To whom it may concern,

On behalf of Ontario's hospitality and tourism sector, we at the Ontario Restaurant Hotel & Motel Association (ORHMA), along with our members, recognize and appreciate the work the provincial government has done in managing through the unprecedented impacts of the COVID-19 pandemic.

The hospitality sector has been devastated during this crisis. Not only has this time been labelled a health and economic crisis but it has quickly compounded into a social crisis.

The social characteristics of the hospitality are its strengths. We are about socializing, engaging and meeting with people. We have been hit directly in the heart of what makes hospitality thrive.

- Over 300,000 Ontario hospitality employees are laid off or not working any hours
- 50% of Ontario's hotels have been closed and those staying open operate with skeleton staff largely accommodating essential service needs. We are seeing a 94% decline in year on year revenues
- Nearly half of single-unit restaurants are temporarily closed
- Ontario's foodservice industry is on track to lose approximately $7 billion in sales in this Q2 of this year

As Ontario has entered the reopening stage, it is of paramount importance that hospitality opens and opens immediately. We are ready! We are ready to open by following safety protocols and guidelines which have been completed and released.

We cannot emphasize the frustration that we hear every single day from foodservice operators and the hospitality industry. Why are other businesses open? Why are white circles being painted in parks to accommodate small group gatherings when we will have more control in a restaurant?

Upon the province announcement of being in a state of emergency, restaurants were the first to be mandated to close and many volunteered to close even before the announcement was proclaimed. Regretfully COVID 19 is here to stay for a projected 18 months or so. We need to operate and our industry is committed and has been busy abiding by health and safety rules. It is time to open.

We also need to have a clear roadmap with a schedule of timelines for opening meetings and groups that are reserved for the remainder of the year or there will be further economic implications in cancellation fees for hotels, meetings and social planners.

We need to be minded that as the opening stages are ahead of us many hospitality operations will not be opening their doors primarily due liquidity and rent payment issues. The recent rent Ontario-Canada Emergency Commercial Rent Assistance Program (OCECRA) program announced is not working for many landlords nor tenants.

- We are urgently asking you to protect small- and medium-sized businesses from evictions by putting in place temporary commercial eviction protection for tenants who were in good standing with their landlords.
- Another lifeline will be in differing this year's property tax to be remitted over a longer year timespan. The MPAC's assessment formula must also change relating to our dismal business performance.

As hotels and restaurants re-open there will be start-up costs in payroll, food and supplies in addition to paying off government deferral and loan payments. New expenses will be added to deal with sanitization and distancing practices. The issue becomes more dramatic as most businesses will be emerging out of a period without revenues and entering a painfully slow recovery road. Where is the cash coming from?

A robust plan is needed in order to prepare the industry for success and to enable the re-hiring of the unparalleled number of laid off workers while supporting a huge supply chain. These are extraordinary times that call for extraordinary actions. The traditional hospitality cost model needs support. Many would argue the restaurant model was broken even before the virus came along.

Its not hard to figure it out in the 1990's restaurant profit margins performed much higher in the 6% and 10% range. Over the years the vast regulations, labour highs, food pricing, utilities and rents & leases have decreased Ontario's restaurants profit down to 3.2% more like 2% for full-service restaurants. For over 15 years Ontario continues to perform lower in profit margins than any other province in Canada.

We believe our recommendations will directly provide much needed support:

