

# Economic climate for bargaining

---

March 2006

Vol. 3, No. 2

## Canadian Economic Outlook

The Canadian economy is expected to grow by an average of about 3% this year and just under 3% in 2007.

The proposed GST cut will spur extra consumer spending, but higher interest rates and softer house prices should force families to pay more attention to rising levels of household debt.

The economy is expected to get more of a boost from higher levels of business investment and government spending this year.

Corporate profits increased by over 10% to a record \$217 billion last year, following a 20% increase in 2004. Unfortunately, corporations haven't increased their real investments in the economy at the same rate.

Most of the increased investments planned for this year will be in the energy sector, utilities, public transit and municipal infrastructure. Other sectors of the economy such as manufacturing are planning much smaller increases in their capital spending. As a result, the corporate sector has amassed massive amounts of additional funds that they have used to reduce debts and put into mergers and acquisitions – and not to invest in productive areas of the economy.

Virtually all the federal and provincial governments in Canada are running surpluses this year, with only PEI and Ontario in deficit. With extra funds available, a number of provincial governments are planning both increases in spending and tax cuts.

Household finances are a different story. Slow wage growth and increasing costs have driven household debt to almost 120% of personal disposable income, up from 90% a decade ago. Ten years ago, Canadians saved 9.2% of their personal income, but last year, the personal savings rate actually became *negative* – meaning that Canadians spent more than they made in income.

## Interest Rates and the Exchange Rate

The Bank of Canada has raised its short-term interest rate five times in the past year, even though inflation and especially “core” inflation has remained low. However, longer-term interest rates have barely increased and so the Bank's actions haven't had much of an impact on cooling the economy – especially the hot housing markets. Further cuts to capital gains taxes would fuel even more speculation and price increases in these markets.

<b>Canadian Economic Outlook</b>			
Annual growth rates unless indicated	2005	2006	2007
<b>Growth in the Economy</b>			
Real GDP	2.9%	3.1%	2.8%
- Consumer Spending	4.0%	3.0%	2.5%
- Business Investment	8.6%	9.1%	5.0%
- Government Spending	2.9%	3.7%	3.6%
<b>Labour Market</b>			
Employment growth	1.4%	1.4%	1.0%
Unemployment rate	6.8%	6.5%	6.6%
Productivity growth	1.8%	1.5%	1.5%
Inflation - Consumer Price Index	2.2%	1.8%	1.7%
Corporate Profits before tax	10.7%	8.4%	4.1%
Real Personal Disposable Income	2.3%	3.5%	2.3%
Personal Savings Rate	-0.2%	0.7%	0.9%
Housing Starts (000s)	222	205	189
<b>Interest Rates and Exchange Rate</b>			
Short term 3 Month T-Bill	2.69%	4.02%	4.07%
Long term 10 Year Bond	4.07%	4.41%	4.64%
Exchange rate US\$/C\$	\$ 82.60	\$ 87.31	\$ 86.22
Consensus average based on recent forecasts from seven different Canadian forecasters.			

Some private bank economists have even expressed concern about low rates of real wage increase translating into anemic income growth.

With corporations not reinvesting much of their record profits, and households going into increasing levels of debt, the Bank of Canada is showing signs of understanding that wages need to increase to provide greater balance and stability to the economy.

After expressing concern wage increases last year, Bank Governor David Dodge seems to be starting to realize that there is little possibility of

wage increases leading to escalating inflation across Canada<sup>1</sup>.

Most private bank economists expect at least one more central bank rate hike this year of 25 basis points. With inflation comfortably within the

<sup>1</sup> This comes after private bank economists expressed concern about low rates of real wage increase translating into anemic income growth. "If price inflation isn't a problem, is it the Bank of Canada's job to snuff out wage gains? Even if one takes the recent upturn in one wage series at face value, surely an inflation-targeting approach to monetary policy cannot mean that gains in real wages are now and forever intolerable" "Output Gap: Great in Theory, Wrong in Practice." Avery Shenfield, CIBC World Markets *Monthly Indicators*, February 7, 2006, Page 8.

