



Honourable Ravi Kahlon
Minister of Jobs, Economic Recovery and Innovation
Parliament Buildings Victoria,
British Columbia
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Via email: JERI.Minister@gov.bc.ca

September 29, 2022

Dear Minister Kahlon,

We are writing to express the British Columbia Restaurant and Foodservices Association's (BCRFA), and BC's Alliance of Beverage Licensees' (ABLE BC) support of a mechanism that provides optionality to restaurants by requiring that delivery services must provide a basic delivery option not to exceed 20% of the item price, but with flexibility to add extra services and options if the restaurant wishes to pay more than 20%.

Background

Jointly we represent members across BC's hospitality and food service industry which accounts for \$15 billion in revenue annually and 190,000 individuals working within the sector. As restaurant and foodservice professionals, we serve as a voice to the government and a source for real-time information about critical issues facing businesses. We also serve to provide our members with expert knowledge and opportunities to help them thrive in the food and restaurant industry.

As a result of the COVID-19 pandemic, government interventions were put in place during which time the province restricted access to and implemented closures of non-essential businesses. These measures severely impacted many businesses, particularly those in the food services industry, one of the hardest hit by public safety measures. Since then, the industry has experienced various challenges, exacerbated by the restrictions placed on indoor dining as a result of fluctuations in the number of COVID-19 cases.

Food delivery platforms played a significant role in supporting restaurants and pubs during the pandemic by providing safe and much-needed food delivery options. Food delivery—intended to maximise utilisation of back-of-house kitchen operations during times when front-of-house dine-in was lower—temporarily became a main source of revenue during the height of the pandemic. Delivery allowed local businesses to stay afloat, helping to retain thousands of jobs while providing an essential service. These measures provided critical benefits to people in the province, including kitchen staff, couriers, and local restaurateurs who relied on food delivery platforms to keep their doors open. We also recognise that couriers have used delivery platforms to earn income on a flexible schedule.

Policy recommendation

We recommend that the BC government balance the interests of restaurants, pubs, couriers, consumers, and app-based companies by imposing a maximum price for basic delivery services, but not on premium offerings. More specifically, **we recommend that the BC government require app-based delivery services to offer core services for no more than 20% of the cost of an order. These core services consist of (i) allowing consumers to place orders online or through the app, and (ii) delivery to the consumer.**

Hospitality businesses that wish to pay more for additional services will still have the option to do so. For example, restaurants could pay more in exchange for increased exposure and marketing, for device rentals, or for the consumers to pay a lower delivery fee (thus increasing consumer demand for the restaurant's offerings). This will ensure the delivery platforms still have an economic incentive to innovate and improve the delivery services. At the same time, all restaurants will have access to the core app-based delivery services for no more than 20%.

In response to restaurant and merchant feedback, delivery platforms have announced new pricing models giving restaurants far more control over the kinds of services they want to take advantage of from the platforms, and in turn, the fees they pay.

We strongly advocate that the government supports a mechanism that will maintain an affordable option for restauranteurs without compromising the ability to have increased control and flexibility into the hands of restaurants—to design a partnership that meets the needs of their business and their own economic realities.

In the event restaurant and hospitality businesses experience predatory pricing, unfair competition, abuse of dominance, or other marketplace failures, industry will approach the Government of B.C. who has the authority to address such impacts and intervene.

Yours truly,



Ian Tostenson
President and CEO
British Columbia Restaurant and Foodservices
Association



Jeff Guignard
Executive Director
The Alliance of Beverage Licensees (ABLE BC)

cc:

Chris Rathbone, Assistant Deputy Minister of Small Business, Economic Development Division, Ministry of Jobs, Economic Recovery and Innovation

Mark von Schellwitz, Vice President Western Canada, Restaurants Canada