



Restaurants  
Canada

The voice of foodservice | La voix des services alimentaires

# RAISE THE BAR

2019

**Report card on provincial liquor policies for  
bars and restaurants**





# 2019 REPORT CARD ON PROVINCIAL LIQUOR POLICIES FOR BARS & RESTAURANTS

<b>B ALBERTA</b>	Best-in-class, but room for improvement. Licensed establishments are still hungover from actions taken by the previous provincial government and hoping for relief.
<b>B- NOVA SCOTIA</b>	Prohibition is history at last but current rules and regulations are creating an uneven playing field with craft breweries.
<b>B- PRINCE EDWARD ISLAND</b>	Recommended liquor rule reforms could soon lead to further reductions in red tape. But restaurateurs are still thirsty for better prices and a wider selection of beverage alcohol products.
<b>B- QUEBEC</b>	Many reasons to raise a glass, but wholesale pricing still needs work. Restaurateurs are also waiting for promised regulations that will reduce red tape.
<b>C BRITISH COLUMBIA</b>	Consultation with industry will hopefully result in operational improvements for bars and restaurants. But plans to phase out the liquor server wage could exacerbate labour pains.
<b>C MANITOBA</b>	Time to level the playing field: Restaurateurs face more restrictions than retail consumers when buying liquor and still can't sell alcohol for off-site consumption, unlike hotels and third-party delivery.
<b>C- ONTARIO</b>	New leadership is demonstrating a willingness to disrupt the status quo, but needs to apply itself more in the area of hospitality.
<b>C- SASKATCHEWAN</b>	Uneven wholesale pricing model continues to fall flat with many licensed establishments still at a competitive disadvantage.
<b>D- NEW BRUNSWICK</b>	The province's unfulfilled promise to introduce wholesale liquor pricing is continuing to leave a bad taste.
<b>D- NEWFOUNDLAND &amp; LABRADOR</b>	The cost of doing business is still much higher for drinking places on the Rock compared to the rest of the country.

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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.

**Author:** Marlee Wasser, Manager, Communications and Stakeholder Relations

**Research:** Chris Elliott, Senior Economist

**Design:** Ashley Howell (Avid Creative | [acgd.ca](http://acgd.ca))

Restaurants Canada, 1155 Queen Street West, Toronto, ON M6J 1J4

**Phone:** (416) 923-8416 or 1-800-387-5649

**E-mail:** [info@restaurantscanada.org](mailto:info@restaurantscanada.org)

**Website:** [www.restaurantscanada.org](http://www.restaurantscanada.org)

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# INTRODUCTION

## The grades are in: Canada still needs to raise the bar for licensed foodservice establishments.

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

We’ve also reached out once again to restaurateurs across the country, giving them a chance to have their say.

The results have been mixed: Operational realities for licensed establishments seem to be improving in some regions, while getting worse in others. Pricing continues to be the main problem area across the board. But lack of selection and onerous processes for purchasing liquor are close contenders.

Meanwhile, outdated laws and regulations that are out of step with modern business practices are still on the books in every province. Liquor rules have not kept pace with evolving market conditions, leaving licensees poorly positioned to survive and thrive in today’s landscape, let alone prepare for the future.

### What’s at stake if we don’t raise the bar?

**49,600** businesses  
that contribute to the diversity and vitality of communities across Canada.

**586,000** direct jobs  
provided by licensed establishments.

**\$9.5** billion/year  
in economic activity from foodservice businesses that purchase and sell beverage alcohol.

### Untapped potential: The case for expanding off-site alcohol sales to bars and restaurants

While liquor retail opportunities have been expanding across the country, licensed foodservice establishments have been largely shut out from being able to sell beverage alcohol products for off-site consumption, either through takeout or delivery.

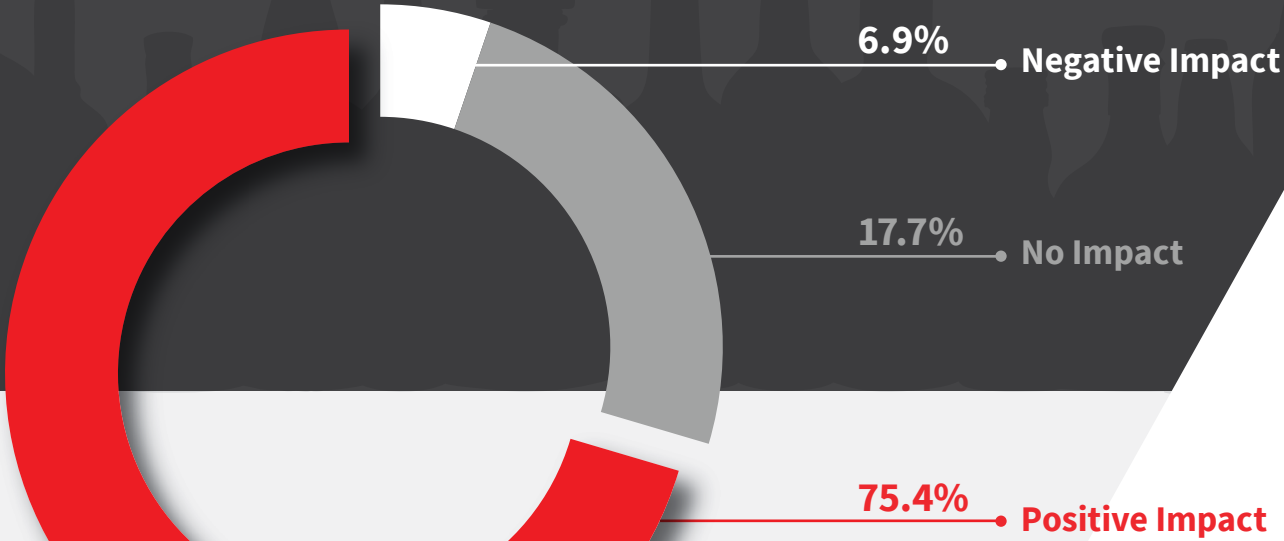
At the same time, policies originally intended to give market access to small liquor producers have increasingly been encroaching on the restaurant sector: in many jurisdictions, consumers can enjoy restaurant fare at wineries, craft breweries and distilleries, yet those businesses are spared the much higher regulatory and tax burden placed on licensed foodservice establishments.

