



## CHECK AGAINST DELIVERY

November 29, 2006

Good afternoon, my name is Michelle Saunders, and I am the Manager of Government Relations with the Ontario Restaurant Hotel & Motel Association. With over 4,000 members representing 11,000 business establishments the ORHMA is the largest provincial hospitality industry association in Canada.

I want to thank the committee for the opportunity to speak with you today, on Bill 130. ORHMA membership is comprised of both the accommodations sector and the foodservice sector, all of whom are impacted by this Bill.

As you know, over the past number of years the hospitality industry has suffered from the effects of 9/11 and the resultant border delays, and SARS, and continues to struggle with the effects of the increased Canadian dollar and consumer confusion regarding passport requirements as a result of the Western Hemisphere Travel Initiative. All of these factors have been completely out of the control of the government and the industry. That is why it is so important that the government use this opportunity to ensure that this legislation be used as tool to help support and sustain the industry.

The ORHMA has a number of concerns with Bill 130, but due to time constraints I will focus my comments today on the issues of taxation, public safety and municipal accountability and fairness.

### **Taxation**

Let me begin with taxation. The ORHMA appreciates that Bill 130 does not grant taxing powers to municipalities. We think this is appropriate and fair policy. Which leaves us to reiterate concerns expressed during debate on Bill 53 regarding new powers for the City of Toronto to levy a retail sales tax on the purchase of liquor. As Bill 130 contains no less than 35 pages of amendments to the City of Toronto Act we would like to recommend one more change. Specifically the ORHMA recommends that Schedule B be amended to include a provision to amend the City of Toronto Act to revoke the City's authority to levy a retail sales tax on the purchase of alcohol.

There are more than 8,000 foodservice establishments in the City of Toronto alone, 4,100 of which are licensed to sell and serve liquor. This represents a quarter of all licensees and a third of the beverage alcohol market in Ontario.

As many of you will know from our discussion on Bill 53, Statistics Canada data shows the operating margins in the restaurant and pub, bar, tavern sectors at only 1.9% and 0.9% respectively. Ontario foodservice sales growth has seriously lagged behind the rest of Canada over the last seven years, and the pub, bar and tavern segment is actually experiencing lower sales levels currently than in 1999. Operators simply cannot sustain a decrease in sales that will result from an increase in liquor tax, a fourth tax line on a customer's bill.

The monies that can be generated through a municipal liquor tax will not even begin to address the City's financial situation, but a municipal liquor tax will threaten the sustainability of Toronto's licensee community. The City's books cannot be balanced on the back of one industry, particularly this small business sector which is 63% independently owned and operated.

### **Public Safety**

With regard to public safety, and echoing our comments to this committee during consideration of the City of Toronto Act, the ORHMA has concerns with the provision of Bill 130, and similarly the provision of the City of Toronto Act, that would allow municipal councils to pass a by-law extending the hours of sale of liquor in all or part of the City.

The ORHMA respectfully suggests that hours of service in licensed premises need to be consistent across the province in order to ensure community safety. Experience tells us that in border towns where neighbouring jurisdictions have different bar hours, drinking and driving continues to be a major public safety concern as patrons, against all better judgement, try to take advantage of extended hours in licensed premises in neighbouring communities. Public safety is an issue of provincial interest and as such demands consistency across Ontario.

The ORHMA opposes municipalities having the authority to extend bar hours, as this process is currently controlled without issue by the province. We therefore recommend an amendment to Schedule B to withdraw the City of Toronto's authority to extend bar hours, and similarly that section 6 of Schedule D be amended to revoke municipalities' authority to extend bar hours.

### **Accountability and Fairness**

With regard to accountability and fairness the ORHMA respectfully suggests consideration be given to increase municipal accountability and an amendment to Bill 130 that would establish an appeals process for local decisions on issues of fairness, specifically under the Special Charges section. There currently is no recourse for decisions made under this section.

Allow me a moment to tell you the story of one of our members, Andrew Weigel who owns and operates the Carolyn Beach Motor Inn in the town of Thessalon. Mr. Weigel unfortunately could not join me for today's presentation.

In 2005 Thessalon Town Council agreed to extend the municipal water system to Lakeside Drive, which is currently home to fourteen lots, including the Carolyn Beach Motor Inn. The Carolyn Beach Motor Inn runs 50 rooms for 6 months and 15 rooms for the remaining 6 months.

After taking into account all project funding from government, the outstanding project costs, charged to the 14 lot owners, was \$325,000. This amount was allocated on the basis of each owners' share of the total hectares. To compound the situation council arbitrarily multiplied the hectares of each of two commercial properties, including the Carolyn Beach, by three to place a disproportionate share of the costs on those properties. Mr. Weigel's contribution is more than \$86,000. Together with the one other commercial business owner, two of the 14 lot owners will pay 66% of the outstanding project costs. And if that was not enough, the town has refused him a water meter and he must pay a flat rate of \$1175 a month for water. The Carolyn Beach Motor Inn pays more for sewer and water per room than any other motel in Algoma, and pays more than 50% more than the municipally-run rest home that has a meter and over 100 full-time residents and 100 staff, surely consuming more water.

Furthermore, the inn was the only property in the construction area to which the lines were run only to the corner of the property, whereas all other lots had the lines running across the full frontage of their properties. As a result Mr. Weigel had to spend an additional \$100,000 to install lines to the corner of his property and to install a sewage pump.

These decisions have been made behind closed doors. Indeed the Town of Thessalon commissioned a report specifically to examine the Carolyn Beach Motor Inn water usage and natural resources, yet Mr. Weigel, the proprietor of the establishment has not been given access to any part of that report or its findings. Although the provincial Privacy Commissioner agreed that the report should be shared with him the town Council refused.

Mr. Weigel has discussed this matter with local, and provincial elected officials, the Privacy Commissioner, and legal counsel. But there appears no recourse for him, as there is no appeal mechanism under the special charges section of the Municipal Act nor any capacity or requirement for concerns related to fairness to be addressed. Mr. Weigel understands that he must pay the bill, and in order to do so, will take a loan from the town itself which has also determined the repayment schedule.

This is just one illustration, one story, one business owner, but a clear example of the need for increased accountability and transparency at the municipal level, to ensure fairness for all taxpayers.

### **Conclusion**

In conclusion, the ORHMA submits to this committee that the Municipal Act should be the tool which allows municipalities to carry out their duties, but at the same time, in a manner which encourages business and stimulates the economy. The ORHMA puts to you that permitting the City of Toronto to introduce a liquor tax, allowing municipalities to extend bar hours, and continuing to deny any recourse under Special Charges section will directly and negatively impact the hospitality industry. The ORHMA therefore recommends: the revocation of the City of Toronto's authority to levy a tax on liquor; the revocation of municipalities' authority to extend bar hours; and measures to ensure increased municipal accountability that also provides a level of fairness for Ontario's business community.