

# 2016 ALBERTA MINIMUM WAGE SURVEY



**Restaurants  
Canada**

The voice of foodservice | La voix des services alimentaires

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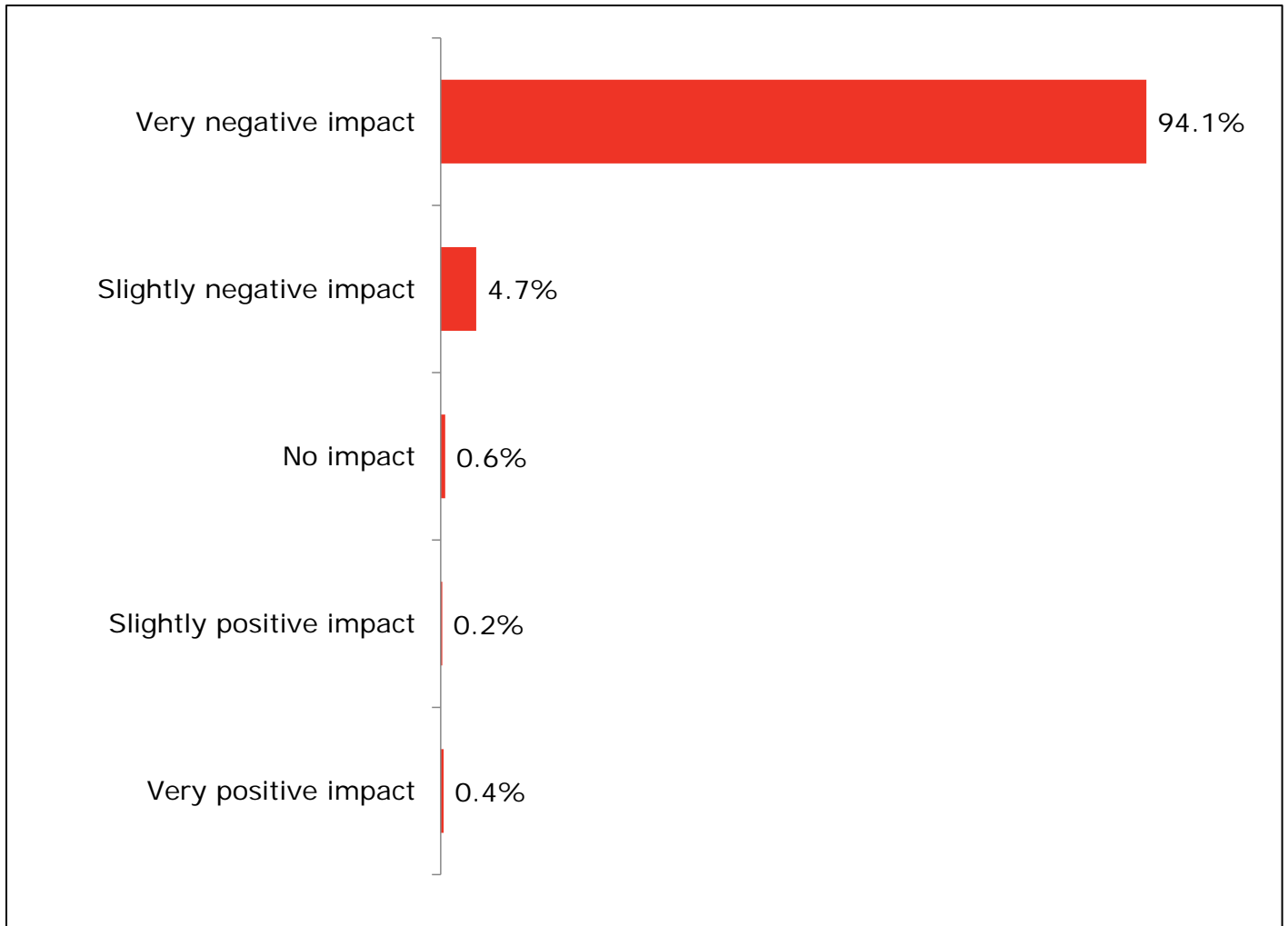
## Survey overview

