Economic Climate for Bargaining

March 2009 Vol. 6, No. 1

Frontline Summary

Economic Outlook Summary

Canada and the rest of the world are now entering what is likely the worst economic crisis since the Great Depression.

This was caused, as in the 1870s and 1930s, by neo-conservative economic policies and an out-of-control and corrupted financial system. These policies have now been discredited around the world.

There may be some short-term and sucker rallies on the stock market, but it will take many years for jobs, incomes, investments and savings to recover.

The main factors preventing a deeper economic depression are the social programs and economic policies we built after previous economic crises:

- Income support programs, including EI, CPP and social assistance
- A wide range of public services
- Support for economic stimulus measures

These programs need to be strengthened and expanded, and not cutback or constrained.

Economic forecasts have kept getting worse, but the latest expect:

- Unemployment rising towards 10% by 2010
- Canada's economy to shrink by 2.4% in 2009, with slow growth in 2010
- Very low or even negative inflation this year, rising towards 2% in future years

This issue of the *Economic Climate for Bargaining* includes sections on:

The first step to recovery: focus on jobs
The Canadian economy has lost 295,000 jobs in four months. If jobs continue to be lost at this pace, there will be 2 million jobless by the end of the year, with an unemployment rate of over 10%. Our governments need to face up to seriousness of the economic situation by focusing on saving jobs and supporting those without.

Canadian and provincial economic outlooks
Averages of the latest forecast of main economic indicators for Canada and the provinces.

Public solutions needed for pensions
Canadian workers have lost over 20% of their pension fund savings from the stock market crash. The only way to attain greater retirement security is through public solutions to the pension crisis.

Inflation heads downhill, rebound to come
After its recent seesawing, consumer price inflation could mark a fifty year low this year, with "deflation" a possibility. But very low rates of inflation in Canada will be short-lived, and a rebound to more normal levels will come.

Wage increases trending down
Major collective agreement settlements provided wage increases averaging 3.4% in the fourth quarter of 2008. This was similar to annual averages for the past two years and exceeded inflation, providing real wage gains. Average wage increases will inevitably decline in coming months, particularly with misguided public wage freezes and clawbacks.

Next issue: June 2009

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!

The first step to recovery: focus on jobs

Almost 300,000 jobs lost in four months; could unemployment rise to two million in a year?

The very first step in any twelve step recovery program is to fully and honestly admit you have a problem.

Prime Minister Harper, many of our provincial premiers and their private economic advisors do not seem to be at this stage yet when it comes to the economy. They are still claiming that Canada will recover quickly from this "great recession" and downplaying the severity of it.

Canada's unemployment rate jumped to 7.7% in February, just two months into the year. This is already higher than what the federal budget forecasted for the whole year.

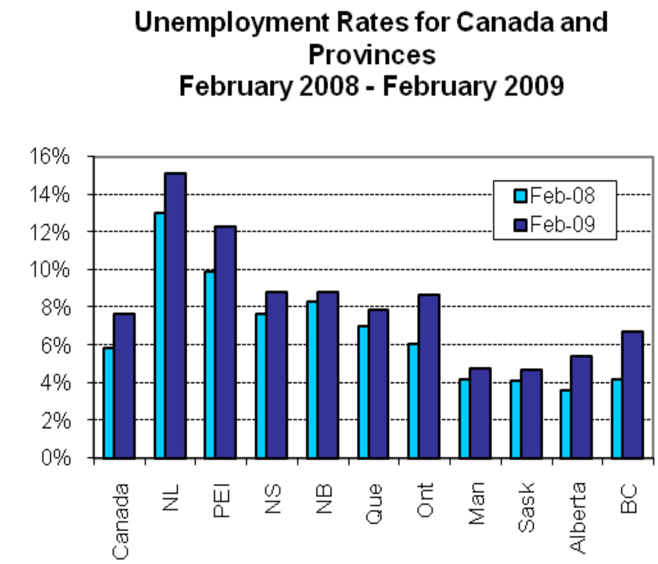
In fact the federal budget said that the unemployment rate wouldn't reach 7.7% until 2010. Officially we're only a few months into this recession and already we're more than a year ahead of schedule.

Statistics Canada's *Labour Force Survey* for February reported another 83,000 jobs lost that month. Monthly labour force numbers are not particularly reliable and can bounce around, but the figures since October show a clear trend: it's getting worse.

An average 74,000 jobs have been lost each month since October, adding up to 295,000 in total. In four months an estimated 265,000 more people became unemployed.

If these rates of job loss continue through this year, then a million jobs will be gone by December. With close to a million more Canadians jobless, total unemployment would then exceed two million. We've never seen those numbers of unemployed in Canada before.

