

## Act costs business owners in more ways than wages

Those watching the economy might think the dust will settle now that a month has passed since Ontario's new workplace legislation has come into effect, but a local business consultant isn't holding her breath. She says the minimum wage hike to \$14 an hour, and later \$15 an hour, shouldn't be the only thing people are focusing on.

Lee Bay is project manager for Niche! which is a consulting firm that helps small businesses focus and obtain their economic goals. These goals could be to get the best medical insurance for small business employees, growing into a new location, or just consistent growth. Bay has been studying the legislation for her clientele. She presented her findings to the Bancroft and District Chamber of Commerce to bring its business community up to speed on the Fair Workplaces, Better Jobs Act, 2017 in December.

"The people at the chamber of commerce meeting - many of whom were unaware of all of the little intricacies for the bill... were just shocked as I stood up there and told them about all of the things that they are facing," said Bay, sitting down with *Bancroft This Week* in January to discuss how the province and business communities were reacting.

"The minimum wage is much more prevalent in rural Ontario than it is in say, Toronto, because in Toronto there's a larger workforce. They pay people more because the cost of living is higher. They're not seeing the same effect in the cities as the rural areas are... This is where the biggest effect [is]."

Bay said employers are looking at a roughly \$5,500 increase per full-time employee and \$3,500 per part-time employee at 25 hours a week for 2018. In 2019 that number climbs to just under \$7,500 per full-time employee and around \$5,000 per part-time employee. Bay's figures include Canadian Pension Plan and Employment Insurance. These are the standard increases, she said, if employers only increase wages for their minimum wage employees.

Bancroft McDonald's restaurant owner James Campbell said via email there would be "absolutely no changes to employee compensation or hours. In fact, all employees and managers received a wage increase even if they were over the new minimum wage." He also noted he planned to hire 30 additional members to his staff by the spring. Restaurant owners would be able to make these sort of changes from their laptop or mobile phone if they used a cloud-based POS system, such as the one at <https://revelsystems.com/cloud-based-ipad-pos/>. POS systems make it much easier for restaurant owners to manage their employees and menus. It's likely that a big brand like McDonald's uses something similar to this.

Similarly, Freymond Lumber Ltd. co-owner Lou Freymond told the paper each of his 50 employees saw a raise even though only two of them were paid minimum wage.

"The minimum wage going to \$14 isn't a huge deal, but we just chose to give everybody a raise because you pretty near had to. If you're going to give some people a raise you pretty well have to give the whole group a raise," said Freymond, noting that was only fair but "costly too."

"I agree those people are worth that or more it's just the other costs that we have in business are so high that it makes it impossible to pay people what they're worth in a lot of cases," he added. "The increases to vacation pay costs a lot of money... [and] the paid personal time is going to be expensive as well."

### **Changes to vacation time, personal leave and employee, classification where real costs lie**

Echoing Freymond's comments, Bay explained the minimum wage increase doesn't include the costs incurred through changes to employee personal leave, vacation time, additional shift notices, on-call pay and equal pay for equal work. For example, she said, businesses now have to give each of their employees 10 personal days a year, two of which are paid. She said the "government is forcing businesses to be short people." Employers still need to make their employees aware of the holidays they are owed. A list of the US 2021 Federal Holidays should be given to them and stuck to by the businesses no matter how big or small the employee capacity is.

"Anybody who had more than 50 employees, those employees were allowed 10 personal days a year, two of which were paid - now that applies to everybody. If you look at [a] business that has 11 employees so there's now 22 paid days just like that," she said, snapping her fingers.

"They're not getting any work out of anybody for [those days], and when they're not here they have to bring somebody in to replace them, or the people here have to work harder to compensate the shortage."

She said if every employee took those 10 days that would be 110 days of the year - a "big hit on the business."

She also noted the "domestic violence bill" where victims of domestic or sexual assault will get five days of paid leave with up to 15 weeks unpaid leave. In bereavement and care leave, "parents whose children pass away[/go missing] will get unpaid job-protected leave of up to 104 weeks," according to her presentation.

"The criteria on the paid leave is that an employee has to have worked here for one week," said Bay. "There are also complex changes to the stat-holiday pay calculations that benefit part-time workers the most while essentially penalizing employers for being closed on those dates. One local business saw its stat pay increase by \$1,100 for New Year's Day. That money has to come from somewhere."

Another background cost of the act on employers is that they now need to ensure proper identification of sub-contractors, said Bay. It's problematic for business owners who outsource their "bookkeepers, human resources, cleaners and consultants" which she said is a common practice.

