



Canadian Restaurant
and Foodservices
Association

Association canadienne
des restaurateurs
et des services
alimentaires

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February 12, 2007

Premier Danny Williams
Government of Newfoundland and Labrador
Confederation Bldg., 8th floor
St. John's, NL A1B 4J6

Dear Mr. Premier:

On behalf of the foodservice industry of Newfoundland and Labrador, I am writing to express the industry's concern over your comments this morning on CBC Radio where you said your government would consider introducing a new February statutory holiday.

The foodservice industry is one of the most labour intensive industries with over 30 cents of every dollar in sales going towards the payroll of our employees. The introduction of an additional holiday would cost the foodservice industry over half a million dollars or approximately \$600 per establishment in additional labour costs. Given the razor thin pre-tax industry profit margins of just 3.3% or \$13,000 per establishment, operators will be hard pressed to absorb these additional costs.

Advocates for a new holiday have argued that an additional holiday would lead to increased productivity. There is no evidence to back these claims. In fact, to the foodservice industry there would be a **decrease in productivity** and the negative impacts would be two-fold. On the costs side, our businesses are generally open on holidays and scheduled employees would be required to work. Therefore employers would be forced to pay premium rates for those that are working and holiday pay for those that are not. Secondly a vast majority of establishments would also experience a drop in sales because of decreased sales on a non-work day.

Of course it goes without saying that all employees would want an additional holiday. However, decision makers must realize this would come with a cost. A cost that should not be borne on the backs of already struggling, small businesses owners. It does not make sense to penalized small businesses with additional costs particularly when the industry is dealing with weak tourism, low consumer spending, and ever increasing input costs for items such as energy, labour and beverage alcohol.

It is the industry's hope that upon careful reflection you will conclude there is not any logical rationale for the introduction of a new statutory holiday. Thereby sparing small business owners the additional expense.

If you have any questions or would like to discuss this further, please do not hesitate to contact me.

Sincerely,

Luc Erjavec, P. Eng.
Vice President - Atlantic Canada

cc: Hon. Shawn Skinner, Minister of HRE
Brenda O'Reilly, CRFA Board of Director