

RAISE THE BAR

2022

COVID-19
SPECIAL
EDITION



Restaurants
Canada

The voice of foodservice | La voix des services alimentaires

A report evaluating the policy landscape
for bars and restaurants across Canada

2022 REPORT CARD ON PROVINCIAL LIQUOR POLICIES FOR BARS & RESTAURANTS

COVID-19
SPECIAL
EDITION

B+	ALBERTA Best-in-class, with a continuing improving trend but room for improvement.
B	BRITISH COLUMBIA Exceptional progress on liquor pricing and other policy measures resulting in significant cost savings and operational improvements for bars and restaurants.
B	NOVA SCOTIA Continuing to show leadership with an expanded wholesale pricing program and regulatory reforms improving conditions for licensed establishments and their customers.
B-	NEW BRUNSWICK “Most Improved” province for operating a licensed foodservice establishment, mainly due to major progress on liquor pricing.
C+	NEWFOUNDLAND & LABRADOR The introduction of a small wholesale pricing program was appreciated but still pales in comparison to its Atlantic neighbours. High licensing costs still plague the industry.
C+	ONTARIO Government has demonstrated a willingness to disrupt the status quo but needs to apply itself more to address the beer pricing structure.
C+	PRINCE EDWARD ISLAND While the province’s liquor monopoly was the first to offer wholesale pricing, little progress has been made to improve this program, expand selection or reduce red tape for bars and restaurants.
C	MANITOBA Restaurateurs still struggle with a heavy regulatory burden and pay higher prices than retail customers when buying liquor. The introduction of new legislation should improve future grades.
C	QUEBEC Some reasons to raise a glass, but wholesale pricing still needs work. Restaurateurs also need more red tape reductions.
C-	SASKATCHEWAN Due to an uneven liquor pricing model and disruptive behaviour halting off-site alcohol sales during the ongoing pandemic, the province now ranks at the bottom of the class.

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ABOUT RAISE THE BAR

RAISE THE BAR is a report produced every two years by Restaurants Canada evaluating the impact of liquor policies on bars and restaurants across the country.

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Raise the Bar 2022

INTRODUCTION

The grades are in: Canada still needs to raise the bar for licensed foodservice establishments as COVID-19 derailed progress.



SURVEY SAYS

At the start of 2022, we asked licensed bar and restaurant operators if their businesses were profitable. The vast majority of respondents told us they were either losing money or barely scraping by:

For the fourth time since 2015, Restaurants Canada has taken stock of liquor policies impacting foodservice and hospitality businesses from coast to coast.

Once again, our nation's bar and restaurant operators have also had a chance to have their say in this year's report. Responding to a survey conducted at the start of 2022, they told us that the policy landscape for operating a licensed establishment has improved in about half of all provinces, compared to before the COVID-19 crisis.

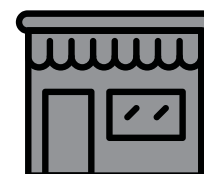
While all levels of government have stepped up to help small businesses in the wake of the pandemic, bars and restaurants have been rebounding at different rates across the country due to uneven provincial policy responses.

With recurring waves of COVID-19 now part of our new normal, pandemic recovery support is still key to the survival and long-term revival of hard-hit businesses facing ongoing challenges. Restaurants Canada is also urging policymakers to take a "do no harm" approach when considering new laws and regulations that could further derail their recovery.

38%

said they were operating at a loss just to keep their doors open...

- About a third of these businesses said they'll need at least a year to return to profitability;
- Another third said they'll need at least 18 months to become profitable again;
- At least 10% said they might shut down for good since their business may no longer be viable.



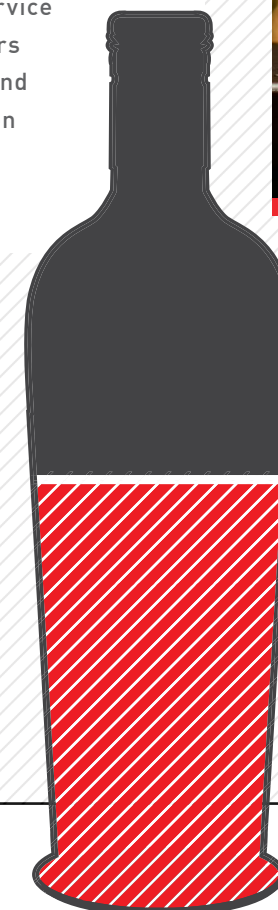
Bars and restaurants deserve a fair shot at recovery

While all other sectors of the economy have recovered nearly all their pandemic losses and have mostly returned to or surpassed their pre-pandemic level of operations, at least 13,000 foodservice establishments have permanently shut down since the start of the COVID-19 crisis, and a long and difficult road to recovery still lies ahead for the tens of thousands of hard-hit bars and restaurants still struggling to survive.

Now more than ever is the time for updated laws and regulations reflecting the operational realities of today's bar and beverage landscape —most critically, liquor pricing and off-site sales policies that even the playing field for foodservice businesses. While all provinces now allow bars and restaurants to sell alcohol with takeout and delivery orders, licensed establishments often struggle with competitive disadvantages that undermine this new revenue stream.