Allowing restaurants to sell beverage alcohol for off-site consumption would not only level the playing field for foodservice businesses, but also help craft products find larger markets. For example, if bars and restaurants were permitted to fill and sell growlers from their existing tap systems, this would benefit small, local brewers who might not have enough capital for bottling equipment.

New liquor products are often first encountered in a bar or restaurant setting at the recommendation of a professionally trained server. Why should restaurateurs who are trained and trusted to serve alcoholic beverages within their establishments be restricted from selling those same products to their customers to enjoy at home?

#### Survey says...

Seven out of 10 licensed foodservice businesses would benefit from being able to sell alcohol for off-site consumption.



**Question:** If permitted, what type of impact would being able to sell alcohol for off-premise consumption, either through takeout or delivery, have on your operations?

# NATIONAL PERSPECTIVE

Most of the rules impacting how beverage alcohol is bought and sold in Canada are made at the provincial level. But the federal government’s power and influence can go a long way to help or hinder the operations of licensed foodservice and hospitality businesses.

This is why Restaurants Canada was pleased to see the federal Competition Bureau recently weigh in on liquor policy reviews undertaken in Ontario and British Columbia. The bureau’s commissioner of competition not only commended both provinces for exploring ways to improve the status quo, he specifically endorsed recommendations to introduce wholesale pricing on beverage alcohol for bars and restaurants.

The national tourism strategy unveiled this year was also a welcome announcement, as it emphasized the untapped potential of culinary tourism for promoting the Canadian brand at home and abroad. As a sector made up of professionally trained staff regularly serving customers from across the country and around the world, foodservice provides an ideal setting for showcasing locally produced liquor products. But unfortunately Canada’s beverage alcohol policies currently do more to discourage than encourage licensed establishments from playing this role.

## Tearing down trade walls

After repeated calls from Restaurants Canada and other industry allies, the Canadian government has finally eliminated the federal requirement that alcohol going from one province to another must pass through a provincial liquor authority.

This was a welcome first step. Gaining traction toward interprovincial trade agreements is complicated enough without added federal restrictions and red tape. Hopefully continued leadership on this front will encourage the provinces to take down their own barriers so that bars and restaurants can more easily offer their patrons products from across the country.

Restaurants Canada also appreciates the efforts that the federal government has been making to help Canadian liquor producers expand their international reach while allowing foreign products to flow more easily into the Canadian market.

## An escalating tax burden

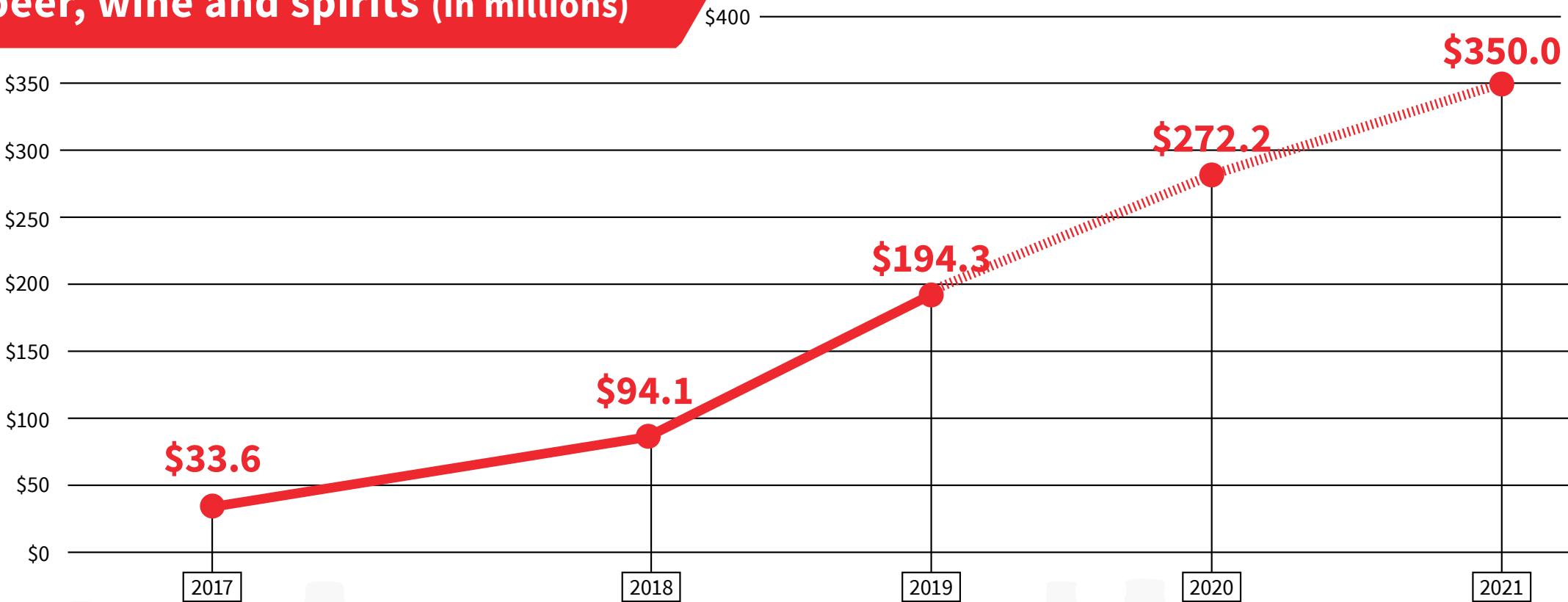
The amount of tax collected on liquor in Canada is among the highest in the world.

