

Submission to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA)

Study on Youth Employment in Canada

Submitted by: Restaurants Canada

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Dear Committee Members,

Restaurants Canada appreciates the opportunity to contribute to the Committee's important study on youth employment in Canada. We thank the Members of Parliament on the Committee for undertaking this work and for inviting stakeholders from across the country to share evidence, perspectives, and recommendations. As the leading voice of Canada's foodservice industry, Restaurants Canada welcomes the chance to provide data-driven insights into the state of youth employment, the challenges facing young workers, and the opportunities for policy reform that can strengthen workforce participation and economic resilience across the country.

About Restaurants Canada

Restaurants Canada is a national, not-for-profit association representing Canada's diverse foodservice industry, including restaurants, bars, caterers, quick-service operators, suppliers, and other foodservice providers. Founded in 1944, Restaurants Canada advocates on behalf of 100,000 foodservice businesses across the country, ranging from small family-run restaurants to large national chains.

The Canadian foodservice sector is a cornerstone of the national economy, employing nearly 1.2 million Canadians, about six percent of the total labour force, making it the 4th largest private employer in the country, and generating over \$124 billion in annual sales while contributing more than \$38 billion to GDP. **It is also the single largest source of first-time jobs for Canadians, helping young people develop essential life and workplace skills.** Through its policy and research work, Restaurants Canada collaborates with all levels of government to promote economic growth, workforce development, and community well-being.

Overview

Canada's restaurant industry is the largest private-sector employer of young people, providing first jobs to one in five youth workers nationwide. More than 500,000 youth between the ages of 15 and 24 currently work in foodservice, over 40 percent of the total restaurant workforce, making the sector an unmatched entry point into the labour market. However, youth employment growth is being constrained by affordability challenges, declining discretionary spending, and barriers to Employment Insurance (EI) access. A permanent exemption from the Goods and Services Tax (GST) on restaurant meals would provide immediate stimulus to hiring, generating more than 25,000 additional youth jobs while supporting small businesses across the country. Restaurants Canada urges the Committee to consider tax relief, EI modernization, and targeted training initiatives as key levers to strengthen youth participation and long-term employment outcomes.

The restaurant industry plays an important role in introducing young Canadians to the world of work. It employs approximately 1.2 million people, about six percent of Canada's total labour force, and is the leading source of entry-level employment for youth. For decades, restaurants have provided flexible schedules and accessible employment that allow students to balance work with education while developing transferable skills such as teamwork, time management, communication, and leadership. These experiences form the foundation for future success, both within hospitality and in other industries. Every dollar spent in foodservice generates \$2.30 in wider economic activity, exceeding the national average of \$1.90 for all other sectors. The restaurant industry therefore not only contributes to economic output and GDP but also to the social infrastructure that underpins community life.

Evidence from the GST/HST Holiday and Youth Job Creation

Between December 15, 2024, and February 15, 2025, the federal government implemented a temporary GST/HST holiday on prepared meals. During that two-month period, the restaurant industry created approximately 24,000 new jobs, more than were added during the entire previous year. Although some of those jobs dissipated once the tax holiday ended, the sector still added 23,600 positions in the first nine months of 2025, compared to 21,200 across the broader private sector. Based on this performance and further economic modelling, Restaurants Canada estimates that a permanent GST exemption on restaurant meals would create 64,300 new foodservice jobs, roughly 40 percent of which would be filled by people under 25. The policy would also generate 15,685 spinoff jobs in related industries, encourage the opening of 2,680 new restaurants, deliver \$5.4 billion in consumer tax savings, and result in an additional \$1.5 billion in tax revenue and EI savings for the federal government. These findings demonstrate that a permanent exemption would be both economically sound and fiscally beneficial, while directly addressing the challenges of youth employment and affordability.

Challenges Facing Youth Employment in the Restaurant Sector

The youth labour-force participation rate has been declining steadily for nearly two decades. Among Canadians aged 15 to 19, participation has fallen by 17 percent since 2008, and the 20 to 24 age group has seen a four-percent decline. This represents roughly 50,000 missing young workers compared with pre-2008 trends. Mental health challenges, academic pressures, and the rising cost of living have contributed to reduced availability for part-time and flexible work.