"The onus is on the employer to prove the relationship is not employer/employee. While the intent is to protect employees from being taken advantage of by their employer and non-payment of source deductions and insurance, there are many industries where outsourcing is a normal part of business... Should the government deem a misclassification, the employer would be fined as well as forced to repay the calculated back taxes for the entire length of the relationship."

When asked if he was worried about new rules for employee identification, Freymond agreed that with "a ton of subcontractors in the woods... all of that makes it more expensive too."

### **Consultant suggests province looks to enforce before it educates**

Earlier this month, the province announced via press release it would be "hiring 175 additional employment standards officers to enforce its employment standards." It also promised it would be "launching a program to educate both businesses and employees about their rights and obligations under Ontario's employment standards laws."

Bay said the Ministry of Labour should have been teaching implications of the bill before, not after it came into effect. She said she shouldn't have been the person who attended the chamber to inform local businesses, it should have been someone from the ministry.

"These 175 people are going to be enforcement people. So their job is going to be to come around and fine people for doing it wrong, not come around and educate people on how to do it properly," said Bay. "That's completely and totally unfair."

According to its press release, the government is "increasing penalties issued by employment standards officers for non-compliant employers from \$250, \$500, and \$1,000 to \$350, \$700, and \$1,500 respectively for the first, second and third (or subsequent) contravention of the Employment Standards Act within a three-year period."

### **Poverty awareness leaders suggests tough action required**

In a 2017 press release, Bob Cottrell, chair of the Hastings Prince Edward Poverty Roundtable's employment and income security work group said his group had "been working on calculations for a local living wage and that even with the proposed \$15 per hour minimum wage there [would] still be a gap of about \$1.40 per hour between [its] calculation of a living wage for the local region and the proposed minimum wage[]."

He said, "The Ontario government has just recently announced tax cuts for small businesses to assist them with the new minimum wage increase and I'm sure that will help but I am also confident that this is a real potential game-changer for local economies, workers and their families."

But Bay criticized the act for only receiving Royal Assent weeks before it came into effect. She said this suggested it was rushed, ill planned and that the province was playing catch-up to educate its own workers on all aspects of the legislation.

At a Jan. 24 town-hall style meeting, North Hastings Children's Services showed it can't apply for fee stabilization support to offset its need to increase its revenue by \$100,000 by the end of 2019. This is because there are stipulations to receive the support which counter act other requirements the children's services has to meet to receive certain grants. Both are funded by the same ministry. NHCS executive director Jessica Anderson also explained around two-thirds of the parents who rely on NHCS pay for them out of pocket, the rest are subsidized. While an attending representative at the county said subsidies would increase to accommodate any fee increases, she noted it was dependent on if the income of the person receiving subsidized child care stayed the same.

Bay told *Bancroft This Week* she had investigated what a single mother working full time at minimum wage would receive in child care benefits before and after its increase. She said it was less after the increase - another complication. She said the changes take away the power of the employer while moving employees into higher tax brackets where they will lose their rights to "social assistance or subsidies."

"To the employee, an increase to minimum wage sounds great in theory, until they see that their housing and medical benefits suddenly become their burden. Parents will also see day-care subsidies and child benefits reduced because of the higher income," said Bay. "Have you heard anything on the news that they're increasing the levels to get those subsidies?"

She said the province ignored experts and jumped the gun with the act.

"Poverty is minimum wage. You have people making \$15 an hour here that have spent five to 10 years working their way out of what's classified as poverty. Well guess what just happened? You just pulled all these people that had risen out of it right back into

it. Because the cost of living is not going to stay stagnant as minimum wage goes up because... every small business is affected." Round table executive director Christine Durant, a vocal supporter of the minimum wage increase said however, "our collective cash is not being distributed evenly."

"We need businesses to do well in our communities to have thriving communities; we cannot do that if workers are left out ? to thrive we need local jobs that pay enough, we need increases in social assistance to ensure people are not without the basic necessities of life, we need places we can afford to meet in and have community -- and we need to care for each other - as workers, as neighbours, as family members," said Durant. She noted Canadian census stats that suggest a quarter of people in Bancroft are living in poverty and "57 per cent of the working population are working part-time or seasonal jobs."

"Working poverty has become the new normal - and that is not what Canadians or Ontarians want or deserve. Surely we can come up with an economic model that works for more of us, right now it is dangerously tipped towards inequality," she said.

Bay suggested recent rhetoric between large business chains and the province have created an idea that corporate businesses are villainous, but on a rural level the problems with the act are felt on a much larger scale. Small business employers and their employees have to work together to overcome the challenges the act presents.

"They can't feel like it's you against them because it is a problem that everyone is in together. Your employees are your biggest asset."