

WESTERN POLICY Analyst

Bi-Weekly Briefing

Volume 3, Issue 7

JOHNSON
SHOYAMA GRADUATE SCHOOL OF
PUBLIC POLICY

APRIL 16, 2012

This Week...

Employment Growth by Industry
Electricity Production
Gasoline and Diesel Fuel Sales
Trucking Industry



Employment Growth by Industry By Doug Elliott, Editor

In the first quarter of 2012, employment in the West grew by 2.1% compared with the same quarter of 2011. If that trend continues, and most observers expect it to, growth this year will exceed last year's 1.9% increase and be the highest since the boom years of 2007 and 2008. The employment increase is highest in Alberta (3.2%)

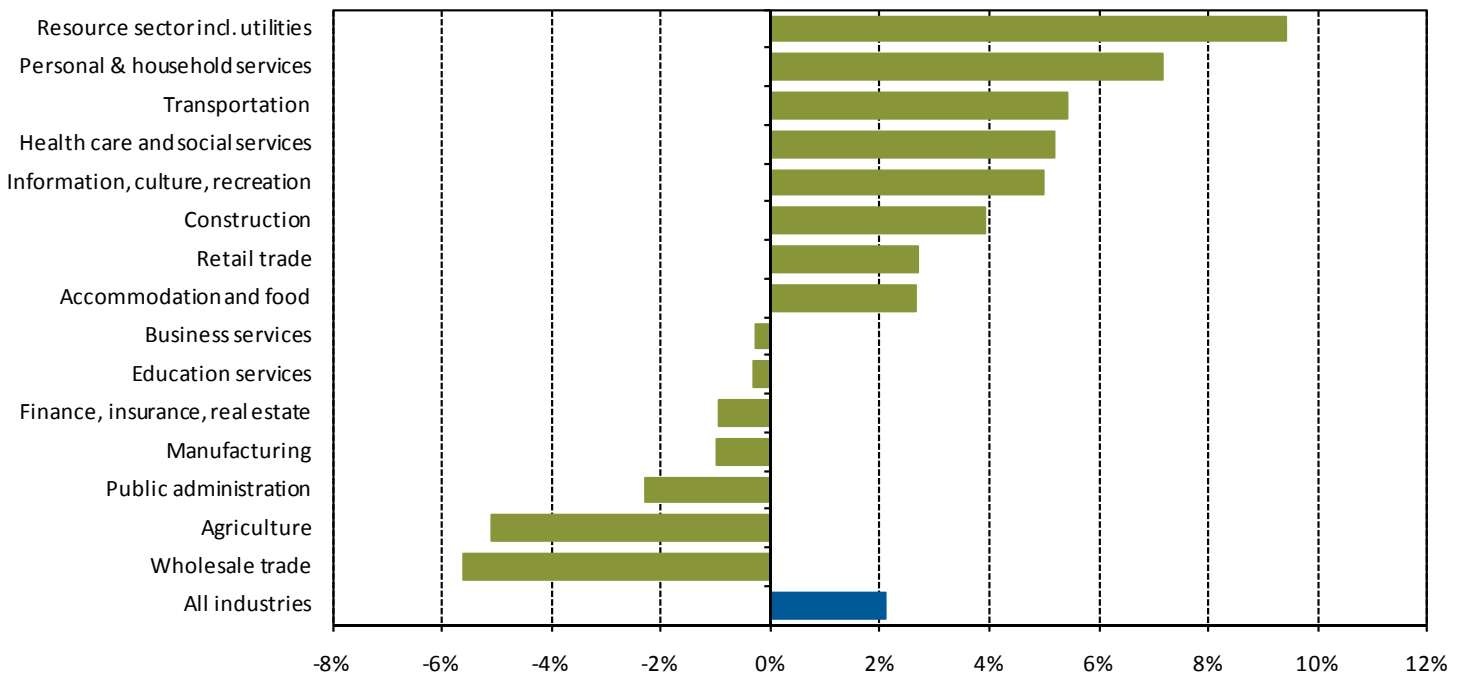
and lowest in Manitoba (0.4%) with Saskatchewan (0.9%) and British Columbia (1.8%) between those extremes. The national average is 1.3%.

