



Total compensation is up, so why aren't wages?

You might have heard economists on the news saying that workers' wages increased in 2023 and wondered why their numbers were so different from what you saw on your paycheck. These economists are basing their claims on growth in total worker compensation. Total worker compensation includes the combined wages, salaries and benefits received by all employees in the economy. Statistics Canada data shows that total compensation for employees grew by 6.5% in 2023. However, this doesn't mean that the average worker's wages increased by that amount.

Three main factors drive growth in total compensation: an increase

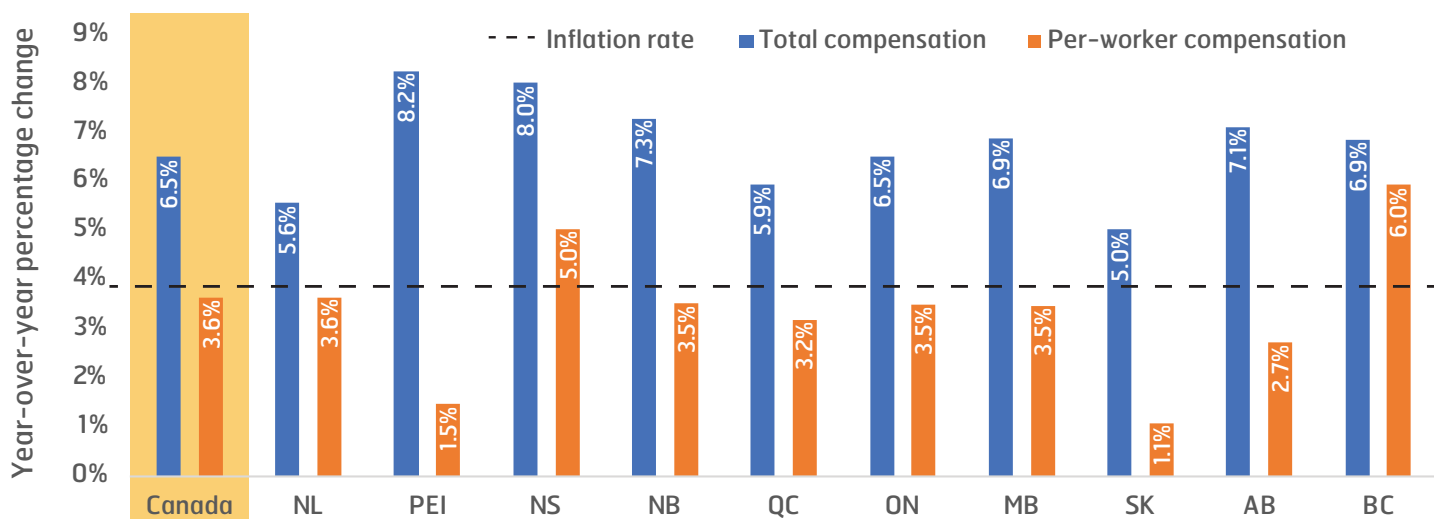
in average per-worker wages, an increase in the number of workers and an increase in the average number of hours worked. In 2023, the number of employees in Canada increased by 476,000 while the number of hours worked increased only slightly. Considering the growth in the number of workers, the average worker's compensation growth in 2023 was 3.6%, below the inflation rate of 3.9% as measured by the year-over-year change in the Consumer Price Index (CPI). This means that total compensation growth in 2023 was largely driven by an increase in the number of workers rather than an increase in hours or real wages.

Looking at provincial breakdowns, only British Columbia and Nova Scotia had average compensation growth higher than the increase in CPI. The biggest gap between total compensation growth and growth in average per-worker wages was in Prince Edward Island. While PEI boasted an impressive total compensation growth of 8.2%, the average worker only saw a 1.5% increase in wages, falling far short of inflation. Saskatchewan reported the lowest average per-worker wage increase, at only 1.1%.

The growth in your paycheck might be significantly different

continued on page 2

Comparing total compensation and average worker compensation growth to inflation, 2023



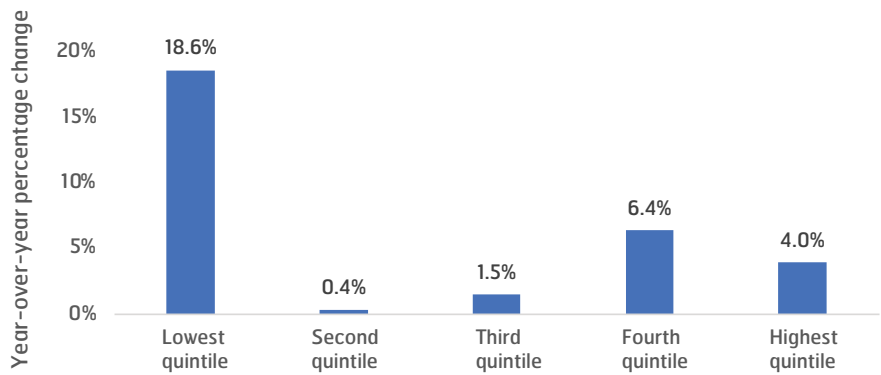
Source: Statistics Canada tables 14-10-0037-01 and 36-10-0205-01

from the overall average of 3.6% because compensation growth varies across different income levels. For example, the average annual compensation for employees in the lowest income families increased from \$11,000 in 2022 to \$13,000 in 2023, or 18.6%. However, for workers in the middle of the income distribution, the average annual compensation only increased by 1.5%, or just over \$1,000.

