

April 7<sup>th</sup>, 2011

Dear Minister More:

The Halifax Chamber of Commerce has been actively supportive of efforts to enhance provincial attraction and retention initiatives over the past number of years.

In review of the Minimum Wage Review Committee Report dated February 22<sup>nd</sup>, it does appear that the focus of the review has a strong bias to social policy - Low Income Cutoff or living wage. In this review, the key mechanism for responding to this social policy direction is to increase minimum wage which shifts this responsibility substantially to the business community and in particular small business. Small business has a limited ability to respond to upward cost pressures particularly labor cost increases. To manage these costs within the same envelope, choices will be made by small businesses such as adjusting hours worked and the number of staff employed. In addition, increases to minimum wage causes "wage compression". If the minimum wage is increased, it will put upward pressure on the wages of other staff. This then could have the opposite impact on attraction and retention or helping those intended in this report. Government should give consideration to other fiscal tools to address social issues related to a living wage besides increasing minimum wage.

With this in mind, we are providing the following comments:

- **On Process:** The Minimum Wage Review lacks a clearly communicated goal or outcome. We are recommending that the Minimum Wage Review Committee develop, or is provided with, a set of guidelines, goals/principles and filters as part of their review. These goals/principles should include consideration of the economic impact on the business community and should be discussed with and communicated to stakeholders. Measures for the success of the planned outcome should be created as well as a means to identify other impacts. This should be reported publicly.
- **On Communication:** We have heard from a number of businesses that they were not aware of the Minimum Wage Review or the annual timing and scope of the review including the rationale behind having a "minimum wage". In particular, concerns were heard on the timelines for implementation to allow for inclusion of wage increases in annual budget planning processes. We recommend that bi-annual stakeholder information sessions be held to ensure the business community is fully aware of the process and any proposed increases to the minimum wage and its rationale. At this time, the success of the proposed outcome from the past year can be reviewed.

We hope you will find this input helpful and I would be happy to discuss this further if you wish.

Regards,

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