

Wednesday, September 20, 2023

Economic and Community Development Committee (ECDC)  
City of Toronto  
[ecdc@toronto.ca](mailto:ecdc@toronto.ca)

Dear Councillor Alejandra Bravo and Members of the ECDC:

On behalf of the Feeding City Lab at the University of Toronto (Appendix 3), thank you for considering our report on the Small Food Enterprises Outreach (SFE) Project for agenda item EC6.3 (Support for Toronto's Restaurants) at your meeting of September 21, 2023.

The Feeding City Lab undertook this qualitative research study on independent restaurants as a pilot in Scarborough in 2022 in collaboration with the City of Toronto's EDU-C division. The goal was to better understand the reach and impact of government small business supports and ECDC programs from 2020-2022, initially in Scarborough, with a view to extending to other Toronto wards later. Most of Scarborough's independent restaurants are small-scale, family-run establishments operated by recent immigrants. Our wider research on the food sector through the pandemic had already revealed that such small food enterprises, often run by culturally, linguistically, and ethnically diverse people at the spatial margins of cities, were seldom represented in media coverage or policy research. Interviews, community outreach, and field research – conducted entirely by a student team paid from our research grants – revealed that:

- Such restaurants accrued debt and experienced staffing shortages during the Covid-19 pandemic. Increased inflation, supply chain issues, and reduced customer purchasing power -- particularly for the working-class communities of priority neighbourhoods that have formed a large part of the restaurants' revenue base – adversely affected recovery following the pandemic.
- Overwhelmingly, this type of small independent restaurant was unable to benefit from government pandemic business support programs. Many were operated by tenants, who could not benefit from City programs that targeted property owners. Most focused on quick-serve dining and takeaway foods. Combined with a suburban landscape, Toronto restaurant support programs such as CafeTO were irrelevant for them (only 3 out of the 52 whom we interviewed expressed interest in CafeTO).
- These restaurants have recognized that the pandemic's increased reliance on external app-based delivery services was here to stay, but the lack of regulation continues to make their situation precarious. In response to increasingly high commission fees, many increased delivery platform menu prices and simplified menus yet found it hard to make ends meet. Those who opted not to increase those delivery platform menu prices in order to retain customers, still found they operated at a loss. They told us how the platforms promised at the start to reduce commissions as they thrived, and instead steadily increased their commission fees, to up to 30% of an order's dollar value.

Below (Appendix 1), we share some of the poignant responses on the issue of the fees charged to restaurants by food delivery companies. We are in no doubt that restaurants all over Toronto would have similar sentiments. We also include reports from other provinces (Appendix 2) that show that such a cap has contributed to restaurant viability, despite the overall inflationary scenario. We are aware that the City of Toronto might not be able to enact a permanent fee cap without Provincial approval. But recent media coverage reveals how much the public suffers from 'fee fatigue' and cross-sectoral calls for digital regulation.<sup>1</sup> This is an urgent issue where ECDC could lead the way for the City and the province to work together.

Finally, we are eager to collaborate with stakeholders to explore what type of public policies might best benefit and enhance Toronto's status as a global leader in diverse foodscapes, especially in a Golden Horseshoe region where food-related tourism, hospitality, and food production are some of the biggest sources of employment. Ours is a diverse city whose **liveliness** and **livelihoods** are centrally connected to restaurants, especially the small, independent sector whose voices often

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remain at the margins. We look to our elected representatives to help keep small food enterprises alive and viable through these challenging times.

Sincerely,  
*Jayeeta Sharma*

Dr. Jayeeta (Jo) Sharma  
Associate Professor

[Culinaria Research Centre](#)

Director, [Feeding City Lab](#)

Co-Director, [Sustainable Food & Farming Futures Cluster](#)

University of Toronto Scarborough

(Funded by Social Science Humanities Research Council and University of Toronto Scarborough)

Public Policy Report, Beta Version:

[Scarborough's Independent Restaurants 2022: Pandemic Impacts & Municipal Programs Under Scrutiny](#) (Issued February 27, 2023)

## Appendix 1

A selection of restaurant responses (anonymized) about the delivery platforms, from SFEO Research:

*"Uber DoorDash skip the dishes. Everyone is there...The thing is they are taking. My 30% that is."*

*"Uber Eats commission percentage drastically increased over (used to take 5-10% of commission on orders, now take 25-30%). The government cap on fees during the pandemic was helpful."*

*"Liked UberEats at first since they had an order promotion for customers (buy 1 get 1 free), and UberEats paid for the second order purchased. However, soon noticed UberEats's 25-30% commission rate was hard on business - it became a struggle to perfect menu item prices in order to still make money, but also allow it to be financially accessible for the customer. Eventually reduced price on UberEats to make it more customer accessible and hopefully in higher demand, but the business still losing money."*

*"25-30% is very high. I was looking at Skip The Dishes. If you look at my last order, May 20. The order is 16 dollars, but they charge 25 dollars. They are still taking their percentage of the 16 dollars and they charge GST, Service fee, Service tax fee, a tip for the carrier..."*

*"Unhappy about 25-30% Commission taken by UberEats. Tried using alternative (non-mainstream) delivery services (PumpkinKart), however very few customers on it ordering."*

