

POLICY BRIEF:

Few Alcohol Violations After Red Tape Cut

Colin Craig | September 2022



Executive Summary

After COVID-19 emerged in Canada, governments across the country began imposing many new restrictions on society – capacity limits on businesses, curfews and vaccine passports to name a few.

However, there were also many examples of governments cutting red tape to help citizens and businesses get access to the goods and services they needed. For example, every provincial government allowed restaurants to start selling alcohol with their takeout and delivery orders.

According to Restaurants Canada, an industry association that represents over 30,000 foodservice businesses, there were three reasons governments had been reluctant to allow this option before COVID: the potential for customers to overconsume, minors getting access to alcohol and the threat this service provided to competitors, including government-owned liquor stores.¹

SecondStreet.org filed Freedom of Information requests across the country to determine how many violations and complaints, if any, arose from this policy change. We wanted to assess if the ban had been justified for all these years.

Nine provinces responded to our data request (we were unable to obtain data from Quebec). The data showed:

- **Overall complaints and violations were low:** Not including Quebec, we identified approximately 106 complaints nation-wide (far fewer led to violations). This works out to less than one complaint per month per province. Many complaints were related to restaurants selling mixed cocktails for delivery, a practice not allowed in many provinces.
- **Little evidence that minors accessed alcohol:** Six provinces provided clear details on complaints and violations that arose from this policy change – only one establishment faced complaints of serving minors.

- **Education was a common response:** Many provinces indicated that they were able to address violations and complaints from this new policy change by reviewing rules with licensed establishments to clarify what is and isn't allowable.

Not only did this policy change result in relatively few complaints and violations, it was popular with the public. Public opinion research conducted for SecondStreet.org in May 2020 showed that 64% of Canadians thought consumers should have the option to purchase alcohol through takeout and delivery orders after COVID had subsided (at the time, some provinces had only allowed this option temporarily).²

Governments could build on lessons learned from this red tape experience by removing additional alcohol-related regulations in the restaurant and foodservices sector. For instance, many jurisdictions limit what alcohol suppliers provide free of charge to licensed establishments. In Alberta, a licensed establishment is unable to accept cash, furniture and fixtures from a supplier. The government has even decided that a 12 cubic foot refrigerator is acceptable for the establishment to accept free of charge, but a 13 cubic foot refrigerator or higher would cause harm.³

More broadly, governments could consider implementing permanent processes to regularly review red tape to ensure existing regulations are necessary and in keeping with advances in technology and societal change. This approach would differ from a current common practice which is to strike temporary red tape review committees.



Methodology

SecondStreet.org filed Freedom of Information (FOI) requests with each provincial government to gather data on the number of violations and complaints since this policy was embraced. Generally speaking, the FOI requests covered the period from March 2020 through to the end of June 2021 (in some cases the period covered a longer range, see individual FOI responses posted on www.secondstreet.org for more details). We were unable to obtain data from Quebec.

Provincial Breakdown	
Province	Summary
BC	The government did not provide data indicating the total number of violations and complaints. However, they did provide 94 pages of materials that suggest complaints were made about a dozen different restaurants (1-2 complaints per establishment). Complainants raised concerns about products they believed were ineligible (e.g. mixed cocktails) rather than minors getting access to alcohol.
AB	The government did not provide clear data indicating the total number of violations and complaints. However, they did provide 25 pages of correspondence that suggests complaints were made about nine establishments. Complainants raised concerns primarily about products they believed were ineligible (e.g. mixed cocktails). One complaint was raised about an establishment selling alcoholic beverages to minors.
SK	The government investigated 10 establishments for possible violations and found nine of them were in violation of the government's policy. Six were provided with educational guidance and three were issued notice for improvements. Alleged violations included, but were not limited to: consumers purchasing off-sale products and consuming them on the restaurant's patio, improperly delivered alcohol and selling growlers for off-sale. No complaints were raised about selling products to minors.
MB	The government indicated they responded to "five complaints and dealt with two breaches" related to restaurants selling alcohol with takeout and delivery orders.
ON	61 Complaints were made leading to 23 violations. No additional details were provided.
QC	N/A
NL	No complaints or violations.
NB	No complaints or violations.
PE	The government's response does not provide a breakdown of complaints/violations arising specifically from takeout and delivery sales.
NS	Nine complaints were made. The government appeared to address them with written and verbal warnings and education about the rules. Most complaints were related to selling mixed drinks and alcohol with grocery orders.

