



Research Summary: Capping Fees to Restaurants for Food Delivery Services

Issue:

Food delivery services can take up to 30% of the orders value. This cost is too much for restaurants to handle during the newest provincial restrictions limiting restaurants to take out only. Those apps are likely to be even more crucial for restaurants in the coming months. The City of Calgary is interested in what other jurisdictions have done to lower or cap these fees and what the delivery companies have offered restaurants.

Key Findings:

- Only Ontario has legislation in place regarding capping fees charged by food delivery companies. It passed December 2, 2020.
- BC has introduced legislation, but not passed it yet, and Manitoba is at the point of suggesting it be implemented.
- The cap on delivery fees on average is being set at 15% in Canada and varies a bit more in the US.
- The City of Toronto requested the province implement this cap on fees province wide.
- It appears a few US cities and States have caps in place. The City of Seattle used a Civic Emergency Order to implement their cap and this was done ahead of the State of Washington announcing a cap.

Initiative Taken by City & Province

City or Province	Summary	Source
Ontario	<p>The <i>Supporting Local Restaurants Act, 2020</i>, caps fees charged by food delivery companies in areas where indoor dining is prohibited to help more small and independent restaurants stay in business.</p> <ul style="list-style-type: none">• Cap the rates charged by food delivery service companies and apps in areas where indoor dining is prohibited.• Permit fines of up to \$10 million to food delivery service companies that do not comply with the law.• Provide food delivery service company employees or contractors who perform delivery services with protection that their compensation will not be affected by these changes. <p>The Act passed on December 2, 2020 but unable to find what the fees have been capped at just yet. The Minister sets these. A news article stated the following:</p> <p><i>Minister Sarkaria said restaurants should expect a cap of 15% for delivery fees, similar to what has been put in place in New York City, with an overall cap of 20% inclusive of all fees. This approach aims to</i></p>	<p>https://www.ola.org/en/legislative-business/bills/parliament-42/session-1/bill-236</p> <p>https://news.ontario.ca/en/release/59356/province-proposes-cap-on-delivery-fees-to-support-local-restaurants</p>

	ensure that delivery drivers' pay would be protected and delivery apps would not reduce service areas or restaurant selection.	
City of Toronto	<p>City Council Decision MM25.18 - adopted</p> <p>Delivering for Toronto Restaurants: Requesting a Cap on Food Delivery Service Fees - by Councillor Michael Ford, seconded by Mayor John Tory</p> <p>City Council on October 27, 28 and 30, 2020, adopted the following:</p> <p>1. City Council request the Province of Ontario to implement a temporary cap on commissions for food service delivery companies.</p>	
British Columbia	<p>Halford, MLA for Surrey-White Rock, has introduced the Food and Beverage Delivery Fees Cap Act in the Legislature, a bill that if passed would cap fee charges to restaurants by delivery services at 15%</p> <p>This Bill prohibits food delivery services providers from charging restaurants more than a prescribed amount for food and beverage delivery services or related services. This Bill also prohibits food delivery services providers from reducing compensation or any other prescribed payment, to comply with this Act, that the food delivery services providers pay to an employee or contractor who performs delivery services.</p>	<p>https://tinyurl.com/y628uwin</p> <p>https://bcliberalcaucus.bc.ca/assets/media/Delivery-fee-PMB-2020-12-complete.pdf</p>
Manitoba	<p>The New Democrats are calling for a temporary cap on what delivery services charge restaurants while public health orders have banned indoor dining.</p> <p>Mark Wasyliw with the Manitoba NDP suggested a 15 per cent cap on delivery fees.</p>	<p>https://www.cbc.ca/news/canada/manitoba/cap-commission-fees-indoor-dining-banned-manitoba-ndp-restaurants-1.5818326</p>
New York City	<p>On August 27, 2020 Introduction No. 2054-A, sponsored by Council Members Francisco Moya and Mark Gjonaj, extends the fee cap for third-party delivery platforms (Local Law 52 of 2020) until restaurants can operate at maximum indoor capacity plus an additional 90 days. The bill also adjusts the fee cap so that the delivery platforms may charge restaurants for fees they incur from third parties for processing the customer's transaction. These "pass-through" processing fees, which may be incurred by the platforms and passed along to the restaurant, will be exempted from the fee cap. The bill provides that a delivery platform could charge a restaurant no more than the actual cost to the platform for processing the transaction.</p> <p>The legislation, first enacted in May, restricts fees services like Grubhub and Uber Eats can charge to 20 percent per order during a state of emergency.</p>	<p>https://council.nyc.gov/press/2020/08/27/2012/</p> <p>https://www.6sqft.com/nyc-council-extends-cap-on-food-delivery-fees-until-indoor-dining-resumes/</p>
Washington State	<p>On Thursday, November 19, Gov. Jay Inslee announced a statewide cap on fees charged to restaurants by third-party delivery apps such as Uber Eats, DoorDash, and GrubHub. The proclamation caps</p>	<p>https://www.governor.wa.gov/news-media/inslee-announces-cap-third-party-delivery-fees-help-restaurants</p>

