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This Week...

Retail and wholesale sales recovering; adults in remand double in the past decade.

Earnings continue to outpace inflation



By Doug Elliott, Editor

Wholesale and Retail Sales

Retail sales trends are worth watching because they provide an indication of consumer confidence and as such are a leading indicator of economic activity. In nominal dollar terms, gross retail sales fell in 2009 in each of the four western provinces and in Canada as a whole. Sales are increasing again this year. Growth in the first eight months of 2010 is the highest in B.C. (+6.5%) and Manitoba (+6.4%), still respectable in Alberta (+4.9%), but weaker in Saskatchewan (+2.8%).

Wholesale sales are a leading indicator for retail sales to the extent that wholesalers are simply supplying goods to retailers. But they are also an indicator of business spending because many wholesalers sell goods to non-retail businesses. Wholesale sales are increasing strongly in Alberta and Saskatchewan (+5.7% in the year to August) and falling in Manitoba (-4.7%).

Earnings and Inflation

Earnings are growing much more quickly than consumer price inflation, particularly in Alberta and Saskatchewan and particularly among employees in the resource sector. The rate of consumer price inflation is 1.1% in the three westernmost provinces and even lower (0.7%) in Manitoba. The year-to-date increase in the average weekly paycheque before deductions,

on the other hand, is 5.0% in Saskatchewan, 4.2% in Alberta, and 2.6% in B.C.

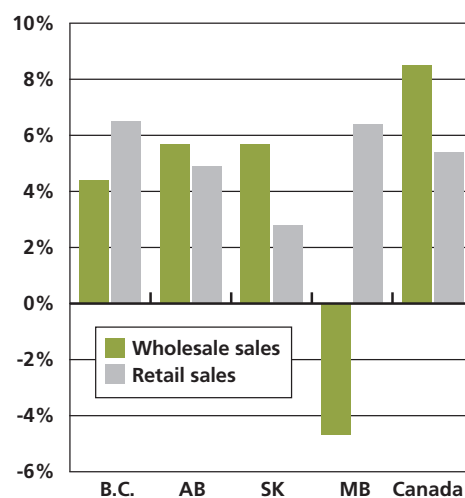
The increase in purchasing power is good news for paid workers (the self-employed are not included in these figures) and for retailers hoping for more spending and governments looking for more income tax revenues. It may not be seen so positively by employers.

Corrections

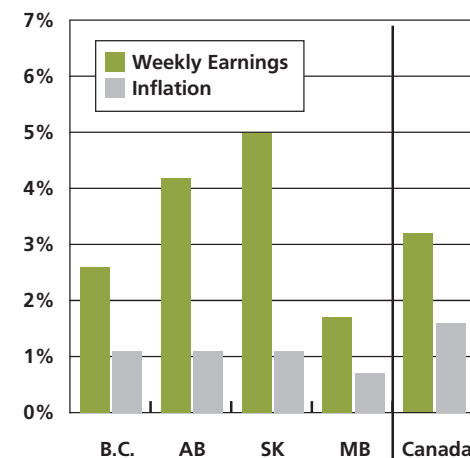
In spite of the declining crime rates documented in the most recent issue of the Western Policy Analyst, the number of adults entering provincial corrections facilities is on an upward trend. (These figures exclude those entering federal penitentiaries and those sentenced to community programs.) Inmates on remand, that is, awaiting trial or sentencing, are the reason. There were 53,200 persons admitted to remand facilities in the four western provinces in 2008-09 compared with 35,500 sentenced inmates.

While historical data are not available for Alberta, the figure shows that the number of new admissions for sentenced custody in the other three western provinces fell in the mid 1990s whereas remand admissions have almost doubled. Admissions per capita in 2008-09 are twice as high in Manitoba (177) and Saskatchewan (187) as in B.C. (80) and Alberta (104). New legislation means that time spent on remand will no longer count as double time for sentencing; that may change these trends.

Annual Increase in Gross Sales, Retail and Wholesale Establishments, 2010 YTD (Jan to Aug)



Annual Increase in Gross Earnings Compared with Inflation, Western Provinces, 2010 YTD (Jan to Aug)



Crown Corporation Finances

Crown corporations (government business enterprises in Statistics Canada's terminology) are major economic players in the west. There are a variety of crowns in B.C. and Saskatchewan. Manitoba's crowns are dominated by Manitoba Hydro; Alberta's by the Treasury Branch financial institution.

Gross sales in the four western provinces were \$31.5 billion in 2009 on assets of \$91 billion. Collectively, the crowns provided \$5.5 billion in dividends to their shareholders, i.e. the four provincial governments.

On a per capita basis, provincial crown corporations had 2009 gross revenues of \$6.44 in Saskatchewan and \$1.58 in Alberta. Manitoba and B.C. were between these extremes with sales of \$3.68 and \$3.27 per capita respectively. Measured in terms of gross revenues, Saskatchewan's crowns have grown in the past ten years whereas those in the other western provinces are relatively stable.

Wellbeing Index

There have been a number of attempts over the years to measure "prosperity" in other than economic terms. One of the most ambitious is the Canadian Index of Wellbeing. Their most recent release looks at education statistics, one of the components of their wellbeing index. In spite of the fact that there are relatively few provincial-level statistics in the report, it is an interesting read. The actual index of wellbeing is scheduled for release in early 2011.

Upcoming Releases

In the next two weeks we will see releases from Statistics Canada describing:

- October labour force data on November 5;
- the value of September building permits on November 5; and
- the 2009 provincial economic accounts (GDP etc.) on November 4.

Sources: *The figures are adapted from the following sources.*

Wholesale/Retail Trade: *Statistics Canada CANSIM Tables 081-0001 and 081-0011*

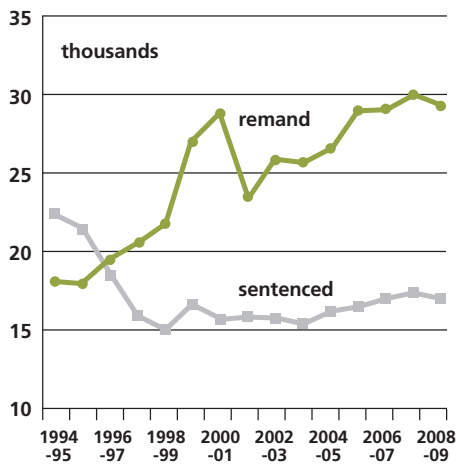
Earnings/Inflation: *Statistics Canada CANSIM Tables 326-0020 and 281-0026*

Corrections Admissions: *Statistics Canada Juristat Fall 2010, Vol 30 #3*

Crown Corporations: *Statistics Canada national economic accounts (see the October 25th Daily)*

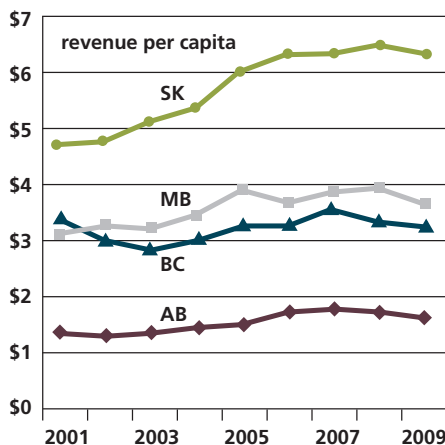
Wellbeing Index: *Available at www.ciw.ca*

Adult Admissions to Provincial Corrections Facilities, Western Provinces Except Alberta



Collectively, the crowns provided \$5.5 billion in dividends to their shareholders, i.e. the four provincial governments.

Revenue per Capita: Provincial Government Business Enterprises



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