There are large differences in compensation changes across occupations and industries as well. For example, the average compensation for workers in professional, scientific and technical services increased by 8.4% in 2023, compared to a decrease of 3.2% for workers in information and cultural industries.

We also see big differences in compensation growth when

Change in employee compensation by income quintile, 2023



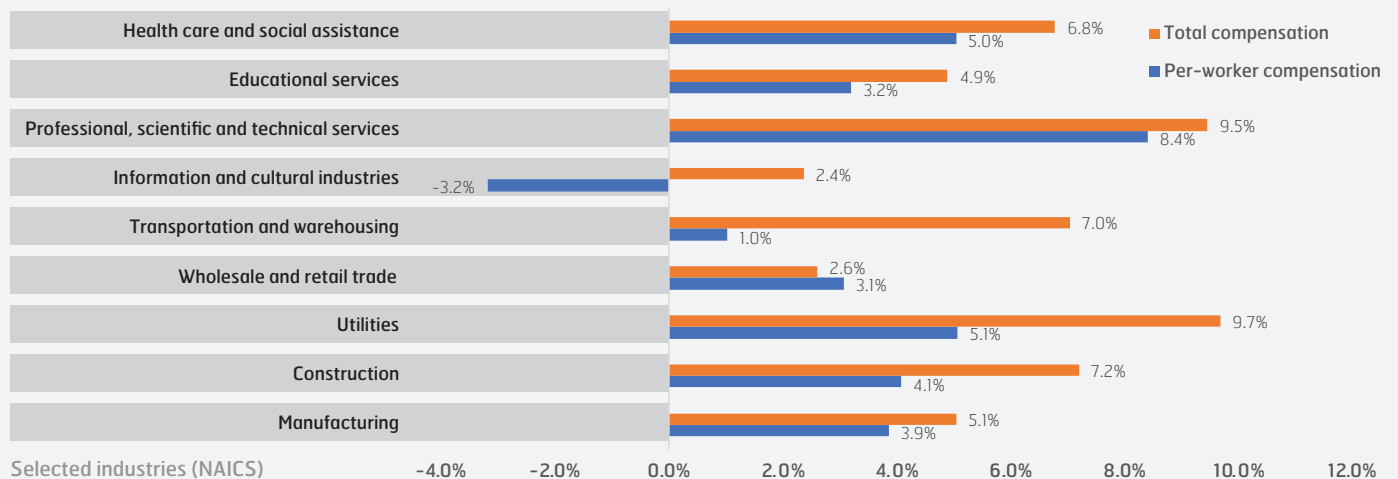
Source: Statistics Canada table 36-10-0587-01

we take into consideration the increase in the number of workers. For example, total compensation grew by 9.7% in utilities, but average compensation growth per worker was much lower at 5.1%.

Union members should be aware that despite the increases

in total compensation discussed in the media, average per-worker wages are still lagging behind inflation. Total compensation numbers can be used to manipulate workers and get them to accept less. Workers should feel confident asking for higher wage increases.

Change in total compensation and per-worker compensation by industry, 2023



Source: Statistics Canada tables 36-10-0205-01 and 14-10-0037-01

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CUPE Canadian Union of Public Employees

Real wage trends by industry

In 2023, the average worker in Canada earned \$1,205 each week. When we take inflation into account, this is only an increase of \$39 per week since 2013.

This trend varies greatly depending on the industry you work in. Workers in the mining industry currently have the highest average weekly wage but have seen the biggest decrease in their inflation-adjusted (or real) wages since 2013. Workers in finance and insurance have seen substantial real wage gains of \$164 per week since 2013. In stark contrast, education workers have faced significant losses, with real wages decreasing by \$74 per week over the same period.

When we examine education sector wage trends across the country over the past decade, we see that real wages have fallen in six provinces and stayed flat in British Columbia. Only Prince Edward Island, Nova Scotia and Manitoba have had any real wage increase. Education workers in Saskatchewan have had the largest real wage cut, losing \$190 per week when we take inflation into account. They went from having the fourth highest average weekly wage among education workers across all provinces in 2013 to the lowest average weekly wage in 2023.

Although education workers have been especially impacted by a loss in real wages over the past 10 years, other CUPE sectors have also experienced losses, stagnation and minimal growth. Public sector worker wages in general have been deeply affected by provincial austerity measures.

It is also important to note that the overall percentage increase in inflation might not reflect your reality. For example, the cost of housing and food has increased faster than overall inflation. If these items make up a larger part of your expenses than the average household, that means inflation has affected you even more.

