



May 15, 2017

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

VIA E-MAIL: Premier@ontario.ca

RE: Ministry of Labour – Ontario's Proposed Labour & Employment Reform

Dear Premier Wynne,

On behalf of the members of the Ontario Restaurant, Hotel and Motel Association (ORHMA), I am writing with regards to the media reports with your Minister of Labour over the weekend of impending changes to the Labour Relations Act (LRA) and the Employment Standards Act (ESA), including the potential increase in minimum wage to \$15 an hour.

ORHMA appreciated the opportunity to be consulted during the Ministry of Labour's Changing Workplaces Review 2015 and the opportunity to respond to the government's 2016 Interim Report which suggests significant changes. We understand the purpose of the review and recommendations will consider how the Labour Relations Act, 1995 (LRA) and the Employment Standards Act, 2000 (ESA) could be amended to best protect workers while supporting businesses in our changing economy. Any recommendations brought forward for your consideration has the potential to increase red tape, add unnecessary costs and make Ontario's hospitality operations more onerous to operate.

ORHMA does not support many of the reforms you and your Cabinet are about to consider. This review is not something Ontario's hospitality industry has asked of the provincial government. We have been told by government officials that the labour community initiated this process and thus has been able to devote more resources into policy option development. **We do not think this is the best time to overhaul Ontario's hospitality industry.** We are greatly concerned that your anticipated changes will impact our industry and the economy in a negative way.

Reported media changes would further restrict the flexibility of part-time and contract employees, diminish transparency and informed employee choice in the union certification process, and institute "paperwork provisions" that will add new layers of red tape to the existing regulatory framework.

Ontario's hospitality industry is being considered, among all other sectors, in a "one size fits all" approach to this review. The hospitality industry is unique and operators beyond the typical "nine-to-five" job. We have huge traffic demand variances, multi task responsibilities differences, profit margin differences, lack of resources and operating with significant amounts of red tape. As well, we are an industry that is an entry level employer for many youth, seniors, immigrants and non skilled workers. One needs to truly consider the sustainment of our economic model with rigid price point limitations in a highly competitive environment.

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.

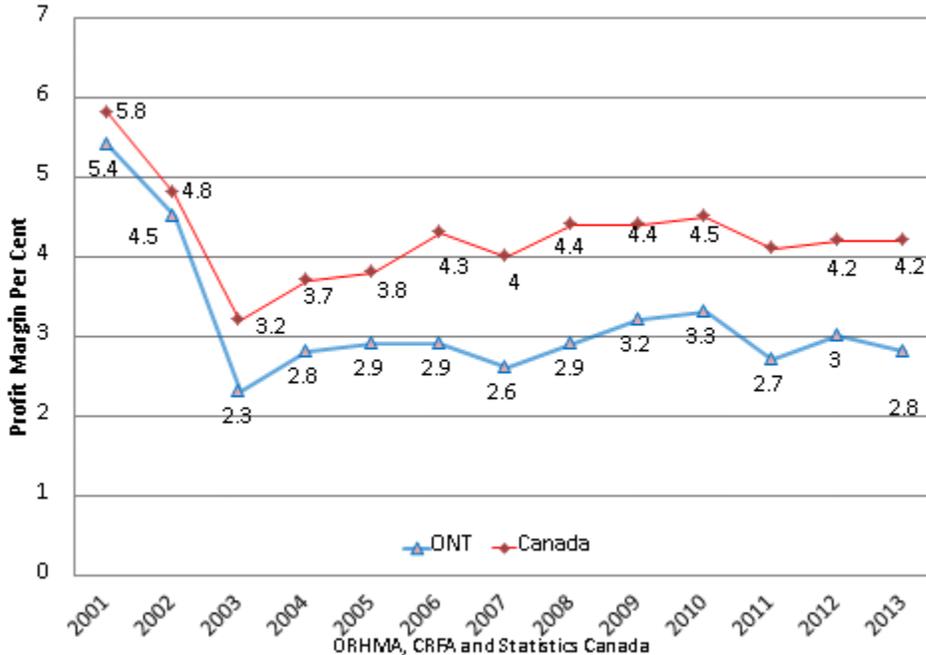
Furthermore, tightening credit lending practices by financial institutions has led to an inability within Ontario's hospitality industry to make enhancements to existing infrastructure or to build new product. Drawing new investment into a destination is tough and very competitive and difficult for healthy financial returns. The review suggests changes to the ESA and LRA practices that are potentially onerous and costly and will keep new business growth away from Ontario.

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.

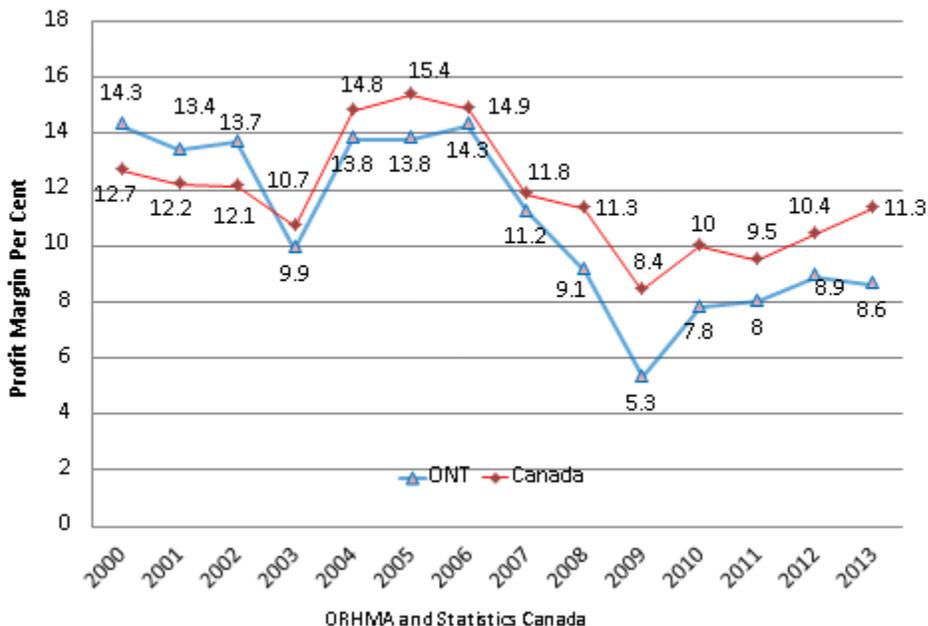
ORHMA REQUEST: The labour review has proposed changes that are one sided without the economics lens applied to suggested recommendations being proposed. Ontario's hospitality industry expects government policy to have a positive impact on business. **It is essential for your government to conduct a cost benefit analysis before passing any new or amended labour law legislation and / or increasing minimum wage.**

There is a sense amongst the employer community that politicians are either unaware or significantly underestimating the cumulative financial burden of recent policies that have increased the cost of doing business in the province. Employers remain deeply concerned that the resulting cost escalation would act as a direct constraint on their ability to invest in the human and physical capital required to ensure the future prosperity of the province.

Canadian Provinces Foodservice Margins



Canadian Provinces Accommodations Profit Margins



We 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 participate in consultations with the provincial government and the Ministry of Labour in the coming weeks and months ahead. 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,



Tony Elenis
President & CEO
Ontario Restaurant Hotel & Motel Association

cc: Minister Flynn, Minister of Labour
Minister McMahon, Minister of Tourism Culture & Sport
Minister Chan, Minister of International Trade
Minister Sousa, Minister of Finance
Minister Coteau, Minister of Children and Youth Services and Minister Responsible for Anti-Racism
Minister Duguid, Minister of Economic Development and Growth