IN RESPONSE TO A SURVEY AT THE START OF 2022:

Barely half of licensed bar and restaurant operators said their business has benefited from being able to sell alcohol for off-site consumption.



45% reported no impact.

51% reported a positive impact:

- 39% said the impact has been somewhat positive.
- 12% said the impact has been significantly positive.

24%

said they were just breaking even.

11%

said they were making a pre-tax profit of less than 2%.



NATIONAL PERSPECTIVE

While regulations impacting how beverage alcohol is purchased and sold are made at the provincial level, power exercised at the federal government level can also help — or hinder — the operations of licensed foodservice and hospitality businesses. As a sector made up of professionally trained staff regularly serving customers from across the country and around the world, the foodservice industry provides an ideal setting for showcasing Canadian beverage alcohol products. But Canada’s liquor policies currently do more to discourage than encourage licensed establishments from playing this role.

The amount of tax collected on alcohol sold within Canada is among the highest in the world. Excise duties are the first of many federal and provincial markups on beverage alcohol negatively impacting the foodservice industry. The cascading effect of these recurring tax hikes means the resulting price increases faced by restaurants and consumers are exponential. The tax escalator unfairly targets Canadian products and jobs, disproportionately hurting Canadian farmers, vintners, distillers, brewers, restaurateurs, and their customers.



A DASH OF HOPE

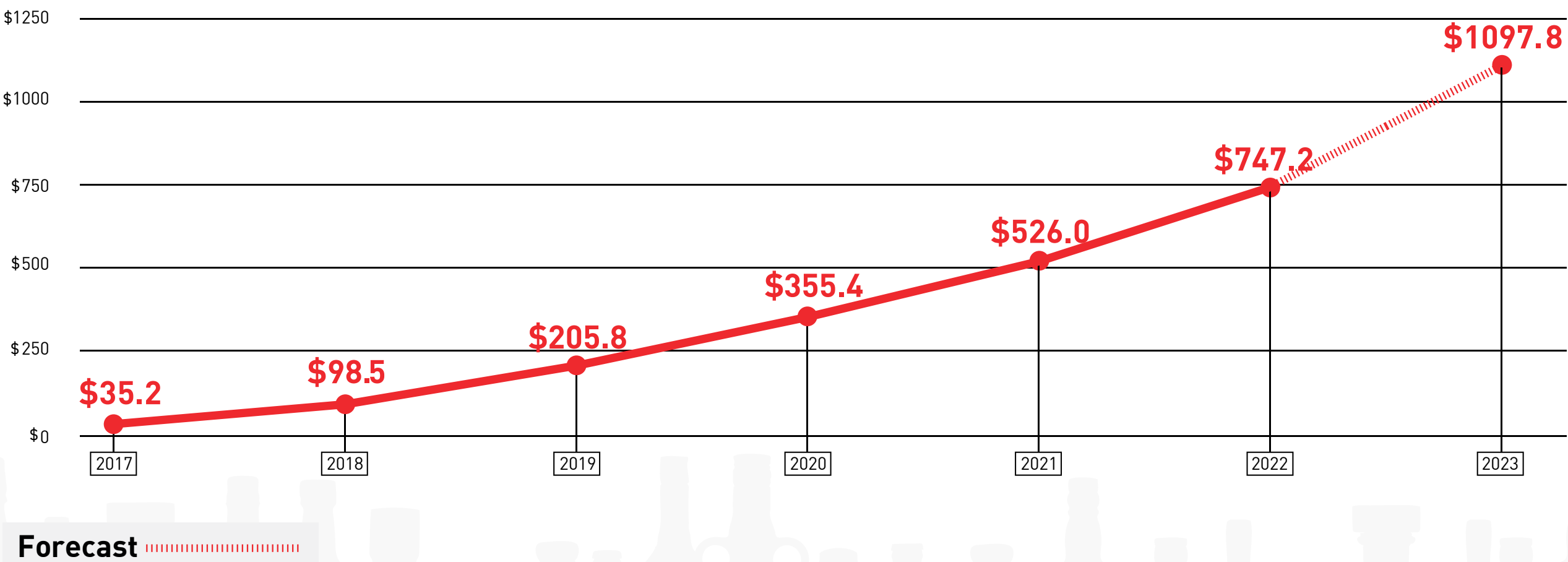
After years of sustained pressure by Restaurants Canada and our industry allies, the 2022 federal budget included an important first step in the right direction for alcohol taxation, with the elimination of the excise duty on low-alcohol beer, which came into effect on July 1.

But in order to create the best possible conditions for recovery after more than two years of either losing money or barely breaking even, foodservice operators need the government to take more of a “do no harm” approach with taxes, fees and regulations.

