

Restaurant Realities: Raising Our Voice in Alberta

WHEN FOODSERVICE THRIVES, SO DO OUR COMMUNITIES

A thriving foodservice sector is critical to the wellbeing of communities across Alberta, contributing jobs, investment, innovation, tourism and spaces for people to come together. Unfortunately, many of Alberta's restaurants are struggling to survive due to a number of recent legislative and regulatory changes that have dramatically increased the cost of doing business in the province. Working together with Restaurants Canada, Alberta's next government has an opportunity to improve conditions for foodservice businesses so that they can continue contributing to healthy, vibrant communities.

KEY ISSUE

Provincial Taxes: The success of Alberta's restaurant industry is very much dependent on the disposable income of the province's residents. When disposable income increases, restaurants benefit, but when it decreases the foodservice sector is usually the first to suffer. Not having a provincial sales tax has been an advantage for small businesses in Alberta, especially restaurants. In fact, with the exception of the last three years, Alberta has typically led the country in foodservice sales growth over the past few decades.

Whenever a proposal to implement a provincial sales tax in Alberta has been debated, governments have consistently resisted implementing one. But if this were to ever happen, it is imperative that the sales tax be exempt for all food, including restaurant meals, in line with British Columbia's food and restaurant meal exemption, to ensure provincial food tax fairness.

Evidence has shown that adding a sales tax to restaurant meals, while basic food remains exempt, has been devastating to our industry. In fact, when the federal goods and services tax was introduced in 1991, the Canadian foodservice industry suffered the single greatest decline that it has ever experienced, recording a 10.6 per cent drop in real foodservice sales, of which 7.3 per cent was directly attributable to the implementation of the GST. Similarly, restaurant sales in British Columbia fell dramatically after the harmonized sales tax was introduced in the province. The short-lived HST experiment, which added a 7 per cent provincial sales tax onto restaurant meals, cost the B.C. foodservice industry a total of \$1.5 billion in lost sales in just two years. British Columbia's cumulative restaurant industry sales grew at an anemic 1.4 per cent while the HST was in place. As soon as British Columbia restored the PST restaurant meal exemption in April 2013, the foodservice industry saw an immediate positive impact on sales and employment numbers.

Restaurants Canada recommends:

- ***Maintaining the Alberta advantage by not introducing a provincial sales tax.***
- ***Implementing a food exemption that includes restaurant meals, if a provincial sales tax is ever introduced, to maintain provincial food tax fairness.***

ALBERTA'S FOODSERVICE SECTOR AT A GLANCE

- Our industry includes 11,260 small businesses and generates \$11 billion in annual sales.
- For every dollar spent in a restaurant, \$1.85 is spent in the rest of Alberta's economy.
- With roughly 150,000 foodservice workers, our sector is the third largest employer in the province.



For more information:

Mark von Schellwitz,
Restaurants Canada
Vice President, Western Canada
mark@restaurantscanada.org
1-800-387-5649 ext. 6500
Twitter: @RestaurantsWest