



Thursday April 9, 2020

Hon. Doug Downey, Attorney General
720 Bay St, McMurtry-Scott Building, 11th Floor
Toronto, ON M7A 2S9

Cc: Jean Major, CEO and Registrar, Alcohol & Gaming Commission of Ontario (AGCO)

Re: Prices of Beverage Alcohol Sold with Delivery & Take-Out Orders

The Ontario Restaurant Hotel & Motel Association (ORHMA) thanks the Ford Government for your leadership and all you do in fighting the COVID-19 crisis. We applaud the recent announcement of allowing Ontario's licensees to sell beverage alcohol with take-out and delivery food orders.

ORHMA advocated for the sale of wine, beer and cider. We welcome the inclusion of spirits to the list. An unintentional issue has arisen with the existing spirit pricing as it is being viewed by consumers as price gouging.

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 a 26 oz bottle of spirit would have to be sold for a minimum price of \$52. Under the existing law the licensee can not sell it for any less.

Existing Pricing Rules:

As outlined in ss.20 (3) of Regulation 719, licensees may not offer for sale or supply a serving of liquor for a price below the minimum price of \$2, including taxes, whether the liquor is sold separately or as part of a package that includes other goods or services such as food, a haircut or a spa treatment.

A serving of liquor is defined as follows: (a) 341 ml (12 oz) of beer, cider or cooler; (b) 29 ml (**1 oz**) of spirits; (c) 142 ml (5 oz) of regular wine; (d) 85 ml (3 oz) of fortified wine.

The minimum price changes depending on the size of the serving of liquor provided to the patron. **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**

Judging from the feedback we at ORHMA are receiving, consumers are linking the set high spirit pricing to price gouging fueled by the recent government's announcement on this. Furthermore, it is non-competitive for licensees to even consider selling spirits under the existing pricing rule.

ORHMA's Recommendation:

On behalf of our members, ORHMA recommends that the government amends the existing regulation of minimum spirit pricing to reflect that spirit minimum pricing should equal the purchase price licensees pay at the LCBO.

Thank you,

A handwritten signature in black ink, appearing to read "Elenis", is positioned above the typed name.

Tony Elenis
President and CEO
Ontario Restaurant Hotel & Motel Association (ORHMA)