ECONOMIC CLIMATE for BARGAINING

June 2008 **Vol 5, No. 2**

Frontline Summary

Recipe for that 70s feeling: some real retro-economic policies. There seems to be a revival for all things seventies again. Does this mean that the dreaded stagflation (and wide-legged jeans) are coming back to haunt us? There is no threat of 1970s-style inflation and Japanese 1990s style deflation may be more of a threat. Whatever retro-economic model applies the economic policy responses of Ottawa could cause much more serious damage.

We are long past due for a few real retro-economic policies. Retrofitting our infrastructure to deal with climate change would do far more to increase productivity, reduce the costs of high fuel prices and create sustainable jobs than what is currently on the menu in Ottawa. This section also includes tables with consensus average forecasts of major economic indicators for Canada and the provinces.

Is Canada's job market reaching its peak? Canada's economy has added jobs at a torrid pace in recent years resulting in record low unemployment and employment rates. Now there are signs that growth in the job market may be peaking out. More than half of the new jobs added so far have been in construction. Forecasters expect job growth to slow this year and next and for unemployment to increase.

A primer on carbon taxes, credits and offsets. There is growing interest and discussion about the use of economic tools, such as carbon taxes, cap and trade emission systems and carbon offsets to reduce greenhouse gas emissions. These have the potential to impact Canadian workers in the wallet and the workplace. This one page primer provides a short introduction to the meaning and use of these economic instruments.

Impact of carbon taxes on different household income groups. The impact of carbon taxes on different household income groups has recently become the topic of some political discussion at the national level. This is also an immediate concern for people in British Columbia, where a broad-based carbon tax will go into effect July 1st. There has been little analysis of the likely impact of a carbon tax on different households in Canada, but CUPE has done this analysis for the Alternative Federal Budget. This section outlines the average impact for different income groups.

Green Job Opportunities Growing. The United States and European countries are far ahead of Canada in developing new green job opportunities. This section provides definitions of what a green job is and summarizes some of their potential and roadblocks for the public sector. On-the-job training for existing workers will be essential to help green existing jobs. Unless barriers to participation by the public sector are removed, many of the new green jobs won't turn out to be that good.

Bargaining a Greener Future. An increasing number of CUPE locals are pursuing environmental provisions in their collective agreements. This can help to directly improve the lives of CUPE members while also benefiting the environment. This section outlines key areas for consideration.

Cost of living set to rise. Canada's inflation rate has been moderate so far this year, but this isn't expected to last for long. Sustained increases in energy and food prices will increase the cost of living during the rest of the year, especially for middle and low income families.

Global fuel and food prices coming home. Soaring fuel and food prices have caused much hardship for low income households around the world. The impact in most other parts of the world has been much worse than in Canada. Fundamental factors have pushed up these prices and they are likely to stay high for some time. With our globalized economy, more of the impacts of these costs will be coming home to Canadian households soon.

Collective agreement wage increases continue to outpace inflation. Base wage increases achieved in large collective agreements in the first quarter of 2008 continued to outpace inflation. Wage adjustments averaged 3.4% a year across all sectors for the life of the contracts signed during this period. With national consumer price inflation averaging 1.8% in the first three months of this year, these agreements should continue to provide workers with real wage gains.

The Economic Climate for Bargaining *is published four times a year by the Canadian Union of Public Employees. Please contact Toby Sanger (tsanger@cupe.ca) with corrections, questions, suggestions or contributions!*

ECONOMIC CLIMATE for BARGAINING

Recipe for that 70s feeling: some real retro-economic policies

Elton John is on tour, the price of oil and gold are smashing new records, environmentalism and energy conservation are hot, a world food crisis is brewing, commodities are king for investors, and the big three automakers have been caught flatfooted with showrooms full of gas guzzlers again.

Even Canada's iconic ParticipACTION program (but not yet the now-95 year old Swede) has been brought back from retirement.

There seems to be a revival for all things seventies.

Does this mean that the dreaded stagflation (higher inflation together with low rates of economic growth) is coming back to plague us, together with a fashion for wide-legged jeans?

Higher energy and food prices are certainly increasing the cost of living around the world. These cost increases are causing particular hardship for poor countries and lower income households around the world. For the first time since the 1970s, there is talk about a food crisis.

There are increasing numbers of strikes and protests around the world against the rising cost of fuel and food – and for higher wages especially by workers in Southeast Asia.

Canadian households have not suffered much from higher inflation so far, but there is little doubt that it will soon be on its way. Slower economic growth is also on its way. Statistics Canada's figures show that our economy actually shrank slightly in the first quarter of this year. If the economy shrinks in the second quarter as well, then we will officially be in a recession.

The only things that kept our economy from not declining much more severely in the first quarter were still healthy consumer and government spending, together with lower imports. With little growth in business investment, Canadians could be in for a nasty recession if consumer and government spending drops off.

There's certainly more layoffs and cutbacks on the way: Canada's auto workers are getting whalloped by the high dollar, high gas prices, the downturn in the U.S and by corporate reversals that are leaving their jobs and communities out to dry.

Much of the recent employment growth in Canada has been in construction jobs. Conditions could quickly worsen if house prices fall, as they have in the United States, United Kingdom and other countries.

But the real danger signs aren't so much on Main Street; they are more on Wellington Street and Laurier Avenue in Ottawa, where the Bank of Canada and the federal Finance Department have their offices.

The Governor of the Bank of Canada, Mark Carney has stated that if stagflation develops, then their primary concern will be to keep inflation at its 2% target, and they would presumably increase interest rates to achieve this.

Meanwhile, federal Finance Minister Jim Flaherty has said his first priority if an economic slowdown occurs will be to balance the budget and he would cut government spending to do so.

These two reactions – decapitating the two economic drivers left – could drive our economy into the ditch, triggering a severe economic downturn and long-lasting stagnation.

The U.S. economy has a quite different scope of problems than Canada, but their economy has actually managed to grow this year thanks to government spending stimulus and low interest rates.

There is little that the Bank of Canada can do to control worldwide increases in oil and food prices. Raising interest rates (and thereby the value of the Canadian dollar) and cutting government spending could create economic problems so severe that 3% inflation and a small government deficit will seem like a fond memory.

On the surface it may start to feel like it, but it's not the seventies again. There is no threat of 10% plus rates of inflation. 1990s-style Japanese deflation and the resulting decade-long economic slump may be more of a threat.

Whatever retro-economic model applies, we are long past due for a few retro-economic policies. Retrofitting our infrastructure to deal with climate change would do far more to increase productivity, reduce the costs of high fuel prices and create sustainable jobs than what is currently on the menu in Ottawa.

Canadian Economic Outlook

Annual growth rates unless indicated	**2007**	**2008**	**2009**
Growth in the Economy			
Real GDP	2.7%	1.4%	2.2%
- Consumer Spending	4.5%	4.1%	2.8%
- Business Investment	3.4%	4.3%	4.5%
- Government Spending	3.7%	4.3%	3.1%
Labour Market			
Employment growth	2.3%	1.5%	1.0%
Unemployment rate	6.0%	6.1%	6.3%
Productivity growth	0.3%	-0.2%	1.1%
Inflation - Consumer Price Index	2.2%	1.9%	2.3%
Corporate Profits before tax	3.3%	2.3%	1.9%
Real Personal Disposable Income	3.7%	3.6%	2.6%
Personal Savings Rate	2.7%	1.6%	1.2%
Housing Starts (000s)	228	217	199
Interest Rates and Exchange Rate			
Short term 3 Month T-Bill	4.15%	2.30%	3.34%
Long term 10 Year Bond	4.28%	3.65%	3.85%
Exchange rate C$ in U.S. cents	93.04¢	99.03¢	95.23¢

Consensus average based on latest forecasts from different Canadian forecasters as of June 5, 2008.

