



Ontario's Hospitality Industry Rejects Proposed Liquor Tax

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The Ontario Restaurant Hotel & Motel Association (ORHMA) today rejected a proposal by the provincial government to allow the City of Toronto to implement a municipal liquor tax, and called on the government to revoke the proposal from *Bill 53: Stronger City of Toronto for a Stronger Ontario Act*. ORHMA President & CEO, Terry Mundell recommended that the Standing Committee on General Government, a sub-committee of the Ontario Legislature, remove the proposal for a municipal liquor tax from the Bill.

"Bill 53 threatens the sustainability of the hospitality industry", said Mundell. "The government is literally proposing a fourth tax line on a customer's bill. This will cost jobs, lower operating margins, and close the doors of restaurants and pubs across the City."

Between 1998 and 2005, average growth in the hospitality industry in Ontario, only 3.5%, has lagged behind the rest of Canada (4.9%). Operating margins in the industry have steadily declined over last five years, and sales in Ontario's bar, tavern and nightclub sector are below 1999 figures.

"With average pre-tax profit margins in restaurants and bars ranging from only 1.9% and 0.9% respectively, Toronto's hospitality industry simply can't afford to take another hit, and they certainly can't afford to be seen as a short term fix to Toronto's long-term financial problems", said Mundell. "The City's books cannot be balanced on the back of an industry which is 63% independently owned and operated."

Toronto's 4,100 restaurants and bars already pay more than \$165 million in fees, levies, mark-ups and taxes to the provincial and federal governments, and remit more than \$43 million in retail sales tax to the provincial government on the sale of beverage alcohol. This is net of significant payments to the city for municipal property taxes, user fees and licensing fees.

Ontario's hospitality industry generates \$18.32 billion in annual sales, and directly employs more than 415,000 Ontarians.

The ORHMA is Canada's largest provincial hospitality industry association, with more than 4,100 members representing 11,000 businesses.

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