CUMULATIVE ESCALATION OF TAXES ON BEER, WINE AND SPIRITS (in millions)

*Source: Wine Growers Canada, Beer Canada, Spirits Canada and Restaurants Canada

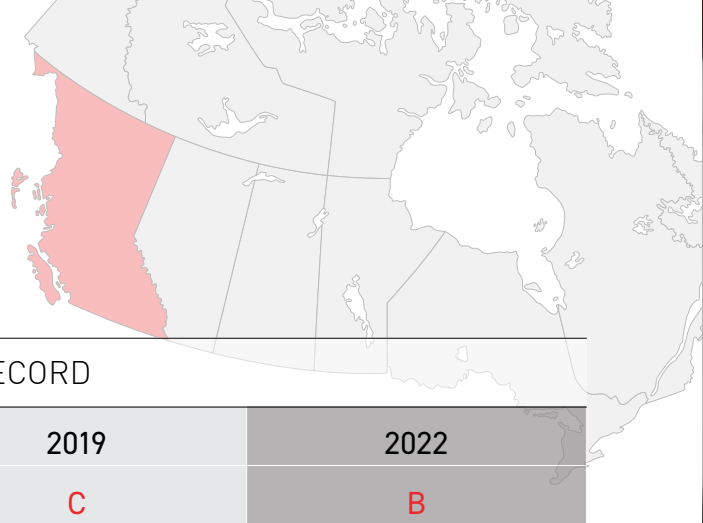
The federal government’s automatic annual escalator on alcohol taxes already made it difficult for licensed establishments to continue offering their patrons alcoholic beverages at reasonable prices prior to the COVID-19 pandemic. But the fact that the escalator hasn’t stopped during the pandemic has made conditions even worse for bars and restaurants while they’ve been fighting for their survival.



Forecast

BRITISH COLUMBIA

Praiseworthy progress



PERFORMANCE RECORD

2015	2017	2019	2022
C+	C	C	B

“For years I have been frustrated that I had to pay full retail liquor prices as a wholesale liquor customer. The B.C. government deserves credit for finally leveling the playing field by implementing permanent liquor wholesale pricing for all licensees. This is on top of several other liquor policy measures the government implemented during the pandemic to help my business survive.”

Member of
Restaurants Canada,
British Columbia

After working closely with Restaurants Canada to implement major liquor policy changes recommended by the province’s Business Technical Advisory Panel, British Columbia has made significant improvements to operating conditions for bars and restaurants in the wake of COVID-19.

As predicted in Restaurants Canada’s 2019 Raise the Bar report, British Columbia has been able to improve its ranking following proactive engagement from Liquor and Cannabis Regulation Branch (LCRB) officials. LCRB staff also agreed to facilitate meetings with the Provincial Health Officer (PHO) to ensure ongoing communications during the pandemic. While still not quite where Alberta is, British Columbia has a fair shot to catch up by the next Raise the Bar report.

Fair liquor pricing at last

Following some pre-pandemic progress on liquor pricing, the initial temporary wholesale pricing regime introduced to help bars and restaurants survive the COVID-19 crisis has now become permanent. This move will go a long way to help the long-term recovery of British Columbia’s foodservice and hospitality sector in the following ways:

- Restaurant and bar operators can now pay the same prices that the provincial government and private liquor stores pay when purchasing alcohol.
- By reducing their liquor costs at a time when all their other operating expenses are increasing significantly, bar and restaurant operators can mark up their liquor offerings from a lower price point and provide better value to guests.
- Giving licensed establishments access to wholesale liquor pricing helps ensure a level playing field between the province’s liquor retailers and the restaurant sector.



Following Alberta’s lead, British Columbia has permanently allowed the sale of alcohol with takeout and delivery orders, after temporarily permitting bars and restaurants to offer their patrons these options during the pandemic. This policy has also been expanded to include pre-mixed cocktails.

The province has also had consultations with industry experts and is making progress on improving the non-stocked product ordering process. Permission has also been provided during the pandemic for expanding temporary patios and other measures to allow for doors to remain open and to offset losses from physical distancing and indoor dining restrictions.

HOW CAN BRITISH COLUMBIA RAISE THE BAR?

- Continue to cut red tape and reduce costs for licensed establishments.
- Re-introduce a liquor server wage.
- Improve the process for ordering non-stocked liquor products.
- Permit licensee-to-licensee liquor sales.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in British Columbia is:

Better
59%

The same
25%

Worse
16%

ALBERTA

Still best in class



PERFORMANCE RECORD

2015	2017	2019	2022
B+	B	B	B+

“ My restaurant, like thousands of others across Alberta, was hit hard by the pandemic. That being said, it was encouraging that the provincial government deferred a number of business-related fees and avoided hard lockdowns like we saw in eastern Canada. However, the bar section of my business has video lottery terminals (VLTs)... an increase to commission rates is long overdue, and would go a long way to helping my business recover from the impact of the pandemic.”

Member of Restaurants Canada,
Alberta

Alberta continues to be best in class for provincial liquor licences and policies. The province has been a regulatory role model, reducing red tape by more than a third for licensed establishments. Alberta’s commendable efforts in this area have enabled operational improvements such as:

- Permission for bars and restaurants to sell alcoholic beverages with takeout and delivery orders.
- A smoother road to recovery for businesses overcoming pandemic setbacks.
- A favourable policy landscape for job creation within the restaurant sector.

Alberta was one of the first provinces to announce the move to permanently allow takeout and delivery of alcohol and the first to expand this to include pre-mixed cocktails. The province’s red tape reduction efforts have also modernized regulations to eliminate outdated policies that were no longer doing any good.



While Alberta has not introduced a third-party delivery fee cap, the province did reduce and defer taxes and fees for small businesses, as well as Workers’ Compensation Board premiums, and provided significant COVID-19 relief for hard-hit establishments. Even prior to the pandemic, efforts were already underway to further reduce costs for small businesses: For instance, the province has been working with Restaurants Canada and other liquor policy stakeholders to find solutions for establishments penalized by the 25-case-minimum requirement for wholesale liquor orders.