	delivery fees at 15 percent and total fees at 18 percent for each order, and goes into effect Wednesday, November 25, at 12:01 a.m.	https://seattle.eater.com/2020/11/19/21578634/washington-caps-fees-on-third-party-delivery-apps-15-percent
Seattle	<p>Since March, Seattle has had a Civil Emergency Order in place that restricts restaurant delivery and pick-up commission fees.</p> <p>A. Effective immediately, it shall be unlawful for a third-party, app-based food delivery platform to charge a restaurant a commission fee per online, delivery or pick-up order for the use of its services that totals more than 15% of the purchase price of such online order until restaurants are allowed to offer unrestricted dine-in service and the Governor's Stay Home - Stay Healthy Proclamation (20-25.1 amending 20.25) is rescinded or the Mayoral Proclamation of Civil Emergency dated March 3, 2020 is rescinded, whichever proclamation is rescinded later.</p> <p>B. It shall be unlawful for a third-party, app-based food delivery platform to reduce the compensation rates paid to the delivery service driver, or garnish gratuities, as a result of this order going into effect during the duration of this order.</p>	https://durkan.seattle.gov/wp-content/uploads/sites/9/2020/04/Emergency-Order-Delivery-Fee-Cap-4-24-2020.pdf

Initiative Taken by Delivery Company

Delivery Company	Summary	Source
Skip the Dishes	<p>Skip is responding to the needs of its partners to develop an impactful support package for affected restaurants in regions experiencing restaurant closures that includes:</p> <ul style="list-style-type: none"> • A 25% rebate on commission for local, independent restaurant partners • 0% commission rate for any new restaurants joining the network during the restriction period • Additional marketing and order-driving initiatives that can both increase repeat orders and attract new customers, like the launch of Skip Rewards <p>As of October the company had already given back \$24M in rebates since the pandemic began.</p>	<p>https://www.skipthedishes.com/coronavirus-updates/supporting-your-communities</p> <p>https://www.cbc.ca/news/business/food-delivery-apps-fees-1.5765790</p>
Uber Eats	<p>In some areas, we've waived the Delivery Fee for independent restaurants on Uber Eats*</p> <p>In October Uber Eats lowered its "delivery-only" fee for restaurants that process the order themselves but simply need a delivery service, to 7.5 per cent. The rate will be in effect until the end of the year at least, at which point that rate will be 15 per cent.</p> <p>And the company has added an option that charges zero per cent commission for pickup orders, when the order is processed by Uber but the food itself is picked up by the customer. That option didn't exist prior to the pandemic, but Uber says it is extending that option until next March at least.</p>	<p>https://www.uber.com/ca/en/coronavirus/</p> <p>https://www.cbc.ca/news/business/food-delivery-apps-fees-1.5765790</p>

Doordash	<p>Relief programs were in place from April – May 2020 (50%commission reduction). Unable to find anything recent on commission reductions for business since that time.</p> <p>In May 2020 they rolled out DoorDash Storefront - through these online stores, customers can order takeout or delivery directly from the restaurant's website. Deliveries will be fulfilled by DoorDash Dashers, but restaurants control the customer experience and don't pay a commission to DoorDash.</p>	<p>https://help.doordash.com/merchants/s/article/Main-Street-Strong?language=en_US</p> <p>https://help.doordash.com/dashers/s/article/april-9-local-restaurant-commitment?language=en_US</p>
Fantuan	Unable to find any information on any relief commission capping for restaurants.	<p>https://www.fantuan.ca/en/</p>