- High on the list is Beverage Alcohol Wholesale Pricing. Close to 18,000 licensees can benefit from this. In a capitalist society volume purchasing of goods and services should favourably impact the basic unit price. Why not in beverage alcohol? This is a sticking point when one compares Ontario's restaurant performance to those in the USA. That is the reason we don't see many USA full-service brands invest and survive here.
  - We recommend licensees pay a minimum of 20% reduction from consumer prices.
- We also recommend to make the temporary amendment of selling beverage alcohol with food through take out and delivery permanent. There is no rationale of why not.
- We recommend to expand the qualification criteria for the existing Ontario Energy Rebate (OER) of 31.8% to ensure that any hospitality business that currently doesn't qualify will receive this credit.
- Furthermore, support positive changes to the Municipal Accommodations Tax including reimbursing hotels for the credit card processing fees that they are paying on the TAX.
- Building consumer trust and confidence will be critical to the economy and to hospitality operations. We all want success in this thus incentivizing business to dine in hotels and restaurants will boost travel and on-premise visitation.
- To this we recommend Ontario works with the federal government to allow business to expense restaurants meals at 100% from the current 50%. It is an initiative that has been implemented in many other countries. At one time Canada was at 100% and when the reduction occurred, I recall as a hotel manager it was a key contributor in "killing" lunch business in many operations.

Hospitality needs government funding to survive. Our full recommendations plan can be found attached.

Thank you,

Tony Elenis
President and CEO
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In the post COVID-19 lockdown era, the industry will be facing start-up costs (payroll, food and supplies etc.) in addition to paying off the debt incurred from the announced government deferral payments. Marginal to zero revenues generated from the lockdown period will gradually follow a slow and painful road to recovery until a COVID-19 vaccine is released. The hospitality industry was one of the first industries to have experienced the negative impact of the COVID-19 outbreak and it is expected to be the last to see a full recovery. Furthermore, new costs will be added to deal with sanitization and protection while distancing practices will be the new norm. This will inflict a reduction in customer traffic and work productivity.

A robust plan is needed in order to prepare the industry for success and to enable the re-hiring of the unprecedented number of laid off workers while supporting its huge supply chain. The traditional hospitality cost model will need to be overhauled. This paper outlines recommendations that will support a sustainable hospitality operation.

SUMMARY OF RECOMMENDATIONS

RELIEF FROM PROVINCIAL GOVERNMENT

EMPLOYMENT STANDARDS ACT AMENDMENT

- An immediate and essential amendment to the Ontario Employment Standards Act is to extend the lay off period from the 13-week period to a minimum of 52 weeks.

HYDRO

- Expand the qualification criteria for the existing Ontario Energy Rebate (OER) of 31.8% to ensure that any hospitality business that currently doesn't qualify will receive this credit.

BEVERAGE ALCOHOL WHOLESALE PRICING

- ORHMA recommends that Ontario licensees receive a minimum of 10 per cent reduction in fees from consumer prices when purchasing beverage alcohol products.

BEVERAGE ALCOHOL DELIVERY & TAKEOUT

- Make the amendment of allowing the sale of beverage alcohol through delivery and take out permanent as well as amending the existing regulation of minimum spirit pricing to equal the purchasing price licensees pay at LCBO.

BEVERAGE OUTDOOR AREAS EXPANSION

- Make appropriate changes to the Liquor Licence Act and AGCO procedures as well as municipal by laws in patio to allow expansion of outdoor restaurant service areas.

WSIB SUPPORT

- Implement a number of relief initiatives such as: cancelling the 2020 experience rating surcharges, delay implantation of Rate Framework (RF) transition plan, waive 50% of 2020 premiums for smaller employers and act upon *an examination of the impacts of COVID-19 in extending loss-of-earnings benefits.*

EMPLOYER HEALTH TAX (EHT)

- Make the EHT exemption qualifier of $1.0 million permanent.

MUNICIPAL ACCOMMODATION TAX (MAT)

- There are design components in the legislation requiring much needed amendments in order to maximize the value provided through MAT during and after the COVID-19 crisis. This includes adding an amendment to cap the MAT at 4%, allowing local hotel associations to approve MAT tourism plans, allowing 100% of MAT revenue to tourism growth, charging MAT on university and colleges for their transient business and exempting the credit card processing fees charged on the MAT.

RELIEF FROM BOTH FEDERAL AND PROVINCIAL GOVERNMENTS

INCREASE THE BUSINESS EXPENSE ON RESTAURANT MEALS

- Ontario government to work with the federal government to allow business to expense restaurants meals at 100% from the current 50% of on-premise dining.

