



July 19, 2022

The Hon. Chrystia Freeland
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0A6

Subject: Excise Tax Escalator

Dear Minister Freeland:

The London Chamber of Commerce, London Economic Development Corporation, Tourism London, Old East Village BIA, Downtown London BIA, Hyde Park BIA, and Hamilton Road BIA, thank you for the work your Ministry has done in pushing towards a full recovery from the lasting adverse effects of the COVID-19 pandemic.

We are writing to you today on behalf of London-area beer, wine and spirits producers and the restaurants and hospitality businesses across our region that depend on the sale of their products. We respectfully request that the Government of Canada suspend the alcohol escalator tax for the next two years, or until inflation normalizes. If the escalator is not suspended, the annual tax increases will have a devastating effect on these businesses.

As you know, Canada already has some of the highest alcohol taxes in the world and the alcohol escalator tax has built-in increases which occur every April. The annual increase is tied to inflation and is based on calculations that run from September to September. In a typical year, this increase is between 1.0 and 2.4%, however this year we have seen significant inflation and the tax increase in 2023 is forecast to be between 5.9% and 6.5%. Such an increase would extract an estimated \$130 million in new taxes from Canada's beer, wine and spirits sector in 2023 alone and could have a catastrophic effect on our local beer, wine and spirits producers who are major employers in our region. It will also have a knock-on effect on the restaurant and hospitality sector and will ultimately impact consumers who are already experiencing extraordinary price increases at the cash register.

Minister, we would welcome the opportunity to sit down with you for a fulsome discussion of this situation along with Peter Fragiskatos who has a deep understanding of the problem and whose support for local area businesses and their employees has always been strong.



At a time when governments at all levels are looking for ways to reduce the tax burden on Canadians, we think our request is both reasonable and timely. Thank you for considering this request and we look forward to your response.

Sincerely,

Graham Henderson, CEO
London Chamber of Commerce

Kapil Lakhotia, CEO
London Economic Development Corporation

Jennifer Pastorius, General Manager
Old East Village BIA

Donna Szpakowski, CEO/General Manager
Hyde Park BIA

Cheryl Finn, General Manager
Tourism London

Barbara Maly, General Manager
Downtown London BIA

Rick Pihheiro, Chair
Hamilton Road BIA



cc. Peter Fragiskatos, M.P for London North Centre