ECONOMIC CLIMATE
for BARGAINING

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Frontline Summary

Financial houses of cards are crashing down: implications for Canada. Wall Street appears to be in the midst of its worst financial crisis since the great depression. There have been many booms and busts in recent years, but this one will be of a different magnitude because it combines a crash of both stock market and housing values, and it is likely to be more global in scope. Canada's financial industry is better protected thanks to public agencies such as the Canada Housing and Mortgage Corporation, but our economy is still very vulnerable. This section outlines some of the impacts.

Canadian Economic Outlook. This section provides an average of the most recent economic forecasts that are publicly available for the Canadian economy, provided mostly by the major banks. Recent developments have meant substantial downward revision of forecasts for economic growth and higher forecasts for inflation. Not enough up-to-date provincial economic forecasts were available to provide reliable forecasts at that level.

Employment growth stalling. Canada's stumbling economy and manufacturing job losses are now putting a major dent in labour force statistics. Employment growth effectively stalled after February of this year and July recorded the biggest drop in employment since 1991. Job growth has been almost entirely sustained by the construction industry, which can be very cyclical. Unemployment is expected to increase in the coming months.

Inflation rises to highest rate in more than four years. Consumer prices rose by 3.4% in July, fuelled by steep price increases for gasoline, natural gas, fuel oil as well as higher costs for food and mortgage interest payments. Fuel price increases and a cooling house market in the West have shifted the landscape of inflation across Canada, with Atlantic provinces now registering the highest inflation rates. Consumer prices for the next year are expected to remain elevated with forecasters predicting inflation to average about 2.7% for this year and next.

Slowing economy takes bite out of wage increases. Despite rising inflation, Canada's slowing economy is taking the momentum out of recent wage settlement increases, particularly those negotiated in central Canada's struggling manufacturing sector. Base wage increases in large settlements dropped to an average of 2.4% in the second quarter of 2008, down from 3.4% in the first quarter. Public sector workers, who achieved average increases of 3.3%, fared better than those in private industry, who settled for average base wage adjustments of 1.7%.

Next issue: December 2008

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ECONOMIC CLIMATE *for* BARGAINING

Financial houses of cards are crashing down: implications for Canada

Large pillars of the U.S. financial system are crumbling – and with it, over two decades of faith in the unrestrained magic of markets to deliver economic growth and prosperity.

There have been other booms and busts in recent years: the dot-com boom that flared out in 2001, the real estate bust of the early 1990s, the Black Monday stock market crash in 1987, the housing bust of the early 1980s and many more regional recessions.

Get-rich-quick schemes are an inherent – and enticing – part of our capitalist system. On a small scale they are relatively harmless except to those directly involved. It's when they grow on a massive unregulated scale and then inevitably crash that they cause widespread collateral damage to innocent bystanders on the sidelines of the economy.

The current crash will be of a different magnitude than other recent busts because it combines a crash of both stock market and housing values. The economic repercussions of housing price busts tend to be twice as severe and last twice as long as stock market busts, according to research by the IMF[1].

This boom and bust is also much more global in scope. While the epicentre of this financial industry storm is now over Wall Street, few streets around the world will escape the repercussions. Many of the same factors that fuelled a real estate and stock market boom in the United States pushed up housing and stock market prices in most other countries, in some cases even higher than in the U.S.

These riches created – in the form of billion dollar salaries for hedge fund operators, inflated real estate prices and escalating corporate profits – may have appeared to have come out of thin air. But in reality, they were built on houses puffed up by false expectations but now filled with crushing loads of debt.

The workers, taxpayers and pensioners who will have to pay the price gained little benefit from this period of excess and increasing inequality in our economic system. Substantial job growth has helped reduce poverty, but it delivered very little in the form of real wage gains or fundamental productivity growth.

Increasingly globalized markets for goods, capital and labour have allowed corporations to siphon off shares of workers – and to restrict the ability of governments to regulate, provide services or tax in the public interest.

The crash should be no surprise to any rational observer. About three years ago this *Economic Climate* document warned that the housing market would cause an economic downturn in the U.S. and slowdown in Canada. *The Economist* magazine has long warned about the consequences of the housing bubble bursting.

What was a surprise was how long a façade of strong economic growth could be supported by an increasingly intricate and rotten web of derivatives and complex financial instruments.

We like to simplify things in terms of single causes and labels, but this crisis is the consequence of much more than just a subprime mortgage scandal or a failure of regulation of the mortgage or investment banking industries.