Bank's target target range, further interest rate increases will depend much more on the direction of the Canadian dollar.

The value of the Canadian dollar has increased steeply, from less than US\$0.65 in 2002 to over US\$0.88 cents this month, fuelled by high gas and commodity prices. While the higher Canadian dollar has cut the cost of imported machinery and equipment, thereby spurring investment and productivity, the job losses in manufacturing have continued to mount to about 200,000 since the end of 2002.

### **Federal Budget**

The federal budget is expected to be tabled sometime between mid-April and early May. Harper is keen to focus on their five main priorities (accountability, GST, child care, wait times and crime). But the Conservatives will no doubt also take maximum opportunity of the public's lack of interest in another election to push through as much of their platform as they want to at this stage.

The budget is almost certain to include the promised GST cut, the \$100/month child care allowance, corporate tax cuts and a range of other tax promises, except perhaps the proposed capital gains tax "deferral". The cost of their tax cuts adds up to \$45 billion over five years, or higher based on more realistic cost estimates.

The high cost of these tax cuts will mean significant cuts to projected program spending in many areas. Total federal program spending under the Conservative plan is

expected to be \$30 billion lower than what the Liberals were planning, (with the child care allowance not included in program spending).

The Conservatives did promise to "maintain current projected growth rates for transfers to persons such as elderly benefits and Employment Insurance, and transfers to other levels of government for health, social programs, equalization, and municipal infrastructure." But with significant spending increases planned for National Defence, Agriculture, and highways and borders, this means that other programs will suffer much more of a squeeze.

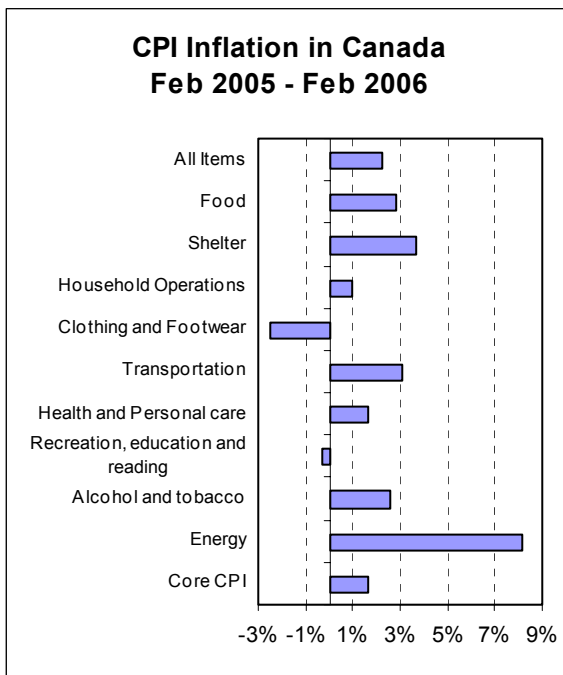
### **Prices and Inflation**

Consumer prices increased by an average of 2.2% over the past year. Prince Edward Island and Nova Scotia had the highest rates of inflation in 2005, at 3.2% and 2.8% respectively, while B.C. had the lowest rate of inflation at 2%.

The two main factors driving prices higher over the past year have been energy prices and house prices.

Volatile gas prices have made the rate inflation go up and down over the past year, but mostly up. Gasoline prices dropped in February, but were still 7% higher than a year earlier. Natural gas prices were up by 17% higher, fuel oil up by 14%, and electricity prices almost 5% higher. Higher energy prices also drove up the cost of related goods and services. Energy price increases also varied considerably by province.

The price of new houses increased by an average of 6.6% over the past year to January, led by a 21% increase in Calgary and a 12% increase in Edmonton. Average resale house price increased by even more over the past year: by 12.7% nationally, and by 26% in both Calgary and Vancouver.



