

Intelligence MEMOS



From: Parisa Mahboubi
To: The Honourable Kathleen Wynne, Premier of Ontario
Date: June 8, 2017
Re: **MOST VULNERABLE WORKERS WILL FEEL THE BRUNT OF EMPLOYMENT CHANGES**

In response to changes in the workplace over the past 30 years, Premier Kathleen Wynne has announced several proposed changes to Ontario's employment standards legislation. What is less clear, however, is whether these new rules will have unintended consequences on employment and wages.

The government's proposal on equivalent pay for part-time work requires part-time employees to collect the same wage when they do the same work as full-time employees.

New part-time jobs were a major contributor to employment growth in [2016](#). But, part-time jobs raise concerns about differences in the wage rate between part-time and full-time jobs. As of April 2017, the gap between average hourly wages was [\\$10](#) in Ontario. Based on the evidence in other jurisdictions, this gap is not entirely explained by differences in employees' characteristics influencing wages.

However, for an equivalently productive worker, employers have an incentive to hire more part-time workers when the hourly wage rate for part-time worker can be less than that of full-time workers.

Elimination of part time-full time wage differentials may also help to improve the [gender wage gap](#), resulting in higher labour force participation. [Research](#) has found that workplace characteristics including part-time work explain a larger portion of gender wage gap. In Ontario, women generally [are more likely than men](#) to have a part-time job due to family responsibilities.

Despite all the benefits that equal pay for equal work would bring for part-time employees, reactions from firms and businesses to this enforced parity may hurt some workers. Higher costs overall may induce a freeze or even declines in wages and/or a reduction in employment as the cost of hiring part-time workers increases. Furthermore, this new rule may hurt the most vulnerable of workers whom employers are only willing to take on as lower-paid part-time workers. Many won't get the equal pay the Premier promised, as they won't get types of full-time work or any jobs at all.

Besides, evidence from the agreements that have put in place similar policies across the globe such as in [European Union](#) shows that the full-time and part-time gap [did not disappear](#), due to segregation and discrimination.

Ontario is also planning to apply a partially paid 10 personal emergency leave days to all employees.

Although women are more likely than men to take leave of any type, leave days are important for all workers, especially to assist with emergency situations, child-care, and elder-care. Availability of leaves for workers may increase the [labour force participation rate](#) but there is no consensus in terms of its impact on the wages as [duration of leave](#) is a key element: longer leaves probably reduce the wages.

Employers are generally reluctant to approve leaves by employees due to concerns with the potential impacts on productivity. However, [research](#) has shown that there is a positive linkage between long term productivity and leave days, particularly if they are paid.

The upcoming changes to the workplaces are intended to improve the work quality for all types of workers but it is also important to consider the downsides. Even if they are adopted as proposed, many of their impact are uncertain and will require monitoring after new rules take effect.

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