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Bill 148

Businesses facing fallout from new legislation

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Bill 148

Wellington County businesses deal with effects of legislation

BY OLIVIA RUTT

JACKIE FRASER,
FRABERTS FRESH FOOD

My most expensive payroll day, in the 10-year history of Fraberts Fresh Food, was Jan. 1, 2018 and I wasn't open, and nobody was working.

- JACKIE FRASER,
FRABERTS FRESH FOOD



WELLINGTON COUNTY - The Fair Workplaces, Better Jobs Act (Bill 148) came into effect on Jan. 1, catapulting businesses head first into new legislation.

Many business owners say they felt the impacts on day one. The government, on the other hand, said the act will create better security for workers and better workplaces.

Numerous changes came with the passing of the bill in November, including minimum wage and emergency leave. Many of these changes were discussed in meetings throughout the county, held by chambers of commerce to help businesses wade through the new information.

Launchit Minto invited Emily MacRobbie, Alexis Richards and Kelsey Frank of Ward and Uptigrove Consulting and Human Resources from Listowel to explain the legislation to businesses. The primary discussion points were minimum wage, vacation, holiday pay and emergency leave.

MacRobbie said the changes came from an independent review of the Employment Standards Act, which hadn't been changed significantly since 2000.

There were 172 recommendations, such as aligning minimum wage with the "living wage" - \$16.50 in Wellington County - but not all recommendations were adopted.

On Jan. 1, minimum wage increased to \$14 per hour. On Jan. 1, 2019 it will rise to \$15. There are other similar increases in wages for students and liquor servers.

Other significant changes include an increase in vacation to three weeks (six per cent vacation pay) after working with the same employer for five years or more.

Statutory holiday pay has been simplified. Now, regular wages earned in the pay period before the holiday are divided by the number of days the employee worked in that period.

As an example, Frank explained that previously, an employee who worked three days a week for six hours each would receive 3.6 hours of holiday pay. Under the new calculation, that same worker would receive six hours of holiday pay.

"It is a significant increase for part-time employees and anyone with an altered work schedule," said Frank.

Parameters around leave have also changed.

Paid personal emergency leave now applies to all employees. This includes two paid days of a total of 10 personal emergency leave days available to each employee. Employers are no longer allowed to ask for doctor's notes.

Adjustments were also made to family medical leave, child death and crime-related child disappearance leave, domestic or sexual violence leave and parental leave.

"Small businesses are currently looking, obviously looking, at their bottom line and when it comes to implementing the minimum wage for example ... if they made some other increases for their other employees as a result, I think that's the impact," said MacRobbie.

Jackie Fraser of Fraberts Fresh Food in Fergus said her business is feeling the pinch.

She crunched the numbers and discovered she would need an extra \$30,000 for the additional payroll for her nine employees.

But she didn't take into account the new public holiday pay calculation - a lesson she said she learned the hard way after the Christmas holidays.

"My most expensive payroll day, in the 10-year history of Fraberts Fresh Food, was Jan. 1, 2018 and I wasn't open, and nobody was working," she said.

Fraser noted most of her employees were earning above minimum wage when the changes came into effect, but she raised their wages to compensate. To deal with this extra

cost, she has reduced hours and changed some of her rituals.

"I used to take Wednesdays as office days ... I gave that up. Instead of hiring someone to

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**- PETER MOHR,
SHOETOPIA**

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work that Wednesday shift, now I work," she said, opting to finish "office work" after she puts her children to bed.

Yet her cost-saving efforts cover only half of

the expected \$30,000 increase, she said.

"Putting my prices up isn't really an option for me because a lot of my prices are going to be going up a little bit because my suppliers' costs are obviously going up too," she said.

"I'm still struggling to find where the rest of that is going to come from."

Some of the costs she hasn't realized yet.

"The big question mark for me is when the growing season begins, and I start buying the local produce, because a lot of the local produce farms, this is hitting them really, really hard," she said.

"I've spoken with some of my suppliers last year, and we talked about what the impacts are going to be, and they think their wholesale costs to me are going to be 13 to 17% higher than what I paid last year."

She said she worries about how losing the "local food" aspect of her store will change her business model.

"Do we need a smaller store, do we focus more on the catering and the ready-made meals and less on the produce? We have always seen our business as a whole ... (everything) complements each other and goes really well together and to lose a key piece is kind of troubling," she said.

Fraser also has to deal with the St. David Street bridge closure.

