



May 23, 2017

The Hon. Kathleen Wynne
Premier of Ontario
Legislative Building Room 281, Queen's Park
Toronto ON M7A 1A1

The Hon. Kevin Flynn
Minister of Labour
4th Floor
400 University Avenue
Toronto, Ontario M7A 1T7

VIA E-MAIL: Premier@ontario.ca

RE: Changing Workplaces Review Final Report

Dear Premier Wynne and Minister Flynn,

On behalf of the members of the Ontario Restaurant, Hotel and Motel Association (ORHMA), I am writing with regards to the Changing Workplaces Review Final Report that was released today.

The 173 recommendations brought forward today for your consideration in the final Changing Workplaces Report (CWR) have the potential to negatively impact our economy. The CWR final recommendations if implemented by you will increase red tape, add significant unnecessary costs to businesses, reduce employment opportunities for our youth, discourage business expansion and make Ontario's struggling hospitality operations more onerous to operate.

The ORHMA has much anxiety as we anticipate your response to these recommendations – we know that you too are thoroughly reading and preparing responses. At first glance, this report is very damaging for our employers and operators in the province of Ontario. This review is not something Ontario's hospitality industry has asked of the provincial government but we did participate in consultations and various government meetings to ensure Ontario's hospitality industry was represented. We are vulnerable to your response to this report and anticipate an economic analysis to be conducted on our industry on any recommendations you decide to support and implement.

Although you feel the economy is doing well, we do not think this is the best time to overhaul labour laws that will impact Ontario's hospitality industry. We ask you to take a closer look at the performance of our industry that has seen margins deteriorate over several years. Additional expenses add unintentional pressures to operate a successful business. It's not the lineups that are seen in front of restaurant doors, it's about the poor flow-through to the bottom line. Most small businesses are struggling today to be sustained and recommendations noted by the advisors in their report will potentially close their business. This should be concerning for your government.

ORHMA MINIMUM WAGE RECOMMENDATION: As we continue to review the final report and digest the full potential impact with our members and legal counsel we do recommend that you address the Special Advisors minimum wage recommendations contained in the CWR final report at a later date for proper consultations with all businesses especially our hospitality industry. These recommendations were not part of your mandate for the Special Advisors and the Minister has also stated in media scrums that the minimum wage will be reviewed in 2019. Within the CWR final report recommendation 81: "Student Minimum Wage for Those Under 18. The minimum wage rate for students under age 18 should be eliminated over a three-year time frame." And recommendation 83: "Liquor Servers' Minimum Wage. The

liquor servers' minimum wage should be phased out over three years." We already know that the current wages at this time are impacting who we hire and how many an employer can afford to employ. Ontario has the highest youth unemployment in Canada and if you eliminate a training wage this is not going to help or encourage our industry to hire more youth. Furthermore, the liquor servers employed in our industry work hard but so do the culinary and support teams. The "Gratuity Earning" model does position servers as some of the highest income earners working in a restaurant. . Decisions such as these require a better understanding of the operations in our industry.

