mackenzie, H. (2007). Bringing Minimum Wages above the Poverty Line. Economic Security Project. p. 8

13 Murray, S., & Mackenzie, H. (2007). Bringing Minimum Wages above the Poverty Line. Economic Security Project. p. 36.

14 Ibid, p. 29

15 Murray, S., & Mackenzie, H. (2007). Bringing Minimum Wages above the Poverty Line. Economic Security Project

16 Lawton, K., & Pennycook, M. (2013). Beyond the Bottom Line: The Challenges and Opportunities of a Living Wage: Institute for Public Policy Research

17 Battle, K. (2015). Canada Social Report: Minimum Wage Rates in Canada:1965-2015: The Caledon Institute of Social Policy

18 Hall, D., & Cooper, D. (2012). How Raising the Federal Minimum Wage would Help Families and Give the Economy a Boost. Issue Brief, 341.

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are at risk of slipping into poverty. *An increased minimum wage aids families in achieving self-reliance.* Low-income families experience greater barriers to attaining financial future security largely linked to the chronic inability to save assets for future use. The evidence is strong that household savings are important for preventing financial crisis and the risk of getting entrapped in poverty²⁴.

Raising the minimum wage also *enhances the ability of people to exit poverty by enabling them to acquire the skills and competencies that allow them to move into higher wage occupations.* In Canada, approximately 70% of newly created positions require a post-secondary education. However, for low-income families, tuition fees, lost income and family strain are “*significant deterrents to the pursuit of further education*” and without further education, the “*chances for career advancement and higher earnings are limited*”²⁵. Low income families list lack of affordable opportunities and financial strain as barriers to the pursuit of further training or education²⁶. Increasing the minimum wage can benefit youth and young adults by reducing the financial weight of post-secondary education thereby increasing independence and allowing for greater self-sufficiency²⁷ while also benefitting the economy and society overall.

Of particular concern is the impact of low-wage employment on children. As an academic institute currently leading a project on child poverty we are intimately aware of the lifelong impact growing up in a cash-strapped home can have on children, and currently in Alberta (with some geographical variations) people living on minimum wage are for the most part cash-strapped. If they have children, those children are more likely to have poorer health, drop out of school and are less likely to acquire the necessary economic and social capital with which to have a positive horizon of opportunity to become self-sufficient as they go through life²⁸. We know that the

level of education, income and emotional well-being of a child’s mother influences the development of a child’s ability to navigate social interactions in early childhood and may impact their social competencies over time. Of children living in low-income households in 2011, 59% lived in a home where at least one or more persons were working full-time, but full-time work plus government supports is still not sufficient to improve the poverty experienced by children in Alberta²⁹.

The impact on children is important from a long-term societal perspective as it impacts their potential to contribute to society as adults. More importantly, however, is the immediate impact on children as they experience life in the present. One particular area of concern is the mental health of low-income families who are more likely to report mental health concerns such as chronic stress or depression³⁰. *Raising the minimum wage may alleviate some of this stress while also potentially allowing workers to reduce hours or take time off work to spend with their families.* The social cost of building healthy bonds within families cannot be realistically quantified but we know benefits to having functional stable individuals, communities and societies are enormous.

It is incumbent on us as a society to recognise that the experience of childhood comes but only once, and we should give children reasons to look back on their childhood with a tinge of satisfaction. That is the reason the U.N. Convention on the Rights of the Child explicitly identifies that “*childhood is entitled to protection*”.³¹ The Convention further affirms the provisions in the International Covenant on Economic, Social and Cultural Rights, guaranteeing children the right to “*a standard of living adequate for the child’s physical, mental, spiritual and moral development.*” (Article 27).

19 O’Connor, C. (2014, April 14). Report: Walmart Workers Cost Taxpayers \$6.3 Billion in Public Assistance.

20 Hudson, C. A. (2014). Poverty Costs 2.0: Investing in Albertans: Vibrant Communities Calgary and Action to End Poverty in Alberta. p.5.

