

# WESTERN POLICY Analyst

Bi-Weekly Briefing

Volume 2, Issue 10

JOHNSON  
SHOVANA GRADUATE SCHOOL OF  
PUBLIC POLICY

MAY 30, 2011

This Week...

Public Sector Employment  
Farm Income  
Remand in Correctional Facilities  
Unemployment and Employment Insurance  
Consumer Price Inflation



## Public Sector Employment By Doug Elliott, Editor

Governments ramped up spending during the 2008 world recession that followed

the international banking crisis and this had a predictable effect on employment in the public sector<sup>1</sup>. In Canada as a whole, public sector employment grew by 5.3% between 2007 and 2009 with a 7.3% increase in federal government employment and an even larger increase (8.7%) in local government employment. Provincial government employment grew by a more modest 1.6%.

The public sector is an important part of the labour market in the West, accounting for 18%-19% of employment in B.C. and Alberta and 25%-27% in Manitoba and Saskatchewan. In the West, public sector employment grew by 6.7% between 2007 and 2009 with large increases (8.2%) in government proper and in health and social services (7.2%). Figure 1 shows that employment in governments and in education services stopped increasing after 2009. Growth in health and social services continued on an upward trend.

In the first quarter of 2011, employment in the public sector continues to grow nationally with a 1.6% increase compared with the first quarter of 2010. Employment in the West has grown by 0.7% with a 2.9% increase in health care offset by a decline among crown corporations. Employment in government proper is unchanged with increases in federal and local government employment offset by declines in provincial government employment.

## Farm Income

Preliminary estimates are available for 2010 farm incomes and they show that incomes in the sector were largely unchanged from 2009. There were, however, dramatic differences across the provinces.

Aggregated across the four western provinces, gross receipts fell slightly to \$26 billion but expenses fell even more so net cash income grew by 9.4% to reach \$6 billion. The increase was exclusive to the grain sector; net cash income grew by 14% and 23% in Manitoba and Saskatchewan respectively but fell by 15% and 3% in Alberta and B.C.

Realized net income, which takes into account depreciation, was up 23% from 2009 but the increase was, again, limited to Manitoba and Saskatchewan.

The reason farmers were able to maintain their receipts after a poor harvest last year was because of large stocks of grain held over from 2009. Western farmers drew down their inventories to the tune of \$1.6 billion in 2010. They will need a particularly good crop this year to maintain these levels of net income and, with the wet conditions across the prairies, this is unlikely to happen.

## Remand in Correctional Facilities

A lot of those in correctional facilities are not serving a sentence but are awaiting trial or sentencing. They are classified as "on remand". In the West, the number of adults in remand has been increasing while the number of people in sentenced custody has been stable. In fact,

Figure 1: Employment in the Public Sector, Four Western Provinces Combined

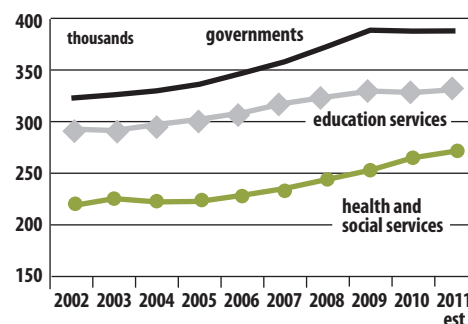


Figure 2: Change in Farm Net Cash Income, 2009 to 2010

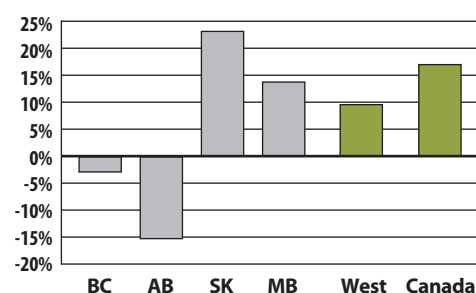
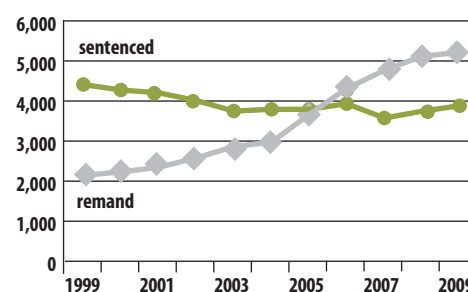


Figure 3: Adults in Remand and Sentenced Custody, Four Western Provinces Combined



<sup>1</sup> The public sector is broadly defined to include government proper as well as health and education services, crown corporations, and institutions substantially funded by governments.

aggregated across the four western provinces, inmates on remand have outnumbered those in sentenced custody since 2006 (see Figure 3).

