

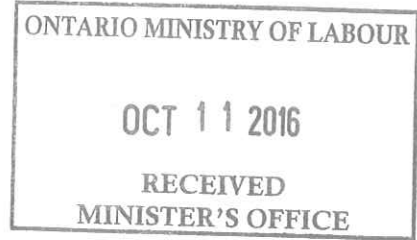


LOU RINALDI, MPP

Northumberland-Quinte West

September 26, 2016

The Honourable Kevin Flynn
Minister of Labour
400 University Avenue, 14th Floor
Toronto ON M7A 1T7



Dear Minister:

Recently I had the opportunity to meet with local owners of the McDonald's restaurants. Bob Doyle, Colin McLean and Ken and Cynthia Schmidt. They are all very concerned about the government's Changing Workplaces Review and the impact legislative changes will make in their local restaurants in my rural riding of Northumberland-Quinte West and surrounding areas.

I have enclosed a copy of the letter they provided to me in follow up to our meeting. I think you will find their comments very clear and concise.

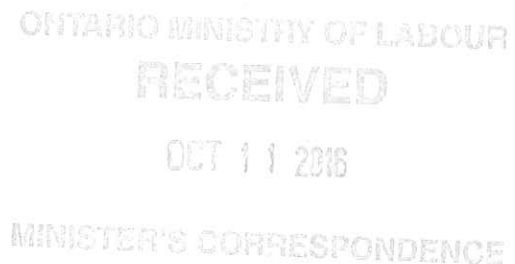
Minister, it is my hope that you will carefully review Bob, Colin Ken and Cynthia's concerns and take the information they provided into consideration before legislative changes such as this are enacted.

Thank you for your time and attention to this important information. I look forward to hearing from you.

Sincerely,

Lou Rinaldi, M.P.P.
Northumberland-Quinte West
LR:dar
Encl.

c.c. Ken Schmidt via email: Ken.Schmidt@post.mcdonalds.ca



Dear Lou,

Thank you for making the time to meet with us to discuss the government's Changing Workplaces Review and for your candour and advice. We appreciate that you wanted to know more about what specifically concerned us and that you were interested in learning more about the potential impacts of this legislation on us, on our businesses, and on our 494 employees working in 8 separate restaurants in Hastings/ Northumberland.

We are proud of the opportunities that we offer to our employees and we are proud of our reputation as employers in our area. Like us, most of the business-people we know treat employees properly and with respect. As we discussed in our meeting, we would support an approach by your government that more specifically targets the bad apples, rather than all employers.

The proposals in this government sponsored review are being made not targeting the bad apples and without regard to the costs to business, cost to government or cost to the consumer. We all run small businesses and we simply cannot raise prices enough to cover the huge costs of all of the options suggested. Margins in the foodservice industry, and many other sectors, are already tight and businesses have already absorbed cost increases for food and energy. We see more cost increases on the horizon. If the proposals from the Changing Workplaces Review are not properly costed out, the impact of their adoption will not be known. We believe that this would be a mistake and would result in job losses and businesses closing down within Ontario.

You asked that we follow-up with a few of the most significant concerns that we have about the proposed changing workplace review and that we do it in "Canadian Tire" speak. So, without being comprehensive, here are our most serious concerns.

1. Elimination of the minimum wage differential for students under the age of 18

- We currently have about 25% of our employees under the age of 18 on our teams, most of whom came to work with us with no prior experience of any kind. We hired, trained and developed them over time. Over the past years, we have each hired literally hundreds of students and taught them to work in a formal workplace, about what it is to show up on time, earn a paycheck and pay taxes. These individuals have developed skills that are highly valued by employers in all sectors and skills that make them more marketable for careers in all fields. They have developed skills including teamwork, communication, problem-solving and how to manage a team through their employment with us. The vast majority of our employees under the age of 18 are part-time workers, full-time students living at home. Some employees meet their objectives and decide to move on in a short timeframe, others have stayed with us for years and moved up the ranks within our businesses.
- We am proud to offer these young people the opportunity to build their skills, earn some money and be productive. There is no question though that, by virtue of their inexperience, employees under the age of 18 are less productive and have higher turnover. The student wage differential is an important incentive for us to hire young people with no prior experience or references and invest to train them. If the \$0.70 student wage differential were to be eliminated, it would cost our businesses a substantial amount of money but more importantly, it would absolutely make us **less**

likely to hire someone under 18, when we could find someone more mature, more productive and with a track-record of employment at the same rate of pay.

- I hear governments talk all the time about problems with youth unemployment. In our view, eliminating the student wage differential would definitely make this worse across Ontario as all employers would evaluate their options based on the economics of that change.

