

NEWS RELEASE

High and increasing electricity prices have cost Ontario more than 74,000 manufacturing jobs since 2008

October 17, 2017
For Immediate Release

TORONTO—Ontario’s rising electricity prices—now the highest in Canada—have cost the province an estimated 74,881 manufacturing jobs since the 2008 recession, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian policy think-tank.

“Electricity is a major cost for the manufacturing sector, so it’s not surprising that Ontario’s skyrocketing electricity prices have led to tens of thousands of job losses in the province,” said Ross McKittrick, economics professor at the University of Guelph, Fraser Institute senior fellow and co-author of *Rising Electricity Costs and Declining Employment in Ontario’s Manufacturing Sector*.

In the wake of the 2008/09 recession, Ontario experienced the most substantial decline in both manufacturing output and employment, compared to other provinces and U.S. states.

From 2008 to 2015, Ontario’s manufacturing jobs fell from 805,170 to 688,735. Crucially, the study estimates that about 64 per cent of the decline—74,881 jobs—are attributable to the province’s higher electricity prices.

And even if the province’s estimates of job creation in renewable energy are taken at face value, this implies a loss of about 1.8 manufacturing jobs for every new job created in the green energy sector, many of which are temporary positions.

As for the rising cost of electricity, the study finds that hydro prices in Ontario for small industrial users (those with a power demand of one megawatt and monthly consumption of up to 400 megawatt hours) increased 48 per cent in the Toronto area and 50 per cent in Ottawa between 2010 and 2016—more than three times the average rate of increase in the rest of Canada.

As a result, in 2016, those same businesses in the Toronto area paid, on average, 16.27 cents per kilowatt hour (kWh), nearly double what comparable-sized firms paid in Montreal (9.11 cents per kWh) and Vancouver (9.49 cents), and nearly three times what they paid in Calgary (6.53 cents).

Large industrial power users in Ontario, many of which were granted reductions, also paid higher rates compared to large power users in Quebec, Alberta and B.C.

“Tens of thousands of good paying jobs have been lost because of electricity cost increases attributable to poor policy decisions at Queens Park,” McKittrick said.

(30)

MEDIA CONTACT:


Ross McKittrick, Senior Fellow
Fraser Institute

To arrange media interviews or for more information, please contact:

Bryn Weese, Media Relations Specialist, Fraser Institute

Tel: (604) 688-0221 ext. 589

E-mail: bryn.weese@fraserinstitute.org



The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit www.fraserinstitute.org