The Alberta government has also been very proactive and responsive in communication with Restaurants Canada about ongoing efforts to get rid of overly prescriptive regulations currently prohibiting inducements from liquor suppliers. Bars and restaurants want less red tape and more flexibility in negotiating liquor purchase supports from suppliers. The province could potentially see grade improvement by the next Raise the Bar report as long as this progress continues.

HOW CAN ALBERTA RAISE THE BAR?

- Reduce liquor costs for small foodservice and hospitality businesses.
- Continue to cut red tape for licensed establishments.
- Re-introduce a liquor server wage.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in Alberta is:

Better
44%

The same
38%

Worse
18%

SASKATCHEWAN

Needs to contribute more and cut down on disruptive behaviour

PERFORMANCE RECORD

2015	2017	2019	2022
D+	C-	C-	C-

“As a restaurant owner in Saskatchewan, I have continued to struggle with ridiculous liquor rules thanks to the SLGA. It is time for the SLGA to take action and finally level the playing field for all licensed businesses so they can buy liquor at a wholesale price. The SLGA needs to listen to their stakeholders and make some long-overdue common sense changes to improve their service and policies.”

Member of
Restaurants Canada,
Saskatchewan

Saskatchewan has made minimal progress on key recommendations from Restaurants Canada’s 2019 Raise the Bar report, which called for a reduction in liquor markups, wholesale liquor pricing for all types of liquor licence holders, and the introduction of a liquor server wage.

To help bars and restaurants pull through the COVID-19 pandemic, the provincial government deferred taxes and fees and allowed alcoholic beverages to be sold with takeout and delivery orders. The province also introduced a temporary cap on third-party delivery fees, which expired in August 2021. Saskatchewan’s 2022 budget also increased video lottery terminal (VLT) commissions from 15% to 18%, which was well received by Restaurants Canada and struggling licensees with VLTs.

Unfortunately, thus far, no comprehensive review of the province’s liquor policies has been initiated to aid with the long-term recovery of Saskatchewan’s bars and restaurants. Greater action is needed to help the struggling foodservice sector with meaningful cost relief and red tape reductions.

Lack of communication leaves a bad taste

The Saskatchewan Liquor and Gaming Authority (SLGA) initially gave industry the impression that they would

indefinitely maintain the temporary regulations they introduced allowing alcohol to be sold with takeout and delivery orders, to give hard-hit establishments another source of revenue to make up for pandemic losses. However, the province let this policy expire in July 2021 while the COVID-19 crisis was still far from over, with no advance notice to industry, resulting in confusion and distress for already struggling businesses. Thankfully, the Government of Saskatchewan eventually responded to the advocacy efforts of Restaurants Canada and reintroduced a permanent policy allowing the sale of alcohol with takeout and delivery orders in November 2021. Still, the province has lost marks for the long lapse in this policy during the pandemic, which was highly disruptive for bars and restaurants struggling to survive the COVID-19 crisis and recover from the ongoing economic fall-out.

Restaurants Canada will continue to advocate for better communication with the SLGA as we work towards a strong recovery for Saskatchewan’s foodservice and hospitality sector.



HOW CAN SASKATCHEWAN RAISE THE BAR?

- Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- Continue to cut red tape for licensed establishments
- Introduce a liquor server wage.
- Continue efforts to improve the process for ordering non-stocked products.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in Saskatchewan is:

Better
27%

The same
50%

Worse
23%

MANITOBA

Showing some signs of progress



PERFORMANCE RECORD

2015	2017	2019	2022
C	C	C	C

“ The pandemic has ravaged small independent restaurant operations to a devastating extent. Wholesale pricing would aid in the recovery of our industry, and help to maintain future alcohol sales.”

Member of
Restaurants Canada,
Manitoba

Manitoba has made some changes to improve the liquor policy landscape for bars and restaurants since the last Raise the Bar report from Restaurants Canada in 2019, but still trails most of the country.

The province was one of the first to allow licensed establishments to sell alcohol for off-site consumption and has recently introduced legislation to modernize liquor licence policies. However, the fact that bar and restaurant operators are still charged more than regular retail customers for the same products at government-run liquor stores is an unacceptable disadvantage for foodservice and hospitality businesses still struggling to recover from the ongoing COVID-19 crisis.

The lack of political will to join other jurisdictions now providing licensed establishments with access to discounted liquor prices has been disappointing and frustrating, and continues to hold Manitoba back from improving its grade.

High hopes for the future

Manitoba was one of the first jurisdictions to allow bars and restaurants to sell alcohol with takeout and delivery orders, with plans in the works long before the COVID-19 pandemic began. But unfortunately the province has not made it possible for restaurant takeout and delivery menus to offer alcoholic beverages at competitive prices compared to government-run liquor stores.

The province did at least provide funding to offset a portion of third-party delivery fees during the pandemic and supported bars and restaurants in rural Manitoba that saw a large decrease in business, to help them better reach their customers.

Restaurants Canada also applauds the province for recently introducing Bill 38 to modernize liquor regulations. This move signals a willingness to make bold changes to the status quo, which should reflect well on future grades.



