



Legislative Assembly of Alberta

The 27th Legislature
Third Session

Standing Committee
on the
Economy

Minimum Wage Policy Review
Public Presentations, Edmonton

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**Legislative Assembly of Alberta
The 27th Legislature
Third Session**

Standing Committee on the Economy

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Standing Committee on the Economy

Participants

Edmonton Social Planning Council.	EC-309
John Kolkman	
Alberta Students' Executive Council	EC-312
Steven Kwasny	
Public Interest Alberta	EC-315
Bill Moore-Kilgannon	
Alberta College of Social Workers	EC-318
Barbara McPherson	
Lori Sigurdson	
Catholic Archdiocese of Edmonton, Office for Social Justice	EC-321
Bob McKeon	
Alberta Hotel & Lodging Association	EC-323
Perry Batke	
Barry Zwueste	

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[Mr. Bhardwaj in the chair]

The Chair: Good afternoon, ladies and gentlemen. At this point I would like to call the meeting to order. I'll start by thanking everyone here today for their participation in this very, very informative process. I know all of you guys are looking forward to this.

At this point I'm going to invite the committee members, including all the staff, to please introduce yourselves, and then we will continue with the presentation. To my right.

Mr. Chase: Good afternoon. Harry Chase, Calgary-Varsity, and vice-chair of the Standing Committee on the Economy.

Mr. Lund: Good afternoon. Ty Lund, MLA, Rocky Mountain House.

Mr. Marz: Richard Marz, MLA, Olds-Didsbury-Three Hills.

Mr. Weadick: Good afternoon and welcome. My name is Greg Weadick from Lethbridge-West.

Mr. Amery: Good afternoon. Moe Amery, Calgary-East.

Dr. Taft: Kevin Taft, Edmonton-Riverview.

Dr. Massolin: Good afternoon. I'm Philip Massolin. I'm the committee research co-ordinator, Legislative Assembly Office.

Mr. Taylor: Good afternoon. Dave Taylor, MLA, Calgary-Currie.

Ms Woo-Paw: Good afternoon. Teresa Woo-Paw, Calgary-Mackay.

Ms Rempel: Jody Rempel, committee clerk, Legislative Assembly Office.

The Chair: Good afternoon once again. My name is Naresh Bhardwaj, MLA for Edmonton-Ellerslie and chair for the policy field Committee on the Economy.

Today the Standing Committee on the Economy is holding a public hearing as part of its review of the minimum wage policy in Alberta. The committee has initiated the review in response to a request from the Minister of Employment and Immigration.

This committee recognizes the importance of inviting Albertans to participate in this exercise. Notice of the review has been advertised widely in the province's newspapers and on the committee's website. Interested parties have had the opportunity to make written submissions to the committee and to register to participate in the public hearing on this matter. The committee has received over 150 written submissions, and we have had six groups express an interest in meeting with us today. Each presentation has been scheduled for 20-minute time slots, including 10 minutes for opening remarks and followed by 10 minutes of questions.

Are there any questions before I carry on?

Okay. At this point I'm just going to invite our first presenter, Mr. John Kolkman from the Edmonton Social Planning Council to join us, please. Then I'll sort of give you an overview of the process. Thank you very much.

Just a quick overview to all of the presenters. Please do not operate the microphones as they'll be handled by our very able

Hansard staff. Presentations are part of the public record. The proceedings are recorded and transcribed by *Alberta Hansard*. There is also a live audiostream broadcast on the Internet. Each presenter will have 10 minutes, followed by 10 minutes of questioning.

With that, I'm going to ask Mr. Kolkman to please begin your presentation. You have 10 minutes for the presentation, and then we'll open it up for questioning. Thank you very much.

Edmonton Social Planning Council

Mr. Kolkman: Thank you, Mr. Chair, and thank you to the committee for the opportunity to present to the minimum wage policy review. My name is John Kolkman. I'm appearing today on behalf of the Edmonton Social Planning Council, a social research organization that focuses on poverty and low-income issues.

First, a bit of background. Linking the minimum wage to the average weekly earnings of Albertans was one of the reforms brought in by the Alberta government in June 2007. The linking of the minimum wage to average weekly earnings was deemed sufficiently important that Premier Ed Stelmach himself announced the policy. A June 14, 2007, government news release called the new minimum wage policy "a key action under Premier Ed Stelmach's plan to manage growth pressures and improve Albertans' quality of life." The government was widely applauded by groups such as ourselves for making this change. In this context the decision in February by the Minister of Employment and Immigration to impose a minimum wage freeze with no prior public consultation that I am aware of is very disappointing.

The fact MLAs themselves decided to forgo their annual increases this fiscal year and last is not really relevant considering that MLA pay was boosted by over 35 per cent in 2008. A small portion of this 35 per cent wage hike resulted from a 4.5 per cent increase on April 1, 2008, under the average weekly earnings index formula. The much larger portion of the increase resulted from a decision the following month to top up the salaries of MLAs sitting on standing committees. This includes the committee conducting the review of the minimum wage policy that I am appearing before today. Comparable percentage increases were made to the Premier's, opposition leaders', and cabinet ministers' pay. If only minimum wage earners were so fortunate.

The provincial government's most recent profile of minimum wage earners, covering the time period of April 2009 to March 2010, finds that a relatively small number of Alberta employees, 1.4 per cent, actually earned minimum wage. The argument is sometimes made that since so few Albertans work for minimum wage, it's not a big deal as to whether it's increased or not. However, this overlooks the fact that a much larger number of Albertans, 112,200 according to the most recently available Statistics Canada data, earned \$10 per hour or less.

During the years when there were annual increases to the minimum wage, there was no corresponding increase in the percentage of Alberta workers earning minimum wage. This suggests both that the annual increases were affordable for employers and that other low-wage workers earning just above minimum wage received corresponding increases to keep them above minimum wage. In this way a higher minimum wage sets a floor below all low-wage earners.

There is a widespread perception that almost all minimum wage earners are either high school students living with their parents or people working in jobs where they can earn tips. Neither is true. The Alberta minimum wage profile found that over half of minimum wage earners are older adults 25 years and over. The profile also

found that only 1 in 8 minimum wage earners worked in an occupation like food and beverage service where they might earn or share tips. Almost one-half of minimum wage earners worked full-time rather than part-time, and over three-quarters worked in permanent rather than temporary jobs.

What is an appropriate base level for the minimum hourly wage? A starting point for setting a fair minimum wage should be that no Albertan working full-time for a full year should have to live in poverty. Currently a full-time minimum wage earner working 35 hours per week for 52 weeks a year earns an income thousands of dollars below any of the accepted poverty measures. For example, a single adult working full-time for a full year and living in Edmonton or Calgary would need to earn \$12.20 per hour in order to live above the poverty line using the low income cut-off before-tax measure. And this calculation is based on 2008, not 2010, data. A \$12.20 per hour minimum wage is not likely to be politically acceptable. Such a large increase might cause difficulties for employers as we exit the current recession. Nevertheless, as a bare minimum Alberta's minimum wage should immediately be increased to \$10 per hour with regular yearly increases thereafter.

Is there a better mechanism for making adjustments to the minimum wage than changes in average weekly earnings? A possible alternative might be to use the consumer price index like the Yukon does. However, the Edmonton Social Planning Council believes that it is better to use an index that tracks changes in wages for setting the minimum wage rather than an index that tracks changes in prices like the CPI.

If a wage index is used, the average weekly earnings index is definitely the best one. That's because the average weekly earnings index tracks changes in wage levels of all employees regardless of whether they are paid hourly, weekly, biweekly, or monthly. I presume this is why MLAs chose the average weekly earnings index to make changes to their salaries.

Tying annual minimum wage adjustments to average weekly earnings is a way of taking the politics out of the debate over what is a fair and reasonable minimum wage. It avoids situations where a substantial hike is made to the minimum wage shortly before a provincial election only to freeze it for long periods thereafter. Tying the minimum wage to changes in the average weekly earnings of Alberta workers leads to more manageable annual increases using an agreed-upon formula that is fair and predictable to both employers and employees.

1:10

Whatever decisions are made about Alberta's minimum wage, inaction should not be an option. Despite being Canada's wealthiest province, Alberta is once again sliding toward the bottom when it comes to its minimum wage. Out of the 13 provinces and territories Alberta currently has the fourth lowest minimum wage. By October 2010 Alberta's current \$8.80 minimum wage will fall to second lowest, with only British Columbia having a lower minimum wage.

In conclusion, the Edmonton Social Planning Council makes two recommendations: one, that Alberta's minimum wage be increased to at least \$10 per hour no later than September 1, 2010; and two, that linking the minimum wage to the average weekly earnings index be reinstated effective April 1, 2011.

Thanks again for the opportunity to make this presentation. I certainly welcome your questions.

The Chair: Thank you very much, sir.

We've got a speakers list here, starting with Mr. Marz.

Mr. Marz: Thank you, Mr. Kolkman, for your presentation. I have

a question, but first I have a question regarding your presentation. In the fourth paragraph you make the statement that MLA pay was boosted in 2008 by over 35 per cent. I'd like to know how you came to that conclusion or where you got that calculation because if that's true, I'm short quite a bit. Were you mixing it up with subsequent increases to cabinet ministers and the Premier's increase? MLAs were nowhere near that. Since this is part of the public record, I have to challenge that.

The question I have. I represent a rural riding with small towns, and the cost of living between small urban and rural municipalities can be quite different than the big city. What would you recommend to address this issue with regard to the minimum wage?

Mr. Kolkman: Okay. Well, thank you. First of all, in terms of the calculation of the increase in the salaries of Members of the Legislative Assembly it's based upon the fact that they introduced payment for serving on standing committees whereas previously there was no payment for serving on standing committees. Any MLA that serves on three standing committees would have had about a 30 per cent increase in their base pay. In addition to that, I also added the 4.5 per cent adjustment to MLA salaries that year under the average weekly earnings index formula. That's how that was calculated. I realize that that's probably an average and probably does depend upon how many of the committees MLAs serve on. That is based on an MLA serving on three committees, so that's how that was calculated.

Mr. Marz: Well, I'd be interested in seeing a copy of how you calculated that.

Mr. Kolkman: Okay. I can certainly provide that.

Mr. Marz: And the question regarding urban and rural.

Mr. Kolkman: Well, I'm not sure that it needs to be kind of an urban versus rural discussion. In my view, a \$10 per hour minimum wage is appropriate throughout the province. Certainly, I think that if we look at living costs in Alberta, it hasn't only been the big cities where living costs have been high. You know, they've gone up throughout the province in all of our regional cities, certainly throughout the Edmonton-Calgary corridor. So I think we do have to grapple with the issue of what is a fair level for sort of the base minimum wage. In our view, \$10 per hour should be the bare minimum throughout the province whether it's in rural communities or urban communities.

Mr. Marz: I guess if I may, Mr. Chair, get a little more specific, a lot of the small businesses like coffee shops and that sort of thing hire a lot of students and some seniors but also some people that are AISH recipients. I'm told by them that if the minimum wage is too high, they'll have to reconsider their hiring policies of some of those people, in particular the AISH recipients, which might end up in no job at all for them. I know I've recently had a person approach me on this and indicate that he was considering closing his business down. I believe he's got about 15 employees in there. I've already got two restaurants in that same town that have been closed recently.

Mr. Kolkman: Well, you know, I think these are all things that the committee will have to deliberate going forward. That's why, you know, the Social Planning Council isn't recommending a \$12.20 minimum wage. We recognize that there are situations such as you describe. We do recognize that there is a certain percentage of minimum wage earners who may still be living at home, perhaps high school students or whatever.

Instead of having sort of a lot of exceptions to the policy, our view is that it's better not to have exceptions. Without having any exceptions to the minimum wage, in our view, you know, a \$10 per hour minimum wage in Alberta at this particular point in time is really the bare minimum that we should be looking at. Certainly, Alberta has been lagging a bit in terms of adjusting its minimum wage. A number of other provinces have been making upward adjustments in their minimum wage, and we think it's time for Alberta to do the same.

The Chair: Thank you very much, colleagues. We've got a very lengthy speakers list. If you can keep your comments and questions brief.