The highest we reached was 1.75 million unemployed back in November 1992. But at current rates of growth we could break through that record before the end of this summer – and long before we host the winter Olympics.



Two million unemployed would bring the unemployment rate to over 11%. This may seem hard to believe. After all, just a year ago in January 2008, Canada's unemployment rate was only 5.8%: the lowest it's ever been. And no-one should rely on simple trends to forecast the future.

But it should be clear we no longer just have a financial market problem or a problem with faceless economic indicators such as the GDP. We are rapidly developing an unemployment problem that could have two million different faces on it by the end of the year. And they won't be happy faces, either.

Unfortunately, nothing suggests that our reigning politicians are taking this situation seriously enough. After denying that Canada was at risk of a recession, Prime Minister Harper was finally forced to take action on the economy, but mostly because he didn't want to lose power to the opposition coalition.

The federal budget included some infrastructure and housing stimulus spending, but it was half-hearted and included a lot of very politically motivated projects.

It also included cuts to equalization payments, child care and other areas of spending that both generate a lot of jobs and are necessary to help support people during economic tough times. It also included wage controls and a dismantling of federal pay equity provisions.

There was no increased access for Employment Insurance Benefits, which should be the first line of protection for the unemployed. Instead this program remains tattered and inadequate, providing benefits for fewer than half the unemployed.

Without substantial reforms to the EI program, a whole new generation of Canadians is going to discover what poverty really feels like in the emaciated embrace of provincial welfare programs.

Provincial budgets released so far have done little more with some doing even worse.

In British Columbia, Premier Gordon Campbell included a rosy economic forecast as part of its budget and then proceeded to clawback and freeze public sector wages. This budget, tabled on February 17, forecast that the unemployment rate in the province would average 6.2% for the year. Well, now it turns out that B.C.'s unemployment rate in February right when the budget was tabled had already reached 6.7%.

In New Brunswick, the finance minister's priorities seem to be on another planet, still guided by the neo-conservative economic policies that have crashed and burned other countries such as Ireland and Iceland. Full details of the province's March 17 budget aren't known yet, but they have already confirmed that they are planning to cut hundreds of public service jobs – just when they are needed the most – and freeze wages while going ahead with $100 million in tax cuts.

Saskatchewan and Québec, with budgets due the same week, have made similar noises. Increased spending on infrastructure is important and long overdue. It is also positive that governments everywhere have abandoned their ideological fixation on not going into deficit. However, they still haven't understood that tax cuts are not an effective way to stimulate the economy, even though all reputable economists have advised against tax cuts at this time.

Increased investment in infrastructure shouldn't come at the cost of cutting other public services or programs. Many of these create more jobs than infrastructure spending and are vitally important, especially during a downturn.

And public services certainly shouldn't be sacrificed for more ineffective tax cuts. That's just dumb economics.

Pretty soon our governments are going to have to move on from just handing out money for "shovel-ready" jobs, while cutting spending in other areas. It's not just construction-type jobs that are being lost in this recession and infrastructure isn't the only thing people need. We could all end up with shovels filling in each others holes but it won't get us very far, except deeper into the ditch that we're in.

Infrastructure spending should be part of a plan that builds the type of more productive, energy-efficient, and environmentally-friendly economy we need for the future.

We also need increased funding for a range of public and social services, both to help support those who will be hurt by the downturn, to create jobs, and to build a better quality of life for all, without driving families further into debt.

But to begin, we need our political leaders to demonstrate some vision of what we can achieve with a positive government. Unfortunately, so far in Canada, that type of vision seems to be in far shorter supply than any form of credit.

The following table shows that few sectors of the economy have gone unscathed by the recession so far.

The *Labour Force Survey* may show some job gains for manufacturing in the past month, but the sector has still lost a total of 100,000 jobs since October. Employment in health care and social assistance remains up from October, but there were reported job losses in the past month.

What is troubling is that these numbers show that the public sector has lost jobs at a faster pace (-2.4%) than the private sector (-1.7%) since October. This may be a holdover from temporary jobs associated with the federal election, but if it really does represent a continuing trend, then we'll be in for a tougher time.

