RESTAURANTS

CANADA

PRE-BUDGET SUBMISSION MANITOBA

Restaurants Canada & The Manitoba Restaurant and Foodservices Association

Manitoba Restaurant & Foodservices Association

Restaurants Canada

The voice of foodservice | La voix des services alimentaires

EXECUTIVE SUMMARY

FOODSERVICES BUSINESSES ARE IN CRISIS AND URGENTLY NEED HELP

Pre-pandemic, 12% of Canadian restaurant companies were not profitable—today its 41%. Restaurants and construction companies have led Canada this year in bankruptcies.

While real per capita sales growth for foodservices businesses stood at 1.1% for Canada Jan-Aug 2024 over 2025, it was -0.8% in Manitoba, which saw the single worst performance of any province in Canada. Only PEI, at -0.5%, also saw negative real per capita sales growth. Manitoba's -0.8% breaks out as:

- 0.6% full-service
- 0.4% quick-service
- -15.4% caterers
- -19.4% drinking places

Real per capita spending in restaurants is down since pre-pandemic, yet nationally, all major categories for operating costs have gone up roughly 11-15% over the past two years:

- Cost of food 12.5%
- Cost of labour 11.3%
- Insurance 13.9%
- Utilities 11.2%
- Other operating expenses 11.4%

Crime is putting restaurant workers, guests, and operators at physical, mental, and financial risk. Many restaurants are still struggling to find workers as many left the industry through COVID.

AN INDUSTRY WITH A HUGE IMPACT

- 39,100 people directly employed in the foodservice industry (5.4% of provincial workforce).
- Restaurants are a leading employer of new Canadians, LGTBQ2Plus, newcomers, and other communities. We are also the leading provider of first jobs for Canadians.
- 9,000 indirect jobs in related industries – i.e. financial services, marketing, delivery, agriculture, utilities, laundry, real estate, etc.
- 3.5% of Manitoba's GDP, $3.3 billion revenue in 2024.
- $1.1 billion in food & beverage products purchased every year.
- Restaurants are among the largest supporters of sports teams and other community groups.
- Restaurants are community defining pillars
- More than half of Canadians purchase at least one meal per day from a restaurant.
- In terms of job creation, the restaurant sector is a powerhouse. For every $1 million in output, it supports 19.5 jobs, more than double the industrial average of 8.4 jobs. This makes the industry not only a vital driver of economic activity in communities across the country, but also a highly efficient engine for employment.
- Investment in the restaurant industry has a powerful ripple effect across the broader economy. For every dollar spent in the industry, an additional $2.30 in total economic output is generated—significantly higher than the $1.90 average across all industries. This multiplier effect reflects how an initial dollar circulates through the economy, spurring further rounds of spending in supply chains, wages, and local businesses.

EXPAND DISCOUNT PRICING ON ALCOHOL FOR RESTAURANTS AND BARS

We ask the Government of Manitoba to expand licensee discounts on alcohol purchased through government-operated outlets. Extending the 14.5% discount to all non-beer products would save restaurants and bars an estimated $12.5 million annually—about $14,000 per year for a typical $2 million restaurant. This represents the most efficient, high-impact way to deliver job-saving relief to the hardest-hit part of the sector.

1. **WCB REBATES**
   With a 165.3% sufficiency ratio—the highest in Canada—WCB Manitoba has significant surplus capacity. We call on the government to lower the sufficiency target to 120% and automatically return surpluses above 130% to employers. Based on prior rebate levels, extending a full year's worth of premium relief would deliver about $3,360 per restaurant, equivalent to 210 hours of wages for minimum-wage employees.

2. **RESTAURANT TRAINING GRANT**
   We propose a $1.4 million investment to pilot a training and retention program connecting restaurants with underrepresented Manitobans seeking employment. Modeled after a successful Ontario program, it would provide $1,000 for training and a $1,500 retention bonus after three months (or 200 hours) of work—up to $2,500 per trainee. This program would help fill labour gaps while creating meaningful employment opportunities.

3. **TECHNOLOGY ADOPTION GRANTS**
   We recommend a $5 million technology fund, capped at $2,500 per business location, to help restaurants adopt efficiency-boosting tools such as digital menu boards, reservation systems, online marketing, and modern POS systems. These investments will help businesses improve productivity, manage costs, and protect jobs amid ongoing labour shortages.

4. **HOSPITALITY WORKFORCE SUSTAINABILITY ROUNDTABLE**
   We ask the government to partner with hospitality industry leaders to establish a Hospitality Workforce Roundtable that will provide recommendations on recruiting, developing, and retaining the skilled workers needed to sustain the sector's economic contribution. The Roundtable should address training, education, labour and immigration policy, and other barriers to workforce sustainability. It should also examine how technology—including automation and AI—can improve efficiency while protecting and growing foodservice jobs.

5. **EXEMPT MODESTLY PRICED RESTAURANT MEALS FROM PROVINCIAL SALES TAX**
   By exempting restaurant bills from PST on meals under $8 the province would provide an estimated $28M in savings to Manitobans, which would exempt approximately 23% of bills in quick-service restaurants and 5% of bills in full-service restaurants. This break would disproportionately bring relief to lower income and working-class Manitobans while helping to protect and grow youth jobs.

RESTAURANTS CANADA

Restaurants Canada is the voice of restaurants across Canada. It represents the $120 Billion-dollar foodservice industry at all levels of government, proudly working closely with provincial partners like the Manitoba Restaurant and Foodservices Association.

We operate the RC Show, Canada's largest tradeshow. We own Groupex Canada, an entity that aggregates the buying power of smaller restaurant companies and brands to deliver them savings. Restaurants Canada also serves as an important hub for industry information, networking, and training.

Our membership is broad and nationwide, with operations in every province and region. As Canada's fourth-largest private-sector employer, our sector supports 1.2 million jobs. From the country's most iconic national brands to small family-run diners and pubs, our members represent the full spectrum of Canada's restaurant community.