**Number of respondents:** 508 completed surveys, representing 1,275 foodservice operators in Alberta

**Margin of error:** +/- 4.3 percentage points 19 times out of 20

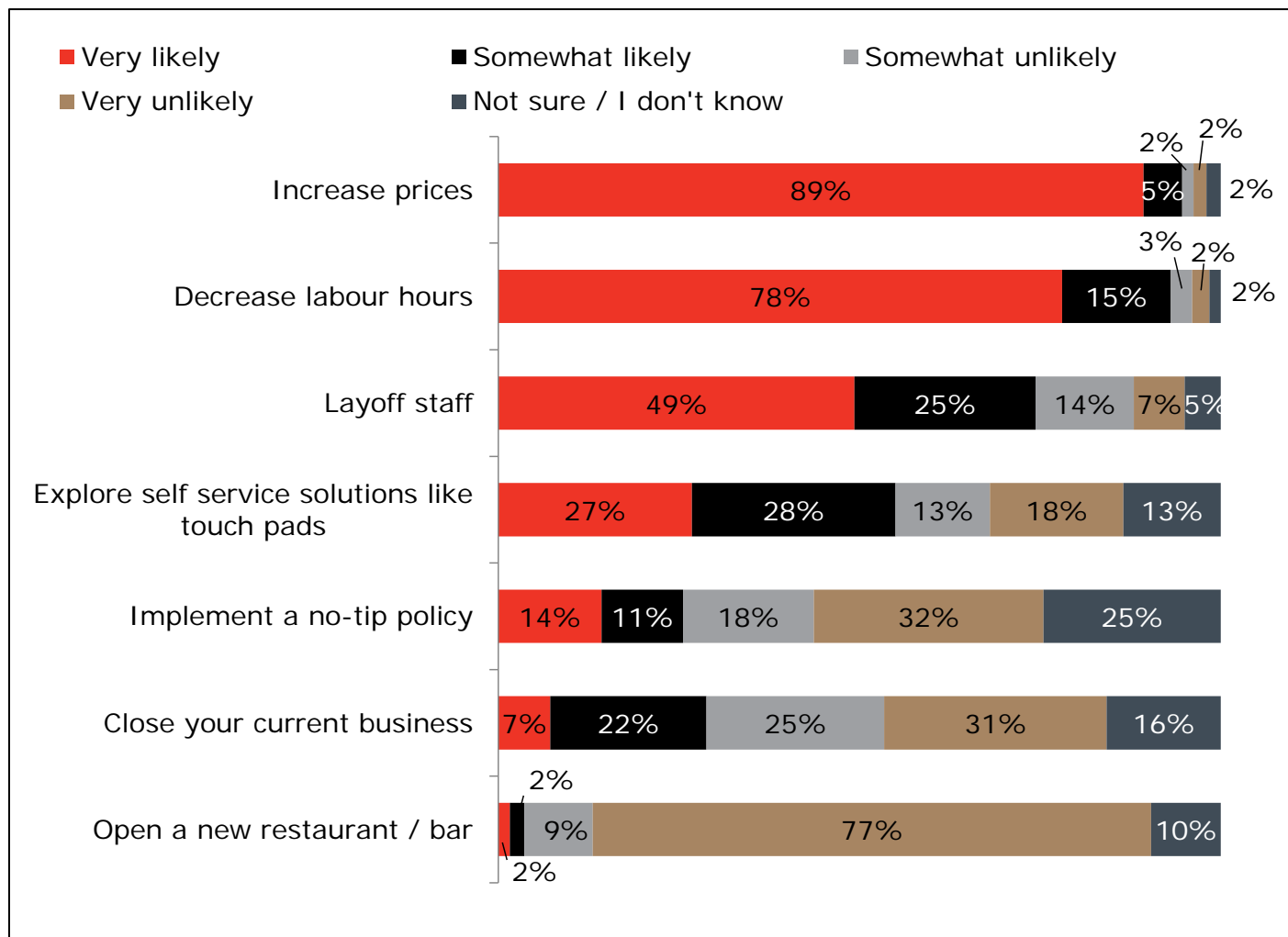
**Timing of the survey:** January 19 to March 23, 2016