Provincial Outlook

% annual growth unless where noted	Real GDP		Employment		Unemployment Rate		Inflation	
	2008	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
Newfoundland & Labrador	0.9	1.5	0.6	0.7	12.6	12.4	1.3	1.7
Prince Edward Island	1.3	1.5	0.7	0.4	10.2	10.3	1.5	1.9
Nova Scotia	1.8	2.3	1.3	1.0	7.6	7.5	1.7	2.1
New Brunswick	1.8	2.3	1.3	1.0	7.6	7.7	1.4	1.8
Quebec	1.0	1.8	1.1	0.7	7.3	7.5	1.3	1.7
Ontario	0.7	1.7	1.0	0.7	6.7	7.0	1.5	1.8
Manitoba	2.5	2.7	1.8	1.2	4.0	4.1	1.8	2.0
Saskatchewan	3.2	2.9	1.9	1.4	3.9	4.0	3.1	2.7
Alberta	2.7	2.9	2.5	1.8	3.6	3.8	3.0	2.6
British Columbia	2.4	2.8	2.1	1.9	4.3	4.5	1.4	1.8

Based on the consensus forecasts from four different bank forecasters Jan to May 2008.
N.B. More recent national average forecasts for CPI inflation are about 0.3 percentage points higher for both 2008 and 2009.

Is Canada's job market reaching its peak?

Canada's labour market has added jobs at a torrid pace in recent years, with more than two million jobs added since 2000. This works out to an annual growth rate of almost 2%: about twice our rate of population growth.

This fast rate of employment growth has resulted in the record low unemployment rates and record high employment rates in many areas. Canada has had the strongest job growth in the G7 group of countries and now has a lower unemployment rate than the United States (when using comparable measures). Unfortunately the tight job markets have not, until recently, provided sustained real wage gains for the majority of Canadian workers.

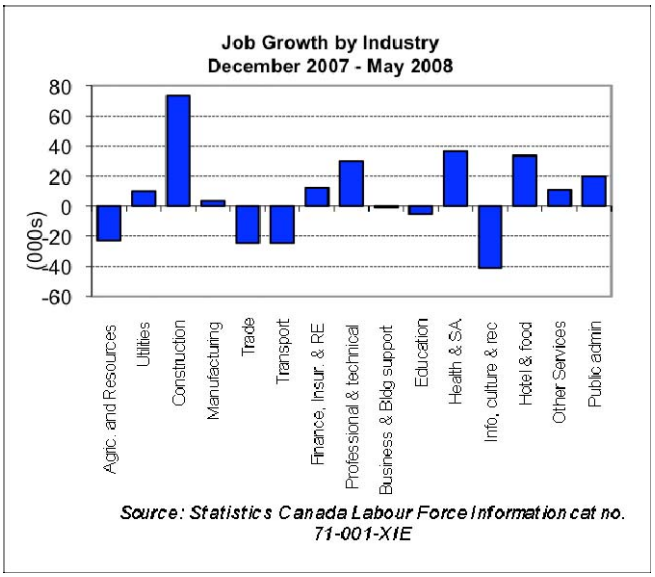
According to the Labour Force Survey, employment continued to grow at this strong pace for the first four months of this year, adding an average of 30,000 jobs per month. This is all the more remarkable considering that the economy reportedly shrank slightly in the first quarter of the year.

Now there are signs that growth in the job market may be peaking out. Employment was essentially flat in May. This was a month before a spate of bad news hit, with thousands of further layoffs announced, rising bankruptcies and Canada's consumer confidence index dropping to its lowest level in seven years.

More than half of the new jobs added so far this year have been in construction, reflecting still strong rates of residential and commercial construction. The labour force survey figures show little overall net change in manufacturing employment this year, but a loss of 66,000 compared to twelve months ago.

In CUPE's key sectors:

- Utilities employment is up strongly, adding 10,000 new jobs since last December (+7%)
- Business, building and other support services is down slightly
- Health care and social assistance has added 36,500 jobs (+2%)
- Education employment levels are down slightly.
- Information, culture and recreation has dropped by a reported 41,000 jobs since December (-5.2%)
- Other services (including community services) have added 11,000 jobs (+1.5%)
- Public administration has added 20,000 jobs (+2.2%)



Over half of the net job growth this year has been in Ontario (+80,000). British Columbia (+24,500), Manitoba (+6,000), Alberta (+14,000) and Saskatchewan (+4,700) have all added jobs at a solid rate since December, but then experienced some weakness in May.

Employment has also grown at a strong pace this year in Newfoundland and Prince Edward Island but has declined in Nova Scotia and New Brunswick and has been largely stagnant in Quebec.

Employment outlook

Economic forecasters expect employment growth to slow down this year, growing by an average rate of 1.5% in 2008, and then by 1% in 2009. Job growth is expected to continue to be strongest in both Alberta and B.C. in 2008, followed by Saskatchewan and Manitoba. Newfoundland, Prince Edward Island, Ontario and Quebec are expected to register the slowest rates of employment growth, averaging less than 1% a year for this year and next.

Economic forecasters expect the unemployment rate to average 6.1% this year, then to rise to 6.3% by 2009. The biggest increase in the unemployment rate is expected to occur in Ontario. Most other provinces are expected to experienced some increase in unemployment rates (*see Provincial Outlook table above*).

A primer on carbon taxes, credits and offsets

There is growing interest and debate in Canada about the use of economic tools, such as carbon taxes or cap and trade emission permitting systems, to reduce greenhouse gas emissions. Together these are sometimes referred to as carbon pricing systems.

A ***carbon tax***[1] puts a tax or levy on the sale of fossil fuels, including gasoline, diesel, heating fuels, coal, natural gas and other fuels based on the amounts of carbon dioxide (CO_2) or total greenhouse gas (GHG) emissions emitted from their use.

Carbon taxes are designed to indirectly reduce emissions by increasing prices and thereby reducing demand and use.

A ***cap and trade*** system is designed to reduce emissions by setting out absolute quantity limits on GHG emissions by industry and by firm. The government issues permits for free or sells permits through an auction.

By regulating emission limits through a cap and trade system, the government indirectly creates a secondary market in permits that allow specified levels of GHG pollution. Companies are then able to buy and sell these permits or credits through an emissions trading market[2]. These permits acquire a market value whether or not they were initially sold or given away and will then lead to increased prices. If they are provided for free, then they involve windfall gains for the recipients.

Cap and trade systems are primarily designed for *large final emitters*: the large industrial sources and utilities that make up almost 50% of Canada's GHG emissions. Some have proposed setting up comprehensive emissions trading systems to cover individuals as well, but this would be expensive both administratively and in terms of transactions costs. For the millions of small sources of emissions from transportation and heating that make up one-third of Canada's GHG emissions, carbon taxes and/or other tools, such as regulations and incentives, are more appropriate.

Carbon offsets are similar to carbon credits, but are designed to represent greenhouse gas emission reductions, through activities such as planting trees, reducing industrial emissions or renewable energy projects.

Offsets can be domestically generated or internationally, such as through the UN-sponsored *Clean Development Mechanism* scheme, which involves payment for GHG offset projects to developing countries that are not under the Kyoto protocol. There is increasing controversy over whether some of these offsets and credits allowed regulated offset systems represent actual emission reductions[3].

Voluntary credit schemes, where people voluntarily pay for carbon credits can be even more sketchy. There are wide variations in the quality of carbon offset credits for sale in this unregulated market, in which an estimated US$330 million was spent in 2007, up from US$100 million in 2006[4].

Carbon offsets offer the potential to channel funds to effective projects, but unless purchasers know what they are buying and it comes from a reputable and progressive organization, there are few guarantees in this murky emerging market.

