

Economic climate for bargaining

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This report offers an overview of wage settlements and economic indicators as they relate to collective bargaining in Canada.

- **Collective Bargaining Priorities**

Stats Canada has just released a study called “Collective Bargaining Priorities”. The study surveyed employers and employees in about 6,300 establishments covering 23,500 employees, regarding settlements bargained in 1999 and 2001. According to the study, collective bargaining settlements are reflecting workers’ growing demand for healthy, safe workplaces, and equity and fairness at work.

The study assumes that the fact that a provision appears in a settlement is directly related to its importance to labour and management. To a certain extent this is true, but it does not acknowledge the realities of bargaining, for example it can take years of bargaining to convince an employer to address a problem. Nor does it reflect what tradeoffs have had to be made to achieve the provision. It doesn’t measure whether the settlement represents a real breakthrough, or whether it is a small step in the door. Given these limitations this study does present a broad overview of the impact of socio-economic conditions on bargaining.

Not surprisingly, the study notes that COLA clauses are not as popular as they were in the 1980’s when inflation was running at 10-12%. The author argues that low inflation doesn’t create a

demand for COLA clauses “allowing labour and management to pay closer attention to other issues”. Just because COLA clauses are not included in the settlements studied, does not mean that workers are less interested in wages and consequently have more time to devote to other issues! Nor should it be interpreted as an indicator that workers’ interest in keeping up with inflation and maintaining their purchasing power, has declined.

The study shows that provisions related to health and safety and equity are showing up in more and more settlements. But they don’t define what aspects of health and safety provisions are gaining popularity. It would be interesting to know for example, if the health and safety provisions in the settlements related to stress, ergonomics, violence on the workplace - all issues that CUPE members and staff have been at the forefront in promoting.

Provisions related to employment and pay equity appeared in 60% of the reported settlements. This may reflect the changing composition of the workforce, and/or the results of long, hard battles to win these kinds of provisions. The fact that these provisions were more likely to appear in unionized workplaces, speaks to the benefit of unionization in achieving these kinds of protections – a fact that can help us in organizing new members.

The study showed that in 2001, job security appeared in over 80% of reported settlements. The emphasis on job security is attributed to the high tech “meltdown”, and high unemployment in

2001. However, for CUPE members under funding, funding cuts, mergers and amalgamations, privatization and contracting out are the major motivators for seeking improved job security.

The study identified the 10 most likely provisions to appear in settlements negotiated in 1999 and 2001 as (in order of importance):

- ✧ occupational health and safety
- ✧ job security
- ✧ pay equity
- ✧ education and training
- ✧ employment equity
- ✧ contracting out
- ✧ workplace reorganization
- ✧ technological change
- ✧ employee participation
- ✧ cost of living adjustments

Contracting out was sixth out of ten most popular provisions. Contracting out provisions appeared least often in the construction industry, which the study notes “the need for such provisions in this relatively labour-intensive industry appeared to be low compared with capital intensive transportation, communications and utilities industries”. From our experience, contracting out is more related to ideology and under funding rather than the labour vs capital nature of the work.

Demand for better education and training provisions appears to be rising in importance in the reported settlements. The study attributes this to rapidly evolving technology. As well, it may be related to an aging workforce anxious to keep up with demands of technology, attrition that means workers doing more with less, and the privatization of training.

The study also asked unionized employers how they viewed their labour

relations. About 80% of employers surveyed responded that labour management relations are good and the rest indicated they were “fair”. The employees were not surveyed on this question.

This study focuses on the success of bargaining. If provisions appeared in the reported settlements, they were deemed to be important. This is not necessarily a safe assumption. For example, it does not assess what demands were on the table vs. what appeared in the settlement, and it does not acknowledge that sometimes issues are promoted for years before any breakthrough is seen at the bargaining table.

So, to conclude, this study does not present a very sophisticated analysis however, it does offer some information on how changing social and economic conditions have affected bargaining in recent years.

