



**MLOA**

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Minister – Hon. Cliff Cullen  
Economic Development, Investment and Trade  
Manitoba Legislature  
450 Broadway  
Winnipeg, MB R3C 0V8  
*Sent via email ([ecdevprograms@gov.mb.ca](mailto:ecdevprograms@gov.mb.ca))*

September 6, 2022

Minister Cullen,

On behalf of Manitoba Lodges and Outfitters Association (MLOA) members, board and staff, I would like to thank you for the opportunity to provide input on supports for businesses impacted by the upcoming minimum wage increase.

MLOA is a membership organization founded in 1986 with the intent to ensure the sustainability of fish and wildlife resources while providing world-class experiences to member's guests and showcasing resource tourism in Manitoba. Our 100+ members across Manitoba embody the vision of a vibrant resource-based tourism industry while supporting local employment and the provincial economy in addition to contributing to the sustainability of our natural resources.

We are all aware the tourism sector in Canada was one of the hardest hit due to COVID-19 restrictions and will be the longest to recover, particularly the outfitting sector in Manitoba where the majority of our members cater to international clients, 75-90% of which are based in the U.S. Resource Tourism Operators (RTO) throughout the province looked to 2022 as an opportunity to rebuild their businesses and the timing of this announcement is certainly difficult.

We appreciate your government's acknowledgement that support is required. MLOA engaged directly with our members and conducted a survey of our membership. Though response to the survey was limited (14 respondents) those who participate generally represent our membership at large.

It is worth noting a common theme is the minimum wage increase does not solely impact employees who make, or employers who pay, minimum wage. Minimum wage serves as a benchmark and as its level increases, so will compensation levels for positions earning within a few dollars per hour. For example, employees who currently earn \$15.95/hr (\$4 over current minimum wage) will soon expect to earn \$17.50/hr (\$4 over new minimum wage) along with pay increases in April and October 2023. Most RTOs, who operate in remote locations, understand they must pay above minimum wage to be a competitive and attractive employer; however, that does not mean they will not be impacted by a minimum wage increase.

With that in mind, please consider the following in response the questions in your engagement letter.



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## **#1: What percentage of the workforce will be impacted by the increase to the minimum wage?**

Based on our survey, 30% of RTOs feel it is somewhat likely or very likely the increase to minimum wage will affect their ability to continue operations. For 70% of RTOs, the increase will increase their overall operating costs by 5-30%. Of this 70%:

- 30% of their employees are currently paid minimum wage.
- an additional 40% of the workforce currently paid above minimum wage and employers will be required to raise their wages in order to retain qualified personnel
- 30% will be required to lay off staff as a result of the increase
  - Layoffs up to 25% of workforce
- 40% will be required to reduce working hours
  - Reduce hours for 80% of workforce

## **#2: What are the impacts to business operations and/or functions as a result of this increase?**

Along with the cost of goods and services, which are also expected to continue to rise, the increase to minimum wage is a significant and sudden increase in one of our sectors largest cost centres. At both the provincial and federal level, RTOs have been facing increases in government-related expenses. Every Canadian is currently impacted by recent inflation and borrowing costs, and there are pricing limits for all businesses if the costs are passed along to consumers. We all understand tourism spending is discretionary and cost is often the biggest consideration among those making travel plans. There are limited abilities for RTOs to increase package prices and profitability while operating costs continue to rise.

In an excerpt from comments from one of our survey respondents: "This increase will cost us about \$60,000 extra next year"

## **#3: Are there any supports or other opportunities that Manitoba should consider to help ease the transition to a higher minimum wage?**

Because the resource tourism sector, particularly RTOs, was among the hardest hit by the COVID-19 pandemic, we continue to struggle to hire new workers and bring back workers who were lost to other industries during the pandemic. During the pandemic, your government recognized our sector, along with the hotel sector, as uniquely impacted, and offered sector-specific support through the **Hospitality Sector Relief Program**. We hope that you will consider offering a sector-specific program once again, with support provided on a per-property basis, and each business eligible for support as its own entity

Other suggested RTO supports:

**Transitional Support Program:** The province could offer a program that would subsidize all, or a significant portion, of the wage increase per hour, per employee, for a period of one year.



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**Sector Support Program:** An initiative such as the government's COVID-19 Sector Support Program would be beneficial. Under this program, the amount of support was based on the number of employees on a business's payroll. We appreciate this program's simplicity and application process, and fairer compensation according to the size of the workforce at each business.

**Government Grant Matching:** Some of our members, and many other employers, use seasonal employment grants from the provincial and federal governments to accommodate seasonal employment. These opportunities (such as Green Team through Manitoba Government, or Canada Summer Jobs through federal government) provide full financial support to employers for minimum wage employment costs. Many employers offer additional wages to present themselves as an attractive employer and full government support of minimum wages at the time of implementation would allow these types of employment opportunities to continue for young Manitobans.

**Alternate or "Tiered" Minimum Wage Programs:** It is generally understood the need to increase minimum wage is to make Manitoba competitive within Canada and offer the potential for living wages. However, this increase will pass those intended benefits to young Manitobans entering the workforce. Phasing in the increases based on residuals, age, time in the workforce, etc is a suggested proposal to limit the immediate impacts to those employers who focus on creating first-time employment experiences.

**Fuel Subsidy:** Along with employment-related costs, the recent and sudden increase in fuel prices has had a significant impact on RTO operating costs. Many of our members operate in remote locations, relying on diesel fuel for power generation and all of them use some form of fuel-dependant transportation for taking their clients to their resource tourism opportunities.

**#4: If government did not provide supports to business, what measures would need to be taken to accommodate this minimum wage increase?**

This is the most unprecedented and challenging time for the RTO sector. Our members and their clients are characterized by resiliency and commitment, represented by the high level of repeat visits and the strong relationships that generate annual hunting or fishing trips. The pandemic put a strain on these relationships as many clients, unable to travel to Canada, found domestic options such as fishing in Alaska or hunting in a neighbouring state. The gradual re-opening of the border Aug 9, 2021 did ease some of the strain, though by that time fishing season in Manitoba was nearly over and fall hunting season was getting underway. Some businesses were able adapt quickly, though not without overcoming logistical travel challenges and they did so using 2019 deposits for 2020-priced trips, many at a loss or barely breaking even in an attempt to retain their clients. 2022 offered the possibility of full seasons to recover, though very few things went as planned and this minimum wage increase can be seen as another reason for small businesses were to contemplate their viability.

Without support from government, this minimum wage increase will put some RTOs in serious jeopardy. Even with supports, if not adequate, these employers will need to cut their hours or lay off staff. As



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mentioned earlier, price increases to the consumer will likely result in less business overall and it is impossible for RTOs to reduce their levels of service. Many RTOs still have 2019 deposits accrued and now assigning those to 2023 trips for their unvaccinated clients.

To put in the simplest of terms, 20-30% of respondents (representing nearly 400 RTOs in Manitoba) will not be able to accommodate all the costs of the minimum wage increase.

Thank you again for the opportunity to share our input. I can imagine this is a divisive issue and MLOA appreciates being considered for stakeholder engagement. I would welcome the chance to meet with you before any final decisions are made and please do not hesitate to reach out with any questions about our submission, or to arrange a meeting.

Sincerely,

Graham Neale  
Executive Director