



The Right Honourable Justin Trudeau
Prime Minister of Canada
80 Wellington Street
Ottawa, Ontario
K1A 0A2

February 7, 2023

Re. Need to Stop Harmful 6.3% Scheduled Increase in Federal Alcohol Taxes

Dear Prime Minister:

On behalf of the workers, owners and consumers of the Canadian convenience store sector, an industry that employs over 200,00 Canadians, we urge you to stop this Spring's forthcoming automatic hike in federal beverage alcohol taxes.

Without legislative action by your Government, an automatic inflation-based increase in federal taxes on beer, wine and spirits will take effect on April 1st, 2023, the worst possible time for such a tax increase on hard-working Canadians. Today 69% of Canadians believe we are already in a recession¹, with 72% believing the government is not focused enough on the rising cost of living².

Consumers are already faced with a reduction in disposable income as food, energy, rent, and interest costs have all risen by rates not experienced in decades. Higher federal beer, wine and spirit taxes will put further upward pressure on retail prices, further reducing sales in our stores of this important revenue source for our members.

While we are only permitted to sell beer and wine in convenience stores in Quebec, and beer in Newfoundland, the beer category represents the top growing category in the convenience industry.

As an industry, we already collect a lot of tax for the government. This increase will translate to another tax on a tax. When a customer makes a purchase with their credit card, we not only pay the interchange fee on the product itself, but also on the taxes. This excise tax increase is a double whammy for Canada's convenience stores: it makes prices higher for our customers, and convenience store owners are out of pocket because they are required to pay interchange fees on taxes.

Moreover, inflation-indexed tax rate increases such as those included under Canada's Excise Act adds to inflation, making the Bank of Canada's objective of returning CPI inflation to its mid-term target of 2% more difficult.

¹ Leger 2023 Canadian Economic Confidence Report, January 2023

² Abacus Data, February 1, 2023

We join brewers, wineries, spirit producers, farmers, maltsters, unions, economists, and consumers calling for a freeze on federal beer, wine and spirits taxes, at least until CPI inflation returns to the government's 2% target.

Canadian families, our customers, are experiencing very challenging circumstances due to the impact of higher inflation and interest rates negatively impacting their cost-of-living. Convenience and community are virtually synonymous. When convenience stores do well, communities prosper. When they don't, it puts the health and viability of communities in jeopardy. We ask you to take these facts to heart and defer this year's federal alcohol tax rate increase.

Sincerely,



Anne Kothawala
President & CEO
Convenience Industry Council of Canada

c.c.:

Honourable Chrystia Freeland, Deputy PM and Minister of Finance
Honourable Kirsty Duncan, Member of Parliament (Etobicoke North)
Katie Telford, Chief of Staff, PMO
Brian Clow, Deputy Chief of Staff
Jeremy Broadhurst, Senior Advisor, PMO
John Brodhead, Director, Policy & Cabinet Affairs, PMO
Leslie Church, Chief of Staff, Finance
Sean Mullin, Policy Director, PMO