According to the Canadian Taxpayers Federation, federal and provincial taxes currently make up:

- Nearly 50 per cent of the cost of beer;
- Between 65 and 70 per cent of the final price of wine; and
- Up to 80 per cent of the cost of spirits.

In 2017, the Canadian government made an already bad situation worse: the federal budget that year not only increased the excise duties on beverage alcohol products by 2 per cent, it also introduced an automatic annual escalator on those duties. As a result, the amount of money that the federal government collects from all beer, wine and spirits bought and sold within Canada has been going up every year since, without having to face a vote in Parliament.

Cumulative escalation of taxes on beer, wine and spirits (in millions)



\*Source: Canadian Vintners Association, Beer Canada, Spirits Canada and Restaurants Canada



# BRITISH COLUMBIA

Good effort consulting industry, but wage changes could wipe out gains

PERFORMANCE RECORD

2015	2017	2019
C+	C	C

Bars and restaurants across British Columbia continue to operate in a less than ideal policy climate despite the previous government’s efforts to modernize liquor laws and regulations.

Licensed foodservice and hospitality businesses are still:

- Prohibited from purchasing beverage alcohol from the province’s more than 600 private liquor retailers; and
- Required to pay the same retail prices that consumers pay at government-run liquor stores.

Meanwhile, licensed establishments continue to experience problems ordering beverage alcohol products from the government’s liquor distribution branch. Common complaints include frequent delays, deliveries that get unnecessarily routed through government-run warehouses or go missing entirely, and unreasonably long waits for non-stocked specialty products.

The former government’s failure to take any steps toward resolving these fundamental issues is why the province’s grade dropped from a C-plus to a C back in 2017. But with a new government in power that is actively seeking solutions from industry stakeholders, British Columbia has a good chance of improving its ranking in the near future.

“Only being able to buy liquor from B.C. liquor stores is limiting. Also not being able to get an off-sale added to either of my licences. We’re on a small island and I get asked regularly if we can do off sales.”

– Mike Lyons,  
General Manager,  
Surf Lodge and Pub

## Regime change raises spirits

B.C. Attorney General David Eby jumped into action as soon as he received the last report card from Restaurants Canada. Promising to get the province back on track, he appointed Mark Hicken, a respected wine industry lawyer, to provide guidance to the newly formed B.C. government as a liquor policy advisor.

Hicken wasted little time putting together an advisory panel of industry stakeholders. They produced a final report in the spring of 2018 featuring 24 recommendations, including requests from Restaurants Canada for:

- Wholesale pricing for all liquor licensees;
- Licensee-to-licensee sales (so that bars and restaurants can purchase liquor from private retailers); and
- An independent review of the wholesale liquor distribution system.

Unfortunately the B.C. government has been slow to act on most of the report’s recommendations. But an independent review of the province’s wholesale liquor distribution system was initiated earlier this year and results are expected soon.

## Labour pains could be a buzz kill

While hopes are high that the B.C. government will follow through with recommended improvements to the province’s liquor system, bar and restaurant operators are now facing another challenge all together: Plans to phase out the liquor server wage by 2021 threaten to undercut their ability to allocate sufficient resources towards non-gratuity earning kitchen staff, who are typically harder to attract and retain. Reversing this decision would provide more flexibility for licensed establishments who are already struggling to compete for back-of-house employees amid rising labour shortages.

## How can British Columbia #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Permit licensee-to-licensee sales.
- ☐ Improve the process for ordering non-stocked products.
- ☐ Continue to modernize liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Preserve the liquor server wage.
- ☐ Reduce excessive liquor markups.

## Survey says...

Compared to two years ago, liquor policies in British Columbia are:

Better  
15%

The same  
37%

Worse  
49%

# ALBERTA

Best-in-class, but room for improvement

PERFORMANCE RECORD

2015	2017	2019
B+	B	B

Alberta continues to defend its spot at the top of the class as the friendliest province for liquor licensees thanks to policies such as:

- Fully privatized liquor retailing;
- A flat markup structure for all beverage alcohol; and
- Wholesale pricing for all licensed establishments.

