

CANADA'S CONVENIENCE STORES HAVE MIXED REACTION, CAUTIOUS OPTIMISM TOWARDS BUDGET 2023

March 28, 2023 (Toronto)— Canada's convenience stores are expressing cautious optimism after the release of the 2023 Federal Budget.

The Convenience Industry Council of Canada (CICC), the voice of the country's 23,000-plus convenience stores that employ more than 200,000 Canadians, is pleased to see the adoption of some policies that will help reduce costs for small businesses while bringing relief for consumers.

In particular, convenience stores welcomed a renewed commitment to address credit card interchange fees, which have increased by 55% the past 12 months alone. These fees represent the second-highest cost to Canada's convenience stores, next only to payroll. These costs are an estimated \$30,000 per year, per store.

CICC cautions that convenience stores must be included in what is considered an eligible small business.

"Today's action has been a long time in the making, and we have been working with the government to ensure the concerns of our businesses were heard," said Anne Kothawala, CEO and President of CICC. "It's important that our stores, including those who sell gas, are considered eligible small businesses for this new, lower rate. Our stores are unique; overall revenues do not paint a clear picture of the profitability of our stores, nor do our larger members benefit from special rates provided to some retailers. We will continue to call on the government to ensure our stores see the relief that the government is setting out to provide."

In addition to lower interchange rates, CICC once again urged the government to consider removing the interchange fees on the GST/HST portion of a sale -- a commitment in Budget 2019 -- as well as adopt a fixed rate processing fee for fuel purchases.

Convenience stores were also advocating for a pause to the federal excise tax increase on beverage alcohol. While the escalator tax will proceed, CICC is pleased that it will be reduced to a lower rate (2%, as opposed to the proposed 6% increase).

The commitment to remove internal trade barriers across the country is also a positive step forward that should help the convenience industry throughout the supply chain.

While there was positive news for small businesses in the budget, there were some missed opportunities to address growing costs for Canadians and recoup existing tax revenue. Specifically, convenience stores were disheartened to see the Liberal government take no concrete action to address Canada's illegal, untaxed tobacco trade that ultimately costs Canadian taxpayers and negatively impacts communities from coast to coast.

"The absence of action on the contraband tobacco file is concerning, as this represents millions of dollars in lost revenue to the federal government," stated Kothawala. "Federal leadership is needed here to demonstrate to our stores that they take organized crime, and the impacts of this illegal activity on our law-abiding stores, seriously."

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