The Tally from the Recession
Employment and Labour Force Changes for the Latest Month,
and since October 2008, official start of the recession

					Change from		% change
Labour Force	**Oct-08**	**Jan-09**	**Feb-09**		**Jan-09**	**Oct-08**	**from Oct**
Labour Force	18,346	18,292	18,315		23.1	-31.1	-0.2%
Employment	17,195	16,982	16,899		-82.6	-295.3	-1.7%
Full-time	14,004	13,808	13,697		-110.9	-307.3	-2.2%
Part-time	3,191	3,174	3,203		28.3	12	0.4%
Unemployment	1,152	1,310	1,416		105.8	264.4	23.0%
Unemployment rate	6.3	7.2	7.7		0.5	1.4	
Participation rate	67.8	67.4	67.4		0	-0.4	
Employment							
Women 25 +	6,854	6,818	6,840		21.6	-14.6	-0.2%
Men 25 +	7,740	7,639	7,563		-75.5	-177.1	-2.3%
Youth	2,601	2,526	2,497		-28.7	-103.6	-4.0%
Public sector	3,462	3,405	3,381		-24.2	-81.4	-2.4%
Private sector	11,082	10,905	10,874		-30.4	-207.2	-1.9%
Self-employed	2,651	2,673	2,645		-28	-6.8	-0.3%
Employment by Industry							
Agriculture	326	308	325		16.7	-1.5	-0.5%
Forestry, fishing, mining, oil and gas	339	342	333		-8.3	-5.5	-1.6%
Utilities	149	144	143		-1.3	-5.5	-3.7%
Construction	1,251	1,213	1,170		-43.2	-80.6	-6.4%
Manufacturing	1,975	1,850	1,874		24.7	-100.2	-5.1%
Trade	2,677	2,654	2,636		-17.7	-40.9	-1.5%
Transportation and warehousing	871	840	841		1.2	-29.6	-3.4%
Finance, insurance, real estate and	1,071	1,097	1,095		-2.5	23.7	2.2%
Professional, scientific and technical	1,204	1,211	1,180		-31.1	-24.5	-2.0%
Business, building and other support	670	649	657		8.5	-12.9	-1.9%
Educational services	1,208	1,179	1,164		-14.7	-44.4	-3.7%
Health care and social assistance	1,922	1,970	1,956		-14.6	33.5	1.7%
Information, culture and recreation	749	760	753		-7.4	4	0.5%
Accommodation and food services	1,066	1,075	1,084		8.6	18.3	1.7%
Other services	766	769	760		-8.4	-6	-0.8%
Public administration	953	923	930		6.8	-23.4	-2.5%

Canadian Economic Forecasts

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

The economy has been declining quickly, making economic forecasts quickly out of date. This table only includes forecasts that were published during the month of March. This includes forecasts from TD Bank, Royal Bank of Canada, Scotiabank and BMO Capital Markets.

On the key indicators:

- **Economic Output.** Three of the four banks are forecasting a decline of real GDP of 2.4% this year, followed by a subpar recovery in 2010. The Royal Bank is a bit more optimistic.
- **Unemployment Rate.** The forecast for the unemployment rate for 2009 ranges from 7.8% (RBC) to 9.0% (TD Bank); and from 8% to 9.9% for 2010.
- **Inflation.** The forecasts for national consumer price inflation for this year range from +0.5% (BMO) down to -0.8% (TD Bank). For 2010, they range from 0.8% to 1.8%.

Canadian Economic Outlook- Average of Private Sector Forecasts				
Annual growth rates unless indicated	**2007**	**2008**	**2009**	**2010**
Growth in the Economy				
Real GDP	2.7%	0.5%	-2.2%	1.8%
- Consumer Spending	4.5%	3.0%	-1.1%	1.6%
- Business Investment	3.5%	1.3%	-9.2%	-1.2%
- Government Spending	3.7%	3.6%	4.0%	4.7%
Labour Market				
Employment growth	2.3%	1.5%	-2.1%	0.1%
Unemployment rate	6.0%	6.1%	8.5%	9.0%
Productivity growth	0.7%	-1.0%	-0.1%	1.6%
Inflation - Consumer Price Index	2.2%	2.4%	0.0%	1.4%
Corporate Profits before tax	3.3%	6.4%	-21.8%	5.6%
Real Personal Disposable Income	3.7%	4.2%	1.0%	2.2%
Personal Savings Rate	2.7%	3.7%	5.7%	6.2%
Housing Starts (000s)	228	214	145	155
Interest Rates and Exchange Rate				
Short-term 3 Month T-Bill	4.15%	2.33%	0.48%	1.07%
Long-term 10 Year Bond	4.28%	3.61%	2.70%	3.17%
Exchange rate C$ in U.S. cents	$ 93.04	$ 94.30	$ 79.35	$ 85.47
Consensus average based on latest forecasts from different Canadian forecasters as of March 13, 2009.				

Provincial Economic Forecasts

This table presents an average of the recent publicly-available forecasts of main economic indicators at the provincial level.

