



The voice of foodservice | La voix des services alimentaires

NEWS RELEASE

Even as restaurants are reopening, most are still operating at a loss

As foodservice businesses continue to reopen their doors to diners, Restaurants Canada is calling on all levels of government to ensure they have what they need to survive the road to recovery.

FOR IMMEDIATE RELEASE

TORONTO, June 11, 2020 — Most foodservice businesses across the country continue to operate at a loss, even as the economy is slowly restarting, according to a new survey from Restaurants Canada.

After months of significantly reduced revenue, or none at all, and now facing months of operating at reduced capacity, many restaurants need continued support to survive the road to recovery.

Survey reveals most restaurants are still losing money

Among respondents whose operations are either open for takeout or delivery only, or already offering dine-in services under new restrictions:

- Six out of 10 said they are operating at a loss.
- 22 per cent of single-unit operators and 15 per cent of multi-unit operators said they are just breaking even.

Among restaurants that have reopened their doors for on-premise dining:

- Fewer than half (31 per cent of single-unit operators and 43 per cent of multi-unit operators) said doing so has had a positive impact on their operations.
- More than a third (47 per cent of single-unit operators and 39 per cent of multi-unit operators) said the impact on their operations has been negative.
- The remainder reported no impact or said it's still too soon to assess.

Restaurants will need continued support to survive the road to recovery

"When restaurants thrive, so do the communities they serve," said Shanna Munro, Restaurants Canada President and CEO. "Our industry wants to contribute to rebuilding the economy and reviving neighbourhoods, but time is running out. Most restaurants have been operating at a loss and accumulating debt for three months already. If they don't get the help they need to return to positive cash flow, many won't be able to last much longer."

Restaurants will need continued support in the following key areas to ensure they'll be able to contribute to Canada's recovery from COVID-19.

Assistance with labour costs

While the federal government's 75 per cent wage subsidy has already been helping some restaurants keep staff on payroll, those that are now preparing to reopen are concerned they won't be able to access this support when they need it most.

Facing a long road to recovery, most foodservice businesses are going to need continued assistance until they are generating enough revenue to staff their operations without support, not just until an arbitrary program end date.

Restaurants Canada recommends the following changes to the Canada Emergency Wage Subsidy (CEWS) program:

- **Continue to keep the subsidy available for as long as needed.** Instead of the 75 per cent wage subsidy suddenly dropping to zero, reduce support smoothly and gradually as a business gets closer to manageable levels of revenue variance.
- **The 30 per cent revenue decline threshold should be scaled** to support restaurants in their recovery, instead of serving as a disincentive to improving sales at the risk of losing access to the subsidy while businesses are still operating at a loss.

These changes would build on the success of the federal government's wage subsidy program and give restaurants and other small and medium-sized businesses greater capacity to bring millions of Canadians back to work.

Commercial tenant protections and rent relief

Half of restaurant owners across the country are still dealing with landlords who are not willing to participate in the Canada Emergency Commercial Rent Assistance (CECRA) program or any other rent relief arrangement.

More than half of single-unit operators say they have not paid their rent in April, May and June; one in five of those who have not paid rent for those months did not have permission from their landlord to defer payments for all of those months.

Restaurants Canada recommends the following actions from government:

- **Ensure commercial tenants are protected until solutions are in place.** The federal government should work with the provinces to ensure a moratorium on evictions in every jurisdiction to relieve pressure from commercial tenants currently not benefiting from the CECRA program.
- **Tenants should be able to apply for the CECRA program** and an application from an eligible tenant should make a landlord's participation compulsory.
- **Eligibility requirements should be expanded** to be more inclusive of all foodservice business models.
- **Support through the CECRA program should be available on a sliding scale beyond June**, recognizing the tenuous financial circumstances that many commercial tenants still face. Relief should continue until business revenues return to a determined percentage of pre-pandemic levels.

Help with cash flow and rising debt levels

Restaurants are only at the beginning of what's going to be a long road to recovery.

- **Existing measures need to be expanded and new solutions are needed** to ensure restaurants have enough working capital to reopen their doors and remain viable until they are profitable again.

Feeding Canada's recovery

Working together with Restaurants Canada, all levels of government can help foodservice businesses continue playing an integral part of the social and economic fabric of communities across the country. Learn more at feedingtherescovery.ca.

About the Restaurants Canada survey

Conclusions cited above are based on responses to a Restaurants Canada survey conducted between June 1 and June 7, 2020. Restaurants Canada received a total of 940 completed surveys from foodservice operators across Canada, representing 14,129 locations (as many respondents belong to multi-unit businesses). Canada's commercial foodservice industry is made up of 97,500 establishments, including full-service restaurants, quick-service restaurants, caterers and drinking places.

About Restaurants Canada

Restaurants Canada is a national, not-for-profit association advancing the potential of Canada's diverse and dynamic foodservice industry through member programs, research, advocacy, resources and events. Before the start of the COVID-19 pandemic, Canada's foodservice sector was a \$93 billion industry, directly employing 1.2 million people, providing Canada's number one source of first jobs and serving 22 million customers across the country every day. The industry lost more than 800,000 jobs by April and is on track to lose as much as \$44.8 billion in annual sales compared to 2019 due to the impacts of COVID-19.

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