ONTARIO-CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE PROGRAM (OCECRA)

- The OECRA should allow to include “by division and/or property” type as many companies have several leased properties under their corporate structure.
- The resolution is to advance a forgivable loan to landlords as a solution to this issue as many landlords are not attracted to this program.

COMMERCIAL INSURANCE

- Reduce insurance premiums for businesses mandated to remain closed and to those experiencing 70% drop in revenues
- Defer insurance premiums until 4th quarter of 2020
- Mandate insurance reductions to 2019 rates until December of 2021 for businesses impacted in closures or revenue shortfall
- Develop a combined public-private risk financing and risk transfer mechanism to provide pandemic risk protection in Canada.

CREDIT CARD PROCESSING FEES

- Reduce credit card interchange fees to 1.0% for a five-year period to enable business to emerge successfully from the current crisis.

PROPERTY TAXES

- The Federal and Provincial Governments work on a plan with cash infusion to support municipalities aiming directly towards a property tax long term deferral.
- Owners of buildings be allowed to defer their tax obligations for 2020 over multiple years establishing short term liquidity to Ontario businesses.
- MPAC to consider the 2020 dismal business revenues in calculating the assets value for municipal taxation and to engage with the hospitality sector for discussions of future valuations.

PROVINCIAL RECOVERY RECOMMENDATIONS

Employment Standards Act (ESA) Amendment

The current ESA rule requires termination of an employee with pay if the employee is not called back after 13-weeks With the immense number of employees being laid off and businesses not recovering in the short term, employers who laid off their employees using the 13 weeks period option will be facing an added expense that most businesses will not be able to meet..

RECOMMENDATION:

Extend the lay off period from the 13-week period to a 52-week period at minimum:

- This can be done through an immediate and essential amendment to the Ontario Employment Standards Act (ESA)
- This measure will aid in sustaining a business for employees to work in as the business gradually recovers

HYDRO

Most businesses in the hospitality industry (in particular hotels) are a medium-sized consumer of electricity (greater than 250,000kWh/year and 50 kW of demand but less than 1MW of demand). They naturally do not qualify for participation in the Ontario Energy Rebate (OER) or the Industrial Conservation Initiative (ICI). This leaves businesses who are impacted by the most by COVID-19 in the worst possible position as it relates to costs of electricity.

RECOMMENDATION:

Expand the qualification criteria for the existing Ontario Energy Rebate (OER) of 31.8% to ensure that any hospitality business that currently doesn't qualify will receive this credit.

Training

Action Program for Maintaining Employment

The purpose of the program is to provide support to businesses that have experienced a decline in their operations as a result of the COVID-19 pandemic. It is a program similar to one initiated in the Province of Quebec (officially the *Programme d'actions concertées pour le maintien en emploi*) of the which aims to provide direct financial support to businesses in order to promote training and the implementation of good human resources management practices. Its purpose is to optimize efficiencies in the operation through workforce of and help them get back on their feet more quickly once the situation has stabilized.

This can be beneficial for employers who would pursue the development or update the knowledge and skills of their workforce. The objective is for businesses to take advantage of the current pause created by the COVID-19 pandemic to upgrade the skills of their workforce and to be ready for economic recovery especially in light of new safe practices that will necessitate new operational skills.

Eligible activities would focus mostly on practising distancing through working remotely or on line and would include:

- basic employee training
- digital skills training;
- continuing training related to the company's activities, whether or not directly related to the position held by the trained employee;
- training recommended by professional orders;
- training made necessary for the resumption of the company's activities;
- training related to a strategy for adjusting or modifying company activities in the context of economic uncertainty related to COVID-19 that makes it possible to maintain or diversify the company's activities (health, teleworking, etc.)
- training to enable the retraining of workers.

RECOMMENDATION:

Develop and implement the Action Program for Maintaining Employment to Ontario employers through a fund of $200 million.

