



COLLECTIVE BARGAINING UPDATE

An Overview of Economic Conditions, Bargaining Climate, and Wage Settlements Across Canada

June 2004

This note provides broad overview of the general trends in wage settlements and other relevant bargaining information across Canada. Information is taken primarily from the Workplace Information Directorate of Human Resources Development Canada (HRDC) and Statistics Canada.

Current Economic Conditions

In terms of economic growth, Newfoundland and Labrador led the way with GDP growth of 6.5% in 2003 largely on the basis of oil production, and Saskatchewan came out of two years of drought with GDP growth of 4.5%. New Brunswick, Alberta, B.C., and PEI were all above the Canadian average. Quebec, Manitoba, Ontario and Nova Scotia were all below the Canadian average. On a Canadian basis, real GDP growth is at 2.4% annualized for the 1st quarter largely because of a strong Canadian dollar and increased consumer spending. Commentators expect the growth will continue in the 2nd quarter.

Unemployment in the 1st quarter of 2004 was down slightly at 7.4%. Private sector employment increased by 49,000 at the beginning of the 2nd quarter (April). 34,700 of those jobs were self-employed. Public sector employment increased by a mere 500 indicating that public sector employers are cutting back.

Corporate profits grew at an annualized rate of 6.1% in the first four months of 2004 to remain at record highs. This growth was driven by mineral fuels, manufacturing and government owned electric power utilities.

Inflation remains low. The consumer price index is falling with only a 0.9% average increase over the 1st quarter. Projections are that the CPI will not exceed 2.0% in 2004.

Table 1: Key Economic Indicators			
	2002	2003	1st Quarter 2004
Real GDP Growth*	3.4%	1.9%	2.4%
Unemployment	7.7%	7.6%	7.4%
Increase in Corporate Profits	8.6%	10.0%	6.1%
CPI	2.2%	2.8%	0.9%

* GDP is the Gross Domestic Product or the value of all goods and services produced in Canada "Real" GDP is a measure of that value adjusted for inflation.

Source: Statistics Canada

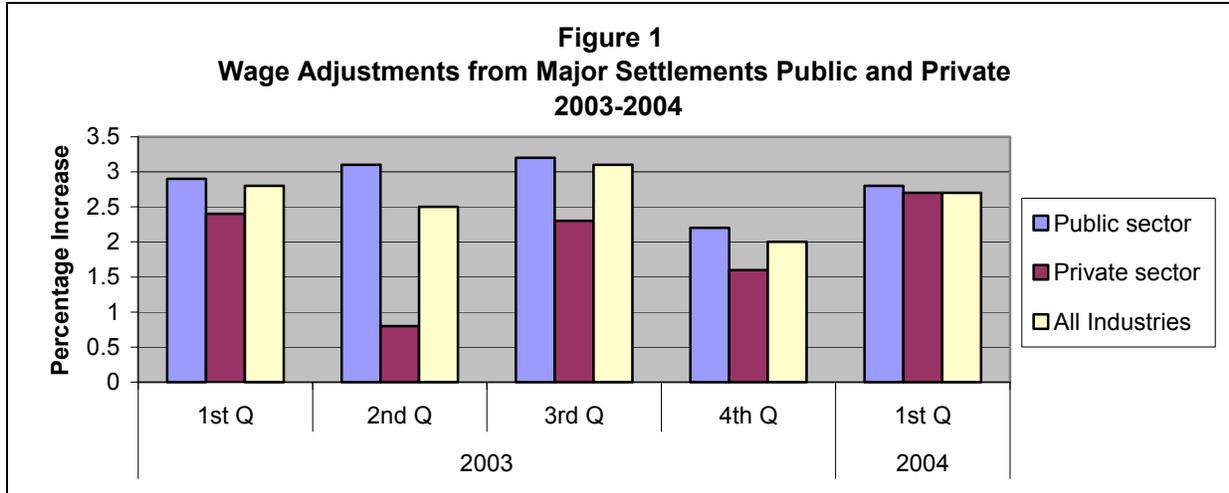
Table 2: Economic Forecasts				
	Real GDP	CPI	Unemployment	Corporate profits
Global Economic Research				
2004	2.3%	1.5%	7.4%	8.0%
2005	3.0%	2.0%	7.3%	7.0%
CIBC				
2004	2.4%	1.6%	7.5%	6.4%
2005	3.2%	1.8%	7.3%	5.6%

Wage Adjustments from Major Settlements

Public sector wage settlements remained steady throughout 2003 and for the 1st quarter of 2004 with a low of 2.2 per cent in the 4th quarter of 2003 and a high of 3.2 per cent in the 3rd quarter of 2003. Public sector wage adjustments ran at 2.8 per cent in the 1st quarter of 2004 (see figure 1.)

