



Minimum wage increases will help put more money into your employees' pockets which they will in turn spend. Why is that not a good thing?

- The premise that employees will have more income is flawed.
- Such a significant increase in the minimum wage is more than employers can absorb, especially at a time when restaurants are dealing with other cost increases and less revenue due to Alberta's slumping economy, which will lead to employees getting fewer hours and eventual layoffs resulting in less not more take home pay for employees.
- Those who earn tips not only lose wages as a result of fewer hours but also the opportunity to earn tips which in most cases is more than their wage income. Third party focus group research conducted this year confirms that most servers recognize that these significant minimum wage increases and the elimination of the server wage will result in fewer hours, poorer service, and a significant reduction in their gratuity income which is most important to them.
- The restaurant industry is one of the most labour intensive, competitive, low margin industries with a third of operating expenses going to labour. Restaurants must control their labour cost to remain viable meaning mandated wage increases will result in a combination of increased prices, fewer staff hours, and declining levels of service.

Why don't you support giving your employees a living wage?

- There is an important difference between an entry level minimum wage and a living wage. Minimum wage is meant to be an entry level wage for those getting their early job experience and for liquor servers who already earn more than a living wage when you factor in their gratuity income, which is in most cases more than their wage income. Once these entry level employees gain more experience they receive higher wages.
- The vast majority of those earning minimum wage (70% according to economist Morely Gunderson) work part time voluntarily. They are supplemental income earners and do not rely on their minimum wage income to live on.
- For the small minority of employees who do rely on minimum wage income, there are better ways to improve their take home pay such as increasing the basic income exemption, providing additional training opportunities to improve their skills, which will result in higher wages.

- Most full time minimum wage earners do not stay on minimum wage very long. As their skills improve and they gain experience their wages increase.
- According to Government of Alberta statistics 40% of minimum wage workers are under the age of 19 and another 15% are between 20-24. These employees are looking for job experience and supplemental income not a living wage.

I am not in favour of paying one group of workers less than others. Won't different minimum wage rates encourage confusion and abuse as employers lay off more experienced full time employees and hire only those who qualify for a lower minimum wage?

- Different minimum wages work well in a number of Canadian jurisdictions as well as in European countries and in US cities that are moving towards a general \$15 minimum wage. They are simple to understand and enforce. They recognize that some minimum wage employees (Liquor servers) already make a living wage. They also provide an incentive to hire young people looking for entry level job experience.
- Restaurateurs are less inclined to hire and train inexperienced workers without an incentive especially during tough economic times
- Experienced workers are more productive and restaurateurs rely on their experienced employees to provide quality service.
- A liquor server wage allows restaurateurs to pay more and ensure a living wage for hard-to-recruit and retain full-time skilled career workers, such as line cooks.
- 40% of minimum wage earners earn gratuity income on top of their wage income. Their combined income is in most cases is well above a living wage. A liquor server wage helps employees who do not earn tips earn higher living wages.

Isn't a youth wage discriminatory?

- No not at all. It simply recognizes the reality that young people are working to gain job experience. The income they receive is supplemental income as these new young workers still live at home.
- Ontario has had a different wage for students 18 and under in place for decades without any age related challenges.
- Having a youth wage in place will help restaurateurs provide wage increases to those skilled career employees who rely on their wage income to live on.

How would a youth wage work?

- Restaurants Canada proposes a separate minimum wage for youth similar to the sub-minimum wages for youth in many European countries. (Refer to Minimum Wage Options document)
- No other industry in Canada helps more students to pay their way through school or works with more young people to develop valuable job skills.
- A youth wage for students would help offset the additional costs associated with hiring inexperienced youth. Research shows that it's these young, inexperienced and unskilled workers who are most hurt by aggressive, minimum wage increases.
- Missing out on entry level work experience when they are young makes it harder for youth to get a toe-hold on the career ladder later in life.

If minimum wage earners don't make up a large percentage of your employees why can't you absorb a \$15 minimum wage?

- Increasing the minimum wage impacts more than just minimum wage employees. Employers must adjust their payroll to ensure more experienced workers maintain relative wages. (i.e. An experienced worker currently making \$15 per hour will expect to receive \$20 per hour if minimum wage is increased to \$15 per hour from current levels).
- Increasing minimum wage by 50% (63% for liquor servers) in a short period of time leads to overall wage inflation significantly increasing labour cost. According to a recent industry survey, labour costs for an average Alberta restaurant with \$850,000 in sales will increase from \$272,000 to \$313,000 – an increase of \$41,000. To put this in perspective, in boom times the average restaurant margin was \$60,000.

Until 2015 Alberta's minimum wage was at or close to the lowest minimum wage in the country. Is it not time for Alberta to catch up?

- Although Alberta's minimum wage was one of the lowest in Canada before 2015, according to Government of Alberta statistics Alberta also had by far the lowest percentage of employees on minimum wage (2.2% versus 7.6% in the rest of the country). At the time Alberta also had the highest average wage at \$29.24.
- Minimum wage is meant to be an entry level wage. Once minimum wage earners gain skills and experience their wages increase.
- Alberta's entry level minimum wage had little impact on average wage increases which increased in relationship to Alberta's growing economy including the cost of living and labour demand.

- Prior to 2015 Alberta's minimum wage was already tied to CPI and average weekly inflation ensuring that the minimum wage was keeping up with inflation and average wages.
- Most provinces not experiencing the same economic downturn that Alberta is are now linking minimum wage to economic indicators such as CPI resulting in minimum wage increases of between \$.10-\$.30 as opposed to Alberta's significant \$1.00 and \$1.50 2015 increases.
- Now is the worst possible time for significant minimum wage increases as restaurants are facing the double whammy of significant cost increases and a decline in sales revenue due to Alberta's economic downturn.
- Increasing minimum wage to \$15 by 2018 is too much, too fast, and at the wrong time given Alberta's current economic situation.
- These large minimum wage increases will hurt the very people it is meant to help.

Why don't you simply increase menu prices to pay for these minimum wage increases?

- The reality is that in the highly competitive low margin foodservice industry restaurateurs are already charging as much as they can to maximize profitability without losing sales revenue. They only increase menu prices as a last resort as doing so impacts the number of guest visits as well as how much guests spend when they do visit.
- Restaurants not only compete with each other but also must compete against grocery store ready-to-heat and ready-to-eat meals. Grocery stores are far less labour intensive businesses which means their costs are not impacted as much by labour cost increases due to mandated minimum wage increases.
- You would be surprised by how even small menu price increases impact consumer behaviour.

Why is your industry so opposed to minimum wage increases?

- To be clear restaurateurs want their employees to keep up with the cost of living and are not opposed to minimum wage adjustments based on economic indicators. Our members did not object to Alberta annual minimum wage increases averaging 3-5% for several years when Alberta's minimum wage was linked to CPI and average weekly wage inflation. However, increasing minimum wage by 50% (63% for liquor servers) in less than four years is too much, too fast and comes at the worst possible time for Alberta's struggling restaurant industry.