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MANITOBA RESTAURANT AND FOODSERVICES ASSOCIATION

Manitoba Restaurant and Foodservices Association (MRFA) proudly represents and advocates on behalf of Manitoba's foodservice operators.

Manitoba's foodservice industry takes great pride in supporting the communities where we operate. We do this as job creators, buyers of products and services from our farmers and other employers, taxpayers, community builders who support local charities, and feeders of communities whose establishments serve as important places where Manitobans come to both eat and celebrate important life events.

We lead Manitoba's iconic Between the Buns events and partner with the Manitoba Hotel Association to deliver the MHA & MRFA Show, Western Canada's largest trade show for the hospitality sector and we are the driving force behind the return of the iconic food festival, Taste of Manitoba.

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THE CONTRIBUTION OF MANITOBA'S RESTAURANTS AND BARS

Manitoba's foodservice industry is a major driver of employment and economic activity, with 2,680 businesses directly employing about 39,100 people and supporting another 9,000 in related industries. Nearly half of these establishments rely on alcohol sales for part of their revenue. In 2024, Manitoba had 724,400 paid foodservice workers, meaning foodservice directly employs 5.4% of workers in Manitoba, or nearly 7% when including indirect jobs.

In 2024, the industry generated over $3.3 billion in revenue, representing 3.5% of Manitoba's GDP. Restaurants and bars purchase more than $1 billion in food and beverages annually from local farmers, beverage producers, and suppliers, supporting a wide network of industries such as agriculture, transportation, insurance, marketing, real estate, utilities, and technology. The sector is highly labour-intensive and contributes significantly to provincial revenues through payroll, income, sales, excise, carbon, and property taxes, as well as licensing and other fees.

The industry also provides diverse employment opportunities, from entry-level to executive roles, and is a key source of first jobs for students and newcomers who gain valuable skills in teamwork, management, and customer service. Beyond its economic importance, Manitoba's restaurants and bars play a vital social role—serving as gathering places for families, friends, and communities, supporting local charities and sports teams, and shaping the cultural identity of neighborhoods across the province. With over 7.6 million customer visits to restaurants and bars in Western Canada each day, these establishments are an essential part of Manitobans' daily lives and communities.

STATS

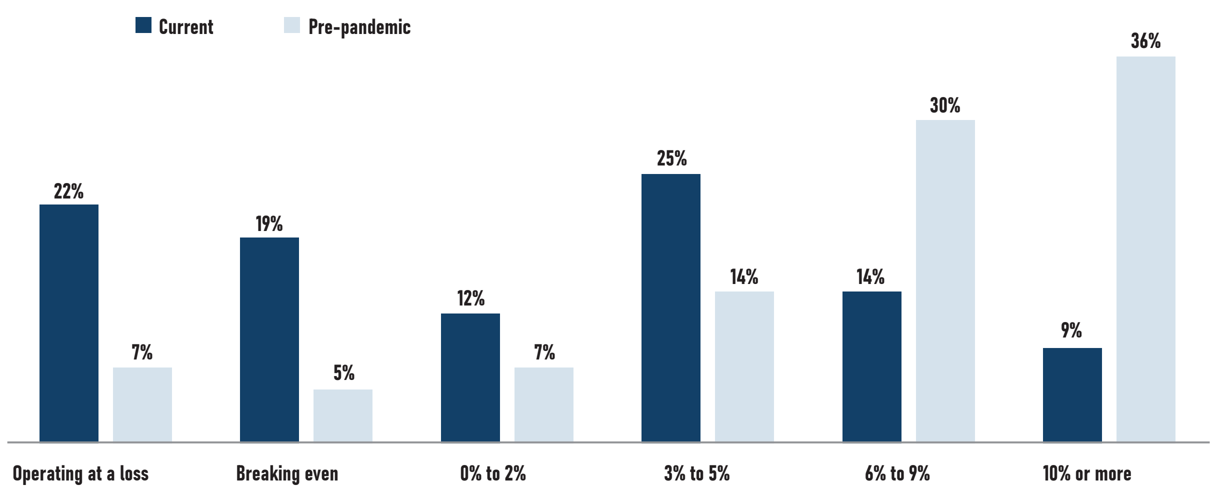
RESTAURANTS ACROSS MANITOBA AND CANADA ARE STRUGGLING

Since 2019, few industries have endured a similar and sustained set of challenges that have served to both inflate costs and harm profitability. In 2019, Restaurants Canada member surveys typically revealed that 12% of Canada's restaurants were losing money or barely breaking even. Today, a terrifying 41% of Restaurant Canada member companies say they are losing money or barely breaking even.

Moreover, available statistics generally show that Manitoba restaurants are faring worse than their counterparts in any other province.

Four in 10 restaurant companies are operating at a loss or just breaking even

Nationally, 41% of restaurant companies report that they are losing money or barely breaking even



