



# FEEDING CANADA TOGETHER

Restaurants Canada's  
Recommendations for  
Strengthening Food  
Security in Canada

**JUNE 2026**

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# EXECUTIVE SUMMARY



Restaurants are a critical but often overlooked component of Canada's food security ecosystem. As the largest purchaser of domestically produced food and a key link between farmers, processors, distributors, and consumers, the restaurant sector helps sustain demand across the food supply chain while ensuring Canadians have access to safe, affordable, and diverse meal options. With an average transaction size per person of just \$12, restaurants provide an essential source of food access for millions of Canadians, including seniors, shift workers, travellers, and those facing barriers to preparing meals at home. As the Canadian government refreshes its approach to national food security, the health and competitiveness of Canada's restaurant sector should be recognized as an important factor in maintaining a resilient and accessible food system.

This report provides policymakers with unique insights, perspectives, and recommendations from Canada's foodservice sector. Drawing on a series of interviews with Restaurants Canada members, including independent restaurants and national quick-service restaurants (QSRs), it highlights the opportunities and challenges facing restaurants and foodservice operators, identifies key trends affecting the industry, and offers practical policy recommendations to support a more affordable, resilient, and competitive food system.

Restaurants Canada is a non-profit, member-based association, advancing Canada's diverse and dynamic foodservice industry through advocacy, knowledge, and connection. As the fourth-largest private-sector employer in Canada, the restaurant industry directly employs 1.2 million people, representing 6% of the national labour force, and generates over \$125 billion in annual sales, accounting for 4% of Canada's GDP.

Restaurants play an influential role in Canada's food economy, purchasing \$43 billion annually in food and beverages, of which approximately \$30 billion is supplied by Canadian producers – making the industry the largest purchaser of Canadian agricultural products. An estimated 68% of all food and beverage purchases by restaurants are sourced domestically, with key categories such as dairy, chicken, and beef exceeding 80% domestic content. Restaurants are not only major buyers of Canadian agriculture, but they are also a critical distribution channel that provides food access in communities across the country, including in rural and remote areas where they may be among the only prepared-food options available, and may double as local food storage and distribution points, emergency meal-production hubs, and workforce feeding infrastructure.

The restaurant industry creates jobs and plays a key role in the economies of almost every community across the country – rural and urban – while indirectly supporting jobs across various other industries, including agriculture.

However, our sector is struggling to manage the dramatic spike in food prices. Food costs have risen 12.5% over the past two years – more than twice the pace of overall inflation – and four in ten restaurants are now operating at a loss or merely breaking even, compared with just 12% in 2019. When restaurants cannot absorb these pressures, the impact extends well beyond individual businesses to the producers who supply them and the communities that rely on them for food access and employment. When our industry suffers, so do our suppliers – and so does Canada.

On behalf of our members, Restaurants Canada appreciates the opportunity to provide input to Agriculture and Agri-Food Canada as it develops its National Food Security Strategy. This submission is organized around food cost drivers affecting restaurants, food loss and waste, and domestic production capacity and supply chain barriers. It concludes with a set of recommendations for inclusion in the National Food Security Strategy.

## Key recommendations:

- 1. INVEST IN FOOD SUPPLY CHAIN INFRASTRUCTURE:** Upgrade transportation, cold-chain, and distribution infrastructure to reduce spoilage, cost, and supply disruptions in rural and remote communities, such as those served by Marine Atlantic in Newfoundland and Labrador.
- 2. MODERNIZE SUPPLY MANAGEMENT OVERSIGHT:** Restaurants Canada recognizes the role that production quotas, administered pricing, and import quotas play in supporting Canada's food sovereignty and security. However, without modernization, the system can also drive-up consumer prices, particularly as input costs rise. Reviewing tariff-rate quota allocation and the pricing of dairy and poultry could improve food affordability while preserving the overall system.
- 3. INVEST IN GREENHOUSE AND CONTROLLED-ENVIRONMENT AGRICULTURE:** Fund year-round growing capacity at scale, paired with energy-cost relief for operators, to improve the supply of Canadian-grown produce and reduce Canada's reliance on U.S. supply.
- 4. PERMANENTLY EXEMPT ALL FOOD, INCLUDING RESTAURANT MEALS, FROM GST/HST:** Extend the existing grocery exemption to restaurant meals, recognizing that foodservice accounts for roughly a quarter of household food spending and is part of the food-access network.
- 5. CONDUCT A PAN-CANADIAN EPR COST ANALYSIS:** Analyze Extended Producer Responsibility (EPR) costs nationally and adopt benchmarking to keep fees reasonable and fairly distributed.
- 6. HARMONIZE FOOD SAFETY STANDARDS AND ACHIEVE MUTUAL RECOGNITION OF CERTIFICATIONS:** Work with the Canadian Food Inspection Agency, and provincial and territorial counterparts, to establish mutual recognition of food safety certifications and harmonized inspection standards through the Canadian Free Trade Agreement regulatory reconciliation process, reducing unnecessary administrative burdens and barriers to interprovincial commerce.