The deep cuts to taxes, especially to capital gains, high income and corporate taxes, not only encouraged excessive speculation and short-term investments; they also restricted the flow of revenues needed to finance public infrastructure and services.

While there were a number of causes that led to this meltdown, most of the consequences are still downstream.

Canada's housing and financial markets are in better shape than the United States for a number of reasons. We haven't had the same exposure to highly leveraged subprime mortgages as the U.S. and a much greater share of our mortgages are directly provided by our relatively stable banks.

[11] "When Bubbles Burst," chapter 2 in *IMF World Economic Outlook*, April 2003.

Our publicly-run (and profitable) Canada Mortgage and Housing Corporation has provided more stability to our housing market. The U.S. equivalents, Fannie Mae and Freddie Mac, had been privatized, helped fuel the sub-prime fiasco, and were just recently taken over at an immense cost to U.S. taxpayers.

Canada's big banks took over most of our larger independent financial services firms in the late 1980s, so we won't have similar failures of investment banks (including Bear Sterns, Lehman Brothers and Merrill Lynch so far) that have rocked the U.S.

At the same time Canada is far from immune. The average price of a house sold here has doubled since 1996, far outstripping the 28% increase in overall consumer prices during this period. High resource and commodity prices have helped keep the Canadian economy and stock markets up, but they have a boom and bust cycle of their own look and seem ready for a fall.

It is difficult to predict what degree of impact this unraveling will have on Canadian workers. Sometimes a U.S. slowdown becomes magnified in Canada because of our heavy exposure through exports; in other circumstances we are a bit insulated. Much depends on the direction of global resource and commodity prices and on the nature of policy responses both north and south of the border.

While we don't know their magnitude, we can expect the following impacts:

- Households won't get much of a break on interest and mortgage rates even if the Bank of Canada lowers its rates because banks and other lenders will increase their spreads to make up for the losses in the financial industry.
- Increasingly risk-averse banks and lenders will make it more difficult to qualify for a loan in other ways, leading to more of a credit squeeze.
- House prices will fall further. The average decline in house prices after a housing price bust is 30%, according to the IMF. House prices have dropped by an average of 19% so far across the U.S. and by 5% in Canada. They have further to fall in both countries and elsewhere.
- Declining house prices will lead to a slowdown in construction and spin-off industries such as household furnishings and durable goods responsible for much of recent employment gains.
- The evaporation of household equity in homes will also put the squeeze on other spending, which many families have leveraged using lines of credit based on their house values. This will further contribute to the economic slowdown.

There will be continued fall-out well beyond the housing sector as well. This includes:

- Continued job losses, especially in the manufacturing, export, and consumer sectors as a result of both slowing exports and domestic demand.
- Lower returns and possibly overall losses for stock market, individual and pension fund investments.
- Lower growth and possibly declines in government revenues. For Canada's deficit-wary governments, this will lead to cuts to public spending and services. The impact will be most acute for Ontario, Québec and other provinces closely tied to the U.S. economy. Cutbacks would initially be focused on what are seen as non-core public services.
- Increased pressure to contract-out, privatize and engage in P3s (public-private partnerships), both to reduce government's up-front costs and to provide private investors with profitable business opportunities.

The wild cards in this are oil and gas prices. Some are predicting prices as high as $200 a barrel for oil; others expect the slowing economy to lead to price declines. However, it is unlikely to stay much below the $50 it was in real dollar terms for the two decades from 1985 to 2005. The longer-term trend is up.

High oil and commodity prices have provided a boost to the Canadian economy and to government revenues, but they have also increased costs across all sectors, especially of food. They have also pushed up the value of the Canadian dollar, which has hurt our other exports.

With all this dark economic news, are there any silver linings? There can be, but they will need to be wrought by the public.

In the United States, the economic mismanagement of the Bush years looks ready to be replaced by a Democratic administration that understands the importance of sensible management of the economy.

In Canada, the example of these free-market fiascos may have slowed the Conservative government's drive to further privatize and deregulate the economy, but it won't change their fundamentally ideological direction. However, it may change the policies of other governments. If not, it will fall to voters to change their governments instead.

Canadian Economic Outlook

The following table presents an average of the most recent economic forecasts that are publicly available for the Canadian economy, provided mostly by the major banks.

The forecasts included in this average were published between July and September of 2008. Up-to-date forecasts should be more accurate, as they should take account of more recent economic developments.

Unfortunately, not enough up-to-date provincial forecasts were available to provide a reliable outlook at this time.

These forecasts should be interpreted with some judgement and skepticism. Private bank – or government – forecasters are understandably cautious and reluctant to forecast economic downturns. The timing of turning points is very difficult to accurately predict in most circumstances.