Lower prices for footwear, clothing and recreational and home entertainment equipment have helped to keep the overall rate of inflation down for a number of years and last year was no exception. The cost of imports from Asia have been subsidized by very low wage rates, but there is a limit to how low these costs can go. Labour shortages in China have started to force many companies to increase their wages and improve living conditions, which may eventually lead to higher prices here in Canada.

Core CPI (which excludes more volatile prices) only increased by 1.7% over the past year, well within the Bank of Canada's target range. The Bank of Canada expects core inflation to increase by 2.5% during the first half of the year and then ease to 2% during the second half of the year.

The federal Conservatives' proposed one percentage point cut in the GST is expected to push the rate of inflation down slightly – and temporarily – from mid-2006 to mid-2007. Private sector forecasters expect consumer prices to increase by an average of 1.8% in 2006, followed by an increase of 1.7% in 2007. Inflation in Quebec, Ontario, Manitoba and Saskatchewan is expected to average slightly less than the national average, while prices in Atlantic Canada, Alberta and B.C. are expected to increase by more than 1.9% in both 2006 and 2007.

### Higher Fees for Public Services

A number of provinces are increasing prices for public services, which translates into reduced accessibility and higher costs for the public.

Ontario's decision to allow tuition fees to increase will increase the cost of tuition by an average of up to 5% at each institution (and by up to 8% for professional programs), or by about \$250 extra for university students and \$100 extra for college students. In contrast, Manitoba and Newfoundland have committed to maintain a freeze on tuition fees for at least another year.

Public transit fares are also increasing in a number of cities: in the past year the cost of single tickets increased by 14.3% in St. John's, 12.5% in Calgary and Edmonton, 10% in Toronto, 8% in Winnipeg and 7.5% in Ottawa.

Electricity rates are going up in a number of provinces, including by 8.9% in Nova Scotia (following a 5.3% increase in 2005), by 5.3% in Quebec and 4.9% in Saskatchewan.

Proposals by Alberta, B.C. and Quebec towards greater privatization of the medicare system could also lead to higher direct costs or diminished services for those who can't afford to pay for private procedures.

All these proposals would mean higher costs for the public and also higher costs for benefit plans, so everyone who has coverage would bear the costs, whether or not they use the services. The cancellation of the federal child care program could also lead to higher child care fees in many provinces.

### **Impact of Tax Changes**

A cut in the GST of one percentage point, if it is all passed on to consumers, will provide an average annual savings of \$268 per household – ranging from an average of \$130 for a single senior to an average of \$470 for a couple with children. Those with an income of less than \$40,000 will have an average savings of less than \$200, while households with an income of over \$200,000 will have an average savings of about \$1,300 per year.

But most people will also have to pay more if the income tax cuts introduced by the Liberals in November 2005 are reversed in the upcoming federal budget. Lowering the basic personal amount and increasing the lowest rate by 1 percentage point will increase federal income taxes by about \$340 for most individuals (with or without children) with incomes of \$40,000 or more. A two earner family with two children making \$150,000 will see their federal income taxes increase by about \$690.

### **Regional Economic and Budget Round-up**

All provinces except Ontario and PEI are expected to have fiscal surpluses in 2005-6, with a number also planning significant tax cuts.

#### *Newfoundland and Labrador*

Newfoundland's economy is expected to grow at a strong pace of over 5% this year with both Voisey's Bay and the White Rose offshore oil project in production for the full year. But the increased output won't lead to many more jobs: employment growth is expected to average less than 1% this year, with unemployment remaining above 15%, and much higher in rural areas.

The provincial budget will be tabled on March 30<sup>th</sup>. The province's mid-year estimate in November had revenues \$320 million higher than had been budgeted, largely due to higher offshore royalties and higher corporate tax revenues. This is expected to wipe out the deficit and result in a small surplus for 2005-6.