Dr. Taft, please.

Dr. Taft: Thanks very much. I have two questions, and maybe research will be able to answer these if Mr. Kolkman can't. Thank you for your presentation. Very interesting.

The first question. I notice Edmonton Social Planning Council, which, you know, I've known of for a long time, is focused on Edmonton in particular. Three or four years ago the TD Bank came out with a series of reports on the Calgary-Edmonton corridor, calling them the western tiger. In one of those the TD Bank flagged a concern that Calgary had not only the highest percentage of high-income earners in Canada of any major city; it had the highest percentage of low-income residents of any major city. I'm wondering if the Edmonton Social Planning Council has information that maybe you could send later on inequity of incomes in Edmonton.

Mr. Kolkman: We would have to send that information later. I can say, however, that in terms of the percentage of Edmontonians living on low income, you know, it is a higher percentage in Edmonton than it is in Calgary.

Dr. Taft: Okay. Maybe you could follow up with that.

My second question briefly. On the bottom of the first page you indicate that only 1 in 8 minimum wage earners worked in an occupation like food and beverage service. My question to you or again to research would be: where do the other minimum wage earners work? What sectors are they in? Are they in construction or retail, or are they at Walmart? Where are they?

Mr. Kolkman: Well, actually, you know, a good source of information – I referred to it a couple of times – is the Alberta minimum wage profile that's done by Employment and Immigration. It actually does provide a breakdown in terms of the occupational categories. I mean, I could go through them briefly if you wish.

Dr. Taft: No. I should have that already.

Mr. Kolkman: That's really the source of the information that I provided in terms of the profile of minimum wage earners was from this document.

Dr. Taft: Maybe the researcher could distribute that.

The Chair: Thank you very much. If you can just send the information. Anything you're sending, send it through the committee clerk, please. Thank you very much.

With that, I'm going to invite Mr. Chase, please.

Mr. Chase: Thank you. Just for the record with regard to the Alberta weekly wage index in determining MLA salaries, Bridget

Pastoor, MLA for Lethbridge-East, proposed Motion 501, which is calling upon the government to stop setting our own salaries, so to speak, and look at an independent source for doing that. The weekly average: you know, if it's good for our golden geese, so to speak, it should be equal for salary settings for other groups.

1:20

Also, one of the factors that was revealed to us in the past meeting is that the greatest number of people earning minimum wage are women, and a significant number of those women are single parents, so your pointing out the poverty that people are living in is very justified. At some point beyond just the minimum wage we need to be having the discussion of what constitutes a living wage in this province that is so bountiful. I appreciate you bringing forth those concerns.

The Chair: So what's the question? You just had a comment? Okay. Thank you very much.

Ms Notley, please.

Ms Notley: Thank you. I want to start by thanking you for your presentation. It was, as expected, very good. Knowing your research capacity, I may be ultimately asking you questions that are in that document that I'm hoping will be provided and hopefully posted on the committee website so everyone can have access to it. I have two questions. You may or may not have the answers at your disposal, or we may or may not have them in front of us already. Mr. Chase spoke about the percentage of women who are minimum wage earners. I'm wondering if you have information about the percentage of minorities who are also minimum wage earners. If not, is that something that's in that profile document that you referenced?

Mr. Kolkman: In terms of the gender data that is in the minimum wage profile document, it varies a bit from year to year, but in the most recent year, from April 2009 to March 2010, about 60 per cent of minimum wage earners were women, so there was certainly a gender imbalance in terms of minimum wage earners. I'm not aware of data that provides, you know, breakdowns in terms of ethnic background. That data may be available from Employment and Immigration, but I'm not aware that it's published data.

Ms Notley: Okay. Well, I will look in other sources.

My second question, again if you have this information at your disposal: do you have information – I know I've heard people talk about this over the years, but I don't have the current information – on the percentage of income in a minimum wage household that is reinvested in the local economy versus the percentage of income that is reinvested in the local economy, say, in the mean income or let's say an MLA's income range or something else? Do you have information on that?

Mr. Kolkman: Actually, we would. I don't have any of that information with me, but I can certainly summarize. A lot of research that's been done on that question clearly shows that people who are low- and middle-income earners, first of all, spend a larger percentage of their disposal income because they have to, right? They're not able to save as much because their incomes are lower. If you're looking to create economic activity, a really good way of doing that is to provide additional income to people of low and modest incomes as opposed to, for example, you know, providing tax relief to people of high income, where people would tend to spend the money on maybe going on vacations out of the country or

perhaps saving the money rather than spending it. There's a tremendous amount of research that's out there that backs up the fact that if you're looking for an economic bang for your buck in the local community, the best way to do it is to provide additional income to people of low or modest income.

Ms Notley: Thank you.

The Chair: Thank you very much.

We're actually over our allotted time. If I can request, we've got four more speakers. We may go just a tiny bit over, but my request to you is to please ask a question relevant to the presenter. For any research you want done – we've got a lot of research capability here – you can direct it to the research people.

With that, I'm going to ask Moe Amery if he can make it brief. We've got four presenters.

Mr. Amery: I'll make it very brief, Mr. Chairman. Thank you very much for your presentation. My two questions have been covered by Mr. Chase and Ms Notley about the 112,000 people, if that would include immigrants and new Canadians and women. I would appreciate, if you get any more information on these two sectors, if you could send it to us.

Mr. Kolkman: Okay. Thank you.

The Chair: Thank you.

Ms Woo-Paw: My questions have been covered. Thank you.

The Chair: Thank you very much.

Mr. Lund.

Mr. Lund: Thank you, Mr. Chairman. I'm curious about if you've looked at what happens if the minimum wage is raised to \$10 and there's a major loss in opportunity; in other words, in employment.

I'll just give you a very quick example. I used to go to a car wash here in the city that was a hand wash. I went to that place regularly to get my vehicle washed simply because they employed a number of people. It was about 15 of them working in there. The owner one day caught me and said: you know, if you folks raise that minimum wage – and that's when it was below the \$8.80 – I'm going to have to sell and/or just quit or put in equipment to do the wash. Well, guess what? Today if you go to that location, it's got equipment, not people. I think there are about four people working in there now. Which is better, to have somebody working or somebody not working?

The Chair: Thank you, Mr. Lund.

Mr. Kolkman: Well, my response to that would be that in my view a \$10 per hour minimum wage will not have negative impacts on overall employment. It's always hard, you know, to make that claim at the level of an individual business, but certainly a \$10 per hour minimum wage is not an overly high minimum wage. During that period between 2007 and 2009 when there were increases to the minimum wage, employment continued to grow. Now, when we had the recession, there was a job loss, but in a strengthening economy like we are in today, in my view a \$10 per hour minimum wage will be affordable to employers.

The Chair: Thank you very much.

Mr. Taylor, please.

Mr. Taylor: Thank you, Mr. Chair. Mr. Kolkman, thank you very much for your time today. I'll be brief. I think you've addressed the concern about what happens to employment levels when minimum wage goes up. The other concern we often hear about is that as minimum wages increase, they put pressure right across the wage spectrum. They drive wages up, and they drive prices up. You said in your submission that a single adult working full-time, full-year, living in Calgary or Edmonton would need to earn \$12.20 an hour in order to live above the poverty line as defined by the LICO, the low-income cut-off before tax measure. Do you have an opinion, does your organization have an opinion – and this is somewhat hypothetical, of course. If the minimum wage were to jump from \$8.80 an hour to \$12.20 an hour, would this just raise the LICO correspondingly?

Mr. Kolkman: No, it wouldn't. It might have a very small impact on the LICO, but really the LICO takes so many other things into consideration. You know, it takes into consideration everyone's income in the country. So it would have a very small effect on the LICO, but the effect would be so small that I think it would hardly be measurable.

Having said that, I mean, I do think that if you immediately went to a \$12.20 minimum wage, you know, I wouldn't necessarily make the same argument that it isn't going to have an impact on employment. I mean, such a substantial jump all at once could have employment impacts. That's why I think it's much better to have regularly scheduled annual increases to minimum wage rather than a big jump all at once.

Mr. Taylor: Thank you.

The Chair: Thank you very much, Mr. Kolkman, for your presentation.

Dr. Massolin: Can I just supplement, Mr. Chair, very briefly about what the LICO is? What it is is actually a cost-of-living measure. It's an expenditure of 70 per cent of one's income on food, shelter, and clothing, so it wouldn't really depend on what the income is. It's a cost-of-living measure. It's off of that.

The Chair: Thank you very much.

With that, we will invite our next presenter. Thank you so much.

Mr. Kolkman: Okay. Thank you.

1:30

The Chair: Mr. Steve Kwasny, please, representing the Alberta Students' Executive Council. I've just got a quick overview while you're taking your seat, Mr. Kwasny. You don't need to be operating the microphones as they're operated remotely. Your presentation is part of the public record. Meeting proceedings are recorded and transcribed by *Alberta Hansard*, and the live audio-stream is broadcast on the Internet. You have 10 minutes for your presentation, followed by 10 minutes of questioning. May I ask you to please begin by introducing yourself for the record and start your presentation.

Alberta Students' Executive Council

Mr. Kwasny: Sure. Thank you for the invitation to be here today. I'm Steven Kwasny. I'm the chair of the Alberta Students' Executive Council as well as the president of the Students' Association of Red Deer College. Before I really jump into my presentation, I

would like to admit that I can't really handle a lot of the questions on the technical side of minimum wage policy. I don't have a huge background in terms of economics. I joke that I'm a political science major so I didn't have to do math. Well, keep that in mind.

I want to focus my presentation in terms of the societal implications of minimum wage and how that affects the over 200,000 students we have in the province. It is sort of that bigger picture, more holistic approach that I think and as ASEC we believe is how the government should be looking at this policy. We need to be looking at the big picture, and we need to see minimum wage as a part of a very important and a very broad picture.

As much as minimum wage is concrete, it is quite relative; \$8.80 is a very concrete number, but what that \$8.80 means is a larger question. Right now we use a single indicator as a reference point, which greatly increases the risk of outliers skewing the data in terms of the minimum wage. So you take average weekly earnings, which could be \$5 a week or could be \$5,000 a week, but that isn't necessarily reflective of what is really happening and the health of the economy. I would like to think that this committee understands that, and that's why they've brought in a number of different viewpoints in terms of this discussion, because minimum wage is obviously more complex than just what a single indicator could ever really show us. We feel the indicators we've suggested in our submission paint a broad enough picture of the health of the economy that they would ensure a minimum wage that would better reflect the needs of Albertans.

The second component of our proposal is definitely more targeted. We were invited here as a student group, so it's definitely a student perspective on minimum wage policy. The Alberta government admits often in meetings with us that the economy needs to be much more robust and much more diverse than it currently is, and we hear in the news all the time about how the recession has affected the job market.

I would definitely say that the economy and the lack of jobs out there has greatly affected students in a way that I don't know it's affected other groups as such. Many students are having tremendous difficulty finding jobs specifically because they are college students or they are university students, and that means that nobody wants to train them for them just to move away. I have countless friends who have handed out 30 resumé's, and they still can't find a job. There is a definite data gap on this issue, too. We just don't have the numbers of how many students are earning minimum wage and how that affects the return on investment that we always talk about with education. It's an important perspective on this issue, too, that even if we did have the data, where there's a percentage point, literally each percentage point is a classmate or a friend of ours.

When we talk about minimum wage and how that connects with students, there are a few things we like to keep in mind. One, Statistics Canada and the Canada Millennium Scholarship Foundation don't know how many students earn minimum wage. However, they do use "student" and "youth" interchangeably, and we do know that young people make up roughly half of the minimum wage earners, which obviously means that this policy will affect a few thousand Alberta postsecondary students.

Second, like I talked about, in an era of high student unemployment and ever-increasing tuition, minimum wage is a necessary but not sufficient way to pay for school. Gone are the days of working full-time through the summer and using that to pay your living and education costs. Students are now supplementing the higher cost of their education by taking out public and private loans, applying for scholarships, and, probably most universally now, working. Now more than ever students work part-time throughout their courses of study and don't have the luxury of a full-time position during the

summer followed by an academic year where their only focus is on attending class and studying. Having minimum wage policy in line with the cost of living is now more important than ever.