As a result, Alberta’s bars and restaurants have access to the largest selection of liquor products in all of Canada, which they can purchase at relatively reasonable prices in a variety of convenient ways.

However licensed foodservice and hospitality businesses are still hungover from the following actions taken by the former provincial government, which led to Alberta being downgraded from a B-plus to a B back in 2017:

- New markups on beverage alcohol;
- The elimination of the liquor server wage; and
- The cancellation of a comprehensive review to modernize provincial liquor regulations.

“AGLC is great to work with, but with the cost of doing business constantly increasing, a reduction in their onerous minimums would help us avoid ordering more than necessary without having to pay higher prices at retail stores.”

– Mo Blayways,  
Owner/Operator, 1<sup>ST</sup> RND

Thirsting for cost relief

Smaller restaurateurs also continue to suffer from the 25-case-minimum requirement for wholesale liquor orders, which they say forces them to purchase the bulk of their liquor products at higher prices from retailers.

Alberta’s restaurants have been struggling to survive a wide variety of recent cost increases, exacerbated by policy changes that the previous government introduced against the backdrop of a weak economy. Easing their access to more products at full wholesale prices would provide welcome relief for smaller foodservice and hospitality businesses.

Another round of shots

Alberta Gaming, Liquor & Cannabis deserves credit for reaching out to Restaurants Canada for consultation on a number of issues, as well as continuing to modernize outdated liquor policies on a piecemeal basis over the last few years. But more progress is needed on bigger ticket items in order for operational realities to noticeably improve for bars and restaurants.

With the recent election of a new government that has committed to reduce red tape for small businesses and study the merits of re-implementing the liquor server wage, Alberta could very well improve on its best-in-class grade by the next report card from Restaurants Canada.

But for now, not enough progress has been made to justify an upgrade.



How can Alberta #RaiseTheBar?

- ☐ Reduce liquor costs for small foodservice and hospitality businesses.
- ☐ Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Re-introduce the liquor server wage.
- ☐ Reduce excessive liquor markups.

## Survey says...

Compared to two years ago, liquor policies in Alberta are:



# SASKATCHEWAN

Failure to act on feedback raising cause for concern

PERFORMANCE RECORD

2015	2017	2019
D+	C-	C-

Hope was on the horizon for Saskatchewan’s bars and restaurants when the province moved forward with plans to overhaul its liquor system back in 2016.

But unfortunately operational realities have not improved for many licensed establishments in the years since. In fact, conditions have actually gotten worse for some restaurateurs due to a variety of factors.

Pricing inequities remain

The uneven way that the provincial government made discounts available to liquor licensees continues to put some businesses at a competitive disadvantage.

Full wholesale pricing was introduced for retail permit holders only — including the roughly 450 establishments that previously had off-sale endorsements (authorizing them to sell alcohol for off-site consumption), essentially grandfathering them to become retail permit holders.

“We are a large locally-owned group of restaurants, and our pricing is 10 per cent higher than for far smaller competitors because of this wholesaler model.”

– Jim Werschler,  
Saskatchewan Boston  
Pizza Franchisee

Meanwhile, all other licensees were shut out from wholesale pricing and the ability to apply for an off-sale endorsement. They did, however, become free to purchase products from any of the province’s liquor retail permit-holding outlets at negotiated prices.

This initially put many licensed establishments in the absurd position of having to purchase products from their retail permit-holding competitors in the hospitality sector in order to get discounts.

With the number of private liquor stores continuing to grow, restaurateurs are increasingly able to negotiate volume discounts from retailers instead of their direct competitors.

While this is a step in the right direction, Restaurants Canada continues to advocate for all liquor licensees to have equal access to full wholesale pricing.

Selection is still limited

The provincial government has unfortunately done little to help establishments offer their patrons a greater variety of products. The process for procuring non-stocked specialty products from government-run liquor stores continues to be prohibitively expensive and time-consuming.

Restaurant traffic drying up

Foodservice and hospitality businesses are still suffering from the 6 per cent sales tax on restaurant meals that Saskatchewan introduced in 2017. This was on top of increases between 4 and 6.8 per cent to the markup that the provincial government collects on liquor sales.

As a result, many bars and restaurants have seen their traffic evaporate, as would-be patrons are preferring to get together for drinks at private residences.

How can Saskatchewan #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Improve the process for ordering non-stocked products.
- ☐ Continue to modernize liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Introduce a liquor server wage.
- ☐ Reduce excessive liquor markups.

Survey says...

Compared to two years ago, liquor policies in Saskatchewan are:

Better  
18%

The same  
21%

Worse  
62%

# MANITOBA

Good communication, but progress still to be seen

PERFORMANCE RECORD

2015	2017	2019
C	C	C

Bars and restaurants across Manitoba have enjoyed a number of operational improvements since the province implemented a major re-write of its liquor legislation in 2014. Most notably:

- The overly complicated licence categories were streamlined, reducing the need for single establishments to hold multiple liquor service licences (for example, a restaurant can now operate both a lounge and dining room under one licence);
- Guests can now enjoy an alcoholic beverage in any type of licensed setting without ordering food; and
- Licensees can easily obtain special licences to extend their hours for special events.