21 Lawton, K., & Pennycook, M. (2013). Beyond the Bottom Line: The Challenges and Opportunities of a Living Wage: Institute for Public Policy Research

22 City of Calgary, Vibrant Communities Calgary & United Way Calgary and Area. (2011). Who is Affected by Poverty?

23 Green, D. (2015). The Case for Increasing Minimum Wage: What does the Academic Literature Tell Us? Behind the Numbers

24 Vall, C., & Thompson, A. (2012). From Getting By to Getting Ahead: Six Levers for Building the Wellbeing of Families with Lower Incomes: United Way Calgary and Area.

25 Ibid, p.41

26 Vall, C., & Thompson, A. (2012). From Getting By to Getting Ahead: Six Levers for Building the Wellbeing of Families with Lower Incomes: United Way Calgary and Area.20

Hudson, C. A. (2014). Poverty Costs 2.0: Investing in Albertans: Vibrant Communities Calgary and Action to End Poverty in Alberta. p.5.

27 Murray, S., & Mackenzie, H. (2007). Bringing Minimum Wages above the Poverty Line. Economic Security Project

28 Garnezy, N. (1991). Resilience and Vulnerability to Adverse Developmental Outcomes Associated with Poverty. *American Behavioral Scientist* 34(4), 416-430.

29 Kolkman, J., Escoto, M., & Moore-Kilgannon, B. (2014). No Change: After 25 Years of Promises it’s Time to Eliminate Child Poverty.

30 Vall, C., & Thompson, A. (2012). From Getting By to Getting Ahead: Six Levers for Building the Wellbeing of Families with Lower Incomes: United Way Calgary and Area.

31 <http://www.ohchr.org/en/professionalinterest/pages/crc.aspx>

3. Response to Ministry of Labour Consultation Questions

In the rest of this paper we offer our take on the consultation-specific questions namely:

- a. Experiences with changes to the minimum wage that took effect in October 2015.
- b. How the government can successfully implement future wage increases to \$15.
- c. How to measure the socio-economic impacts of changes to the minimum wage.

3.1 Experiences with changes to the minimum wage that took effect in October 2015

As an institute that advocates for evidence-based decision-making, we submit that there is as yet insufficient data to determine the effect of the October 1st, 2015 wage increase. That will require a systematic and evidence-based engagement with the business community, establishments that engage the services of low-wage earners, and low-wage earners themselves. We also note that, in terms of the impacts on those who began earning the new minimum wage, we do not have the research to support any submissions.

3.2 Actions to successfully implement a minimum wage increase

We strongly suggest that to successfully increase the minimum wage to \$15 per hour the government not be dissuaded by sentiments that the increase is ideologically driven. *We urge the government to pursue this legislation on grounds of the ethical and moral obligation* to compensate workers, especially low wage earners, in accordance with the International Covenant on Economic, Social and Cultural Rights and the recommendations of the 6th Periodic Report of the Committee on Economic, Social and Cultural Rights that pertains to Canada. Accordingly, the Canadian Poverty Institute makes the following recommendations.

- a. **Before next election:** In order to attain this increase the Government will have to complete the agenda before the next election. The proposed increases present a window of opportunity for low wage earners which can leave a lasting positive imprint on Alberta's social-business fabric. Once the \$15 wage rate has been established

it would be difficult and unlikely to be reversed, and contrary to the non-regression principle in the ICESCR.

- b. **Implementation date specificity:** One of the main steps that can be taken to successfully implement the minimum wage increases through 2018 is to first of all specify to Albertans the end date in 2018. It will be helpful to disseminate widely and effectively to Albertans in general and particular stakeholders when in 2018 the government expects the \$15 per hour minimum wage be attained.
- c. **Predictability:** To allay the anxieties of the business community and affected employers it will be important to maintain a degree of predictability. That will introduce sensitivity to their need to make adjustments to absorb the changes. For instance, it will be good to consider the number of months left of the implementation period and decipher a well-spaced out regime that is not too harsh on employers but that is not too slow in roll out. Clearly communicating Government's plans for organisations in that situation will enhance the goodwill toward the implementation. Planning for employers concerns and/or contingencies and widely disseminating that information to all Albertans will have the added benefit of promoting transparency.
- d. **Reasonably incremental:** We are encouraged that the government did not drastically increase the minimum wage sharply in October. A \$1 increase was reasonable. In keeping with this spirit, we will hope that future increases in the minimum wage (for the remaining \$3.80) will have a gentle gradient balancing out the needs of especially small businesses and those of low wage workers. Building onto the predictability yardstick for instance, \$0.95 over 30 months sounds like a gentle enough gradient. It works out to a \$0.95 increment every 7.5 months (assuming the implementation period ends in December 2018).
- e. **Small business tax breaks:** We are fully cognisant that not only do small business of between 1-49 employees constitute 95% of businesses in Alberta, but that they also contribute close to \$20,000 per capita to the provincial GDP. We are also aware that small businesses generate 35% of jobs in the province³². Many small businesses continually make slim profits which may