Given recent developments, these forecasts of the underlying economy are likely to be a bit too optimistic. However, the federal election could stall announcement of further layoffs and, with its direct spending of about $270 million, provide a temporary increase in employment. In terms of the major indicators:

- Canadian GDP (economic output) should grow by an average of between 0.5% and 1.0% for the 2008 year, with a slow and prolongated recovery in future years.
- The federal election is likely to stall further major job losses before mid-October. Annual results for job growth and unemployment rates are likely to be close or slightly lower than the averages reported below.
- Inflation is hard to predict because of continuing fluctuations in oil and other prices. The national average will probably end up between 2.5% and 3% for 2008.

Canadian Economic Outlook- Average of Private Sector Forecasts			
Annual growth rates unless indicated	**2007**	**2008**	**2009**
Growth in the Economy			
Real GDP	2.7%	1.1%	2.0%
- Consumer Spending	4.5%	3.9%	2.9%
- Business Investment	3.4%	3.3%	4.2%
- Government Spending	3.7%	4.2%	3.0%
Labour Market			
Employment growth	2.3%	1.5%	0.8%
Unemployment rate	6.0%	6.2%	6.4%
Productivity growth	0.4%	-0.4%	1.1%
Inflation - Consumer Price Index	2.2%	2.6%	2.7%
Corporate Profits before tax	3.3%	3.8%	2.1%
Real Personal Disposable Income	3.7%	3.4%	2.3%
Personal Savings Rate	2.7%	2.5%	1.8%
Housing Starts (000s)	229	215	185
Interest Rates and Exchange Rate			
Short term 3 Month T-Bill	4.15%	2.43%	3.09%
Long term 10 Year Bond	4.28%	3.62%	3.92%
Exchange rate C$ in U.S. cents	$93.04	$96.65	$96.37
Consensus average based on latest forecasts from different Canadian forecasters as of September 16, 2008.			

Employment growth stalling; largest job losses since 1991

Canada's stumbling economy and manufacturing job losses are now putting a major dent in Statistics Canada's labour force statistics.

Employment growth effectively stalled after February of this year, and led to overall job losses during the summer. The labour force survey recorded 55,000 fewer jobs in July, the biggest drop since 1991.

There was a small gain in employment in August, but further plant closures, layoffs and a slowing economy point to additional job losses in the months after the federal election.

In the first eight months of this year, Canada's economy only added 87,000 new jobs – or an average of 11,000 a month. This compares with an average increase of over 24,000 jobs a month during the past decade.

Job growth has been almost entirely sustained by the construction industry, which has added 86,000 jobs alone this year. While construction in the resource industry is responsible for some of the growth, many jobs will be lost when building construction slows down.

Employment in the construction industry has grown to 7.3% of total employment in Canada – considerably above its average 6% share over the past 30 years. If employment in this sector drops just to its average share, it will mean a loss of over 200,000 jobs.

Manufacturing has lost another 14,000 jobs this year, bringing total job losses in this sector to over 315,000 since 2002.

In CUPE's main sectors:

- Utilities employment has grown at a strong pace, rising by 20,000 from December to August (+14.2%)
- Business, building and other support services (including cleaning) has lost a reported 56,000 jobs this year (-7.9%)
- Health care and social assistance continues to grow, but at a slower pace with an increase of 12,200 since December (+0.7)
- Education employment was similar to last December
- Information, culture and recreation employment was down by 38,000 (-4.7%)
- Employment in community and other services was up by 6,200 (+0.8)
- Public administration added 15,500 jobs (1.7%)