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[1] During the 1990s, carbon taxes used to be denoted in terms of their actual carbon content; now they are commonly measured in terms of their carbon dioxide (CO_2) emissions even though they are still commonly called "carbon taxes". CO_2 is 3.667 times the molecular weight of carbon so a $10 per tonne carbon tax based on the strict carbon content is equivalent to a $36.67 tax per tonne of CO_2. Some carbon taxes, such as the one introduced in British Columbia, are based on the total greenhouse gases (GHG) emitted from their use, measured in terms of carbon dioxide equivalents, denoted as CO_2e. Other major greenhouse gases include methane (CH_4) and nitrous oxides (N_2O).

[2] A Montreal Climate Exchange (MCeX) has just been established through the Montreal Stock Exchange to trade CO_2e units, options and futures in Canada. http://www.mcex.ca/index_en

[3] For instance, over half have involved reducing emissions of a gas called trifluoromethane in China, which is a potent GHG, but costs very little to get rid of. Carbon offset payments for these projects are estimated to provide 4.7 billion Euros for projects that cost less than 100 million Euros to reduce. These economics create perverse incentives that could encourage the production of these gases, just to gain revenues from eliminating them.
http://iis-db.stanford.edu/pubs/22157/WP74_final_final.pdf
http://carbonfinance.org/docs/Carbon_Trends_2007-_FINAL_-_May_2.pdf
Most of the $40 million in carbon offset credits paid for under *Alberta's Climate Change Strategy* have been for low-till farming – where farmers are paid to not till their land. Again, there is no guarantee that these represent incremental reductions.

[4] *State of the Voluntary Carbon Market 2008*
http://www.newcarbonfinance.com/

Impact of carbon tax on different household income groups

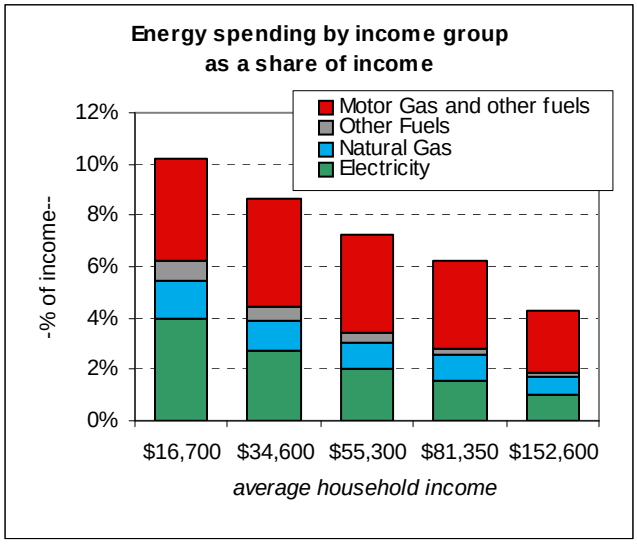
The impact of carbon taxes on different household income groups has recently become the topic of increasing discussion at the national level. This is also an issue of direct immediate concern for people in British Columbia, where the centerpiece of the provinces' 2008 Budget was a carbon tax that comes into effect on July 1, 2008.

B.C. together with other provinces, including now Ontario and Quebec, is also developing a cap and trade system for emissions from large industry sources. These will also lead to increased prices for households, even if the permits are granted for free. But these systems have not been developed yet and the impacts are more difficult to determine.

All the revenues raised from B.C.'s carbon tax will be redirected into tax cuts in other areas – including a low-income tax credit and personal and corporate income tax cuts – so the measure will be revenue-neutral for the B.C. government.

A "revenue neutral" carbon tax similar to B.C.'s has been proposed at the national level by the Green Party, some environmental organizations and is widely rumoured to being proposed by the Liberal Party.

While governments and some political parties have taken pains to propose revenue-neutral carbon taxes, different polls have found that a majority of Canadians said they would be in favour of a carbon tax if the revenues raised went to public investments in environmental projects – such as public transit, energy efficiency and renewable energy – and if the vulnerable were protected.



Given the generally positive public reception to B.C.'s carbon tax and the pressure that other governments are under to do something serious about climate change, it is important to take a closer look at the impacts. Fortunately, CUPE has already analyzed the impacts of a carbon tax as part of the *Alternative Federal Budget*.

This provides some answers to the following questions:

- How would a carbon tax increase costs for households of different income groups?
- What is needed to ensure that vulnerable lower income and middle-income families are protected and compensated for higher costs?

Impact of a carbon tax by income group

Higher income families and households tend to have larger carbon footprints – they consume more and are responsible for more greenhouse gas emissions per person.

However, lower income and middle-income families spend proportionately more of their income on energy and fossil fuels than higher income families. This is partly because lower income families have much less money to save, but also because energy and fossil fuels take a larger share of their annual spending budgets.

A carbon tax at a rate of $10 per tonne CO_2e (including CO_2 and other gases) would increase the cost of fuels by the following amounts:

- motor gasoline 2.41 ¢ /litre
- diesel 2.76 ¢ /litre
- home heating fuel 2.76 ¢ /litre
- heavy fuel oil 3.08 ¢ /litre
- natural gas 1.88 ¢ m^3
- propane 1.53 ¢ /litre
- kerosene/aviation fuel 2.62 ¢ /litre

At a rate of $30 per tonne CO_2, a carbon tax would increase the cost of these fuels by three times this amount: for instance it would directly add 7.23¢ to the cost of a litre of gasoline.

A carbon tax would clearly increase costs more for those households that used more fuel and for those who use "dirtier" fuels.

Based on average household fuel use, a carbon tax at $10 per tonne would add about $90 to the *direct fuel bills* of an average Canadian household. With an average household size of 2.5, this works out to about $36 per person. But the direct costs are only a part of the additional costs that families would bear.

Higher fuel prices increase costs throughout the economy by increasing the costs of transportation, production and distribution of virtually all goods and services in the economy. These increase costs for households *indirectly*.

Figures provided by Statistics Canada estimate that the *indirect* domestic GHG emissions from household consumption of goods and services amount to 1.93 times the emissions from *direct* fuel use. This means that the total domestic emissions associated with household consumption are almost three times (2.93) the level of direct emissions[5].

If these costs are passed on fully through to households, this means that a carbon tax would also increase total costs for households by almost three times the level of direct costs.

For instance, a broadly-based carbon tax at $10 per tonne would increase costs by approximately $260 each year for the average Canadian household. With an average household size of 2.5, this translates to $103 per person per year[6].

A carbon tax at $30 per tonne would increase direct household costs by an average of $266 a year and total costs (direct and indirect) by about $776 per year. This translates to $310 per person per year.

Compensation needed to protect lower and middle income households

These calculations provide a simple rule of thumb: for every $10 in a carbon tax per tonne CO_2, costs per person would increase by about $100 annually.

The costs would of course vary a lot for different households, their consumption and fuel use. These costs would come down as people and businesses increase their energy efficiency, reduce fuel use and reduce emissions.

Total additional costs would be lower for lower-income households, but they would be higher as a share of their annual income and spending levels. But with large variations of fuel use within income groups, approximately $100 per person per year would be necessary to offset the increase associated with a $10 per tonne carbon tax for lower and middle income families.

The table below shows the impacts of the additional costs associated with a $10 and $30 per tonne CO_2 carbon tax for different income groups in Canada, based on 2005 consumption levels.

Compensation for the increased costs of a carbon tax to vulnerable households is only part of the picture. The real reason for a carbon tax and measures such as a cap and trade program is to reduce our greenhouse gas emissions.

This is much harder for lower- and middle-income families to achieve because they have a lower level of emissions to start with and because they have less money and less ability to invest in more energy efficient technologies and alternatives, such as newer hybrid cars, efficient furnaces and energy retrofitting, etc.