Some of the findings from a recent study by Statistics Canada's Canadian Centre of Justice Statistics are as follows.

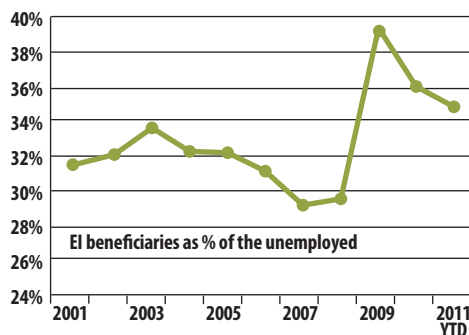
- The increase in the remand population is because of both higher admissions and longer average stays.
- The increase is occurring in all provinces with Manitoba showing the highest growth rate in the last ten years. Saskatchewan is the only western province where the number of people in sentenced custody is lower than the number on remand.
- Most offences involved were non-violent ones such as breach of probation.
- As with sentenced custody, Aboriginal people are disproportionately represented among those on remand.

## Unemployment and Employment Insurance

There is a strong correlation, of course, between the number of people who are "unemployed" in the labour force sense<sup>2</sup> and the number of people who collect employment insurance (EI) benefits but the two statistics measure different phenomenon. In particular, there are lots of ways to be unemployed and not be eligible for employment insurance benefits. The best example of this are new entrants to the labour market – young people who first start to look for work after graduation. In 2010, 19% of the nearly 400,000 unemployed in the West were going to school before they became unemployed.

Counting only those who receive "regular" EI benefits and have no employment income at all, about a third of the western unemployed were receiving EI from 2001 to 2005. Figure 4 shows that there was a downward trend in the coverage ratio between 2005 and 2008 but that this reversed abruptly in 2009 when the number of layoffs jumped sharply during the recession. In 2009, 39% of the unemployed were receiving EI benefits. The coverage ratio is declining again, dropping to 36% in 2010 and 35% in the first few months of 2011.

**Figure 4: Employment Insurance Coverage, Four Western Provinces Combined**



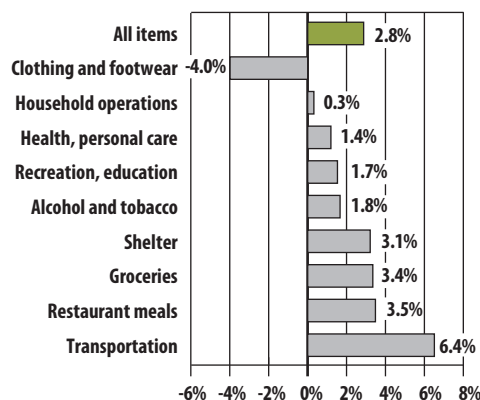
The 2010 national coverage ratio was 39%; in the West it varied from a low of 32% in Alberta to 40% in Manitoba and Saskatchewan. The low rate in Alberta is a bit of a mystery. The province has a disproportionately high number of job losers among the unemployed and those who lose their job often qualify for EI. On the other hand, the average duration of unemployment was higher than in other provinces; in 2010, 19% of the Alberta unemployed had been looking for work for more than six months. Perhaps their eligibility for EI benefits simply ran out.

## Consumer Price Inflation

Significant increases in the price of groceries and gasoline are driving up the rate of consumer price inflation in early 2011. The inflation rate averaged across the four western provinces was 2.8% in April. This is below the national figure of 3.3% but well above the 2010 rate of inflation which was near 1.0%.

Figure 5 shows that the inflation rate is above average in the transportation, food, and shelter categories. The increases are lower for household operations and prices for clothing and footwear are 4.0% lower than they were a year ago.

**Figure 5: Consumer Price Inflation, April 2011, Average of Four Western Provinces**



## Upcoming Releases

In the next two weeks Statistics Canada will be releasing data describing:

- April building permits on June 6;
- April international trade statistics on June 9; and
- May employment on June 10.

### Sources:

The figures are adapted from the following sources:

**Public Sector Employment:** Statistics Canada CANSIM Table 183-0002

**Farm Income:** Statistics Canada 21-010-X

**Remand in Correctional Facilities:** Statistics Canada 85-002-X

**Unemployment and Employment Insurance:** Statistics Canada CANSIM Tables 282-0001 and 276-0002

**Consumer Price Inflation:** Statistics Canada 62-001-X

MAY 30, 2011

The Western Policy Analyst is published bi-weekly and quarterly by the Johnson-Shoyama Graduate School of Public Policy. No reproduction of any material is allowed without express consent of the publishers.

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ISSN 1923-9971



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<sup>2</sup> To be "unemployed" in labour force statistics, one must be available for work and actively seeking a job.