Because the economic situation is changing so rapidly, only those forecasts published during March were included: those from the Royal Bank of Canada and BMO Capital Markets. The economic forecasts of the Royal Bank are more optimistic than the other banks.

Once other forecasters update their provincial forecasts, they are likely to be more negative than these, and so the averages would also be more negative. This can be gauged in part by comparing the averages for Canada between this table and the previous one.

Provincial Outlook

% annual growth unless where noted

	Real GDP		**Employment**		**Unemployment Rate**		**Inflation**	
	2009	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
Canada	- 1.9	2.2	- 1.8	1.0	8.2	8.5	0.5	1.8
Newfoundland & Labrador	- 1.1	2.2	- 1.3	0.9	14.5	15.1	1.3	2.0
Prince Edward Island	- 0.9	1.5	- 1.6	0.5	12.0	12.4	0.6	1.8
Nova Scotia	- 0.8	2.0	- 0.6	0.5	9.4	9.9	0.4	1.7
New Brunswick	- 1.1	2.0	- 0.6	0.3	10.0	10.3	0.3	1.8
Québec	- 1.1	2.1	- 1.6	0.8	8.6	8.8	0.4	1.7
Ontario	- 2.4	2.3	- 2.5	1.0	9.1	9.4	0.3	1.8
Manitoba	- 0.4	2.3	- 0.7	0.8	5.7	6.1	0.7	1.5
Saskatchewan	0.7	1.7	0.8	0.8	4.9	5.2	1.5	1.7
Alberta	- 2.5	2.1	- 1.2	1.0	6.0	6.3	1.2	2.0
British Columbia	- 2.0	2.4	- 2.1	1.5	6.9	6.9	0.9	1.9

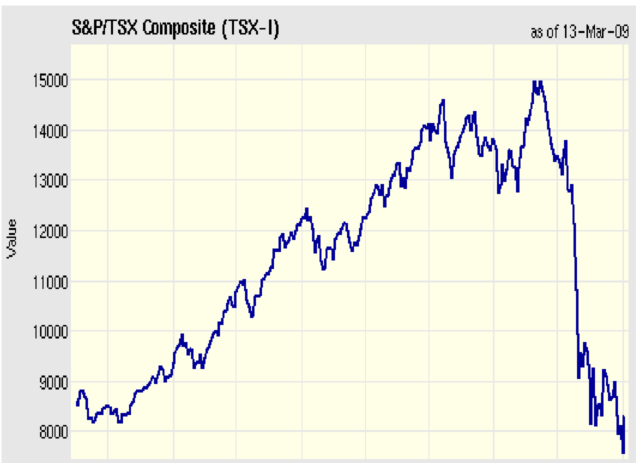
Based on the average forecasts from two different bank forecasters as of March 13, 2009.

National averages are different from those reported in the Canadian outlook table because they include a smaller group.

Public solutions needed for pensions

The first major casualty of the economic and financial crisis in Canada was the stock market – and this has put extreme pressure on many pensions.

While most working families aren't wealthy enough to individually own much in the way of stock market shares, they are exposed through their retirement savings: whether through workplace pension plans, individual RRSPs, and also public pensions such as the Canada and Québec Pension Plans.



Average share prices in Canada, as measured by the Toronto Stock Exchange (TSX) composite index, have plummeted by almost 50% from their peak of 15,154 reached in June of last year. This has meant the evaporation of almost $1 trillion of stock market wealth on the TSX (equivalent to about $30,000 per person in Canada). Almost all other stock markets around the world have also lost 40% to 60% of their value with some, such as those in China and Russia, falling by 60% to 75%. Losses on stock exchanges around the world add up to an estimated over $30 trillion.

Workplace pension plans in Canada had almost $1 trillion in assets before the crisis hit, with about 40% of their assets in stocks. The drop in stock values has meant an average loss of about 20% in value for Canadian pension funds from January to October, according to the OECD.

With further stock market declines since October, the losses are no doubt higher. Those with defined contribution and/or RRSP-style plans, which tend to have a larger share in stocks, have likely lost more.

Public pension plans that invested in the market, instead of in secure government bonds have also suffered large losses: Québec's *Caisse de Dépôts* lost almost $40 billion last year, or 25% of its assets; the Canada Pension Plan (CPP) lost $27 billion in its investments from July to December 2008. It will take many years of solid returns to regain the losses from these investments.

Those with defined contribution pension plans and/or RRSP-style pensions are most at risk. Some, particularly those close to retirement, may never regain the amounts lost and will suffer lower retirement benefits as a result. For those about to retire with defined contribution pensions, a large part of these losses will be locked in as they convert to RRIFs with low interest rates.

