



MEDIA RELEASE

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IMPACT OF MINIMUM WAGE INCREASE FELT BY ONTARIO BUSINESSES

TIMMINS: Ontario businesses continue to face numerous challenges, including a stumbling US economy, ever-increasing prices for energy and gas, a strengthened Canadian dollar, a lack of skilled workers, and substantial declines in tourism. Now minimum wage increases will add a cost increase of about *\$5,000 per year* per minimum wage employee.

Effective March 31st, Ontario's minimum wage increased by \$0.75 to \$8.75 per hour and is set to reach \$10.25 per hour by 2010. The "student minimum wage" is increased to \$8.20 per hour, and will see similar proportional increases until 2010.

Some implications worth noting:

- Businesses will spend approximately \$5,000 more per employee per year for the basic wage increase, as well as the proportional rate increases to Employment Insurance, Canada Pension and the Workplace Safety and Insurance Board;
- The Provincial Government will collect more tax dollars from minimum-wage earners—approximately \$3,500 per employee per year.
- There will be a "cascading upward" effect since employers will have to increase higher wage brackets in order to maintain seniority within an organization and retain their employees.
- It is feared that this will lead to job losses, an eventuality nobody wants.

If the goal was to put more disposable income in the hands of the lowest wage earners and students, perhaps the government could have increased the basic allowable income before taxes, or reduced tuition fees, rather than add another cost to doing business in a province already harshly criticized for its lack of business competitiveness.

Ontario's general corporate tax rate is 14%, compared, for example, with 11.4% in Quebec and just 10% in Alberta and British Columbia. Ontario businesses also pay 8% provincial sales tax on the inputs they buy whereas in Quebec, where the provincial sales tax is harmonized with the GST, businesses aren't taxed on their inputs.

While the government will be lauded for helping out low income workers, once again Ontario businesses will pay the price.

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About the Timmins Chamber of Commerce

The Timmins Chamber of Commerce represents over 700 businesses and has been The Voice of Business in Timmins since 1949. Our advocacy and policy initiatives focus on fostering a positive business climate for our valued Members.