# 1. THE RESTAURANT INDUSTRY IN CANADA'S FOOD SYSTEM

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Canada's restaurant industry is a vital part of the country's agricultural economy and food security system. As a major purchaser of Canadian food products, restaurants help sustain domestic producers and strengthen connections across the food supply chain. They also play an important role in ensuring food access for Canadians, particularly in communities where prepared meal options may be limited

## The State of the Industry

The restaurant industry has been experiencing a sustained period of financial pressure since 2019. This has caused eroding margins, limited investment, and has threatened the viability of operators across the country. According to Restaurants Canada's latest quarterly report:

- ⇒ **91%** of operators cite food costs as a top challenge.
- ⇒ **70,000** foodservice jobs are vacant today, and vacancies are expected to exceed to 105,000 by 2030.
- ⇒ **SEVEN IN TEN** operators report that customers are dining out less due to affordability pressures.
- ⇒ **FOUR IN TEN** restaurants are operating at a loss or just breaking even – compared to just 12% in 2019.

Over the past two years, restaurants have reported significant increases across all major operating expenses: total food costs up 12.5%, total labour costs up 11.3%, insurance up 13.9%, utilities up 11.2%, and other operating expenses up 11.4%. These increases are growing at more than twice the pace of overall inflation (4.5%).

The sector is facing unsustainable financial pressure, which will have negative implications for Canada's domestic food system, agri-food businesses and the communities that rely on restaurants for food access and employment.

## 2. FOOD COST DRIVERS

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Food is the largest single expense in the restaurant industry, accounting for 34.4% of operating revenue. The price of many key ingredients is rising at a pace far exceeding overall inflation. At present, in 2026, compared to the same period two years ago, prices have increased for roasted and ground coffee (41%), beef (29%), nuts and seeds (16%), bacon (13%), pork (11%), and fresh milk (7%). As of March 2026, compared to March 2025, produce prices have also accelerated; for example, cucumbers are up 28%, tomatoes up 14%, lettuce up 12% and carrots up 6%.

Most restaurants cannot adjust their prices every time the cost of their inputs rises, as there is a limit to how much consumers can absorb without driving them away. As a result, when food input costs rise, many operators absorb those costs rather than fully passing them on through menu prices, which further squeezes already thin margins.



### 2.1 Beef, Chicken, Dairy and Seafood

Beef, chicken, dairy and seafood are among the most significant food cost pressures for restaurants.

#### **BEEF**

Beef prices in Canada are soaring due to a severe supply shortage driven by multi-year droughts in Western Canada, which forced ranchers to cull herds, combined with high production costs for feed and fuel, and strong demand. Canada's cattle inventory has hit its lowest level since the 1980s,

driving up prices with high costs likely to persist through 2027. As Canadian-based businesses, Restaurants Canada members prefer to procure from the Canadian market. However, members have shared that from a pure cost perspective, it would be cheaper to source beef from Argentina, Australia, or New Zealand than from Canadian suppliers. At the same time, regulatory constraints and limited import flexibility make it difficult for Canada to offset domestic shortages through imports, which contributes to upward pressure on beef prices.

