

Earnings and Employment Trends ♦ August 1999

Notice to Users:

Changes to the “Earnings and Employment Trends” Release

As of the September 1999 release, we are changing our data source for the earnings sections of this release.

Previous editions of Earnings and Employment Trends provided data from two separate surveys of Statistics Canada. The first one, the Labour Force Survey (LFS) is a household survey which asks questions of individuals as to their labour market status. From this we tabulated estimates of the employment levels and the unemployment rates by province and industry

The second Statistics Canada survey is the Survey of Employment Payroll and Hours (SEPH), from which we extracted “Weekly Earnings”, “Hourly Earning”, and “Average Overtime Hours”. This is an employer-based survey which asks companies to provide payroll information.

In previous issues, we had mixed and matched data from the two surveys because the LFS did not provide estimates of earnings and SEPH does not provide estimates of unemployment. Two factors have recently arisen which have led to our decision to change the release to be based entirely on data from the LFS.

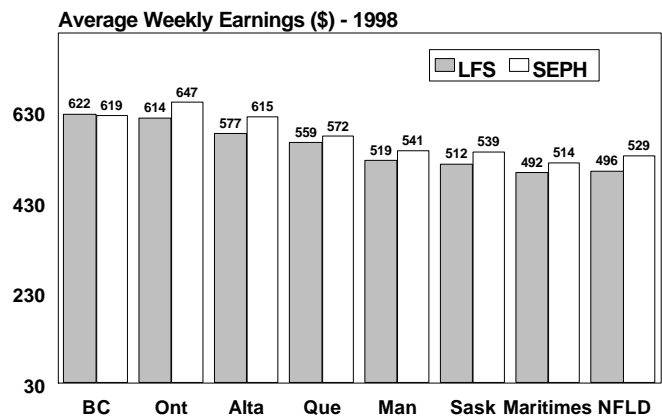
The first factor was that the LFS began collecting data on earnings starting in

January 1997 so there are now almost three years of earnings data.

More important is the questionable quality of the “average hourly earnings” from SEPH. While the average hourly earnings has always been fairly volatile at the industry level, the aggregate estimates appeared reasonable. However, in May of 1998 even the industrial aggregate showed changes that were highly improbable. The wage fell from \$17.84 in April to \$15.88 in May and has remained in this lower range ever since. These wage levels are comparable to those seen back in 1994.¹

For these reasons we have switched to LFS for our earnings data. The chart below shows the comparison of Average Weekly Earnings between the two sources.²

The Provincial Rankings of Average Weekly Earnings Are Similar for both SEPH and LFS



¹ Statistics Canada attributes this unusual drop to reporting problems of some large firms.

² It should be noted that there are differences in the earnings definition between the LFS and SEPH, the main ones being that SEPH does not include the industries of Agriculture and Fishing in their estimates and the LFS includes tips and commissions in their estimates of earnings.

As can be seen from the chart on the previous page, the two sets of series are fairly consistent. Average weekly earnings are higher according to SEPH than according to the LFS for all provinces except BC. The rankings between provinces are identical with the exception of Ontario and BC, which switch order depending on the source used.

Besides the changes to Tables 2.1, 2.2, 3.2, and 3.3, we have also switched Tables 3.5 from SEPH's Overtime Hours to LFS's "Average Weekly Hours Worked" and added an inter-provincial comparison of hours worked (Table 2.4).

Finally, we have changed the issue name and number from June 1999 to August 1999. The reason for this is that the results from the LFS are only one month old, while data from SEPH has always been three months old (June data would be released in September). Because we label the issue according to the least up-to-date series and all series are now for August 1999, we have forwarded the issue name to August 1999 and will carry on from there.

For subscription users, you will receive your promised 12 editions – please just take note that there will be no "June" or "July 1999" releases.

We hope these changes do not cause our users any inconvenience. Certainly, the lack of a longer time series is a detriment, but reporting SEPH data that we feel is lacking in quality is probably worse than no time series at all.

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