HOW CAN MANITOBA RAISE THE BAR?

- Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- Continue to cut red tape for licensed establishments.
- Introduce a liquor server wage.
- Permit licensee-to-licensee liquor sales.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in Manitoba is:

Better

21%

The same

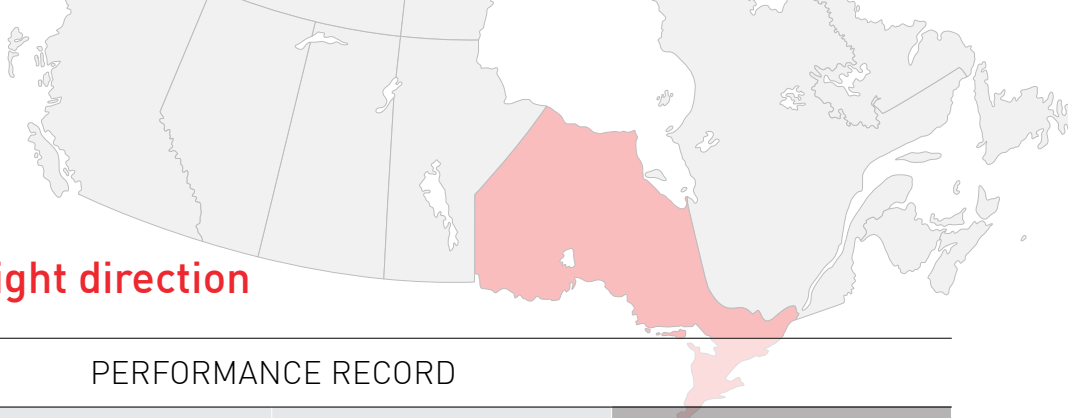
58%

Worse

21%

ONTARIO

Taking steps in the right direction



PERFORMANCE RECORD

2015	2017	2019	2022
D+	D+	C-	C+

“ The wholesale price has helped, but the broken beer model and the residual customer reluctance to dine indoors due to the pandemic continues to squeeze our business.”

Member of
Restaurants Canada,
Ontario

The Government of Ontario deserves significant credit for stepping up to help bars and restaurants pull through the ongoing COVID-19 crisis.

Most notably, licensed establishments can now benefit from savings of 10% off the retail price for wine, spirits, and cider from the Liquor Control Board of Ontario (LCBO). However, the unexpected elimination of the liquor server minimum wage mitigated these savings.

Unfortunately, Ontario was a bit slower than other jurisdictions at introducing or expanding discounted pricing for liquor licensees during the pandemic. Artificially high prices for beer also continue to be a drag on the province’s grade: The Beer Store still charges bars and restaurants a licensee price that’s 30% higher than what they charge regular retail customers, due to the current Master Framework Agreement between the Ontario government and The Beer Store, which dictates that:

- Any product sold by The Beer Store can’t also be sold by the LCBO (where bar and restaurant operators are currently able to receive licensee discounts).
- Brewers are permitted to set different prices for retail at The Beer Store than the prices they charge when making direct sales to licensed establishments.

The current Master Framework Agreement expires in 2025 with renegotiation possible starting in 2023. Restaurants Canada is hopeful that the province’s demonstrated willingness to work closely with industry stakeholders will result in further progress by the time the next Raise the Bar report is released.



Cheers to pricing reductions

In Ontario, licensed establishments now save 10% off the retail price for wine, spirits, and cider from the LCBO. These savings come from the LCBO licensee discount increasing to 10% and the elimination of the 6% mark-up that licensed establishments previously had to pay for cider, wine, and spirits. Unfortunately the 10% discount does not apply to kegs of beer or cider, holding back Ontario’s overall grade.

More reasons to raise a glass

Pretty early on in the pandemic, Ontario allowed bars and restaurants to sell liquor for off-site consumption, then made the move permanent and reduced the minimum prices allowed for alcohol sold through takeout and delivery. The province also introduced a limited cap on third-party delivery fees to help independent restaurants preserve their profits while under lockdown and loosened regulations to help licensed establishments increase capacity with expanded patios.

In addition, Ontario has cut some red tape for licensed establishments with the following regulatory reforms: 24-hour liquor service is now permitted in airports, and restaurants and breweries can now decide whether to allow dogs in their outdoor eating areas or inside where only beverages, prepackaged, and/or low-risk foods are served.

While Ontario introduced a staycation rebate to encourage residents to spend on travel within the province, the rebate, unfortunately, didn’t include restaurant meals, like a similar program in New Brunswick did.

HOW CAN ONTARIO RAISE THE BAR?

