

Canada's Restaurant industry is doing worse today than at any time in recent history, including the pandemic.

Restaurants Canada Statement on Federal Government's GST Holiday for Restaurant Meals

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Restaurants Canada is pleased by today's announcement from the federal government of a two-month GST holiday on restaurant meals, among other products. This is a big win for the restaurant industry and comes after months of relentless advocacy from Restaurants Canada for meaningful cost relief for our sector and for Canadians.

The restaurant industry is doing worse today than at any time in recent history, including the pandemic. More than half (53%) of restaurant companies are operating at a loss or just breaking even, up from 12% pre-pandemic. They are seeing fewer guests and smaller cheques as a result of Canadians reducing their discretionary spending during the affordability crisis. At the same time, restaurants are still carrying heavy debt loads and all their operating costs have gone up by 20% or more.

The recent drop in foot traffic has been deeply discouraging for our operators as they head into the challenging winter season. Today's announcement restores some much-needed hope to our industry and we are optimistic it will translate to increased spending at local restaurants across the country.

When GST was introduced in 1991, it led to an immediate reduction in meals consumed at restaurants, especially as other food products sold at grocery stores were exempt. The foodservice industry suffered an 11% decline in real sales, 7% of which was attributed to GST. Based on Restaurants Canada's econometric model, today's announcement could result in a 5% increase in sales for the average restaurant. For a restaurant with \$1.5 million in sales, this would result in an additional \$5,700 in sales per month.

Today's announcement by the Prime Minister means that more Canadians will be able to celebrate with loved ones at a restaurant, have lunch with colleagues or treat themselves to a morning pastry on their way to work. We also appreciate that the relief will be extended over January, which is typically the lowest time of the year for our industry, and right through to Valentine's Day.

We congratulate Prime Minister Trudeau and Deputy Prime Minister Freeland on this significant announcement and encourage them to look at other ways they can support Canadians through this difficult time. Restaurants Canada has been urging the government to reduce EI payroll tax by 2% to put more money back in workers' pockets and help

employers invest in hiring and wages.

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