Third and probably most importantly, we are concerned about the gaps in the current policy, not so much who is currently a minimum wage earner but who doesn't qualify for that policy. Thousands of students are expected to provide free labour as part of their courses of study through unpaid internships, practicums, and directed field studies. For example, I have a friend who's a fourth-year education student, and he had to commute from Red Deer to Rocky Mountain House every day to do his teaching practicum. Obviously, it was unpaid. It cost him a lot of money to do that. I mean, it's a 45-minute or a half-hour drive, depending on if there are police on the road. You know, that's a lot of gas money. Also, he had to wake up at 5 in the morning, so you can't work as much to pay for that education. It put him in a really tight spot.

I can't help but wonder what role that plays in Alberta continuing to have what we call the unholy trifecta of the lowest high school graduation rate, the lowest high school to postsecondary completion rate, and then the lowest completion rate for college and university. I think we'd be doing a huge disservice to Alberta taxpayers and those who foot the bills for the postsecondary system by not working to improve the chances of success for students with practicums and work-study terms.

In summary, I'm happy to refer you back to our submission, which I believe you all have. I think there are two things that bear repeating right now. We need to be thinking about minimum wage differently, and by differently I really mean more broadly. Secondly, we need to make sure that student labour counts. It's more important than ever to reduce the financial barriers to completing postsecondary education.

Thank you.

The Chair: Thank you very much, Mr. Kwasny.

We've got Mr. Chase for questions.

Mr. Chase: Thank you. I note you referenced our high school dropout rate – in other words, our lost productivity – and the fact that only 14 per cent of our population manages to secure a seat and graduate at a postsecondary institution. Statistics that would be helpful – here's my question, and Dr. Phil, our researcher, possibly can help us to find this out. I'd be interested to know how many students are unable to take on a full course load because of the costs. I'd be interested to know if there are any statistics out there with regard to how many students are paying more than one-third of their income on housing. The percentage of students who are reliant on campus food banks, I think, would help provide information with regard to the minimum wage. Also, if there is such a figure, the average debt load after graduation. I think those four figures would be valuable in terms of pointing out just how economically depressed students are in Alberta.

The Chair: Thank you very much.

Go ahead.

Mr. Kwasny: I don't have those numbers with me. We can get them to you, certainly. If you e-mail our executive director, she'll be able to get at least a few of the numbers I know we have some access to. But like I mentioned earlier, there's quite a large data gap in terms of what the life and the costs of being a student really are.

For example, I know I don't have any numbers in terms of food bank usage, but I can tell you that it's high. I know that in Red Deer it was higher than it's ever been, to the point where as a students'

association for the first time ever we had to kick in money because there were so many students using the food bank. Before there were sufficient donations. Now that's not the case.

In terms of housing, like I said, I don't have those numbers. I'd be interested to see some of these numbers as well. We can do our best to get some of them to you.

The Chair: Thank you very much.

Dr. Taft, please.

Dr. Taft: Thanks, Mr. Chairman. I appreciate the presentation. On page 2 of your presentation you say in the second paragraph, "Unchecked, an alarming pattern begins to emerge: as more students work more hours to cover educational costs, educational success rates decline." That's a powerful point. I'm always suspicious of statements made without some data backing it up. I know there's a footnote there, but I'm wondering if you have information on the trends over the years of students and the hours that they have to work. Is that trend increasing? Are costs increasing? Is the education success rate declining? I guess I really want you to unpack that claim and prove it.

1:40

Mr. Kwasny: Sure.

Dr. Taft: You don't have to do that right now, but maybe you could it follow up.

Mr. Kwasny: Yeah. Most of our research as student groups – like I said, there is this big data gap – comes from documents like The Price of Knowledge, which comes from the Canada Millennium Scholarship Foundation as well as some Stats Canada research that we have access to. Unfortunately, we're not a huge organization. We don't have a lot of research capability.

Dr. Taft: I understand. Is it possible that you could provide that? Or, Phil, is it possible that you can provide that through research?

Dr. Massolin: Mr. Chair, yes, we could provide it. I would suggest, perhaps, that since it was a statement made by the presenter here, the presenter may want to have first crack at supporting the contention.

Mr. Kwasny: Yeah. I know we have access to some data that can back it up. I don't have the numbers with me.

Dr. Taft: Fair enough. I'll look for you to follow up.

The Chair: Thank you very much.

Ms Notley, go ahead, please.

Ms Notley: Yes. I just want to talk about one or two particular cost pressures that I know students face, and those are, basically, tuition and books. I'm just sort of wondering if you have any observations, perhaps, on the relative fairness of having a cost pressure, that being tuition and books, which is expected to go up a minimum amount but a definite amount every year, and what you think the relationship might be between that and the minimum wage, which is where you would get a good portion of your income with which you pay those costs.

Mr. Kwasny: For sure. You'll have to forgive me. I believe it was called the higher education price index. I don't know for sure, but I remember talking about it in a meeting with the Ministry of

Advanced Education and Technology. I know the number exists in terms of the costs related to education and how they increase at a different rate than CPI. So that would be an interesting one to look at. I don't know that number off the top of my head, but I know that tuition rises with the CPI annually according to the tuition fee policy. As for textbook costs, though, those are, as far as I'm aware, largely unregulated and just sort of subject to the market. I mean if there is something that you guys could do about textbook costs, I would be right behind you on that.

The Chair: Thank you very much.

Mr. Weadick, please.

Mr. Weadick: Well, thanks very much. It's nice to see you again. We had a chance to talk a little bit about this earlier. My question is: it appears that probably one of your concerns is making sure that there is enough employment. I know anecdotally that a lot of young people have told me that getting jobs this year is probably the hardest it's ever been, and more and more young people are cobbling together two and three part-time jobs to try to get their summer partially filled up.

One of the issues we're looking at is: going forward, what should minimum wage look like? Some of the provinces have, say, a differentiated minimum wage where if you're in a job in the food service industry where you're receiving tips, it will have a lower minimum wage than if you're in a job that doesn't receive tips and may be a labour position or something. Has your organization looked at any of those kinds of options? Could it be a different type of minimum wage or a differentiated one, or should we be looking at some other system or style of setting the minimum wage and then managing it in the future?

Mr. Kwasny: We haven't really had that conversation yet although I know that students' associations for the most part all run campus bars. Having talked to our wait staff, I know that tips along with almost everything in this recession have declined in terms of their income. So that would be something I would pay attention to. I think our biggest thing was that we need to look at a minimum wage system – and I don't know exactly what that looks like – that approaches this living wage standard so that students can go to school and be as successful as they can be because that's really what the taxpayer investment is.

When we talk about the return on investment of an educated population, that really comes from their being able to be in school and focus on what they're learning, not being in school for three classes because they have to work full-time and then leaving their school to go to work for eight hours a day and then not being able to really get as much out of it as they can. So if we can find some way of approaching that minimum wage to a living wage, I think that's more what we were looking at.

Mr. Weadick: Thank you.

The Chair: Thank you very much.

Ms Woo-Paw, please.

Ms Woo-Paw: He just answered my question.

The Chair: Okay. Well, thank you very much for your presentation, sir. That's it. That's the end of my speakers list.

Mr. Kwasny: Thank you.

The Chair: Thank you very much. Good job.

Okay. Our next presenter is Mr. Moore-Kilgannon. Did I pronounce it correctly, sir?

Mr. Moore-Kilgannon: Absolutely. Very good.

The Chair: All right. Just a quick reminder, please, as we're doing with all of the presenters, that you don't need to touch the microphones as they will be operated remotely. Your presentation is a public record, and the meeting proceedings are recorded and transcribed by *Alberta Hansard*. They're also being audiostreamed and broadcast on the Internet. You have 10 minutes for your presentation, followed by questions for another 10 minutes. May I ask you to please begin by introducing yourself before you start your presentation.

Public Interest Alberta

Mr. Moore-Kilgannon: Well, thank you very much. I'm the executive director of Public Interest Alberta. We're a provincial advocacy organization that's been working for many years on issues related to poverty and investments in social services. I'm also on the national steering committee of Campaign 2000, which is a national organization that's been looking at Canada's commitments to eliminate child poverty by the year 2000, which unfortunately, as you all know, we've not been able to achieve.

I would like to, if I could, direct your attention to my presentation here, which is in the form of a printed PowerPoint presentation, and to start off by talking about what this is really all about, and that's the fact that all Albertans should be able to earn a living that provides for a safe and healthy quality of life. Whatever political perspective you are, I think we all share that fundamental value that someone working full-time ultimately should be able to earn a living. Then the question is what that would be. Minimum wage policy is also a very important tool to increase the quality of life for low-income Albertans. It's one tool of many that are out there. Without a comprehensive approach ultimately we will pay one way or the other. So that is sort of the overview of what I would like to talk about.

Now, the standard of living is made up of a number of things, and employment, particularly here in Alberta, is one of the most important parts of that. But you have to balance out your view of the minimum wage based on how expensive it is, and Alberta is certainly one of the more expensive jurisdictions to live in in Canada. As well, there are, of course, income security questions, enhancements for low-income families but also those people who are unable to maintain income as well. On top of that, there is the question of public goods and services. How much does it cost to access child care? How much does it cost to access the care for our seniors, et cetera?

In terms of the minimum wage versus the living wage, we've talked about that. Some of the numbers that we'll be looking at here in this data refer to the low-income cut-off after tax. I note that in the document that the government provided, not that I just gave out, and in some of the documents I've looked at from Employment and Immigration, low income after tax has traditionally been very close to what the provincial government had analyzed for the market-basket measure, which is, as you, I'm sure, are very aware, sort of a list of the basics of what it costs for rent and food, et cetera.

The LICO, as you've heard, here in Alberta does look at a single person – and I neglected to put in the number here, but we've certainly done the analysis – and comes in at about \$12.20 an hour. For a single parent with one child the LICO breaks that out differ-

ently, depending on how many children you have, et cetera. I don't have the numbers here, but it would push up much higher than that. I think it's closer to \$14.75, but I can definitely get you what that would be. Really, when we're talking about the LICO, we are talking about one person, an individual, but it's important to think in your policy deliberations that this impacts a lot of individuals.

The next table shows that over our history the minimum wage has not kept pace with inflation. If you look there, our actual minimum wage adjusted out in constant dollars was at its height in 1976-77, where it was up close to \$9.50 an hour relative to today's dollars. Then you've seen, because over the years we would go four or five years, sometimes even as long as even six years before there would be any adjustment to the minimum wage, the dramatic drop and the impact that that has.

1:50

Public Interest Alberta along with other organizations – the Alberta College of Social Workers, that's presenting later – purchased data, and we released that data to the media today, so the data that you have before you talks about not just the number of people living on minimum wage. There is an important effect that happens when you increase the minimum wage, that wages for other low-income jobs do go up, and I think that that's actually a good thing. We are talking about a significant number of Albertans, over 112,000 Albertans, earning less than \$10 an hour – that's 6.9 per cent of all employed Albertans; that excludes people who are unemployed – and 223,600 people earning less than \$12 an hour, below the low-income cut-off, so close to a quarter of a million Albertans working in those areas.

Now, the next page talks about the fact that these are not just all teenagers like my twin boys, who are in grade 11, out looking for some money to buy an iPod. In fact, 57 per cent of people earning less than \$10 an hour in this province are actually over the age of 20, so students in postsecondary education trying to get their way through school, young families that are trying to perhaps buy their first house, raise kids.

What I find really fascinating further on is to see, as was talked about previously, that the vast majority of these people are women, that 62 per cent of people earning less than \$10 an hour are women, and that number increases. For the number of people earning less than \$10 an hour who are over the age of 45, 75 per cent of them are women, so single moms that are out there struggling, et cetera. These are not just numbers; these are real people. We did the breakdown of how it pans out for the number of cities. If it's 6.9 per cent for the whole province, then you can see that certain cities actually have more of their people who are employed earning less than the average. Particularly high is Lethbridge, the highest at 9.12 per cent, followed by Red Deer at 8.46 per cent.