Private sector settlements have lagged behind public sector settlements as they ranged from 0.8 per cent in the 2nd quarter of 2003 to a high of 2.7 per cent in the 1st quarter of 2004. However, private sector settlements appear to be on a path to eclipse the public sector as private sector wage adjustments in March 2003 were 3.2 per cent while public sector adjustments were only 2.2 per cent.

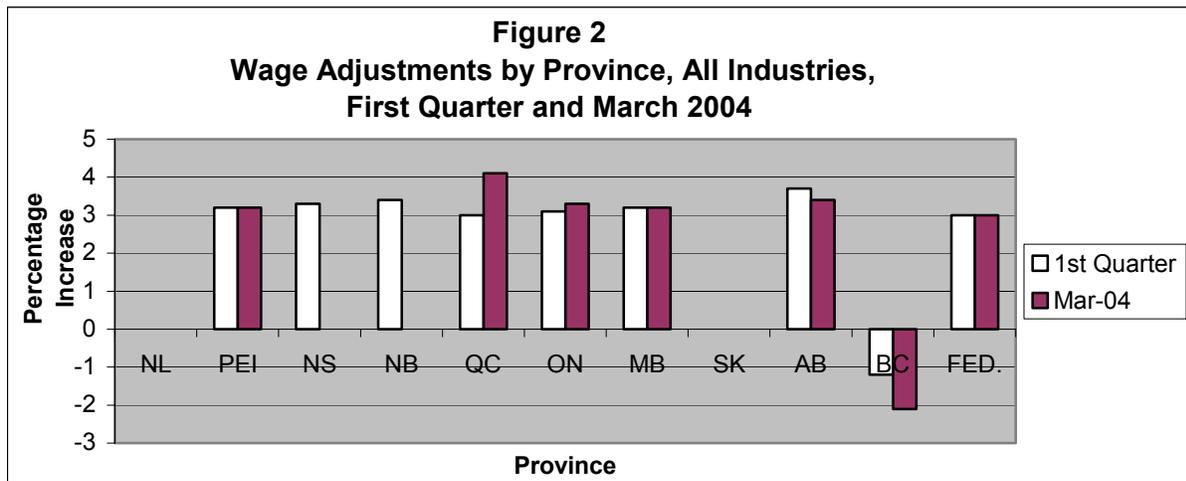
Note that aggregate data incorporating the full impact of legislated settlements in both B.C. and Newfoundland and Labrador are not yet available. Significant concessions in those settlements were imposed in April and May and will greatly reduce the public sector settlement figures in the 2nd quarter of 2004. Details on these forced agreements are provided below.



Provincial Trends

Figure 2 shows wage increases by province for all industries for the 1st quarter of 2004. Alberta led the way at 3.7 per cent while in B.C. with its wage rollbacks settlements recorded an average wage decrease of -1.2 per cent for the 1st quarter and -2.1 per cent for March. The data reflect only a 4.1 per cent rollback for employees of the Health Employers Association of British Columbia. However, we know that total rollbacks in the order of 11 per cent were implemented and will show up in the aggregate figures for the next quarter.

In March wage settlements were highest in Quebec at 4.1 per cent as lecturers at Laval University negotiated a 6.3 per cent increase.



Source: Workplace Information, The Wage Settlements Bulletin, May 2004

CUPE members, health care workers in particular, have had significant concessions forced upon them through legislation in both British Columbia and Newfoundland and Labrador.

