KEY MESSAGING

Economic Impact Analysis release
Date: August 14, 2017

Sound bite 1:

In this, the first and only independent economic analysis of the impacts of Bill 148, major economists have revealed significant, sudden and sizable uncertainty for Ontario jobs, businesses and communities. The Keep Ontario Working coalition's commissioned analysis by CANCEA concludes that these vast, unprecedented reforms will put about 185,000 jobs at risk and increase consumer goods and services by $1,300 per household, greatly impacting Ontario's most vulnerable workers.

Sound bite 2:

Bill 148 will create a $23 billion business challenge over the next two years, which will make it impossible for the Government of Ontario to make businesses, even small businesses, whole through offsets. To demonstrate true fairness the Government must:

- Consider the risks outlined in this economic impact analysis;
- Implement broad amendments to Bill 148; and,
- Slow down implementation to avoid unintended consequences and protect Ontario's jobs, communities and our most vulnerable.

Main Messaging:

- In this, the first and only independent economic analysis of the impacts of Bill 148, major economists have revealed significant, sudden and sizable uncertainty for Ontario jobs, businesses and communities. The Keep Ontario Working coalition's commissioned analysis by CANCEA concludes that these vast, unprecedented reforms will put about 185,000 jobs at risk, greatly impacting Ontario's most vulnerable workers. The analysis indicates that if the government proceeds with these vast reforms and unprecedented wage increases too quickly, 185,000 Ontario jobs will be at risk in the immediate future:
    - 30,000 of the jobs at risk for youth under 25
    - 96,000 employees at risk are expected to be women

- Jobs are not the only expected unintended consequences. There is an expected 50 per cent increase to inflation for this year and the foreseeable future, increasing everyday consumer goods and services by $1,300 per household on average each and every year.

- The Ontario government would have to borrow $440 million to cover the increases in new costs from this legislation. If the government were to provide offsets to businesses, as they have said, the province's treasury will take a bigger hit.

- That said, there will be a $23 billion hit to business over the next two years alone from Bill 148, making it impossible for the Government of Ontario to make businesses, even small businesses, whole through offsets. To demonstrate true fairness the Government must:
    - Consider the risks outlined in this economic impact analysis;
    - Implement broad amendments to Bill 148; and,
    - Slow down implementation to provide appropriate offsets that will protect Ontario's jobs, communities and our most vulnerable.

Supplementary Messaging:

Sector breakdown

- Sectors facing the highest risk to jobs include (estimated jobs at risk):
    - Manufacturing (16,800 jobs)
    - Accommodation and food services (17,300 jobs)
    - Retail trades (14,700 jobs)
    - Wholesale trades (16,000 jobs)
    - Professional, scientific and technical services (14,000 jobs)
    - Finance and insurance (13,000 jobs)
    - Private sector health care and social assistance (8,000 jobs)

- Bill 148 introduce a $23 billion challenge for Ontario businesses over the next two years, which is impossible for the Government of Ontario to mitigate, even for small businesses, through offsets.

Areas of Bill 148 CANCEA looked at for its analysis

- CANCEA was commissioned by the KOW coalition to measure the potential impacts of the six key areas of change in Bill 148, including changes to minimum wages, equal pay, vacation, scheduling, PEL and unionization.

- In the coming weeks and months, we will release additional components to the economic impact analysis.

What are you looking for from government?

- We are looking for the government to
    - Consider the risks outlined in this economic impact analysis;
    - Implement broad amendments to Bill 148; and,
    - Slow down implementation to provide appropriate offsets that will protect Ontario's jobs, communities and our most vulnerable.

- The Ontario government would have to borrow $440 million to cover the increases in new costs from this legislation. If the government were to provide offsets to businesses, as they have said, the province's treasury will take a bigger hit.

What amendments has the OCC requested be made to Bill 148?

- We are recommending:
  - Slower pace of minimum wage Implementation;
  - Equal Pay for Equal Work should not apply during the first six months that assignment workers and seasonal employees are performing work similar to full-time employees;
  - On scheduling, the government should look for sector based exemptions as one-size-fits-all solutions do not work;
  - The secret ballot process for certification should be preserved for all sectors.
  - Certification processes for union formation and access to employee lists should remain at 40 per cent of employees involved; and,
  - The government should preserve the 50-employee threshold for Personal Emergency Leave and clarify the greater right or benefit provision in the Employment Standards Act (ESA)

Minimum wage

- Among other significant labour reforms, Bill 148 would increase Ontario's minimum wage to $15 by 2019.

