



Photograph courtesy of Canadian Restaurant and Foodservices Association

**Here's what's cooking:** One might think an industry that came out of the recession employing one million Canadians and another 210,000 indirectly might be a priority with policy-makers. But apparently not in the case of the Canadian restaurant industry.

# Why policy-makers should care about restaurants

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BY GARTH WHYTE

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Every dollar spent in a restaurant means about \$1.85 in the Canadian economy. Every \$1-million in restaurant sales mean about 27 jobs.

The Canadian Restaurant and Foodservices Association could lay out a large buffet of facts and statistics that show why the health of this industry is important for the overall economy. But for some reason, we simply aren't on the radar screen of policy-makers of any level of government.

As Canadians, we spend a lot of time talking about the auto industry, financial services, telecommunications, energy, forestry, health care, agriculture and tourism. But about an industry that accounts for 6.4 per cent of Canada's employment and four per cent of the national economy, not so much.

Much of this is cultural. Although restaurants have always played a large role in the daily lives of Canadians, we tend not to see them as important economic and social institutions. Think of us as the Rodney Dangerfield of economic sectors.

Yet, more than half of Canadians have either worked in a restaurant or know someone who has. Restaurants are the number one gateway to the Canadian workforce for newcomers and the young. They also account for a wide array of jobs that range from, yes, dishwashers to dietitians and scores of other career opportunities for chefs, sommeliers, accountants, food safety experts and IT professionals, to name just a few.

This is an industry two thirds independently owned by local entrepreneurs. It is also an industry in which someone can still start out washing dishes and wind up running a national chain.

No doubt we as an industry need to do a better job of telling our story to Canadians. But we also need governments of all levels to see the health of our sector as an important national, provincial and local asset.

After all, this is an industry that created 170,000 jobs between 1999 and 2010. In fact, we ranked third in total net jobs created behind retail and construction.

Unfortunately, restaurants are frequently sideswiped by government actions and policies. Not intentionally, maybe, but sideswiped just the same.

An example has just occurred in Ontario.

Most of us are aware of the fierce competition between pizzerias and manufacturers of frozen "delivery style" pizzas. Yet the Ontario government gave \$7-million in subsidies to a foreign-owned company to open a factory in London, Ont., to make frozen pizzas for the North American market for the

sake of creating 150 jobs.

Since when was any government in the business of picking winners and losers in the free market? How many Canadian companies would like the idea of government subsidizing their direct competitors—foreign or domestic?

With 81,000 outlets operating in every community in Canada, the restaurant industry stands to lose more than 150 jobs in Ontario alone. Somebody at Queen's Park didn't do the math.

Adding to the situation is a 1989 federal decision that means restaurants must pay 30 per cent per cent more for cheese than frozen pizza manufacturers do. So the foreign pizza manufacturer is arriving in London, Ont., with a generous subsidy, and a 30 per cent price advantage.

Finally, pizzeria pizzas are subject to HST. Frozen delivery-style pizzas are not.

There is a long litany of examples—from an archaic supply management system that has allowed the cost of industrial milk to rise 10 times faster than actual production costs to immigration policies that discriminate against low and medium-skilled labour.

We are looking to Ottawa to convene a public/private sector task force to develop a policy climate that will allow this important industry to grow and play the important role it does in Canadian life.

We are an industry that receives no subsidies. Nor do we seek them. All we want is a place at the policy table.

*Garth Whyte is president of the Canadian Restaurant and Foodservices Association.*