According to an Angus Reid survey conducted in June 2025, 75 percent of Canadians report dining out less frequently due to affordability concerns, including 81 percent of those aged 18–34 and 86 percent of households earning under \$50,000 per year. Reduced restaurant traffic directly limits hiring capacity and youth employment opportunities.

Access to Employment Insurance remains another significant barrier. Many young workers hold multiple part-time jobs or work variable hours that make it difficult to accumulate enough insurable hours to qualify for EI benefits. Because of the structure of the current system, part-time and seasonal restaurant employees, who make up a large portion of the youth workforce, are often excluded from coverage. Restaurants Canada recommends reducing EI premiums from 1.64 percent to 1.58 percent for both employers and employees to lower payroll costs and improve take-home pay, while also modernizing EI eligibility to better reflect today's labour market realities.

Immigration, Regional Labour Shortages, and Youth Opportunities

The restaurant sector continues to face widespread labour shortages, particularly in rural, remote, and tourism-dependent regions. Current forecasts indicate that the industry could experience up to 115,000 vacancies by 2027. Immigration policy plays a crucial role in addressing these gaps. Prioritizing work-permit allocations for hospitality employers in underserved regions would help stabilize operations and preserve local youth employment. At the same time, youth-oriented employment programs that link newcomers and young Canadians through joint training and mentorship can build stronger, more inclusive communities while supporting economic growth.

Recommendations

Restaurants Canada participated in the pre-budget consultation process earlier this year and many of the suggestions we had proposed would be helpful to youth employment. Here are some of the recommendations to consider:

1. **GST exemption on all food:** Food is food and a healthy foodservice industry will generate more employment. Making the GST/HST exemption on ALL food permanent would spur consumer spending, strengthen small businesses, and immediately create more than 25,000 additional youth jobs.

2. **EI Premiums:** We need to adapt our social benefit systems to youth employment. Consider reducing EI premiums to 1.58 percent and modernizing eligibility rules so that young workers with multiple employers or variable hours can more easily qualify for benefits.
3. **National Hospitality Jobs and Training Program:** As industry changes, we can encourage young people to jump into the job market by establishing a national Hospitality Jobs and Training Program, modelled on the successful “Ready to Work” initiative, to provide job-readiness, skills training, and mentorship opportunities for youth and newcomers.
4. **Immigration flexibility for rural and tourism regions:** There has been a lot of talk about newcomers and temporary foreign workers lately and some of the rhetoric has been harsh for these people who have chosen Canada and have helped keep some of our small and medium business alive, especially in our rural communities. Consider implementing targeted immigration flexibility for rural and tourism regions, ensuring that local restaurants have access to the workers they need to sustain community employment.
5. **Technology and Productivity Investment Tax Credit:** We also rely more and more on technology to help our industry meet demand and streamline operations. Restaurants Canada would support the introduction of a Technology and Productivity Investment Tax Credit to help restaurants modernize operations, upgrade equipment, improve efficiency, and equip young workers with digital skills that will be essential in the future labour market.

Strategic, targeted tax relief and workforce investments would deliver broad economic and social benefits. A permanent GST exemption on restaurant meals is not simply a tax measure; it is a youth employment policy. It would provide cost-of-living relief for Canadians, stimulate small business growth, and empower the restaurant industry to expand its role as Canada’s largest youth employer. More than 7,500 Canadians have already signed Restaurants Canada’s *foodisfood.ca* petition supporting the permanent removal of GST from all food, underscoring strong public support for this initiative.

Conclusion

The restaurant industry is uniquely positioned to help address Canada's youth employment challenges. It provides young Canadians with their first jobs, teaches essential workplace skills, and builds the foundation for future careers. With the right federal policies, particularly a permanent GST exemption, EI reform, and targeted training programs, the sector can continue to create meaningful opportunities for hundreds of thousands of young Canadians while strengthening the national economy and community life.

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