



North Bay & District Chamber of Commerce

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January 26, 2009

Honourable Monique Smith
MPP for Nipissing
165 Main Street East
North Bay, ON P1B 1A9

Dear Monique:

Thank you for taking the time to attend our business leader's forum on January 13, 2009. We were pleased to have the involvement of all levels of government and a broad range of business leaders from all sectors of our regional economy, as we discussed ways to weather the challenges we are all faced with in the wake of the global economic crisis.

I would like to address an issue raised at our forum, that relates to the mandate of the provincial government.

The proposed increase to the minimum wage, scheduled for March 31, 2009 and March 31, 2010, is an issue that is going to have a significant negative impact on many of the businesses in our region, many of which are already struggling at this critical time.

The timing of the minimum wage increases, in the wake of the global financial crisis, couldn't be worse. Even in the District of Nipissing, a region with a well-diversified economy, we have seen dozens of layoffs resulting from the crisis and we fully expect that we will see more, as companies try to reduce costs to remain competitive.

Some of the concerns related to the second and third increases, were as follows:

1. The increases not only apply to those receiving minimum wage, but those above minimum wage as well, as those making above minimum wage seek to maintain their seniority through pay. This is going to cost some businesses tens of thousands of dollars, at a time when they are already trying to cut costs to prevent further layoffs from occurring in the area. In several cases, some indicate they will have to close or lay off additional employees.
2. Although, as you indicated in the media, the increases were known of well in advance, the current financial crisis that the entire world is facing, warrants a reconsideration of the second and third increases, to assist businesses to cope in these challenging times and to prevent further collateral damage.

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3. The increases will not necessarily assist minimum wage earners, since many businesses have indicated that they will have to cut staff or hours to be able to afford to sell products and services at a competitive price.
4. Almost all business costs are rising and consumer demand is falling. The minimum wage increase could potentially be the straw that breaks the camels back for many businesses.
5. It may result in some business owners operating in the underground economy, so they can compete and maintain an income for themselves. This will, of course, further compound the problem.

In times like these, we all need to be looking at doing things differently and making modifications, in some cases, to plans that have already been made. Indeed, we have seen some announcements from local companies, to put a hold on projects that had already been planned, as they monitor the effects of the economic crisis on their operations.

What we are suggesting, is that the provincial government postpone the second and third increases to the minimum wage, until such time as the economy of our province and the country stabilizes and our businesses are operating on more predictable ground. We cannot afford to overlook this issue, as it has the potential to create a significant amount of damage to the economic competitiveness of our region and province.

We are in the process of contacting other Chambers of Commerce across Ontario, to see if this is an issue that is surfacing in their regions as well, so that we can provide you with a broader perspective on the issue and allow you to make an informed decision on the matter.

Should you wish, I would be pleased to be available to meet with you and Minister Duncan, to discuss this very important issue, at your convenience.

Sincerely,
NORTH BAY AND DISTRICT
CHAMBER OF COMMERCE



Sean Lawlor
President

cc: Premier Dalton McGuinty
cc: Honourable Peter Fonseca, Minister of Labour
cc: Honourable Dwight Duncan, Minister of Finance
cc: John Tory
cc: Howard Hampton
cc: Chamber Membership via email