## **CHICKEN**

Chicken prices are rising in parallel as operators and consumers substitute away from increasingly expensive beef, driving demand-side pressure on poultry prices. Domestic chicken production has not kept pace with quota allocation over the past year, compounded by supply-side constraints, including avian influenza-related losses. Due to supply management and quota restrictions, it is increasingly challenging to respond when domestic production falls short.

Given the scarcity challenge, tariff-rate quotas (TRQs) for poultry should be reassessed to ensure restaurants can access sufficient supply to meet consumer demand at reasonable prices.

## **DAIRY**

Dairy and cheese are major cost concerns for restaurants. Members have described Canadian dairy as costing significantly more than equivalent U.S. products – estimating a roughly two-to-one price differential.

The Canadian dairy system has been identified by members as a structural driver of food costs, with members describing annual price increases for dairy and cheese that are disconnected from broader market conditions. While we acknowledge supply management's role in protecting Canadian dairy farmers, the current system has delivered too little transparency, competitiveness, or oversight around pricing.

In this environment, access to import supply through TRQs becomes especially important for stabilizing supply availability and meeting consumer demand. TRQs provide foodservice operators and processors with the flexibility to supplement domestic production during periods of shortage or supply disruption, helping to reduce volatility in pricing and product availability. Maintaining predictable and accessible TRQ allocations is critical to ensuring restaurants can continue to serve customers consistently while supporting affordability across the foodservice sector.

## **SEAFOOD**

For some members, the cost of seafood has been rising notably for their businesses, even for locally caught seafood. Rising operating costs for fishing fleets, including fuel, labour, and

regulatory compliance, all flow through the price of seafood before it reaches a restaurant. Seafood supply chains are also described by members as highly commercialized and controlled by larger players, with small restaurants struggling to access product in the form and quality they need. Some have described that, despite living in a seafood production region, they are still forced to purchase their inputs frozen from Asia.

## 2.2 Produce

Fresh produce is challenging to source domestically due to Canadian growing conditions and insufficient domestic production to meet year-round demand. This is reflected in the price of produce. Restaurants often experience unpredictable, unhedgeable price swings in produce that are too rapid to reflect in menu pricing. The cost of tomatoes, for example, can fluctuate greatly between lower prices during peak season versus much higher costs during the winter months.

This volatility is directly linked to a domestic production gap. Canada's climate and limited greenhouse growing capacity means the restaurant industry is heavily exposed to weather, seasonality, and U.S. supply conditions for core menu ingredients that cannot be easily substituted or removed. As of March 2026, year-over-year price increases for cucumbers (28%), tomatoes (14%), and lettuce (12%) underscore the extent of this exposure.

Due to the domestic gap and Canada's seasonality constraints, importing produce is a must for restaurants. Free trade, particularly with the United States and Mexico under the Canada-U.S.-Mexico Agreement (CUSMA), is crucial for the restaurant sector's access to perishable goods.

## 2.3 Extended Producer Responsibility (EPR) and Packaging-Related Costs

The restaurant industry supports efforts to reduce waste and strengthen Canada's circular economy, but inconsistent rules across jurisdictions are adding cost and uncertainty at a time when restaurants are still recovering from COVID-related closures and tariffs.

Extended Producer Responsibility (EPR) programs require producers, including restaurants, to take financial and operational responsibility for the end-of-life management of their packaging. As of 2025, ten provinces and territories have established different EPR programs across Canada, with most coming online over the last couple of years. These programs have become an emerging cost pressure and administrative burden that is of increasing concern for the industry. This is particularly relevant for restaurants that offer takeout and delivery, which now find themselves responsible for the end-of-life management of the packaging.

In the absence of policy guardrails, EPR has introduced new, non-discretionary costs that have increased rapidly in some provinces. Restaurants Canada data shows that average EPR fees per restaurant location rose sharply between 2020 and 2025. In Ontario, fees increased from \$1,600 to \$7,000, while in Quebec they rose from \$2,500 to \$10,800 – equivalent to increases of 339% and 337%, respectively. These increases are far outpacing the rate of inflation.

In Ontario, where EPR fees rose 339%, cumulative inflation was about 20% over the same period – meaning EPR fee growth was roughly 17 times the rate of inflation. If EPR fees rose at the same pace as inflation, the average restaurant in Ontario would be paying roughly \$5,000 less per location.

