

PARTNERING WITH GOVERNMENT TO GROW THE ECONOMY

Canada's restaurant industry generates \$75 billion a year in economic activity, and is one of the country's leading job creators. In its ongoing relations with the Government of Canada, Restaurants Canada looks at partnering opportunities to grow our industry and the economy.

This is done in supporting key policy initiatives and in removing obstacles to growth.

PARTNERING WITH GOVERNMENT TO GROW INTERNATIONAL TOURISM

The culinary experience is an integral part of the tourism experience, so we share the vision to make Canada an even stronger international attraction. We will partner together with government and the tourism industry to achieve the goal of welcoming 20 million international visitors to Canada per year, spending \$20 billion dollars by 2020. In this context, Restaurants Canada shares workforce objectives with the tourism industry, calling on the government to undertake a number of initiatives to help provide our businesses with an adequate labour supply.

OUR RECOMMENDATION

Collaborate with Restaurants Canada and our tourism partners on workforce development initiatives: Restaurants Canada is working with the tourism sector on joint workforce development initiatives which include immigration, seasonal worker programs and increasing the participation rate of Canadians historically marginalized based on age, physical or mental disability, ethnicity or geography. We look forward to partnering with government as well.

PARTNERING WITH GOVERNMENT TO GROW SMALL BUSINESS

Small and medium-sized businesses, whether they operate as independents or franchises, represent the largest share of the restaurant and foodservices industry. Removing obstacles to growth and creating the right business environment for growth are keys to growing this sector and Canada's economy.

OUR RECOMMENDATIONS

Regulate credit card acceptance fees: Credit card interchange fees in Canada are amongst the highest in the world. Canadians are being incited to use their cards for all types of purchases, from their morning coffee to basic groceries to take advantage of generous reward points. But these rewards are financed through the high processing fees charged to merchants such as restaurant owners. It was noted in a ruling by the Competition Tribunal that the proper solution to concerns raised by the Competition Commission to unfair business practices by Visa and MasterCard is a regulatory framework.

Restaurants Canada is pleased that the Finance Minister will undertake a review of the credit card marketplace that will include an assessment of approaches in other jurisdictions, since Canada's interchange fees are up to 5 times higher than countries that have interchange fee caps in place.

Reduce small business tax rate: Lowering the tax burden on small restaurant businesses will help them to invest in their operations and workers and to create more jobs. In our 2017 pre-budget brief to government, Restaurants Canada asked government to lower the tax rate on small business from the existing 10.5% to 9% in alignment with the election platform commitments of all major parties.

Study supply management system: Governments around the world are encouraging the development of open markets to decide supply and demand, price and quality. Canada has been part of this evolution – except for the agriculture "supply management" regime.

Restaurants Canada supports ratification of the Trans Pacific Partnership (TPP) agreement and the Canada-Europe Trade Agreement (CETA). However, we are concerned that Canada is opening itself up to a WTO challenge resulting from the agreement in principle between dairy processors and dairy producers to stop importation of diafiltered milk protein.

Restaurants would prefer to buy local but need a supply management system that is customer focused. We would like to see changes to the system, specifically in the dairy and chicken sectors, that would encourage innovation and competition, new market entrants, and affordable prices.

It is time to study how best to modernize the 50-year-old supply management system to assess if it best meets Canadian needs in today's global economy; and specifically look at reducing barriers to imports that impede innovative menu offerings to meet diverse and evolving customer needs.

Address interprovincial non-tariff barriers on alcohol:

Restaurants Canada is pleased with the work to date of the federal government and provinces and territories to reduce interprovincial trade barriers and to set up a working group to study alcohol issues. When studying the commerce of alcohol, this work on interprovincial non-tariff barriers must consider the foodservice industry, as much as individual customers. Currently it is often easier for a restaurant to buy a bottle of wine from another country than from a neighbouring province. Freer interprovincial trade will lead to more competitively priced products, which in turn would be a win for our customers across the country and would ease sticker shock for visitors to our country.

PARTNERING WITH GOVERNMENT TO GROW YOUTH JOBS



The voice of foodservice | La voix des services alimentaires

Canada's restaurant industry is proud to be the No. 1 source of first jobs in Canada, and to provide job opportunities for more than 500,000 young people under the age of 25. Restaurants Canada welcomes the government's commitment to young Canadians and would welcome the opportunity to participate in the work of the Prime Minister's Youth Council to learn how we can better support our youth. We also have some policy ideas that will help open doors for young people as they enter the workforce for the first time and as they progress in their careers.

Twenty-two percent of Canadians got their career start in a foodservice business. No other industry helps more students to pay their way through school or works with more young people to develop valuable jobs skills. These jobs teach critical skills such as teamwork, problem-solving, creative thinking and accountability, making restaurants a great training ground for all careers.