• **Public Sector Employment**

Stats Canada reports that employment in the public sector is now at its highest point since 1994. This may sound surprising given the layoffs, attrition, mergers and amalgamations, privatization and contracting out we’ve seen in the sectors CUPE represents.

Overall, public sector employment has grown at an accelerated pace since 1999. In 2003, employment rose at an annual rate of 2.2% per year. That rate slowed in 2004 to .9%, and indications are that the growth rate will continue to ease.

Stats Canada does not differentiate full time vs. part time jobs so we can’t tell from this data whether this increase reflects full time stable jobs or continues

the pattern of more part-time job creation.

The two highest increases were in two categories: universities, colleges, vocational and trade institutions experienced 10% growth from 2000 to 2004; federal government employment grew 9.3 % over the same period.

The federal government reported an estimated 323,728 employees in the second quarter of this year. That's up .6% from the same period last year. Provincial and Territorial employees remained virtually unchanged at just under 351,000.

For the purposes of this data, the "public sector" includes all economic entities controlled by government and includes ministries, departments, agencies, public educational institutions and health and social services agencies of all three levels of government (municipal, provincial/territorial, and federal).

- **Forecasting**

In July, the Bank of Canada announced its forecast for the rest of this year and next year. The Bank expects the Canadian economy to grow by 2.7% in 2005 and 3.3% in 2006. That is slightly higher than they projected in March. Inflation is expected to return to 2% by the end of 2006, though oil and gas prices will heavily influence that projection.

- **Interest Rates**

On September 8th, the Bank of Canada raised interest rates by ¼ of 1%, from 2.5 to 2.75. That is the first increase in 11 months.

The Bank said that damage to the Canadian economy from Hurricane Katrina would likely be modest. They expect Hurricane Katrina will create a "temporary spike" in Canadian inflation as energy prices surge, and slow U.S. economic growth for the rest of this year, before it rebounds in 2006.

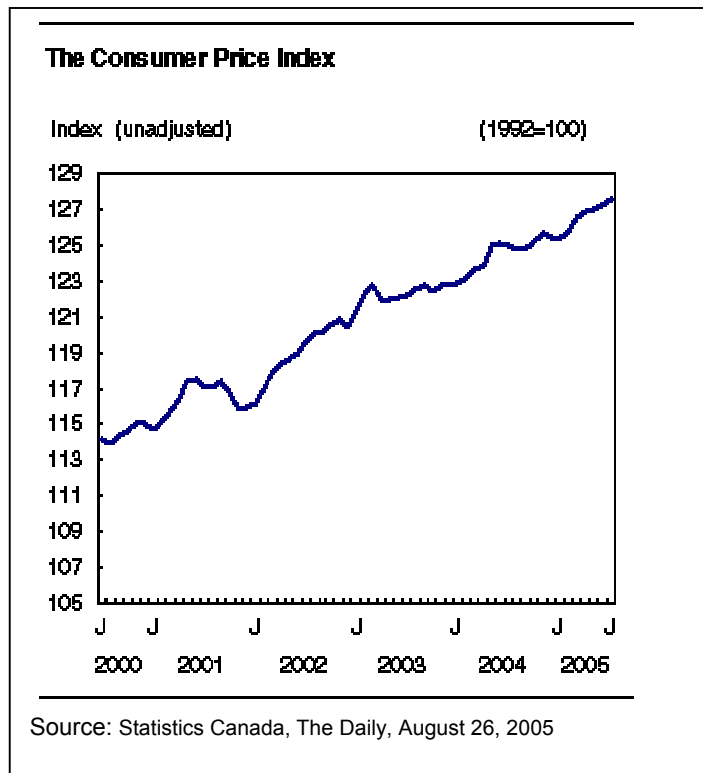
This increase is not predicted to signal any further increases, though the Bank of Canada left its options open.