As noted in the table above, government records provided to SecondStreet.org only showed one complaint (Alberta) about a restaurant selling alcohol to minors through takeout and delivery orders.

However, readers should note that data provided by Ontario, Manitoba and Prince Edward Island did not break out details for complaints and violations in their province. Complaints in those provinces could include concerns about sales to minors. However, in other provinces, where details were provided, complaints were almost entirely related to other rules not being followed, including the sale of mixed cocktails and other beverages that aren't allowed, alcohol not being properly packaged, consumers drinking the beverages on the business's patio and more. One could assume some of these violations were due to the fact the policy is new and some businesses were not fully aware of the limitations of the policy change.

Considering the data covered nine provinces and more than one year of sales, it's clear that restaurants selling alcohol to minors through takeout and delivery sales is not the problem some thought it would be. There may be individual problem cases that have not been reported, but the relatively low total of overall complaints and violations nation-wide suggests this policy option is not the problem some expected.

The Benefits

In 2019, prior to the arrival of COVID-19 in Canada, Restaurants Canada surveyed their members and 75.4% indicated that being able to sell alcohol for takeout and delivery orders would have a positive effect on their business.⁴

While SecondStreet.org did not locate any survey data related to how this policy change has affected restaurants in Canada, evidence from the United States suggests it helped restaurants get through a difficult period: 95% of business respondents to

a June 2021 Quadrant Strategies survey found alcohol delivery has helped increase revenues.⁵

Anecdotally, the change has been met with praise in Canada. The owner of The Comrade, a Toronto restaurant, argued the temporary change in Ontario would need to become a permanent change, as restaurants were building takeout and delivery sales into their business models and taking it away would be "devastating."⁶ Next door in Manitoba, the owner of the Silver Heights Restaurant told SecondStreet.org that the policy change was quite helpful and allowed his business to earn additional funds to pay its bills and employ people during a difficult period.⁷

Policy Options

Governments often conduct red tape review committees to identify and act on red tape measures which are no longer needed or require amending. However, this approach often involves: striking temporary committees to solicit ideas from the public and industry, the committees review the suggestions that come forward, make recommendations for changes and then governments proceed to address some of the concerns. Once this process has been completed, it can take years before the next red tape review occurs, all the while government red tape grows once again. For example, the City of Winnipeg established a red tape review commission in 2004 and committee members issued their report in 2005.⁸ The city's next formal red tape review process didn't occur until 2019 – approximately 15 years later.⁹

All three levels of government could establish permanent committee structures to regularly review, and act upon, red tape concerns from the public. The benefits of curtailing red tape and keeping regulations up-to-date cannot be understated. The Canadian Federation of Independent Business has estimated that unnecessary government regulations cost small businesses alone more than \$10 billion

each year – the bill for complying with these measures is of course, often passed on to consumers through higher prices.¹⁰

Specific to the restaurant sector, governments could re-examine their regulations that concern what suppliers can provide complimentary to licensed establishments. As previously noted, the Alberta government regulates the size of fridges that can be provided complimentary. It also regulates the size of “racks” that can be provided for free and prohibits suppliers from covering the cost of printing menus for an establishment. However, complimentary lapel pins, ice buckets and coasters are acceptable. Promotional items provided for an establishment to provide to its customers (e.g. a free beer shirt or hat) must be carefully recorded in “buy/sell agreements” in case the state wishes to inspect such transactions. In some cases, licensed establishments must also track complimentary items such as coasters.

Ultimately, this paperwork and red tape adds barriers for restaurants – especially small independent businesses – which do not have the level of staff and resources needed to keep up with government rules.

Conclusion

For decades, restaurants had been forbidden to sell alcohol with takeout and delivery orders. Yet, once this ban was lifted, few violations and complaints occurred. The sky did not fall. Where comprehensive data was provided, complaints about minors obtaining access to alcohol were almost non-existent.

Perhaps more than anything, this single example of red tape reduction demonstrates the need to constantly review red tape measures, challenge assumptions about the necessity of such measures and eliminate unnecessary restrictions wherever possible.

About the Author

Colin Craig is President of SecondStreet.org. He earned an MBA and a BA (Economics) from the University of Manitoba and is the author of *The Government Wears Prada*, a book that examines how governments could be more cost-effective and prepare for our nation’s aging population. Most recently, Colin authored several chapters for the eBook, *Life After COVID: What’s next for Canada?* Over the past two decades, he has contributed to public policy changes at the federal, provincial and municipal levels in Canada.

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