Public pension plans, such as the Canada/Québec Pension Plan and Old Age Security are the most secure. They guarantee certain benefits to all. These include an average of $490 a month for the basic Old Age Security, additional allowances for those on low income from the Guaranteed Income Supplement, and an average of $500 a month from the CPP.

Despite recent losses for the CPP and Québec's *Caisse de Dépôts*, these contribution rates are unlikely to change much, if at all, in the immediate future.

Workplace *defined benefit* pension plans also guarantee a specified level of pension benefits for members, as long as the plans are still solvent.

To maintain solvency, defined benefit pension plans are required to file evaluation reports every three years with financial projections of how much they will be required to pay out in benefits, and how much they expect to gain in contributions and revenues from their investments.

Federal and provincial legislation generally give pension plans a limit of five years to fund any deficits (or shortfalls between expected benefit payments and revenues), although these have been temporarily extended to 10 years in most jurisdictions.

Because of the massive losses on stock exchanges, many private pension plans in Canada are likely to be in a deficit situation now. It will be very difficult for plan sponsors and members to fund these shortfalls in the current economic climate.

If the funding for this were to be taken entirely out of planned compensation increases, it could amount to about 2% or more of total incomes per year for five years or more years. Diverting future wage increases to fund these shortfalls would have very depressing impact on the economy.

A number of provinces (Ontario, Nova Scotia, Alberta and British Columbia) have recently undertaken reviews of their pension rules. Most have recognized the need to expand pension coverage.

The federal government is now also consulting about changes to pension laws, with a focus on surplus and solvency rules. Some of the changes being considered would affect all defined benefit plans in Canada and not just those primarily under federal regulation as a result of changes to tax rules.

At the same time, conservative forces are increasing their attacks on workers pension plans, including those in the public sector, further trying to diminish workers ability to gain decent security of retirement income.

CUPE is joining with the Canadian Labour Congress and other allies to demand greater retirement security for workers' hard-earned pension savings.

The financial crisis has shown that we can't depend on private investments in financial markets that remain inadequately regulated and an economic system that is becoming increasingly speculative and unstable. In addition, the increasingly large amounts of pension assets in private investments can have a destabilizing effect on markets.

For many years, CUPE, the CLC and international labour organizations have called for financial markets to be better regulated and in particular for hedge funds, private equity funds and financial derivatives to be controlled. If governments had followed our warnings and advice, then we wouldn't be in such a financial crisis.

The only way to attain greater retirement security is through public solutions to the pensions crisis.

These should include:

- Immediate increases to Old Age Security pensions that guarantee a minimum income to all seniors.
- Phased-in increases to eventually double the benefits available through the Canada and Québec Pension Plans.
- The creation of a national pension insurance fund to ensure that workers pension savings are not lost when employers go bankrupt.
- Support for the creation of large multi-employer defined benefit pension plans to offer greater stability, security and access.
- Reduce private investment exposure of the Canada and Québec Pension Plan investments and increase their investments directly in more stable provincial and municipal debt and public infrastructure.
- Much stronger regulation and transparency of all financial investments, including hedge funds, private equity, derivatives. Financial products can be as toxic and dangerous as drugs and chemicals are and they should be regulated in a similar way: subject to prior public review and approval.

Inflation heads downhill, rebound will come

The small print in mutual fund ads usually says *"past performance is no indication of future returns".* The cold hard reality of that is sinking home for many people after the financial market meltdown.

This statement should also apply to all economic indicators and now also to the inflation rate. For about a decade, Canadians have been living with consumer price inflation rates that have been relatively low and stable at the national level. The government's target rate of 2% has become so ingrained that many automatically expect it.

That's going to change in the next few years. After climbing because of booming house prices, seesawing oil and gas prices and rising food prices, Canada's consumer price inflation rate is now plummeting.

Some economists are even expecting we will experience *"deflation"* for this year: an overall decline in average consumer prices so the inflation rate for 2009 ends up negative. Canada hasn't experienced deflation on an annual basis since 1953.

Falling prices would normally be considered a good thing for families – as long as your wages and income aren't falling faster. But economists worry about on-going deflation because then people and businesses could continually put off buying and investing because things will be cheaper in the future. This is one of the factors that prolonged the Great Depression at first.