Now, let's look at the minimum wage policy and its impact. The next graph talks about children living in poverty, and in 2007, the latest year that we have statistics for, we had 59,000 children living below the low-income cut-off after tax. That takes out all the tax factors. Eighty per cent of those children lived in a family where someone was working, and almost 50 per cent of those children were living in a family where their parent or both parents were working full-time full year. So this is a very important policy consideration to put forward here, and that impacts on that.

The next page talks about the transfer to work. I know the government, when it looks at its social policies and the welfare rates, et cetera, recognizes that there are questions of whether it's worth while to go back to work. It's vital that you look at the barriers to people and the costs that are put in place. If the minimum wage is set too low, then there certainly are going to be barriers for people

going back to work. What are those, and how does that interrelate with some of your other social policies with respect to subsidy for child care, et cetera, et cetera?

Then, ultimately there is a cost. My main point is that minimum wages that are low do result in increased government costs in other ways. The province has a child care subsidy based on how much income the families make. The higher the number of parents that are earning low income means the more the government subsidy is going to be for that. The child tax benefit and the supplement provided by the provincial government, of course, are income based. You just heard from the students on postsecondary education, the costs related to that.

There are, of course, opportunities. Well, up until the recent budget there were actual grants that were provided for low-income Albertans. I was very disappointed to see the fact that in the provincial budget the \$1,300 that was provided for low-income families to help support some of those costs was gotten rid of. I've seen the impact on students who are working 20, 30 hours a week while trying to go to school, and it's a very different situation.

Ultimately, seniors' benefits. We know that far too many Albertans who are working very hard in this province are not able to save enough to survive on when they retire. What's the big cost going to be in the long run for this province for all of those seniors who've worked all of their lives and are unable to save enough in their RRSPs because, frankly, they can't put any aside if they're only making \$12, \$13, \$14 dollars an hour?

Minimum wage policy also impacts economic growth. I won't go into this in detail, but I'm sure there will be some questions on it. We did some focus groups with small businesspeople. One of the things that I found really interesting is that a number of them said: there are economic costs for businesspeople.

Am I past my time?

The Chair: Yeah, but go ahead and finish.

Mr. Moore-Kilgannon: Okay. I just think it's an important point that there are economic costs for businesspeople, who feel they have to compete and therefore have to perhaps provide their wages lower. Businesspeople that I've spoken to talk about how they do want to pay their employees more because at the end of the day they get employees who are happier, who are not going to be working two or three jobs. They have less of a turnover rate, better retention. The challenge comes in, though, that if they're obviously in a competitive environment and their competition is able to undercut them, then they're in a very difficult situation. Many employers that are out there actually do care very deeply about the quality of life of their employees. I'm sure the vast majority of them do. The question that comes in is: are they being pressured to force them under?

As John from the Social Planning Council talked about, once you increase minimum wage, there's more local spending. I've seen a number of studies coming out of the United States that debunk the myth that regular, consistent increases to the minimum wage are a detriment to jobs. They really aren't.

I'll just close with the fact that there are six provinces in Canada now who have established comprehensive poverty reduction strategies. Another one is in the process of developing and finalizing it. I use the example of Newfoundland, who next month will have a minimum wage of \$10 an hour. Now, Newfoundland's economy is very resource based, similar to our own, but one of the things that Danny Williams said as Premier when he first became Premier of that province is that if we are going to increase the wealth of the province, all Newfoundlanders should benefit from that. That

was the second province in Canada to establish a comprehensive poverty reduction strategy, and the minimum wage is a very important policy tool, not the only one, for part of that.

Thank you for your attention.

The Chair: Thank you very much.

Mr. Chase, please.

Mr. Chase: Thank you. Bill, you touched on child poverty in Alberta. Between 2008 and 2009 the figure was 78,000 Alberta children living below the poverty line. The large part of the argument goes that if you increase the minimum wage, you'll have fewer jobs available. I know you've refuted that with some of your statistics. I'm wondering, in terms of the cost of poverty, in terms of education, physical and mental wellness, incarceration, addiction, suicide versus the cost of a minimum wage or approaching, better still, the living wage, what role does the government have in terms of not only supporting the people on minimum wage but supporting employers? For example, a number of us this summer have STEP students thanks to federal government wage subsidy programs. Have you looked at what role government might play in terms of helping both the employer and the employee in subsidizing the minimum wage?

Mr. Moore-Kilgannon: Well, I guess the question comes down to: to what extent should the government be engaged in subsidizing minimum wage jobs? That's part of my presentation, that the more people who are on minimum wage and the lower the minimum wage, ultimately the government is going to pay in different ways. You came up with a list there of other factors that come about. There's a national media story going around about how there are so many families where because of their workload they are just unable to spend the time with their children, meaning that children are not having dinner with their parents, that children are not being as supervised as they should be. The family violence level in this province is incredible, the stress. We have the highest suicide rate in Canada. I'm not suggesting that these things are inextricably linked, but that there are other factors that are at play here when it comes to what it means for people. It's not rocket science; it's just common sense.

2:00

The Chair: Thank you.

Mr. Amery, please.

Mr. Amery: Well, thank you, Mr. Chairman, and, Bill, thank you for your presentation. Again my question is about the children living below poverty level. I'm really questioning the accuracy of these reports or these surveys because these are taken from income tax returns – right? – after income tax has been filed.

Mr. Moore-Kilgannon: It's labour market information from Statistics Canada.

Mr. Amery: The reason I doubt this number is because there are many, many people who do jobs that do not really require them to file all their income, and they file a lot less than what they're making. So these numbers and these statistics are taken from income tax returns based on not so realistic numbers.

Mr. Moore-Kilgannon: So you're suggesting people are . . .

Mr. Amery: I'm suggesting I honestly don't think there are 59,000

because I am aware of a few things that are happening out there. Some people do not really report their full income or accurate income when they are filing income tax. I think these numbers are a little bit exaggerated.

Mr. Moore-Kilgannon: Well, all we can go on are the statistics given by Statistics Canada. Regardless of what income bracket people are in, people try and pay as little tax as possible. But I think that the average person who's out there on low income tends to be working in jobs – whether they be working with adults with disabilities, in the service sector, or working in cafeterias, hotels, et cetera – where, like everyone else, they need to be filing their taxes.

Mr. Amery: Thank you.

The Chair: Thank you very much.
Dr. Taft, please.

Dr. Taft: Thanks. My question sort of relates to the previous one. I actually don't have a lot of trouble believing that figure, and I see it in my constituency, which is one of the wealthiest in the province. My long-term interest in this is: how do we break the cycle from one generation to the next, where our children who grow up in poverty tend to underachieve and don't finish school and so on and then repeat, visit the same problems on their children? Do you have any information on these children – let's say it's 59,000; maybe it's more, or maybe it's less – correlating income with school achievement or income with school hunger or, even more, income with school hunger with achievement? Is there anything suggesting a link?

Mr. Moore-Kilgannon: Absolutely. I don't have the data in front of me specifically, but we know, and hence why we have so many charities that are providing school lunch programs or breakfast programs in our cities and now even more in rural areas as well, that if you don't have enough resources and you're scrimping on a pay the rent or feed the kids situation that many families find themselves in, then school attendance drops, their attention, et cetera.

I think what you're touching on there is again going back to how other governments in this country have decided to take a comprehensive approach and not just to narrowly look at one policy or another. The minimum wage is just part of a number of tools that need to be put out there. Access to education, the ability to move on to postsecondary education are clearly seen and well documented, and quality early childhood education and care have been documented, that investments in those areas pay back multiple factors over time. Other governments have clearly seen that and right across the political spectrum are actually taking action on it.

The Chair: Thank you very much.
Mr. Taylor, go ahead, please.

Mr. Taylor: Thank you, Mr. Chair. Bill, good presentation as always. You've partially answered my question, I think. Time is tight, but I wonder if you can talk just a little bit more about what else goes into a comprehensive poverty reduction strategy, as six of the provinces in this country have, besides just minimum wage and respect for education generally?

Mr. Moore-Kilgannon: Right. Well, each province in Canada has a slightly different approach. The first one was Quebec, followed by Newfoundland. Ontario last year implemented theirs to reduce child poverty by 25 per cent over the next five years. They implemented

a number of initiatives, including increasing their child tax benefit, which is one of the most cost-effective government ways of really reducing poverty and targeting it very much around child poverty. Now, Ontario took that focus. I personally believe that children live in poverty because their parents are in poverty and come from that, so I would suggest that if we're going to do this, it shouldn't just be narrowly focused on looking at reducing child poverty but how it is that we reduce poverty overall.

There are examples from other jurisdictions. Ireland, the U.K. have brought these forward. There are many, many solutions to poverty. There is no one; they all work together. The minimum wage is a very important part of it, particularly here in Alberta, where people want to work and they want to be proud of the fact that they can earn themselves a living and move forward and advance. I think it is a shame that in this province we are going to be very quickly the second-lowest minimum wage in this country as others move forward. Ontario is moving to \$10.50 an hour; next month \$10 an hour from Newfoundland. So we need to really look at the implications of this.

The Chair: Thank you very much.

Ms Woo-Paw: I think my question is along the same line. I would just like to hear from you from your knowledge. Looking at the other provinces who have put in place the comprehensive model to address the issue of poverty, you mentioned that minimum wage is one of the tools. I'm just wondering: where does minimum wage rank, I guess, in comparison to, say, social programs that are focused on addressing the needs and issues for low-income individuals and families? Where do they put the minimum wage factor?

Mr. Moore-Kilgannon: That's a very good question. Again it varies from province to province. I know that Newfoundland and their approach recognized that the market economy is a very important part of addressing these issues but then went further and looked at other ways of addressing some of the challenges that people on low income face, that then helps them move out of poverty and helps break some of the ongoing cyclical realities of people living in poverty.

I would be happy to do some more research and analysis to send to the whole committee that shows how minimum wage is a very important part of it. Certainly, here in Alberta, like I said, the market economy, the amount people make is very vital. Then there are other more targeted measures that are brought in. Alberta has some. It's just that we need to look at what else we can do.

The Chair: Thank you very much.

Ladies and gentlemen, we're two minutes over our time. We have two more speakers, so if you can keep your comments brief, please.

Ms Notley: Well, I will just briefly say, because I do want to put it on the record, that the notion that those people whose after-tax income is right on the LICO borderline somehow ought not to be trusted because they must as a matter of course be breaking the law is really not a notion that this particular member of the committee accepts. In fact, I completely accept the notion that we have almost 60,000 children in Alberta living in poverty.

Having said that, quick question. You mentioned the studies out of the U.S. that are starting to negate this notion that minimum wage increases are job killers. I'm wondering if it is possible for you to provide even the citations after the fact, after your presentation, if not ultimately provide us with studies.

Mr. Moore-Kilgannon: Absolutely. I'd be very happy to do that. There's a growing body of evidence around that.

Ms Notley: Thank you.

The Chair: Thank you very much.
Mr. Weadick, please.

Mr. Weadick: Thanks. My question is somewhat similar to that information because what we hear from the other side, the business side, is that employment costs are one-third to one-half of the cost of delivering a hamburger or whatever you're doing. As those costs go up, you have two choices in your business. You raise the prices, which impacts everyone, including the low-income earner, because the costs go up, or you start to reduce your hours – that can be the number of people working or the number of hours your business is open – because there isn't a third alternative. Both of those second things mean less overall employment. You may not see it as a job. You may just see a few hours' reduction. Some students get a little bit less work. That's the argument on the other side of an escalation in these costs.

2:10

Now you're saying that you have some information that this may not be true, and I'd be interested to see that because it is pervasive in the information we've got from both hotel/motel associations, food industry: all of them. That's what they consistently say, that labour is a big part of what they have to pay, and as it goes up, it makes them less competitive or creates reduced employment opportunities.