### *Nova Scotia*

Economic growth in Nova Scotia is expected to average about 2.6% this year, a little faster than last year. While job growth is expected to pick up to 0.9%, it may not be enough to bring the unemployment rate down substantially.

Higher natural gas royalties and higher corporate tax revenues mean that Nova Scotia's revenues for the 2005-6 year are now expected to be \$100 million higher than had been forecast, which means that the province expects the surplus to reach \$78 million this year. The budget will be delayed beyond its usual mid-April delivery date but may be preceded by an election.

### *Prince Edward Island*

PEI has experienced moderate growth with a strong construction sector offsetting a slow tourism season and higher than anticipated employment growth in 2005. The province hasn't benefited from the

windfall energy revenues that have helped its Atlantic neighbours and has a deficit expected at \$22 million this year. There is no word at the time of writing when the PEI budget would be tabled.

### *New Brunswick*

New Brunswick's economy has suffered from a downturn in the forest and wood products industries, but is benefiting from some large construction projects. Average employment levels in 2005 were barely above the previous year, but have grown at a faster pace more recently. Large construction projects at Point Lepreau and the LNG terminal should help to create more jobs this year.

New Brunswick's budget will be tabled on March 28<sup>th</sup>. It is expected to include increased funds for schools, post-secondary education, and roads and infrastructure. The Finance Minister has suggested that there will be personal and business

## **Provincial Outlook**

% annual growth unless where noted

	<u>Real GDP</u>		<u>Employment</u>		<u>Unemployment Rate</u>		<u>Inflation</u>	
	2006	2007	2006	2007	2006	2007	2006	2007
	Canada	3.1	2.8	1.4	1.0	6.5	6.6	1.8
Newfoundland & Labrador	5.4	2.3	0.8	1.0	15.2	15.1	1.8	1.8
Prince Edward Island	2.0	2.0	1.1	1.0	10.8	10.8	2.3	1.9
Nova Scotia	2.6	2.5	0.9	1.0	8.4	8.4	2.1	1.9
New Brunswick	2.6	2.3	1.3	0.9	9.5	9.5	1.9	1.9
Quebec	2.4	2.2	1.2	1.0	8.2	8.3	1.6	1.7
Ontario	2.5	2.2	1.3	1.0	6.4	6.8	1.7	1.7
Manitoba	2.8	2.6	0.9	0.9	4.6	4.7	1.7	1.9
Saskatchewan	3.3	2.9	0.6	0.9	5.1	4.9	1.7	1.8
Alberta	5.3	4.2	2.3	1.9	3.7	3.6	2.1	2.1
British Columbia	3.9	3.4	2.4	1.9	5.3	5.2	1.8	1.9

*Based on consensus forecasts from six different private sector forecasters.*

tax cuts and has hinted at changes to the property tax assessment system.

### *Quebec*

The high dollar has caused job loss in manufacturing and processing industries in Quebec, but employment has grown in the trade, construction and education sectors. While residential construction may slow this year, a number of large construction projects will help the economy. The wage freeze imposed on public sector workers under Bill 142 will be followed by 2% wage increases starting in April.

Quebec's budget was tabled on March 23<sup>rd</sup>, but it was too late for analysis for this document. The province is proposing to balance the budget in 2005-6, but this outcome generally involves fiscal manoeuvres at the end of the fiscal year.

### *Ontario*

The Ontario economy expanded moderately in 2005 and is expected to grow by about 2.5% this year. The high dollar and increased energy costs have resulted in a loss of 53,000 manufacturing jobs in Ontario over the past year, but overall employment has increased with a busy construction sector and 54,000 more jobs in educational services. But these industries aren't expected to keep hiring at the same pace and more job loss is expected in manufacturing.

Ontario's budget was tabled on March 23<sup>rd</sup>, but this was too late for analysis for this document. Ontario is widely expected to have much higher revenues and a lower deficit than the \$2.8 billion that had been

forecasted last year. However, the 2006-7 Ontario budget may keep some of the extra funds – and the good news – to save for next year's pre-election budget.

