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642 Woolwich Street,

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July 19, 2017.

Peter Milczyn, MPP
Chair, Standing Committee on Finance and Economic Affairs,
c/o Eric Rennie, Clerk,
Room 1405 Whitney Block,
Queen's Park,
Toronto, ON
M7A 1A2

Re: Bill 148, Fair Workplaces, Better Jobs Act, 2017

Dear Chair Peter Milczyn,

The Christian Farmers Federation of Ontario (CFFO) is an Accredited Farm Organization representing the interests of over 4,000 farm families in Ontario. The CFFO values fairness and respect in the workplace and recognizes the importance of fair and stable working conditions for Ontario workers. Furthermore, work should be economically valued to encourage greater participation in the workforce. Working Ontarians deserve to be treated with dignity in their working environment.

Public policy regulating wages and working conditions needs to carefully consider the impact of any new regulations on the job opportunities and employment rate of Ontarians. If policy adjustments are too sudden, or make Ontario uncompetitive in the regional, national and international labour markets, far fewer Ontarians will benefit from the regulatory changes if there is an overall net loss of existing and new jobs as a result of these changes.

Minimum Wage Increase

In particular, the CFFO encourages the government to reconsider their proposal to suddenly increase minimum wage over the next two years. These sudden increases will have negative impacts for both businesses and low wage earners. Instead, the CFFO recommends that the government stick to the recently established process for increasing minimum wage based on the Consumer Price Index (CPI), which is fair and predictable for both workers and business owners.

The 2014 "Minimum Wage Advisory Panel" report prepared by Chair Anil Verma noted that across their consultations "there was near universal agreement on making the process of revising minimum wages transparent, predictable, fair, and less 'political.' It is rare to see such consensus emerge among a wide cross-section of Ontarians." Subsequent to this report the government established a formula for increases to the minimum wage based on the Consumer Price Index (CPI), an approach which the CFFO supports and sees as fulfilling the requirement to be transparent, predictable, fair, and removed from government's short-term motivations. While this underlying system of basing the minimum wage has not been removed in the new legislation, the government has proposed to interrupt this newly-established protocol by introducing a sharp minimum wage increase in order to



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push the minimum wage to \$15/hour by January 2019. The most significant hike comes in January 2018 when the wage moves from \$11.60 to \$14.00/hour.

Large wage hikes have negative impacts both for business owners and for low wage earners. This proposal creates a lose-lose situation. The same Advisory Panel Report notes that academic research in Canada shows that the “disemployment impacts” of minimum wage increases “were substantially larger when they involved a large minimum wage increase compared to a cumulative series of smaller increases of the same magnitude.” This means a sudden jump in minimum wage is likely to result in job losses and reduced new job opportunities. It may also result in reduced hours of work or greater precarious employment, both issues that the government in fact seeks to reduce.

Large hikes, such as the one proposed, are also much more difficult for business owners to absorb into their cost of doing business. This is especially true for businesses with small margins and for those with significant international competition, where costs cannot easily be passed on to consumers. Ontario’s fruit and vegetable farmers have to compete for workers within the local labour market and thus need to offer competitive wages. They also have to compete with the global price when selling their products. Horticulture is a sector that is highly reliant on farm workers, with labour consisting of up to half of their business costs. Small and medium businesses will feel this pinch most acutely. In the long-term, uncompetitive wage costs will push labour-intensive primary production and food processing industries to leave Ontario, which will negatively impact our economy and our access to local food.

In summary, the CFFO is concerned about the negative impacts of the proposed sudden increase in minimum wage. We encourage government to stick to the current method of determining minimum wage increases in order to maintain the stability and competitiveness of our job market for both workers and businesses.

Thank you for this opportunity to provide our input.

Sincerely,

Clarence Nywening, President
Christian Farmers Federation of Ontario

CC: Hon. Kevin Flynn, Minister of Labour
Hon. Jeff Leal, Minister of Agriculture, Food and Rural Affairs