

Will a ‘Living Wage’ be the Death Knell for Small Business in Canada?

Increasing minimum wage seems to be en vogue for newly elected Premiers. Ontario’s minimum wage is set to rise to \$11.25 in October (and future increases are tied to the cost of living) and now Alberta’s new Premier, Rachel Notley, has confirmed that Alberta, which has the lowest minimum wage rate in the entire country, will increase its minimum wage rate to \$11.20 in October as well. Alberta is not happy with just coming back to the pack, mind you, as the Premier also pledged that this increase is the first step towards a \$15 per hour minimum wage rate by 2018!

While minimum wage rate increases put a very significant strain on small business and can result in the loss of jobs in some cases, something much worse for small (and even big) employers may be on the horizon – the ‘Living Wage’.

The ‘Living Wage’ is minimum wage’s bigger, older brother. In fact, based upon some studies, this ‘Living Wage’ is double the current minimum wage in many provinces. The idea of a ‘Living Wage’ is simple: what is the wage rate for a family of four to have a ‘good quality of life’. This was the question the United Way in Halifax recently set out to answer. They determined that the ‘Living Wage’ in Halifax was \$20.10 per hour. For a full-time worker, that would be a minimum salary of approximately \$42,000.00!!!

We hope for all our clients’ sake that this is just a buzzword and something not to be taken too seriously, but as recently as last week Vancouver’s mayor called for his city to become a ‘Living Wage’ employer so this issue may not be going away anytime soon.

As always, please contact e2r® if you would like to speak to an Advisor about this issue or any other labour and employment issue.