- Make wholesale pricing available to licensed establishments for all types of beverage alcohol products.
- Continue to cut red tape for licensed establishments.
- Re-introduce the liquor server wage.
- Involve industry in upcoming Master Framework Agreement negotiations between the government and The Beer Store.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in Ontario is:

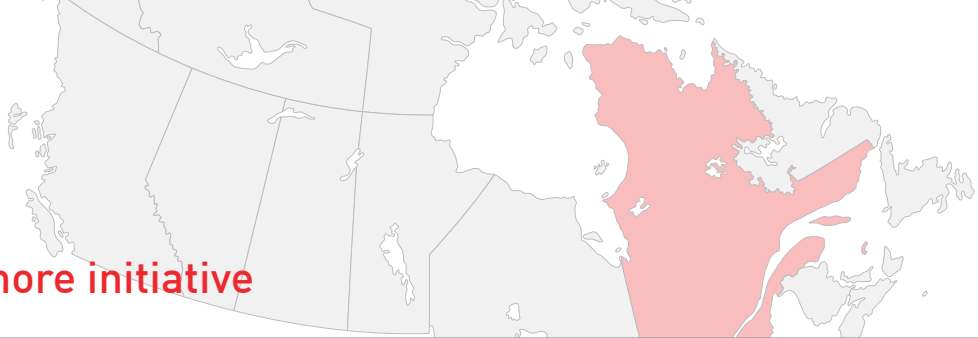
Better
56%

The same
30%

Worse
15%

QUEBEC

Needs to show more initiative



PERFORMANCE RECORD

2015	2017	2019	2022
C+	B-	B-	C

“ Quebec needs to reduce red tape, stamps being the best example. Moreover, it makes no sense that in 2022, we still do not have wholesale in our province. Even Ontario just implemented wholesale for restaurants. At a time when we make almost no money operating our restaurants, the SAQ could at least help us, it’s not like they are struggling...”

Member of
Restaurants Canada,
Quebec

As a result of regulatory reforms recently implemented under Bill 170, Quebec’s bars and restaurants can now benefit from several red tape reductions they have eagerly awaited since the adoption of this legislation in 2018. Most notably, patrons can now order alcohol without purchasing food, as long as the restaurant kitchen is still open. However, the province has done little else to improve its liquor policy landscape since the last Raise the Bar report from Restaurants Canada.

While a number of other jurisdictions have either introduced or expanded discounted liquor pricing policies in the wake of COVID-19, Quebec has failed to throw this critically needed lifeline to licensed establishments.

Considering the province’s failure to show more initiative to support bars and restaurants in the face of the greatest crisis our industry has ever endured, Quebec has dropped nearly a full grade, from a B-minus to a C.

Changes to RACJ laws and regulations

Quebec has made some changes to liquor laws and regulations governed by the Régie des alcools des courses et des jeux (RACJ) since the last Raise the Bar report in 2019. These changes include:

- The grouping of restaurant permits for both selling and serving in a single permit.
- The restaurant permit now authorizes the sale of alcoholic beverages with the presence of minors in the establishment.
- Permit holders now have the option to use permits on a seasonal basis for a maximum continuous period of six months.



Unfortunately, the province’s liquor board, the Société des alcools du Québec (SAQ), has not agreed to any form of wholesale or discounted pricing for anything other than beer. Currently, bars and restaurants can only get at a discount if they negotiate directly with Quebec beer breweries. Restaurants Canada will continue to advocate for wholesale and discounted liquor pricing for licensed establishments and is presenting options to the SAQ and the provincial government in 2022.

Slightly raising spirits with pandemic relief

Quebec has expanded regulatory reforms allowing beverage alcohol to be sold with takeout and delivery orders, with the exception of cocktails and spirits. This reform will help licensed establishments expand their sources of revenue through both in-house and third-party delivery services, although Quebec licensees are still facing restrictions when it comes to takeout orders compared to other jurisdictions.

However, the SAQ also expanded its direct-to-consumer delivery service during the pandemic. This has placed government-run liquor stores in direct competition with small business owners at a time when the hospitality industry is fighting for survival.

Quebec has also done little to give businesses a break from liquor licence fees. Although, the province’s cap on third-party delivery fees while under a state of emergency did at least help bars and restaurants reduce their costs while coping with the impacts of COVID-19.

With Quebec’s foodservice and hospitality industry still struggling to pull through the ongoing public health and economic crisis, Restaurants Canada is continuing to advocate for further relief and support for the long-term revival of our hardest-hit sector.

HOW CAN QUEBEC RAISE THE BAR?

- Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- Continue to cut red tape for licensed establishments.
- Maintain the wage differential for tipped workers.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in Quebec is:

Better
44%

The same
41%

Worse
15%



NEW BRUNSWICK

Most improved

PERFORMANCE RECORD

2015	2017	2019	2022
C-	D	D-	B-

Following a change of government in 2018, New Brunswick has demonstrated an impressive willingness to make long-overdue changes to the province’s liquor policy landscape.

Most notably, Alcool NB Liquor (ANBL) introduced a liquor cost rebate program for bars and restaurants during the first quarter of 2020, as part of a three-year plan to become more competitive with neighbouring jurisdictions.

This critical policy change fulfilled a longstanding recommendation from Restaurants Canada and came just in time to help the province’s licensed establishments weather the storm of COVID-19.

Unfortunately, New Brunswick has not placed a cap on third-party delivery fees in the wake of the pandemic, but the province did pass legislation permanently allowing alcoholic beverages to be sold with takeout and delivery orders.

Cheers for rebates and licence cost relief

New Brunswick now provides liquor licensees with a 5-10% rebate on wine and spirit products and a 1% rebate on certain categories of beer products. Not only

was this new rebate program already up and running by the start of the COVID-19 crisis, the province took the initiative to go a step further and doubled the rebates for licensed establishments during the first quarter of 2020, in recognition of the unprecedented challenges they were facing due to the pandemic. ANBL once again increased licensee rebates for the October – December 2020 period, providing licensed establishments with up to \$1,000 on top of their regular rebate.