It is essential that any climate change plan include public programs that would especially help low and middle- income households (and particularly those in remote communities) adapt, such as public transit and low income housing retrofit programs.

Many could also be affected through their work, with job or income loss for those working in industries or communities affected by a carbon tax and/or a cap and trade system.

Any carbon pricing system needs to be accompanied with Just Transition and Green Jobs Investment Programs to help workers and communities affected by these changes adapt and develop good quality jobs, greener industries and more sustainable communities.

Significant investments also need to be made in physical and social infrastructure to help communities prepare for and adapt to the more extreme weather and climate changes caused by global warming.

[5] This does not include the emissions associated with Canadian households' consumption of imported goods and services, which are equivalent to about 90% of the emissions associated with direct fuel use by households. If a carbon tariff or equivalent measure were in place for imported goods, then the costs would increase proportionately for (e.g. to about 3.83 times the direct fuel use impact).

[6] The figures reported are for national levels. Analysis has shown that the impacts are fairly similar at the provincial level for British Columbia. Marc Lee and Toby Sanger, 2008. *A Distributional Analysis of B.C.'s Carbon Tax.* Paper presented at the Canadian Economics Association Progressive Economics Forum meetings June 6, 2008.

Impact of Carbon Tax on Household Income Groups in Canada
$30/tonne CO_2

	Income groups					
	Average All groups	**Lowest Quintile**	**Second Quintile**	**Third Quintile**	**Fourth Quintile**	**Top Quintile**
Average household income (2005)	$ 68,102	$ 16,686	$ 34,599	$ 55,302	$ 81,349	$152,572
Average household size	2.51	1.45	2.11	2.56	2.99	3.41
Carbon tax at $30/tonne impact						
- direct cost per family	266	96	184	259	341	450
- indirect cost	513	185	355	499	658	868
- total cost	779	281	539	758	1,000	1318
- percent of average income	1.14%	1.69%	1.56%	1.37%	1.23%	0.86%
- per person	310	194	255	296	334	386

This analysis was done using a spreadsheet model originally developed for the *Alternative Federal Budget.* Direct fuel use by household quintile group was calculated using the 2005 Survey of Household Spending and average retail fuel prices from the Consumer Price Index and other Statistics Canada sources. Carbon tax rates were calculated using Environment Canada CO_2 emission factors.

The indirect impact of a broad-based carbon tax was calculated using estimates developed by Statistics Canada's Environmental Accounts division using their greenhouse gas input-output model to calculate the indirect emissions associated with household consumption. The indirect domestic emissions associated with household consumption amount to 1.93 times the direct emissions of households, according to Statscan's analysis for 2003, the latest year available. The GHG emissions associated with imported goods amount to another 0.90 times (e.g. 90%) these direct emissions, but these were not included.

The ratio of indirect to direct emissions is fairly constant through the income spectrum, based on calculations from the U.S. and only appears to change significantly for the top 10% of the income distribution. A share of this is associated with air travel, which is largely un covered by carbon pricing systems.

This analysis assumes full, but no more than full, pass-through of direct and indirect costs.

Adaptation to higher costs would bring the impacts down but this adaptation takes time (short-run *price elasticities* are low) and would be more difficult for lower income households.

Green Job Opportunities Growing

The transition to a more sustainable economy with lower greenhouse gas emissions will involve disruption and costs – in terms of capital investments, higher costs, and job losses – but it also provides many potential benefits and opportunities.

One major economic benefit is higher energy efficiency and energy cost savings. Investments in more advanced, less polluting industrial processes can also lead to higher overall productivity.

A number of CUPE locals and workplaces have been able to achieve significant energy savings by investing in more energy efficient equipment. The savings achieved have helped to free up funds for areas that provide greater benefits to workers. Record high oil prices make these cost-saving opportunities all the more attractive, as well as increasing financial pressures on employers.

Another major opportunity is the prospect of thousands of new *green jobs*.

What is a green job?

There is no one simple or widely agreed upon definition of what a "green job" or a "green-collar job" is.

An upcoming report[7] by the United Nations Environment program (UNEP), the International Labour Organization (ILO) and the International Trade Union Confederation (ITUC) defines green jobs as:

> *Positions in agricultural, manufacturing, R&D, administrative, and service activities aimed at alleviating the myriad environmental problems faced by humanity.*
>
> *This includes jobs that help to protect and restore ecosystems and biodiversity, reduce energy, materials and water consumption through high-efficiency and avoidance strategies, de-carbonize the economy, and minimize or altogether avoid generation of all forms of waste and pollution.*

Definitions of green jobs from the Apollo Alliance are[8]:

> *Family-supporting jobs that contribute significantly to preserving or enhancing environmental quality.*
>
> *It has to pay decent wages and benefits that can support a family. It has to be part of a real career path, with upward mobility. And it needs to reduce waste and pollution and benefit the environment.*

There are many different "shades of green" in different jobs and different sectors of the economy, but most agree that green jobs should also be *good jobs*: providing good work and paying a decent wage.

Tens of thousands of CUPE members already work in greenish jobs, including in:

- recycling, diversion and waste management
- water treatment
- cleaning and maintenance
- environmental services
- parks and recreation
- hydro and renewable/ low carbon energy

Detailed employment numbers for these areas are not yet available, but CUPE very likely has the largest number of members in green jobs of any union in Canada and could be considered Canada's "green union".

Many of our jobs could become much more "green" by using less toxic and more environmentally-friendly cleaners; reducing waste, pollution and energy use through the workplace; and helping to generate renewable forms of energy.

The potential for greening our work and for generating new green jobs is significant.

Renewable energy

There were an estimated 2.3 million workers around the world employed in the renewable energy sector in 2006.

This included over 230,000 jobs in the German renewables sector, many of which are unionized. Jobs in this sector increased by 165,000 from 1998 to 2006, at an annual rate of 17% a year. Some expect German employment in this sector to grow to 500,000 by 2020.

China has an estimated 943,200 people employed in the renewables sector, including over 600,000 in solar photovoltaic and thermal manufacturing, generation and servicing.

The U.S. had an estimated 185,000 private sector jobs in renewables in 2006, with another 246,000 indirect jobs generated by the direct jobs.

[7] *Green Jobs: Towards Sustainable Work in a Low Carbon World*. http://www.unep.org/civil_society/index.asp
[8] http://www.apolloalliance.org/

This high rate of growth in renewable energy jobs has happened even though world-wide government investment in renewable research and development declined considerably from 1980.

The number of jobs created by investments in most forms of renewable energy generation per megawatt of capacity averages considerably more than the number of jobs generated from coal-fired and gas fired generation, according to a recent study[9].

Energy Efficiency

There are fewer estimates of the number of jobs generated from energy retrofits of buildings, in the energy efficiency appliance industries, and from green building maintenance.

In the U.S., there were an estimated 3.5 million direct jobs in the energy efficiency sector, according to one study, although these estimates seem high.

Germany generated 25,000 full-time jobs through an ambitious and successful 1 billion Euro apartment retrofit program that was developed with the German Confederation of Trade Unions. This was less than expected, although an estimated 116,000 jobs were also saved and the program has been expanded.

A recent study by the European Trade Union Confederation estimates that an aggressive program to reduce emissions in the building sector could generate up to 2.5 million full time jobs a year across Europe[10].

Although many of these jobs would be in the private sector, there is also potential for public sector jobs doing retrofit and maintenance of public buildings.

While this type of program is focused on energy savings and reducing greenhouse gas emissions, it can also lever many spin-off investments and jobs in the construction and manufacturing industries, so it is very well suited to helping the economy recover from a downturn.

Environmental Services: Waste, Recycling, Water

CUPE is the predominant union in Canada representing workers in the environment services industry. Although CUPE membership figures for these sectors are not yet available, we represent many thousands of workers in waste collection, recycling and water treatment.

