

Study claims proposed labour law changes puts 185,000 jobs at risk



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Matt Marchand, president and CEO of the Windsor-Essex Regional Chamber of Commerce is shown on May 16, 2016.
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The Ontario Chamber of Commerce released a study Monday that says the province's proposed labour

law changes, which include a \$15 minimum wage, will put 185,000 jobs at risk and add \$23-billion in costs to Ontario businesses.

“What (provincial government) is trying is too far too fast and risks labour disruption and puts jobs at risk,” said Matt Marchand, president of the Windsor Essex Regional Chamber of Commerce.

“It may end up hurting the very people the government is trying to help.”

The Canadian Centre for Economic Analysis compiled the study. The centre is an independent research consulting and data technology firm.

In addition to the hiking of the minimum wage from \$11.40 to \$15 by 2019, the study found there are 63 other areas of the Fair Workplaces, Better Jobs Act that will add to the cost of doing business.

The study also pointed out introducing the changes over 15 months, starting with a hike of the minimum wage to \$14 Jan. 1, gives business little time to adjust.

The estimated inflationary ripple effect of the changes will cost the average household \$1,300 more annually by 2019.

“Small businesses will be impacted the most, about five times more than large businesses,” Marchand said.

“Combined with the cost of electricity, cap-and-trade costs that aren’t even fully being felt yet, higher CPP costs, it’s eventually going to sink some boats.

“It’s getting harder to sell Ontario’s story as a place to invest, especially with the NAFTA negotiations in the background. We don’t have to have the lowest cost structure, but we have to be competitive.”

The Liberal government has acknowledged the concerns from the business sector and has promised to try and offset some costs in other areas.

Ministry of Labour senior communications advisor Michael Speers said the Liberal government would review the study.

“Many businesses across the province have come out in support of our plan because it helps them attract employees, reduces their labour turnover and

encourages employees to become more invested in the business,” Speers said.

“However, we recognize there are concerns from the business community. We’ve worked hard to make sure Ontario’s business climate is competitive and we are committed to working with the business community to bring forward initiatives that will improve our competitiveness even more.”

Marchand said the portions of the local economy most vulnerable to the changes are small to medium-sized business in the agricultural, manufacturing and hospitality and service sectors.

According to the study, about 30,000 jobs for those under 25 will be at risk. Those between 25 and 55 years of age are expected to see 116,000 jobs disappear.

About 52 per cent of the 185,000 people at risk of losing their job are women.

“You’re going to see more automation, fewer people hired, reduced hours and capital that’s mobile will move elsewhere,” Marchand said.

“Those are the options if you can’t pass on cost increases.”

Marchand said the private sector is willing to work with the government to execute their desired policy, but the current timeline is unworkable.

“We’re asking for a phase-in period of five years, like they did in California when they raised the minimum wage,” Marchand said.

“When you’re increasing wage costs by 33 per cent over 15 months and your margins are 10 to 15 per cent, you just can’t make up that much that quickly.”

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