Beverage Alcohol Wholesale Pricing

In a capitalist and entrepreneurial society volume purchasing of goods and services favourably impacts the basic unit price. This is the case with just about all products and services being sold except purchasing beverage alcohol in the Province of Ontario. There are approximately 17,500 licensee establishments in Ontario that can benefit from beverage wholesale pricing. In 2019 Ontario's licensees purchased $ 577,465,000 in total beverage alcohol products from the LCBO.

RECOMMENDATION:

ORHMA recommends that Ontario licensees receive a minimum of 20 per cent reduction in fees as compared to consumer prices when purchasing beverage alcohol products. This will greatly enable cost reductions assisting in sustaining licenced restaurants.

Beverage Alcohol Delivery and Take Out

The government has granted a temporary amendment option ending Dec 2020 for Ontario's licensed restaurants to sell alcohol with food take-out and delivery orders between the hours of 9:00 am and 11:00 pm. This program has been adopted by take out and delivery restaurant concepts providing a one stop shop for consumers while the LCBO continues to benefit from beverage sales.

RECOMMENDATION:

ORHMA recommends that government make this amendment permanent.

- Apart for licensee support there are compelling reasons for allowing this to be permanent including well defined controls, consumer trends & convenience, competitiveness and experience with the "Take Home the Rest" wine program endorsement where a customer can take the partial wine left in the bottle home in a sealed bottle.

- According to the existing Ontario liquor rules a standard-sized drink may not be sold or supplied for less than $2. In keeping with this pricing rule, for example, a 26 oz bottle of spirit would have to be sold for a minimum price of $52. If a licensee offers for sale a serving of liquor that differs in size from those listed above, the minimum price for that serving shall increase or decrease in direct proportion to the difference in volume of liquor contained in that serving.

- Consumers are linking the set high prices to price gouging fueled by the recent government's announcement on this. Furthermore, it is non-competitive for licensees to even consider selling spirits, wine, beer and cider under the existing pricing rule.

Amend the existing regulation of minimum pricing for spirits, wine, beer and cider sold by the bottle to equal the purchasing price licensees pay at the LCBO.

Beverage Outdoor Areas Expansion

Opportunities exist where outdoor spaces can be expanded into adjoining and nearby areas such as squares, vacant lots, unused parking areas, street extensions, pedestrian alley walkways and beach fronts. For example, in the City of Toronto the specific regulations that impact exterior licensed space usage and limits a restaurant ability to offer greater social distancing are below:

- AGCO/City of Toronto Zoning: licensed patios are limited to 33% of the interior licensed square footage.
- City of Toronto Zoning: Public Spaces on Private Property (POPs) recognize any barrier as the "privatization" of a public space even though the intended use is to enhance the public domain and improve public engagement with activities and food and beverage. POPs are determined as a % of the site plan of the property as a whole. As long as anyone is permitted in the POP area and the operator upholds smart serve rules and safety of the area, these spaces will become **enhanced public spaces**. The concept of "private" suggests the opposite and that's simply incorrect.
- AGCO requires a barrier around the perimeter of any licensed patio in order to control entry even though public parks -- where alcohol consumption is permitted -- do not have such a fence.
- Resort areas have enormous opportunities to expand to grasslands and beaches yet follow distancing rules.
- Expediting the openings by removing red tape of layers of inspections is a must in this short summer.

RECOMMENDATION:

- Make appropriate changes to the Liquor Licence Act and AGCO procedures as well as municipal by laws in patio to allow expansion of outdoor restaurant service areas.

WSIB Support

All current WSIB programs, protocols and policies are designed within the construct of a normally functioning economy. The post-COVID-19 economy will be anything but normal. As businesses and workers face this fast-moving and unprecedented health and economic crisis, it is necessary that the Board adjust at the same pace.

RECOMMENDATION:

***Cancel 2020 experience rating surcharges*:** The WSIB plans on issuing final 2020 experience rating surcharges (CAD-7 and NEER). We ask that those surcharges be cancelled.