There are an estimated 36,000 people employed in waste collection and remediation in Canada, with about 8,000 employed by local governments. Employment growth in this sector has been solid, increasing by over 4% a year during the past four years.

Water utilities employ about 14,000 workers in Canada. Employment growth has been average during the past four years, increasing by about 2% a year.

As waste collection, diversion and recycling programs expand, there continues to be strong potential for growth in the waste collection and remediation sector. CUPE has been able to regain jobs in this sector as some municipalities have contracted back-in this work.

There could also be stronger growth in the water utilities sector, with the acknowledged need for increased investment in water and sewage infrastructure.

A recent report by the Federation of Canadian Municipalities estimated that there is a $31 billion municipal infrastructure deficit for Canada's water supply, wastewater and stormwater systems[11]. Much more will be needed to improve and expand these services. A recent Ontario report estimated that $34 billion would be needed to invest in water and wastewater in that province alone over the next 15 years[12]. There is an even more urgent need for investments to bring clean water to many Aboriginal communities.

Training and Community Economic Development

While there is great potential for thousands of new jobs and for greening our work, this won't happen unless there are training, skills and education programs in place along with measures to maximize community benefits. On-the-job training and skills development are crucial, together with programs to create green-collar jobs and apprenticeship programs for younger workers. These can be especially valuable in developing middle-skilled jobs to help create pathways into good jobs.

CUPE and other unions need to play a key role in all of these areas: advocating for new investments, on-the-job training, and working with community groups and colleges to train a new generation of workers.

[9] *Putting Renewables to Work: How many Jobs Can the Clean Energy Industry Generate* http://rael.berkeley.edu/old-site/renewables.jobs.2006.pdf
[10] ETUC *Climate Change and Employment*, p. 149 http://www.etuc.org/a/3676

[11] Saeed Mirza, 2007. *Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure*, FCM.
[12] Ontario Water Strategy Expert Panel, 2005. *Watertight: the case for change in Ontario's water and wastewater sector.*

Training to new environmental standards will be necessary to protect jobs from privatization and contracting-out. This situation was faced by Local 79 members, who have now arranged training in green cleaning methods to maintain jobs. Often it is important to provide basic skills upgrading to help existing workers achieve training for new standards and certification levels, as was found with the new certification requirements for water workers.

While there are great opportunities in green jobs, there are also major challenges and threats for CUPE members – and to the public good.

Public utilities could play a very positive role in developing new renewable energy sources, but they are being restricted from doing so for no good reason.

Public power utilities in different provinces have turned almost exclusively to the private sector for new supplies of renewable energy. Ontario, Quebec and B.C. hydro utilities have either explicitly or effectively restrict their publicly owned utilities from directly developing new renewable energy generating capacity in most areas.

B.C. has even engineered a massive push toward private hydro development at both high environmental and financial cost. CUPE Quebec has campaigned strongly to develop wind power as a public asset.

The need for new investments to reduce pollution, the potential for energy efficiency savings and new environmental standards are increasingly being used as reasons for privatization, contracting-out and P3s in different sectors. Unless we make progress on these areas within the public sector, we will lose out on these opportunities – and many of the new green jobs won't turn out to be all that good.

Bargaining a Greener Future

An increasing number of CUPE locals are pursuing environmental provisions in their collective agreements. This can help to directly improve the lives of CUPE members while also benefiting the environment.

Many provincial governments have already published climate change action plans which include commitments to reduce fuel use and greenhouse gas emissions directly through provincial government operations.

The B.C. government's plan goes further. It has mandated that the entire public sector go "carbon-neutral", including schools, universities, colleges and health authorities. Funding approval for projects from the B.C. government must demonstrate how the project will have a meaningful impact on greenhouse gas emissions.

These issues will inevitably affect our members in different provinces: it makes sense to be proactive so the changes can be as positive as possible. Key areas to consider for bargaining green provisions include:

Environmental statement or policy

Starting with a general environmental statement or policy can set the tone for greening the workplace. Any statement or policy should call on the workplace to limit its negative impact on the environment/climate as much as possible, by, for example, setting targets for greenhouse gas reductions and/or limiting pollution.

CUPE Local 2099 and the City of Mount Pearl in Newfoundland and Labrador negotiated the following language:

> *The Employer and the Union agree that the limiting of environmental pollution is a desirable objective. Therefore, the parties affirm, according to their respective responsibilities, their joint objective to co-operate and promote jointly the objective of a pollution free environment at work and in the community.*

Workplace environment committees

A number of CUPE locals have negotiated workplace environment committees. These committees can act as a lever for change on green issues, with input from both workers and management.

Joint committees can help ensure that workers participate in how a workplace improves its environmental record, rather than having that direction imposed on workers by management. Workplace environment committees can take on a broad range of environmental issues, such as:

- Putting in place or extending waste reduction/diversion, recycling and composting programs.
- Energy auditing and conversation programs.
- Green workplace travel programs.
- Reduction of distances travelled by workers in doing their duties.
- Greenhouse gas reduction strategies and practices.

Here's a sample of model language for a workplace environment committee from SEIU California Public Sector Local 1000:

> *This committee will consist of an equal number of management and Union members and include participants from the California Integrated Waste Management Board and the Environmental Protection Agency. Employees appointed to the committee will serve without loss of compensation. The State will make resources available for the Committee to do the following: (a long list of environmental tasks are then described)*

Energy conservation

CUPE Local 4156 members who work for the District School Board of Niagara as custodians and maintenance workers formed an environment committee specifically to start an energy conversation program. The CUPE committee added representation from teachers and board staff.

Based on the energy conversation program developed by CUPE Local 4156 members, more than five million kilowatt hours of have been saved, which represents a cut of about 2,000 tonnes of carbon dioxide emissions since the energy conservation program was put in place. This is a good example of a workplace environment committee taking on an environmental issue and getting results.

The New Brunswick Union of Public and Private Employees has proposed the following language on carbon reductions[13]:

[13] New Brunswick Union and Peter Corbyn, 2008. *Cool Comforts: Bargaining for our Survival.*

Article 1.0: Carbon Footprint

1.0 Both parties agree to reduce the carbon footprint of the workplace by 3% per year over the duration of this agreement. (Actual goals could vary based on specific circumstances)
1.1 The savings shall be distributed on a 50%-50% basis between the employer and the Union for distribution on further greening processes.
1.2 If the workplace does not achieve annual emissions reductions of 3%, the employer will invest in jointly approved carbon offsets, preferably locally, in order to meet the annual target of 3%.

Transportation

Transportation to, from and during work has a huge environmental impact. For example, single-occupancy driving day-in and day-out for work is not a green practice. Likewise, air travel negatively impacts the climate.

There are greener transportation choices available, such as using public transit, bicycling, walking, carpooling, car-sharing, low-emission vehicles and other options. Green collective agreement provisions to support more environmental transportation would encompass financial incentives and disincentives and support programs, such as:

- Employer-provided/supported public transit passes.
- Employer-provided/supported shoe allowances for workers who walk to work.
- Employer-provided/supported bicycle lock-up, showering facilities and flexible work schedules for bicycle commuters.
- Grants or loans to employees for bicycle purchases.
- Reimbursement for work-related bicycling kilometrage.
- Car-sharing schemes.
- Financial disincentives, such as paying for parking spaces for single-occupancy drivers.
- Employer-purchased legitimate carbon offsets for workers who must travel by air.

UNISON – a British trade union – has been very active in helping to develop Green Staff Travel Plans for its members that build on many of these points.

Green cleaning products

CUPE locals have successfully implemented programs to replace toxic cleaners with green cleaning products, particularly in schools.

For example, CUPE Local 379, with the help of British Columbia's Labour Environmental Alliance Society, created a substitution program for cleaning products. The next step with a program like this is to move it from policy to be embedded in collective agreements.

