

Alberta Minimum Wage Realities

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Minimum wage earners are not who you expect

The Government of Alberta has recently proposed to increase the minimum wage rate to \$15 per hour by 2018 as a means to help alleviate poverty. While provincial governments enforce regulations on minimum wage to ensure that workers in the labour force are paid a minimum rate, it is a blunt tool to combat poverty. In theory, markets are able to dictate optimal wage levels and wage increases. To help low wage workers move on to better paying jobs, higher education attainment, job training, and targeted tax relief measures are the best tools to help workers acquire higher paying jobs and keep more of their earned income.

Most minimum wage earners are not single parents with young children

Most minimum wage earners in Alberta are not at high risk of being in poverty because the bulk of these workers are not dependent on their minimum wage jobs for their main livelihood. Out of all minimum wage earners in Alberta, only 1.5 per cent are single parents with children under the age of 18.¹

Only a small fraction of total employees are minimum wage earners

Some may argue that because Alberta has had the highest growth in average weekly earnings over the past few years, more must be done to help everyone share in the wage growth. However, raising the minimum wage would only benefit 2.2 per cent of all workers in Alberta (see Figure 1).

Figure 1:

Minimum wage earners (% total employees), Alberta



Number of Minimum Wage Earners: 38,600
Number of Total Employees: 1.8 million

Source: Alberta Minimum Wage Profile April 2014-March 2015.

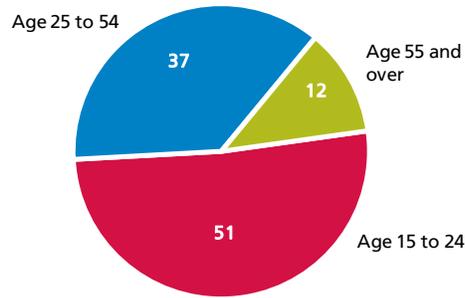
¹ Lamman, Charles, and Jason Clemens. "Lamman and Clemens: Increasing the minimum wage won't reduce poverty." *Calgary Herald*, June 2, 2015. http://calgaryherald.com/opinion/columnists/lamman-and-clemens-increasing-the-minimum-wage-wont-reduce-poverty?_lsa=5abc-8815 (accessed June 5, 2015)

Moreover, most of these employees will not remain in a minimum wage job. The majority of these workers are young with over 50 per cent of minimum wage earners aged 15 to 24 (see Figure 2). Over half of minimum wage earners work part-time (see Figure 3) while 47 stay in their job for less than one year (see Figure 4). Over 60 per cent of minimum wage earners do not have post-secondary education (see Figure 5).

The majority of minimum wage earners are young

Figure 2:

Minimum wage earners, by age group (% total minimum wage earners), Alberta



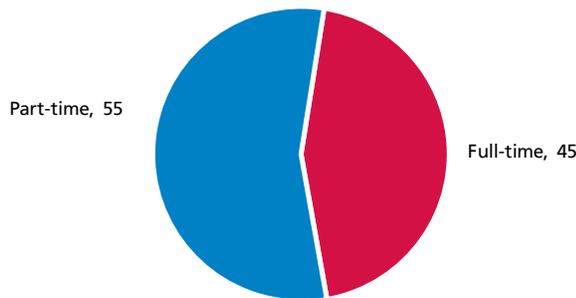
Number of Minimum Wage Earners: 38,600

Source: Government of Alberta, Alberta Minimum Wage Profile April 2014-March 2015.

Over half of minimum wage earners work part-time

Figure 3:

Minimum wage earners, by employment status (% total minimum wage earners), Alberta



Number of Minimum Wage Earners: 38,600

Source: Government of Alberta, Alberta Minimum Wage Profile April 2014-March 2015.

Almost half of minimum wage earners have been in the job less than one year

Figure 4:

Minimum wage earners, by job tenure (% total minimum wage earners), Alberta

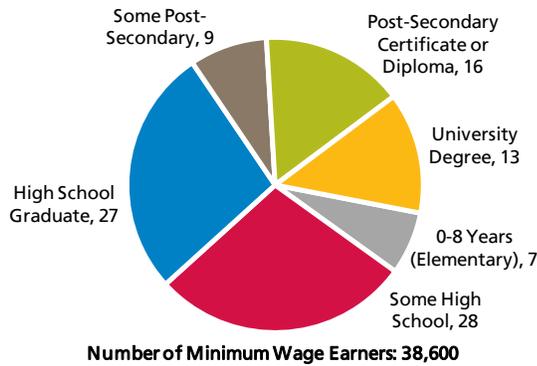


Source: Government of Alberta, Alberta Minimum Wage Profile April 2014-March 2015.

Most minimum wage earners do not have post-secondary education as their highest level of educational attainment

Figure 5:

Minimum wage earners, by highest educational attainment (% total minimum wage earners), Alberta



Source: Government of Alberta, Alberta Minimum Wage Profile April 2014-March 2015.

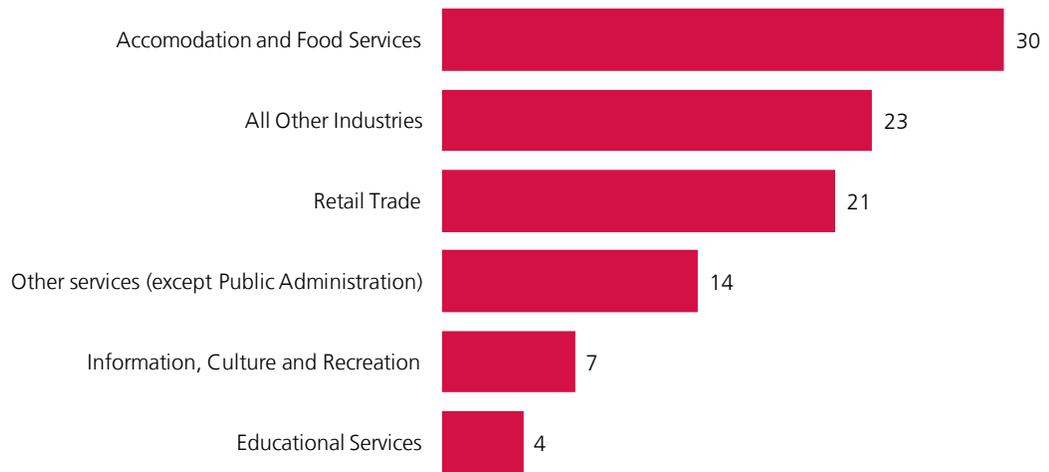
One in five minimum wage earners makes tips and commissions; this number is even higher in the accommodation and food sectors

Typically, minimum wage earners work in the accommodation and food services sector (30 per cent) and retail trade (21 per cent). Out of total minimum wage earners² in the accommodation and food services sector, 36 per cent earn tips and commission. This is an indication that most who earn tips and commission already earn more than the minimum wage. When considering all industries in Alberta, 20 per cent of minimum wage earners earn tips and commission.

² Minimum wage earners defined as those earning the prorated minimum wage rate or less in 2013/2014 in each province. Data is based on a custom tabulation from Statistics Canada. Data on minimum wage earners are based on a two-year average.

Figure 6:

Minimum wage earners, by industry sector (% total employees), Alberta



Number of Total Employees: 1.8 million

Source: Government of Alberta, Alberta Minimum Wage Profile April 2014-March 2015.