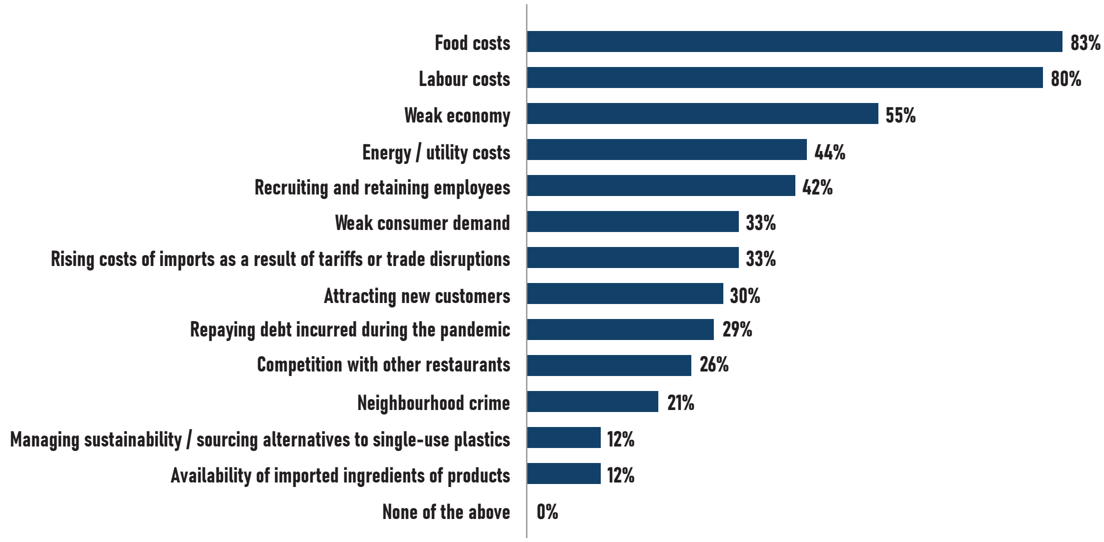
Source: Restaurants Canada's Restaurant Outlook Survey
Q: What best describes the current profitability of your overall operations?

WHAT IS DRIVING THIS STRUGGLE TO MAKE PROFIT

Restaurants are dealing with cost increases while real spending per capita contracts, and they are simply not able to pass on all of their rising costs to consumers. They also struggle with crime, labour shortages, U.S. trade war implications, and other hardships.

Top challenges facing restaurant operators

(share of respondents)

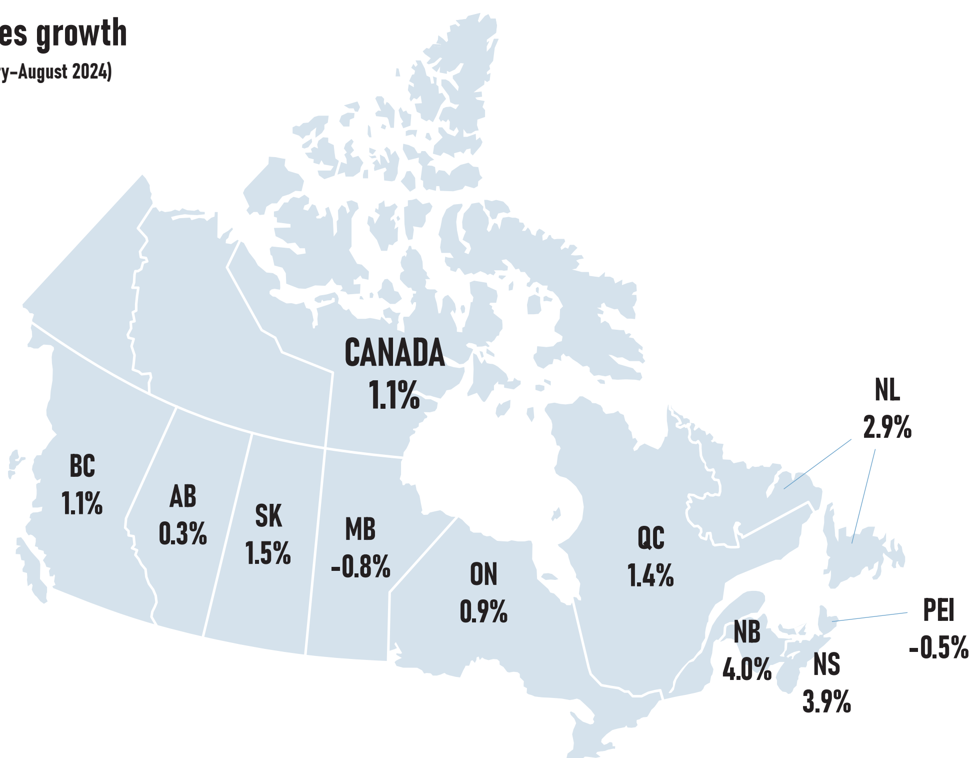


Source: Restaurants Canada's Restaurant Outlook Survey
Q: What are the top challenges currently facing your business? (Please select all that apply)

Restaurant spending per capita is in decline while expenses continue to rise. Compared to all other provinces, Manitoba has seen the worst contraction of per capita spending in Canada between Jan-Aug 2025 and Jan- Aug 2024. As outlined below, some parts of the industry have been much harder hit than others.

Real per capita sales growth

(January-August 2025 over January-August 2024)