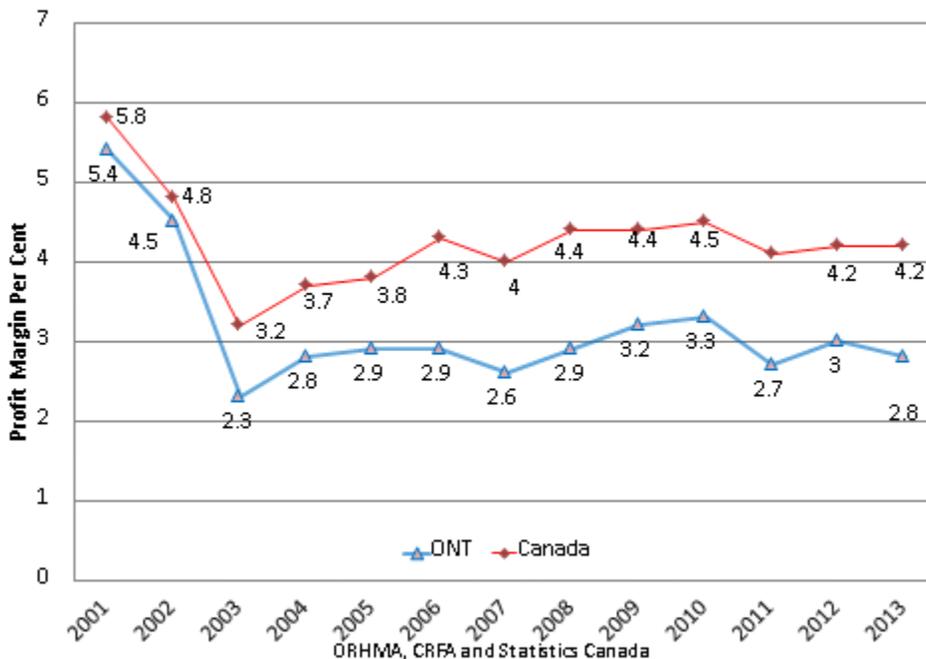
One of the implications of raising minimum wage is that there is also an increase in payroll taxes, because by virtue of the payroll going up then CPP goes up, employment insurance goes up, workers compensation contributions go up, and our industry employers absorb those costs as well.

We would also expect the government while reviewing minimum wage to also consider tax cuts on income taxes because we have all learned that raising minimum wage does not address the fundamental policy issues that the government wishes to address which is poverty. The government should not force Ontario's restaurants and hotels to solve poverty through wage hikes alone. There are many policy tools – such as raising personal tax exemptions – that could help low-income workers keep more dollars in their wallets.

Our industry like the government is continually seeking to increase efficiencies by reducing spending costs while attempting to improve outcomes and create jobs. Eliminating a student training wage and the liquor serving minimum wage in Ontario will take away jobs and could potentially close hospitality businesses.

Ontario's hospitality industry feels their competitiveness and capacity to invest in Ontario is eroding. In particular, Ontario's food service industry has been experiencing extreme difficulties with rising labour as well as food and hydro costs. Expenses exert upward pressure on menu prices and in turn menu-price hikes are inevitable but there is only so much that price points can go up when faced with a high risk of losing customers even to grocery stores due to a very tight pricing elasticity in a very competitive business. Restaurant and hotel operators continually battle the trend of shrinking operating margins.

Canadian Provinces Foodservice Margins





ORHMA REQUEST: Layering labour reforms and potential wage increases on top of growing government policies that impact the hospitality sector, rising hydro costs, Canada Pension Plan Enhancements, cap and trade, rising municipal property taxes and the long list of economic challenges faced by the hospitality industry, we ask that the government consider the drawbacks and impact to business while considering the timing on amending and changing current labour laws.

We ask that you do not rush to implement the CWR final report recommendations. We anticipate further consultation with our industry before changing any labour laws. **Ontario's hospitality industry expects government policies to have a positive impact on employers and not to punish them for having a business that provides jobs.** It is essential for your government to conduct a cost benefit analysis before passing any new or amended labour law legislation and / or increasing minimum wage and or eliminating the student training minimum wage and or eliminating liquor server minimum wage.

We continue to believe that many of the workplace challenges that you are seeking to address can be solved by improving employer and employee awareness of workplace rights and subsequently redressing violations of those rights. Those businesses that are not complying with Ontario's labour laws should face serious consequences. We see enhanced education and enforcement measures as an important area of common ground for government, employees, and employers.

We will continue to vigorously defend against public policies that we believe to be harmful to economic growth and specifically to job creation in the hospitality industry.

Yours truly,

A handwritten signature in black ink, appearing to read "Elenis", is positioned below the "Yours truly," text. The signature is stylized and enclosed within a large, sweeping, horizontal loop.

Tony Elenis
President & CEO
Ontario Restaurant Hotel & Motel Association