***Delay implementation of Rate Framework (RF) transition plan*:** Many employers are slated for Year 2 RF premium increases (one risk band). We ask that the 2020 RF policy (no upward risk band movement; maximum earned downward movement) be extended to at least 2021. No premium rates should increase in 2021. Earned decreases should be applied in the same manner as RF Year 1 (2020). 2022 (RF Year 3) premium rate transition policy protocols should be reviewed and decided in mid-2021

Waive 50% of 2020 WSIB premiums for smaller employers: We recommend that the WSIB adapt and adopt the policies of Alberta (deferral of 2020 premiums to 2021; 50% waiver of 2020 premiums for small employers) and Manitoba (return 2019 surplus funds to employers). We ask the 50% waiver also include medium sized employers. We request that a specific policy proposal adapting these proposals be urgently developed for discussion with the Chair's Advisory Committees (CAC) by mid-June, 2020.

…continued

WSIB continued…

Delay collection of past-due accounts: As a result of past WSIB audit and verification activities, WSIB collection actions should be suspended without interest until at least 2021 as appeal and advocacy action is presently impossible. Moreover, cash flow realities render payment near impossible, especially for those employers contributing under an agreed payment plan.

An examination of the impacts of COVID-19 in extending loss-of-earnings benefits: We ask the Board to strike an immediate emergency CAC sub-group to examine the impacts and remedies of claims that but for the COVID-19 crisis, would likely have been brought to closure. COVID-19 has reduced, delayed or stopped medical follow-ups, delayed return-to-work programs, and rendered expected offers of employment impossible, all of which has and will result in extending loss-of-earnings benefit payments indefinitely.

Employment Health Tax (EHT)

Prior to the COVID-19 crisis eligible employers in Ontario were paying a health tax over the first $490,000 of payroll. Now the EHT exemption is temporary increasing to $1 million for year 2020 during this crisis.

Many small business employers have been under the set exemption due to ongoing minimum wage increases therefore were not eligible to pay the EHT. Since 2004 minimum wages have increased by 96 per cent yet the EHT exemption amount has not moved up significantly forcing small businesses to incur payments to the EHT.

RECOMMENDATION:

Make the EHT exemption qualifier of $1.0 million permanent.

Municipal Accommodation Tax (MAT)

The 2017 Municipal Accommodations Tax (MAT) legislation, provided Ontario municipalities with the permissive authority to implement a MAT on hotel room rates. The MAT aimed to boost much needed funding to attract visitors to a destination. Ontario's municipalities have embraced MAT. There are design components in the legislation requiring much needed amendments in order to maximize the value provided through MAT. In post virus lockdown it is essential that the MAT design is strengthen to support a stronger tourism industry to aid in its recovery.

RECOMMENDATION:

- **Add an amendment to cap the MAT at 4%**

  Implement an official rate change process for an increase or decrease of the MAT to prevent municipalities from increasing or decreasing the rate at their own discretion. We recommend that for an official change to the rate of the tax be voluntary for the impacted businesses, and that this application for a rate change be coordinated by Council consulting directly with the eligible tourism entity and the accommodation sector, to reach mutual agreement.

…continued

Municipal Accommodation Tax (MAT) recommendation continued…

- **Funds collected to be used to augment current funding**
  We recommend that funds collected through the MAT be used exclusively to augment current funding. This can be accomplished through the creation of a restriction stating that MAT funds cannot be used to replace existing sources of tourism funding in a community.

- **The MAT tourism plan is approved by the local hotel association**
  The MAT should be focusing on overnight visitation which drives much higher income to the economy including tourism receipts. Furthermore, in recognition of the accommodation industry's role in charging the MAT, for which the funding is used for growing visitation and promoting tourism in municipalities, the hotel sector should play an integral role in producing and approving the DMO's annual business plan. The MAT tourism plan should be approved by the local hotel association where ever there is an existing association or when an association is formed. This condition should be a requirement that is written right into the legislation for purposes of clarity and understanding with the municipal governments and DMO's.