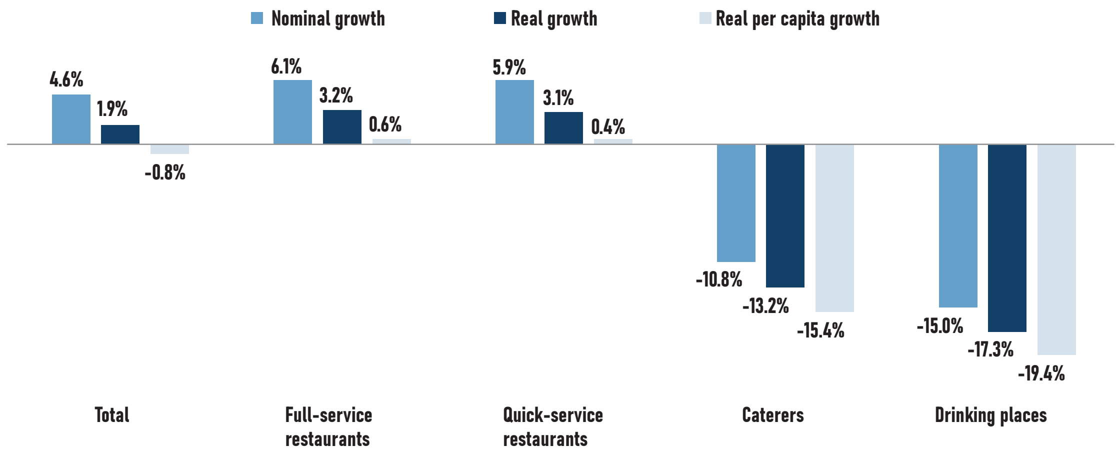


Source: Restaurants Canada and Statistics Canada

STATS

Commercial foodservice sales – Manitoba

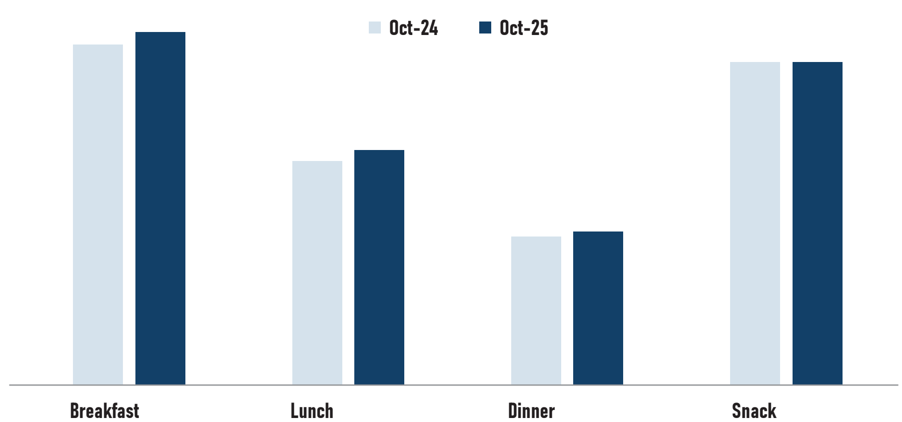
(January-August 2025 over January-August 2024)



Source: Restaurants Canada and Statistics Canada
*leap year effect removed for February 2024

Share of Canadians that never purchased the following from a restaurant in October

(Income under $50,000)



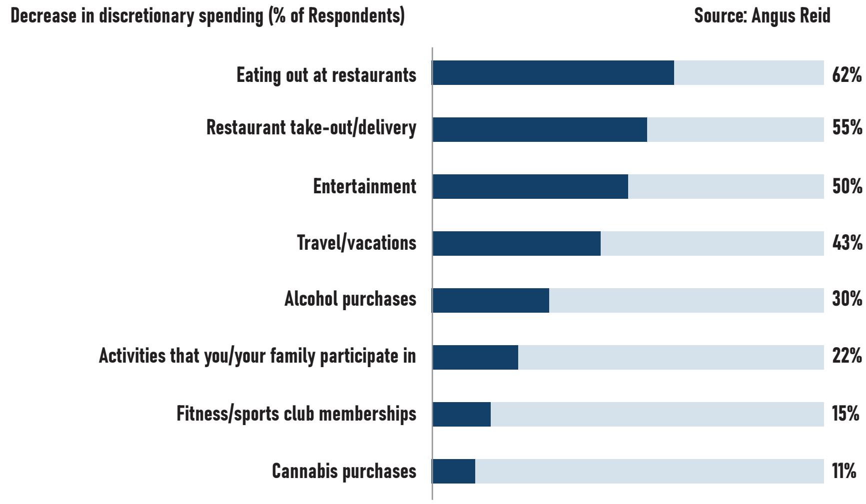
Source: REACT Survey, Restaurants Canada

In October 2025, the share of Canadians with a household income under $50,000 that never purchased a product from a restaurant has increased compared to 2024 across three out of the four dayparts. Both breakfast and lunch have seen a two-percentage point rise in the share of consumers who never dine out, reaching 51% for breakfast and 34% for lunch, highlighting the growing financial strain on Canadians in these meal occasions.

While foodservice spending is down, restaurant costs are up over the past two years, particularly in some of the largest spending buckets for foodservice business.

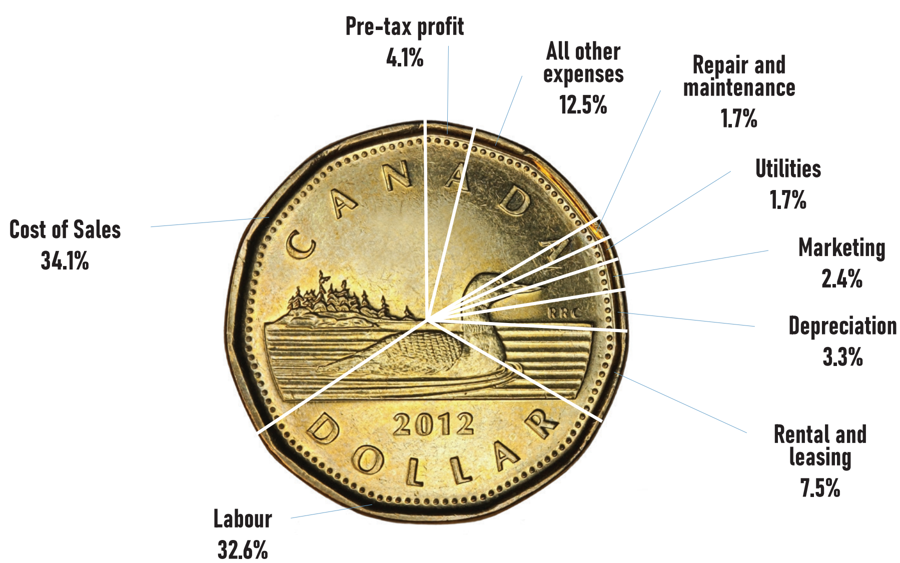
78%

of Canadians have reduced their nonessential activities and spending to save money.



