



NATIONAL

RAISING THE MINIMUM WAGE



Low-income Canadians in many parts of the country are getting a raise this year. That's thanks to a higher minimum wage.

Minimum wage is the lowest hourly rate that employers can legally pay workers. The amount is determined by each province or territory.

WHO'S GETTING A RAISE?

In Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Yukon, and Nunavut, the minimum wage is tied to **inflation**. It's adjusted annually, so workers get an automatic raise each year.

Meanwhile, the government of the Northwest Territories is increasing its minimum wage in April. The amount will rise

by almost a dollar, to \$13.46 an hour. At the same time, P.E.I.'s minimum wage will increase by 30 cents, to \$11.55 an hour. Quebec's will go up on May 1 to \$12 from \$11.25 an hour.

DID YOU KNOW?

The average minimum wage in Canada is currently \$11.79. Nova Scotia's minimum wage is the lowest. It's \$10.85 an hour.

But the biggest pay raise goes to workers in Alberta and Ontario. On January 1, Ontario boosted its minimum wage from \$11.40 to \$14 an hour. Alberta will up its rate to \$15 from \$13.60 in October. Ontario will match Alberta's new minimum wage in January 2019.

MINIMUM WAGE WORKERS

For millions of Canadians, the raises are great news.

Minimum wage isn't just for students who still live at home and don't have major financial responsibilities. In fact, half of Canada's minimum wage workers are over 19. Many support families. Some find it hard to make ends meet.

The numbers tell the story. Under Ontario's old minimum wage of \$11.40 per hour, a full-time employee would earn \$23,712 per year. That's slightly more than the 2015 **low-income measure** (LIM) of \$22,133 for a single person. But it's far below the LIM of \$38,335 for a single-parent family with two children.

DEFINITIONS

INFLATION: a general increase in prices and fall in the purchasing value of money

LOW-INCOME MEASURE (LIM): according to Statistics Canada, household earnings of less than half the national median income; also known as the poverty line



However, a person making \$15 an hour would earn \$31,200 year. That's quite a bit higher than the LIM for a single person. It's also closer to the poverty line for a three-person family.

IMPACT ON BUSINESSES

However, critics say a higher minimum wage presents challenges for businesses and the economy. That's especially the case in Ontario, where employers must adapt to a 32 percent increase over 18 months. (By comparison, Alberta's 47-percent increase is over four years.)

Where will the extra money for wages come from? Businesses have three basic choices. They can accept smaller profits, cut costs, or raise prices. And that's exactly what's happening in many places.

A survey was conducted of nearly 3000 small businesses in Ontario, just before the new wage took effect. It found that 54 percent had already cut back on plans to hire. As well, 51 percent had raised prices.

Overall, up to 60,000 jobs could be lost countrywide by 2019 due to the hikes this year, the **Bank of Canada** predicts.

INCREASED SPENDING

Some analysts disagreed with this gloomy prediction, however. Why? Low-income earners will have extra money. And they'll spend much of it at the **retail** and **hospitality** businesses that employ about 40 percent of minimum-wage earners. That will drive up the businesses' profits and, over time, raise the salaries of one in six Canadians.

"Every time the minimum wage increases, you see reports that the sky is falling," said economist David Macdonald, "but the economy can adjust."

DID YOU KNOW?

In 2015, 4.8 million Canadians lived below the low-income measure, including 1.2 million children under 18.

PUSHBACK

Still, many businesses are pushing back against the increases.

In Ontario, for example, several restaurant chains have made workers pay for their own raise. How? By clawing back tips and benefits. Sunset Grill, Wimpy's, and East Side Mario's chains

have increased tip-outs by 25 to 30 percent. Tip-outs are the percentage of tips that servers share with kitchen staff.

Meanwhile, a Toronto café owner increased the price of every menu item by 22 percent. And some Ontario Tim Hortons **franchises** even eliminated paid breaks and forced employees to pay more for their health plans.

ADAPTATION

Of course, not all businesses opposed the wage hikes.

Tracy Molyneaux is the manager for Coffee Public Toronto. She says the cost of living is high in the city, so she supports higher wages for her employees. Her clients do too, even though the café raised prices.

"People are okay with it. So I don't understand why a large business such as Tim Hortons wouldn't be able to do the same for their workers." ★

DEFINITIONS

BANK OF CANADA: Canada's central bank, responsible for the country's monetary policy, issuing Canadian banknotes, promoting a safe, sound financial system within Canada, and providing banking services for the federal government

FRANCHISE: a business authorized to sell or distribute a company's goods or services in a particular area

HOSPITALITY: providing food, drink, entertainment, or accommodation to customers

RETAIL: selling goods directly to the public for their own use



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ON THE LINES

Answer the following in complete sentences:

1. What is a minimum wage?

2. How many Canadian minimum wage workers are over 19 years of age?

3. Explain how the minimum wage is set across Canada.

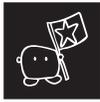
4. List four provinces and territories that automatically adjust their minimum wage rates.

5. Which province or territory has the lowest minimum wage? What is the rate in this jurisdiction?

6. Which province or territory will have the highest minimum wage this October?

7. List two of the three choices business owners face when salary costs increase.

8. Why do some analysts think the impact of the minimum wage hikes will help some businesses and workers? Explain.

**BETWEEN THE LINES**

An *inference* is a conclusion drawn from evidence. A *plausible inference* is supported by evidence in the article and is consistent with known facts outside of the article.

What inference(s) can you draw from the fact that Nova Scotia's minimum wage is currently the lowest, at \$10.85 an hour?

JUST TALK ABOUT IT

1. *What if...* there was a national minimum wage of \$20?
2. *What if...* there was no such thing as a minimum wage?
3. What reasons can you suggest to explain why there is such a difference in the amount of the minimum wage from province to province?
4. For what reasons are you in favour of the minimum wage increases? For what reasons are you opposed to the increases? Explain. Overall, are you *more in favour of* or *more opposed to* the minimum wage increases?

ONLINE

Note: The links below are listed at www.lesplan.com/en/links for easy access.

1. Watch "The Impact of Ontario's New Minimum Wage" from CBC's The National at <https://www.youtube.com/watch?v=llzswpQXekE>
2. Watch "Minimum Wage: A Life Full of Difficult Choices from CBC's The National at <http://www.cbc.ca/player/play/1138525251951/>
3. Read an article about the planned protests against Tim Hortons at <https://www.theglobeandmail.com/news/national/tim-hortons-protests-planned-across-canada-as-anger-spreads-beyond-ontario/article37659020/>
4. Review minimum wage statistics at <https://www.retailcouncil.org/quickfacts/minimum-wage-by-province>
5. Watch a great explainer that argues in favour of a \$15 per hour minimum wage at <https://www.youtube.com/watch?v=GOqt153V3JI> Then watch another that argues against increasing the minimum wage at <https://www.youtube.com/watch?v=9aCpaON5NyE> ★