- **Inflation**

Table 1: Inflation and Core Inflation in Canada, 2002 - 2005Q1

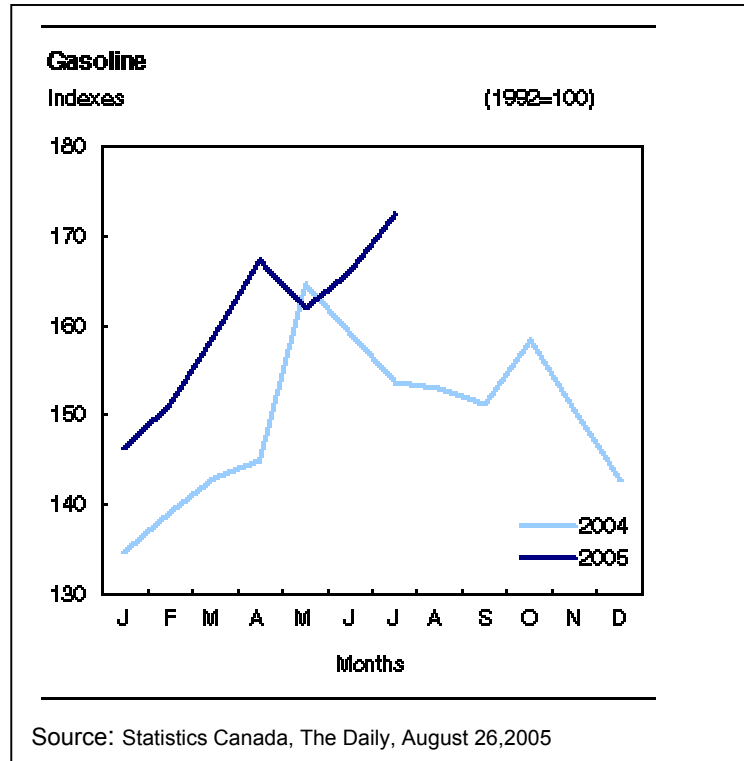
	2002	2003	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004 Annual Average	2005 Q1
CPI	2.2	2.8	0.9	2.2	2.0	2.3	1.9	2.1
'Core' inflation	2.3	2.2	1.3	1.7	1.6	1.6	1.6	1.8

Source: Workplace Information Directorate, Wage Settlements Bulletin, February 2005 16:2, pg 5



In July 2005, consumers paid 2.0% more for goods and services than July last year. The increase was offset somewhat by lower prices for purchase and leasing of automobiles (financial incentives by manufacturers paid off) and computer equipment. Compared to the previous month (June 2005), the CPI increased just .2%.

Not surprisingly, gas prices were the primary reason for the increase. Gas prices jumped 12.3% between July 2004 and July 2005. All provinces experienced price increases ranging from 1.9% in BC to 6.4% in NB. Employer costs related to gas prices may well create demands at the bargaining table or reduce the "pot" of money available for employee wages and benefits.



- **Corporate Profits**

Corporate profits continued to climb in the second quarter of this year, rising 2.9% from the first quarter to \$51.9 billion. Soaring oil prices lifted oil and gas extraction and refining profits to record highs, accounting for three-quarters of the overall profit gain. Profits have risen in 12 of the past 14 quarters, although the growth rates have moderated in the last three quarters, rising 76.1% over six straight quarters.

Hefty worldwide demand and concerns over supply disruptions (attributed to Katrina) contributed to the upward pressure on crude oil prices in recent months.

Despite some volatility, overall retail sales and profits continued to strengthen in the second quarter.

Operating profits increased 9.0% following a 7.4% rise last quarter. Four of five retail sectors reported profit gains. Leading the way were food and beverage stores (+17.5%), furniture, home furnishings and electronics stores (+14.8%) and clothing and department stores (+9.2%). Low interest rates, high levels of employment and strong consumer confidence have stirred consumers to loosen their purse-strings in the past year.

The record profits have not translated into workers' earnings, which until recently have barely kept up with inflation. However in June, the average weekly earnings of payroll employees rose by greater than expected 1.1% from May and 3.4% above last year's levels. The strongest earning gains were not surprisingly in oil rich Alberta. Earnings growth was also relatively strong in Manitoba and Saskatchewan.