Yet despite the modernization effort, many restrictive rules about how businesses can serve liquor were left untouched. For example, a requirement remains in place that at least three patrons must share a large pitcher of beer.

Restaurants Canada is also still waiting for the province to address some more consequential issues holding Manitoba back from improving its grade.

“We should be able to deliver a bottle of wine with food to our patrons staying at home. Third-party delivery does it. The beer vendors are delivering food with beer. Why not restaurants?”

– Scot McTaggart,  
Owner/Operator,  
fusion grill

Pricing still a sticky subject

Unlike the retail of beverage alcohol to consumers, liquor distribution to bars and restaurants is still controlled entirely by the province. As a result of the government’s price-setting policies, licensed establishments struggle to offer their patrons a wide selection of products at competitive prices.

Licensees are still not even permitted to pay by credit card when purchasing liquor, while consumers are afforded this convenience at government-run liquor stores.

Restaurants Canada continues to advocate for more purchasing flexibility and the ability for all licensed establishments to benefit from wholesale pricing or discounts on liquor products.

Off-site rules leaving a bad taste

Manitoba still has done nothing to address the uneven playing field created by the province’s rules around selling beverage alcohol for off-site consumption: While hotels can sell liquor products to go and third-party services can deliver alcoholic beverages to customers at home, restaurateurs continue to be shut out from having these options.

Restaurants Canada has recently had fruitful discussions with policy-makers, indicating that changes might be made in this area. But this progress was put on hold when an early election was called.

Hopes are high that the mandate of the next government will tackle inequities from rules regulating off-site liquor sales and other liquor policies disadvantaging the province’s bars and restaurants.



How can Manitoba #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Permit licensee-to-licensee sales.
- ☐ Continue to modernize liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Introduce a liquor server wage.
- ☐ Reduce excessive liquor markups.

## Survey says...

Compared to two years ago, liquor policies in Manitoba are:





# ONTARIO

Province needs to apply itself more in the area of hospitality

PERFORMANCE RECORD

2015	2017	2019
D+	D+	C-

While Ontario has worked to improve the retail experience for beverage alcohol consumers over the last few years, the province has done very little to improve conditions for bars and restaurants.

Monopolies still control the distribution of liquor to licensed establishments, shutting foodservice and hospitality businesses out from wholesale pricing while offering them poor service and a limited selection of products.

However a new regime is now in power that is not only showing a willingness to disrupt the status quo, but is actively seeking input from the small business community. Hopefully this will lead to meaningful operational improvements for restaurateurs.

Foodservice is now at the table

Ontario’s new government hit the ground running in 2018, immediately turning its attention to modernizing the regulatory framework for beverage alcohol.

Following a public consultation period, the province invited Restaurants Canada and other industry stakeholders to participate in a series of roundtables and individual consultations.

In total, the provincial government met with over 30 organizations and received more than 50 written submissions.

“The inability to purchase product at wholesale pricing leaves customers with the perception that we’re gouging them on alcohol on our menu.”

– Donna Dooher,  
Executive Chef and Owner,  
Mildred’s Temple Kitchen

Cheers to quick progress

Since launching its liquor legislation review, the province has already moved forward with a number of reforms.

While changes so far have mostly impacted retail settings, the following measures have directly benefited the province’s bars and restaurants:

- The term “happy hour” can now be used in marketing and signage; and
- Alcoholic beverages can now be served as early as 9:00 a.m. at all licensed establishments, in line with the new retail service hours for liquor and cannabis. This means restaurants with brunch service no longer have to tell patrons that they can’t enjoy a mimosa with their meal until the clock strikes 11 a.m.

These red tape reductions have been welcomed as a sign of more good news to come for the foodservice and hospitality community.

Here’s to the future

In recognition of the consultative approach and appetite for change demonstrated under the province’s new leadership, Restaurants Canada is raising Ontario’s grade for the first time, from a D-plus to C-minus.

As soon as the government begins to apply itself more seriously in the area of hospitality, the province will start to see more significant improvements in its grade.



How can Ontario #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Maintain the liquor server wage.
- ☐ Reduce excessive liquor markups.

## Survey says...

Compared to two years ago, liquor policies in Ontario are:

Better  
26%

The same  
54%

Worse  
20%

# QUEBEC

Continuing to improve, but wholesale pricing needs work

PERFORMANCE RECORD

2015	2017	2019
C+	B-	B-

Quebec earned credit for simplifying its liquor licence regime back in 2017 by allowing licensees to have one liquor licence per use, instead of one licence for every room where alcohol is sold or served.

This major reduction in red tape, coupled with an overall decrease in licensing fees, was the main reason why the province’s grade rose from a C-plus to a B-minus on the last report card from Restaurants Canada.

Building on this momentum, Quebec has moved forward with further liquor policy reforms over the last two years. But a number of new measures that would benefit bars and restaurants remain stalled and still need to be implemented. Meanwhile, insufficient progress on liquor pricing continues to hold the province back from receiving an even higher grade.