### *Manitoba*

Manitoba's economy has grown at a solid pace over the past year. The unemployment rate was down to 4.7% in February – the second lowest in Canada. While most of the new jobs are full-time, most are also in the accommodation and foods sector. The province has a number of large construction projects planned, including hydro, roads, and mineral projects. This infrastructure investment together with increased spending on public services is expected to keep the economy growing by about 2.8% this year and by 2.6% in 2007.

Manitoba's 2006 budget included an increase in health care spending by 4.3% and a boost in education spending by 5.5% -- with a continued tuition freeze. Water infrastructure will get a 30% funding increase. The budget announced cuts to property taxes, and personal and corporate income tax rates. The province is planning for a small surplus this year.

### *Saskatchewan*

Saskatchewan has benefited from high prices and strong global demand for oil, potash, and uranium. This has provided the province with resource revenues 46% higher than had been forecasted and economic growth of about 3.3%. But the increased economic activity hasn't led to many more jobs. Employment and labour force levels have dropped

over the past year. The economy is expected to grow by about 3.3% again this year, but slow employment growth is expected to keep the unemployment rate above 5%.

Saskatchewan's budget will be tabled April 6<sup>th</sup>. The extra revenues have already enabled the province to increase its investments in education, health and community infrastructure.

The premier has already announced \$53 million in additional education funding that will provide property tax cuts for rural residents. Significant business tax cuts are also expected, following from the Vicq committee report.

### *Alberta*

Alberta's energy-fuelled economy has resulted in economic growth approaching 5% last year and an unemployment rate of only 3.1%. The expansion will continue this year, with economic growth of over 5% and employment growth of over 2%. But the boom is also putting strain on other sectors of the economy with very tight labour markets, service shortages, infrastructure problems and escalating prices.

Alberta's budget was tabled on March 22<sup>nd</sup>, but this was too late for analysis for this document. The province is expected to record a surplus of \$7.4 billion or more for 2005-6.

### *British Columbia*

B.C.'s economy grew by about 3.7% last year and is expected to grow by 3.5% or higher this year. Employment growth has

been very strong, with over 70,000 jobs added during the past year and the unemployment rate down to 4.8% in February. While the construction sector has been booming, virtually all the new jobs have been in services, with trade, transport, accommodation and food and culture and recreation adding 70,000 new jobs alone.

The province recorded a surplus estimated at \$1.5 billion for 2005-6 and is forecasting a surplus of \$600 million for 2006-7. The province's budget, tabled February 21, provided \$733 million in tax cuts over the next four years, but only increased funding for education by 2.3% and health by 3.9% this year. The government is planning to increase funding for both of these areas at less than the rate of inflation in 2007-2008.

## **Employment and Labour Force**

Canada's unemployment rate reached a 30-year low of 6.4% again in February. While employment increased by about 25,000 in

### **Fiscal Balances**

\$millions, after special account transfers

*based on latest fiscal statements*    2005/6    2006/7

Canada	4,600	7,200
Newfoundland & Labrador	2	NA
Prince Edward Island	- 22	NA
Nova Scotia	78	NA
New Brunswick	103	NA
Quebec	-	-
Ontario	- 1,369	- 1,350
Manitoba	3	3
Saskatchewan	266	NA
Alberta	7,375	4,096
British Columbia	1,475	600



February, the decline in the unemployment rate was also because of a decline in the size of the labour force.

Public sector employment dropped in February by 20,000 according to the *Labour Force Survey*, but it is still 89,000 higher than it was in February 2005. Most of the job loss in the public sector was due to the end of the temporary hiring that took place for the election.

Employment in the education sector was up by 90,000 over the past year, while employment in health care and social services was down by 3,500, with fewer people working in the social services sector.