- **Tourism Infrastructure Transparency**
  We recommend that clear, robust, and enforceable rules be put into the existing regulations to provide clarity about how the municipality is to contribute to tourism infrastructure with the 50% of the funds that are put into their budgets. Specifically, we recommend the following:
    - Municipalities be required to have a local tourism strategy in place prior to implementing the MAT. The spending of portion of the funds held by the municipality must have a clear and explicit link to the benefit of tourism in the region.

- **Local Tourism Strategy in place to implement the MAT**
  Municipalities be required to have a local tourism strategy in place prior to implementing the MAT. The spending of portion of the funds held by the municipality must have a clear and explicit link to the benefit of tourism in the region.

- **Universities and Colleges to charge MAT on transient business**
    - Add clear language to the legislation to allow for imposing the MAT to room revenue in a university or a college of applied arts and technology or post-secondary institution to transient business (for non-student revenue generated primarily over the summer months).
    - These schools directly compete with accommodation properties for group business.
    - These schools directly benefit from marketing activities by the DMO that are funded by the MAT generated by the local municipal hotels.
    - Unfair treatment in not paying commercial taxes.

- **Exempt the credit card processing fee costs charged on the MAT**
  A hotel that participates in the MAT should be able to retain the credit card processing fee charged on the MAT amount by the credit card companies. This is a processing fee the hotel currently absorbs and the impacts on costs are significant.
    - **Example:** A 125 room hotel located in a community where the municipality has enacted a 4% MAT.
        - Assuming the hotel will achieve 65% annual occupancy at a $120 rate, the total room revenue would be $3,558,750.
        - 4% MAT = $142,350
        - Assuming 3% credit card processing fees, this hotel would incur a cost of $4,270 in a year to the credit card processors.

RELIEF FROM BOTH FEDERAL AND PROVINCIAL GOVERMENTS

Increase the Business Expense on Restaurant Meals

Building consumer trust and confidence will be critical to the hospitality operations. Consumer confidence leads to disposable income which drives the economy. Restaurants will need to gain consumer confidence during the post lockdown transition till a vaccine is found. Incentivizing business to dine in restaurants will aid in boosting on-premise visitation while supporting overall travel. It is an initiative that has been implemented in many other countries.

Business Expense on Restaurant Meals-Incentivizing business to dine in restaurants will aid in boosting on-premise visitation while supporting overall travel. It is an initiative that has been implemented in many other countries.

RECOMMENDATION:

- Ontario government to work with the federal government to allow business to expense restaurants meals at 100% from the current 50% of on-premise dining.

Ontario-Canada Emergency Commercial Rent Assistance Program (OCECRA)

The Federal and Ontario governments rolled out a rent relief initiative to small businesses and their landlords through a new program, the Ontario-Canada Emergency Commercial Rent Assistance Program (OCECRA). The OCECRA aims to provide forgivable loans to eligible commercial property owners who are experiencing

potential rent shortfalls because their small business tenants have been heavily impacted by the COVID-19 crisis.

The program has been developed to share the cost between small business tenants and landlords. Small business tenants and landlords would each be asked to pay 25 per cent of the before profit costs and the provincial and federal government would cost share the remaining 50 per cent.

The OCECRA is not a fix for all as many landlords are not planning to take advantage of the available loans and are not providing leniency to their tenants. The forgivable loan formula is only for "fixed costs" (operating costs, realty taxes and mortgage if it exists) With the landlord absorbing 25% of the fixed costs as well as all of the "profit" (minimum rent) for 3 months many are not considering and view this as unfair.

For most small and mid size business rent is foremost the key concern and without a solution most businesses in these categories will be forced to shut down before recovery starts.