Financial Operating Ratios — Manitoba

(as a percentage of operating revenue)



Real per capita spending in restaurants is down since pre-pandemic, yet nationally, all major categories for operating costs have gone up roughly 11-15% over the past two years

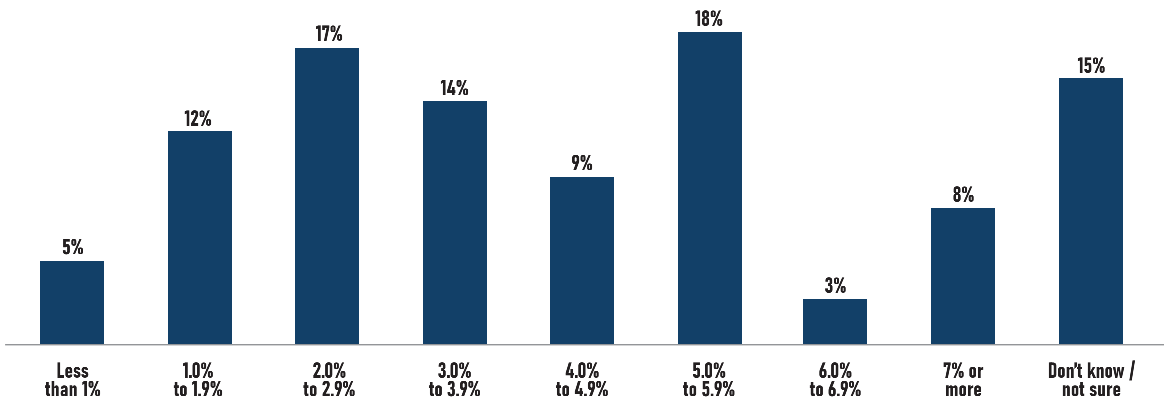
- Cost of food 12.5%
- Cost of labour 11.3%
- Insurance 13.9%
- Utilities 11.2%
- Other operating expenses 11.4%

STATS

Consumers are struggling with affordability. 75% of Canadians say they are eating out less often because of the cost of living (81% for those under 34) and 41% of foodservice businesses are still operating at a loss or just breaking even. This situation threatens foodservice jobs, especially for youth. Affordability constraints are the key reason why the pace at which restaurants are raising prices is far exceeded by how fast their expenses are rising.

Menu prices are expected to be an average of 4.1% higher over the next 12 months

(in 2025 dollars)



Source: Restaurants Canada's Restaurant Outlook Survey
Q: Over the next 12 months, by how much do you expect you will raise your menu prices?

DIGGING A LITTLE DEEPER ON CORE RESTAURANT CHALLENGES

Wage Pressure. Minimum wage has increased from $11.95 (Sept 30, 2022) to $16 (Oct 1, 2025)—a 33.9% increase, far above the ~2% annual inflation target. This disproportionately affects restaurants, the most labour-intensive retail sector, where a $1M business employs significantly more workers than clothing stores, grocery stores, or gas stations. Although restaurants must pay minimum wage, many employees earn more through tips, especially in quick- and full-service settings. Wage pressure is further intensified by declining youth workforce participation and competition from other industries that attract younger workers.

Labour Shortage. Manitoba restaurants face persistent shortages in management, supervisory, and back-of-house roles, particularly cooks and chefs. Rural, remote, and seasonal tourism communities struggle to hire for all positions due to smaller youth populations and limited nearby schools. Even where youth are present, participation rates continue to decline. Pandemic disruptions pushed many workers out of the industry, and the federal government's sharp reduction in immigration—favouring skilled trades and health care—has further limited access to needed labour. When restaurants cannot fill key roles, such as a chef, they often must cancel entire shifts, causing up to 11 other employees to lose hours or jobs. This is a major reason many businesses now close for lunch or certain days of the week.

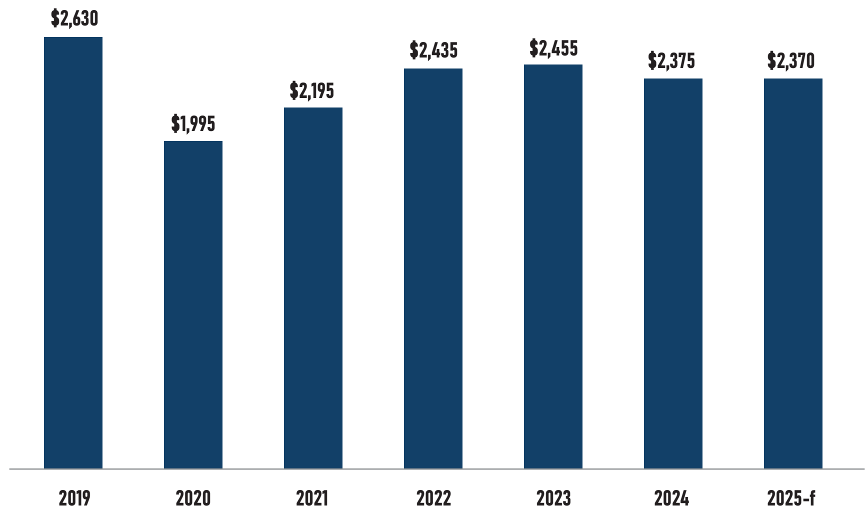
Rising Food Costs. Food is now rivaling labour as the largest operating expense for restaurants. Despite slowing inflation, national food prices have still risen 12.5% over the past two years, squeezing already thin margins. Volatile and unpredictable price shifts—especially for produce and proteins—force restaurants to switch from long-trusted suppliers to lower-cost options and frequently adjust menu prices. These constant changes increase costs for menu reprints, online menu updates, POS adjustments, and staff retraining, while also risking customer dissatisfaction when favourite items are removed or replaced with more affordable alternatives.

Restaurants and bars are further affected by Manitoba's decision to remove U.S. liquor products from shelves, leaving customers disappointed and forcing operators to choose between higher-priced substitutes or lower-quality alternatives. As with food, this results in more procurement work, menu changes, POS updates, and staff retraining.