**Q1. How will an increase in the minimum wage to \$15/hour impact your business? (Select one answer only)**



An overwhelming majority of respondents said raising the minimum wage will have a 'very negative impact' on their business. In contrast, less than 1% of respondents felt raising the minimum wage to \$15 would have a positive impact on their business.

**Q2. If the minimum wage is increased to \$15/hour, how likely are you to:**



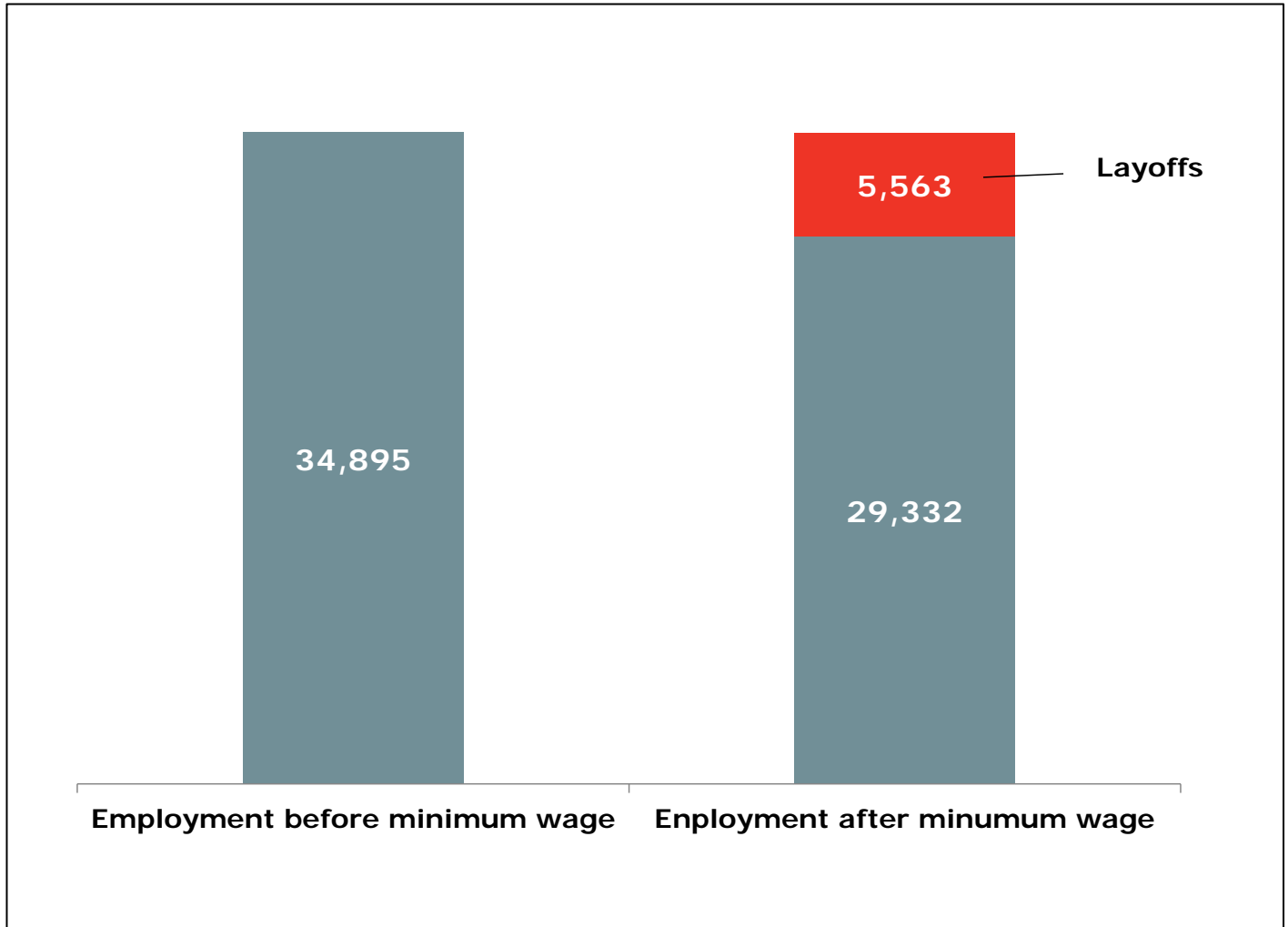
In response to a \$15 minimum wage, nine out of 10 respondents said they will raise menu prices. Nearly eight in 10 operators are very likely to decrease labour hours. Half of respondents said they would lay off staff. A number of operators commented that they are already operating at minimum staffing levels and cannot cut back any further on labour.