The construction industry added a lot of jobs, with employment up by 87,000 compared to a year ago, thanks to a continued building boom. In contrast, the manufacturing sector has lost 106,000 jobs since February 2005, with half of the job loss in Ontario and a third in Quebec. Canada's high dollar and high energy costs have led to this shedding of factory jobs especially in the wood, furniture and auto parts sectors.

Job growth continued to be particularly strong in Alberta, where an additional 25,000 more jobs generated in February pushed down its unemployment rate down to 3.1%. Employment growth in Alberta was

3.7% over the past year and 3.5% in B.C. But the labour force situation is becoming increasingly unbalanced. Over 1 million are still looking for work nationwide and the unemployment rate in Newfoundland and Labrador is still over 15% and above 10% in Prince Edward Island.

Full-time employment dropped by 32,000 from January to February, while part-time employment increased by 56,000. Despite the drop in full-time jobs last month, full-time employment has still grown at a faster pace than part-time employment over the past year. At the same time, other measures of employment quality have declined.

One-third of all new jobs created last year were self-employed rather than employed workers. Many of the new jobs created have also been in relatively lower paid and lower stability industries. This change in the composition of the workforce helps to explain why average weekly earnings have not been able to keep up with other measures of wage growth – or with inflation.

Job growth in Canada is expected to average 1.4% this year, similar to 2005. This will bring the unemployment rate down to an average of 6.5% for the year. Employment growth should slow down in 2007, leading to a slight increase in the jobless rate.

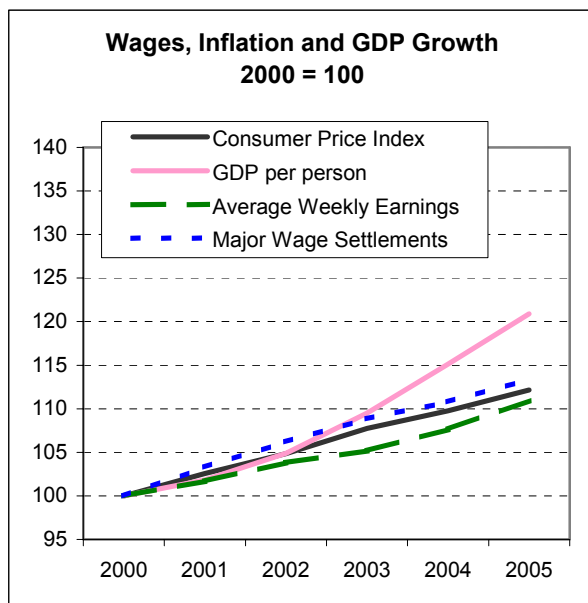
## Unemployment Rates by Province Seasonally Adjusted

	Average for 2005	January 2006	February 2006	Change from January to February 2006
Canada	6.7	6.6	6.4	-0.2
Newfoundland and Labrador	15.2	16.5	15.1	-1.4
Prince Edward Island	10.9	10.8	10.9	0.1
Nova Scotia	8.4	7.8	8.4	0.6
New Brunswick	9.7	8.9	9.4	0.5
Québec	8.2	8.4	8.2	-0.2
Ontario	6.6	6.5	6.2	-0.3
Manitota	4.8	4.3	4.4	0.1
Saskatchewan	5.1	5.2	5.3	0.1
Alberta	3.9	3.5	3.1	-0.4
British Columbia	5.8	5.1	4.8	-0.3

Source: Statistics Canada, Labour Force Survey, February 2006 released March 10, 2006  
<http://www.statcan.ca/english/Subjects/Labour/LFS/lfs-en.htm>

## Wage Growth

Real wage growth in the past four



years has been much slower than in previous periods of economic growth. While major wage settlements in unionized workplaces have increased at a rate just slightly above inflation, other measures of wage growth, such as average weekly earnings, have increased at a lower rate than inflation. Wages have also lagged far behind increases in GDP per person, which is a measure of productivity in the economy.