- **Unemployment**

Table 2: Cross-Canada Unemployment Rate, February 2005-July 2005, Seasonally Adjusted, percentages

	Feb. 2005	March 2005	April 2005	May 2005	June 2005	July 2005	Change
Canada	7.0	6.9	6.8	6.8	6.7	6.8	-0.2
Newfoundland and Labrador	15.2	14.9	16.1	15.2	13.9	14.4	-0.8
Prince Edward Island	10.2	10.4	10.4	10.8	11.9	11.0	0.8
Nova Scotia	9.8	8.6	8.4	7.7	8.6	7.9	-1.9
New Brunswick	9.4	9.4	9.3	8.8	9.7	9.7	0.3
Québec	8.0	8.2	7.9	8.5	8.0	8.4	0.4
Ontario	6.8	6.9	6.8	6.9	6.7	6.6	-0.2
Manitoba	5.0	5.3	4.8	5.1	4.8	4.7	-0.3
Saskatchewan	4.9	5.2	5.0	4.5	4.8	4.7	-0.2
Alberta	4.2	3.5	4.0	3.5	3.8	3.6	-0.6
British Columbia	7.0	6.5	6.1	5.7	5.8	6.2	-0.8

Source: Statistics Canada, Labour Force Surveys 2005, <http://www.statcan.ca/english/Release/2005.htm#17>, August 2005 released September 9, 2005

Canada's unemployment rate was 6.8% in July, down only slightly from the previous month. Job gains totaled 110,000 (+0.7%) so far in 2005, slightly less than the 143,000 (+0.9%) over the same period a year ago. The unemployment rate edged up 0.1 percentage points to 6.8% in July, still among the lowest in almost three decades.

If you were an adult male (aged 25 and over) your job opportunities increased by 81,000 (+1.1%) so far this year. The rate was not as high for adult women – jobs were up by 53,000 (+0.8%). For

adult men, the gains have been in full- and part-time work, while among adult women the increase has all been in full-time jobs.

The number of people working in retail and wholesale trade rose by 24,000 in July, bringing gains so far this year to 67,000 (+2.7%). This upward employment trend corresponds to strength in consumer spending and increasing sales by wholesalers.

Employment increased by 18,000 in health care and social assistance in July, with gains in offices of doctors,

dentists and other health care practitioners as well as in nursing and residential care facilities. This increase was spread across several provinces.

There was also added employment in information, culture and recreation, up 16,000 in July with most of the gain in telecommunications and broadcasting. However, the overall gain in July offsets a decline of a similar magnitude in June.

Chronic Unemployment - A recent study by Stats Canada looked at chronic unemployment in Canada. Chronically unemployed individuals tended to experience more and longer spells of unemployment than other unemployed people, and their attachment to the labour market was not as strong.

This study used data from the Survey of Labour and Income Dynamics (SLID) to examine several groups of the unemployed during two partially overlapping six-year periods between 1993 and 2001.

The study showed that while the focus of previous studies has been on unemployment among men, women were actually more affected by chronic unemployment than men. Though they comprised less than half of the population in the labour force (49%), women made up 55% of the chronically unemployed population, and nearly two-thirds of the population that never found a job (the always unemployed) during the study period.

Another key finding was that people who had not graduated from high-school were over-represented in the population of chronically unemployed, as were residents of Quebec and the Atlantic provinces, older workers, members of visible minority groups and people with disabilities.

Lone parents were especially over-represented among the chronically unemployed and the always unemployed. These were mainly women, as they head the vast majority of lone-parent families.

Residents of the Atlantic provinces represented 8.5% of the labour force in this study, but accounted for 16.6% of the chronically unemployed. Similarly, people in Quebec represented 26.6% of the labour force, and 35.7% of the chronically unemployed.

- **Unionization**

For the first time ever, women in Canada were more likely to be in unionized jobs than men.