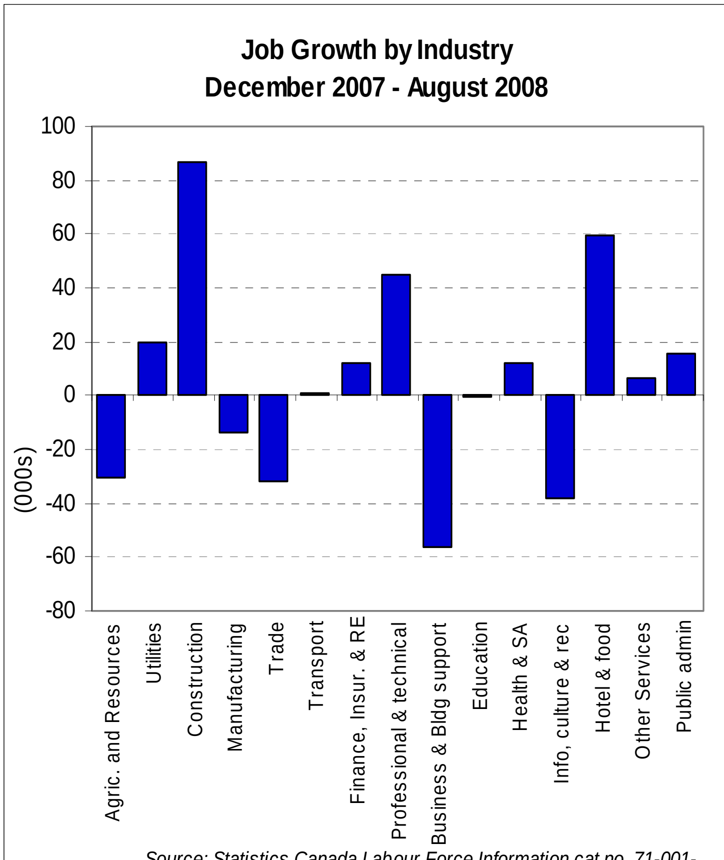
Job growth in Alberta has slowed down considerably from its high pace of recent years, but the province still has the lowest unemployment rate in the land.

Sixty percent of the new jobs added this year (+52,000) were in Ontario with all of the increase accounted for by the construction, accommodation and food sectors.

British Columbia has gained 32,000 jobs since the start of the year, with most in construction, and community and other services.

Québec has lost an estimated 25,000 jobs since the start of the year. These were spread among agriculture, trade, educational, professional and other services.

Despite little job growth, Canada's unemployment rate has remained relatively low. With slowing labour force growth, it will take a few months for job losses to show up in much higher unemployment rates.



Source: Statistics Canada Labour Force Information cat no. 71-001-XIE

Inflation rises to highest rate in more than four years

Canada's cost of living increased at its highest rate in over four years, with consumer prices rising by 3.4% compared to July 2007.

Steep price increases for gasoline, natural gas and fuel oil combined with substantially higher costs for food and mortgage interest payments to push the consumer price index (CPI) higher.

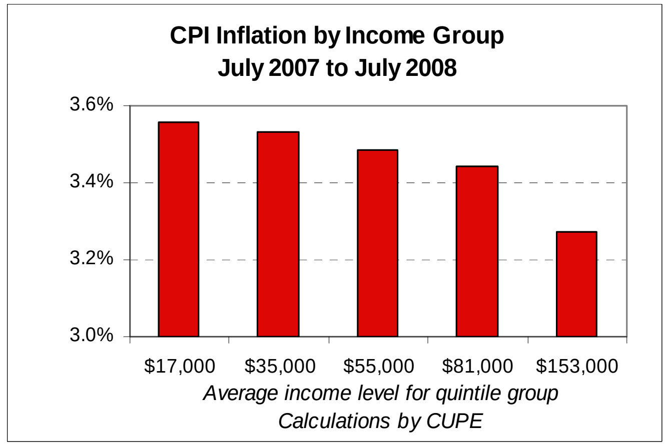
July's 3.4% hike was considerably higher than the 2.3% average increase in consumer prices recorded so far this year. This increase is all the more dramatic given that the cut in the GST in January and the rise in the value of the Canadian dollar over the previous year should have cut about one percentage point from the rise in the CPI. Canadian consumers can't bank on these factors to protect them from future price increases.

Average consumer prices for the next year are expected to remain elevated, with forecasters predicting average inflation rates of about 2.7% for this year as a whole and for 2009.

Price increases over the past year were especially high for the following major spending items:

- Fuel oil and other fuels: 49.4%
- Gasoline: 28.6%
- Natural gas: 25%
- Mortgage interest cost: 8.5%

Over the past year the cost of air travel has increased by about 14% while fares for urban public transport increased by an average of 5%.