Even though the unemployment rate in Canada is at a 30-year low, average wages and salaries still haven't recovered much for a number of reasons. Priorities at the bargaining table have generally focused more on job security and maintaining or expanding benefits.

With the tight labour market in Alberta, hourly wages surveyed by the Labour Force Survey increased by 6.1% in the province over the past year compared to a 3.3% national average. Hourly wage increases were highest for occupations in primary industries, rising by 5.7% over the past year. Average hourly wage increases were also strong at 5.5% for occupations in social science, education, and government service, according to this survey. Hourly wages for health occupations increased by an average of 2.1%.

### Wage Settlements

Average wage settlements for bargaining units of more than 500 workers averaged 2.3% in 2005, just above the 2.2% average rate of consumer price inflation for the year.

Public sector wage adjustments averaged 2.2% during 2005, matching inflation and lower than the 2.4% achieved by the private sector. Wages increased by 2.4% for workers in public administration and by 2.1% for workers in the education,

health and social services sectors.

Despite concern in the media about higher wages fuelling inflation, the average rate of wage adjustments in the fourth quarter of 2005 was only 1.7%, with an average of 1.6% in the public sector.

Wage adjustments continued to be low in British Columbia, with an average increase of 0.5% for the year, largely as a result of the mediated settlement to the teachers' strike. Wage adjustments were also relatively low for the public sector in Quebec thanks to Bill 142.

The bargaining climate has improved considerably in British Columbia, with a number of important settlements reached under the government's commitment to use an additional \$5.7 billion over the next five years to reach compensation agreements with the broad public sector.

#### Average hourly wages by occupation

	<u>Feb-05</u>	<u>Feb-06</u>	<u>Change</u>
All occupations	\$ 18.98	\$ 19.61	3.3%
Management	\$ 30.14	\$ 30.29	0.5%
Business, finance and administrative	\$ 18.00	\$ 18.64	3.6%
Natural and applied sciences	\$ 26.78	\$ 27.88	4.1%
Health	\$ 22.06	\$ 22.53	2.1%
Social sciences, education, government and religion	\$ 24.38	\$ 25.73	5.5%
Art, culture, recreation and sport	\$ 19.84	\$ 18.64	-6.0%
Sales and service	\$ 12.72	\$ 12.89	1.3%
Trades, transport and equipment operators	\$ 19.10	\$ 19.42	1.7%
Primary industry occupations	\$ 16.81	\$ 17.77	5.7%
Manufacturing, processing and utilities	\$ 16.84	\$ 17.04	1.2%

*These wage rates are based on information from the Labour Force Survey and so can represent changes in survey coverage as well as changes in actual wage levels.*

The HEU reached a tentative agreement on March 16<sup>th</sup> with health employers. The agreement provides average compensation increases of 10.8% over four years together with a signing bonus of \$3,700 and a lump sum of \$500 for recognition of skill enhancements. Wage increases will range from 8.5% to 32% over the life of the agreement. The package also includes a cap on the number of positions that can be contracted out, enhanced severance pay and access to job vacancies.

### Wage Settlements in 2005

Wage settlements for bargaining units of more than 500 workers averaged 2.5% last year to the end of October 2005, at similar rates for both public and private sectors. This is higher than the 1.8% average for 2004. The value of wage settlements increased during the year and averaged 2.8% in the third quarter, with an average of 2.9% for the public sector.

