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Bill 148

Fair Workplaces Better Jobs Act

**Keep
Ontario
Working**

Agenda

1. Overview of Changes
2. Advocacy
3. Helping Employers Transition



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Overview of Changes

Fair Workplaces Better Jobs Legislative Timelines

| January 1, 2018 | January 1, 2019 |
|--|--|
| \$14 per hour minimum wage | \$15 per hour minimum wage |
| Vacation Pay | Location change requests |
| Personal Emergency Leave | Minimum three hours pay |
| Equal Pay for Equal Work (April 1, 2018) | Refusal of shifts with less than 4 days notice |

ELECTION
June 7, 2018

All Labour Relations Act provisions (ie. union certification and bargaining), will occur 6 months after royal assent.

Fair Workplaces Better Jobs

Minimum Wage

| Minimum Wage Categories | Current to Sept. 30, 2017 | Oct. 1, 2017 to Dec. 31, 2017 | Jan. 1, 2018 to Dec 31, 2018 | Jan 1 2019 to Sept. 30, 2019 |
|--|---------------------------|-------------------------------|------------------------------|------------------------------|
| General Minimum Wage | \$11.40 per hour | \$11.60 | \$14.00 | \$15.00 |
| Students under 18 who work not more than 28 hours per week | \$10.70 per hour | \$10.90 | \$13.15 | \$14.10 |
| Liquor Servers | \$9.90 per hour | \$10.10 | \$12.20 | \$13.05 |
| Percentage Increase from Current Minimum Wage | | 2% | 23% | 32% |

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Union Certification

- Card-based union certification process for temporary help agencies, building services sector and home care/community services.
- Access to employee lists once union has support of 20% of employees.
- Ontario Labour Relations Board can conduct votes outside the workplace.

Equal Pay for Equal Work

- All employees paid equally when performing the same job for the same employer.
- Temporary Help Agencies paid equally to permanent staff when performing the same job.
- Exemptions for equal wages based on: seniority, merit, production output.

Personal Emergency Leave

- All employees entitled to 10 PEL days/year (2 paid)
- No requirement for doctors notes

Fair Workplaces Better Jobs Act

Scheduling

- Employee requested schedule/location changes after 3 months employment.
- Must be paid 3 hours if a shift is cancelled within 48 hours or an “on-call” employee is not called in for work.
- Ability to refuse shifts if requests less than 4 days in advance.
- The legislation lacks clarity as to what defines exemptions to provisions in regards to weather.

Paid Vacation

- 3 weeks after 5 years with same employer

Public Holiday

- Average regular daily wage based off of month prior

Enforcement

- 175 more employment standards officers
- Ministry of Labour program to educate SMEs about rights and obligations



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Advocacy

Keep Ontario Working Coalition

In response to requests from government for increased employer input into the Changing Workplaces Review, the OCC has formed *Keep Ontario Working (KOW)* – a sectorally diverse alliance of industry groups committed to evidence-based labour reform in Ontario. This group includes:

| | | | | | | | | | | |
|--------------------------------------|--------------------------------|-------------------------|--|-----------------------------|---------------------------------------|---|--------------------|--------------------------|---|---------------------------------|
| Food and Consumer Products of Canada | Canadian Franchise Association | Food & Beverage Ontario | National Association of Canadian Consulting Businesses | Ontario Chamber of Commerce | Ontario Forest Industries Association | Ontario Restaurant, Hotel & Motel Association | Restaurants Canada | Retail Council of Canada | Tourism Industry Association of Ontario | Ontario Real Estate Association |
|--------------------------------------|--------------------------------|-------------------------|--|-----------------------------|---------------------------------------|---|--------------------|--------------------------|---|---------------------------------|

Through digital media activity, *Keep Ontario Working* is actively encouraging the business community to share their perspectives on changing workplaces and the legislation with the government

Overall, the KOW group felt a need to be more outspoken against the proposed changes with an emphasis on the harmful and unknown consequences to business provision, supply chains, automation and the consumer markets

Strategic Approach

Pre-legislation

- Sent a letter to the Premier in advance of Bill 148 to address suggested changes.
- Released a statement to our local network informing them of changes and next steps.
- Continuing conversations with the Secretary of Cabinet, the Premier's Office, the Ministry of Labour, the Minister Responsible for Small Business, the Ministry of Finance, the Ministry of Economic Development and Growth and the Treasury Board.
- Media relations including The National, Financial Post and the Agenda with Steve Paikin.

Strategic Approach

Phase 1: June to Mid-August

- Economic Impact Analysis to outline negative impacts of legislation.
- Update and Promotion of the Keep Ontario Working webpage.
- Released an open letter to the Premier surrounding the pace of Bill 148 implementation.
- Presentation to the Standing Committee on Finance and Economic Affairs
- Letter writing to Premier, Opposition Leaders, Ministers, Critics and local MPPs.
- Gathering stories from Ontario Business with heavy emphasis on negative consumer effects.
- Regional events and town halls.

Phase 2: Mid-August to September

- Utilizing outcomes of the economic analysis to consider methods for effective engagement and communication of legislative impacts.
- Government relations, social media, and media relations to promote report key findings.
- Strategies will place heavy political pressure in terms of voter basis, support, and outreach.