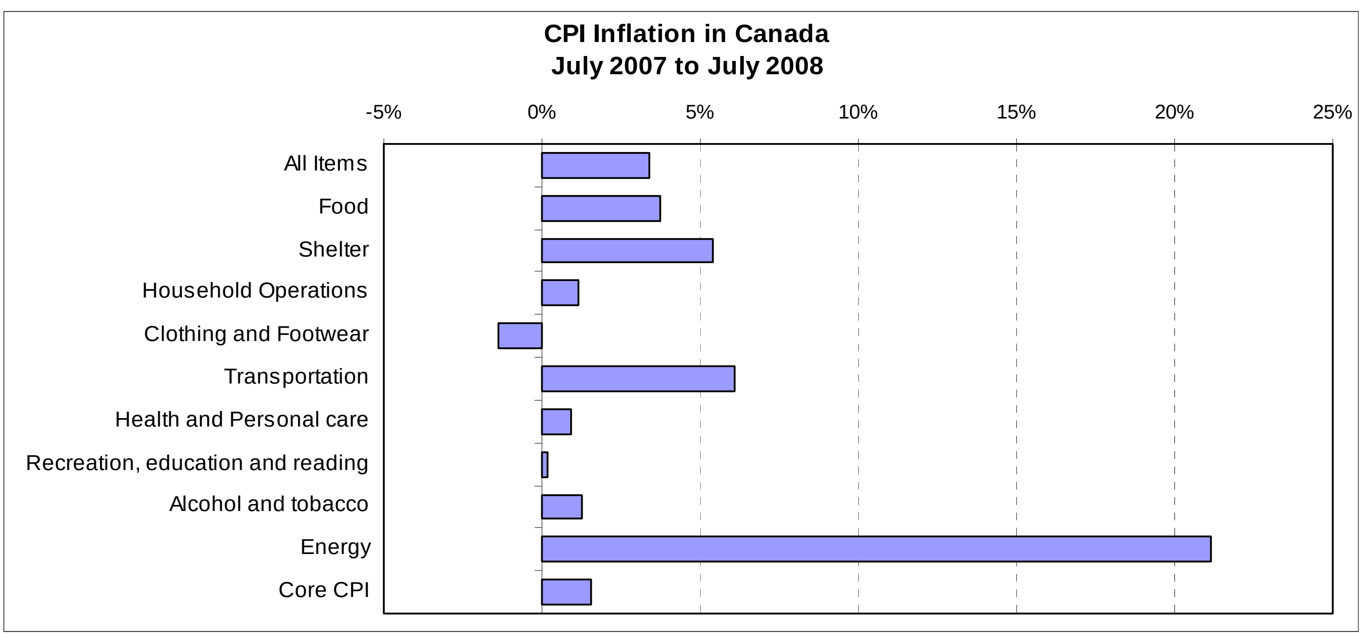


The cost of food, which accounts for about 17% of an average family's budget, increased by 3.7% compared to a year earlier. This included an average 17% increase in the cost of fats and oils and in the price of staples, such as flour, grains and other cereals.

Price cuts for passenger vehicles (-8.9%) and computer equipment (-12%) helped to keep the consumer price index from rising higher.

The recent consumer price increases have had the most impact on lower and middle income households, who must spend relatively more of their income on necessities, such as food, shelter, heating and transportation.

Cost of living increases for the two lowest income groups – those making less than about $42,000 a year – were almost 10% higher than the inflation experienced by the 20% of households in Canada's highest income group.



After nine years of sustained increases in housing prices, the real estate market in Canada is finally softening considerably, although the bubble hasn't completely burst yet.

New housing prices (which are used in the calculation of the Consumer Price Index) increased by only 2.7% in July compared to the previous year. This is the lowest rate of increase since 2001.

The price of houses in the resale market, which account for three-quarters of all homes sold, is a different story. The average price of existing homes sold dropped by 5.1% in August compared to the previous year. The Canadian Real Estate Association forecasted at the beginning of this year that house prices would increase by an average of 5.3% this year.

While the price of resale homes doesn't directly feed into the calculation of Canada's Consumer Price Index, they have a major impact on the overall cost of living.

Price increases by province

The landscape of inflation has shifted drastically across Canada in recent months. Residents of eastern Canada experienced the largest increases in their cost of living in July compared to a year earlier, with Newfoundland, Prince Edward Island and Nova Scotia all registering inflation rates of over 4%.

Higher prices for fuel oil (used more widely in eastern Canada) and house price increases were the main factors that pushed these inflation rates higher. Lower price increases for fuel oil and new homes in New Brunswick kept inflation to 2.5% in July.

Manitoba, with average price increases of 2.6% in July, has also experienced inflation lower than the national average. This was due in part to slightly lower prices for natural gas.