Mr. Moore-Kilgannon: Well, I do appreciate that, obviously, in a very competitive market and with the economy being the way it is, people are looking at their costs. I have a number of friends who own cafés and who would turn around and say that it's more beneficial to them to actually pay a higher wage – obviously, you know, we're not paying \$30 an hour to work at Starbucks – and that we've all seen, using the example of Starbucks over the years, that at the end of the day people, I think, are willing to pay an extra 5 cents, 10 cents, 15 cents for a cup of coffee if that's your business. There are differences that are out there: if you provide better quality service, if you have less staff turnover, and that you ultimately want to see your staff happier.

I respect the fact that there are pressures that are out there, but I think the provincial government does itself a disservice and does a disservice to the people to therefore say, "Well, we're going to keep the minimum wage incredibly low" because then that leads to all sorts of other social issues and economic issues that are unintended consequences.

The Chair: Thank you very much, Bill. Appreciate your presentation.

Our next presenter is Lori Sigurdson from the Alberta College of Social Workers. Also joining Lori is Barbara McPherson, children's mental health therapist.

I guess a quick overview once again. You don't need to touch the microphones; they're being operated remotely. Your presentation is part of the public record. The meeting proceedings are being recorded and transcribed by *Alberta Hansard*, and they're live audiostreamed and broadcast on the Internet. You have 10 minutes for your presentation followed by 10 minutes of questioning. You may begin the presentation by introducing yourself, please.

Alberta College of Social Workers

Ms Sigurdson: Thank you. On behalf of the Alberta College of Social Workers Barbara McPherson and myself, Lori Sigurdson, are pleased to address you today. Thank you for this opportunity. Our report is just being passed around to you now.

First of all, we represent over 6,000 registered social workers in this province. We're advocates for social justice in Alberta. One of the principles of our code of ethics is that we uphold the right of people to have access to resources to meet basic human needs; therefore, we believe freezing the minimum wage at \$8.80 and not indexing it to the average weekly wage is a mistake. Full-time earners making minimum wage already live well below the poverty level. Employees need to make at least \$12.20 an hour based on a 35-hour work week to reach the poverty line. Freezing wages increases the burden on low-income Albertans to survive.

Alberta has been prone to booms and busts but overall has seen long-term growth in the size of the economy and a dramatic increase in wealth. However, along with this wealth has come disparity. Inequality in both income and quality of life is creating problems across Alberta. Alberta's economic growth has gone mostly to those in higher incomes. Quality of life indicators such as income security, personal disposable income, social cohesion, food security, housing affordability, leisure and family time, and educational attainment show that middle- and low-income Albertans are struggling to keep the status quo, and many are being left behind.

Research shows that the costs of this inequality cut across all of society. Some of the impacts visible in Alberta include economic and social exclusion, evidenced by increasing food bank usage and homelessness. Alberta has the highest rates of family violence in the country and leads the country in domestic assaults, homicide, suicide, and stalking. Alberta has record-low voter turnout. Albertans rank the lowest in the nation for sense of belonging to community. Alberta has low university participation, and Albertans have the lowest leisure time in the nation.

I'll just pass it on to my colleague to complete the presentation.

Ms McPherson: Barbara McPherson. As social workers we know first-hand of the struggles of Albertans living in poverty. We see how families are devastated by the stress of never having enough. We know that increased stress is correlated with significant difficulties, that Lori described earlier. All of these correlates cost society money. We can either pay now or pay later. Invest in our citizens by paying them at a fair rate, or pay a higher cost through our public services after much damage to individual and collective quality of life has been done.

The Alberta College of Social Workers recently published a report that outlines how many Albertans have not benefited from our economy in the boom stage. Our research shows that middle-income earners have only kept their income constant by working longer hours. Low-income earners have fallen behind. Only the upper income levels have benefited. We are providing each member of the committee with a copy of our Social Policy Framework 2010: Visioning a More Equitable and Just Alberta. Our framework gives more information about the concerns we've presented to you today.

Increasing the minimum wage annually at the same rate as the average weekly wage is one policy decision that will decrease disparity in Alberta. In addition, raising the minimum wage to at least \$10 an hour immediately will support many Albertans. We urge you to make these decisions.

Once again, thank you for the chance to discuss this important policy decision. We are pleased to answer questions you may have.

The Chair: Thank you very much, ladies.
Mr. Chase, please.

Mr. Chase: Thank you. As the Liberal critic for Children and Youth Services, that is beyond a doubt the most extensive and demanding portfolio that I have responsibility for. I'm aware that when mental illness shows up, 40 per cent of the individuals affected show up by age 14. Child poverty is a major concern in this abundant province.

I'm wondering specifically about the effect of poverty on new immigrants and very specifically on First Nations because we know that the number of off-reserve First Nations are the fastest growing portion of the population. In Edmonton for sure they're going to surpass Winnipeg within the next five years. Unfortunately, again, First Nations show up in high percentages disproportionate to the regular population, whether it's addiction, abuse, incarceration, or children taken into custody. Obviously, we're talking about minimum wage here, but how could the government influence and improve minimum wage policy, and how could it be directly targeted to supporting First Nations youth as part of a solution? Minimum wage alone isn't going to do it.

Ms Sigurdson: No. Certainly, minimum wage is an important piece, and that's why we've come here to speak with you today, but it's only one part. This report that we've presented to you today does give a seven-point plan on developing a broad social policy framework for Alberta to support people. You're right. Aboriginal people disproportionately make up the people who are living in poverty, whose children are in the care of the ministry of children's services, who are incarcerated and have addiction issues, and certainly we would very much like to advocate for a much stronger social policy network to support aboriginal people.

I think that just supporting a lot of place-based initiatives in their own communities so aboriginal children aren't taken out of their home communities – you know, oftentimes just having appropriate placements for aboriginal children is very difficult. Children are taken off reserve and moved to the city, for example, which is a huge culture shock. So having supports within children's services to better support children in their own communities, working with aboriginal people as they help their own people heal: I think our report covers that more specifically, but those are just a few things.

Thank you.

2:20

The Chair: Our last question would go to Mr. Marz. I think we're out of time.

Mr. Marz: Thank you, Mr. Chair. In your presentation you talk about low university participation rate, and we also heard previously of low completion rates in postsecondary. Did your research show that this could be a result – and this isn't just last year or since 2008, when the recession hit, but those stats go back quite some time. Did that have anything to do with the job opportunities and Alberta having the highest employment rate across the country and people making the decision to postpone their postsecondary studies in favour of getting a high-paying job?

The lowest leisure time in the nation: I'm not familiar with that statistic. Could you tell me if that just pertains to low income specifically, or was that generally Albertans across the board?

Ms Sigurdson: No. It is. It's Albertans across the board; it's not just focused on low income.

Mr. Marz: That could pertain to a lot of very busy people out there, too.

Ms Sigurdson: Yes, absolutely. But, I mean, that's correlated with the other provinces who make the same kind of reference to the whole population, not just to low income.

In terms of the first piece which you were talking about, certainly anecdotally I know that, you know, sometimes particularly young men can make big money in the oil industry, so that's more of a pull than to think of doing four years of a university degree. Certainly, there is that, but I don't have that specifically, just anecdotally. Yes, I've heard that, too.

The Chair: Thank you.

We do have, actually, more time. Dr. Taft.

Dr. Taft: Thanks, Mr. Chairman. I have to say that it's a very impressive presentation. This report is loaded with a lot of interesting information. One of the issues that was raised by the previous presenter and I think might come up with you folks – or you might have some way to direct us – is this notion that if minimum wages are too low, then the taxpayer pays more through a whole range of programs. In other words, it comes to me sitting here as a taxpayer that, well, either the employers pay or I pay. You know, I have to pay through social supports; I have to pay through all those issues. Are you aware of any actual work calculating how that works out? Is there a particular point at which these things balance out? Do you understand what I'm saying?

Ms Sigurdson: Like the magic minimum wage to not be a drain on social programs?

Dr. Taft: Well, yeah, something like that. I mean, I think we hear a tremendous amount about: gee, it's going to cost the business community, just a small segment of the business community, a lot to raise the minimum wage. But I haven't heard until today that, boy, if we don't have that minimum, somebody else is going to pay, and it's me, the taxpayer. Do you have any information elaborating on that?

Ms McPherson: It would be related to the social determinants of health as well, you know, poverty and children growing up in poverty and people growing up in poverty and having other stressors that will cost in terms of medical costs later. That's one factor.

As far as an actual cost-benefit analysis of minimum wage . . .

Dr. Taft: Yeah. That's essentially what I'd be interested in.

Ms Sigurdson: You know, this is just off the top of my head, but I've certainly heard that in the United States, in places where Walmart has gone, they pay very low wages, and oftentimes there's a huge drain on the social programs in those areas. They've really caused a lot of problems. That might be something to look at further. I could probably find some stuff about that.

Dr. Taft: If you could, that would be tremendously helpful.

Ms Sigurdson: Yeah. Because they pay very low wages. But certainly there's been an enormous amount of research done just about the correlates of people living in poverty and, you know, more health issues, that therefore they're having more difficulties and therefore they're going to their physician more often. They may end up in emergency. We know that income and health are correlated.

The higher the income, the healthier you are, therefore the less strain on the system.

You know, in Alberta we have the highest rates of family violence, and poverty and violence are correlated also. I work also at the Changing Ways program. I facilitate family violence groups of about 16 men, and we run 52 groups a year. It's just a small, small nonprofit here in Edmonton, and we've got a huge waiting list. There's so much demand. There's so much social difficulty out there. Just the cost to the children, the spouses: you know, that's costing our society a lot of money, too. If people are given the wherewithal to be able to survive, then they're feeling less stress, but of course if they have more demands on their time all the time, unfortunately they make bad choices.

Of course, you know, we do have some collective programs that support that, but we really need to enhance that. Certainly, strengthening the minimum wage, strengthening all the social programs would help us have a better society.

The Chair: Thank you very much.

Mr. Lund, please.

Mr. Lund: Thank you. Of course, we just got your report here, but I've got a couple of questions. On page 7: "Albertans rank the lowest in the nation for sense of belonging in their community." Where on earth did that come from? I would love you to tell me if in your presentation – the fourth paragraph down has a whole host of comments. I would love to know: why is it that, if Alberta is so bad, we have so many people continuing to come here? With the exception of last year, when Saskatchewan had the largest percentage of growth, Alberta continues to have the largest per cent growth in the nation. If it's this bad, why on earth are people coming here?

Ms Sigurdson: Well, I'm not saying that people are not benefiting from our economy. They are, but some people aren't, and I guess that's who I'm speaking about right now.

Mr. Lund: Well, where did this other comment come from? Certainly, in my constituency every time there's a community event, there are lots of people that come out. As a matter of fact, at one function I was at just the other evening, that very comment was made about the way people support our community. They put on an event, and there are hundreds of people who show up.

Ms Sigurdson: Well, I'm Albertan, too, and I know that there are lots of great things about it. I grew up in Alberta. I grew up in Valleyview, in northern Alberta, so I certainly believe in this province, too, but I also know from my work as a social worker that some people are not benefiting. It's significant, and the disparity is growing, which is leaving people further and further behind. So it's both. Yes, there are people who are prospering. I'm not disagreeing with that. But there are others who are not. I guess I would like to support those who aren't to also be a part of the Alberta boom.

Mr. Lund: Well, Mr. Chairman, I want to make it very clear that I have all kinds of sympathy for the people that are not benefiting. There are a whole host of reasons, and some of them, unfortunately, are related to health and those kinds of issues. I believe that there are things that we can do outside of just the minimum wage that would assist a great deal. For example, I feel very sorry for children that cannot participate in sports because their parents cannot afford to buy the equipment or, in the case of skating or hockey, can't afford to pay for the ice time, those kinds of things, and the arts, music, and those kinds of things because they can't afford to buy the

instruments. I think there are all kinds of things there that I would love to work on, but I almost find it depressing when I read these kinds of comments.

The Chair: Thank you very much.

Our last speaker would be Rachel Notley, please.

Ms Notley: Thank you. Maybe just one point before I get to my question, just to follow up on that line of questioning. I know this is an excellent report, and I've read through it in much detail. It might be helpful if perhaps you could provide the citation for that particular thing around the sense of belonging in the community because I have no doubt, having read through the whole report, that there's nothing in here that cannot be connected to some research and some citation, so that would probably be helpful for the committee members.

