



May 22, 2007

Mayor David Miller
Toronto City Hall
2nd Floor, 100 Queen St. West
Toronto, Ontario
M5H 2N2

Dear Mayor:

We are writing on behalf of Globe Bistro relating to the new revenue tools now available to the City of Toronto under the *City of Toronto Act, 2006* for the report going to the Executive Committee in June 2007. Globe Bistro is located at 124 Danforth Avenue, Toronto. Our establishment can accommodate almost 200 guests and we employ 27 individuals.

We are against the proposals to tax alcohol purchased by consumers in licensed establishments (the "Alcohol Tax").

Toronto's restaurants and bars have been hard-hit in recent years by, among other things, falling tourism, rising energy costs, skyrocketing insurance premiums, increased energy rates, SARS and smoking bans.

The addition of the Alcohol Tax will cause continued irreparable harm to the already struggling restaurant and foodservice industry. Average profit margins in Ontario's foodservice industry are the lowest in Canada at just 2.9% of operating revenues. For bars, taverns and nightclubs, revenues and pre-tax profit margins have plummeted hitting an all time low in 2006 of negative 0.5%, making it impossible for operators to adjust to higher costs in any form.

The addition of the Alcohol Tax to the current 6% federal goods and services tax, the 8% provincial sales tax and the 10% provincial liquor tax will have a direct and dramatic negative impact on business. Economic analysis by the restaurant industry indicates that every one-percentage point in added sales tax would reduce spending at Toronto's licensed restaurants and bars by \$4.2 million annually. This loss in sales will result in business losses which will ultimately result in the loss of employment in the hospitality industry in the City of Toronto. The number of bars in Ontario has dropped by 20% since 2000, from 1,252 to 1,000.

The negative impact of imposing the Alcohol Tax will also be felt by other businesses in the City of Toronto. As taxes go up in the City of Toronto compared to other cities in Ontario, Canada or the United States, tourism will negatively be impacted resulting in a negative impact on businesses such as hotels and retailers. In a recent survey you sent to small businesses in the City of Toronto you asked how tourism to Toronto can be improved. One way to maintain and ultimately enhance tourism is by not increasing the taxes imposed on consumers in Toronto.

The City of Toronto should be encouraging a vibrant, growing hospitality industry. The City cannot expect Toronto's struggling bars and licensed restaurants, the majority of which are small, independent businesses, to solve Toronto's fiscal imbalance. This challenge must be met through permanent changes to the City's operating expenses.

Yours truly,

Ed Ho



Ed Ho and Daniella Dimitrov

Co-owners

Globe Bistro

cc: Mayor David Miller
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