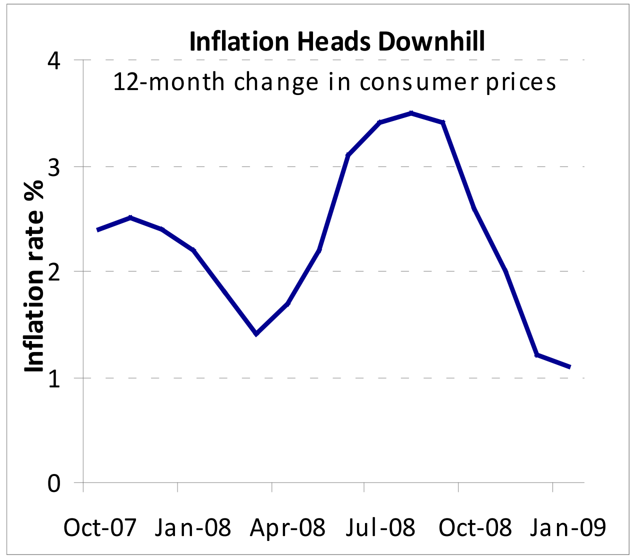
While inflation has been portrayed as a bogeyman for years, it is nowhere near as scary as when it descends into a dark basement, becomes deflation and doesn't want to come out. A little bit of inflation is considered to be a good thing because it helps keep the wheels of the economy turning.

This means we can be assured the Bank of Canada will use all its powers to prevent on-going deflation.

Economic forecasters expect consumer price inflation to average between -0.8% and 0.5% this year at the national level, with inflation of between 0.8% and 1.8% in 2010.

The Bank of Canada itself forecast an annual inflation rate of just 0.2% in 2009, followed by an annual rate of 1.7% in 2010.

While inflation will no doubt be very low this year, there is also a possibility of a resurgence of higher inflation in future years.