The industry is also grappling with a patchwork of packaging-related regulations across all levels of government, including compliance and reporting under the Federal Plastics Registry. For restaurants, especially those operating nationally, this creates a growing administrative burden as they navigate differing definitions, reporting requirements, and program designs across jurisdictions. For national operators, complying with multiple regimes often requires additional staffing or consulting support, further increasing costs.

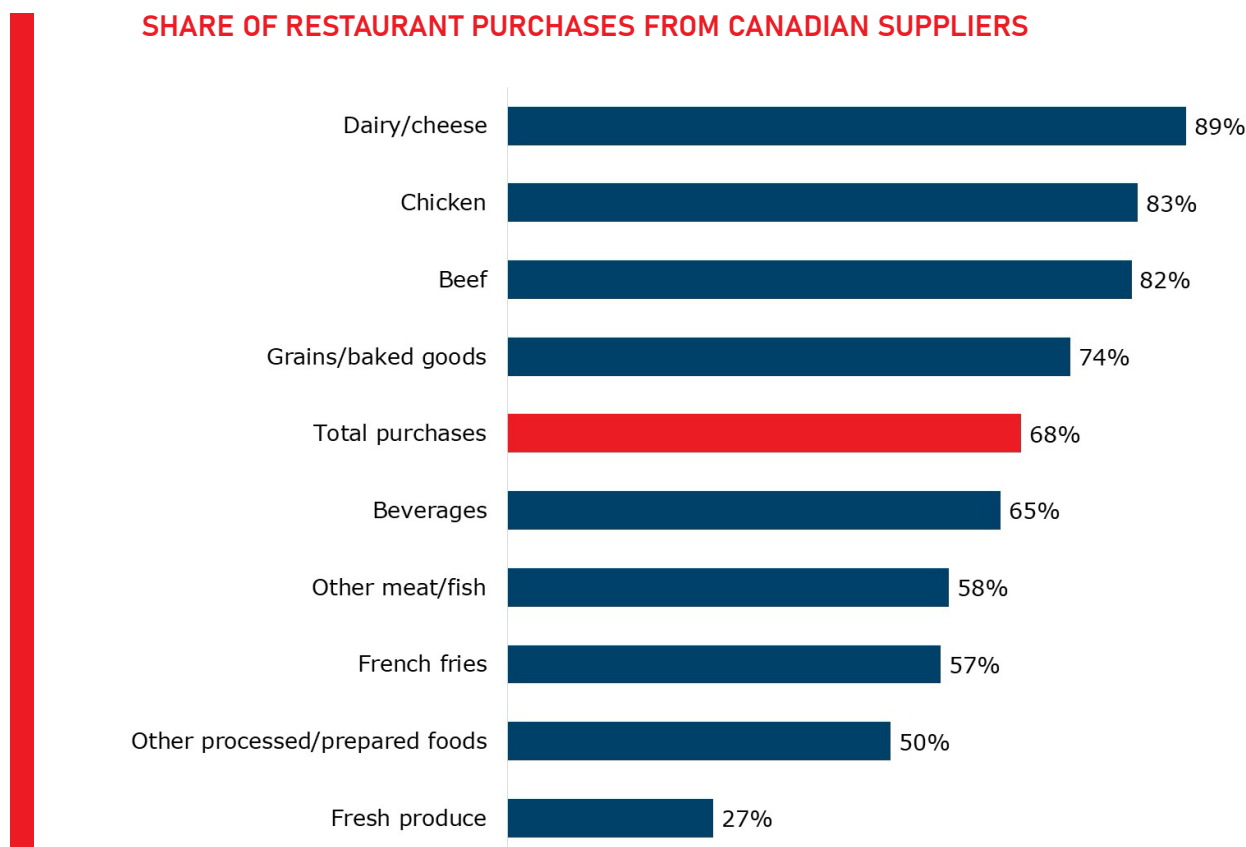
## 2.4 Other Indirect Costs

Energy prices and transportation costs also affect restaurant food costs and supply chain stability. Higher energy prices push food costs upward across the supply chain through increased transportation, production, and distribution expenses. Geopolitical instability has also contributed to sharp increases in energy prices and a surge in fertilizer costs, creating broader inflationary pressures on food.