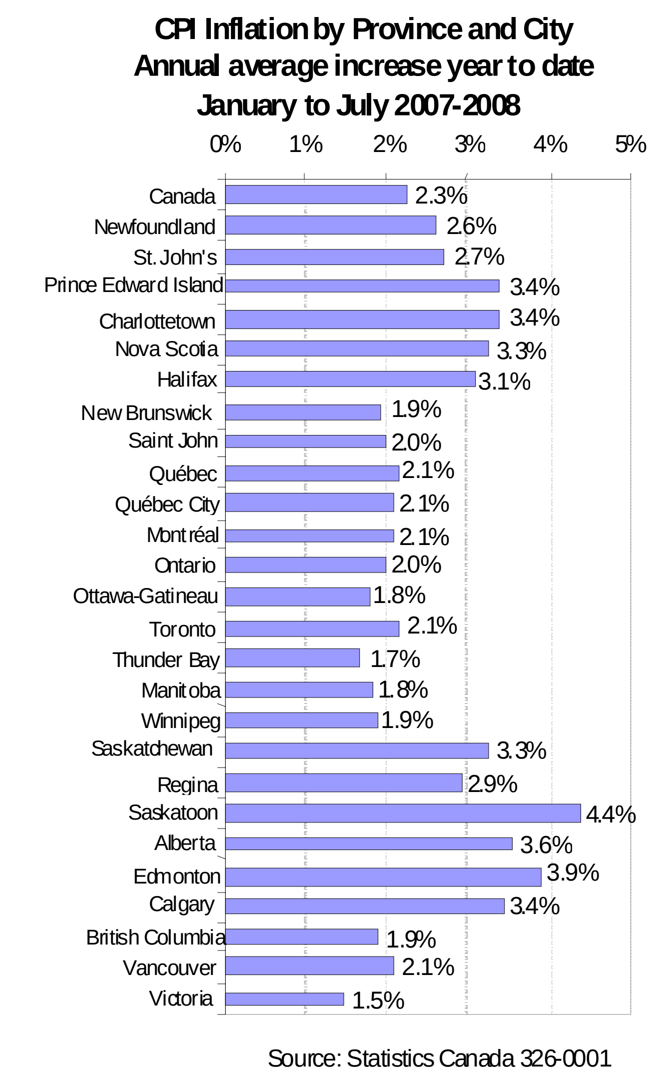
Inflation elsewhere was closer to the national average in July, with consumer prices increasing by an average of 3.2% to 3.6% in all other provinces.

Prices fluctuate a lot from month to month and so averages over a number of months give a better sense of trends. Average price increases for the year-to-date, shown in the accompanying chart, also illustrate a changing picture of inflation in Canada. This reflects the impact of a booming resource sector on prices in these regions.

Inflation forecasts

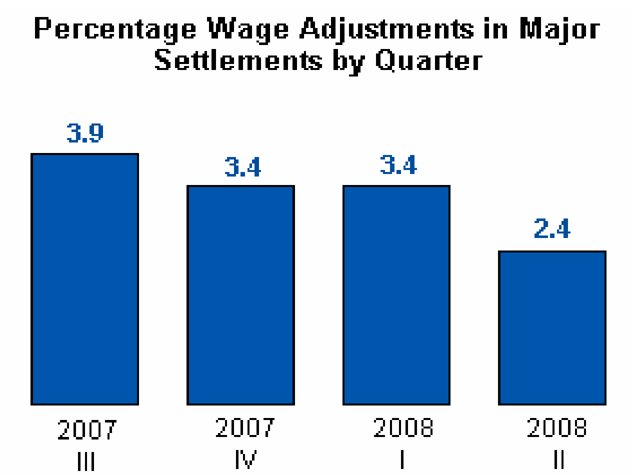
Private forecasters have substantially increased their inflation predictions for this year and next. Early this year, forecasters expected the national inflation rate to average 1.5% in 2008. This was boosted to about 2% in late spring. The latest economic forecasts from the big banks peg inflation at an average of 2.6% this year and 2.7% in 2009.

Up-to-date forecasts for the provinces are not widely available, but most expect current trends to prevail this year. Inflation in Alberta and Saskatchewan is expected to average 3.5% or higher for the rest of 2008 and about 3% for Newfoundland, Prince Edward Island and Nova Scotia. Consumer price increases in other provinces are expected to average between 2% and 3% for the rest of 2008. Few bets are on for inflation at the provincial level for 2009.



Slowing economy takes bite out of wage increases

Despite rising inflation, Canada's slowing economy is taking the momentum out of recent wage increases, particularly those negotiated in central Canada's struggling manufacturing sector.



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Base wage increases in large collective agreements dropped to an average of 2.4% in the second quarter of 2008, down from 3.4% in the first quarter. The 2.4% increase just matched the average rate of inflation recorded during that period and is likely to fall below increases in the cost of living over the next year.

Wage Increases by Sector and Industry

Public sector workers generally fared better than those in the private sector. Wage adjustments in the public sector averaged 3.3% in the second quarter, slightly higher than the first quarter, but slightly lower than the average achieved in 2007.