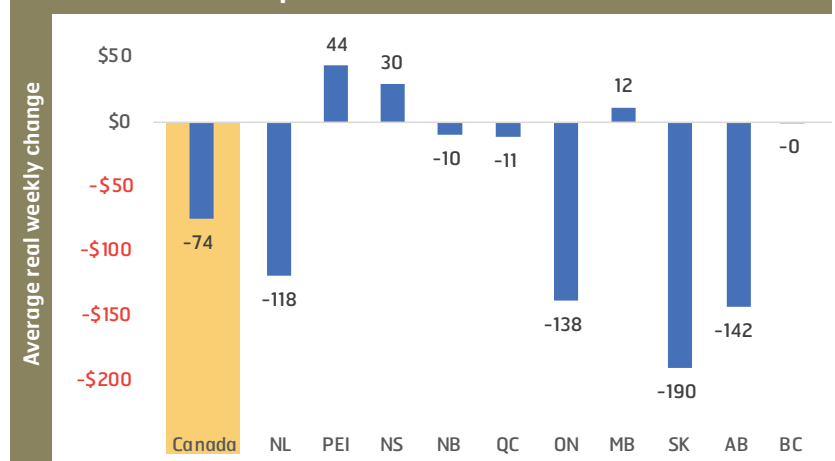
CUPE members must be aware of real wage trends to understand the full impact of inflation on our earnings. Collective action and bargaining are essential to address these disparities and ensure fair wages for all workers. You can use [CUPE's inflation calculator](#) to see how inflation is affecting your wages in real time.

How much have the average worker's wages increased after adjusting for inflation?

North American Industry Classification System (NAICS) industries	2023 average per-worker weekly wage	Real change since 2013
Mining and related	\$2,303	-\$101
Educational services	\$1,189	-\$74
Construction	\$1,491	-\$28
Arts, entertainment and recreation	\$715	-\$5
Health care and social assistance	\$1,067	-\$0
Manufacturing	\$1,311	\$3
Utilities	\$2,121	\$8
Transportation and warehousing	\$1,249	\$10
Accommodation and food services	\$485	\$21
Retail trade	\$707	\$36
Public administration	\$1,542	\$37
Wholesale trade	\$1,420	\$37
Administrative and support, waste management and remediation services	\$1,017	\$56
Management	\$1,668	\$67
Professional, scientific and technical services	\$1,726	\$97
Real estate	\$1,227	\$116
Finance and insurance	\$1,587	\$164
Information and cultural industries	\$1,670	\$227
Overall average	\$1,205	\$39

Source: Statistics Canada tables 14-10-0204-01 (average weekly earnings by industry, annual) and 18-10-0005-01 (Consumer Price Index, annual average)

Education workers' real wages have fallen in most provinces since 2013



Source: Statistics Canada tables 18-10-0005-01 and 14-10-0204-01



ECONOMIC DIRECTIONS

Economic growth – The Canadian economy avoided a recession in 2023, but growth slowed in the second half of the year. A stronger than expected US economy boosted Canadian exports in the last three months of 2023, reversing the negative growth experienced in the third quarter. Real GDP grew in January and February of 2024. The Bank of Canada currently forecasts that Canadian economic growth will be 1.5% in 2024 and 2.2% in 2025.

Jobs – Canada’s unemployment rate has increased from 5.1% in April 2023 to 6.1% in April 2024. The unemployment rate has risen for workers in all age groups. For core-aged workers (25–54), racialized workers have seen a larger increase in unemployment rates. The unemployment rate for core-aged Black workers increased from 6.8% in April 2023 to 11.2% in April 2024. The unemployment rate for core-aged South Asian workers increased from 4.7% to 6.8% and for core-aged Chinese workers from 6.2% to 7.5%. Over the same period, the unemployment rate for non-racialized workers increased from 3.9% to 4.2%.

Wages – Statistics Canada uses two sources to estimate wages each month: the Labour Force Survey (LFS) and the Survey of Employment, Payroll and Hours (SEPH). The LFS information comes from individuals filling out a survey, with results available the following month. The SEPH gets its data from a census of business payrolls. The SEPH data takes longer to process, so the information lags by two months. The two surveys often differ slightly, but usually show the same long-term trends. For February 2024, both the LFS and the SEPH show that per-worker average weekly wages increased by 4.5% compared to a year earlier.

Inflation – The Consumer Price Index (CPI), which measures changes in the cost of goods and services, rose by 2.7% in April compared to the previous year. This is a slight decrease from 2.9% in March. Housing prices for both renters and owners are still increasing faster than overall inflation, at 6.4%. The Bank of Canada expects the CPI to drop to 2.5% by mid-2024 and return to 2% by early 2025.

Interest rates – The Bank of Canada lowered interest rates to 4.75% on June 5, 2024, due to slowing inflation and other economic indicators, such as employment and business investment. Previously, the BoC had kept interest rates steady at 5% since July 2023. Economists will be closely monitoring the housing market and business investment to see how quickly they respond to this change in borrowing costs. The next announcement will be on July 24, 2024.