32 http://www.albertacanada.com/files/albertacanada/SP_EH-SmallBusProfile.pdf

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not allow them to immediately absorb the increases and remain competitive. Accordingly, we recommend that small business tax breaks be implemented, to be phased out over a 3 year period after the implementation of the last increment of the minimum wage. The government should also consider the effect of the wage increase on the ability of contractors to honour the terms of their respective contracts that pre-date the minimum wage implementation regime.

- f. Indexing for inflation:** The Canadian Poverty Institute recommends that the government introduce a mechanism to provide annual increases to the minimum wage to account for inflation. Indexing the minimum wage to the Consumer Price Index not only ensures that current wage gains are not eroded over time, it also provides predictability for business by legislating small annual increases rather than large periodic corrective increases. Such a mechanism can also serve to de-politicize the process of adjusting the minimum wage.

3.3 Measuring the social and economic impacts of the minimum wage increases

Based on our expertise as a research-based organization, we propose the following approach to assessing the social and economic impacts of the minimum wage increases. The Canadian Poverty Institute recommends that the methodology of Impact Assessments be adopted, comprising both a Social Impact Assessment and Economic Impact Assessment, as well as any assessments of the synergies between the two as a result of the minimum wage increases. We further recommend that such assessments be staggered, beginning with a short term impact assessment at the 6-month mark and an assessment after 3 years after the last increment will measure the actual impact of the increases controlling for cost of living increases.

Methodologically, we are of the stance that a mixed methods approach that employs quantitative and qualitative methods will be appropriate. The qualitative data will be particularly useful to capture not only the accounts of how people's lives and businesses have changed, but also tease out the various ways in which these play out. Quantitative and qualitative data will thus work complementarily to paint a fuller picture of the items that are being measured.

In terms of the sampling size, we refrain from making determinations of numbers now as those are budget dependent. But in terms of sampling units, it may be useful to include a cross-section of low wage earners, employers who predominantly employ low wage earners, a cross-section of the non-profit sector employers as well as government departments that not only employ low wage earners. In terms of low wage earners, finding out how the quantitative increase in their wage has qualitatively changed their lives and choices appears a legitimate line of inquiry, albeit one which will require significantly more detail. At some point, running focus group discussions that *include* people from all sampling units could yield very interesting insights as views are more likely to be diverse and even challenged. That will deepen the data gathered and provide a clearer snapshot of assessments.

On the quantitative spectrum, tracking the cost of living data to measure the inflationary effect of the minimum wage increases as well as controlling for the increase are steps in the right direction. As an initial proposal, the following indices can be tracked over time, controlling for macro-economic factors:

- Turnover rates from businesses.
- Profit margins of businesses.
- Rate of food bank usage among employed.
- Unemployment rates among specific sectors and occupations.
- Sector specific changes in the Consumer Price Index.
- Provincial job quality using the CIBC Employment Quality Index.

The Canadian Poverty Institute cautions against ideological bias in these reports. It will be in the Government's, and indeed in Albertans interest for these Impact Assessments to be conducted by multi-disciplinary and interdisciplinary teams of researchers who are ideologically independent and working collaboratively. This will be the best chance to obtain a measure of the impacts as close to the reality as possible.

About the Canadian Poverty Institute

The Canadian Poverty Institute is an inter-disciplinary research and teaching institute housed within Ambrose University in Calgary. The mission of the Canadian Poverty Institute is to contribute to the healing of poverty through teaching, research and public education. Established in 2014, the Institute works with government, non-profit organizations and churches to provide opportunities to learn about poverty and research solutions. The Canadian Poverty Institute is resourced by a well-qualified, dedicated inter-disciplinary team of faculty, staff and students working to advance our mission. The Canadian Poverty Institute is available to conduct independent research on poverty and related topics in Alberta and beyond.

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