A \$15 minimum wage will also have a direct impact on the number of locations in Alberta. One in 14 respondents, or 7%, said they are very likely to close down their business as they won't be able to afford such a rapid increase in the minimum wage. Only 2% of operators plan on opening a new restaurant or bar following an increase in the minimum wage.

In the comments section, a number of respondents remarked that raising the minimum wage to \$15 will lead to an across-the-board increase in hourly pay for all other employees. While operators said the raising the minimum wage will lead to higher menu prices, they are worried that customers will dine out less due to the current recession in Alberta.

**Q3. How many staff do you typically employ throughout the year?**

**Q4. Approximately how many staff do you expect to lay off if the minimum wage is increased to \$15/hour?**

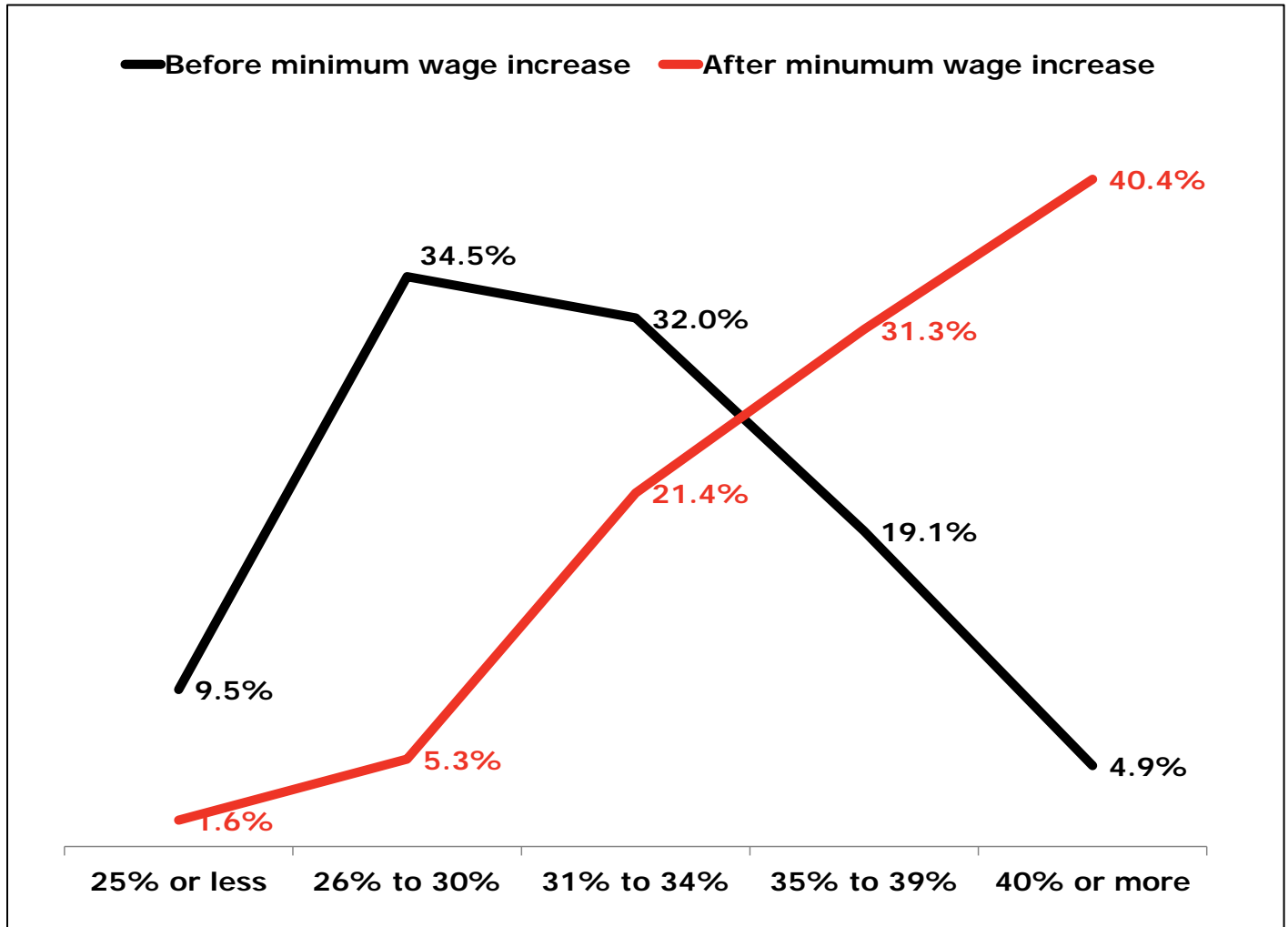


Raising the minimum wage to \$15 an hour will lead to significant layoffs. The above chart shows the aggregate results for those who responded in full to questions three and four. Current total employment before the increase in the minimum wage is 34,895 employees. After raising the minimum wage to \$15 an hour, employment for these operators is expected to drop to 29,332 workers. This represents 5,563 layoffs, or 16% of their workforce.

Roughly 10% of operators were unable to respond to question four, saying they were unsure of what their employment levels would be after the increase in the minimum wage.

Q5. What are your current labour costs as a percentage of sales?

Q6. What do you estimate your labour costs as a percentage of sales to be once the minimum wage is raised to \$15 / hr?