As well, I'd like to just ask you a little bit about the whole issue of a constant increase to the minimum wage as opposed to the issue of what it is put at because that's the other thing we're examining today. The previous presenter had given us this fabulous little graph here that very, I thought, effectively shows these points. We had between 1975 and 2005 where the government didn't consistently raise the minimum wage, you know, tied to something else, but instead they'd raise it and then sit on it for a few years and then raise it and then sit on it for a few years. What would happen is that, say, for instance, in 1999 we had it raised to \$7, but we sat on it till 2004, so in real dollars it came back down almost to \$6 an hour.

2:30

On that issue, I'm wondering if you can provide the committee with maybe a bit more of an anecdote or a bit of a picture of what it looks like, through your experience, in households when that household is forced over the course of four years to adjust to what is effectively, let's say, a drop in minimum wage from \$7 to \$6, so that would be in that particular case a 15 per cent reduction in the wage. What does it look like in the kind of households that you deal with as social workers when the family has to accommodate that slow reduction in buying power?

Ms McPherson: We work with a lot of different kinds of families as social workers, but I'm thinking of families where a sole income earner earning perhaps a bit more than minimum wage but a low income would need to work very long hours to provide for their families, leaving very little time at home for leisure activities, leaving kids with marginal supervision in the evenings, not having the opportunity to go out and go on activities on the weekends when the kids are home from school. That sort of grinding, you know, fatiguing lifestyle is exhausting for families, not having income in order to participate in activities. There is a reference made to sporting events. Not having a car, so you can't take your kids to hockey even if you could get subsidies for that hockey equipment. So just missing out on opportunities repeatedly. It's a tough way to grow up, and it's a tough way to be a parent.

Ms Sigurdson: Yeah. Just to echo some of Barbara's comments. I mean, it just deepens social exclusion, you know. All these things that Barbara talks about, like having a car so you can access events, having the fee to – maybe there's an extra fee at a school because they're going on a special project. That student who's living in poverty doesn't have the money to do that, so they're excluded. They stay behind while all their friends go. So any support, any augmentation in the minimum wage and having it indexed to what other workers make in Alberta will not grow that disparity gap any

more. That will keep them moving at the same pace at least, so therefore not deepen their poverty.

Then, of course, you know, they exclude themselves. Oftentimes people living in poverty don't go out to those community events because they feel like they're abnormal or they're not as good as or they don't fit in, so they're not the ones who are at those community events, sadly, and we want all of society to feel like they can be a part of it. So it would absolutely increase social inclusion.

The Chair: Thank you very much for your presentation, ladies.

Our next presenter is Bob McKeon. While you're getting set up, sir, quick opening comments. You don't need to touch the microphones as they're being operated remotely. Your presentations are part of the public record. The meeting proceedings are recorded and transcribed by *Alberta Hansard*. They're live audiostream broadcast on the Internet. You do have 10 minutes to make your presentation.

Please begin your presentation by introducing yourself.

**Catholic Archdiocese of Edmonton
Office for Social Justice**

Mr. McKeon: Thank you for this opportunity to participate in the minimum wage review being conducted by this committee. I am representing the office for social justice of the Catholic Archdiocese of Edmonton. My name is Bob McKeon. Our office is mandated to speak out on public social justice issues from the ethical perspective of Catholic social teaching. This presentation is very much formed by the day-to-day experience of our Catholic parishes and other Catholic organizations such as the St. Vincent de Paul Society, who regularly respond to the needs of poor Albertans through our emergency assistance outreach programs every day.

In early February Thomas Lukaszuk, Minister of Employment and Immigration, announced that he was freezing Alberta's minimum wage. This was a major change in the government policy that was previously enacted in June 2007, that linked increases in the minimum wage to Alberta's average weekly earnings. Since this policy was introduced three years ago, the minimum wage in Alberta has risen from \$8 to \$8.80 an hour. If this policy had continued, it's estimated in the media that this year the minimum wage would have risen modestly by an additional 12 cents per hour to match the 1.4 per cent increase in average weekly earnings for Alberta workers in that time.

We feel that this was a good policy because it removed decisions on the minimum wage from the uncertainties of day-to-day politics and linked increases in the minimum wage to increases in the wages of other workers in Alberta. Past history shows that abandoning this minimum wage policy poses serious risks for low-wage Alberta workers. In the past 30 years, when left to arbitrary political decisions, the minimum wage remained frozen for periods of six years or longer on three different occasions.

This government decision to freeze the minimum wage raises important issues that certainly go to the heart of Catholic social teaching. Pope John Paul said that dignity in human work was the key to the whole social question. An important element to the dignity in human work is that workers earn a just wage, which can support them and their families in a reasonable manner. Pope John Paul argued that the paying of a just wage is probably the most concrete means of verifying the justice of the whole economic system.

By contemporary poverty measures the present Alberta minimum wage is a poverty wage; namely, it's below the recognized poverty lines such as the StatsCan low-income cut-off. You've heard of this in other briefs. This is true even for single people. In families

where workers are supporting dependants through their low-wage jobs, the situation can be desperate. This is confirmed by a recent report from Food Banks Canada, which noted that 27 per cent of food bank recipients in Edmonton reported employment income. This percentage of employed people using food banks in Alberta is twice the national average. Alberta has a working-poor problem.

When addressing issues of public policy, Catholic social teaching takes an ethical approach rooted in a preferential concern for the poor and marginalized. In his press release Minister Lukaszuk said that the decision to freeze the minimum wage would help to ensure "that our province's industries are competitive and continue to attract investment to provide jobs and prosperity." One advantage of a provincial minimum wage is that it establishes a level playing field for the vast majority of Alberta businesses so that no employer can gain a competitive advantage by underpaying their employees with poverty level wages.

In the national context the present Alberta minimum wage is already low, ranking sixth among all provinces. Important provincial competitors, including Ontario, Quebec, Saskatchewan, and Manitoba, already pay a minimum wage of \$9 an hour or higher. The scheduled increase for Alberta for this year would not have changed Alberta's sixth place standing. Real question: is Alberta seeking an uncertain competitive advantage at the expense of its poorest workers? Pope Benedict XVI addresses this issue when he speaks critically of a competition for capital that leads to "a downsizing of social security systems as the price to be paid for seeking greater competitive advantage in the global market, with consequent grave danger for the rights of workers [and even] for fundamental human rights."

The theme of the common good, a key theme in Catholic social teaching, speaks to the social conditions, arrangements, and practices of a society. Societies should be organized in a way that individuals, families, and groups can readily achieve their own development and fulfillment. Employment that pays a wage adequate to support workers and their families is certainly a major part of this understanding of the common good. A continuing fair and just minimum wage is an important starting point, but it's only that.

2:40

Significantly, my sister offices in many Catholic dioceses in the U.S. in recent years have moved beyond public debates about the minimum wage to become active leaders in a series of living wage campaigns. These campaigns acknowledge that the current minimum wage levels cannot be considered as living wages for workers and their families. The goal of the living wage campaign is to insist that businesses seeking government contracts need to include a living wage pay scale that is a specified amount above the minimum wage if their bids are to be successful. Currently over 120 cities in the U.S. have adopted living wage policies. Recently Calgary and Waterloo have commissioned studies on what a living wage policy would look like in the Canadian context.

Specific recommendations. First, that the decision by the Alberta government to freeze the minimum wage be reversed and that the Alberta government increase the minimum wage for 2010 by at least the amount that would have occurred if the previous policy was left in place and, hopefully, more. Second, that a mechanism for ongoing review and increases in the minimum wage in Alberta in future years be re-established, a mechanism that is at arm's length from the day-to-day political process. Linking the minimum wage to average wage in the province seems a very reasonable way to do this. Third, that your legislative committee and the Alberta government explore other ways beyond the minimum wage of addressing the dire situation of the working poor in Alberta, including the possibility of introducing living wage policies in Alberta.

We wish to affirm the work of your committee in conducting this minimum wage policy review and to express our appreciation for this opportunity to speak with you on these important issues relating to the dignity of human work.

That's our presentation.

The Chair: Thank you very much, sir.

We've got a speakers list, beginning with Dr. Taft.

Dr. Taft: Thanks very much. I appreciate your presentation. One of the themes that's beginning to come out today is the theme of disparity in Alberta society. I mentioned earlier that, oddly, one of the first places where I saw this flagged was in a report from a bank, of all places. You talked in your presentation about a poverty wage, I think is the term. You also mentioned food banks, which are part of this whole picture. So I guess I'm beginning to form in my mind a picture of a province in which disparity has increased. I don't know if – I understand that that's true over, say, the last 20 years. The number of poor has increased, and the proportion of poor has increased.

I want to ask you about food banks. When I think of those trends, I think back to the middle '80s, and there were no food banks in Alberta. Food banks didn't exist here.

Mr. McKeon: At the very beginning of the 1980s Edmonton organized the first food bank in Alberta, in Canada.

Dr. Taft: That's right. The Edmonton Gleaners Association.

So my question to you is – and I assume the church would be involved in this – what did people do before food banks? Did they have enough money that they didn't need them, or did they go to the church, to the archdiocese? What's going on here? Why do we have 80-some food banks now when 25 years ago we had none?

Mr. McKeon: If you go back that far – and I was involved with the beginning of the food bank in Edmonton – previously you did have some inner-city missions, for example the Marian Centre. You did have people coming to local churches and parishes in relatively small numbers. The vision for the start of the Edmonton food bank was in a way to eliminate the burden of the front-line providers to gather their own food, in a way to provide a wholesaler and the other places would be a retailer. The goal was not to do individual hampers. The goal was not to set up another level of a social welfare system. Rather it was to better support the people who were doing front-line food work at the time.

Very quickly, within a couple of years, you moved to a different situation where there are hampers, individual families, and it becomes institutionalized in a big way.

Dr. Taft: I'll just try to ask, very briefly, a follow-up, if I may, Mr. Chairman.

The Chair: Please go ahead. Yes.

Dr. Taft: I guess I'm struggling here to grapple with this notion. Has the use of food banks mushroomed so much, including in many small centres – Olds and places like that have food banks – because the poverty wage has gotten worse and worse and worse and disparity has increased, or is it just because people have become dependent on it?

Mr. McKeon: Probably a mixture of factors. Probably one of the issues is that we're creating a situation where one can beg food.

You can't beg rent. You can't beg a phone bill. A lot of other things you can't do. If it's really a poverty issue, a family that copes will seek to balance their budget by getting available food, and then the money that's saved by getting the available food that way is put to other expenses they have that can't be begged. I mean, what other word do we want to use? In that sense it's a poverty issue.

Then we can look: what are the components of a poverty issue? Minimum wage is a piece of it. The fact that our working-poor percentage is high shows that a lot of our poor people are working. Our front-line people, say St. Vincent de Paul, that do home visits will regularly ask: what's your source of income? They'll regularly be told: we work. But many minimum wage workers don't get 40 hours a week, right? The number changes week to week. They're conditional workers, depending on the availability of a specific employer.

Dr. Taft: Okay. Well, we could go on at great length. I appreciate that.

The Chair: Thank you very much.

Mr. Chase, followed by Ms Woo-Paw.

Mr. Chase: Yes. I want to thank you for basically tying in an important connection between morality and money. There is a connection.

I'm from Calgary. Bishop Henry recently pressed individuals to move away from casinos for fundraising for schools. My question may be awfully philosophical and broad based, but what is the cost of being ethical versus unethical?

Mr. McKeon: In general or particular?

Mr. Chase: Well, as it relates to the minimum wage. From a Catholic viewpoint, in terms of serving one's neighbour, what is the effect of the extra burden put on the church, put on families for trying to provide extra supports because the government has legislated a very low minimum wage, how it falls on society to be picked up?

Mr. McKeon: Well, I think the first burden goes to the low-income workers themselves because they can work hard and not be able to live in the dignity of providing for themselves and their families. So there is an ethical deficit right there.

