

July 12, 2018

The Hon. Laurie Scott
Minister of Labour
14th Floor 400 University Avenue
Toronto ON M7A 1T7

VIA E-MAIL: ministeroflabour@ontario.ca

RE: Ministry of Labour Employment & Labour Reform

Dear Minister Scott,

On behalf of the Ontario Restaurant, Hotel and Motel Association (ORHMA) members I am writing to wish you all the best as the newly appointed Minister of Labour. Congratulations to you and your team on a successful campaign. We also applaud your campaign promise to phase in the minimum wage increases over a longer period of time. We truly look forward to working together.

The Ontario Restaurant Hotel and Motel Association (ORHMA) urges you to meet with Ontario's foodservice and hospitality sector to review the impact that the most recent provincial labour law reforms that revised the Labour Relations Act, 1995 (LRA) and the Employment Standards Act, 2000 (ESA) have had on our industry. The amended legislation has impacted our sector by increasing red tape, adding unnecessary costs and making hospitality operations more onerous to operate.

ORHMA did not support many of the reforms the previous Liberal government implemented. The ORHMA did not advocate the provincial government to make changes to the labour laws in Ontario. We have been told by government officials the labour community initiated the labour review process and thus has been able to devote more resources into policy option development and had the ear of the previous Minister. We do not think this is the best time to overhaul Ontario's hospitality industry with significant labour reforms and seeing the election outcome the people would agree and have also spoken.

Ontario's hospitality industry was considered among all other sectors in a one size fits all approach to all labour reforms. The hospitality industry is unique we are not typically a 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 of the youth, seniors, immigrants and non skilled. 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. Ontario's food service industry in particular 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 changes to the ESA and LRA practices are onerous, 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 your government consider a full review of the impact these new labour laws have had on our industry..

The previous labour law review proposed changes that are one sided without the economics lens applied. Ontario's hospitality industry expects government policy to have a positive impact on business. **It is essential for your government to meet with the ORHMA to better understand the true costs to business owners.**

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 stress 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.

Please take the time to meet with the ORHMA and its membership to better understand the impact these laws are having on our sector. We will make ourselves available anytime to meet in your Toronto office or in your riding.

Yours truly,

Tony Elenis
President & CEO
Ontario Restaurant Hotel & Motel Association

cc: Premier Doug Ford