## 3. DOMESTIC PRODUCTION CAPACITY AND CANADIAN SOURCING

### 3.1 Canadian Sourcing is High – the Gap is in Produce

Restaurants Canada members buy most of their food from Canada. An estimated 68% of all food and beverage purchases by restaurants are sourced domestically. Key categories such as dairy/cheese, chicken, and beef have the highest domestic content, with more than 80% of purchases derived from Canadian suppliers.



Fresh produce is the largest gap in Canadian sourcing. Restaurants rely heavily on U.S. suppliers for core ingredients because Canada's climate limits year-round outdoor production, and domestic

greenhouse capacity, while growing, is not expanding quickly enough to meet foodservice demand at competitive prices.

## 3.2 Processing and Specification Gaps

There are product categories that exist in the Canadian market but do not meet the specifications of some restaurants. For example, with baby back ribs, while Canada is a major pork producer, Canadian pigs are typically slaughtered at a larger weight, producing significantly larger ribs than what some restaurants need for their menus. Meanwhile, in Europe, pigs are slaughtered at a lesser weight and can meet the specifications desired for Canadian restaurants. The issue is not production volume but rather a lack of alignment between processing and market needs.

Switching to Canadian sourcing can also be complex and require long lead times. For example, one quick-service restaurant (QSR) brand stated they have tried to explore Canadian alternatives for some produce, but due to the crop cycles and production capacity constraints, a product that may seem simple to substitute can require a multi-year effort to source domestically at scale.

Members in Atlantic Canada raised a distinct barrier to sourcing local seafood producers. One operator, located directly beside the Bay of Fundy with lobster boats visible from his restaurant, described being unable to buy directly from those fishermen. Instead, lobster must go through the supply chain: the product is transported to processing centres, distributed through established channels, and, in some cases, shipped internationally before being sold back to a restaurant located metres from where it was caught. Another operator in Atlantic Canada noted that, despite the region being a major seafood-producing region, direct fisher-to-restaurant sales are technically possible but not practical: most fishers are not interested in selling small quantities to individual restaurants, and the industry is structured around large commercial channels.

## 4. SUPPLY CHAIN BARRIERS

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### 4.1 Distributor Models and Concentration

The foodservice industry uses a range of distribution models. Many operators rely on broadline distributors - wholesale suppliers that carry a large and diverse inventory to source their products. However, some larger brands use a single, dedicated distributor to manage logistics, inventory, and delivery, while sourcing decisions rest entirely with the brand itself.

Based on conversations with our members, the challenge is not with distributor concentration but with supplier concentration behind it. Even with contingency plans, restaurants can be exposed due to the highly consolidated supplier ecosystem. For example, a major QSR brand noted that in several product categories, there are simply not as many alternative suppliers available at the scale their restaurants require.



### 4.2 Rural and Remote Distribution

Rural and remote communities face significant distribution challenges that extend beyond cost and include access, reliability, and food security.

Operators in Newfoundland have described a supply chain that is significantly different from the rest of Canada, as the province is entirely dependent on marine and air logistics, with no land

connection to the rest of Canada. Supply reliability can be the single biggest day-to-day challenge for restaurants, as they often cannot count on basic products being available. Broadline distributors operating in Newfoundland and Labrador may have less product availability than in other provinces, such as Nova Scotia, because they require sufficient demand to justify distributing product to the Island of Newfoundland. Fresh products can also have consistent quality issues, as fresh herbs and other delicate items may need to be discarded upon arrival. Restaurants often learn to avoid ordering certain items altogether because of the likelihood they will arrive unusable.

Even for major national brands, Newfoundland requires additional logistics planning due to its ferry dependence and geography. Distribution interruptions occur, and when product issues arise, replacement or recovery takes longer than in other regions.

Similar issues arise in other rural markets, where delivery frequency can limit access to food. For example, a restaurant in a rural tourism community in New Brunswick reported receiving only about 2 deliveries per week from major distributors, as more frequent deliveries are not financially viable for the distributors. During summer tourism surges, suppliers often cannot stock enough inventory to meet peak demand, forcing restaurants to scramble for substitute products.