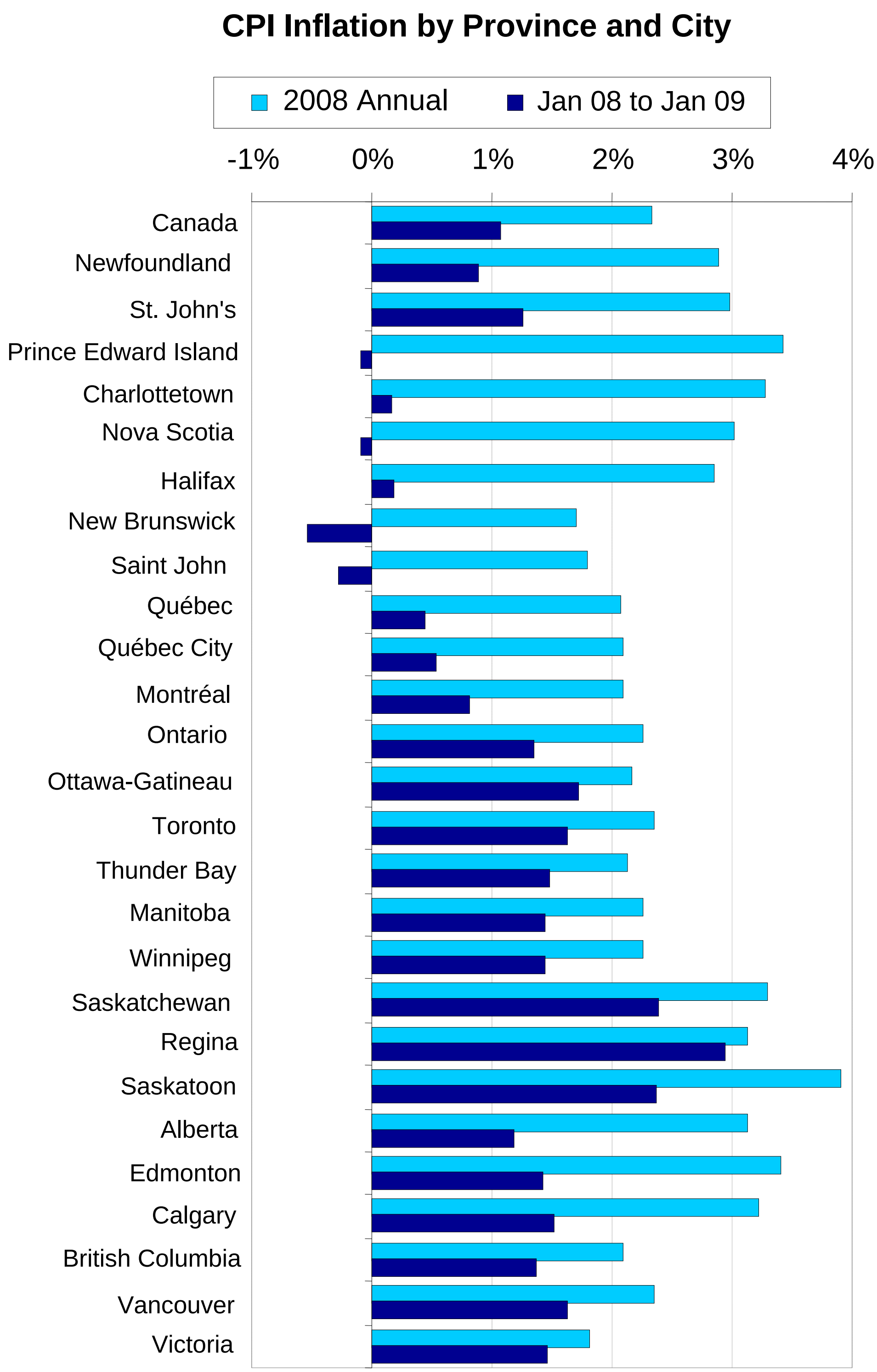
Price Increases by Province

On a provincial basis, consumer prices increased at the fastest rate in Prince Edward Island (3.4%), Saskatchewan (3.3%) and Alberta (3.1%) last year, followed by Nova Scotia (3%) and Newfoundland (2.9%). However, fast-rising house prices led to even higher inflation rates in some cities.

In other provinces, inflation was closer to the national average of 2.3%, including Ontario and Manitoba at 2.3% and both British Columbia and Québec at 2.1%.

The consumer price index has now fallen in most regions, which has led to much lower annual inflation rates, including deflation in a few provinces (see chart).

The provincial outlook table (page 5) provides forecasts of inflation rates by province for 2009 and 2010. However, the inflation figures are based on just one recent forecast and should be used with caution.



Data from StasCan – Cat#326-0001

Wage increases trending down

Wage freezes and clawbacks threaten recent gains

Major union wage settlements in the last quarter of 2008 achieved average base wage increases of 3.4% per year over the life of their contracts, down from the average 4.1% increase gained in the third quarter (see chart this page and table on following page).

Still, with inflation dropping, these wage increases were higher than the 1.9% rise in consumer prices during the 4th quarter. The wage increases are also almost certain to be higher than inflation over the life of these contracts, given falling inflation rates. The average length of contracts signed during the fourth quarter was 42.7 months.

Wage increases in public sector settlements continued to outpace those in the private sector, with an average increase of 3.5% above 2.9% in the private sector.

Over 80% of the employees covered in the 4th quarter settlements were in the public sector. These included average increases of 5% for public sector contracts in Alberta, a large number of school board settlements in Ontario with base wage adjustments of 3%, and a New Brunswick agreement that provided school teachers with average increases of 3.7%.

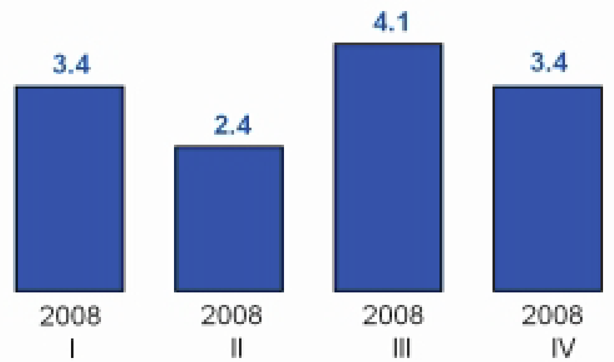
By Industry Sector

In recent years, workers in the primary industries and in construction have gained the highest wage increases. In 2007, workers in primary industries negotiated average wage increases of 4.7%, while construction workers were able to achieve average increases of 5.8% in the settlements signed in 2008.

But with the economic downturn hurting these sectors, workers in these industries can no longer gain these rates of wage increases. Instead, in the 4th quarter of 2008, workers in the education, health and social services sector achieved the highest pace of wage increases with a much more modest average of 3.5%. The average wage increase for all settlements signed in this sector during the year was 3.9%.

The sector with the lowest increase in the 4th quarter was manufacturing with an average wage increase of 1.8%. For the 2008 year as a whole, settlements in manufacturing only gained average wage increase of 1.5%, well below the 2.3% rate of inflation for the year.

Percentage Wage Adjustments in Major Settlements by Quarter



In other key CUPE sectors:

- Workers in public administration gained average increases of 3.4% in the 4th quarter and 2.7% for the year.
- Information and culture workers averaged increases of 2% in the 4th quarter, and 2% for the year.
- Major settlements for workers in the utilities sector averaged 2.2% during 2008, with none signed during the 4th quarter.

By Province

Workers in both Newfoundland and Alberta gained the largest wage increases in the 4th quarter, with an average increase of 5%. But for the year as a whole, workers in Saskatchewan beat them out for top spot with an average wage increase of 5.2%.