Affordability and Consumer Spending. With the rising cost of living, 75% of Canadians— and 81% of those under 34—are eating out less. As a result, 41% of foodservice businesses are operating at a loss or merely breaking even, putting many jobs, especially youth positions, at risk. Lower-income individuals, who spend a larger share of their income on restaurant meals, are most affected by rising food and grocery prices. As Canadians face increasing housing, insurance, energy, and other essential costs, cutting restaurant spending has become one of the few ways to save—leading to reduced traffic and further financial strain on the industry.

Per capita commercial foodservice sales in Manitoba

(in 2025 dollars)

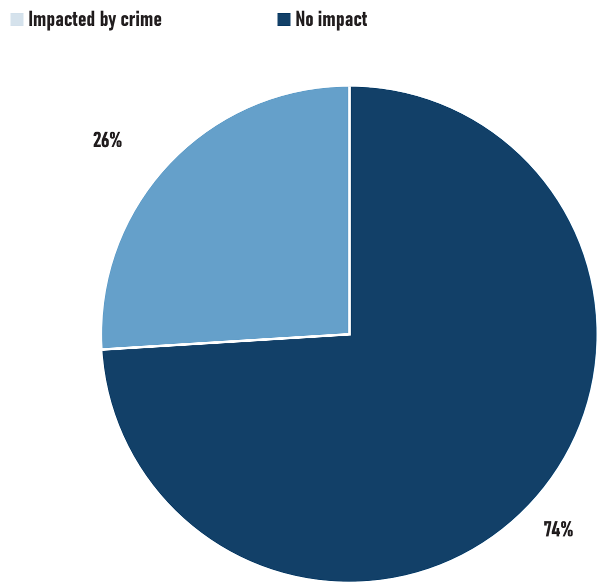


Source: Restaurants Canada and Statistics Canada

In 2025, real per capita spending has declined for the average diner in Manitoba for the second consecutive year. This represents a 0.8% decrease compared to 2024, and an 11% decline compared to 2019 (pre-pandemic). This trend highlights that Canadians are increasingly unable to afford dining out as they once did.

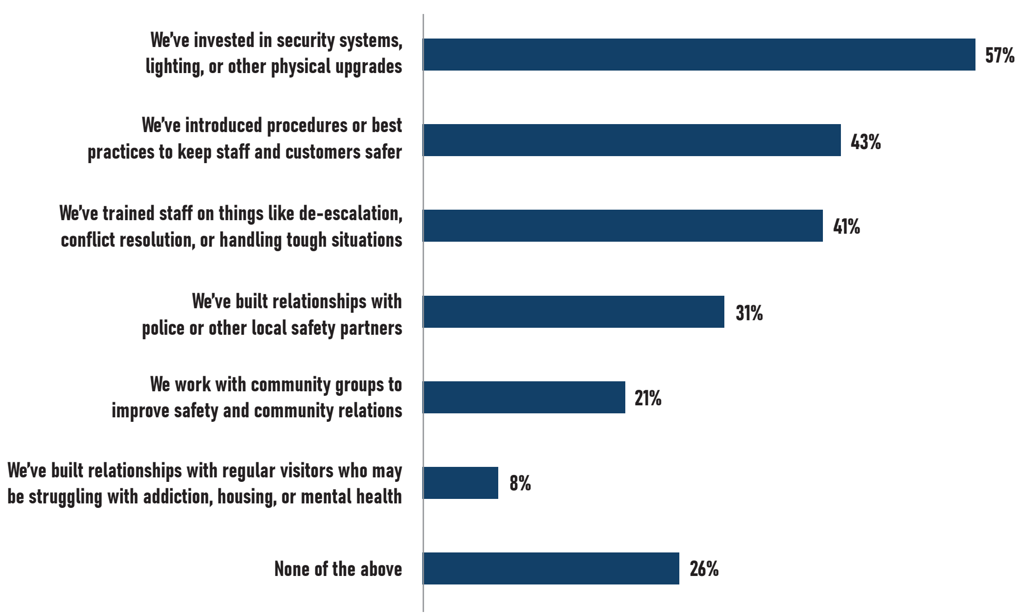
Public Safety. Crime—especially in Winnipeg—poses a major threat to restaurants. Many operators report patrons, staff, and even owners being threatened, harassed, robbed, or assaulted by individuals with criminal intent or experiencing mental health or addiction issues. These incidents deter customers and staff, increase turnover, and force businesses to absorb higher wages, security expenses, and costs for repairs or stolen goods. We appreciate the Manitoba Government's commitment of up to $10M to support employers in crime prevention.

74% of respondents said they have been directly or indirectly impacted by crime



Source: Restaurants Canada, survey conducted June 2025

Have you taken any steps that help reduce the impact of crime or public safety issues? (Check all that apply)



Source: Restaurants Canada, survey conducted June 2025

OUR ASKS

PRIORITY 1:
EXPANDING DISCOUNT PRICING ON ALCOHOL PRODUCTS FOR BARS AND RESTAURANTS

Our ask – We urge the Government of Manitoba to review alcohol markups and taxes to ensure policies support and protect jobs in hospitality, distilling, winemaking, and brewing, safeguarding both workers and employers. As an interim measure, we request a 15% discount on wine and spirits.

Rationale - Manitoba's foodservice sector, particularly independent taverns and pubs, is struggling more than peers in other provinces. Reducing alcohol procurement costs for restaurants would help protect jobs by making dining out more affordable for Manitobans. Restaurants provide critical employment opportunities, especially for youth, students, and part-time workers, offering transferable skills, supplemental income, and career pathways. The higher-paying segment of the industry—alcohol service—particularly benefits women in server roles. Protecting this segment supports workers most at risk from declining alcohol consumption in restaurants. Government actions, like removing U.S. alcohol from Liquor Mart shelves, have increased operational burdens on restaurants. Operators face unstable supply chains, higher procurement costs, and the need to offer lower-quality or higher-priced alternatives. These challenges hurt the guest experience, reduce profitability, and require ongoing staff retraining and menu updates, threatening job stability.