- $15 is great is you have a job, but the evidence shows that hundreds of thousands of jobs will be put at risk as a result of this legislation.

- While the intent of these changes is good, the legislation is too much too fast. $15 an hour is 15 times more than the average wage increase seen over the past 45 years.

Demographics

- Employee demographics at risk:
  - The timing of the impact is unknown as it could take a few years to resolve such a significant impact
  - The jobs at risk includes both current and potential new jobs. While the population grows we expect the number of jobs to be 2.4% below what it could have been. That is what is meant by jobs at risk.
  - Of the 185,000 jobs at risk, 63% of at-risk employees are between ages of 25-55yrs
  - 3% of jobs for those under 25 are at risk (over 30,000 jobs)
  - 2.6% of jobs for those over 55 years are at risk

- 96,000 employees at risk are women - that is almost 10,000 more than jobs for men at risk (jobs for men at risk is expected to be 89,000).

IF ASKED So are you against an increase in the minimum wage?

- Simply put, this is too much, too fast.
- We are concerned with the pace at which the government is moving on implementation and would urge caution precisely because these reforms will place our most vulnerable at further risk.

IF ASKED I take your point about hurt for business but don't you believe that people deserve a living wage?

- Simply put, this is too much, too fast.
- We are concerned with the pace at which the government is moving on implementation and would urge caution precisely because these reforms will place our most vulnerable at further risk.

Increased government costs

- The Ontario government will see $620 million added in income tax revenue, however, it is expected to have an $1.1 billion from increases in new costs from this legislation, putting the province $440 million further in debt.
- The Federal government will see $500 million added from income tax revenue, however, they are expected to have an $610 million from increase in news costs from Bill 148, putting the country $100 million further in debt.
- And municipalities, who are all meeting in Ottawa tomorrow with the Premier are expected to have their wages increase by $500 million without additional offsetting revenues.

The government has stated that 53 economists support a $15 minimum wage:

- That letter of opinion is not an economic analysis. It does not provide an objective perspective that considers the details of Ontario's economy. The report we've commissioned through CANCEA is the first and only economic analysis that has been conducted around impacts associated with Bill 148. We would welcome another organization to "run the numbers" and to bring that into the public discourse.
- The Keep Ontario Working coalition has been lobbying the government to conduct an economic analysis. Their refusal to do so does not give them or any another group a very strong leg to stand on when arguing about impacts here in Ontario.
- A large proportion of those individuals are employed by labour unions and other organizations that would directly benefit from Bill 148 – so we question their motivation in supporting the legislation.

- Academic evidence from throughout the country consistently finds that raising the minimum wage leads to lower employment for vulnerable, low-skilled workers and young employees.

- The fact is, we are the only organization to have an independent third party run the numbers and the results speak for themselves, Ontario will see uncertainty and 185,000 jobs at risk if the government moves forward with this current legislation.

In response to Star Editorial Board Article “Fraser Institute study that states BC’s wage hike would see 55,000 job losses, but didn’t see the impacts…”

- The jobs at risk includes both current and potential new jobs. While the population grows we expect the number of jobs to be 2.4% below what it could have been. That is what is meant by jobs at risk.

- We are the only organization who has run an independent economic analysis of Bill 148, and how increasing our minimum wage by 32% over 18 months will impact Ontario’s economy. We have run the numbers and they speak loud and clear.

IF ASKED Critics say that the more money you give to people, the more money they will spend and that will benefit the economy. How do you respond to that?

- Those statements assume that you have the same number of jobs that currently exist which will not be the case.

- The analysis shows, the increase in jobs at risk will move faster than the implementation of minimum wage.

- $15 would be great if you have a job.

- This is the first and only independent economic analysis of the impacts of Bill 148 and it shows the opposite. As stated in the analysis, an average Ontarian household will be hit with an additional $1300 on average for everyday goods and services.