



June 25, 2026

From: Mawakina Bafale
To: Canada's Policymakers
Re: WHAT TO DO ABOUT THE PROLIFERATION OF TIPPING

Two-thirds of Canadians want tipping abolished according to one recent [survey](#), where 93 percent of respondents said tipping is out of hand, spreading to goods and services that don't warrant it.

Tipping in Canada once had a defined scope – sit-down restaurants, salons, taxis – and a clear rationale: Tipped workers were paid a lower minimum wage in some provinces on the assumption that gratuities would top them up. Both anchors have since eroded.

We have all felt that creeping anxiety when the terminal swivels toward you at the drive-through or the self-serve counter. Routine prompts for a gratuity in transactions that involve no table service and little to no human interaction proliferate. While it may be tempting to mandate an end to tipping and sharply raise minimum wages, abrupt changes risk leaving the workers they aim to help worse off as sudden wage hikes could result in job [losses](#).

This steady expansion of tipping into places where it was never expected is called tip creep and Canadians are no longer comfortable with it. The discomfort has escalated into something closer to a consumer revolt, with more people completely avoiding businesses with aggressive tip prompts. For an industry that relies on tips, outright abolition is not yet viable. Some restaurants have tried to go it alone, and nearly all have been forced to retreat.

Take Beast Pizza in Toronto. In 2022, it started paying staff \$25.05 an hour – \$9.50 above minimum wage at the time – and stopped accepting tips. Staff enjoyed the predictability as employees with debt knew how much they'd be making each paycheque. But after two years, payroll taxes, CPP contributions, and soaring food costs ate every dollar of profit. In 2024, reverted to \$17 an hour wages and pooled tips, after the owner concluded the model cannot work without government support. Edulis, another Toronto restaurant, went tip-free in 2021 and by January 2024 had switched to a mandatory service charge.

More generally, individual restaurants that raise wages and drop tips face a competitive [disadvantage](#) against neighbours who keep prices low and let customers subsidize wages. This is a textbook collective action problem: The right thing to do individually becomes unsustainable without a system-wide shift.

With that backdrop, it would be tempting to conclude that we are stuck with the terminal dread. But Quebec has found ways to take the edge off. In November 2024, the National Assembly passed Bill 72. It does two things. First, the “no tip” option must be displayed as prominently as any other option – no more boldface “20%” while “no tip” is buried in fine print, and no more attaching guilt-inducing labels like “Amazing!” on higher amounts. Second, tips must be calculated on the pre-tax subtotal rather than the after-tax total. A 15-percent tip on a \$100 meal is now \$15, not \$17.24, small change on a single receipt but meaningful savings over time. As Quebec Justice Minister Simon Jolin-Barrette put it: “We shouldn't have to feel pressure when we're paying the bill.”

Welcome as these consumer protections are, they fall short of what Canadians see as the real problem. In another [survey](#), 88 percent said tipping has become a means for employers to underpay staff, and 91 percent said employers should fully cover wages rather than relying on gratuities.

As we have seen, asking individual restaurants to bridge this gap on their own makes them uncompetitive. It will take concerted public policy as the international evidence suggests.

Australia's minimum wage [sits](#) at C\$20 per hour and tipping is largely optional and uncommon. Across much of Europe, the displayed price is the one you pay. French law requires that service be included in all restaurant prices – conventionally around 15 percent. Switzerland mandates that service charges be built into published prices by law. The common thread is clear. Countries where tipping is marginal or absent have solved the compensation question through public policy, either high minimum wages or mandated service charges, rather than leaving it to individual transactions.

Provinces that want to meaningfully address tipping culture need to pair prompt regulation that is modelled on Quebec's Bill 72, with a credible path toward reducing workers' reliance on tips. Any wage-specific measures should be phased in [gradually](#) to give businesses time to adjust. And as Beast Pizza argued after its own no-tip experiment collapsed under the weight of payroll costs, sector-specific tax relief for small businesses that pay above minimum wage would ease the transition, helping employers absorb higher labour costs without cutting staff.

The Canadian tipping debate is not really about whether to leave 15 percent or 20 percent. It is about how service workers should be compensated. Survey [evidence](#) suggests most Canadians want it answered through wages instead. Getting there will require coordinated policy action, not leaving individual restaurants to try, and fail, to go it alone.

Mawakina Bafale is a research officer at the C.D. Howe Institute.

To send a comment or leave feedback, click [here](#).

The views expressed here are those of the author. The C.D. Howe Institute does not take corporate positions on policy matters.