

City Council

Motion without Notice

MM25.18	ACTION			Ward: All
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Delivering for Toronto Restaurants: Requesting a Cap on Food Delivery Service Fees - by Councillor Michael Ford, seconded by Mayor John Tory

** Notice of this Motion has not been given. A two-thirds vote is required to waive notice.
* This Motion is subject to referral to the Executive Committee. A two-thirds vote is required to waive referral.
* This Motion has been deemed urgent by the Chair.*

Recommendations

Councillor Michael Ford, seconded by Mayor John Tory, recommends that:

1. City Council request the Province of Ontario to implement a temporary cap on commissions for food service delivery companies.

Summary

Small businesses make up the vast majority of Toronto's economy and create hundreds of thousands of jobs across our City. The restaurant industry plays a crucial role in this context not only for our economic makeup, but also for the livelihoods of residents, families and communities.

The restaurant industry has been amongst the most severely impacted throughout the COVID-19 pandemic, particularly due to substantially decreased diner and takeout volumes. Over the past week alone, overall diner volumes in Toronto were down almost 90 percent compared to the same time last year. A recent study also estimated that layoffs in the restaurant industry alone will be in the tens of thousands across our City.

These statistics show the dire reality that restaurants across Toronto are facing. Throughout the pandemic, the restaurant industry has worked closely with us to curb the spread of COVID-19. Now, we must work to help support them.

Restaurants Canada estimates that without the necessary supports, up to 40 percent of independent restaurants might not make it beyond March 2021.

These impacts are felt the worst amongst our small owner/operators, as commissions are usually highest for them. By contrast, many of the larger restaurant chains leverage for a break on commission with food delivery services, a luxury that many “mom-and-pop” shops do not

have.

Over the past few months, we have heard from many small restaurant owners that are under tremendous pressure from the high commission fees being charged by the major food delivery service apps.

Over the last few weeks, Premier Ford has created a \$300 million fund that would help support our restaurant industry and has been calling on food service delivery companies to make changes that would support our small and independently owned restaurants during this difficult time.

Mayor Tory has also repeatedly called on food delivery service companies to do their part. The Mayor and the City of Toronto have even partnered with Ritual and DoorDash to create a more affordable food delivery service option.

While these are great steps in the right direction, we need the delivery industry to follow suit and make the necessary changes.

Some major cities in North America have implemented temporary caps on the fees charged by food delivery service apps as an option to assist the restaurant industry throughout the COVID-19 pandemic. For example, Los Angeles temporarily capped the fees charged by delivery app companies to no more than 15 percent of the cost of the order, while San Francisco, New York, Chicago, Seattle, Washington D.C. and Jersey City have passed similar orders.

The City of Toronto does not have the municipal authority to regulate food delivery services companies or cap the fees that they charge.

Therefore, I am recommending the City of Toronto to call on the Province of Ontario for further action to support our small businesses in the restaurant industry by placing a temporary cap on the commissions taken by food service delivery apps.

This Motion is urgent as small/independently owned restaurants continue to face substantial financial hardships each and every day, and we as a government must be adaptive to the ongoing COVID-19 pandemic.

Background Information (City Council)

Member Motion MM25.18