Then I think the next circle out is those who are seeking to be charitable and respond, hopefully on an as-needed, emergency, really get caught at the wrong time basis, but in fact that generosity gets routinized, institutionalized, and relied upon. Then you have a need being created that, say, a volunteer church group is simply not set nor can it be tasked to meet. There's a disproportion there. And then we have a society that gets built, and it says that this is normal, this is right, particularly in a society like ours which, realistically, is one of the wealthiest societies on the planet. It's not that we lack resources. It's the way we organize things, right? So I think the ethical deficit shows up at several levels.

Then for groups, say, that are front line, that really get caught providing these emergency needs, where do they get the financial resources to provide this charity? Then, again, issues such as going to gambling funds, which are often the most easily available funds yet pose the ethical questions, say, that Bishop Henry and the other Alberta bishops have named.

It sort of creates a cascading morass if I can use that word.

The Chair: Thank you.

We'll go to Teresa Woo-Paw.

Ms Woo-Paw: Thank you, Mr. Chair. One of your recommendations speaks to having a mechanism for ongoing review and increases of minimum wage. I believe there are a number of provinces where they do have a council that is tasked to review and provide recommendations on minimum wage issues to the minister. Is this what you're proposing for Alberta? If it is, who do you think should be some of the stakeholders on this council?

Mr. McKeon: I think specifically what I mentioned is looking at where we were, which was, say, an automatic mechanism linked to wages. But your question points to an interesting place. I would say that the people I work close to, because they reach out to poor individuals calling for help day to day and regularly converse with them, talk with them, their voices should be routinely heard by those making these kinds of decisions. If the front line is saying, "The folks we're talking to are struggling at the level of having work and not paying bills because of the pay level at their work," that's important feedback. Now, I think it's hard to come up with a technical mechanism from that conversation, but I think that that would be an interesting sort of background context within which such a more formalized mechanism could work.

2:50

Ms Woo-Paw: You are supporting such a council? Is that what you're proposing?

Mr. McKeon: Actually, what I'm proposing is that we simply link it to the average industrial wage, which is what you've received from many other briefs. I mean, you could tie it to the consumer price index. You can tie it to various things. But at the level that we're talking, work, connected to other workers, I mean, to me that seems the most simple. We don't debate over what that number is, essentially. It's the most direct way to do it.

Ms Woo-Paw: Thank you.

The Chair: Thank you very much.
Rachel Notley, please.

Ms Notley: Well, thank you. In fact, I'll be very brief because I don't actually have a question. I just wanted, first of all, to thank you for reminding us of that statistic about the fact that Alberta's working poor utilize food banks at twice the national average. That really is, I think, quite a profound statement about what's happening in Alberta and what the consequences are of our very low minimum wage.

I also wanted, frankly, to just thank you for coming and taking the time to remind us all of the very clear ethical dimensions of the work that we're doing here over the course of the next few months and the clear connection between the decisions that we will make around minimum wage and ethical considerations as far as caring for those who are most marginalized in our society.

Thank you for coming.

Mr. McKeon: Thank you.

The Chair: Thank you, Ms Notley.
Thank you very much, sir, for your presentation.

Mr. McKeon: Thank you.

The Chair: Okay. Our next presenters are Barry Zwueste and Perry Batke from the Alberta Hotel & Lodging Association, please.

Thank you very much, gentlemen. Just a quick note. You don't need to touch your microphones. They'll be operated remotely by the *Hansard* staff. Also, your presentations are part of the public record. The meeting proceedings are being recorded and transcribed by *Alberta Hansard*, and the live audiostream is broadcast on the Internet. You do have 10 minutes for your presentation, followed by 10 minutes of questioning. Please begin your presentation by introducing yourselves.

Alberta Hotel & Lodging Association

Mr. Zwueste: Thank you, Mr. Chairman. My name is Barry Zwueste. I'm the general manager of the Fantasyland Hotel and West Edmonton Mall Inn at West Edmonton Mall. I represent 450 staff. I'm also vice-chairman of the Alberta Hotel & Lodging Association board of directors. The Alberta Hotel & Lodging Association represents 885 hotels, motels, campgrounds, and resorts in 197 of Alberta's communities.

Mr. Batke: Mr. Chairman, my name is Perry Batke, and I'm the general manager of the Best Western Denham Inn & Suites in Leduc. We employ 80 people at our hotel. I'm also a director on the Alberta Hotel & Lodging Association board.

Mr. Zwueste: Mr. Chairman, please let us be clear from the outset today. We're not arguing for or against increases in minimum wage or the value thereof. We are arguing for better processes and policies surrounding minimum wage to make our industries and others more competitive and attractive and, thereby, increase employment.

There are over 130,000 people employed in Alberta's food service and accommodation sector. Our industry has added over 8,000 new jobs in the past year alone while other sectors have lost ground. Supply and demand for labour in our industry has caused wages in most front-line occupations to exceed Alberta's minimum wage. Gratuities represent a significant portion of the compensation received by employees who serve liquor in our industry. Many workers in our industry are first-time employees with no experience or training. This is their first venture into the workforce.

Mr. Batke: We know that competitiveness is a key provincial priority. Competitiveness and productivity are also key concerns for Alberta's tourism and hospitality industry. Labour is one of the biggest operating expenses at any hotel, motel, or campground, and managing labour costs is absolutely critical to our competitiveness. While very few employees are actually at minimum wage, Alberta's minimum wage policy impacts the entire wage scale for our industry. Alberta's minimum wage policy has hurt our competitiveness and our ability to create more jobs for first-time employees. We strongly believe that we should let the market dictate wage rates.

Mr. Zwueste: Again, we're not here to complain without offering well-thought-out alternatives. Our first recommendation is that we end the current policy of tying Alberta's minimum wage to the previous year's average weekly earnings. Over time average weekly earnings have outpaced the CPI in Alberta. The average weekly earnings for 2009 were 2.9 per cent, an increase of 2.9 per cent, while the CPI actually declined by .1 per cent. Across all industries the five-year aggregate weekly earnings index in Alberta was 23.9 per cent versus a five-year aggregate CPI increase of only 13.7 per cent.

The increase in the minimum wage in Alberta has not been tied to the growth of industry sectors, which results in hardship for

industries that do not have growth to match the increases in the minimum wage. A higher minimum wage puts strong upward pressure on the entire wage structure, posing significant concern for employers in the current economic times. The minimum wage has increased by 33 per cent over the past five years, from \$5.90 to the current \$8.80 an hour; however, the hospitality sector has not experienced similar growth over that period. According to Alberta Tourism, Parks and Recreation the hotel occupancy rate is the measure to reflect the growth of the hospitality industry. An extrapolated analysis for a property of 350 rooms based on average daily rate and average occupancy rate over the past five years has shown an increase of only 16.1 per cent.

The current policy creates self-perpetuating wage increases and a domino effect across the entire economy. Increases to the cost of employment insurance, Canada pension plan, and workmen's compensation premiums for employers also grow as rates increase. They discourage employers from offering health benefits, scholarships, and retirement savings programs, which benefits have greater value than small increases in the average hourly rate.

National and international associations seek out venues for their meetings that foster a culture of service and demonstrate professionalism in their product delivery. That requires a stable, trained workforce. The current formula for determining minimum wage reduces our competitiveness. As a result, employers ask more from their employees, which results in poorer service and a lack of quality product, disappointing consumers and making the industry less attractive, creating higher turnover and, thereby, a spiralling effect.

We're also suggesting to introduce a new minimum wage policy that links minimum wage to the average midpoint Bank of Canada inflation rate. We're asking that increases be linked to the targeted Canadian inflation rate, that is part of Canada's monetary policy, and not the Alberta average weekly earnings rate to maintain and even increase our competitiveness. Minimum wage earners will maintain their purchasing power. It allows operators to maintain operating margins by increasing prices at a rate that does not erode their customer base. This follows a planned, sustainable approach versus a reactionary one that may be self-defeating due to the degree to which economies can change so quickly. Bank of Canada's rate is based on sustainable growth. It maintains Alberta's competitiveness. Inflation is a real threat and feeds off itself. On the other hand, in times of deflation there's no opportunity for rollbacks.

Mr. Batke: One of the major tenets of our proposal is the introduction of wage differentials. As mentioned by Mr. Zwueste, the increases in minimum wage have had a very serious effect on our industry, Mr. Chairman, negatively impacting the entire wage scale and the competitiveness of our industry. It's a fact that many of our minimum wage workers are youths still living at home or they're tipped employees who make a significant portion of their income from gratuities. We believe that implementing minimum wage differentials is the best solution to address the effects that the current government policy is having on our industry. This strategy would recognize the greater earning potential of tipped employees as well as the training costs associated with entry-level positions.

3:00

First, I'd like to discuss why we feel an entry-level training wage differential would be a viable alternative. First, it would create incentives for employers to hire first-time employees with no experience. It would help to mitigate the high youth unemployment rate, currently at 11.7 per cent in Alberta. It would make Alberta's tourism and hospitality industry more competitive with other provinces such as Ontario, Quebec, Nova Scotia, and British

Columbia as well as 37 states in the United States that already have entry-level training wage differentials. It would recognize that entry-level positions have the highest ratio of turnover within our industry, usually within the first 500 hours of employment. New hires are unable to contribute as fully as trained staff during the initial training periods. The training wage differential would help to offset these costs. Finally, it would recognize the achievement of employees who complete their training period.

Now, we would suggest that this works as follows. First, the government would freeze minimum wage at the current level of \$8.80 for first-time workers. New hires would then progress to the general minimum wage after either three months of employment or 500 hours of on-the-job training. Once the entry-level wage reaches a \$1-per-hour spread from the general minimum wage, the entry-level wage would then increase annually by the same percentage as the general minimum wage.

The second part of our proposal would be the introduction of a gratuity wage differential for staff who serve liquor. The main theory behind this idea is that individuals in these positions earn significant gratuities and in actuality are nowhere near minimum wage. I believe that we would all agree that tipping is a common, everyday practice. It has very much become a social norm. According to the Canadian Restaurant and Foodservices Association from a 2006 Bank of Montreal survey conducted by Leger Marketing, they found that 78 per cent of all restaurant customers tip 15 per cent or more. And, really, who hasn't had a gratuity charged on a banquet function or going to dinner with larger groups? It really is a way of life now.

Our reasoning for including this as part of our proposal is based on the following points. Again, employees that serve liquor receive a significant portion of their compensation as gratuities. It would allow employers to recognize and to pay higher wages to back-of-the-house employees such as housekeepers, cooks, and dishwashers. It would give employees a greater incentive to provide exceptional service and increase sales. It would help to improve our industry competitiveness. There's definitely a ceiling on what we can charge our customers before it impacts our margins and forces our customers to make alternative choices.

Mr. Zwueste: An analysis of my own hotel shows that 22 per cent of our employees are at or near minimum wage. Every one of those positions is in a taxable gratuity-earning position or in a cash gratuity-earning position. Perry, with your hotel as well you've got how many per cent?

Mr. Batke: Ten to 12 per cent of our staff are at minimum wage.

Mr. Zwueste: And all of his employees that are at minimum wage are also in gratuity-earning positions. All of those employees work in our food and beverage outlets, banquets, and guest services. With the additional compensation, the true value of their wages ranges from \$12.80 to \$15.80 per hour. That's for staff earning taxable gratuities. For staff earning cash gratuities their wages can go up to as much as \$27 per hour, and in many cases they're earning more than their managers. Gratuities attract applicants.

Mr. Batke: We would propose implementing this differential by, again, freezing the current minimum wage for liquor service employees at the current level of \$8.80 per hour following the next increase to the general minimum wage. Gratuity wage differential would apply only to bartenders and food and beverage servers who serve alcohol directly to customers as a regular part of their employment. It would not apply to hostesses, buspersons, food-only servers

such as breakfast servers, quick-service counter attendants, kitchen staff, or delivery drivers. Once the liquor server gratuity wage would reach a \$1-per-hour spread from the general minimum wage, that wage would then increase annually by the same percentage as the general minimum wage.

The Chair: Gentlemen, if I can ask you to wrap it up. Your time is up in just a couple of minutes, so wrap it as soon as possible. Thank you.

Mr. Zwueste: Thank you, Mr. Chairman. We're also asking that we be provided with six months' notice of increases. This would allow industry to more accurately budget its labour cost, which is the largest expense in our industry.

