



It wasn't just the HST that hurt the restaurant business, says Kim Van Sichel, owner of the Dunderave Fish Market. Tougher drinking and driving penalties and an increase in the minimum wage have had an impact, too. Restaurants are paying the price for the province's actions, she says. *Rob Newell photo*

# Appetite for new tax?

## HST has varied impact on the restaurant industry

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Jack Jung still remembers opening the doors to his family's first restaurant in 1962.

Back in those days The Mountaineer, a 46-seat diner with a soda fountain, was a bit of an institution in Edgemont Village.

"You remember that movie *Grease*?" he asks with a chuckle. "Well, we were living it."

In the past 49 years, Jung has seen a lot of changes in the restaurant business. "Everyone's trying to find ways to make their business more efficient," he explains. "To cut costs."

More recently, he's had to deal with the introduction of B.C.'s harmonized sales tax – which meant his customers have been saddled with an extra seven per cent tax on top of their bills.

But despite the new levy, Jung says he hasn't seen a decline at his current restaurant and catering company, Cheers.

"I think that's partly because we offer value to our customers," says Jung, whose diner still has a \$5 breakfast. "Price is only one component of it. If you have good value, you get the business."

But Jung, it seems, is one of the few restaurateurs who isn't calling for an overhaul of the HST. In a recent survey by the Canadian Restaurant and Foodservices Association, 87 per cent of respondents reported a drop in sales since HST took effect last Canada Day, with an average decrease of 15 per cent when compared to the previous year.

In the same survey, 68 per cent of B.C. restaurant owners pledged to vote against the tax.

Toni Mangiliman, owner of North Vancouver's Fiesta Filipino, is one owner who will be voting yes in the referendum to "extinguish the HST."

"I think we should scrap it," he says. "When people ask me, I give them my honest opinion. I think we're already taxed enough."

In an article last June, Mangiliman told *The Outlook* he was worried the new tax would hurt his small Lower Lonsdale business. A year later, he says those fears have come to fruition.

"I've definitely felt it," he says. "In my demographic, people are on a budget and they notice those small changes. It's enough to keep them from eating out."

But it's not just family restaurants that are feeling the pinch. In West Vancouver, Doug Grisdale, one of the owners of Mangia e Bevi, says business has remained at a standstill since the HST came into play. "I wouldn't say we've seen a drop in business, but it may have slowed down business growth," Grisdale says.

Those sentiments are reinforced by statistics currently being touted by the CRFA, that assert between July 2010 and January 2011 restaurant sales in B.C. were flat, while sales across the rest of Canada were up 1.7 per cent.

"It's hard to imagine where we might have been without things like the HST or the new drinking and driving penalties," says Grisdale.

Kim Van Sichel, owner of the Dunderave Fish Market, agrees that it's more than just the HST that's hurting local restaurants. In the past year, the West Van business owners says it's been getting tougher and tougher for restaurants to turn a profit. The HST made it more expensive for

people to eat out, she says, while tougher impaired driving legislation made people afraid to drink. Then, the province rubbed salt in those wounds by announcing a minimum wage hike.

"They're slowing business down, but yet operating costs are going up," she says. "They're destroying restaurants"

Regardless of the referendum's outcome, Van Sichel says "something has to be done to help the industry because restaurants are hurting big time. We were just tax collectors doing what we were supposed to do, but we've paid the price for it, too."