Reasons to raise a glass

The foodservice and hospitality industry celebrated the adoption of Bill 170 in 2018, which brought about a number of liquor policy improvements:

- Customers are now permitted to linger until 4 a.m. (although they still cannot be served alcohol past 3 a.m.);
- Parents can remain on patios with their children until 10 p.m. (instead of 8 p.m.); and

## Survey says...

Compared to two years ago, liquor policies in Quebec are:



“Very long to get a liquor licence, but lower licence fees help.”

– Nicolas Filiatrault,  
VP Finances and  
Administration,  
Benny&Co.

- Batches of mixed drinks can now be prepared in advance, as long as they are made on the same day they will be sold. This means drinks like sangria no longer need to be made one at a time, and bartenders can prepare drinks before they are ordered when they anticipate a rush.

Restaurants Canada was especially pleased to see the new bill do away with a longstanding irritant for bars and restaurants: Bottles, cans and other alcohol containers will no longer require a physical stamp to be sold in licensed establishments as of July 1, 2020.

Unfinished business

While these reforms were fortunately made before Quebec underwent a change of government, licensed establishments are still eagerly awaiting regulations that will eliminate:

- Outdated advertising and promotion rules; and
- The requirement for restaurant guests to purchase food when ordering alcoholic drinks.

Restaurants Canada looks forward to seeing these changes implemented before its next report card. But to improve its standing, Quebec will need to take a larger step forward on wholesale pricing.

While progress has been made on this front, with monthly promotions on specific offerings from the Société des Alcools du Québec, licensees are still waiting for across-the-board volume discounts on all types of beverage alcohol products, comparable to what they can already get from beer producers.



## How can Quebec #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Implement updated regulations under new liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Maintain the wage differential for tipped workers.
- ☐ Reduce excessive liquor markups.

# NEW BRUNSWICK

A little less conversation, a little more action, please

PERFORMANCE RECORD

2015	2017	2019
C-	D	D-

New Brunswick has not updated its liquor legislation in decades. Consequently, the province’s beverage alcohol rules conflict with consumer expectations, are a burden to businesses and stifle growth.

Numerous consultations have been held over the years, which have provided policy-makers with a clear road map of what needs to be done to bring regulations into the 21<sup>st</sup> century. The only roadblock has been a lack of political will.

Foodservice and hospitality businesses are especially exasperated with the province’s unfulfilled promise to introduce wholesale liquor pricing. Foot-dragging on this front was why New Brunswick went from a C-minus to a D on the last report card from Restaurants Canada in 2017.

The province is now being downgraded once again due to the previous regime’s continued failure to improve conditions for bars and restaurants in the years since. But with a new government in power already making strides to help small businesses thrive, the province might finally be ready to reform its liquor rules and improve its ranking.

“We are taxed too much. With all of our suppliers we get wholesale pricing, but for liquor purchases we do not.”

– Elizabeth Rowe,  
Owner/Partner,  
Urban Deli & Italian  
by Night Restaurants

Cutting red tape would raise spirits

Licensed establishments across New Brunswick are saddled with an excessive amount of needless red tape. As a result, bar and restaurant operators are forced to regularly contend with a wide range of headaches.

Outdated regulations that get in the way of customer experience are a common source of pain. For instance, restaurant patrons are prohibited from standing while consuming alcohol — making it technically illegal to take a drink after a toast unless seated.

Licensees also continue to suffer from more high-level, administrative burdens stemming from the province’s exclusive control over liquor distribution.

Restaurants Canada has repeatedly called on the government to loosen its monopolistic grip — at least on beer, so that bars and restaurants can procure products directly from craft breweries. The provincial liquor corporation just can’t keep up with the constantly evolving offerings of the craft beer industry, resulting in constant delays and mix-ups.

Meanwhile, as much as foodservice and hospitality businesses have benefited from growing interest in craft products, the proliferation of much less heavily regulated taprooms has created unfair competition. To even the playing field, the province needs to free bars and restaurants from unnecessary rules and restrictions and give them permission to sell alcoholic beverages for off-site consumption.

Time to settle up on pricing

New Brunswick is still the only Maritime province where liquor licensees can’t get a volume discount on beverage alcohol.

While a wholesale pricing scheme was promised by the previous government, it was never delivered.

Restaurants Canada hopes to see licensed establishments finally benefit from this long-awaited policy change under the province’s new leadership.

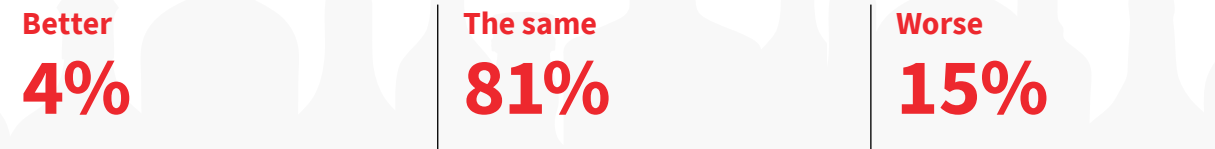


How can New Brunswick #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Permit liquor licensees to procure products directly from craft brewers.
- ☐ Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Introduce a liquor server wage.
- ☐ Reduce excessive liquor markups.

