



## ONTARIO RESTAURANT HOTEL & MOTEL ASSOCIATION

### **ORHMA RELIEVED THE LCBO AND OPSEU REACH AGREEMENT**

TORONTO/ July 27, 2005/ The Ontario Restaurant Hotel & Motel Association (ORHMA), representing Ontario's hospitality industry, is pleased that the Liquor Control Board of Ontario (LCBO) and the Ontario Public Service Employees Union (OPSEU) representing employees of the Liquor Control Board of Ontario have reached an agreement and avoided a costly strike.

"Depending on the length of the strike, this potentially could have had a devastating effect on Ontario's hospitality industry" said Terry Mundell, President and CEO. "This is the height of Ontario's tourist season where a glass of wine, a cocktail or an imported specialty beer goes well with a meal on a sunny restaurant patio."

Ontario's hospitality industry, the largest collective LCBO client, is still recovering from a series of setbacks every year since 2001 including 9/11, SARS, West Nile, Mad Cow, the August 2003 blackout, the war in Iraq, a high Canadian dollar, anti-smoking laws and soaring gas prices. With declining revenues and escalating operating expenditures, the average profit margin for industry operators has slipped to under 5% with pubs, bars and taverns sinking to 3.6%.

A strike could have been very costly to the economic viability of the province's restaurant, pub, bar and tavern operators who purchase over \$1 million a day in beer, wine and spirits from the LCBO and account for almost 12% of LCBO sales.

"This would have been especially punishing to small independent operators who do not have the financial wherewithal to be able to stock up on reserves prior to the strike, do not have a place to store extra inventory and whose majority of sales is beverage alcohol" said Mundell. "A wholesale laying off of bar staff could have been a distinct possibility, depending on the length of the strike. It could even have affected the viability of many small businesses."

Ontario's licensed restaurants, pubs, bars and taverns buy \$1.23 billion per year of beer, wine and spirits from the LCBO and The Beer Store for resale to patrons. Wine, spirits and specialty beers from the LCBO constitute almost 32% of total licensee purchases.

The ORHMA is Canada's largest, provincial, not-for-profit association that represents the interests of Ontario's foodservice and accommodation industry.