

## News Release

For Release:  
Wednesday, June 23, 2010

### Minimum Wage Increases Do Not Lead to Job Loss

#### AFL analysis shows service industry employment has increased after minimum wage adjustments

CALGARY – New Alberta Federation of Labour research shows employment in service industries actually grows after minimum wages increases, said AFL president Gil McGowan in his presentation to a government panel reviewing Alberta's minimum wage.

"Employers in the service sector have convinced the current Employment and Immigration Minister that the sky will fall if the minimum wage is given even a modest boost. But the evidence from right here in Alberta shows that increasing the minimum is something that is all up side and no down side," says McGowan. "There is much to be gained and nothing to be feared."

The Alberta Federation of Labour conducted a five-year analysis of the occupations most likely to pay minimum or low wages – retail sales, cashiers and clerks, food and beverage service, and travel and accommodation retail services.

The AFL examined the number of Albertans employed in these sectors after increases in the minimum wage. Since 2005, Alberta has made four upward adjustments to the minimum wage and every time, the number of Albertans working in retail sales, food and beverage service, and travel/accommodation increased after the minimum wage went up.

- In 2005, the minimum wage was boosted from \$5.90 to \$7.00 per hour. One year after the increase, there were 26,700 *more* Albertans working in the food and beverage, service, and travel/accommodation industries.
- In September 2007, the Alberta government boosted the minimum wage from \$7.00 to \$8.00 per hour. In April 2008, they increased it again to \$8.40 per hour. In the 8-month interval between increases to the minimum wage – and just as the global credit crisis was beginning to shake business and consumer confidence – the number of Albertans working in the food and beverage, retail, and travel/accommodation industries grew from a total of 342,800 employees to 363,300.
- The minimum wage went from \$8.40 to \$8.80 in April 2009. There were 380,100 Albertans working in service industries in April 2009. There are currently 399,500 Albertans working in service industries. At the same time, Alberta unemployment increased from 6% in April 2009 to 7.4% in May 2010.

"When Minister Lukaszuk chose to freeze the minimum wage, he justified the decision by claiming that tying the minimum wage to the average weekly earnings index costs jobs. Our research shows these arguments aren't based on evidence, but are simply the product of some employer groups' imaginations," said McGowan.

"If hardship is claimed, it should be accompanied by proof. But there is no credible, publicly available evidence to show that predictable and reasonable increases to the minimum wage lead to job losses," concludes McGowan.

McGowan's presentation was one of several made Wednesday to an all-party committee of the provincial Legislature that is reviewing the government's current policy of indexing the minimum wage annually to match changes in the Alberta's average weekly earnings index. The policy was suspended earlier this year by Employment and Immigration Minister Thomas Lukaszuk, pending the review.