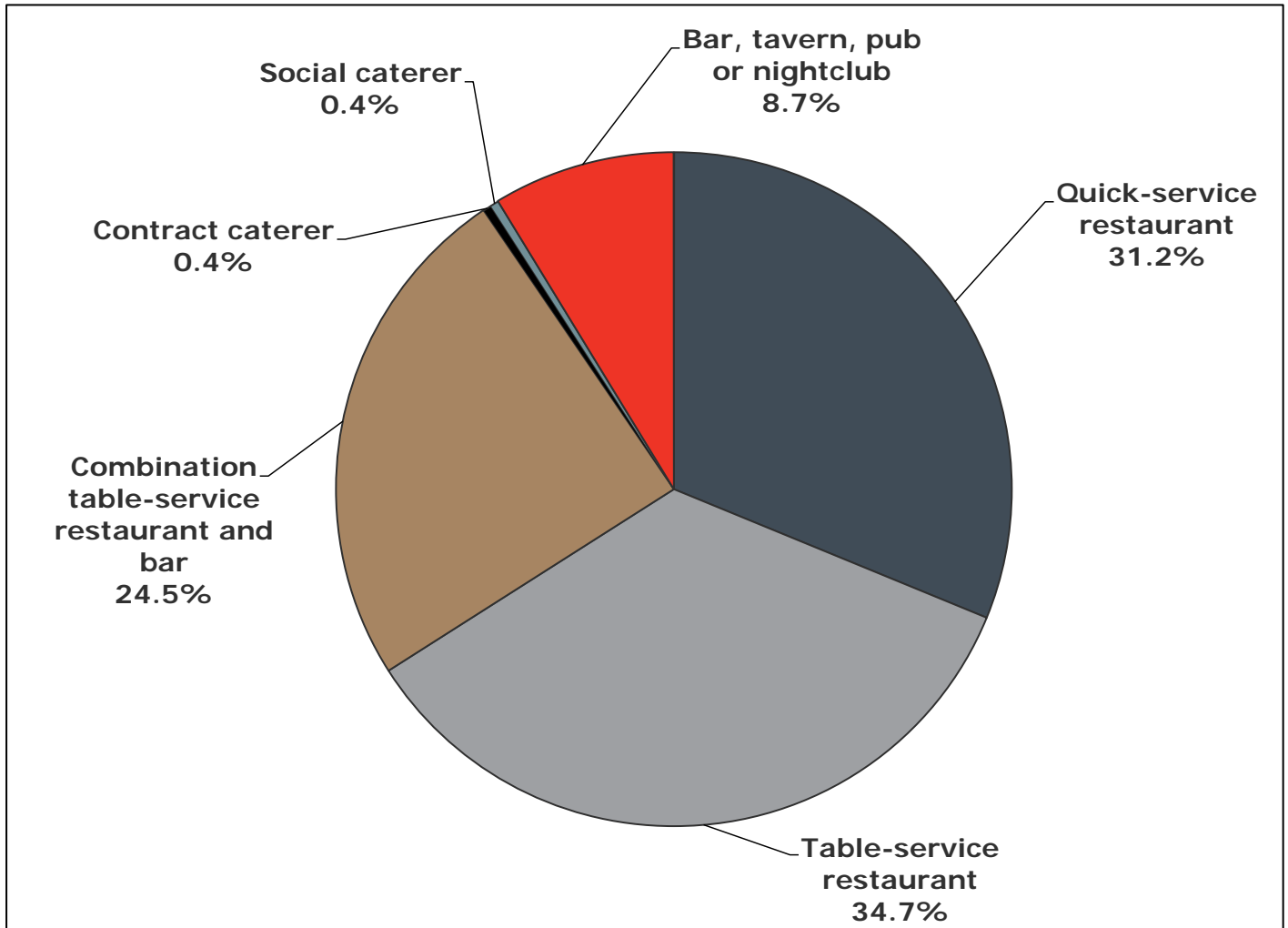
Raising the minimum wage to \$15 an hour will lead to a sharp increase in labour costs. Currently, 34.5% of operators report labour costs (as a share of sales) between 26% and 30%. Another 32% had labour costs between 31% and 34%.

After an increase in the minimum wage to \$15 an hour, 40% of respondents anticipate their labour costs will jump to 40% or more.

Overall, the weighted average labour cost for operators in the survey was 31.4% before the minimum wage increase and 37.0% after a minimum wage increase. This is a 5.6% jump in labour costs for operators in Alberta. Based on these results, an operator with \$1 million in annual sales would face \$56,000 in additional labour costs due to the minimum wage increase.