2. Require schedules to be posted two weeks in advance and require employers to pay more for changes to the schedule

- In our business, schedules are typically posted five days in advance and most of our full-time employees work a predictable schedule. Changes to the schedule happen very often and in the vast majority of cases the changes are at the request of our employees so that they can manage their school, family, and social obligations. We have a “book-off book” in all our restaurants where employees can request time off in advance of the schedule being created. We typically get 6-10 book-off requests per day, in each restaurant and many of these requests are made within a week of the scheduled shift.
- Many of our employees choose to work with us, and in our industry specifically, for the flexibility that we offer. The report suggests that we might need to post schedules two weeks in advance and pay employees for any changes that we then make to that schedule. If I were forced to pay an employee 4 hours’ wages for all schedule changes made within 48 hours of a shift, I estimate that this could cost each of our restaurants upwards of \$1,000 per week. In that situation, we would have no choice but to deny book-off requests. I can’t tell you how unpopular this would make us with our employees and how it would impact one of the main attractions to employment with us – our flexible work schedules.

3. Card-based certification

- The report talks about the ability to impose a union on employees without them having a vote. If a union is able to get half of the employees in a business to sign a card, or sign up online, then a union would be imposed without a vote. Union certification based solely on membership cards definitely removes the employees’ right to vote on whether or not they choose a union. This is just wrong. Employees should all maintain the right to vote. Additionally, secret ballot voting needs to be maintained as it safeguards employees from external pressures and helps to ensure their true opinion is represented in any vote.

4. Joint Employer

- The report considers major changes to the franchise industry without any evidence that franchisees are any less compliant than other businesses. The effect of the proposal of joint employer would effectively make all of us managers of our businesses – not the owners. It’s not right that there is no evidence presented to demonstrate a benefit to employees from this change, and that no evidence has been presented that franchises are less compliant to all aspects of employment standards than other employers.

- The report suggests that control of a brand and business model means the franchisor should have responsibility, jointly with the franchisee, for all employment matters. This report frames all franchise organizations as the same. We know that not all franchise models, let alone franchises in the same sector, are alike. The economics of each business are different. We have each invested our own money to own our businesses and to run them. Creating a situation where our franchisor is now jointly the employer of our people, strips away our rights as independent businesspeople. In this scenario, the power to manage our business in key areas would be handed over to our franchisor. Colin, Bob, and Cynthia and I, are all proud to be McDonald's franchisees. We each know our business, our own communities, and our own employees and customers. We each invest in and support our communities. A head-office that is hundreds of kilometres away, shouldn't be making decisions about how our restaurants operate or how they run on a day-to-day basis. Making all franchisors a joint employer, stifles independent and small business in our province, and small business needs to be maintained as an important growth engine for our economy. We are not alone in this belief. Please talk to any of the franchisees of our major competitors in our industry, or the Chamber of Commerce, and they will echo our thoughts.

5. Broader-based Bargaining Structure – example in the report is a standard labour agreement for all fast-food restaurants in North Bay

- We can't imagine being told that we cannot negotiate directly with our own employees and that we cannot differentiate ourselves from other employers in our individual communities as we see fit. We offer unique training and development opportunities to our employees and we all have incentive and retention plans that are unique to our businesses and our restaurants. We all have different wage structures and hierarchies within our businesses. To suggest that all food service establishments in one geographic area are the same is really insulting, and that idea could only be put forward by someone with no experience in our sector of the economy.
- The Interim Report concludes that if all businesses have the same agreement, there will be no impact on business. This isn't true. We know that in our industry, if prices are raised too high – customers leave our industry. This will result in lost jobs and business closures throughout Ontario in the food service industry, and other industries as well.

6. Paid leave

- The report talks about additional paid leave and changes to stat holiday pay that could significantly increase labour costs. There are too many options put forward on this topic in the report to provide calculations on all of them but one example is paid sick leave for part-time employees. If you combine that idea with having to pay extra wages for changing schedules on short notice, the costs to small business really sky-rocket. We each have wonderful staff and we don't want them to come in to work if they are sick but there is no question that a paid sick leave scheme could be very easily abused – especially if it is extended to part-time staff. We understand that employees of the federal government, who are paid for sick days, take an average of 10.5 sick days a year while private sector employees average 6.4 sick days. One of the proposals in the report suggests that all employees should receive one hour of paid sick leave for every 35 hours worked. If that was adopted, it would increase labour costs substantially, on top of the other suggestions. We can provide you with the impact to labour costs for our

businesses, but just look at the impact that this would have on any business in Ontario if it were adopted.

- There is a misnomer out there about our industry that if costs increase, we can simply raise our prices higher to pay for the impact of the changes, but that is not true. All businesses are going to be dramatically impacted by these proposals, if they are adopted, and your government should fully cost each and everyone of them out, before selecting to introduce any of them.

Lou, thank you again for your time, and for listening to our concerns. We appreciate that you will take them to discuss with the Minister in advance of any government decisions on the proposals. We hope that you will also bring them directly to the Premier for her review, before our government makes any final decisions on legislation.

If you need any more detail about any of our concerns, or just want to talk, please give one of us a call anytime.

Sincerely,

Bob Doyle
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Colin McLean
McDonald's Belleville
613 849-7001

Ken & Cynthia Schmidt
McDonald's Quinte West /Brighton
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