A broader fiscal view shows that alcohol consumed in restaurants generates greater value for taxpayers than off-premise sales. For example, a full-service restaurant may earn 10–30% of revenue from alcohol; pubs and taverns often rely on it for 40–70%. A typical $2M restaurant may spend $116K on alcohol, generating substantially more PST, employee income tax, WSIB premiums, licensing fees, and related economic activity than if the same alcohol is consumed at home. Economic modelling indicates a 15% discount on non-beer alcohol could save roughly 100 restaurants and 2,400 jobs while generating $18.6M in combined net PST and employee income tax (this is based on PST earned from restaurant markups of 3x to 5.5x on alcohol). This would cost the province approximately $10–12.5M upfront but result in net positive fiscal outcomes when broader economic benefits are included. Including beer would increase the savings per restaurant to $17,400.

Manitoba Liquor and Lotteries (MBLL) is highly profitable, delivering record net income of $730M in 2023–24, up from $425M in 2021. Despite this, the amount of alcohol sold through restaurants is shrinking, putting revenue, jobs, and the broader sector at risk. MBLL is strong and has room to offer discounts to licensees to help support workers, consumers, and small businesses.

SALES BY CHANNEL

(in thousands)	2025	2024		$ change	% change
Liquor Marts	$ 459,786	$ 441,166	↑	$ 18,620	4.2%
Liquor Vendors	96,142	94,589	↑	1,553	1.6%
Licensees	303,348	307,377	↓	4,029	1.3%
Specialty wine stores	18,975	21,429	↓	2,454	11.5%
Total sales	878,251	864,561	↑	13,690	1.6%
Cost of sales	413,369	412,806	↓	563	0.1%
Gross profit	$ 464,882	$ 451,755	↑	$ 13,127	2.9%

Source: page 13 — Most recent MBLL Annual Report

PRIORITY 2:
WORKERS COMPENSATION BOARD (WCB) PREMIUM REBATES

Our ask - With a 165.3% sufficiency ratio—the highest in Canada—WCB Manitoba has significant surplus capacity. We call on the government to take necessary action to lower the sufficiency target to 120% and automatically return surpluses above 130% to employers. Based on prior rebate levels, extending a full year's worth of premium relief would deliver about $3,360 per restaurant, equivalent to 210 hours of wages for minimum-wage employees.

Rationale – At the release of the Mantioba WCB 2024 Annual Report, WCB Manitoba showed a sufficiency ratio of 165.3%, giving Manitoba the highest sufficiency ratio of any comparable entity across Canada. We note, Manitoba also has the highest sufficiency ratio target, at 130%. We call on the Government to set a more reasonable sufficiency ratio of 120%, and set in place a policy that any sufficiency above 130% be automatically returned to eligible employers.

We know that in April 2024, the government delivered approximately $118M in relief, which effectively gave employers a 50% credit against their annual premiums. That means a business that would have paid roughly $5,000 before the rebate would have only paid $2,500. On that $118M, a foodservice business typically would have received an average benefit of $65 to $75 (approx.) for every employee on its payroll, or roughly $1,680 per average restaurant—the equivalent of 106 hours at a minimum wage job (not including benefits and payroll taxes and other employee costs).

The Fund is healthy enough that at a 100% rebate for one year, and a drawdown of roughly $27.8M, the Fund would remain well capitalized beyond the 130% target threshold. All else being equal, this would leave room for additional relief in 2026.

Going to a 100% one-year rebate would deliver roughly $3,360 in cost relief to a typical Manitoba restaurant. Moreover, greater savings would go to businesses that are fighting to save a larger number of Manitoba jobs. The benefit to employers would directly correspond to their spending on wages for Manitobans. This initiative would have a huge impact (particularly for businesses barely hanging on) while coming at zero cost to the Treasury as the funds would come from an overcapitalized insurance Fund that is funded by employers, and not Manitoba taxpayers.

PRIORITY 3:
FUND TRAINING GRANTS TO HELP RESTAURANTS HIRE AND TRAIN MORE MANITOBANS

Our ask - We propose a $1.4 million investment to pilot a training and retention program connecting restaurants with underrepresented Manitobans seeking employment. Modeled after a successful Ontario program, it would provide $1,000 for training and a $1,500 retention bonus after three months (or 200 hours) of work—up to $2,500 per trainee. This program would help fill labour gaps while creating meaningful employment opportunities.

Rationale - Canada's restaurants lost a significant number of employees during COVID, many of whom retrained or left for more stable sectors. This labour shortage limits operating hours and reduces profitability. Modeled on a successful Ontario program, we propose training grants of $1,000 per trainee, with an additional $1,500 retention bonus after three months or 200 hours of work, for a maximum of $2,500 per trainee. Funds would cover training for both employees and trainers, equipment, and other eligible costs, with a recommended cap of two trainees per restaurant. Fully implemented, the program could create permanent jobs for 500 workers. The program would target restaurant employees, and could be structured to prioritize youth, workers from underrepresented or disadvantaged communities, or from other segments the Government wants to ensure are helped. Restaurants Canada and MRFA would provide administrative support, connecting trainees with reputable employers to ensure meaningful training that leads to permanent employment.

Restaurants are often the first employer for Canadians, providing transferable skills like teamwork, customer service, budgeting, and time management. They are labour-intensive businesses that invest heavily in training new staff, a cost compounded by rising wages, food prices, insurance, and crime-related challenges. Training grants offer a targeted way for government support to strengthen a struggling sector while directly benefiting workers through skills development and job creation.

PRIORITY 4:
TECHNOLOGY GRANTS

Our ask - We recommend a $5 million technology fund, capped at $2,500 per business location, to help restaurants adopt efficiency-boosting tools such as digital menu boards, reservation systems, online marketing, and modern POS systems. These investments will help businesses improve productivity, manage costs, and protect jobs amid ongoing labour shortages.