### Average Wage Settlements Major Collective Bargaining by Year

	2002	2003	2004	2005	January 2006
All	2.8	2.5	1.8	2.3	2.5
Public Sector	2.9	2.9	1.4	2.2	2.6
Private Sector	2.6	1.3	2.2	2.4	2.4

Source: Human Resources and Skills Development Canada, Major Wage Settlements by Quarter, Percentage Wage Adjustment, [latest information as of March 17, 2006], <http://www.hrsdc.gc.ca/en/lp/wid/mws/index.shtml>

### Average Wage Settlements by Province 2004, 2005, January 2006

	Nfld-Lab	PEI	NS	NB	QC	Ont	Man	Sask	Alta	BC	Multi-Prov	Federal Juris
2004	1.0	2.4	3.7	4.1	2.6	3.0	2.6	1.0	3.1	-1.6	2.7	1.6
2005	2.1	2.5	3.2	3.0	1.6	2.7	2.9	1.9	3.0	0.5	4.1	2.6
January 2006	-	-	-	-	3.2	2.0	-	-	3.0	3.0	-	2.6

Source: Human Resources and Skills Development Canada, Average Annual Wage Adjustments Yearly Tables, [latest information as of March 17, 2006], [http://www.hrsdc.gc.ca/en/lp/wid/aawa/quarterly\\_index.shtml](http://www.hrsdc.gc.ca/en/lp/wid/aawa/quarterly_index.shtml)

<b>Average Wage Settlements by Industry</b>			
	<b>2005</b>	<b>January 2006</b>	
<b>Industry</b>	<b>2005 % wage adjustment</b>	<b>No. of Employees</b>	<b>% wage adjustment</b>
Primary	2.1	540	1.5
Utilities	2.6	-	-
Construction	2.5	-	-
Manufacturing	2.5	-	-
Wholesale and Retail	1.9	1,500	1.7
Transportation	2.9	1,150	2.9
Information & Culture	2.3	-	-
Finance & Professional Services	2.3	-	-
Education, Health Soc. Services	2.1	2,590	2.4
Entertain/Hospitality Industry	1.7	1,480	3.2
Public Administration	2.4	5,010	2.7

Source: Human Resources and Skills Development Canada, Major Wage Settlements by Quarter, [latest information as of March 17, 2006] [http://www.hrsdc.gc.ca/en/lp/wid/mws/quarter/quarter\\_industry.shtml](http://www.hrsdc.gc.ca/en/lp/wid/mws/quarter/quarter_industry.shtml)

B.C. Assessment Authority workers in Local 1767 reached a tentative agreement on March 14<sup>th</sup>, with wage increases totalling a cumulative 9.6% over four years and a \$3,600 signing bonus. The agreement also includes improvements in health benefits and leave provisions.

The BCGEU also just reached a tentative agreement on March 19<sup>th</sup>, with average wage increases of 10 per cent over four years and a one-

time signing bonus of \$4,019 for full-time employees, as well as improvements to health and welfare benefits and additional wage increases for some positions.

Upcoming key negotiations include health sectors in Ontario, Nova Scotia and Prince Edward Island, Air Canada, and the B.C. Public School Employers Association – once again.

**Selected Recent Settlements – January 2006**

Employer	Occupations	Number of Employees	Average Annual Increase	Duration in Months	Expiry Date
<u>Education, Health and Social Services</u>					
Dufferin-Peel Catholic District School Board	Occasional teachers	880	2.0	24.0	31-Aug-06
Hastings and Prince Edward District School Board	Office employees; service and maintenance employees	660	2.6	48.0	31-Aug-08
Peterborough Victoria Northumberland & Clarington CDSB	Support employees	520	2.5	36.0	31-Aug-08
Simcoe Muskoka Catholic District School Board	Occasional teachers	530	2.6	48.0	31-Aug-08
<u>Public Administration</u>					
ATB Financial	Administrative services employees	1,700	3.0	24.0	31-Mar-07
City of Kamloops	Inside employees; outside employees	550	3.0	60.0	31-Dec-10
Government of Canada	Scientific and other professional employees	2,760	2.5	24.0	30-Sep-07

Source: Human Resources and Skills Development Canada, Major Settlements Reached in January 2006. [Latest information as of March 17, 2006], <http://www.hrsdc.gc.ca/en/lp/wid/mws/Listmonth.shtml>