## Survey says...

Compared to two years ago, liquor policies in New Brunswick are:





# NOVA SCOTIA

Progress continues, but key issues still require attention

PERFORMANCE RECORD

2015	2017	2019
C+	B-	B-

Nova Scotia is a great place to run a bar or restaurant, largely thanks to the following factors creating a friendly climate for liquor licensees:

- A 10 per cent wholesale discount on wine and spirits;
- Access to public and private liquor stores;
- Freedom to procure beverage alcohol products directly from local producers; and
- Ongoing government efforts to reduce red tape.

These conditions encourage healthy competition for licensee business, reduce administrative barriers to buying and selling liquor, and help patrons enjoy a wide selection of beverage alcohol products at licensed establishments.

The province has actually become even friendlier for foodservice and hospitality businesses since the last report card from Restaurants Canada. But some big asks still remain unanswered, holding Nova Scotia back from improving its grade.

Prohibition is history at last

New provincial legislation has finally eliminated the Prohibition-era requirement for communities to hold plebiscites to permit the sale of alcohol. Municipal governments can now unilaterally end their “dry” status as soon as a business wants to sell liquor within their jurisdiction.

Survey says...

Compared to two years ago, liquor policies in Nova Scotia are:



“The current rules create an unlevel playing field. Small breweries with ‘tasting rooms’ pay lower taxes, can sell beer and growlers for takeaway and do not have to deal with the same restrictive regulations as bars and restaurants.”

– Jeff McLatchy,  
Owner/Operator,  
Celtic Corner Pubs Ltd.

A new public safety tool

Anyone under the age of 19 years can now face a fine of \$150 for either:

- Presenting false identification at a licensed establishment; or
- Being on licensed premises where underage patrons are not permitted.

Restaurants Canada advocated for these reforms so that bars and restaurants would have a way to deter youth from using false identification to enter their establishments or to order liquor.

The glass is still half empty

Nova Scotia has introduced a few other liquor policy reforms since 2017 that have improved operational realities for bars and restaurants. Most notably:

- Restaurant patrons can now enjoy two alcoholic drinks without ordering a meal; and
- Liquor service hours are now the same every day of the week, giving Sunday brunch-goers the ability to enjoy alcoholic beverages before noon.

But the following impediments are still keeping foodservice and hospitality businesses from reaching their full potential:

- Relatively high tax rates;
- No liquor server wage;
- No wholesale discounts on beer; and
- Unfair competition from craft breweries.

Restaurants Canada is hopeful that the province’s continued willingness to work closely with industry stakeholders will soon lead to progress in these areas.



How can Nova Scotia #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Introduce a liquor server wage.
- ☐ Reduce excessive liquor markups.

# PRINCE EDWARD ISLAND

On the right track, but progress stalled in key areas

PERFORMANCE RECORD

2015	2017	2019
B-	B-	B-

Despite being Canada’s smallest province, Prince Edward Island manages to punch above its weight for bar and restaurant operators.

The Island provides a very supportive environment for liquor licensees, mainly because it’s the only province besides Alberta with a wholesale discount program for wine, spirits and beer.

For more than a decade, Restaurants Canada has enjoyed a constructive relationship with the Prince Edward Island Liquor Control Commission, as well as elected officials working on the province’s liquor file. The Island’s policy-makers have demonstrated a clear appreciation for the critical role that licensed foodservice and hospitality businesses play for communities across the province and have taken many concrete steps to support their success.

Restaurants Canada looks forward to working with the province’s newly elected minority government to further build on this groundwork and raise the Island’s already enviable grade even higher.

“There is not enough variety in the types of liquor available on Prince Edward Island, and often there are shortages of the products usually available.”

– Jenny Allen,  
General Manager,  
Redwater Rustic Grille

Restaurateurs still well served

Since the last report card from Restaurants Canada, licensees have benefited from a number of new liquor rule reforms:

- Parents can now enjoy meals with their children at licensed establishments at all times (accompanied minors were previously prohibited from ordering a meal past 9 p.m. and were required to leave by 10 p.m.);
- Cursing is no longer against the law within bars and licensed restaurants (a clause prohibiting “vulgar or profane language” was finally removed from the Liquor Control Act, but “disorderly conduct” is still prohibited); and
- Many redundant and prescriptive regulations that were restricting licensed restaurant operations were eliminated (such as an outdated rule prohibiting counters or stools and another requiring table coverings).

The province worked closely with Restaurants Canada to introduce these changes as a stop gap measure on the way to a more comprehensive re-write of its liquor legislation.

After extensive consultation with industry stakeholders, policy-makers are now finalizing their recommendations for overhauling the Island’s alcohol rules and regulations. Hopefully the new provincial government will move forward with replacing the Liquor Control Act as soon as proposed legislation is drafted.

Price and selection need work

The small size of the P.E.I. market continues to limit the province’s ability to offer licensees a wide selection of beverage alcohol products at reasonable prices.

Still, work can be done to lower the markup that the provincial government collects on liquor sales so that bars and restaurants can provide better value for consumers.

The Island can also pursue co-purchasing agreements with other provinces to achieve larger economies of scale.



How can Prince Edward Island #RaiseTheBar?

- ☐ Seek co-purchasing agreements with other provinces to achieve larger economies of scale.
- ☐ Implement new liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Allow all licensees to sell alcohol products from any region for off-site consumption.
- ☐ Introduce a liquor server wage.
- ☐ Reduce excessive liquor markups.