CUPE recently bargained a committee to review current cleaning practices and promote green alternatives as part of its tentative settlement in the Ontario school boards sector.

Environmental health

Many CUPE members work in facilities that may expose them to a wide range of environmental hazards. These hazards can contribute to soil, air and water contamination, while posing health risks to CUPE members.

Contract language that bridges the environmental and human health risks of substances should be developed. Language would address hazards such as:

- Latex.
- Asbestos.
- Mould.
- Glutaraldehyde.
- Indoor air quality hazards.
- Environmental sensitivities.

Here's a sample of model language for environmental health hazards from the Florida Healthcare Union and the St Mary's Medical Centre:

C. Environmental Hazards

1. Asbestos – The Employer will comply [with] all regulations regarding the handling and removal of identified friable asbestos. The Employer will post all required notices informing employees of the handling and removal activities.
2. Toxic Cleaning Products – Non-toxic cleaning products shall be used in all areas in which nurses work.
3. Mould and Mildew – A plan for correcting mould and mildew problems will be provided to the Union within 30 days of discovery of mould and mildew.

Bargaining green provisions into collective agreements is in its infancy. CUPE's 2007-9 Strategic Directions document and related resolutions have reflected CUPE members' call for further progress in this area.

Green bargaining can improve the quality of CUPE members' lives and help fulfill CUPE's commitment to protecting the environment and combating climate change.

Please contact Matthew Firth for more information on this issue: mfirth@cupe.ca

Cost of living set to rise

Canada's inflation rate has been moderate so far this year, but this isn't expected to last for long. Sustained increases in energy and food prices will raise the cost of living during the rest of the year, especially for middle and low income families.

The national consumer price inflation rate increased by an average of 1.8% in the first four months of this year compared to the same period for the previous year. This compares with an average of 2.2% in 2007 and an average of 2.3% since 2000.

The main contributor to inflation continues to be higher energy prices, especially for gasoline, and rising house prices.

The percentage point cut in the GST and a higher dollar, which reduced the cost of imports, helped to keep the inflation rate lower early this year. But these delivered less relief than they should have – and don't compare with what has been lost in terms of lower federal GST revenues and manufacturing job losses.

Overall energy prices were up by 8% in April compared to the previous year. This included an 11.6% increase in the cost of gasoline and a 37% increase in the cost of fuel oil. But a bigger punch is coming: in early June retail prices for gasoline were up by over 23%, by almost 50% for diesel and by more than 60% for furnace oil[14].

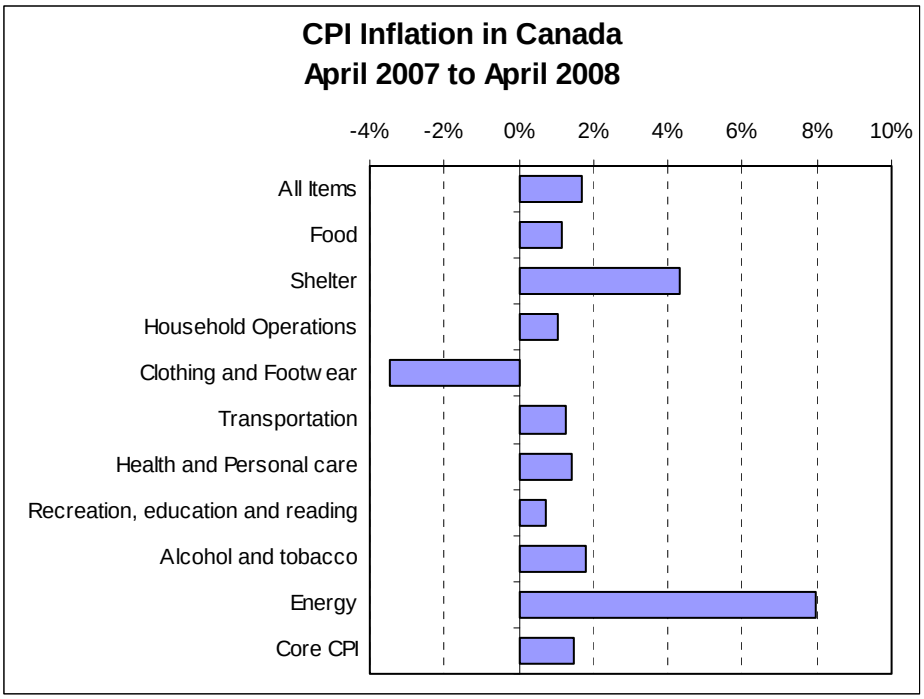
New house prices (which are used in the calculation of the Consumer Price Index) increased by 6% to March. This is at a slower pace than the past two years. Prices of resale homes, which have increased at an average rate of 10.4% a year for the past four years, are tapering off. The industry expects house resale prices to increase by 5% this year and 3% next year, but that may be hopeful given the deteriorating economic situation.

Food prices have soared in most countries around the world. They have risen by double-digit rates in most developing countries, causing food riots, and have increased by 5% and more in the U.S. and most European countries.

Canada has been an exception, with food prices increasing by an average of only 1.2% during the past twelve months. Canada has escaped higher price increases for a few reasons:

- The higher Canadian dollar has directly cut the cost of fresh fruits and vegetables (which are mostly imported except in summer) by an average of 8% to 12%)
- Big box store retail competition has led to price wars in some areas.
- Canada's food marketing boards smooth out price increases for dairy products and some meat products. These have increased at a relatively slow rate.

In contrast, the cost of bakery and cereal products has increased by 10% during the past year.



Protection from higher food prices won't last for long. The Canadian dollar won't keep rising at the same pace, the retail wars will die out, and higher input costs will gradually make their way into food prices governed by marketing boards.

World food commodity prices are expected to decline from their recent highs, but to continue to stay relatively high over the next decade[15].

[14] Natural Resources Canada. *Fuel Prices* website. http://www.fuelfocus.nrcan.gc.ca/petrolium_prices_e.cfm

[15] *OECD/FAO Agricultural Outlook 2008-2017* http://www.oecd.org/dataoecd/54/15/40715381.pdf

Analysts expect that food prices in Canada will increase by about 3.5% next year. This would add another half a percent to consumer price inflation[16]. This 3.5% increase, which is moderate compared to recent increase in world food prices, would mean a hike in food bills for an average Canadian household of about $260. The cost of food – and especially staples – takes a bigger bite out of the budgets of lower and middle income households, so these increases will hurt more for those families.

Prices by province

Alberta has led the pack with higher prices, with an average increase of 3.3% for the first four months of this year. This is still considerably lower than the province's 5% rate of inflation in 2007. The average rate of consumer price increases has been 3.2% in Saskatchewan this year thanks to soaring house prices.

