



Hon. Greg Sorbara  
Minister of Finance  
Frost Building South, 7<sup>th</sup> Floor  
7 Queen's Park Cres.  
Toronto, ON M7A 1Y7

December 19, 2006

Dear Minister:

On behalf of the Ontario Restaurant Hotel & Motel Association (ORHMA) and our members province-wide, I am writing today regarding the Ontario Health Care Premium (OHCP). As follow-up to our letter of November 8, 2004, the ORHMA continues to have serious concerns with the implications of the OHCP for employers.

The ORHMA is aware that since the introduction of the OHCP there have been 60 arbitration hearings, with 51 rulings that employees must pay the OHCP, and 9 rulings, including a recent decision against the Toronto Transit Commission, ordering employers to pay the OHCP on behalf of employees. This is of great concern to our members, particularly those in the accommodation sector who have a collective agreement with their staff.

On October 27, 2004, shortly after the introduction of the OHCP, the Premier stated in the Legislature "There are conflicting opinions right now when it comes to this particular provision, this amendment to the Income Tax Act. If this situation persists, then we will take the necessary steps to introduce whatever clarity is required. Our intention remains the same today as it was from the outset: This is something that should be paid by taxpayers." Clearly, Minister, confusion and concern have persisted.

Minister, we respectfully request that you make an amendment to the *Income Tax Act* to remove any existing doubt and to clarify that the employer is not bound to pay the OHCP on behalf of its employees. Since the OHCP introduction we have paid careful attention to comments made by both yourself and the Premier indicating that it is the government's intention that taxpayers would pay the OHCP and not employers. We are asking that the legislation reflect that intent.

As you know, Minister, our industry continues to struggle to recover from the impact of SARS, and decreasing tourism from the U.S., our major foreign market. We are vulnerable to the high Canadian dollar, border delays, and ever-increasing cost of utilities. The possibility that employers may be liable for the payment of the OHCP on

behalf of employees could prove disastrous for our industry. Without an amendment to the legislation the government is forcing the business community to take on the exorbitant cost of arbitration hearings. This is simply a cost the hospitality industry cannot bear.

Our members look to you to address this very important issue and bring clarity to the situation. Thank you consideration of this matter. I look forward to your reply.

Sincerely,

ORIGINAL SIGNED BY

Terry Mundell  
President & CEO

cc: Premier Dalton McGuinty  
Hon. Jim Bradley, Minister of Tourism and Recreation