The figure shows that about one half of fifteen industry groups are showing employment increases with the resource sector leading the way at 9.4% even though it is one of the smaller industry groups, accounting for only 5% of employment in the West. The second fastest growth is in the "personal and household services" group, a disparate collection of services provided

to persons and households including dry cleaning services, hair care salons, funeral homes, repair shops, and yard care agencies.

At the other end of the scale are agriculture and the wholesale trade sector which are showing employment declines of 5.1% and 5.6% respectively. There are a range of trends in the sectors dominated by the public sector with a 5.2% increase in health care and social services, a 0.3% decline in education services, and a 2.3% decline in public administration (aka governments).

Annual Employment Growth by Industry Group, 2012 Q1, Western Canada



Sources (The figures are adapted from the following sources):

Employment by Industry Group: Statistics Canada CANSIM Table 282-0007

Electricity Production: Statistics Canada CANSIM Tables 127-0001, 127-0002, and 127-003

Fuel sales: Statistics Canada CANSIM Table 134-0004

Trucking Industry: Statistics Canada CANSIM Table 326-0020

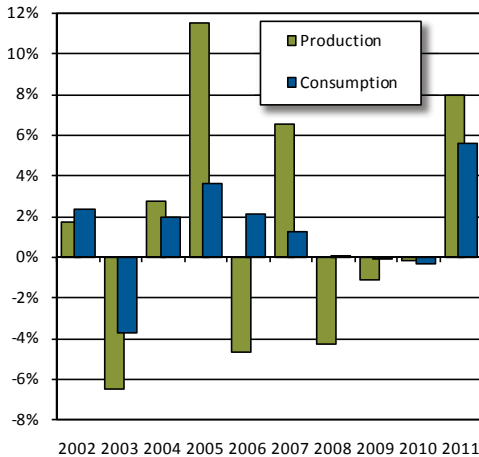
Electricity Production

A wet year in the prairies enabled the electrical utilities to maximize their use of hydroelectricity in 2011 and cut back on their imports and/or production of electricity from fossil fuel turbines. This has a positive effect on the environment and it helps keep the cost of production low.

Total electricity production in 2011 was 190.3 million megawatt-hours which is a 7.9% increase from 2010. This is the largest increase in production since 2005 and follows three years of declines. Virtually all (90%) of production is from electrical utility companies with the remaining 10% coming from industry, mainly in British Columbia. Electrical consumption was 181.8 million megawatt-hours which is a dramatic 5.6% increase from 2010 and the largest annual increase in over a decade. The increase in demand was most pronounced in Alberta where consumption grew by 11.3%.

Just over one half (53.5%) of electricity generated in the West comes from hydroelectric sources and the proportion varies dramatically by province. Hydroelectricity accounts for 92% of production in British Columbia and 98% in Manitoba. It is more modest (20%) in Saskatchewan and almost non-existent (3%) in Alberta. Alberta has the largest generation from wind turbines with 2.2 million megawatt-hours in 2011 compared with 0.7 in second-place Saskatchewan.

