



The Honourable John P. Manley, P.C., O.C.
President and Chief Executive Officer

L'honorable John P. Manley, C.P., O.C.
Président et chef de la direction

June 14, 2017

The Honourable Kathleen Wynne, M.P.P.
Premier and Minister of Intergovernmental Affairs
Government of Ontario
Queen's Park
Legislative Building, Room 281
TORONTO, Ontario
M7A 1A1

Dear Premier Wynne,

Three years ago this week, I wrote to you on behalf of the Business Council of Canada to offer congratulations on your victory in the provincial general election. In my letter, I urged you to stay true to your promise to eliminate the provincial deficit by 2017-18. I also said that Ontario needed a strategy for growth – one that would improve the province's ability to attract new business investment.

Since then, your government has made progress on a number of fronts. Among other accomplishments, we have applauded your success in balancing the budget, commended your efforts to reduce unnecessary red tape and welcomed your leadership in achieving a national consensus on Canada Pension Plan reform.

Unfortunately, we cannot offer a similar endorsement of your plan to rewrite Ontario's Employment Standards Act and Labour Relations Act. However well-intentioned these changes may be, the inevitable result will be to significantly raise labour costs, discourage job creation and reduce opportunities for younger and less-skilled workers.

What's more, the measures are intended to go into effect during a period of decelerating economic growth. According to the Ministry of Finance's *Long-Term Report on the Economy*, Ontario's average annual growth rate is projected to slow to 2.2 per cent between 2016-2020. At the same time, businesses in Ontario are adjusting to sharply higher electricity rates, higher CPP contribution rates and the implementation of a cap-and-trade program for greenhouse gas reductions.

Premier, the Ontario economy is not an island unto itself. Ontario-based businesses compete with companies around the world. Many of them are highly integrated in global supply chains and have little or no ability to pass on higher costs. We urge you to consider the real-world consequences of sudden and sharp increases in the cost of labour, combined with sweeping revisions to employment and labour laws that fundamentally change the relationship between employers and employees.

Minimum wage

Ontario's general minimum hourly wage has risen by 42.5 per cent over the past 10 years, more than twice the rate of inflation over that period. At the very least, the proposed 32 per cent hike – to \$15 by January 1, 2019, from today's level of \$11.40 – warrants a longer phase-in period than the 18 months your government has proposed. As a point of comparison, we note that in 2016 California adopted a plan to raise its minimum wage to \$15, phased in over five years so as to avoid job losses at companies that would not be able to afford a rapid jump in payroll costs.

New York State, too, has taken steps to soften the disruptive impact of an increase in the minimum wage. Recognizing that local economic conditions vary greatly across the state, New York's plan provides for the implementation of a \$15 an hour minimum wage in New York City by December 31, 2018 (or one year later, in the case of companies with 10 or fewer employees). In nearby Long Island and Westchester, the full increase to \$15 will not take effect until the end of 2020. Elsewhere in the state, the minimum wage will rise in stages to \$12.50 by the end of 2020. Thereafter, increases will be determined annually based on economic conditions, including the rate of inflation. This approach – which acknowledges that employers need time to adjust to significant cost increases, and that labour market conditions are not the same in every community – strikes us as reasonable and fair, in contrast to Ontario's across-the-board, one-size-fits-all plan.

Proposed changes to employment standards

The Business Council supports the principle behind "equal pay for equal work" provisions that require employers to pay casual, part-time, temporary and seasonal employees the same hourly rate that is paid to full-time employees.

Nevertheless, we are concerned that the proposed changes will have unintended consequences that will ultimately hurt the very people they are meant to help.

Companies that use temporary and short-term workers often do so to meet production schedules that fluctuate on short notice based on customer demand. These workers are typically new entrants to the industry and therefore require significant training – after which they may be considered for full-time employment. Our concern is that legislating equal pay for these workers from day one will discourage employers from hiring temporary and short-term contract workers in the first place. We recommend that the government consult with employers to ensure these provisions do not reduce opportunities for temporary and part-time workers, and do not put companies at a competitive disadvantage.

Finally, adding sick days while restricting the ability of employers to request medical evidence in support of absences will exacerbate absenteeism rates, which are already high in Ontario when compared to our closest competitor. According to research by the Conference Board of Canada, Ontario has an average annual absenteeism rate of just over eight days per worker. This compares to the United States where the absenteeism rate is 5.4 days per worker. Put simply, these changes will significantly raise costs and weaken the ability of Ontario-based businesses to compete with their counterparts in other jurisdictions.

Union Certification

Secret ballot voting is widely recognized as the most fair, accurate and democratic way for any group of individuals to make a decision. We are therefore deeply troubled by the government's proposal to do away with secret-ballot voting in certain sectors to determine whether workers wish to be represented by a union. The re-introduction of "card-based" union certification in these sectors is fundamentally undemocratic and not in workers' best interests. It also ignores the fact that the government, through the Ontario Labour Relations Board, already has ample means at its disposal to ensure that certification votes are free from any unfair influence or intimidation by either the employer or the union.

Premier, it goes without saying that labour harmony is critical to a productive and thriving economy. The proposed legislation further threatens this by allowing unions to access employee lists and certain contact information, provided the

union can demonstrate that it has achieved the support of 20 per cent of employees involved. Lowering the threshold from 40 per cent will put many workplaces in a constant union-certification process, resulting in workplace discord and acrimony that is damaging to business and the wider economy.

In closing, I urge you to reconsider these proposed changes to Ontario's labour and employment laws. I do not doubt that some of the measures your government has put forward have merit, but I fear that the package as a whole could have profoundly negative consequences for Ontario's economy.

Sincerely,

A handwritten signature in blue ink, appearing to read "K. Wynne", is written below the text "Sincerely,".