According to Stats Canada the unionization rate of women in the first half of this year has remained higher than those of men. Women account for virtually one half of all unionized workers. This reverses the historic trend – twenty years ago women counted for about 1/3 of unionized workers.

Comparing public and private sectors shows a dramatic difference – in the private sector 12.7% of women workers are unionized compared to 21.4% of men. In the public sector 73.9% of women were unionized compared to 69% of men. The concentration of women in public sector jobs like teaching and public administration accounts for much of the difference.

Overall though, unionization rates have been declining for years, and this year rates continue that trend.

- **Wages**

The average rate of wage adjustments in bargaining units of more than 500 workers was 1.7% across Canada –

slightly less than the CPI for that period. Early reports from the first two quarters show increases in the range of 2.6%, which is slightly higher than reported CPI rates for the same period.

Table 3: Average Wage Settlements, Major Collective Bargaining, 2004 -2005

	2004 Q3	2004 Q4	2005 Q1	2005 Q2
All	1.4	2.2	2.6	2.6
Public Sector	1.8	2.1	2.6	2.6
Private Sector	1.0	2.7	2.4	2.6

Source: Human Resources and Skills Development Canada, Major Wage Settlements by Quarter, Percentage Wage Adjustment, [latest information as of September 1, 2005], <http://www.hrsdc.gc.ca/en/lp/wid/mws/index.shtml>

Table 4: Jurisdictional Wage Adjustments (average percentages), 2004, January – June 2005

	Nfld-Lab	PEI	NS	NB	Que	Ont	Man	Sask	Alta	BC	Public Sector	Private Sector
2004	1.0	2.4	3.7	4.1	2.6	3.0	2.6	1.0	3.1	-1.6	1.4	2.2
2005 (Jan.-June)	n.d.*	2.4	3.3	3.1	2.3	2.5	2.7	1.8	3.0	1.3	2.6	2.5

Source: Human Resources and Skills Development Canada, Average Annual Wage Adjustments Yearly Tables, [latest information as of September 1, 2005], *n.d.=no data available, http://www.hrsdc.gc.ca/en/lp/wid/aawa/quarterly_index.shtml

Reports for average wage adjustments by province for the first half of 2005 followed similar trends from 2004, though slightly lower everywhere except for Manitoba and Saskatchewan. The

public sector average was up from 2004 when wage reductions and freezes in BC health care sector had a significant impact.

Table 5: Sectoral Differences - Major Settlements in 2005, Second Quarter (percentages)

Industry	No. of Agreements	No. of Employees	% wage adjustment
Primary	1	1,500	2.2
Utilities	1	1,500	2.0
Construction	1	1,000	3.1
Manufacturing	11	14,270	2.3
Wholesale and Retail	2	6,910	2.7
Transportation	6	15,080	3.0
Information & Culture	4	6,920	1.5
Finance, Prof. Services	4	8,010	2.2
Education, Health Soc. Services	111	210,650	2.6
Entertain/Hospitality Industry	3	1,630	1.7
Public Administration	26	8,950	2.6

Source: Human Resources and Skills Development Canada, Major Wage Settlements by Quarter, [latest information as of September 2, 2005] http://www.hrsdc.gc.ca/en/lp/wid/mws/quarter/quarter_industry.shtml