To help provide even further relief to the province’s hard-hit bars and restaurants, New Brunswick waived liquor licence fees for the 2020-21 fiscal year. However, the province unfortunately did not continue to waive this cost for the second year of the pandemic.

Permission to sell beverage alcohol for off-site consumption also helped licensed establishments pivot their operations while shut down. This now permanent change to the province’s liquor regulations will continue to provide an additional revenue source for hard-hit businesses as they struggle to survive the ongoing COVID-19 crisis.

With New Brunswick’s bars and restaurants continuing to face a long road to recovery, Restaurants Canada looks forward to working with the provincial government on ways to further support their transition from survival to revival over the next few years.



HOW CAN NEW BRUNSWICK RAISE THE BAR?

- Increase licensee pricing rebates and include all categories of beer products, ready-to-drink liquor products, and cider.
- Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- Introduce a liquor server wage.
- Allow liquor licensees to procure products directly from craft brewers.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in New Brunswick is:

Better
44%

The same
41%

Worse
15%

NOVA SCOTIA

Continuing to show leadership

PERFORMANCE RECORD

2015	2017	2019	2022
C+	B-	B-	B

“ Small incremental changes have been a positive. However, a few more changes like boosting licensee discounts and bringing in a liquor server wage would really take our province to new levels.”

Member of
Restaurants Canada,
Nova Scotia

Nova Scotia’s bars and restaurants have long benefited from a fairly friendly liquor policy landscape, thanks to the province’s willingness to work closely with industry stakeholders.

In the wake of COVID-19, elected officials have taken commendable action to provide licensed establishments with immediate relief, and to implement policy changes that will serve them well along their road to recovery. Specifically, Nova Scotia now allows:

- Minors to remain in a cabaret, lounge, or beverage room until 10:00 p.m. when accompanied and supervised by a parent or adult guardian.
- Minors to work in a cabaret, lounge, or beverage room until 10:00 p.m. as long as they don’t serve alcohol.
- A cabaret, lounge, or beverage room to open at 10:00 a.m. on Sundays.

The province’s existing 10% licensee discount on wine and spirits was expanded to include bottled and canned beer, ready-to-drink liquor products, and cider. In addition, Nova Scotia passed legislation permanently allowing beverage alcohol to be sold with takeout and delivery orders.



Extra credit for pandemic support

The expansion of Nova Scotia’s existing discounted pricing for liquor licensees has gone a long way to help licensed establishments keep their costs down amid the ongoing COVID-19 crisis. Liquor licence fees were also waived for the first two years of the pandemic to help bars and restaurants maintain their limited cash flow.

Nova Scotia was also the only province in Atlantic Canada to place a cap on third-party delivery fees to help hard-hit foodservice businesses preserve their profits from off-premise sales. Permission to sell beverage alcohol for off-site consumption has also helped licensed establishments pivot during the pandemic and expand their sources of revenue.

In addition, Nova Scotia expedited the expansion of patios and video lottery terminal (VLT) areas to make up for physical distancing restrictions and indoor dining closures.

As Nova Scotia’s bars and restaurants continue to transition from survival to revival, Restaurants Canada looks forward to working with the provincial government on ways to further support their recovery.

HOW CAN NOVA SCOTIA RAISE THE BAR?

- Increase licensee pricing discounts.
- Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- Introduce a liquor server wage.
- Lower taxes to even the playing field with craft breweries.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in Nova Scotia is:

Better
40%

The same
47%

Worse
13%



PRINCE EDWARD ISLAND

Cooperates well with industry, but struggling to keep up with other jurisdictions

PERFORMANCE RECORD

2015	2017	2019	2022
B-	B-	B-	C+

“Unable to bring the product in from out of province independently.”

Member of
Restaurants Canada,
Prince Edward Island

Prior to the COVID-19 crisis, Prince Edward Island was the only province besides Alberta and Saskatchewan where licensed establishments weren’t forced to purchase wine, spirits, and beer at the same retail prices as consumers. Unfortunately, with little change since the 2019 Raise the Bar report, the Island is no longer receiving top marks for its liquor pricing policies, as bars and restaurants can now purchase a wider variety of liquor products at discounted prices in British Columbia, Ontario, and Nova Scotia.

With foodservice and hospitality businesses still facing a long road to recovery from the ongoing pandemic, further reductions in beverage alcohol costs and undue red tape are needed now more than ever from the P.E.I. government. Restaurants Canada hopes to see elected officials working on the province’s liquor policy file step up their efforts to support our hardest-hit sector and improve the Island’s grade by the next Raise the Bar report. For instance, by making discounted pricing available to licensed establishments for all quantities of bottled beer, as well as canned beer and cider.

Thirsting for more

Prince Edward Island passed legislation permanently allowing beverage alcohol to be sold with takeout and delivery orders. Previously, only products produced on the Island were permitted to be sold for off-premise consumption. Being able to sell all types of alcoholic beverages for off-site consumption has helped licensed establishments expand their sources of revenue in the wake of COVID-19.