RECOMMENDATION:

- The OECRA should **allow to include "by division and/or property" type** as many companies have several leased properties under their corporate structure
- The resolution is **to advance a forgivable loan to landlords as a solution to this issue as many landlords are not attracted to this program.**

Commercial Insurance

The position that commercial insurance companies have taken during the pandemic is that business interruption policies require physical damage by an insured peril to insured premises. The presence of COVID-19 does not constitute physical damage under these policies and consequently there is no coverage. Very few policies have a viral outbreak inclusion. It is the role of the government to work with the insurance companies to support business through either a volunteer approach or regulate changes.

RECOMMENDATION:

- **Reduce insurance premiums for businesses mandated to remain closed and to those experiencing 70% drop in revenues**
    - The risk of a liability event or property damage occurring is reduced especially entering a warmer weather period without winter conditions which are prone to frozen and broken pipes.
    - Closing down reduces the biggest property damage risks of fire (from hot grease, or equipment left running, or neighbouring businesses), and water damage from faulty construction work or burst pipes
    - Without employees and customers risks are minimized

- **Defer insurance premiums until 4th quarter of 2020**

- **Mandate insurance reductions to 2019 rates until December of 2021 for businesses impacted in closures or revenue shortfall**

- **Develop a combined public-private risk financing and risk transfer mechanism to provide pandemic risk protection in Canada.** A public-private partnership, delivered by industry and back-stopped by federal and provincial governments, will serve two vital national interests:
    - Accelerate the recovery of the Canadian economy over the summer and fall of this year, aligning with other government stimulus plans/ programs; and
    - Provide economic protection against another pandemic in the near future
    - Structure the public-private partnership with input from policyholders, insurers, and the federal and the provincial governments. There are certain risks that require the full weight of the Canadian government to manage in partnership with the insurance industry. A public-private partnership serves critical needs, now and in the near term, including:
        - Facilitating access to capital from lenders, and the equity markets;
        - Establishing a viable insurance market for pandemic risk with sufficient, affordable capacity;
        - Creating greater certainty for businesses and their employees during a recurrence of COVID-19, or future pandemics; and
        - Enhancing the resilience of the Canadian economy and its capacity to bounce back more rapidly from a future pandemic event.

- The basic framework of a pandemic risk insurance program would be a risk sharing model between policyholders, insurers and government. We have more details on this model as needed.

Credit Card Processing Fees

Canada has the highest interchange fees in the western world and although volunteer attempts have been made by the credit card companies, Canada's business community are still unfairly penalized by these fees kept at 1.4%. Canadian retailers pay over $4 billion in merchant fees each year and with the pandemic impacting business large or small it is an appropriate and ethical time for these companies to support business in the painful road of recovery that lies ahead. Small businesses in Canada are particularly vulnerable to these high rates and a fee reduction will greatly assist with their sustainment. This critical issue is further escalated during the COVID-19 Pandemic due to credit card purchasing growth as the consumers and businesses are rapidly moving away from cash payments.

RECOMMENDATION:

Reduce credit card interchange fees to 1.0% for a five-year period to enable business to emerge successfully from the current crisis:

- A 5-year government contract with credit cards expired on February 2020 and a renewal with the proposed fee change is timely.
- Include loyalty / premium cards in the calculation.
- Include all credit card companies.

Property Taxes

A significant barrier for recovery of hospitality operations are the payment of property taxes. Many municipalities provided deferral of tax payments but this is temporary and only for a few months. The total balance is expected to be payed by the end of the year. We need all three level of governments to work on this. This is aggravated even more by MPAC setting assessments based largely on revenue being generated. Taxation valuation of Ontario businesses is based on their building and land value.

Our recommendations support short term liquidity of hospitality operations during the pandemic.

RECOMMENDATION:

- **The Federal and Provincial Governments work on a plan with cash infusion to support municipalities aiming directly towards a property tax long term deferral.**
- **Owners of buildings be allowed to defer their tax obligations for 2020 over multiple years establishing short term liquidity to Ontario businesses.**
- **MPAC to consider the 2020 dismal business revenues in calculating the assets value for municipal taxation and to engage with the hospitality sector for discussions of future valuations.**