Table 6: Selected Recent Settlements – June 2005

Employer	Classification	Average Annual Increase	# of Employees	Duration (months)	Expiry
Information and Culture					
Vidéotron ltée, Montréal, Que.	Administrative services employees	2.5	1,760	36	2009-12-31
Finance and Professional Services					
Association des entrepreneurs de services d'édifices Québec inc., Montréal, Que.	Service and maintenance employees	2.6	5,000	60	2010-06-01
Saskatchewan Government Insurance, Regina, Sask.	Office employees	0.7	1,520	36	2006-12-31
Education, Health and Social Services					
Algonquin and Lakeshore Catholic District School Board, Kingston and area, Ont.	Elementary and secondary teachers	2.6	750	48	2008-08-31
Avon Maitland District School Board, Seaforth, Ontario	Elementary teachers	2.6	600	48	2008-08-31
Avon Maitland District School Board, Seaforth, Ontario	Office employees	3.0	650	36	2007-08-31
Avon Maitland District School Board, Seaforth, Ontario	Secondary teachers	2.6	500	48	2008-08-31
Catholic District School Board of Eastern Ontario, Smith Falls, Ont.	Elementary and secondary teachers	2.6	840	48	2008-08-31
Chinook's Edge School Division No. 73, Red Deer, Alberta	Elementary and secondary teachers	2.4	640	24	2006-08-31
Dufferin-Peel Catholic District School Board, Mississauga and area, Ont.	Educational services	2.0	510	24	2006-09-30
Durham District School Board, Whitby, Ont.	Occasional teachers	2.6	520	48	2008-08-31
Government of Alberta, province-wide, Alta.	Health and social care professionals	3.3	500	36	2007-08-31

	Classification	Average Annual Increase	# of Employees	Duration (months)	Expiry
Government of Alberta, province-wide, Alta.	Health service employees	3.3	1,120	36	2007-08-31
Ontario Hospital Association, province-wide, Ont.	Laboratory technicians	3.0	6,540	24	2006-03-31
Ottawa-Carleton District School Board, Ottawa, Ont.	Administrative and Support employees	3.0	800	36	2007-08-31
Ottawa-Carleton District School Board, Ottawa, Ont.	Custodial	3.0	700	36	2007-08-31
Ottawa-Carleton District School Board, Ottawa, Ont.	Teaching assistants	3.0	650	36	2007-08-31
University of Alberta, Edmonton, Alta.	Professors	3.6	3,200	36	2008-06-30
Entertainment and Hospitality					
Cara Flight Kitchen, Dorval, Que.	Hotel and restaurant employees	2.0	520	36	2008-05-31
Prizm Brandz Inc. (KFC-BC), province-wide, B.C.	Food service employees	1.0	510	36	2007-06-30
Public Administration					
City of Edmonton, Edmonton, Alta.	Firefighters	3.3	880	36	2006-12-26
City of Greater Sudbury, Sudbury, Ont.	Inside employees	3.2	880	60	2010-03-31
City of Greater Sudbury, Sudbury, Ont.	Service and maintenance employees	3.1	670	60	2010-03-31
City of Laval, Laval, Que.	Outside employees	2.5	500	36	2006-02-01
City of Prince George, Prince George, B.C.	Outside employees	2.7	550	36	2007-12-31
Government of Alberta, province-wide, Alta.	Administrative and program services employees	3.3	3,400	36	2007-08-31
Government of Alberta, province-wide, Alta.	Administrative and support employees	3.3	7,140	36	2007-08-31
Government of Alberta, province-wide, Alta.	Correctional officers	3.3	1,950	36	2007-08-31

Employer	Classification	Average Annual Increase	# of Employees	Duration (months)	Expiry
Government of Alberta, province-wide, Alta.	General tradesmen (non-construction)	3.3	510	36	2007-08-31
Government of Alberta, province-wide, Alta.	Natural resource conservation	3.3	830	36	2007-08-31
Government of Alberta, province-wide, Alta.	Social workers	3.3	2,480	36	2007-08-31
Government of Alberta, province-wide, Alta.	Technical employees	3.3	1,370	36	2007-08-31
Government of Ontario, province-wide, Ont.	All categories	2.4	37,500	48	2008-12-31
Government of Ontario, province-wide, Ont.	Correctional officers	2.4	4,500	48	2008-12-31
Ville de Gatineau, Gatineau, Que.	Outside employees	2.1	690	72	2007-12-31

Source: Human Resources and Skills Development Canada, Major Settlements Reached in June 2005, [latest information as of September 2, 2005], <http://www.hrsdc.gc.ca/en/lp/wid/mws/Listmonth.shtml>