These challenges reflect a broader structural issue in Canada's food distribution system. Moving product east-west within Canada is often more expensive and less efficient than shipping the same goods north-south from the United States. Even domestically grown products, such as tomatoes from Ontario, may be uneconomical to ship to Western Canada compared with importing from California. Newfoundland is an extreme example of this distribution problem, as winter ferry disruptions can quickly create a food desert and leave communities with limited access to food.

Improving food transportation infrastructure (including ferry services through Marine Atlantic to Newfoundland) and investing in regional processing and distribution capacity would help address this structural disadvantage.

These challenges are not necessarily felt equally across all operators. For franchised national systems, rural and remote locations can still be commercially viable, partly because their restaurants are one of the few dining options in the community. Additionally, remote franchised operators benefit from being part of a national system that helps offset issues related to cost and access. Independent operators in the same communities, however, face these pressures without the buffer of a national network, which is why investment in rural distribution and infrastructure is crucial for them.

## 5. FOOD LOSS AND WASTE

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Restaurants are economically incentivized to minimize food loss and waste, as this represents a direct loss to the restaurant's bottom line. In response to high food costs and to control expenses, restaurants have increased tracking of food waste. This reflects a broader industry focus on improving efficiency, reducing spoilage, and maximizing the value of food purchases amid persistently high input costs.

The foodservice sector takes meaningful steps to reduce and divert food waste by:

- ⇒ **USING FORECASTING** to guide inventory management and production planning.
- ⇒ **OPTIMIZING MENUS** and portion sizes to minimize waste.
- ⇒ **REPURPOSING** surplus food into new menu items.
- ⇒ **DONATING** excess food to food banks and farms or partnering with surplus-food organizations.
- ⇒ **COMPOSTING** remaining waste and participating in used cooking oil recycling programs.

Considerable food waste can come from supply chain factors such as delivery timing and spoilage in transit, particularly in more remote areas. For example, restaurants in Newfoundland often experience supply chain-driven waste as a direct consequence of the ferry-dependent logistics that characterize the province's market and often avoid ordering certain products due to the probability they may arrive unusable.

Food donation and redistribution from restaurants can be practically limited by the nature of foodservice operations. Surplus volumes are often small and inconsistent, and may involve already cooked or heated food, making scheduled pickups of leftover food impractical. Restaurants can also be hesitant to participate because of food safety obligations related to donated food, particularly as cooked or prepared food is considered higher-risk, carrying stricter handling, cooling, and temperature-control expectations that are difficult to maintain through transport and redistribution.

## 6. RECOMMENDATIONS

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### 1. INVEST IN FOOD SUPPLY CHAIN INFRASTRUCTURE

The federal government should invest in the supply chain infrastructure that underpins food distribution across Canada. Upgrading Canada's food transportation infrastructure, including rail, port, and rural roads, helps make supply chains more efficient and ensures food reaches communities in a cost-effective and reliable manner. The federal government should focus on:

- ⇒ Addressing transportation bottlenecks that increase costs and spoilage. For example, improving Marine Atlantic services to strengthen food security in Newfoundland and Labrador, where ferry dependence creates supply disruptions, higher costs, and diminished product quality.
- ⇒ Expanding cold-chain infrastructure to reduce spoilage in transit, particularly for fresh produce and protein moving to rural and remote communities.
- ⇒ Investing in highways, rail corridors, ports, and intermodal facilities that provide better supply linkages to geographically isolated regions.
- ⇒ Modernizing supply chain data and forecasting to provide real-time visibility into supply chain pressures. Improved data sharing could help the food industry identify shortages earlier, improve inventory management, and reduce waste.

