

## Restaurant Realities: Raising Our Voice in Alberta

### WHEN FOODSERVICE THRIVES, SO DO OUR COMMUNITIES

A thriving foodservice sector is critical to the wellbeing of communities across Alberta, contributing jobs, investment, innovation, tourism and spaces for people to come together. Unfortunately, many of Alberta's restaurants are struggling to survive due to a number of recent legislative and regulatory changes that have dramatically increased the cost of doing business in the province. Working together with Restaurants Canada, Alberta's next government has an opportunity to improve conditions for foodservice businesses so that they can continue contributing to healthy, vibrant communities.

### KEY ISSUE

**WCB-Alberta Tips and Gratuities Policy:** The Workers' Compensation Board of Alberta requires that tips and gratuities be reported as insurable earnings when they are recorded in an employer's records — including debit/credit card transactions — but not if they are not recorded in an employer's records (i.e., non-recorded cash tips paid directly to workers by customers). This is out of step with Revenue Canada and workers' compensation boards in all other Canadian jurisdictions, which consistently outline that an employer is only responsible for reporting tips and gratuities that they control (e.g., through a mandatory service charge or some other mechanism, such as a policy by which employees turn over tips and gratuities to their employer who then distributes them to the employees).

Unless a business enforces a mandatory service charge or some other mechanism for controlling tips and gratuities, this source of earnings is not under an employer's control; voluntary tips and gratuities left by customers cannot be predicted, regardless of whether they are left with debit or credit cards instead of cash. Therefore it is impossible for employers to accurately include tips and gratuities in their estimates of the gross insurable earnings they expect to pay employees for the upcoming calendar year, yet they are required to do so under WCB-Alberta's policy on reporting tips and gratuities. The policy also seems to be unevenly applied, focusing on some restaurants but not others, while other gratuity earning industries such as hairdressers and taxis drivers have not been targeted for compliance.

Furthermore, this policy is inconsistent with the requirements under Sections 102 and 103 of the Workers' Compensation Act of Alberta, which obliges employers to disclose wages paid to their workers. In order for WCB-Alberta to provide replacement wages to an injured worker, an employer must submit a statement of the amount paid or estimated to be paid in wages. Employers are not required to estimate or contemplate unknowable expected payments from a third party.

#### **Restaurants Canada recommends:**

- **Requesting that WCB-Alberta's board of directors review the WCB-Alberta policy on reporting assessable earnings, which should be amended to treat tips and gratuities the same way that Revenue Canada and workers' compensation boards in other Canadian jurisdictions do, to ensure consistency and fairness.**

#### ALBERTA'S FOODSERVICE SECTOR AT A GLANCE

- Our industry includes 11,260 small businesses and generates \$11 billion in annual sales.
- For every dollar spent in a restaurant, \$1.85 is spent in the rest of Alberta's economy.
- With roughly 150,000 foodservice workers, our sector is the third largest employer in the province.



#### **For more information:**

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