"I'm not going to make any drastic decisions this year because we have to wait



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PHOTOS: OLIVIA RUTT

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- THOMAS BLONDE, COLLINS BARROW GUELPH WELLINGTON DUFFERIN



until that plays out as well. But in 2019, I'm really going to pay attention to how things are going down and then we'll have to make some big decisions just on the future of our business," she said.

Peter Mohr owns Shoetopia stores in Fergus, Mount Forest and Waterloo. He said the effects of the new legislation came "too quick, too soon," essentially unionizing the entire Ontario workforce.

"A lot of good employers were already doing this stuff," he said.

Mohr said his business is still preparing for the changes.

"I believe it's going to take a year for most small business owners to get the full impact on how it's going to affect the business," he said, adding it will hit the retail sector hard.

"Right now, the retail environment in Ontario is not great. People aren't buying unless it's on sale; people are not spending their dollars as freely as they used to," he said.

"I think what's going on with Bill 148 will be the final nail in the coffin for anyone who was already struggling."

Mohr developed a spreadsheet to calculate the costs of the minimum wage increase and personal emergency leave.

Each field is adjustable, and he shared it with other business owners.

In his example, a \$2 increase to pay for 23 employees would be a \$95,680 increase for the year. He said to maintain employment costs at 15% of gross income, that would require nearly \$638,000 of additional sales per year.

DUE TO THE NATURE OF RETAIL, A PRICE INCREASE IS UNLIKELY

"If I can't raise my prices, what do I do? I have to find efficiencies. How do I find efficiencies? One of them is trim staff levels, but if I trim staff levels, then I'm not helping my customer because I'm not giving the good service people come to Shoetopia for," he said.

To combat increased employment cost, Mohr said he has reduced hours and inventory as well as outsourced what he can.

"Anything we can change as far as costing goes, we have to put under the microscope," Mohr said.

Thomas Blonde, partner at Collins Barrow Guelph Wellington Dufferin, said the minimum wage jump is "substantial" in a short period.

"I believe that minimum wage should provide enough so that people can have a minimal standard of living. It's just imposing this all at once in one year, like a 20% increase ..." he said.

"It should have been phased in over a five-year period."

Blonde said small businesses have received a bad reputation with the implementation of Bill 148.

"Most of my clients are very good, upstanding citizens. They want to pay their employees a living wage, they want to treat their employees well, and I think, when you think about it, having a successful business requires your employees to be happy," he said.

MINIMUM WAGE

In 1965, minimum wage was \$1 and it increased steadily over the decades. In 1995, wages were frozen for nine years at \$7.15 and again for four years in 2014 at \$11.

Statistics Canada released the January job report in mid-February, saying employment numbers across Canada are down, with the largest decrease in Ontario and Quebec.

"Employment in Ontario declined by 51,000 in January, entirely due to losses in part-time work. The unemployment rate was 5.5%, little changed as fewer people participated in the labour market," stated the press release.

However, the agency noted that employment in Ontario grew by 104,000 or 1.5% since January 2017, mostly in full-time work.

FULL EFFECT OF BILL 148 MAY NOT BE RECORDED YET

Mohr said the Fair Workplaces, Better

Jobs Act took away his ability to stand out from the crowd as an employer.

"Part of the attraction of working here was that we were providing a lot of the things (in the act) already and it was already better than everybody else," he said.

"But now, our model doesn't allow us to up the ante, because you saw the cost of the ante."

Both Mohr and Fraser said they did not take issue with a \$15 minimum wage, just the timeline for implementation.

"On a personal level, it's just that stress of having to put in more hours ourselves to make up for the hours that we can't afford to pay people," said Fraser.

"Why are we being punished as employers? When did our governments start having so little regard for the people that are creating jobs in this province that they are doing this stuff to us?"

Blonde said he felt that sentiment is shared by his clients.

"It really feels to our clients that the current provincial government is anti-small business; they're anti-rural as well," he said.

To help offset minimum wage increases, the government announced a reduction in the corporate tax rate, from 15 to 13.5%, with another decrease to 12.5% planned for Jan. 1, 2019.

"That will be something that will offset, in the government's view, some of these increased costs from the minimum wage," said Blonde.

However, Mohr is not convinced this will help his business.

"From what I'm seeing, might as well just spit at us," he said.

Whatever the outcome of the 2018 provincial election, it is likely the minimum wage increases are here to stay.

So Fraser advises other business owners to sharpen their pencils.

"Do your math, look at it as an opportunity to become more efficient," she said.

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