## Survey says...

Compared to two years ago, liquor policies on Prince Edward Island are:



# NEWFOUNDLAND & LABRADOR

## Failing to show signs of improvement

### PERFORMANCE RECORD

2015	2017	2019
F	D-	D-

Very little has been done to improve the liquor policy climate in Newfoundland and Labrador since the province received a failing grade from Restaurants Canada in 2015.

Foodservice and hospitality businesses are still:

- Required to pay the same retail prices for liquor as consumers;
- Faced with some of the highest liquor licence costs in the country; and
- Burdened by an extraordinary amount of red tape from outdated alcohol regulations.

While some effort has been made to keep a positive line of communication open with industry stakeholders, the province remains at serious risk of being downgraded. Stronger government action is needed to avoid another F, let alone improve its standing.

### A hint of progress

Newfoundland Labrador Liquor Corporation (NLC) deserves credit for continuing to consult with the Licensee Working Group that was formed in response to the first report card from Restaurants Canada.

## Survey says...

Compared to two years ago, liquor policies in Newfoundland and Labrador are:



“Increased licence fees and the lack of wholesale pricing deter the growth of our liquor business.”

– Wilma Hartmann,  
Co-Owner/Operator,  
Anchor Inn Hotel

The working group meets quarterly to identify issues and come up with solutions, and also circulates a newsletter to keep licensees informed of any developments that might impact their operations.

Acting on one of the working group’s recommendations, NLC recently reduced the deposit amount that licensees must pay when ordering non-stocked liquor products. Now only 50 per cent of the cost is required up front, instead of 100 per cent. This has provided welcome relief for businesses that previously struggled with the loss of cash flow, over a significant amount of time, that was necessary for special liquor orders.

Thanks to the working group, licensees have also been able to benefit from improvements in product selection and experiences with liquor law enforcement.

But a lack of political will has unfortunately held the province back from taking steps to resolve more significant issues repeatedly raised by bar and restaurant operators.

### Might be a long wait

Licensed establishments across Newfoundland and Labrador have been experiencing painfully slow sales growth in recent years. While this has mainly been due to a weak provincial economy, unfriendly liquor policies make operational realities even harder in times like these.

Unfortunately, the cost of doing business is much higher for drinking places on the Rock compared to the rest of the country, and this seems likely to continue for the foreseeable future.

Despite recognizing the need to overhaul the province’s liquor legislation, policy-makers can’t move forward without support from elected officials. With the provincial government’s recent re-election to a weakened minority position, gaining traction to move beyond the status quo is going to be even more difficult.

## How can Newfoundland and Labrador #RaiseTheBar?

- ☐ Make wholesale pricing available to all liquor licensees, for all types of beverage alcohol products.
- ☐ Undertake a comprehensive re-write of liquor legislation to cut red tape and reflect changing market conditions.
- ☐ Reduce liquor licensing costs for establishments with higher sales volumes.
- ☐ Allow all licensees to sell alcohol for off-site consumption.
- ☐ Introduce a liquor server wage.
- ☐ Reduce excessive liquor markups.



# METHODOLOGY

Raise the Bar is a report that Restaurants Canada produces every two years evaluating the impact of provincial liquor policies on bars and restaurants.

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. **Pricing and Selection.** This category included factors affecting the supply of beverage alcohol to bar and restaurant operators. Provinces were awarded/deducted points based on availability of wholesale pricing, the ability for bar and restaurant owners to purchase liquor directly from producers, competition in the supply chain, available payment terms/methods, existing surcharges, and the range of products available for purchase.

2. **Licensing and Regulation.** This category took into consideration the cost of regulation to licensed foodservice businesses. It evaluated the complexity of the licensing process, licence wait times and required (and costly) advertising linked to licence applications. The actual cost of licences and their renewals, along with mandated kitchen requirements, were also part of the process for awarding/deducting points.

3. **Customer Sales.** This category included factors that affect the final price of the product to bar and restaurant operators over and above the actual cost to them of the product they sell. Points were awarded/deducted for customer surcharges (e.g., extra taxes), licensee off-sales, and the absence or existence of a minimum wage for liquor servers.

4. **Political/Regulatory Activity.** This category measured the political willingness to improve the current system. Provinces were evaluated on their recent activity to review, modernize, and simplify the liquor system for operators of licensed establishments. Government consultation

processes to bring about change for the foodservice and hospitality industry were taken into consideration. Lastly, governments were graded on their appreciation of the foodservice and hospitality industry's contribution to their provincial economy.

Based on feedback from members, Restaurants Canada assigned weights to the above four categories to calculate a final grade for each province. Members have established pricing as the most important issue when it comes to beverage alcohol. As a result, the first measurement factor, **Pricing and Selection**, had a weight of 45 out of 100. **Licensing and Regulation** is the second most important issue for the industry and, as a result, was given a weight of 30 out of 100. For **Customer Sales** the weighting was 15 out of 100 and for **Political/Regulatory Activity**, it was 10 out of 100.

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

All survey results featured in this report were compiled from responses to an online questionnaire that was emailed to foodservice operators across Canada between June 12 and Aug. 26, 2019. In total, more than 700 completed questionnaires were submitted. Please note that the margin of error is expected to be higher for survey results from smaller provinces.





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