Rationale - Manitoba restaurants are struggling with rising costs during a period when consumers are spending less per capita (in real dollars) on restaurants than they did pre-pandemic.

In addition, across Canada, restaurants are struggling with labour shortages and are increasingly relying on younger workers. In fact, at more than 49%, no other province's foodservice workforce has a greater percentage of workers under 25 years old than Manitoba.

Utilizing technology can help foodservice businesses grow their efficiency, customer pools and revenue in ways that protect jobs and improve customer experience. For example, scheduling management software can help ensure staffing needs are met and inventory management software can help drive food cost savings and reduce waste. Technology can also be utilized to help restaurants market their offerings, speed up customer service, manage reservations, and protect their staff and patrons.

Additional Details - Examples of eligible expenses could include: Mobile POS, CRM, accounting software, electronic shelf labels, RFID and IOT, self-checkout kiosks, digital storage, inventory management, AI customer interaction systems, loss prevention, scheduling and labor management, technology installation.

Potential Eligibility and Cost Sharing

- Per location model (i.e. for franchises, allow funding per location)
- If capped by employee count, ensure employee counts are appropriate per industry
- Consider different grant size options, with larger grants requiring businesses to pay a greater share of the cost

PRIORITY 5:
HOSPITALITY SECTOR WORKFORCE ROUNDTABLE

Our ask - Work with hospitality industry leaders to launch a Hospitality Sector Workforce Roundtable dedicated to providing recommendations to the Manitoba Government that aim to ensure our industry can recruit, develop, and retain the workforce necessary to sustain its contributions to Manitoba's economy, treasury, and broader wellbeing. The Roundtable would consider training and education, labour and immigration policy, and other real-life factors that impede the sustainability of our workforce. The Roundtable should also consider the integration of technology, including machines and artificial intelligence, and other tools that can help drive efficiencies.

Rationale - In rural, remote, and seasonal communities there simply are not enough local workers available to fill many roles, ranging from cooks, servers, counter-help, bakers, etc. Aggressively competitive pay is often not enough to fill roles.

Both our immigration and education systems have heavily tilted toward healthcare and building trades in recent years. This is contributing to a growing worker shortage in our sector, particularly in key positions like chef, cook, and restaurant manager. Without these specific workers restaurants cannot function, which puts all restaurants, their workers, and their suppliers and vendors, at risk. Manitoba needs a strategy to help ensure its hospitality sector has a stable workforce and pipeline of future workers.

PRIORITY 6:
EXEMPT MODESTLY PRICED RESTAURANT MEALS FROM PROVINCIAL SALES TAX

Our ask - By exempting restaurant bills from PST on meals under $8 the province would provide an estimated $28M in savings to Manitobans, which would exempt approximately 23% of bills in quick-service restaurants and 5% of bills in full-service restaurants. This break would disproportionately bring relief to lower income and working-class Manitobans while helping to protect and grow youth jobs.

Rationale – As Manitobans struggle with rising costs for groceries and other necessities they are having to sacrifice spending in other areas, particularly lower income Manitobans. Recent surveys show that more than 75% of Canadians are taking action to pull back on spending to find savings, and the top two ways they are doing that are through spending less money in restaurants and on ordering takeout.

As evidenced by the federal GST holiday, cutting taxes on restaurant meals helped the industry create 24,000 new foodservice jobs in just two months. Not only did additional spending spur more job creation, it also resulted in a 50% reduction year-over-year in bankruptcies.
By targeting modestly priced meals the government would contain the cost of this measure while also ensuring that the benefits disproportionately go to lower income workers, seniors, and families with young children, who typically consume less expensive restaurant meals. This is also the part of the industry that is most likely to employ younger Canadians working their first job. Taking this measure would also ensure support to the part of the industry that would not benefit if the government were to take action to reduce alcohol prices for restaurants and bars.
This concept is borrowed from Ontario where restaurant bills under $4 have been exempt from PST since the late 1980s. The proposed $7.99 cap reflects the spirit of the Ontario practice, while partially adjusting for multiple decades of inflation. As shown below, Restaurants Canada has modelled out the expected impact of PST savings and meals impacted in one dollar increments.

AA4 : D29			Statistics Canada - Manitoba
Total party cheque size	**Share of visits**	**Annual sales no tax or tips**	**Savings to consumers**
Quick-service restaurants		**$1,445,543,000**	
Less than 4.00	8%	$114,231,789	$7,996,225
4.00 – 4.99	2%	$35,564,347	$2,489,504
Between 5.00 – 5.99	4%	$57,551,720	$4,028,620
Between 6.00 – 6.99	3%	$41,393241	$2,897,527
Between 7.00 – 7.99	3%	$46,702,965	$3,269,208
Between 8.00 – 8.99	3%	$50,134,244	$3,509,397
Between 9.00 – 9.99	3%	$39,715,965	
Between 10.00 – 10.99	4%	$60,446,629	
Between 11.00 – 11.99	3%	$36,731,727	
Between 12.00 – 12.99	5%	$78,037,938	
All other	61%	$885,032,436	
Full-service restaurants		**$1,123,755,000**	
Less than 4.00	1%	#13,383,560	$936,849
4.00 – 4.99	0%	$5,157,592	$361,031
Between 5.00 – 5.99	1%	$11,984,065	$838,885
Between 6.00 – 6.99	1%	$7,712,786	$539,895
Between 7.00 – 7.99	1%	$7,140,297	$499,821
Between 8.00 – 8.99	1%	$6,555,531	$458,887
Between 9.00 – 9.99	0%	$5,243,698	
Between 10.00 – 10.99	1%	$12,444,598	
Between 11.00 – 11.99	0%	$4,727,749	
Between 12.00 – 12.99	1%	$8,769,151	

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