In contrast, private sector wage adjustments averaged only 1.7% in the second quarter – a big drop from the 3.9% achieved in the first three months of the year. While wage growth varied within the private sector, low increases in manufacturing pulled the average down.

Wage settlements in the manufacturing sector averaged only 1.1% in the first half this year. This is the lowest annual rate of increase in this sector for over 20 years. Wages were especially driven down by agreements with the Big Three automakers that provided average hikes of only 1% a year for 30,000 workers. Workers in other manufacturing firms have also been hard hit, with most eking out increases below the rate of inflation.

* "Source for charts on this page: Workplace Bulletin, HRSDC Canada."

Workers in the entertainment and hospitality and the trade sectors fared only slightly better in the second quarter, achieving average increases of 1.2% and 1.7% respectively – also well below the rate of inflation.

In contrast, workers in primary industries continue to achieve above average wage hikes, although these gains appear to be waning. Average wage increases dropped to 3.4% in the second quarter, down from 4.8% in the first quarter and an average of 4.6% in 2007.

In the public sector, most workers continued to achieve decent wage increases, with more than two-thirds of workers receiving increases of 3% or more.

Wage increases in the education, health and social services sectors averaged 3.8% in the second quarter, above the 3.5% of the first quarter. Most of the wage settlements in this sector were close to 3%, but the average was boosted by a number of settlements in Alberta and Newfoundland that provided average increases of close to 5%.

Workers in public administration achieved wage adjustments averaging 3.3% in the second quarter. This included a number of CUPE agreements in the 3% to 3.5% range.

Utility workers – represented by a single agreement with CUPE's Hydro One members – gained wage increases of 3% a year in settlements this period.

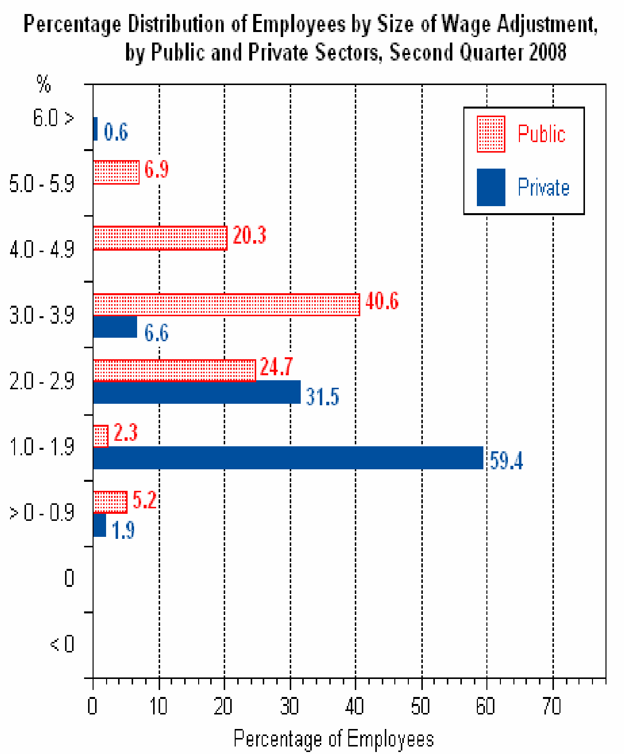
Outsourcing and offshoring continued to exert downward pressure on the wages of workers in telecommunications industries (included in the information and culture sector). Average increases in this sector have dropped to 2.1% this year.

Wage Increases by Province

CUPE's settlement with the government of Newfoundland and Labrador hoisted the Rock to the top of the standings for provincial wage rate increases, with an average cumulative increase of 5% a year. This is well above the average 2.4% inflation rate registered for Newfoundland for the first half of this year.

Workers in Alberta gained average increases of 4.7%, above the province's 3.6% average rate of inflation for the year to date. This included a number of public sector settlements of 4.5% or more.

Major settlements in British Columbia averaged 3.4% in the second quarter, including two agreements for CUPE in the municipal sector.



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Wage increases in Manitoba averaged 3.3% in the second quarter, also well above the province's inflation rate for the first half of the year.

In Ontario, wage settlements averaged only 1.8% in the second quarter, weighted down by a sinking auto sector. Public sector employees in Ontario have fared better with increases averaging 3% so far this year.

Wage settlements in Québec have averaged 2.4% in both quarters of this year. There has been less variation of wage increases in *la belle province*, with most falling in the 1.5% to 3% range.