*"30% commission rate from UberEats - so [...] had to increase the uber menu prices."*

*"UberEats said they would lower the percentage they took from businesses but have not kept their promise."*

*"Although it is convenient to use UberEATS, Skipthedishes and Door Dash, these apps charge a lot because their percentage is often more than 20%. Skipthedishes takes 25% and UberEATS takes 30%. This is a lot. There are not many customers coming in-person for takeout."*

## Appendix 2

Government regulation of delivery fees to restaurants (2020-2023):

British Columbia: January 1, 2023: British Columbia is the first province to place a permanent ban on fees imposed by food-delivery businesses. This prohibits all delivery companies from charging restaurants more than 20% of the overall cost of the order as commission/fees. It prevents food delivery companies from shifting costs onto employees by prohibiting the reduction of driver compensation and the withholding of their tips.

<https://news.gov.bc.ca/releases/2022JERI0069-001652>

Quebec: On 22 March, 2021, Quebec passed Bill 87, which prevented delivery companies from charging more than 20% commission fees and prohibited deductions from drivers' salaries to make up for revenue losses. Once the public health emergency was lifted, the temporary cap was no longer in effect. Now, in 2023, with restaurants still suffering from the pandemic's impact and grappling with inflationary costs, Montreal explores implementation of a permanent cap.

<https://montrealgazette.com/news/local-news/qs-wants-permanent-20-cap-on-fees-charged-to-restaurants-for-deliveries>

Ontario: In December 2020, the Ontario government implemented Supporting Local Restaurants Act, 2020, that capped commissions for food delivery company services at 20%. While this cap applied to restaurants at a time when indoor dining was prohibited, it still gave critical relief to a sector where businesses were struggling to keep their doors open and serve their communities in the face of pandemic-related restrictions. The government, like other provinces, did try to protect delivery workers by ensuring that pay would not be decreased in response to the temporary cap.

<https://news.ontario.ca/en/release/59761/ontario-caps-food-delivery-fees-to-protect-small-businesses>

Once the temporary cap ended, restaurants have appealed for a permanent cap.

<https://www.cp24.com/news/canada-s-restaurant-owners-want-caps-on-food-delivery-app-fees-after-pandemic-ends-1.5468540?cache=pawumraq>



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## WELCOME TO THE FEEDING CITY LAB

The Feeding City lab researches, pilots, and implements projects in support of socially just, culturally relevant, and ecologically sustainable food infrastructures in Toronto and around the world. Helping to re/build food sovereignty through research and action on resilient, climate-smart food and farming futures, it works closely with community organizations, municipalities, social enterprises, small businesses, academics, and cross-sectoral partners on qualitative research projects and knowledge dissemination activities.

The Feeding City lab is directed by Dr. Jayeeta Sharma, Associate Professor at the Culinaria Research Centre of the University of Toronto Scarborough (UTSC). Its projects are supported by the University of Toronto Scarborough, as well as the Social Science and Humanities Research Council of Canada (SSHRC).



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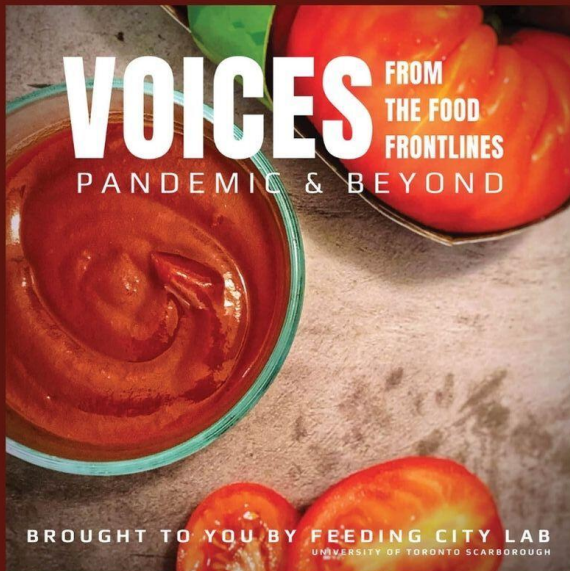
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## VOICES FROM THE FOOD FRONTLINES, PANDEMIC AND BEYOND | PODCAST SERIES

The Feeding City Lab is pleased to present our newest public scholarship initiative, *Voices from the Food Frontlines, Pandemic and Beyond*. This educational podcast series brings listeners sound stories, interviews, and cutting edge research on food frontline actors as they work to help create urban food systems that are more equitable, accessible, and resilient. Join us as we learn about the experiences of small food producers, farmers, independent food businesses, social enterprises, emergency food supports, and grassroots networks in Canada and beyond. Episodes pay special attention to human connections and efforts to re-build foodways as cities emerge from the Covid-19 pandemic, sharing success stories, challenges faced, and lessons learned. The series features stories and voices from across Toronto and around the world, including the U.K., Brazil, and Ghana. The podcast is now available online.

Listeners can access episodes directly through our Feeding City lab webpage. The podcast may also be streamed through the Podbean website and on mobile devices via the Podbean app.



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