
Memorandum

To: Budget Standing Committee

Cc: Shelley Chemnitz, CAO; Kristine Douglas, Director of Financial Management Services

From: Robyn Ertelt, Accounting and Budget Clerk

Date: October 26, 2017

Subject: Minimum Wage Increase - Additional Information

Background

Bill 148, Fair Workplaces, Better Jobs Act, 2017, has been approved to amend the Employment Standards Act and the Labour Relations Act.

The recommended amendments include an increase to the province's general minimum wage from \$11.40 per hour to:

- \$11.60 per hour on October 1, 2017
- \$14 per hour on January 1, 2018
- \$15 per hour on January 1, 2019

Further, it states that any minimum wage increases after January 1, 2019 will continue to be tied to annual adjustments to Ontario's Consumer Price Index. In addition to raising the minimum wage, the government's plan would also introduce further amendments, including:

- Mandating equal pay for part-time, temporary, casual and seasonal employees that are doing the same work as full-time employees
- Expanding personal emergency leave to a minimum of two paid days per year for all Ontario workers
- Requiring employers to provide employees a minimum of three weeks of vacation time after working for five years with the same employer
- Requiring employers to pay workers for three hours of work if their shift is cancelled within 48 hours of its scheduled start time.

Commentary

As mentioned with the presentation of the 2017 Expenditure Budget, Bill 148 will have a \$437,433 impact on the City of St. Catharines in 2018. The increases being placed on operating costs are being discussed province-wide, with many studies anticipating substantial job losses. An October article from the Toronto Star cited three different studies to demonstrate the job-loss implications of this minimum wage increase.

- The Legislature's independent, non-partisan Financial Accountability Office predicts at least 50,000 job losses across Ontario.
- TD Bank study predicted 90,000 lost jobs
- The Keep Ontario Working Coalition, a group of business organizations, estimated 185,000 job losses over two years.

Statistics Canada noted that 60% of minimum wage workers in Ontario are teenagers or youths aged 15 to 24, 86% of whom live with their parents or other relatives. This is extremely relevant to the dynamics within the City of St. Catharines as summer-student titles are among those being directly impacted with the increase.

City of St. Catharines Breakdown

Within the City of St. Catharines there are 66 student and part-time titles that do not perform union duties and therefore are not compensated with a union wage. In January 2018, under ordinary circumstances, these roles would have received a 1.25% inflationary increase, totaling \$48,370. The minimum wage increase, however, has a different effect on each role and due to the nature of these diverse student and part time titles, some wages will experience a greater increase than others.

Student and Part-time Titles

Students account for 27 of the 66 aforementioned titles. There are 92,793 hours of work budgeted for completion (by these various roles) in 2018; to complete the required work over the allotted 16 week period, at 35 hours a week creates approximately 165 positions for students.

In 2017, all student titles in the City were earning above the provincial minimum wage; the lowest student wage was \$11.96 an hour and most titles were at \$12.55. Of the 27 titles, 19 were earning less than \$14.00 an hour. Therefore, to reach the 2018 minimum and maintain the integrity of our pay structure, these titles will be compensated with an average increase of 15%. There are only eight senior student / co-op positions that are not dramatically impacted by the new legislation.

Roles for part-time work account for the other 39 titles. In 2018, there are 131,590 hours of work budgeted for completion. Over a 52 week period, at a maximum of 25 hours a week, this creates approximately 101 part-time, non-union positions across the City. In 2017, there were 17 part-time titles earning less than \$14.00 an hour, with all but one position (server) earning above minimum wage. In January, 2018, after the new legislation takes effect, all of these part-time positions will be earning above \$14.00 an hour, with the exception of the server position which is legislated at a lower rate of \$12.20 per hour. Parks, Recreation and Culture Services and the Performing Arts Centre are the departments most impacted by the increase in wages to part-time staff.

Total Impact on 2018 Operating Budget

Without the newly legislated rates, the inflationary increase to all 66 titles would have totaled \$48,370. As outlined above, 55% of our student and part-time titles will need a

direct increase to meet the \$14 wage requirement; this is an additional \$193,294 impact on the 2018 operating budget.

To maintain the integrity of our pay structure, there are subsequent increases to senior titles that are required, as these staff members have additional responsibility and accountability. The amount necessary to uphold these wage differences is an additional \$191,769. This brings the total impact of the minimum wage increase on the City to \$437,433. Figure 1 below provides a visual breakdown.

Figure 1