### 2. MODERNIZE SUPPLY MANAGEMENT OVERSIGHT

While Restaurants Canada members understand and appreciate the role of production quotas, set pricing, and import quotas in maintaining national food sovereignty and security, without modernization, the system can inflate consumer prices, especially amid rising input costs. The [OECD has reported](#) that supply management, including tariff rate quotas (TRQs) and pricing mechanisms, raises Canadian dairy and poultry prices above world levels. The impact is felt acutely by our sector and likely extends to the grocery aisle and the dinner table. Working within the existing framework, aspects of Canada's supply management can be reviewed and modernized as a measure to improve food affordability. For example, such reforms could include:

- ⇒ Allocating more TRQ directly to retailers and foodservice buyers.
- ⇒ Separating industrial-facing TRQs from consumer TRQs. Canada should reserve a larger share for finished consumer products like cheese, butter, yogurt, chicken cuts, and eggs.
- ⇒ Using “use it or lose it” rules aggressively. A [2025 RBC report notes](#) TRQ access is often underused because processors control much of the quota and shelf-life access. By making the system auditable, Parliament would have better visibility into whether low-tariff access is being put to full use.
- ⇒ Creating a consumer price test for TRQ applicants. Give more quota to applicants who can demonstrate imports will reach retail shelves at lower prices, not just absorbed into processing margins.
- ⇒ Working with the provinces to re-evaluate pricing formulas with a food affordability lens. Clearer insight into how domestic poultry prices are determined would help food-supply sectors manage risk and make strategic sourcing decisions, better insulating Canadian consumers from price volatility.
- ⇒ Adjusting access quantities for the CUSMA chicken TRQ to align with product demand while keeping the product affordable for Canadians. As part of CUSMA, Canada committed to initially granting 47,000 metric tons, increasing to 57,000 metric tons by 2026, growing by 1% for an additional 10 years, in addition to access granted under the World Trade Organization (WTO) TRQs. Unfortunately, this access does not match the scale of growth of demand for affordable chicken products, and access that has come online since then has not provided relief (i.e., CPTPP TRQs) due to mismatched quality.

### 3. INVEST IN GREENHOUSE AND CONTROLLED-ENVIRONMENT AGRICULTURE

To close the produce gap and reduce Canada’s reliance on U.S. supply, the federal government should invest at scale in greenhouse and controlled-environment agriculture. Restaurants Canada welcomes the federal government’s commitments to lower production costs through [immediate expensing for greenhouse buildings and the \\$500 million Strategic Response Fund allocation](#) to help businesses address the costs of supply chain disruptions.

To further enhance Canada’s year-round growing capacity, the government should look to lower energy costs for greenhouse operators. Year-round produce production in Canada’s climate depends on energy, and elevated heating and electricity costs can remain a central concern for greenhouse operators. Capital incentives alone will not improve capacity if operating costs make

production unsustainable. Energy-cost relief for greenhouse operations would help build on the recently introduced expensing measures.

Additionally, the federal government should ensure that any financial support for expanding Canada's greenhouse capabilities is distributed evenly among the provinces to help reduce food insecurity stemming from geographic and infrastructure constraints.

This investment would reduce price volatility in produce, strengthen food security, create agricultural jobs, and reduce the industry's exposure to trade disruptions with the United States.

## **4. PERMANENTLY EXEMPT ALL FOOD, INCLUDING RESTAURANT MEALS, FROM GST/HST**

Far from being merely a discretionary expense, the restaurant sector is an important part of Canada's food-security network, providing accessible meals to millions of Canadians every day.



Restaurants are already embedded in how Canadians obtain food, not merely how they entertain themselves. Statistics Canada reports that the average Canadian household spent 28% of their food budget on restaurant meals and snacks. At the time, Canada had more than 100,000 restaurants, caterers, and bars, serving approximately 23.7 million visits each day. Nearly half of Canadians consume food prepared away from home at least once a week.

This matters because food security is not just about food production; it's about reliable access to food. A system that supplies roughly one-quarter of household food spending is not peripheral to food access.

The Government of Canada [defines food insecurity](#) primarily as the inability to acquire adequate food because of financial or other barriers. The same research identifies disability, poor housing conditions, and other socioeconomic factors as major predictors of food insecurity. For these groups, prepared food services - including restaurants, cafeterias, diners, and takeout establishments - can function as a practical means of obtaining meals. Moreover, for single adults, seniors, students, or people living in hotels or rooming houses, buying ingredients, storing them, and cooking can often cost more than a restaurant meal.