Economic Impacts

On August 14th, the Keep Ontario Working coalition released the first and only independent economic impact analysis of the impact of Bill 148. The analysis indicates that :

Bill 148 will create \$23 billion hit to businesses over the next 2 years.

- Guided by literature, CANCEA has made an assumption that employers will absorb those costs as follows:
 - Employees bear 50% of the initial cost (\$11.4B of the \$22.9B) Employers will determine how to squeeze this amount out of their labour force
 - Consumers bear 29% of the initial cost (\$6.7B of the \$22.9B) Price increases aren't stimulative
 - Businesses bear 21% of the initial cost (\$4.8B of the \$22.9B) The \$4.8 billion, which will translate into higher salaries and employee benefits, will turn into a stimulatory effect of \$11 billion over two years

| | |
|-----------------------|---|
| \$23 billion | Hit to business |
| - \$11 billion | Stimulative impact from increased consumer spending |
| \$12 billion | Problem for our economy |

Economic Impacts

Two Year Total Amount to Redistribute

| Minimum Wage Increases | Equal Pay Provisions | Vacation and Paid Emergency Leave | Scheduling | Unionization | Combination of all |
|------------------------|----------------------|-----------------------------------|---------------|---------------|--------------------|
| \$13B | \$5.2B | \$1.6B | \$0.4B | \$2.2B | \$22.9B |

Economic Impacts

- Consumers can expect a 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.
- About 185,000 jobs are expected to be at risk over the coming years. This will greatly impact Ontario's most vulnerable workers. 2.6% of the jobs within the Peel region are predicted to be at risk.
 - 30,000 of those at risk are under 25.
 - 96,000 of those at risk are expected to be women.
- 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)

Protecting Against Unintended Consequences

Considering the risks outlined in this economic impact analysis, it is impossible for the Government of Ontario to ensure business success through offsets alone.

To demonstrate true fairness, the Government must:

- Slow down implementation to avoid unintended consequences and protect Ontario's jobs, communities and our most vulnerable
- Implement broad amendments to Bill 148; and,
- Present policy options and offsets to ensure Ontario's employers are supported in transitioning into Bill 148.

Bill 148 Amendments

Minimum Wage

- To allow for predictability and the ability to adjust, a slower pace of minimum wage must be considered.

Equal Pay for Equal Work

- These provisions should not apply during the first six months that assignment workers and seasonal employees are performing work similar to full-time employees.

Scheduling

- The government should look for sector based exemptions as one-size-fits-all solutions for scheduling provisions do not work.

Union Certification

- 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.

Paid Emergency Leave

- The government should preserve the 50-employee threshold for PEL and clarify the greater right or benefit provision in the ESA.

Joint Employer

- Amend S4.1(b) of the ESA to allow for discretionary not obligatory obligations for separate persons to be treated as one employer.



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Helping Employers Transition

Keeping Ontario Competitive

The OCC is meeting with key officials to discuss how the Government can ensure that Ontario's business community remains competitive, while also helping employers transition to new regulations and requirements. The OCC recommends that the Government of Ontario:

- 1. Reinstate scheduled reductions in the Business Education Tax.**
- 2. Reduce the Corporate Income Tax.**
- 3. Reduce the Employer Health Tax.**
- 4. Restore the Ontario Research & Development and Innovation Tax Credits to 2016 amounts.**
- 5. Increase the charitable HST rebate.**

Business Education Tax (BET)

- Provincial property taxes, effectively known as the Residential Education Tax (RET) and the Business Education Tax (BET) are controlled and regulation by the Province.
- The BET rate varies throughout the province, depending on a businesses municipality.
- In 1998, an advisory panel recommended the standardization of the BET rate throughout the province, stating “A province-wide uniform rate applied to a broad base with few exemptions would be *fair, clear and simple*.”

| Municipality | Business Education Tax Rate |
|-----------------------|-----------------------------|
| Halton, Region of | 0.86% |
| Peel, Region of | 1.04% |
| Haliburton, County of | 1.08% |
| Thunder Bay, City of | 1.14% |
| Toronto, City of | 1.14% |
| Windsor, City of | 1.37% |
| London, City of | 1.39% |

The OCC recommends that the Government reinstate scheduled BET reductions to a uniform rate.

Ontario Corporate Income Tax

- In the 2009 Budget, the Government pledged to reduce the Corporate Income Tax (CIT) rate to 10 percent by 2013. According to the Ministry of Finance website, this would provide a ten year benefit of:
 - Increased capital investment of \$47 billion;
 - Increased annual incomes of up to 8.8 percent, or \$29.4 billion; and
 - An estimated 591,000 net new jobs.
- This was halted in 2012 and the current rate remains at 11.5 percent.

The OCC recommends that the Government reinstate the scheduled provincial Corporate Income Tax reduction from 11.5% to 10%.

