Hospitality Industry Overwhelmed by Increases to Minimum Wage
Premier Wynne Raises Minimum Wage, Liquor Server Wage, Student Wage!

Ontario is increasing the minimum wage from $10.25 to $11 per hour effective June 1, 2014. This new rate increase reflects the same rate of increase as the Consumer Price Index (CPI) year end 2013 plus incremental CPI increases going back to the last increase in 2010.

The Premier claims that this demonstrates the provincial government’s commitment to being fair since their last minimum wage increase in 2010. The Wynne government is also increasing the liquor server wage and the training wage by 7.3% effective June 1, 2014 – the increases are a regulatory change only requiring Cabinet approval.

The Minimum Wage Review Panel did NOT recommend a minimum wage increase – the Wynne government has chosen to raise minimum wage making it the highest of any province in Canada next to Nunavut!

**ORHMA ADVOCACY:** Minimum wage is one of the most important policies that the government dictates to the hospitality industry. ORHMA participated in government consultations and has submitted comments. ORHMA met with elected officials including the Minister of Finance, Minister of Labour and Opposition Leaders and Critics. The policy decisions that this Minimum Wage Advisory Panel recommended will impact this industry for decades to come. The minimum wage increases of 2008 and 2009 caused a great deal of suffering to the hospitality sector. The new times of hospitality has emerged where managers and those in leadership roles are wearing many hats and performing various work tasks. Sustainment is top of mind for operators. ORHMA understands these limitations being put on business growth and we remain concerned.

**Industry Challenges:** Ontario’s foodservice industry in particular has been experiencing extreme difficulties. Overwhelmed by rising labour, food and energy costs, restaurant operators continue to battle with the threat of shrinking operating margins. The rise of these expenses exert pressure on menu prices while sacrificing the risk of losing customers to grocery stores and homebound meals due to tight pricing in a very competitive business. Recent food sales data support this market shift.

**ORHMA Recommendation to Government** – “We support tying increases to the CPI as this can be understood by employers and employees. The CPI was at an all time low in 2009 growing only by 0.4% yet we have seen a minimum wage increase in Ontario of 8.6% just after a 9.4% increase was applied in 2008. This equates to an astounding total of 50% increase from 2004 to 2010. We understand that the government had a plan trying to make up for a freeze of 9 years however economic times of 2008 and 2009 were the worst economic years of our generation. Where was the business sense? Where was the economic sense? “ said, Tony Elenis, ORHMA President, CEO, September 2013.

“When you evaluate these increases, there is no wonder that the industry is suffering and fighting to stay afloat. I call to this panel that we need to be realistic and to use your role to prevent future similar decisions that would lead to creating another economic disaster in our industry” said Tony Elenis, ORHMA President, CEO, September 2013.
A higher minimum wage when compared to other provinces will intensify the problems our members and operators face daily—employers do consider moving jobs away from Ontario and into other provinces or the USA as it seems to be the trend for some of them.

Youth Employment: Morley Gunderson, Chair in Youth Employment at the University of Toronto, confirms that increases to the minimum wage rate will affect the accommodation and foodservice industries significantly more than any other sector. Research shows that “a 10 percent increase in the minimum wage reduces the employment of teens by 3 to 6 percent and slightly less for young adults.” This is particularly worrisome considering 45% of those employed in Ontario’s foodservice and accommodation industry are youth.

The danger of any increase is that it will actually hurt the very people it's designed to help. Studies have shown about half of those who earn the minimum wage are students under the age of 24, and most are not needy. In a 2003 study, Statistics Canada found that 90 per cent were living at home with parents or relatives.

One of the implications of raising minimum wage is that there is also an increase in payroll taxes, because by virtue of the payroll going up then CPP goes up, employment insurance goes up, workers compensation contributions go up, and our industry has to absorb those costs as well.

ORHMA advocated for no increases to minimum wage as the economy in Ontario has not landed on its feet and remains in recovery from the previous recession. ORHMA also reminded government the devastation the hospitality faced in 2008 and 2009.

Ontario remains to have several special Minimum Wage rates:

June 1, 2014 – Minimum Wage = $11.00/ hour
June 1, 2014 – Liquor Server Wage = $9.55/ hour
June 1, 2014 – Ontario Student Wage = $10.30/ hour

New Legislation Would Tie Minimum Wage to Consumer Price Index – ORHMA Recommended & Supports this Correlation Going Forward!

In February 2014 when the legislature resumes, the government will also introduce legislation that would tie future minimum wage increases to the CPI. This will ensure the minimum wage keeps up with the cost of living, and that increases are a predictable formula for businesses and families. Under the proposed legislation, minimum wage increases will be based on CPI would be announced by April 1 and come into effect on October 1 on annual basis.

ORHMA had recommended a predictable economic indicator and for the government to take the politics out of minimum wage as we had seen from 2008 to 2010. We are supportive of this approach going forward as it does not impact the industry similar to recent minimum wage increases – it was long overdue as many other provinces have a methodology such as this in place. We do not support the incremental increase just announced.

The proposed legislation would act on the recommendations of Ontario’s Minimum Wage Advisory Panel, which included business, labour, youth and anti-poverty representatives.

For More Information Click Link: Ontario Increasing Minimum Wage

Learn More: Know your rights and responsibilities under Ontario’s Employment Standards Act, 2000