



**FREDERICTON
CHAMBER
OF COMMERCE**
— The Voice of Business —

364 York Street, Suite 200
Fredericton, NB
E3B 3P7



10 February 2021

Hon. Ernie Steeves, Minister of Finance
Chancery Place
P. O. Box 6000
Fredericton, NB E3B 5H1

Via email: ernie.steeves@gnb.ca

Re: Capping Restaurant Delivery App Fees

Dear Minister Steeves:

I am writing today on behalf of our member restaurants and food-service providers.

As you are aware, restaurants have been amongst the hardest hit businesses throughout the pandemic – here in New Brunswick and across the world. Governments have reacted in various ways to support business and economies – through both direct financial aid as well as policy decisions and regulatory adjustments.

It is well understood that your government are sound financial managers and are trying to limit the province's long-term fiscal exposure. Premier Higgs has stated several times that New Brunswick's strategy is to rely primarily on federal support and to fill gaps where identified. Following up on my comments at your pre-budget consultation last month, one way that New Brunswick could assist restaurants is to limit the amount of fees food delivery apps (such as Skip the Dishes, Door Dash or Uber Eats) can charge in the province – like the Ontario and BC governments did late last year.

Our members tell us they pay up to a 30% commission to have orders delivered through these services, while the governments of Ontario and British Columbia have implemented a cap of 15% on delivery fees and 20% on all associated fees - while New Brunswick restaurants have faced tighter public health restrictions over the course of the past year.

From our perspective, changing the Province's mandatory order maybe a preferred method for effecting this change. Although at first glance the order may not seem like the appropriate place to deal with this it is the most efficient means to effective this change and would best reflect the potentially temporary nature of such a change. We are still in a health and financial crisis and we should continue to think and act that way.

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Two questions we have heard posed is “why would businesses put themselves on such a delivery app if it is so unprofitable?” or “Why wouldn’t a restaurant just create their own delivery service?” These are reasonable questions if one is unfamiliar with the restaurant industry.

- Restaurants are trapped by the expectations of customers and their reticence to leave their homes to go to a restaurant or even pick up takeout - many of our members have only starting using third-party delivery apps since the pandemic began.
- Not offering delivery is not a reasonable option - they will lose much of their substantially-reduced business without a delivery option – despite the high fees. They also risk losing customers in the long-term if they cannot serve them now.
- Because app fees are variable based on volume, the smaller the business, the higher rate they pay – hurting the restaurants that can least afford it, the most.
- Starting their own delivery service may not be financially viable – if it were, they would have implemented such a solution. They are already pivoting and adjusting to the realities of the pandemic in a multitude of ways – this endeavour would be a complex addition to their already full plates. The initial costs of launching their own delivery division are prohibitive, it is difficult to ensure human resources at this time and running a business that relies on perishable goods in a regulatory environment that has been constantly influx over the past year adds increased risk.

Finally, I would like to note that advocating for these types of restrictions on business is not a position our organization would normally take, but these are extraordinary times that call for extraordinary action – both from government and business.

Sincerely,

Krista Ross, CEO
Fredericton Chamber of Commerce

cc: Hon. Ted Flemming, Minister of Justice and Public Safety

cc: Hon. Arlene Dunn, Minister Responsible, Economic Development and Small Business; Opportunities New Brunswick

cc: Luc Erjavec, VP Atlantic, Restaurants Canada

cc: Carol Alderdice, President and CEO, Tourism Industry Association of New Brunswick

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