**Q7. What type of foodservice establishment do you operate?**

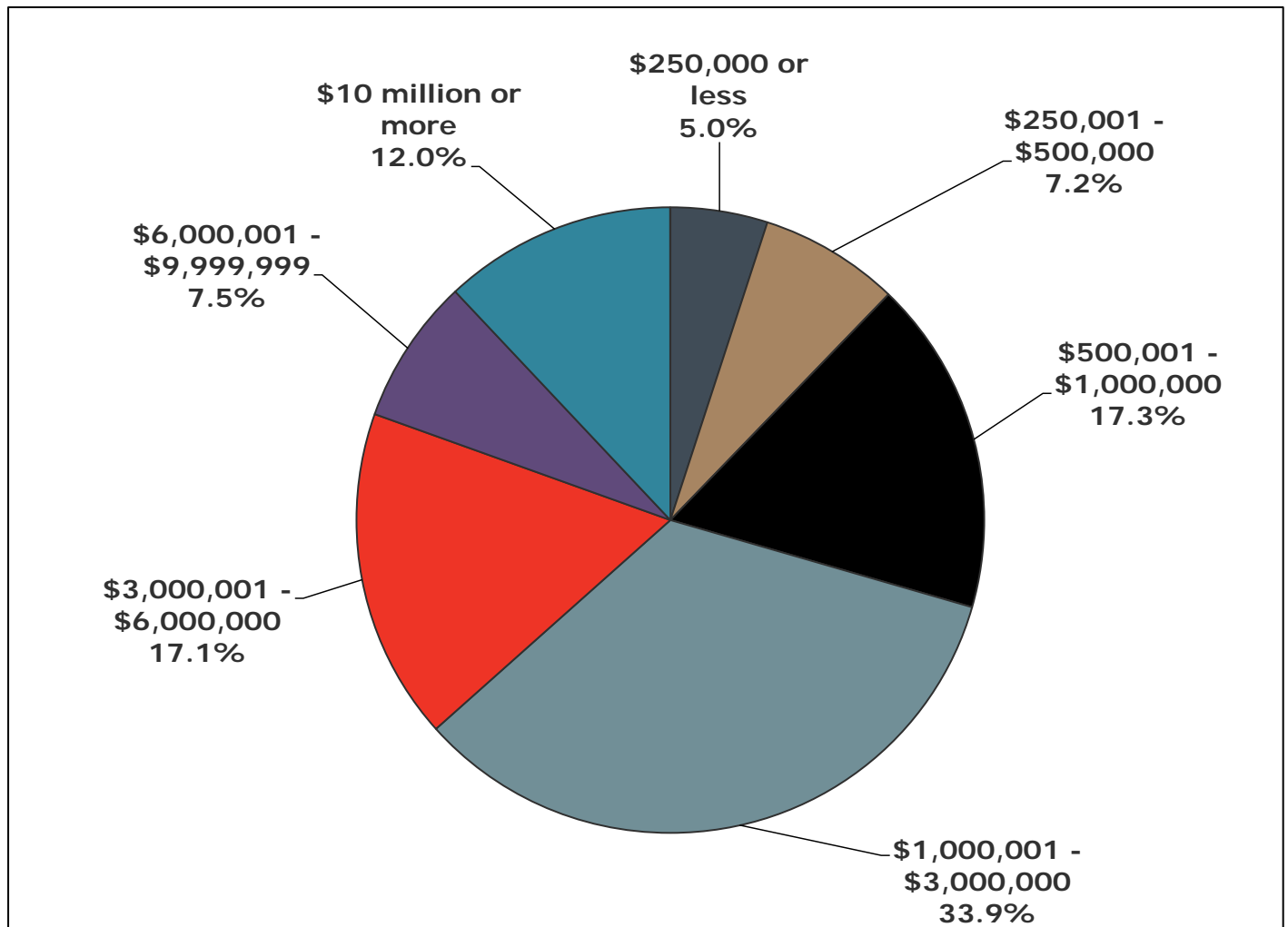
**Q8. How many restaurants / bars do you own?**



The vast majority of respondents to the survey were quick-service restaurants, table-service restaurants or a combination of a table-service restaurant and bar.

The 508 completed surveys represent 1,275 commercial foodservice establishments in Alberta.

**Q9. What is your annual revenue? (optional)**



30% of respondents reported annual sales less than \$1 million. Another 34% reported sales between \$1 and \$3 million.