

# Ontario seeks public input on \$15 minimum wage

By Allison Jones

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Ontario's bid to raise the minimum wage to \$15 an hour – a move that is feared by businesses but has the support of some prominent economists – is being put to the public this week.

The Liberal government's proposed legislation on labour reforms, which also includes equal pay for part-time workers, increased vacation entitlements and expanded personal emergency leave, starts committee hearings Monday that will travel the province.

The bill would boost the minimum wage, which is currently set to rise with inflation from \$11.40 an hour to \$11.60 in October, up to \$14 on Jan. 1, 2018, and \$15 the following year.

Businesses are strongly opposed to the increase, particularly the quick pace of it. A coalition of groups including the Ontario Chamber of Commerce, Restaurants Canada and the Canadian Franchise Association are sending Premier Kathleen Wynne a letter Monday, slamming the "arbitrary" increase.

"Many Ontario employers, especially small businesses, are now considering closing their business because they do not have the capacity to successfully manage such reforms," they write.

"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."

Business groups had been calling for the government to first perform an economic analysis, and have now commissioned their own, which the coalition said will be complete next month.

"To plan effectively and protect jobs, employers need predictability and time to adjust the cost of other inputs where we can," the coalition writes. "There is no way to absorb and adjust to a 32 per cent hit in less than 18 months."

Karl Wirtz, the CEO and founder of a packaging company in Brampton, Ont., said he may have to consider bankruptcy.

"This is something that has got me scared out of my mind," he said.

The minimum wage increase will mean an extra \$1-million for WG Pro-Manufacturing's 200 – soon to be 245 – employees, Wirtz said. About half of them make minimum wage and the rest will have to get commensurate pay bumps, he said.

The company, which does co-packaging for foods and confectionery products, is focused on growth, Wirtz said, and as such is operating within tight margins. He hasn't budgeted for an extra million dollars a year and is locked into contracts with big customers. The only way he sees out of the pricing structure is bankruptcy.

"I want all of our workers to have a good income and good ability to have a good lifestyle," Wirtz said. "I respect that. Truthfully, I do. But you have to give businesses an opportunity to phase it into their program. So yes, let's shoot for \$14, let's shoot for \$15, but scale it over the next coming years."

Economic Development Minister Brad Duguid said the government is sensitive to the needs of businesses, smaller ones in particular.

"We want to ensure there's not unintended consequences, because these are complex policies," he said.

“If there’s more work to be done in terms of the details and potential unintended consequences, that’s something we’re certainly happy to do with our business community.”

A recent study out of Seattle made headlines for concluding that its minimum wage increase was actually detrimental to low-income workers. But its methodology has been criticized and it bucks the trend of similar studies concluding the opposite, noted Canadian economist Lars Osberg.

He is one of 50 economists in Canada who just signed a letter in support of a \$15 minimum wage.

“For many years, many in the economics profession were also very concerned about this possibility of disemployment of people with

minimum wage jobs,” said Osberg, an economics professor at Dalhousie University.

“A whole raft of new studies in the last 20 years have indicated that disemployment effect is very small...On average you could say it’s small to negligible.”

While businesses’ concerns are understandable, he said, studies show that increasing the minimum wage increases people’s purchasing power, as well as consumption and economic activity in general.

“So in that sense it’s stimulative to the macroeconomy,” he said.

Ontario’s legislative committee will travel this week to Thunder Bay, North Bay, Ottawa, Kingston and Windsor, and next week to London, Kitchener, Niagara Falls, Hamilton and Toronto.