In conclusion, Mr. Chairman, let me reiterate that we're not here to argue against minimum wage increases. On the contrary, we're suggesting mechanisms that will allow an ongoing review of minimum wage policies that are sustainable, progressive, and will ensure the economic health of Albertans, Alberta industry, and the overall competitiveness of Alberta within Canada and even within global economies.

Thank you.

The Chair: Thank you very much, gentlemen, for your presentation. We've got a speakers list, beginning with Mr. Marz.

Mr. Marz: Thanks for the presentation. You answered most of my questions from the time I put my name on the list until you finished. Would there typically be any positions in your industry that would remain at the minimum wage level, for example busers, or would that position always remain at that entrance minimum wage level?

Mr. Zwueste: They'd only be at the entry minimum wage for the 500 hours or three months, whichever comes first. Then they'd move to the minimum wage.

Mr. Marz: Is that pretty much industry wide?

Mr. Zwueste: That's what we're requesting, yes.

The Chair: Okay. Thank you very much.

Mr. Chase: One of the biggest problems Alberta businesses have in general seems to be staff turnover, and very early on in your presentation you talked about the importance of a stable, trained workforce. To me a stable, trained workforce equates with the development of loyalty and the development of expertise. It's in your best interest to have people progress through the ranks to management positions, and part of that is the benefits you provide.

Wages are one of the benefits, but I'm wondering to what extent you provide, for example to Banff or outlying communities, housing for your workers, food allowances. I'd take it a step further in terms of loyalty, doing the WestJet thing, where every employee is, in fact, an owner, and to what extent, by providing those benefits beyond the minimum wage, does your entrepreneurial model work? Could you talk about some of the benefits working for your organizations has that keep people from seeking a job at the hotel or restaurant down the street? Could you maybe give us a sense of what good entrepreneurial skills look like in terms of employing and keeping people?

Mr. Batke: Absolutely. A key point that you mentioned as really key to our success is maintaining a stable workforce. You know, I believe that some of the things that we try to do beyond wage are to

provide holistic benefits for our employees such as company benefits and, you know, RSP programs. In many of the mountain parks market forces would dictate that you provide housing and other allowances to help attract and retain employees. I think that we all recognize how critical it is to have that workforce, and we're trying beyond just wages to come up with holistic solutions to attract and retain all those workers.

Mr. Zwueste: If I might add, 2007 and 2008 were a tremendous eye-opener for our industry and for many industries because we ran out of staff, basically. We were all struggling, competing, crawling over each other to add a quarter, add a dollar to rates to try and get someone. I'm sure you've all heard the stories of what went on in Fort McMurray and \$20 at a Tim Hortons. Whether that's urban myth or not, I suspect there's a certain veracity to it.

3:10

We learned a lot over that time on what it takes to retain people. Surprisingly, from any employee opinion survey that's been done, not just recently but in many years past, compensation, wages, and benefits have a tendency to rate somewhere from fourth to seventh on the list. The key things that people are looking for are a happy, stable environment, the proper tools, training, resources, and support necessary to do their jobs, and any good businessperson will provide those key elements in order to retain staff.

Having said that, the last years have been competitive. A little bit of the pressure is off at the moment, but that can turn around. We've seen how quickly it turned around two years ago, how quickly it can turn around again. It's just a question of best practices, and one of the things that Perry, I think, commented on was: let the market dictate where those benefits go. There are hotels opening every day somewhere, and there are opportunities being created every day. The market will decide where it sits.

The Chair: Thank you very much. We've got four more speakers in a fairly short time, so if I can ask you to keep your comments brief, please. Thank you very much.

Ms Woo-Paw: My first question is in regard to your proposal on a differential minimum wage. You are proposing that the first 500 hours be paid as training wages. I'm curious as to why you do not think that that may actually increase turnover.

Mr. Batke: Well, you know, again, it's recognizing that in many cases you're dealing with individuals where it's their first job, and basically there are significant costs that go into those periods. Ultimately, by mitigating some of that, potentially you can invest those dollars in better training.

Ms Woo-Paw: I'm actually open to the idea. I'm just curious why you do not think that by paying these people lower than minimum wage, you may not get more staff turnover.

Mr. Batke: I guess we'd identify that it's not necessarily the wage that they're being paid that might be causing the turnover. It could be representative of, again, you know, youth getting into their first job and trying things out. I wouldn't think that it's necessarily the wages that would be causing the turnover.

The Chair: Mr. Taylor, please.

Mr. Taylor: Thank you, Mr. Chair. I do have to ask one question to just review what I think I heard earlier before I can get to my second question. Can you confirm for me that I heard you say at the

beginning of your presentation that your industry has created 8,000 new jobs in the province of Alberta in the last year?

Mr. Zweste: That's correct.

Mr. Taylor: Eight thousand new jobs in the province in the last year. You also said that the minimum wage in the province of Alberta has gone up by – I'm not sure – 33 per cent or 35 per cent . . .

Mr. Zweste: Thirty-three in five years.

Mr. Taylor: Thirty-three in five years.
. . . and that the occupancy rate has gone up only 16 per cent.

Mr. Zweste: The combination of occupancy and average daily rate. The revenue has basically gone up 16 per cent.

Mr. Taylor: Yeah. I have to say, sir, that the way I heard that, it sounded very much like, on the one hand, you're saying that your industry is really struggling and that the minimum wage as it sits today and the way that it's determined today, which is by using the average weekly wage – and I can't think of any way of doing it that would give you much more notice than that because that comes out every year. You can start saving for it six months out or 12 months out, for all I know, but it's pretty predictable. You're saying to me, or at least I think I'm hearing from you, that the minimum wage is causing you real hardship as an industry, yet on the other hand you managed to create 8,000 new jobs in the last year. So explain. If things are so bad, how is it that you have grown so much?

Mr. Zweste: Good management. First of all, the average weekly earnings benchmark is reactionary. It's not progressive. You're doing it a year after the fact, and clearly the economic turnaround that we saw two years ago was a classic example of that. Everybody in our industry was hurting two years ago when the average weekly earnings came out, and we were put into a situation of significant increases when our businesses had actually retrenched. The 8,000 new jobs were created in the last year, not within the last two years. Things are starting to turn around after a couple of tough years.

That having been said, the point to your question is: does it hurt us? What hurts us is the lack of predictability, and as I said, the average weekly earnings is reactionary, not progressive. The Canadian predicted average inflationary rate would allow us to budget in advance of that.

Mr. Taylor: Yet you still managed to create 8,000 new jobs. I understand you're retrenching, but you're kind of scampering out of the ditch at the same time with a real spring in your step, it would seem to me.

Mr. Batke: If I could just add one point to the 8,000 jobs. You know, I think part of that is that with the softening of the economics we actually are able to get up to full employment, with more people out there. Where other industries were declining, we were actually able to get to the point where we were fully employed whereas in the previous years we were operating under capacity.

Mr. Taylor: I presume you can afford to pay them.

The Chair: We've got to move on. Mr. Taylor, thank you very much.

Mr. Lund, go ahead, please.

Mr. Lund: Well, thank you, Mr. Chairman.

Thanks for the ideas that you've put forward. I find it very interesting.

One of the things that we've heard this afternoon a number of times about the problem with the minimum wage at \$8.80 is the fact that students and people with families cannot earn enough in a week or in a month to cover all of their expenditures. I'm curious how you folks handle overtime. As a manager do you try to manage so you don't have to pay overtime, or do you pay overtime? I'm sure that in your industry there are times when all of a sudden something has gone longer, and you need to keep that staff. How are you managing your overtime? The reason I ask this question: say that we added two more hours a day at straight time. I know that many employers manage so that they don't pay overtime. If people had the opportunity to work for two more hours at regular time, they would get those hours and get that money where they don't get it today. Would that be something that you folks could look at?

Mr. Zweste: Well, first of all, yes, of course, we try to control overtime. For every 16 hours of overtime, that's another equivalent full-time employee we could be hiring. There's no financial upside to paying overtime unless it's within the three-hour labour standards minimum. If you're saving three hours by paying one hour of overtime, you're ahead of the game.

In answer to the first part of your question, the people at minimum wage. Again, the key thrust to our argument is that we are paying approximately 16 to 20 per cent of our people at minimum wage, but they're earning considerably more on gratuities and tips, so within our industry per se, for the majority there is no one at effective minimum wage. They're all earning considerably more.

Yes, we do try to control overtime. Would two more hours at straight time help? I think you'd just make a lot of people angry.

Mr. Lund: We work 12 and 14 hours today.

The Chair: Thank you very much, Mr. Lund.
We've got Ms Notley. Please go ahead.

Ms Notley: Thank you. I think Mr. Taylor asked one question that was of course jumping out at me almost from the very beginning of your presentation, so we don't need to go back to that.

You've talked about how your employees, the ones who are paid minimum wage, also get these grand gratuities, so really no one in your industry gets minimum wage. We've also heard, of course, that in fact of those who earn minimum wage across the province, only 12 per cent are eligible for gratuities, and the vast majority don't get that.

3:20

You've indicated that you're not happy with the indexing formula that was in play up until the government's recent decision to back away from it. I'm interested in this question. We've had many people come here today and talk to us about how the minimum wage as it currently stands is about \$4 an hour below the poverty line. That may not apply to your folks, but basically you've got to earn a little over 12 bucks an hour in order to meet the bare minimum of poverty. We've got about 60,000 kids in the province who are living in poverty and all the things from a multigenerational perspective that that creates. It would seem to me that changing to a different indexing formula would mean that that other 88 per cent of the population would move towards that higher rate that they need in order to meet the bare minimum of poverty standards at a slower rate.

Notwithstanding your particular concerns I guess my question is: based on the previous speaker, you know, who did a good job of sort of linking the ethics of paying people at a rate below that which they could keep their children clothed and fed or not, if we were to adopt your position and go with an increase formula that is slower and lower such that 88 per cent of Albertans take that much longer to get to anything close to an at-poverty wage rate, is that something you're comfortable with? Do you think that's something you can advocate, really?

Mr. Zweste: I don't think that's what we were advocating. We were advocating a progressive benchmarking as opposed to a reactionary benchmarking, which AWE is.

Ms Notley: But ultimately didn't you show that in the past the increase that that would produce is about half the percentage increase that is produced through the earnings index?

Mr. Zweste: I'm sorry. I got lost in the pronouns there.

Ms Notley: The one that you're advocating increased over the last few years at about half the rate of the one that was in place.

Mr. Zweste: I understand.

Ms Notley: So you see that outcome. Is that a problem for you or not?

Mr. Zweste: I see the outcome. Is it a problem for our industry? Because we're not paying people at minimum wage – they're getting their supplementary through gratuities – it's not a concern for our industry. As a humanitarian, part of society, is it a concern for me for the rest of society? Personally, yes, it is. But within our industry I think we're covered. I think we're amply supporting those people. I'm not speaking outside of our industry today, and I don't think we are.

The Chair: Thank you very much. That takes care of our presentations.

Committee members, should we take about a 10-minute health break and then reconvene?

Dr. Taft: I have a 4 o'clock commitment across town, Mr. Chairman.

The Chair: Okay. If you've got to go, you go.

Mr. Taylor: I have to be back in Calgary for 7 o'clock.

Ms Notley: Can I ask what we're waiting for? I missed the beginning, so I apologize for that.

The Chair: We're scheduled to be here until 4:30. Although this is our last presentation, we have advertised till 4:30, so just in case somebody does come up or walk in, if the room is empty, it may not be the best. That's why we're asking if we can be here maybe at least till 4 o'clock, and then we'll play it by ear.

[The committee adjourned from 3:24 p.m. to 3:57 p.m.]

The Chair: Okay. Ladies and gentlemen, if we can reconvene. I'll call the meeting back to order. Looking around, there are no more walk-ins, so we're going to need a motion to formally adjourn.

Mr. Lund: I so move.

The Chair: Mr. Lund moves it. We need a seconder. Thank you very much, Mr. Amery. All in favour? Motion carried.
Thank you.

[The committee adjourned at 3:58 p.m.]