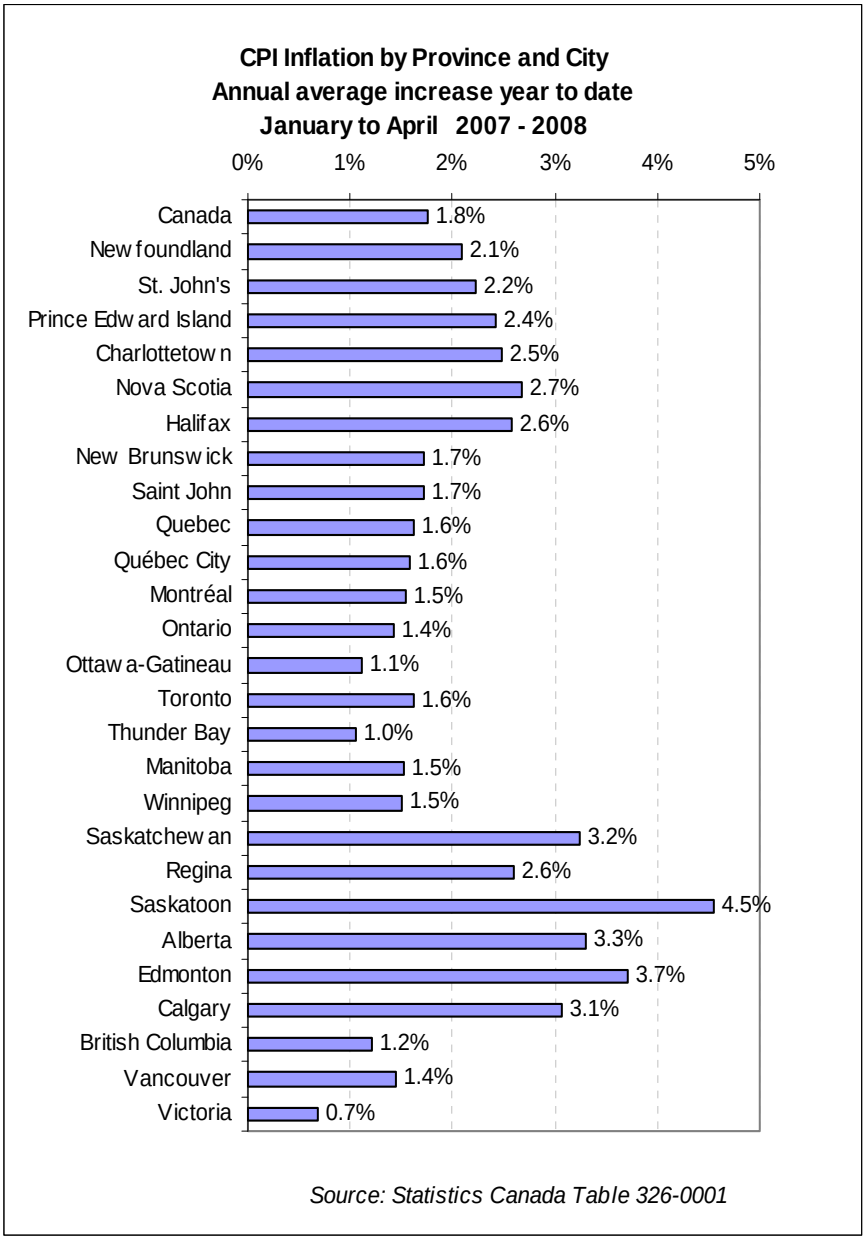
Big increases in house price are also to blame in Newfoundland, Nova Scotia and Prince Edward Island, where consumer prices have increased by between 2% and 3% so far this year. In other provinces, inflation has averaged less than 2%.

Inflation forecasts

Earlier this year, major forecasters were expecting inflation to average 1.5% this year as a result of the GST cut and slowdown in house price increases.

Soaring fuel and food prices have sent those projections into the recycling bin. Major banks are now expecting Canada's consumer price inflation rate to average 1.9% this year, with a range of 1.4% to 2.4% among forecasters. The average forecast for inflation for 2009 is 2.3%, with a range from 1.9% to 3%.

The averages by province range from 1.3% for Newfoundland and Quebec to 3% for Alberta and 3.1% for Saskatchewan for 2008. For 2009, inflation forecasts range from 1.7% for Newfoundland to 2.7% for Saskatchewan. However, these provincial forecasts are less up-to-date than the national forecasts. Much will depend on the changes in house, energy and food prices. To make them consistent with recent national forecasts about 0.3 percentage points should be added for each year.



Source: Statistics Canada Table 326-0001

[16] Avery Shenfield. "Food Inflation: Coming to a Grocery Store Near You." CIBC World Markets, *StrategEcon,* April 24, 2008.

Global fuel and food price increases coming home

Higher fuel prices are continuing to pump up the cost of living around the world and throughout the economy. Just one year ago, many were skeptical about whether oil would reach $100 a barrel from its mid-$60 range last June. It has already hit $135 a barrel, double what it was last year and quadruple the price of four years ago.

Influential analysts are now expecting oil prices to rise to $150 a barrel by 2010 and rocket to $200 by 2012. Canada's National Energy Board has told consumers to expect the price of oil to remain at over $130 a barrel throughout this summer and said that pump prices will stay high along with it.

Retail pump prices for gasoline were an average 21% higher at the beginning of June compared to a year earlier. Prices for diesel were much higher – up by almost 50%. Prices for furnace oil were up by over 60% compared to a year ago.

These higher prices are putting a big dent in the cost of living for Canadian households. The increase in gasoline and heating fuel prices from last June represents an increase in direct fuel costs for the average Canadian households of about $715 for this year compared to 2007. This is equal to about 1% of average household income in Canada and is more than what both the GST cuts provided.

As a share of income the impact is much higher for lower and middle income families. This fuel price hike will directly increase the cost of living for the poorest by 1.5% of their income, while the direct fuel cost for those with incomes over $100,000 will amount to a share of half that: an average 0.7% of income.

But the buck – and the escalating petro-dollar – doesn't stop there. Oil seethes through the world economy and into the production of just about everything we eat, drink and use.

Higher oil prices are already starting to push up the price of food and drink (through higher costs for fertilizer), imported goods (transportation), air travel and other goods. Canada has been insulated to a degree because of our rising dollar, but this won't last.

Fuel, Food, Fundamentals and Speculation

There has been a lot of recent discussion and speculation about what has caused soaring fuel and food prices. Some have suggested that speculation is a major cause of recent price hikes for both fuel and food. The reality is that there are a number of causes:

- Fuel and basic food consumption is relatively *inelastic* in relation to price: demand doesn't drop much when prices rise. Our economy is addicted to oil and people have to eat to survive. This means that shifts in supply and demand can cause relatively large changes in price.
- Oil consumption within the mostly western industrialized OECD countries has actually dropped during the past two years and will probably keep on declining.
- But oil consumption in oil producing countries – where the retail cost is often heavily subsidized – has been growing by 5% a year and in developing countries it has been growing by 2% or more per year. Fuel prices in many developing countries are also subsidized, and demand is much less affected by rising world prices than by growing incomes. With auto sales growing by 14% a year in China, there will be a lot more fuel tanks to fill.
- The increase in oil production is slowing with depletion of existing wells and delays and higher costs in developing new sources and capacity. No new refineries have been built in the U.S. in the past thirty years. Production is expected to increase by about 1% over the next four years.

With demand rising faster than supply, oil prices are likely to stay high and rise further.

For food, there are similar factors at play:

- Rising consumption of food and especially grain-intensive meats in developing countries.
- Slow growth of supply, with recent droughts and more food being turned into ethanol and biodiesel fuel through misguided policies.
- Higher input costs, with rising costs of fuel and fertilizer.
- Record low stocks of foods.

Financial speculation on food commodity futures, abetted by irresponsible deregulation of financial markets, also appears to have fuelled recent price hikes. Speculation has also siphoned off profits, limiting the increase in supply that would come from higher prices.

The markets for food and fuel interact through transport costs, petrochemical fertilizers and ethanol. These all add up to rising and increasingly volatile prices.

The energy use involved in the production of goods and services consumed by households in Canada is almost twice (1.88) as much as households direct energy use, according to calculations by Statistics Canada. This suggests that the total impact on households of higher fuel prices could be two to three times the direct impact. At the same time households, businesses and governments will adapt to reduce the impact of higher prices.

It is difficult to determine what the total impact of rising fuel and food prices on the cost of living of Canadians will be. Much has changed since the oil and food prices crises of the 1970s.

The energy-price models from that time are no longer applicable and the causes and conditions are quite different from the 1970s. Much will depend on how people, businesses and governments respond.