Employer Health Tax (EHT)

- EHT premiums are calculated by multiplying total Ontario gross calendar year payroll by the tax rate applicable to that amount. For gross employment over \$400,000/year the EHT tax rate is 1.95%.
- A reduction in the taxable payroll amounts would lower the burden on businesses and provide the ability for greater productivity and competitiveness through increased capital investments.

The OCC recommends the Government lower the EHT rate from the current rate of 1.95%.

Charity HST Rebate

- The charitable sector has expanded rapidly in the last two decades and is now a major sector in Canada and Ontario. This growth has supported a large number of jobs and is creating significant economic growth.
- This growth is driven by demand for an increase in the number of charities. As population grows, ages, and becomes more diverse, the demand for the services that the sector provides — health, social services, recreation, culture and so on — tend to increase.
- Charities and public institutions resident in Ontario qualify for an **82%** rebate of the **provincial** part of the HST on non-selected public service body activities.

The OCC recommends the provincial government increase the charity HST rebate to 100% to ensure that the sector can continue to meet rapidly increasing demands.

Research & Development and Innovation Tax Credits

- In a globalized, technology-driven economy where businesses are expected to innovate regularly, Canada must invest in R&D in order to stay competitive.
- In 2016, the Government of Ontario made significant cuts to the Research & Development and Innovation Tax Credits in favour of specific grants programs.
- When Canadian and Ontario research and innovation are falling behind, cutting the programs that encourage and nurture private sector R&D can only exacerbate the problem.

The OCC recommends that the Provincial Government:

- **Restore the Ontario Research & Development Tax Credit to 4.5%, as it was before the 2016 Budget.**
- **Restore the Ontario Innovation Tax Credit to 10%, as it was before the 2016 Budget.**

Small Business Offsets

- Ontario's government is making an effort to boost entrepreneurship and create new and innovative businesses. The objectives of this effort has been to enable sustainable and long-term economic growth.
- Despite these encouraging results, the expected economic rewards of business creation have not been realized.

The OCC is proposing further recommendations to encourage methods to improve the challenges facing the scaling-up of small businesses in Ontario.

- 1. Lower the provincial small business deduction in conjunction with CIT deductions.**
- 2. Allow all Ontario-incorporated private enterprises to qualify for a small business deduction.**
- 3. Explore opportunities to create a bracketed small business deduction.**
- 4. Exempt higher-growth firms incremental income to their respective corporate taxes.**
- 5. Utilize the OCC in the creation of the government's announced SME concierge service.**

Ontario Small Business Deduction (SBD)

- The current Ontario small business deduction tax rate of 4.5% is the second highest in Canada.
 - Manitoba's SBD was reduced to 0% in 2015, while British Columbia and Alberta are at 2.5% and 2% respectively.
- A reduction in the SBD to a level comparable with other provinces would allow small businesses to remain competitive.
- Currently, to apply for Ontario's SMD, a business must be a "Canadian-controlled private corporation" (CCPC). For Ontario's small businesses to scale-up and remain competitive, the CCPC rule should be changed to encourage investment.
- Removal of the CCPC requirement would mean that foreign entrepreneurs and investors would be encouraged to establish within Ontario and utilize the SBD to support and grow Ontario's small business economy.

The OCC recommends the Government lower the provincial small business deduction tax rate in conjunction with CIT deductions.

Additionally, the small business deduction should be available to Ontario-incorporated private enterprises (OPEI), allowing for increased investment and innovation in the province.

Bracketed Tax and Income Exemptions

- Ontario has above-average early stage entrepreneurial activity among innovation-driven economies, however, this activity has not resulted in further growth and innovation.
- Over the past ten years, 71 percent of the jobs created in the private sector can be attributed to the activities of SMEs.
- As a result of increases in business tax rates when annual income increases above \$500,000 Ontario's small businesses are not encouraged to seek opportunities to scale-up.

The OCC recommends the creation of a bracketed small business deduction rather than a flat rate for all businesses with an annual income less than \$500,000.

The OCC encourages Ontario to exempt a business' annual incremental income from the SBD or CIT. Conditions to qualify for the exemption should be set to target higher-growth firms.

One-Window Service

- The OCC has long urged government to establish a “one-window regulatory concierge service” to assist small businesses in understanding, navigating, and achieving compliance.
- The Ontario government announced in May 2017 that it will introduce new legislation to cut unnecessary red tape for business by introducing a “one-window service” to help SMEs.
- The program promises to help small businesses access support, information and resources when navigating Ontario’s regulatory environment.
- By utilizing the OCC’s depth of understanding of the challenges facing Ontario’s businesses community, our capacity to leverage existing local chambers of commerce and regional board of trades and, our approach to solution-orientated methods, the OCC is at a very strong position to work with the government to facilitate and deliver value based programs for businesses across the Province.

The OCC should undertake the creation of the new business concierge service to assist Ontario SMEs with regulations and compliance requirements.

Our Request

Following this presentation, the OCC encourages you to:

1. Visit the **KeepOntarioWorking.ca** website
2. Send letters or phone your local MPP to inform them of your thoughts.
3. Share the impacts of Bill 148 with your family, friends, co-workers and customers
4. Recommend offset options to the OCC which will ensure Ontario businesses remain competitive and successful.

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