

6.0% PST took a bite out of Sask. restaurant sales in 2017

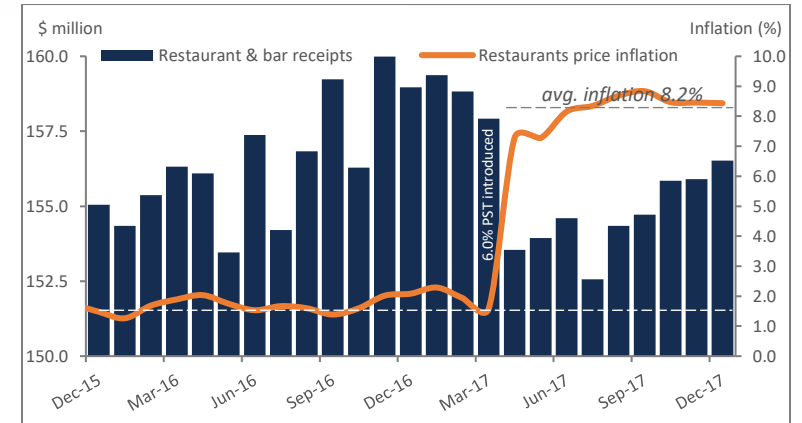
- Saskatchewan restaurants end 2017 on a sour note. Total receipts at food services and drinking places was \$156.5 million in December 2017, down 1.5% from a year ago (Chart 1). This was the eighth y/y decline since the introduction of 6.0% PST in April 2017.
- A jump in restaurant bills. Compared to December 2016, the average menu item price was up 8.1%. Menu inflation have been tracking above 8.2%, a 26-year high, since the introduction of PST. Prior to this, menu inflation was around 1.7%.
- \$10.4 million in lost sales revenue last year. Overall, in 2017, restaurant and bar receipts were down 0.6% (-\$10.4 million). This was the first annual decline since 1991. Against the backdrop of underlying higher inflation (+6.7% for restaurants, 2.6% for bars), a 0.6% drop in nominal revenue represents a significant reduction in real terms.

“Restaurant patrons tend to be price-sensitive. The expansion of PST to restaurant meals in April 2017 immediately led to higher menu cost and reduced appetite for restaurant meals. Saskatchewan was the lone province with lower food service sales in 2017. Nationally, receipts from food service and drinking places were up 5.3% in 2017.”

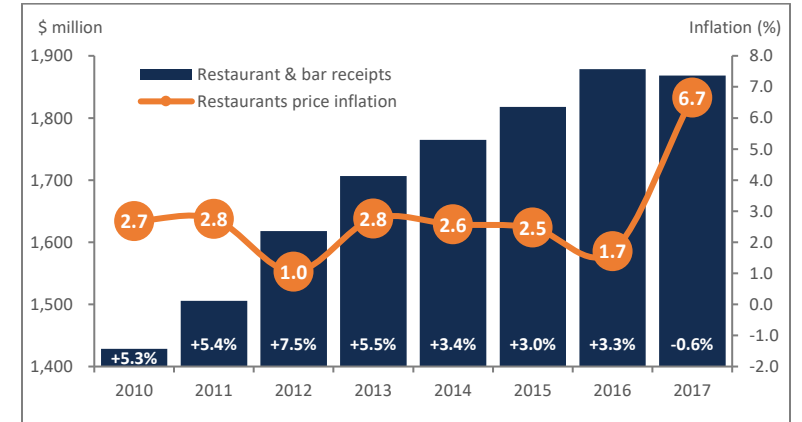
Gabriel Dzathor, Manager – Economic Forecasting and Analysis

¹ Source: Statistics Canada. Table 355-0006 - Monthly survey of food services and drinking places

Sask. restaurant & bar receipts fell 1.5% y/y in Dec. 2017...



...tallying up to \$10.4m (-0.6% y/y) in lost sales revenue in 2017



Sask. food services & drinking places receipts and inflation

	2016	2017	Oct 2017	Nov 2017	Dec 2017
Receipts – restaurants & bars (\$m)	1,878.5	1,868.1	155.9	155.9	156.5
Y/Y % change	3.3%	-0.6%	-0.3%	-2.6%	-1.5%
Inflation – restaurants	1.7%	6.7%	8.5%	8.4%	8.1%
Inflation - bars	2.3%	2.6%	2.3%	2.7%	3.1%

Source: Statistics Canada Table 355-0006 & 326-0020 (seasonally adjusted)