In all these three fuel-charged provinces, average wage increases for the year exceeded inflation by about 2%. In most other provinces, average wage increases were slightly ahead of their inflation rates.

The exceptions were Manitoba with average wage increases of 3.5%, nicely above the province's inflation rate of 2.3% and Prince Edward Island where the average wage increase of 3% was below its 3.4% inflation rate. Nevertheless, with inflation dropping, most of these recent settlements should continue to provide real wage gains for the next few years.

However, a number of governments are reacting to the economic downturn by legislating wage increases for public employees, clawing back wage increases and freezing future wages. This will inevitably lead to lower overall wage gains for workers and could lead to further declines in real wages and living standards.

These measures don't do the economy any good because they will lead to lower spending by public service employees, reducing the stimulus from the one sector of the economy that is still capable of keeping the economy growing.

Key current and upcoming CUPE negotiations include: Nova Scotia Health, City of Ottawa, City of Toronto, Saskatchewan Health and City of Calgary.

Some Recent CUPE Settlements	
Employer	**Average Increase**
Memorial University	5.0
Garda Québec	2.0
Ontario School Boards	3.0
Toronto Hydro	3.0
University of Guelph	3.0
Saskatoon Catholic School	4.2
City of Lethbridge	4.5
Vancouver Emergency Health	2.0

Average Wage Settlements Major Collective Bargaining by Year							
		2006	**2007**	***2008***	***2008Q2***	***2008Q3***	***2008Q4***
All Average		2.5	3.3	3.3	*2.4*	*4.1*	*3.4*
Public Sector		2.6	3.4	3.6	*3.0*	*4.5*	*3.5*
Private Sector		2.2	3.2	2.6	*1.7*	*3.0*	*2.9*
CPI Inflation		*2.0*	*2.2*	*2.3*	*2.4*	*3.4*	*1.9*

Average Wage Settlements by Province – Major Agreements												
	NL	**PEI**	**NS**	**NB**	**QC**	**ON**	**MB**	**SK**	**AB**	**BC**	**Multi Prov**	**Federal**
2006	1.7	2.7	3.2	3.0	2.0	2.5	2.6	2.1	3.4	2.5	3.8	2.3
2007	1.6	2.8	3.0	2.5	3.2	3.0	3.0	4.1	4.9	3.0	4.0	2.9
2008	*5.0*	*3.0*	*3.4*	*2.7*	*2.4*	*2.5*	*3.5*	*5.2*	*4.8*	*2.7*	-	*2.9*
CPI 2008	*2.9*	*3.4*	*3.0*	*1.7*	*2.1*	*2.3*	*2.3*	*3.3*	*3.1*	*2.1*	-	*2.5*
2008Q2	*5.0*	-	*2.9*	*3.0*	*2.1*	*1.8*	*3.5*	-	*4.7*	*3.4*	-	*2.6*
2008Q3	-	*3.0*	*4.7*	*3.7*	*2.8*	*2.9*	*3.3*	*6.2*	*5.3*	*2.6*		*3.3*
2008Q4	*5.0*	-	-	*3.7*	*2.6*	*3.0*	*1.8*	*3.5*	*5.0*	*2.5*		*2.7*

Average Wage Settlements by Industry – Major Agreements						
Industry	**2006**	**2007**	**2008**	***2008Q2***	***2008Q3***	***2008Q4***
Primary	2.8	4.7	4.3	*3.4*	-	*3.2*
Utilities	2.3	3.8	2.2	*2.1*	*3.5*	-
Construction	3.6	3.3	5.8	-	*4.7*	-
Manufacturing	2.4	2.5	1.5	*1.1*	*3.1*	*1.8*
Wholesale and Retail	1.2	2.4	2.9	*1.7*	*2.5*	*3.4*
Transportation	2.1	2.7	3.1	*2.9*	*3.2*	*2.9*
Information & Culture	2.5	3.0	2.0	*2.1*	*1.6*	*2.0*
Finance & Professional Services	2.5	3.5	2.8	*2.9*	-	*2.9*
Education, Health, Social Services	2.6	3.5	3.9	*3.8*	*4.7*	*3.5*
Entertainment and Hospitality	2.9	3.3	1.9	*1.2*	*2.3*	*3.2*
Public Administration	2.8	3.5	2.7	*3.3*	*3.0*	*3.4*

Source: Human Resources and Skills Development Canada, Major Wage Settlements, [latest information as of March 13, 2009] http://www.hrsdc.gc.ca/en/lp/wid/adj/01wage_adj.shtml, Consumer Price Index (Statistics Canada 326-0001).

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