Annual Change in Electricity Production and Consumption, Western Canada

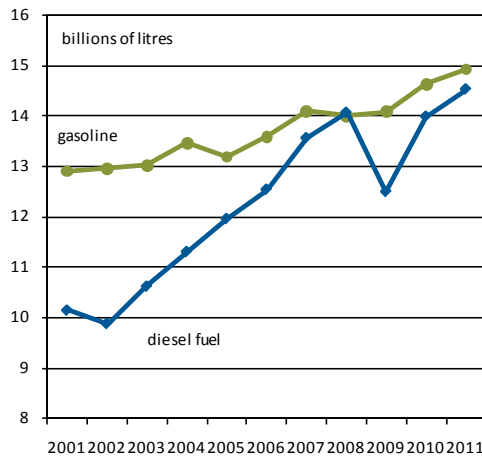


Gasoline and Diesel Fuel Sales

The combination of better fuel efficiency for cars, environmental awareness, and higher prices has slowed the demand for gasoline in three of the four western provinces. Domestic consumption of gasoline fell by 3.4% in British Columbia, 2.1% in Saskatchewan and 0.5% in Manitoba. But the 9.0% increase in Alberta was enough to counteract all of the other declines and lead to an increase of 2.0% for the four western provinces combined. Consumption of gasoline set a new record of 14.9 billion litres or about 1,400 litres per capita.

Diesel fuel is used by a wider variety of vehicles including farm machinery, long-haul trucks, construction equipment, and railway locomotives so demand for this kind of fuel is more complex. The consumption of diesel fuel in the West increased by 3.9% to reach 14.5 billion litres in 2011.

Consumption of Motor Vehicle Fuels, Western Canada

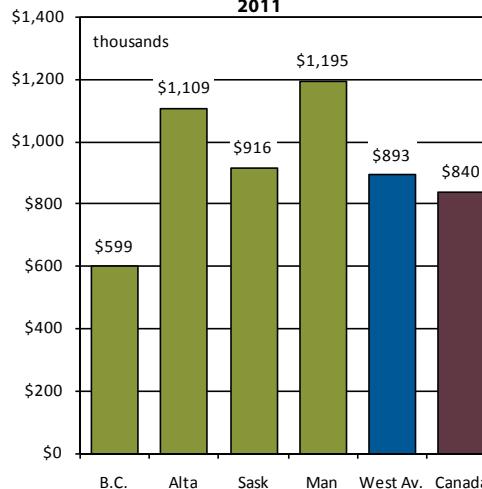


Trucking Industry

The economic fortunes of the approximately 20,000 trucking firms in the West are on an upward trend because of globalization and longer supply chains. Within that long-term upward trend, there are annual fluctuations that tend to reflect the economic cycles; 2011 was a good year for the industry.

In 2011, the average firm in the West had gross revenues of \$893,000 which was up 17% from 2010. Operating expenses, 20% of which are fuel costs, also increased by 17% to \$770,000 so net income was \$123,000 compared with \$105,000 in 2010. Trucking is a major consumer of diesel fuel – consuming 2.9 billion litres or about 20% of the diesel fuel sold in the West. Those big trucks typically burn about 50 litres of diesel per 100 km which works out to about 6.2 billion kilometres travelled during the year.

Average Gross Revenue per Trucking Firm, 2011



Upcoming Releases

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

- February manufacturing sales on April 17;
- February motor vehicle sales on April 17;
- February employment insurance data on April 19;
- March consumer price index on April 20; and
- March international travel statistics on April 20.

APRIL 16, 2012

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.

EDITOR
Doug Elliott

PUBLISHER
Andrea Geisbauer

EDITORIAL BOARD
Rose Olfert
Lihui Zhang
Jim Marshall

COPYRIGHT JSGS 2010

Johnson-Shoyama Graduate
School of Public Policy
University of Saskatchewan Campus
Diefenbaker Building
101 Diefenbaker Place
Saskatoon, SK, Canada, S7N 5B8
Tel: 306 966-8525
Fax: 306 966-1967
Email: public.policy@usask.ca

University of Regina Campus
3737 Wascana Parkway
Regina, SK, Canada, S4S 0A2
Tel: 306 585-5460
Fax: 306 585-5461
Email: gspp@uregina.ca

Outreach & Training
University of Regina
College Avenue Campus
Gallery Building, Second Floor
Regina, SK, Canada, S4S 0A2
Tel: 306 585-5777
Fax: 306 585-5780
Email: js_outreach@uregina.ca

ISSN 1923-9971