CUPE 1251's settlement with the government of New Brunswick delivered an average increase of 3% for the province, above the province's inflation rate of 1.9% for the first half of the year.

In Nova Scotia, average wage settlements moderated to 2.9% in the second quarter, down from 3.5% in the first three months of the year.

There were no major wage settlements in Saskatchewan and Prince Edward Island during the second quarter.

Compensation Surveys for 2009

Compensation planning surveys suggest that employers plan to provide average pay increases of 3.8% in 2009, down from the averages for 2008 and 2007.

Increases in the booming energy and resource industries are expected to average above 4%, according to Mercer's survey, which projects base pay increases of 3.8% this year.

WorldatWork's salary budget survey projects an increase of 3.8% for salary budgets in Canada, but an average of 2.5% for salary structure increases.

Some of the larger CUPE settlements reached in the second quarter of this year include:

Employer	**Average Wage Increase**
Newfoundland provincial employees (various)	5.0
New Brunswick – health service (1251)	3.0
STM Montréal– office employees	2.0
Montréal Casino - croupiers (3939)	2.2
City of Kingston – inside & outside (109)	3.0
Eastern Ontario Catholic School – office (4154)	3.7
Durham RM– inside (1764)	3.3
Hydro One (1000)	3.0
Thames Valley School – educational (4222C)	3.0
Niagara RM – Home for the Aged (1263)	3.0
City of Prince George – inside & outside (399+1048)	3.0

* "Source for chart #1 on this page: Workplace Bulletin, HRSDC Canada."

Average Wage Settlements Major Collective Bargaining by Year							
		2005	**2006**	**2007**	***2008 YTD June***	***2008Q1***	***2008Q2***
All		2.3	2.5	3.3	*2.9*	*3.4*	*2.4*
Public Sector		2.3	2.6	3.4	*3.2*	*3.2*	*3.3*
Private Sector		2.4	2.2	3.1	*2.5*	*3.9*	*1.7*
CPI Inflation:		*2.2*	*2.0*	*2.2*	*2.1*	*1.8*	*2.4*

Average Wage Settlements by Province – Major Agreements												
	NL	**PEI**	**NS**	**NB**	**QC**	**ON**	**MB**	**SK**	**AB**	**BC**	**Multi Prov**	**Federal**
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
2008 YTD June	*5.0*	*3.0*	*3.4*	*3.7*	*2.4*	*2.3*	*3.9*	*2.3*	*4.2*	*3.3*	*-*	*2.9*
CPI YTD June	*2.4*	*3.1*	*3.1*	*1.9*	*2.0*	*1.7*	*1.7*	*3.3*	*3.6*	*1.7*	*2.1*	*2.1*
2008Q1	*-*	*3.0*	*3.5*	*4.0*	*2.4*	*3.0*	*4.1*	*2.3*	*4.0*	*3.3*	*-*	*3.4*
2008Q2	*5.0*	*-*	*2.9*	*3.0*	*2.4*	*1.8*	*3.3*	*-*	*4.7*	*3.4*	*-*	*2.6*

Average Wage Settlements by Industry – Major Agreements						
Industry	**2005**	**2006**	**2007**	**2008 Year-to-date**	***2008Q1***	***2008Q2***
Primary	3.0	2.7	4.6	4.4	*4.8*	*3.4*
Utilities	2.6	2.3	3.8	3.0	*3.3*	*3.0*
Construction	2.5	3.6	3.3	5.8	*5.8*	*-*
Manufacturing	2.4	2.3	2.4	1.1	*1.1*	*1.1*
Wholesale and Retail	2.0	1.2	2.4	2.8	*4.6*	*1.7*
Transportation	2.9	2.1	2.7	3.1	*3.2*	*2.9*
Information & Culture	2.4	2.5	3.0	2.1	*2.0*	*2.1*
Finance & Professional Services	2.3	2.5	3.5	2.8	*2.0*	*2.8*
Education, Health, Social Services	2.1	2.6	3.5	3.5	*3.5*	*3.8*
Entertainment and Hospitality	1.9	2.9	3.3	1.2	*-*	*1.2*
Public Administration	2.5	2.8	3.5	2.6	*2.1*	*3.3*

Year-to-date (YTD) figures are for settlements reached during the first two quarters of the year (to June). CPI inflation rates are average increases for the same periods compared to previous year.

Source: Human Resources and Skills Development Canada, Major Wage Settlements, [latest information as of September 12, 2008] http://www.hrsdc.gc.ca/en/lp/wid/adj/01wage_adj.shtml; Consumer Price Index (Statistics Canada 326-0001).

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