British Columbia – Hospital Employees’ Union

Highly regressive legislation in B.C. (Bill 37) sparked a strike by HEU and escalating labour protests from other unions. A two-year memorandum of agreement was reached with the following provisions:

- An enhanced severance fund of \$25 million for health care workers displaced by contracting out.
- A cap on further contracting out at 600 FTEs.
- No retroactivity on wage rollbacks.

The legislation invoked an 11 per cent wage cut effective May 1, 2004 plus an increase in the workweek from 36 to 37.5 per week equivalent to a further 4 per cent cut in the hourly rate.

Newfoundland and Labrador – CUPE and NAPE

After a 27-day strike in April the Newfoundland and Labrador government passed legislation imposing:

- A two-year wage freeze in 2004 and 2005.
- A 2 per cent increase in 2006 and a 3 per cent increase in 2007.
- A reduction in sick leave accumulation for new employees to one day per month to a maximum of 12 days per year with a total cap of 240 days.
- A new job evaluation plan will begin implementation on April 1, 2008 but wage adjustments will not accrue on that date. Cost and timing of wage adjustments will be negotiated in the next round of bargaining.

The legislation covers over 20,000 of CUPE and NAPE and expires on March 31, 2008.

Major Settlements

Table 3: Select Recent Major Settlements			
Employer	Average Annual Increase	# of Employees	Expiry Date
Ontario Power Generation (2 agreements)	3.0%	3,900	Dec 31, 2004
CNR (2 agreements)	3.0%	5,210	Dec 31, 2006
Purolator Courier	3.0%	8,000	Dec 31, 2007
Calgary Laboratory Services	5.5%	950	June 30, 2005
Calgary RCSD # 1	3.2%	1,360	Aug 31, 2007
College Compensation and App'ts Council (Ont.)	3.7%	8,600	Aug 31, 2005
Gov't of Alta Health Services Employees	3.5%	1,190	Aug 31, 2004
PEI Health Authorities Admin. Services	3.2%	640	Mar 31, 2006
Health Employers Assoc of B.C.	-2.1%	13,500	Mar 31, 2006
Laval University Lecturers	6.3%	1,600	Apr 30, 2006
Pembina Trails SD (teachers)	3.0%	1,010	June 30, 2004
UQAM (admin)	2.6%	1,800	Nov 30, 2004
City of Winnipeg (police)	3.4%	1,550	Dec 23, 2004
Gov't of Alta – admin. program (2 agreements)	3.5%	9,920	Aug 31, 2004
Gov't of Alta – corrections	3.5%	2,070	Aug 31, 2004
Gov't of Alta – Social workers	3.5%	2,670	Aug 31, 2004
Gov't of Alta – Technical	3.5%	1,490	Aug 31, 2004
Prov'l Health Authorities of Alta – Nurses	3.2%	22,000	Dec 31, 2006

Source: Workplace Information, The wage Settlements Bulletin, May 2004

Selected Current Key Public Sector Negotiations

The collective bargaining climate in each province and region will be influenced by the major negotiations in progress at the present time. Table 4 below highlights some of the key negotiations to watch.

Table 4: Key Negotiations in Progress		
Employer	Union	# of Employees
Gov't of Canada	Various	113,390
Canada Revenue Agency	PSAC and PIPSC	41,480
Gov't of Nova Scotia	CUPE (public works)	1,600
Capital District Health	NSGEU	7,800
Nova Scotia Health Org's	CUPE	3,000
Gov't of New Brunswick	CUPE (health)	5,800
Gov't of New Brunswick	Nurses	5,000
Gov't of New Brunswick	Teachers	1,500
Gov't of PEI	Teachers	1,500
Gov't of Quebec	Various	323,470
City of Montreal	Various	8,770
Ontario Nursing Homes	SEIU	3,200
Man. Reg'l Health Authorities	CUPE	11,000
Gov't of Saskatchewan	SGEU	9,860
Sask. Assoc of Health Org's	Various	24,530
Alberta Bds of Education	ATA	13,360
Health Authorities of Alberta	Various	7,500

Source: Workplace Information, The Wage Settlements Bulletin

CUPE Research

TRANSMITTAL INFORMATION

Stan Marshall
 Senior Officer, Research Branch
 613-237-1590. ext. 228
 smarshall@cupe.ca

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