When you consider that the youth unemployment rate is 2.2 times higher than the unemployment rate for Canadians over

25, and studies show that more than a quarter of unemployed youth have never held a single job, then the value of resume-building restaurant job experience cannot be underestimated.

At the same time our industry's success is dependent on our youth. We have examples of many young foodservice managers and entrepreneurs who are bringing dynamic change to our industry. We are eager to work with government to hire more youth and position them for success in their lives and their careers.

We applaud the Prime Minister for rejecting calls for a federal minimum wage earlier this month. A federal minimum wage would impact few workers as most federally regulated employers do not offer first-time job experience or employ servers who receive the lion's-share of their income through gratuities. However, a high federal minimum wage would have set a standard for the provinces and territories to meet that, if implemented, would negatively impact hours and jobs, particularly for youth.

OUR RECOMMENDATIONS

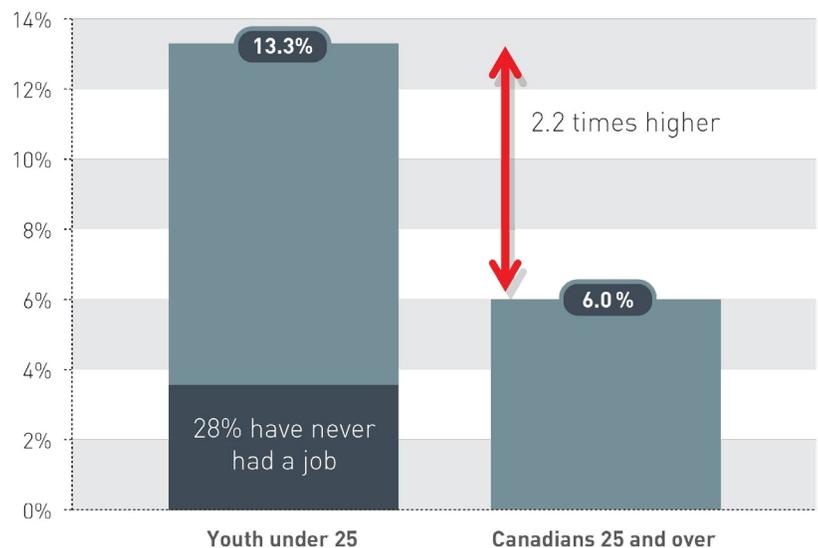
Invite Restaurants Canada to the youth policy table:

Recently, the first cohort of the Prime Minister's Youth Council members was selected. We hope to meet with them and the Prime Minister's officials as they begin their deliberations in order to discuss the opportunities our industry has to offer and how we can collaborate to do more.

Introduce an EI policy incentive to hire youth:

Restaurants Canada supported the government's election commitment to reduce the cost of hiring youth by creating an EI youth hires tax credit. We hope that this or a similar EI policy incentive to hire youth will be included in next year's budget.

UNEMPLOYMENT RATES IN CANADA



Source: Labour Force Survey, Statistics Canada — September 2016

WE ARE CANADA

PARTNERING WITH GOVERNMENT TO ENRICH CANADA'S CULINARY CULTURE



Canada boasts one of the most diverse and culturally rich restaurant scenes in the world. From Afghani to Zimbabwean, our vibrant culinary culture reflects our country's welcoming immigration policies. We truly are the nation's table.

Canadians, permanent residents, and tourists alike can enjoy a wide variety of cuisines from all six continents, right here in Canada. The combination of these international flavours with our own home-grown foods has created a unique and innovative culinary culture. Beyond the delicious tastes and flavours, our rich culinary culture builds neighbourhoods, drives tourism and welcomes new Canadians.

As Canada considers its immigration levels and policies, it is important to recognize the contributions that newcomers to Canada have made, and continue to make, to our country's economy and culture via the restaurant industry.

Many builders of Canada's restaurant industry came to our country as immigrants with dreams and an entrepreneurial spirit. Many began in entry level positions and rose through the ranks to become owner/operators of multi-million-dollar businesses. Today they are opening doors to new immigrants who have the same dreams of building a new life in Canada.

Currently the restaurant industry purchases \$25 billion of food and beverage products from our farmers, fishers, food processors and other suppliers annually. Restaurant operators also work closely with their local suppliers to create regional cuisine that is uniquely Canadian. Restaurants Canada would like to collaborate on initiatives that encourage innovation in menu development and recognize the economic and social value of our diverse culinary culture.

OUR RECOMMENDATION

Expand immigration at all skill levels: Restaurants Canada has long advocated for a permanent federal immigrant stream for junior skilled workers. We support government proposals to expand minimum entry criteria to include semi-skilled workers under the Express Entry system and to make the foreign worker program a pathway to permanent residency.

We are concerned about proposed changes to the Express Entry Comprehensive Ranking System to significantly reduce points for arranged employment. This would reduce the possibility of potential immigrants settling in the regions of the country where they are most needed. These workers often have unique skills in particular ethnic cuisines and they are the industry leaders of tomorrow.