However, the P.E.I. government has not placed a cap on third-party delivery fees to help hard-hit bars and restaurants preserve their off-site profits. Thankfully the province did waive liquor licence fees for the



HOW CAN PRINCE EDWARD ISLAND RAISE THE BAR?

- Increase licensee pricing discounts and include beer and cider sold in all quantities and packaging types.
- Implement new liquor legislation to cut red tape and reflect changing market conditions.
- Introduce a liquor server wage.
- Enter a co-purchasing agreement with other provinces to achieve larger economies of scale.

2020-21 fiscal year but unfortunately stopped providing this form of relief during the second year of the pandemic.

Increasing licensee pricing discounts on beverage alcohol, and expanding discounts to include beer and cider products sold in all quantities and packaging types, would go a long way to help bars and restaurants recover from the ongoing global health and economic crisis.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape on Prince Edward Island is:

Better
32%

The same
47%

Worse
21%



NEWFOUNDLAND & LABRADOR

On the right track

PERFORMANCE RECORD

2015	2017	2019	2022
F	D-	D-	C+

After years of inaction on liquor policy, the province of Newfoundland and Labrador deserves significant credit for stepping up to help bars and restaurants pull through the COVID-19 crisis with a few major advancements. Most notably, licensed establishments can now benefit from discounted pricing on wines, spirits, and ready-to-drink beverages from the Newfoundland and Labrador Liquor Corporation (NLC). Restaurants Canada is hopeful that the province’s demonstrated willingness to work closely with industry stakeholders will result in even further progress by the next Raise the Bar report.

The glass is half full

Liquor licence fees were waived for the 2020-21 fiscal year, but unfortunately not for 2021-2022, despite the ongoing pandemic. The passing of permanent legislation allowing the sale of beverage alcohol for off-site consumption added a much-needed revenue stream for bars and restaurants while they were shut down. This permanent change to the province’s liquor regulations will continue to help hard-hit businesses augment their sales in the wake of COVID-19. The NLC now provides licensees with a 5% discount on wines, spirits and ready-to-drink beverages. The introduction of discounted liquor pricing for licensed establishments has provided a much-appreciated lifeline for bars and restaurants during the pandemic. As the majority of these businesses are still facing a long road to recovery, increasing these discounts and including beer and cider would go a long way to help them successfully transition from survival to revival.



HOW CAN NEWFOUNDLAND AND LABRADOR RAISE THE BAR?

- Increase licensee pricing discounts and include beer and cider.
- Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- Introduce a liquor server wage.
- Reduce liquor licensing costs for establishments with higher sales volumes.

SURVEY SAYS

Compared to before the COVID-19 pandemic, the liquor policy landscape in Newfoundland and Labrador is:

Better
8%

The same
66%

Worse
26%



METHODOLOGY

Raise the Bar is a report produced every two years by Restaurants Canada evaluating how liquor policies are continuing to help or hinder bars and restaurants across the country. After a one-year delay due to the pandemic, Raise the Bar 2022 is a special COVID-19 edition that sheds light on what licensed establishments need to survive the road to recovery.

Provincial policies evaluated for this report were reviewed within four major categories and after analysis and weighting, each province was given an overall letter grade. Within each category, provinces were allotted points on the criteria listed below. In cases where laws and regulations were supportive of the foodservice industry, points were awarded. Conversely, laws and regulations that were punitive or unhelpful resulted in a reduction in the points tally.

1	2
Pricing	Red Tape & Licensing Cost Savings
This category addressed factors affecting the supply of beverage alcohol to bar and restaurant operators. Provinces were awarded/deducted points based on access licensed establishments have to wholesale pricing, licensee discounts, and rebates.	This category took into consideration the licensing fees that were deferred, reduced, or waived during the pandemic. Points were also awarded based on the amount of provincial government help given to licensed establishments regarding the reduction of operational costs from red tape.
3	4
Customer Offerings & Experience	Competitive Landscape
This category assessed factors that affect the final price, selection and experience that bars and restaurants are able to offer their customers, after accounting for costs over and above the actual price they pay for the liquor products they sell. Points were awarded/deducted for mark-ups and surcharges (e.g., extra taxes), regulations around off-site alcohol sales, and the absence or existence of a minimum wage for liquor servers.	This category measured how well provinces were able to level the field between licensed establishments, government liquor stores, private retailers and third-party service providers. For instance, points were deducted if licensed establishments were forced to compete with government liquor stores providing direct-to-customer delivery in partnership with third-party services. Whether provinces capped third-party delivery fees to help bars and restaurants with their profit margins from off-premise sales during the pandemic was also measured.

Drawing upon feedback from members, Restaurants Canada allocated weights to the four categories to calculate a final grade for each province. The pricing category has been weighted 45 out of 100. As the second most important issue for the foodservice and hospitality industry, Red Tape & Licensing Cost Savings has been given a weight of 30 out of 100. For Customer Offerings and Experience, the weighting was 15 out of 100 and lastly, for Competitive Landscape, the grading weight was 10 out of 100.

Scores for each of the four categories were weighted based on the above scale and an overall grade was awarded based on the results for each province.

All survey results featured in this report were compiled from responses to an online survey that was emailed to foodservice businesses across Canada at the start of 2022. In total, more than 600 completed surveys were submitted representing over 3,300 locations across Canada. Please note that the margin of error is expected to be higher for survey results from smaller provinces.





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