In many small towns, remote communities, transportation hubs, and urban neighbourhoods, restaurants also provide food-resilience infrastructure that might otherwise be unavailable. The local restaurant doubles as the local food storage and distribution point, emergency meal-production capability, and workforce feeding infrastructure. In short, restaurants expand the physical network through which food reaches people.

However, while grocery food is exempt from GST/HST, restaurant meals remain fully taxed. Permanently exempting all food, including restaurant meals, from GST/HST would lower food costs for Canadians and stimulate job creation. Restaurants Canada estimates a permanent exemption would generate over 64,000 new jobs, produce billions in consumer savings and address affordability concerns, all while increasing government revenues through the broader economic activity that follows. Every dollar spent in the foodservice sector generates \$2.25 in total economic output. This measure would directly advance the Strategy's objective of improving access to affordable food.

## 5. CONDUCT A PAN-CANADIAN EPR COST ANALYSIS

Extended Producer Responsibility (EPR) is an environmental policy strategy that shifts responsibility for managing products at the end of their life from municipalities and taxpayers to the producers who place them on the market. EPR programs in Canada are implemented at the provincial and territorial level, with most provinces and Yukon having legislated programs covering various products.

While EPR creates incentives for waste reduction and more sustainable product design, it also represents a large transfer of recycling costs from municipalities to businesses, with the resulting costs flowing through the food supply chain. Without national benchmarking to ensure costs are reasonable, consistent, and fairly distributed, some provincial regimes have disproportionately downloaded costs onto obligated food producers and providers - including restaurants. For example, data from Restaurants Canada member companies shows that EPR fees have increased by 339% in Ontario and 337% in Quebec between 2020 and 2025 alone.

To strengthen recycling policy and avoid unintended food price inflation, Restaurants Canada recommends that the federal government work with the provincial governments and the restaurant industry to conduct a pan-Canadian EPR cost analysis to understand the cost implications for the Canadian food system. To address discrepancies across the provinces and territories, the federal government could use the resulting data to implement a national benchmarking system to ensure EPR costs are reasonably contained and fairly distributed across the food chain.

## **6. HARMONIZE FOOD SAFETY STANDARDS AND ACHIEVE MUTUAL RECOGNITION OF CERTIFICATIONS**

Canada's restaurant operators navigate a fragmented landscape of food safety standards, certification requirements, and inspection protocols that vary significantly across provincial jurisdictions. For restaurant chains operating in multiple provinces, this patchwork creates duplicative compliance obligations, inconsistent certification recognition, and administrative costs that bear no relationship to food safety outcomes. A food handler certified under one provincial standard may not be recognized in the next province, creating barriers to labour mobility and adding credentialing costs that fall most heavily on small operators, who are least equipped to absorb them. These costs are not abstract: they flow through to menu prices and ultimately to consumers already under significant affordability pressure.

Restaurants Canada, therefore, welcomes the government's commitment in the 2026 Spring Economic Statement to amend the Canadian Food Inspection Agency Act to include explicit consideration of food security and the cost of food in the CFIA's mandate. To continue addressing food security, the Canadian Food Inspection Agency (CFIA) should convene with provinces and territories to develop mutual recognition of food safety certifications and establish common inspection standards through the Canadian Free Trade Agreement's regulatory reconciliation process, thereby reducing unnecessary administrative burdens and barriers to interprovincial commerce.

## 7. CONCLUSION

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The Canadian foodservice industry is the largest commercial purchaser of Canadian agricultural products, and as an industry, provides food access in communities across the country, supports local and regional sourcing, and employs Canadians in every region.

The recommendations in this submission are designed to help address the root causes of food cost inflation, strengthen domestic food production, improve supply chain resilience, and reduce food waste – four objectives central to the Strategy. They are grounded in industry data and the direct operating experiences of Restaurants Canada members across the country. Restaurants Canada urges Agriculture and Agri-Food Canada to reflect these recommendations in the National Food Security Strategy, recognizing that a healthy restaurant sector is essential to affordable food access, a resilient supply chain, and the livelihoods of the producers and communities that depend on it.

Restaurants Canada looks forward to continued engagement with Agriculture and Agri-Food Canada as the Strategy evolves, and to working together toward our shared goal of improving food security and food sovereignty across Canada.

