

Economic Spotlight

WAGE UPDATE

2007 WAGE SETTLEMENTS

In the first nine months of 2007, Alberta's negotiated wages for all industries increased 5.0%, well above the average of 3.6% in 2006 (Table 1). Inflation averaged 5.0% over the same period. About 60% of the total number of employees covered by the settlements in this period were from the private sector. Private sector wage settlements averaged 5.7% compared to 3.9% in the public sector. Recent major settlements with AUPE (ATB Financial) and United Nurses of Alberta (HBA Services) influenced the public sector figure. The AUPE and United Nurses of Alberta contracts, which covered 1,700 and 23,500 employees, settled for wage adjustments averaging 5.0% and 5.2%, respectively this year.

Nationally, negotiated wage settlements have averaged 3.1% so far in 2007. This is significantly lower than the 5.0% posted in Alberta, with most of the difference attributable to private sector wage settlements.

Table 1:
Trends in Negotiated Wage Settlements

	2001	2002	2003	2004	2005	2006	2007YTD ^c
Alberta: Negotiated Wage Settlements^a							
All Industries							
Number of Employees	140,017	84,047	72,180	101,915	62,245	44,388	20,443
Wage Settlement (percent)	5.9	5.0	3.2	3.4	3.2	3.6	5.0
Public Sector							
Number of Employees	86,127	68,298	44,432	59,975	39,293	28,824	8,186
Wage Settlement (percent)	6.8	5.3	3.6	3.5	3.2	3.6	3.9
Private Sector							
Number of Employees	53,890	15,749	27,748	41,940	22,952	15,564	12,257
Wage Settlement (percent)	4.6	3.4	2.5	3.2	3.1	3.6	5.7
Canada: Negotiated Wage Settlements^b							
All Industries							
Number of Employees	997,220	985,195	628,970	846,710	1,352,910	837,375	620,620
Wage Settlement (percent)	3.3	2.8	2.5	1.8	2.3	2.5	3.1
Public Sector							
Number of Employees	694,930	760,060	469,350	467,650	1,153,240	642,630	263,810
Wage Settlement (percent)	3.4	2.9	2.9	1.4	2.2	2.6	3.3
Private Sector							
Number of Employees	302,290	225,135	159,620	379,060	199,670	194,745	356,810
Wage Settlement (percent)	3.0	2.6	1.2	2.3	2.4	2.1	3.0

^a Source: Alberta Employment, Immigration and Industry

^b Source: Human Resources and Social Development Canada

^c Data on negotiated wage settlements for Canada are Jan-Aug; Data for Alberta are Jan-Sep.

On an industry basis in Alberta, the most notable increase in wage settlements was recorded in the construction (9.1%) and mining (7.1%) industries¹ (Table 2). As of September, the construction industry saw 20 of its 25 bargaining groups achieving settlements. The five remaining groups with outstanding agreements (representing about 18,000 workers) will be addressed through the Construction Industry Disputes Resolutions Tribunal (CIDRT).

**Table 2. Negotiated Wage Settlements
Selected Industries, Alberta**

(% change)	2005	2006	2007 (J-Sept)
Construction	3.4	6.4	9.1
Mining, oil and gas	3.6	3.7	7.1
Public Admin	3.4	3.7	6.3
Transportation	3.1	3.4	4.5
Manufacturing	3.1	3.8	4.2
Trade	2.6	3.5	3.7
Health	3.3	3.2	3.5
Education	3.0	3.8	3.3
Total	3.2	3.6	5.0

Source: Statistics Canada

AVERAGE WEEKLY EARNINGS² and LABOUR INCOME

So far in 2007, Alberta's average weekly earnings (AWE) including overtime have increased by 4.5%, following strong growth of 4.9% in 2006 and 5.2% in 2005. This is well above the national AWE growth of 3.1% over the same period. However, inflation in Alberta was at 5.0%, compared to only 2.0% nationally (Table 3).

Total labour income, which is also influenced by employment growth, posted a robust growth of 12.2% in 2007, almost double the national increase of 6.3%. This is slightly down from 12.7% in 2006 and 13.5% in 2005. Employment growth is up 5.1% through October compared to the same period last year.

**Table 3:
Trends in Wage and Inflation**

	2001	2002	2003	2004	2005	2006	2007YTD^a
Average Weekly Earnings Growth (including overtime)							
Alberta	2.3	2.2	1.4	3.0	5.2	4.9	4.5
Canada	1.4	2.1	1.3	2.1	3.2	3.0	3.1
Inflation (in percent)							
Alberta	2.3	3.4	4.4	1.4	2.1	3.9	5.0
Canada	2.5	2.2	2.8	1.8	2.2	2.0	2.0
Labour Income (% chg)							
Alberta	12.2	4.6	5.3	9.5	13.5	12.7	12.2
Canada	4.5	4.1	4.7	5.5	6.0	6.2	6.3

Source: Statistics Canada.

^a Data on average weekly earnings and average hourly earnings are Jan-Aug; Labour income data are Jan-June; Inflation data are Jan-Sept year-to-date.

¹ Although wage settlements in the real estate sector increased by 10.1% so far in 2007, this was only one contract that covered 73 employees.

² Average weekly earnings is defined as total dollars earned divided by the number of people who worked during a specified time period.

The service sector appears to be driving the growth in Alberta's AWE in 2007, led by the transportation and health industries (Table 4). The construction industry also saw a significant increase in AWE this year, while other industries experienced modest growth.

**Table 4. Average Weekly Earnings
Selected Industries, Alberta**

(% chg)	2005	2006	2007 (J-Sept)
Transportation	4.0	1.8	5.7
Health	2.5	5.2	4.7
Construction	6.1	3.6	4.3
Trade	5.0	5.0	3.7
Manufacturing	4.7	3.7	3.5
Public Admin	2.3	3.9	3.4
Education	4.7	4.4	2.8
Primary Resources	8.4	4.8	0.9
Total	5.2	4.9	4.5

Source: Statistics Canada

Nationally, AWE have increased by 3.1% in the first nine months of 2007. Although PEI has posted the largest growth in AWE among the provinces this year at 4.7%, it has one of the lowest AWE levels at \$631.11 (Chart 1). Alberta continues to have the highest AWE level among the provinces, averaging at \$829.20 this year. This is followed by Ontario at \$800.14.

