



SURREY BOARD OF TRADE

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FAIR WAGE COMMISSION PRESENTATION

NOVEMBER 30, 2017

SHERATON HOTEL – SURREY

ABOUT THE SURREY BOARD OF TRADE

The Surrey Board of Trade represents 2,500 members and has over 6,000 business contacts with over 60,000 employees. We support business and bring business into Surrey. The purpose of the organization, on behalf of its members, is to advocate at all levels of government, facilitate networking opportunities, and provide cost-saving benefits and marketing opportunities. We are a not-for-profit organization with a common goal of furthering the interests of businesses in our region. We have demonstrated, through our leadership oriented projects and initiatives, a commitment to enhancing the local economy. Our membership is comprised of businesses in a variety of industry sectors of Surrey's economy.

ABOUT SURREY

Population: 526,293 (2016 Census)

13.7% of population Youth – Aged 15-24

12.08% of population Seniors – Aged 65+

Half of population mother tongue other than English

Highest Refugee Destination City in BC

City's Unemployment Rate is 7.93% (2011)

Youth Employment 16% (2011)

Anticipated to be BC's largest city in less than 12 years (with 800-1000 new residents added each year)

ABOUT THE FAIR WAGES COMMISSION

The purpose of the Fair Wages Commission is to advise government on how to move towards a \$15-an-hour minimum wage with increases that are regular, measured and predictable.

The Commission is committed to three main tasks:

1. The Fair Wages Commission will first develop recommendations for a pathway forward to raise the minimum wage to \$15-an-hour and on a process for how the minimum wage should be regularly reviewed and increased once \$15-an-hour is achieved.
2. The Commission will consider and make recommendations about other wage rates under the Employment Standards Regulation, for agricultural workers, liquor servers, live-in home support workers, resident caretakers, and live-in camp leaders.
3. The Commission will advise the Government on ways to begin to address the discrepancy between the minimum wage and living wages in our province.

The Fair Wages Commission has been directed to work with economists, trade unions, the technology sector, small businesses, youth and others from all regions of the province to put forward a plan to bridge the gap between the minimum wage and the living wage in British Columbia.

OPPORTUNITIES & PERSPECTIVES FROM BUSINESS:

The Surrey Board of Trade is pleased that this consultative process exists.

A boost to the minimum wage is especially challenging for Metro Vancouver-based businesses that also have to contend with high employee turnover, increasing land costs, rising rents and leases, and increased tax and utilities burdens, among other financial challenges. It must be articulated that business owners with bank loans and employees, margins are often slim.

What we would like the government to do is to formulate a wage system that is predictable. The Surrey Board of Trade has a longstanding policy that minimum wage rates are to be linked to the CPI to provide a level of predictability for businesses. This would allow long-term planning and ensures no sudden large increases in labour costs. If a \$15/hour is the decision of government, then we recommend that implementation is done in stages, culminating with full implementation in no less than 3 years-5 years would be better to ensure that business can integrate this into their business planning cycle.

THE BUSINESS PULSE:

In 2016, the Surrey Board of Trade surveyed their 2,500 members to obtain a perspective on impending minimum wage increases.

The results of the survey did support the Surrey Board of Trade's current policy which is to have the minimum wage indexed to the Consumer Price Index, with predictable and consistent increases so that businesses can adjust without undue impact – especially for small to medium sized employers. Nearly 70% of respondents work for companies that employ 50 employees or less, the rest with 23% in companies with over 100 employees.

Comments included:

1. Small businesses argue minimum wage increases will make it even more difficult for them to make ends meet amid a growing number of rising costs. Small-business owners in B.C. say a minimum-wage hike will likely force them to cut costs, including jobs, and potentially raise prices of their products and services. Businesses will be forced to adjust either by changing their service level or finding ways to improve productivity.

2. "Do not agree with living wage concept, you want better wages, get more training," to believing that a "living wage is a moral imperative. Structural poverty is not what society is about." Most fell in between and focused on how businesses would be able to manage. Some of the impact comments that our members will experience include: everything will go up on a menu; need regular increases but cannot leap to \$15 as it places too high of a burden on businesses; increases do not keep up with cost of living and businesses will pay later; and, several respondents commented that the increase will further fuel technological substitution or automation.

Currently, the minimum wage in B.C. is \$11.35 an hour. In B.C., 25% of all workers make less than \$15 an hour. These financial constraints produce not only economic hardships such as spiralling debt, but also people in poverty are much more likely to suffer from physical, emotional and mental-health issues. As an organization that advocates for business, we are also well aware of the impact of poverty on a community, that likewise impacts business.

So although we are concerned about the impact of sudden increases on our small businesses members, we also are aware that if business pay their workforce a fair wage, this can result in positive impacts for businesses and the communities in which we live in.

Everyone who works full time should be able to independently afford a basic quality of life without relying on less than ideal government support or second or third jobs. Nothing drives job creation more than consumer demand, and nothing drives consumer demand more than higher wages. Employers are job-creators. Decisions around minimum wage should not discourage investment, job creation, and economic growth.

Minimum wage increases will reduce the cost of doing business

If implemented carefully, and with due diligence, businesses impacted by minimum wage increases will see cost savings from lower employee turnover and may experience the benefit of increased productivity, a more positive morale, better product quality, and increased customer satisfaction. Increasing local consumer purchasing power is also a great benefit for the local economy. These benefits will substantially offset the increase in payroll. However, the Surrey Board of Trade's ask is that minimum wage increases be phased in gradually over a number of years on a set schedule, giving businesses both large and small time to adjust and keep their profit margins. As mentioned, ideally implementation is done in stages, culminating with full implementation in no less than 3 years.

Some of the observations that the Surrey Board of Trade would like to make is that we are aware that:

Minimum wage will reduce impact to small businesses and impact large businesses more

Likely large chains that are more likely to pay employees minimum wages. Raising the minimum wage will help level the playing field for smaller, independent businesses that invest in their workers and are more rooted in their local communities.

Raising the minimum wage will not destroy jobs

Rigorous studies of actual minimum wage increases have shown that raising the minimum wage does not cause job loss or will result in automation and efficiencies in business – resulting in new labour opportunities.

Impact to young workers

Younger workers deserve a higher minimum wage. Many workers younger than 20 are working to pay for necessities, to afford higher education, or are contributing to their family income.

Holistic perspective

Minimum wage increases are but one ingredient in the overall recipe of prosperity. Childcare, access to quality education, housing, and transportation are necessary to reduce poverty, including BC's child poverty. This will lead to reducing the need for Food Banks and meal programs in our schools, freeing up resources for additional services.

Raising the minimum wage is about reducing inequality, but it is also about restoring the true value of work. To conclude, raising the minimum wage is good for business and good for us all. Paying workers fairly isn't just the right thing to do, it's what makes our communities and businesses thrive: happy employees mean lower turnover and higher productivity. Workers who make more spend more, putting money back into the economy, rather than being forced to rely on public assistance programs. However, we do want to ensure that it is done carefully and with due diligence so that it does not become a barrier for small business start-ups and business growth so needed for our economy.

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