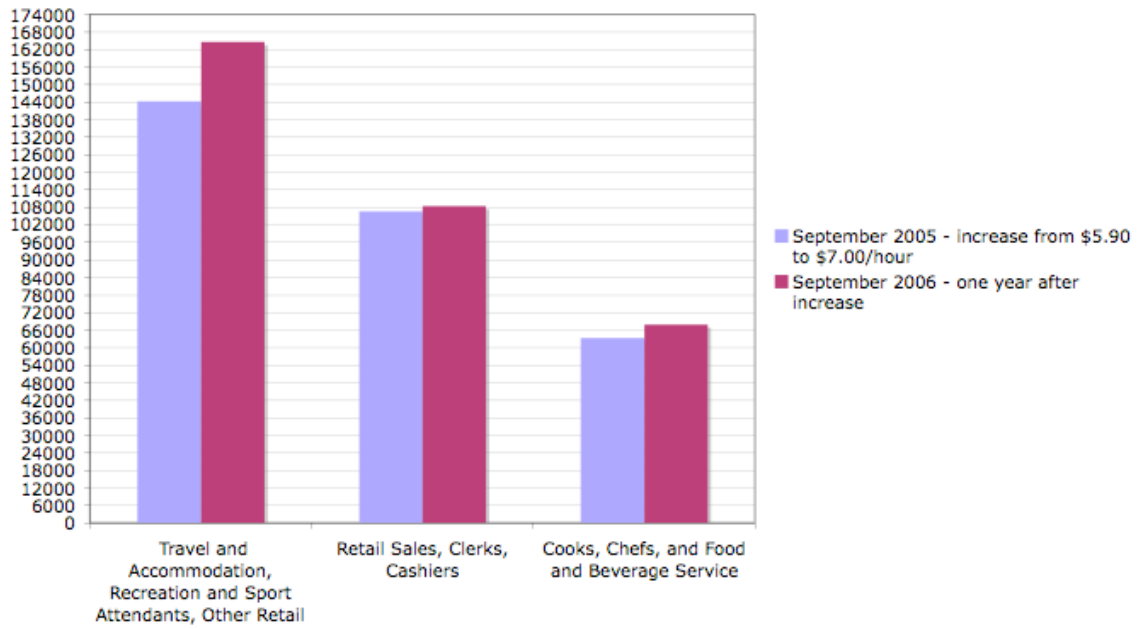
-30-

**Media contact:**

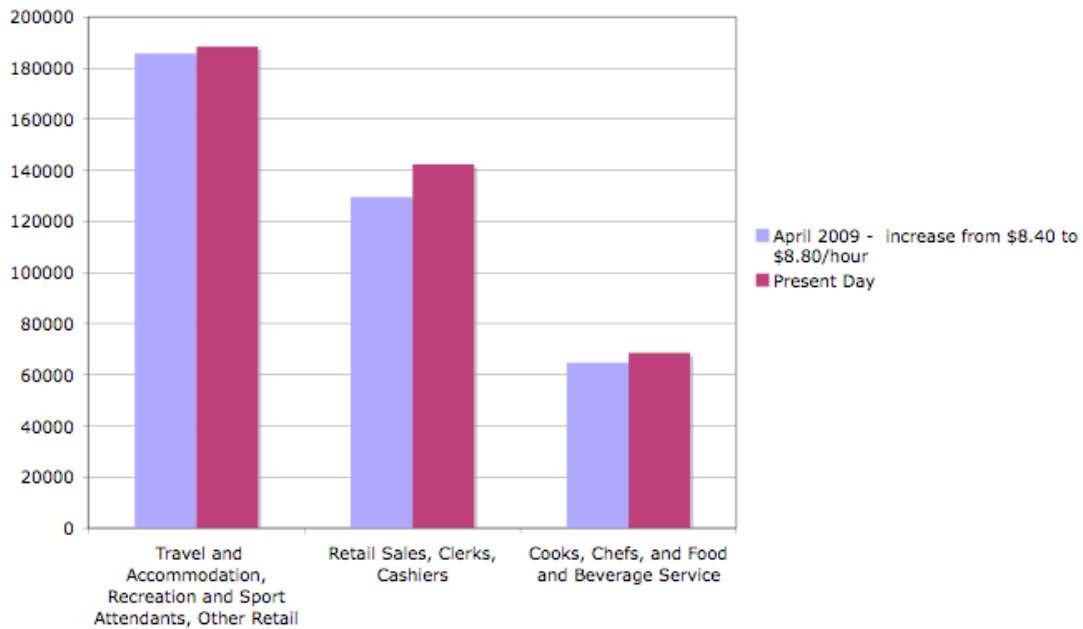
**Gil McGowan, President, Alberta Federation of Labour, 780-218-9888**

SP/GM:lc\*cope458 G:\Communications\NEWS\AFL\2010\2010-15-Minimum wages increases do not lead to job loss 2010Jun23.doc

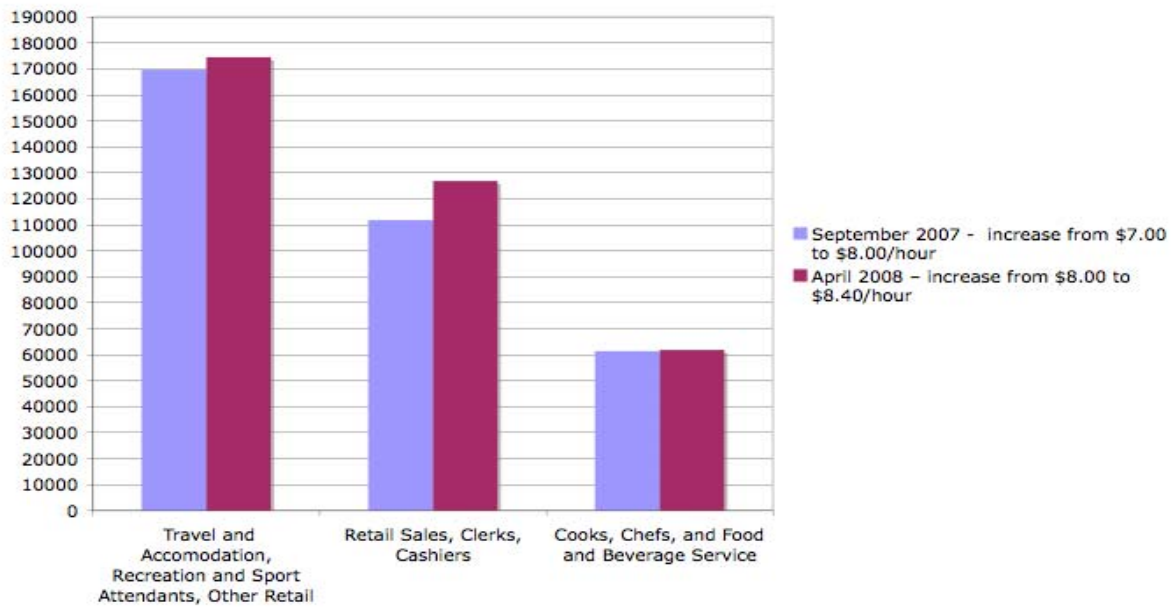
**Number of Albertans In Low-Wage Occupations One Year After 2005 Increase to Minimum Wage: More Albertans Employed in Retail, Food and Beverage, and Travel/Accommodation**



**2009-2010: Another Increase in the Minimum Wage During a Recession and Rising Unemployment, But More Albertans Than Ever are Working in Retail, Food Service, and Travel/Accommodation**



**September 2007-April 2008: Two Increases to the Minimum Wage But Number of Albertans in Low-Wage Occupations Increases**



Source: Statistics Canada, National Occupational Classification, Alberta, monthly, 2005-2010. CANSIM.