



NEWS RELEASE

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Continued Minimum Wage Increases Threaten Sustainability of Foodservice Industry

Toronto – The 2007 Provincial Budget, announcing yet further increases to the general minimum wage threatens the sustainability of the foodservice industry, says the Ontario Restaurant Hotel & Motel Association (ORHMA).

"The industry simply cannot sustain continued and significant increases to minimum wage", said Tony Elenis, Chair of the ORHMA. "Our sales lag significantly behind the rest of Canada, our profit margins are razor-thin and among the lowest in the country. Continued increases will decimate our industry with many operators simply closing their doors and walking away."

Ontario's full service restaurants have profits of just 1.9% compared to 5.9% in 2001, while the bar, tavern and nightclub sector's margins have plummeted from 6.5% to 0.9% in 2004, and according to Statistics Canada were -0.5% in 2005.

"Labour costs already account for more than 31% of foodservice expenditures. The government has continued to put in place policies that increase the cost of doing business and decrease the potential for profit. The cost of addressing poverty cannot be borne solely on the backs of business," continued Elenis.

Minimum wage increases will result in loss of existing and new jobs and, according to the government's own experts, will most directly hurt youth jobs. This is particularly concerning for the foodservice industry as 45% of employees are between the ages of 15 and 24, compared to 15% in the Canadian labour force.

The 2007 provincial budget comments exclusively on the general minimum wage rate. The ORHMA will continue to urge the Premier and the Minister of Finance to maintain student minimum wage rate and liquor minimum wage rate differentials.

The foodservice industry, more than 60% independently owned and operated, includes more than 22,000 foodservice establishments which contribute more than \$20.6 billion a year to the Ontario economy, and employ more than 385,000 people. 98% of the industry are small and medium-sized businesses.

The ORHMA is Canada's largest provincial hospitality industry association, with more than 4,100 members representing 11,000 businesses throughout Ontario.

Contact: Michelle Saunders
Manager of Government Relations
Ontario Restaurant Hotel & Motel Association
905-361-0268 / 800-668-8906