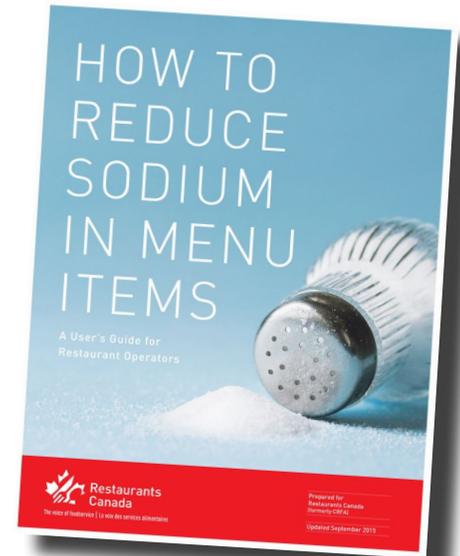
PARTNERING WITH GOVERNMENT TO PROMOTE HEALTH AND FITNESS

Canada's restaurants nourish our nation. We take pride in providing a safe and enjoyable dining experience, and we continually strive to meet the evolving dietary needs and preferences of our customers. Restaurants Canada has collaborated with the federal government on several healthy living initiatives over the years, and we are keen to do so again.

Canadian consumers are concerned about health and nutrition, both at home and away. From small independents to large national chains, Canadian restaurants are responding to customer demand for more menu options and information.

Here is how the restaurant industry contributes to health and fitness. We:

- Offer a wide range of lighter menu fare, from wraps and sandwiches to salads and yogurt;
- Strive to accommodate gluten-free diets, food allergies and other dietary requirements;
- Provide choices in serving sizes;
- Provide chain restaurant customers with detailed nutrition and ingredient information on websites, and in stores through the Informed Dining program;
- Encourage physical activity through sponsorship of amateur sports teams, summer camps and community events;
- Contribute to health charities and health research.



Restaurants Canada has participated on government task forces such as the Trans Fat Task Force and the Sodium Working Group to develop public policy toward improving Canadians' health. Restaurants Canada has also championed Informed Dining, the Healthy Families BC initiative, to provide chain restaurant customer with comprehensive nutrition information at point of sale.

OUR RECOMMENDATIONS

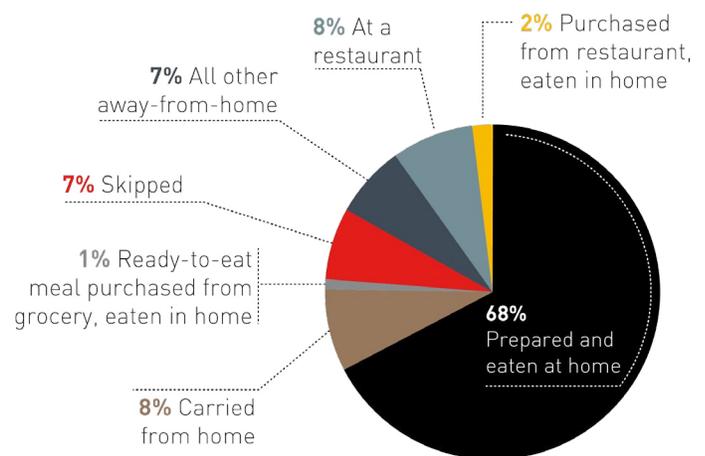
Regulations to eliminate trans fat: The restaurant industry responded swiftly to customer demand for trans-fat free foods and to voluntarily meet the recommendations of the Trans Fat Task Force under a previous Liberal government. Restaurants Canada recommends implementing the regulatory framework recommended by the Task Force.

Regulations to reduce sodium in processed foods: The restaurant industry is actively working with suppliers to reduce the sodium content of menu offerings. Progress is ongoing but greater consumer buy-in is needed. Restaurants Canada recommends a collaborative approach in developing sodium reduction targets for foodservice along with consumer education.

Provision of Nutrition Information in Chain Restaurants: Restaurants Canada has sought to proactively work with governments across Canada to champion the Informed Dining program to provide consumers with consistent nutrition information across the country. Progress to date has been piecemeal. We need a pan-Canadian approach, and call on the federal government to assume a leadership role.

Marketing to Children: Private member bills in the Senate and House of Commons call for bans on marketing to children that are so restrictive they would severely impact the ability of companies to reach their entire customer base and support activities that promote physical activity. Restaurants Canada recommends a comprehensive economic impact study be undertaken to ensure any such regulations will meet their stated purpose without unintended consequences -- not only to the food and beverage sector, but also to broadcasting and media, sport and charitable giving, for example.

WHERE CANADIANS SOURCE THEIR MEALS



Source: The NPD Group/National Eating Trends Canada, March 2012