A key difference is much more globalization production and trade. The double shot of rising costs in the lower wage workshops of the world and higher transport costs could reverse some of this globalization and make local production more economic.

While there may not be any wage-price spiral (where rising prices lead to wage increase and then further price increases) in Canada yet, it is starting to happen on a global scale.

Workers in the manufacturing workshops of the world where we've outsourced much of the production of our consumer goods are feeling more pain from rising food prices.

In Vietnam, where fuel and food prices have pushed the rate of inflation to 25%, more than over 20,000 workers at one of Nike's largest shoe factories went on strike for higher wages in April. Labour strikes have spread throughout the country to other factories. Demonstrations and riots against the rising price of food and fuel are happening around the world.

China has kept more of a lid on the cost of living by subsidizing fuel prices, but inflation there is still rising: it hit 8.5% in April, with the cost of food up by 22%. Workers' wages have outpaced inflation, but these increases are built in to higher prices for their products and reducing their competitiveness. Higher prices for their exports – and for the products we buy from them will be coming home to Canadian households soon.

Collective agreement wage increases continue to outpacing inflation

Base wage increases achieved in large collective agreements in the first quarter of 2008 continued to outpace inflation. Wage adjustments averaged 3.4% a year across all sectors for the contracts signed during this period.

With national consumer price inflation averaging 1.8% in the first three months of this year, these agreements should continue to provide workers with real wage gains.

Wage adjustments for public sector workers averaged 3.2% in the first quarter: slightly below the overall increase. This was affected by a wage increase averaging 3.1% for 50,000 Ontario nurses. Private sector wage adjustments averaged 4.0%. This was influenced by a number of settlements in Alberta that provided average increases of 5.1%.

Almost two-thirds of employees covered by new settlements gained increases in the 3.0% to 3.9% range. One-fifth of workers gained increases of 4% or above, while 15% received wage increases below 3%. The range of increases received reflects very different pressures in regional and industry labour markets.

By Industry

Workers in the construction industry got the highest increases, with an average wage adjustment of 5.8%, influenced by some significant wage gains in Alberta.

Next in line were workers in the primary industries who gained increases averaging 4.8%. This mostly represents service and maintenance workers in the tar sands.

The influence of the boom in the tar sands extended to the wholesale and retail trade sector. Over 9,000 workers for Alberta's Safeway stores gained increases averaging 4.7% which brought the average increase for this sector nationally to 4.5%.

Base wage increases for the main public sectors – education, health, social services and public administration – have been dropping slightly since the 2nd half of last year.

Workers in education, health and social services gained average increases of 3.5% in the 1st quarter of this year, compared to 4.6% in the third quarter of 2007.

Workers in public administration only received an average increase of 2.1% in the 1st quarter compared to 3.8% in the third quarter of 2007. Wage increases in information and culture averaged just 2%.

The economic and trade winds damaging Canada's manufacturing sector are taking their toll on wages. Workers in this sector managed only a 1.5% increase in base wages for settlements reached during the 1st quarter. This wage data does not include the CAW agreements with Big-Three auto makers reached in May. These settlements, with little or no increase in base wage rates, will substantially bring down the averages for the 2nd quarter of this year.

By Province

Thanks to a settlement of 5% covering 11,000 nurses, Manitoba workers scored the highest average increase of all provinces, with an overall average of 4.1% in the 1st quarter.

Alberta and New Brunswick were close behind with an average increase of 4%. Settlements reached with many public sector workers in Alberta have provided lower average wage increases, which have kept the provincial average relatively lower. The New Brunswick average was boosted by a settlement with a new wage structure that provided an average increase of 4.6% for teachers and college instructors.

The wage increases for Alberta are higher than recent increases in consumer prices, which have averaged 3.3% for the province so far this year.

In a reversal, Saskatchewan scored lowest among provinces. The average of 2.3% reflected just one settlement for a meat-packing factory in Saskatoon.

Some of the larger CUPE settlements reached in the first few months of this year include:

Employer	Average Wage Increase
Newfoundland provincial employees	5.4%
PEI Health employees	3.0%
City of Montreal - inside workers (429)	1.5%
STM Montreal - bus and transit	2.1%
Laval University – office, technical & maintenance (2500)	3.3%
University of Ottawa – teaching assistants (2626)	3.2%
University of Windsor – teaching assistants (4580)	3.0%
City of Hamilton – inside and outside (5167)	3.0%
Ontario Hydro One (1000)	3.0%
Ontario WSIB (1750)	2.9%
City of Winnipeg – inside and outside (500)	2.4%
University of Manitoba – teaching assistants (3909)	2.6%
City of Coquitlam – office service & technical employees (386)	3.5%

Average Wage Settlements Major Collective Bargaining by Year							
		2004	**2005**	**2006**	**2007**	***2007Q4***	***2008Q1***
All		1.8	2.3	2.5	3.3	*3.4*	*3.4*
Public Sector		1.4	2.2	2.6	3.4	*3.4*	*3.2*
Private Sector		2.3	2.5	2.2	3.1	*3.2*	*4.0*
CPI Inflation:		*1.8*	*2.2*	*2.0*	*2.2*	*2.4*	*1.8*

Average Wage Settlements by Province – Major Agreements												
	NL	**PEI**	**NS**	**NB**	**QC**	**ON**	**MB**	**SK**	**AB**	**BC**	**Multi Prov**	**Federal**
2004	1.0	2.4	4.7	4.1	2.5	3.0	2.6	1.6	3.1	-1.6	2.7	1.6
2005	2.0	2.5	3.3	3.0	1.6	2.7	2.9	2.0	3.0	0.5	4.1	2.6
2006	1.7	2.7	3.2	3.0	1.9	2.5	2.6	2.1	3.4	2.5	3.8	2.3
2007	1.5	2.8	3.0	2.4	3.2	3.0	3.0	4.1	4.9	3.0	3.5	2.9
CPI rate	*1.5*	*1.8*	*1.9*	*1.9*	*1.6*	*1.8*	*2.0*	*2.8*	*5.0*	*1.8*	*2.2*	*2.2*
2007Q4	*3.2*	*-*	*2.9*	*-*	*3.1*	*2.9*	*3.8*	*4.2*	*4.4*	*2.9*	*2.9*	*3.3*
2008Q1	*-*	*3.0*	*3.5*	*4.0*	*2.4*	*3.0*	*4.1*	*2.3*	*4.0*	*3.3*	*-*	*3.4*

Average Wage Settlements by Industry – Major Agreements						
Industry	**2004**	**2005**	**2006**	**2007**	***2007Q4***	***2008Q1***
Primary	2.9	3.0	2.7	4.7	*-*	*4.8*
Utilities	3.0	2.6	2.3	3.8	*4.4*	*3.3*
Construction	2.7	2.5	3.6	3.3	*3.4*	*5.8*
Manufacturing	2.4	2.5	2.2	2.4	*2.8*	*1.5*
Wholesale and Retail	1.4	1.9	1.1	1.9	*-*	*4.5*
Transportation	0.6	2.9	2.1	2.7	*3.1*	*3.2*
Information & Culture	2.7	2.4	2.5	3.0	*3.4*	*2.0*
Finance & Professional Services	1.6	2.3	2.5	3.5	*4.2*	*2.0*
Education, Health, Social Services	0.8	2.1	2.6	3.5	*3.9*	*3.5*
Entertain and Hospitality	2.7	1.9	2.9	3.3	*2.5*	*-*
Public Administration	2.5	2.5	2.8	3.5	*3.2*	*2.1*

Source: Human Resources and Skills Development Canada, Major Wage Settlements, [latest information as of June 4, 2008] http://www.hrsdc.gc.ca/en/lp/wid/adj/01wage_adj.shtml

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Research/Economy/Economic Climate/2008/ECB June 2008
June 25, 2008