

July 10, 2017

Dear Premier Wynne:

On behalf of Ontario's employer community, the Keep Ontario Working coalition is writing to you today with a call for fairness and restraint as the Ontario legislature's Standing Committee on Finance and Economic Affairs begins province-wide consultations. As we have said since the introduction of Bill 148, the impacts from this legislation will create tremendous uncertainty for Ontario businesses. Realistic legislative timelines can only be proposed following a full economic impact analysis.

Economic Impact Analysis

Ontario's small and medium sized businesses are the lifeblood of communities, creating local jobs and increasing economic growth around the province. In recent months we have received emotional stories from employers who believe that the impacts from Bill 148 will be profoundly negative and cause significant job loss and financial burden. Many of these businesses have expressed concern that the planned implementation of such drastic labour reforms does not give them the appropriate time adjust.

Due to the Government of Ontario's unwillingness to appropriately test the economic impacts of your legislation, the Keep Ontario Working coalition has commissioned our own thorough and comprehensive assessment to fully evaluate the damage these changes will generate. This independent analysis will be completed in August and we will share it with you and all of Ontario's workers and employers at that time.

Pace of Change

Many Ontario employers, especially small businesses, are now considering closing their business because they do not have the capacity to successfully manage such reforms. In the case of the minimum wage, for example, the business community was wholly aligned with your government's previous approach, which allowed for increases to the minimum wage that were predictable and protected against arbitrary political decision-making. We object to this new approach, which will provide an arbitrary increase. If your government is intent on this public policy change, we ask that you proceed in a way that allows businesses to better prepare.

Since 2010, the minimum wage in Ontario has increased by 12 per cent. Under your proposed changes, employers would be required to increase the minimum wage by a further 23 per cent in six months, followed by another 11 per cent a year later. **This represents a total increase of 32 per cent over just 18 months.**

When looking at other jurisdictions who have introduced similar wage increases, the timelines for full implementation are significantly longer than ours. For example, the State of California is taking five years to increase their minimum wage by 50 per cent to \$15/hour with employers of less than 25 employees. Seattle has allowed for a 4-year implementation for a 36 per cent wage increase. However, even there, recent evidence by the National Bureau of Economic Research has suggested that the costs of the Seattle minimum wage increases outweigh the benefits by 3:1. In that instance, low-wage workers are losing \$125 per month due to less hours of work scheduled.

We know that over the planning period, especially with an increase to minimum wage, the cost of goods will rise, as will utility and occupancy costs (such as leases and ownership), as well as municipal taxes.

To plan effectively and protect jobs, employers need predictability and time to adjust the cost of other inputs where we can. There is no way to absorb and adjust to a 32 per cent hit in less than 18 months, the bulk of which is an even more unmanageable 23 per cent increase a mere seven months out.

Our concern surrounding the pace of change is not isolated to the minimum wage in Ontario, but encompasses all aspects of the legislation. We know that changes to other areas – such as equal pay for temporary and part time workers and scheduling – will carry significant new costs for employers, costs that must be contended with in order to avoid maximum job losses.

We urge you to slow the pace of the *Fair Workplaces and Better Jobs Act*. We are extremely concerned that the proposed legislation will have negative impacts on the growth of our province's economy, our people, and our communities. This does not demonstrate fairness.

To demonstrate true fairness and compassion for workers, we must ensure Ontario has a strong economy to help create jobs and increase economic growth. Ontario's workers and employers deserve to truly understand the impact of your decisions. That is why we urge you not to rush these reforms, and to consider the economic impacts that will be revealed as a result of our comprehensive economic impact analysis in August.

We are committed to working collectively with your government to ensure that workers in this province can continue to prosper. For that to occur, we must continue to work together and ensure we are doing all we can to protect against job losses, increased costs to consumer goods, and economic hardship.

Sincerely:

Keep Ontario Working coalition