



**Canadian Restaurant  
and Foodservices  
Association**

**Association canadienne  
des restaurateurs et  
des services alimentaires**

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Prince Edward Island Government Caucus  
P.O. Box 2000  
Charlottetown, PEI C1A 7N8

Dear Sir/Madam:

The foodservices industry is a major sector of the economy on PEI accounting for \$180 million in sales and over 5,200 employees. Due to the labour intensive nature of the industry, with nearly 31 cents of every dollar in sales going towards payroll, the foodservice industry always takes any changes to the Employment Standards Act very seriously. PEIRFA and CRFA are alarmed that the government of PEI is intending to bring forward dramatic changes to the Employment Standards Act during the Spring Session of the Legislature. The proposed changes will dramatically shift the delicate employee/ employer balance and put the viability of many foodservice businesses in jeopardy.

The foodservice industry on the Island is in the midst of a severe slump with industry sales decreasing by nearly 20 percent since 1999. Poor tourism, escalating increases in the cost of labour, beverage alcohol and fuel has meant the profit margin for the average foodservice establishment has declined from 7.1% to just 3.0% over the same period. This has resulted in the closure of many foodservice establishments with the number of commercial foodservice establishments on the Island decreasing from 332 in 2000 down to 270 in 2006. The proposed changes coupled with another large increase to the minimum wage will only exacerbate these problems.

While officials will claim there was a formal consultation process on changes to the Act, it is clear that employer input was ignored and employer concerns were not addressed. The associations believe foodservice operators or in fact any business owner would be hard pressed to find anything positive in the recommendations. To foodservice operators, the proposed changes are biased against employers and will add significant new costs and administrative burden to their operations. If enacted, these changes will lead to seasonal businesses closing earlier and reduced hours and employment opportunities for many Islanders.

Given the difficult environment in which foodservice operators are operating today, government must not intervene and upset the delicate employment balance that exists on the Island today. On behalf of the foodservice industry, we respectfully request that you support small business owners and refrain from introducing changes to the Employment Standards Act. If you have any questions or would like to discuss this further, please do not hesitate to contact us.

Sincerely,

Carl Nicholson  
President, PEI Restaurant and Foodservices Association

Luc Erjavec, P.Eng.  
Vice President, Atlantic Canada (CRFA)