



# 3<sup>RD</sup> ANNUAL LABOUR AND WAGES REPORT

*COPA Business Report*



COPA

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# 2014 LABOUR AND WAGES

## COPA Business Report

### WHY IS LABOUR AND WAGES IMPORTANT?

There are two main reasons why employers need to pay attention to labour and wages:

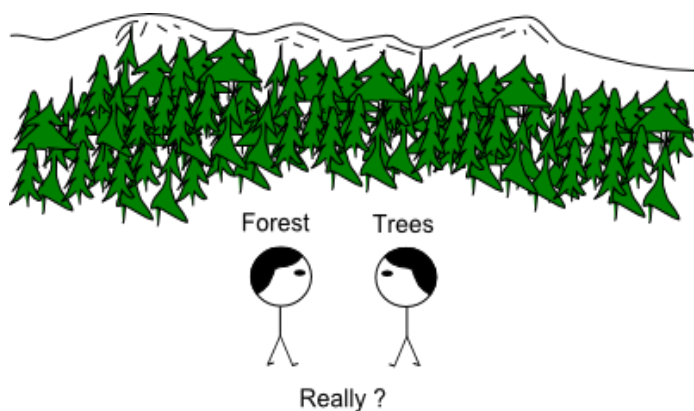
1. If businesses don't increase the wages of their employees to keep up with inflation, they will lose their good employees. While wage increases are low, employers still risk losing top employees for a relatively small salary increase.
2. If wages rise less than the rate of inflation, then those people earning those wages can buy less and less each year. Businesses must keep an eye on labour (employment) and wages when planning sales. If there is no increase in employment, or wages fail to increase faster than inflation, markets will not grow.

#### What happened in 2014?

- Consumer Price Index (inflation) rate increased **1.5%** – the Consumer Price Index (CPI) was 2.3% if you exclude gas prices
- Wages increased **2%**
- Employment increased **0.7%**
- Population increased **1.1%**

#### What does it mean?

In 2014, there was a slight increase in the volume of sales, though most sales increases in dollar terms were off-set by inflation.



Businesses need to continually adjust to their environment. The consumer price index (inflation), employment, wages, and population can change dramatically by city, province, and industry and from period to period.

For example, Alberta's employment grew 2.8% (63,000) compared with December 2013—four times faster than the national rate and the fastest growth rate of all the provinces.

Employment in Alberta fell by 14,000 in February 2015. Employment in the province's natural resources sector has decreased by 20,000 (-11.0%) since the most recent peak in September 2014. If a business planned on expanding retail operations in late 2014 and early 2015 in Alberta based on several years of increased employment and wages in the province, should they stop, go forward, or watch the situation closely?

Employment, wages, inflation and population growth are critical information in all business plans, but the impact of unexpected changes depends on your target market. Do you have the flexibility to adjust in the short and long term?

Consider:

- There were no employment gains in the **Atlantic provinces** from December 2013 to December 2014.
- Employment in **health care** and social assistance trended upward throughout 2014, up 33,787 or 1.9% on average for the year.
- Wage growth was highest in **Newfoundland and Labrador** (4.4%), while **Ontario** and **Manitoba** had the lowest earnings growth.
- **Professional and technical services, as well as accommodation and food services**, led the way in wages.

## CANADA 2014

### National Employment

Labour Force	Thousands (except rates)			
	Dec-13	Dec-14	Variance	%
Both sexes, 15 years and over				
Population	28,809	29,117	307.60	1.1%
Labour force	19,108	19,128	19.80	0.1%
Employment	17,730	17,852	121.30	0.7%
Full-time	14,308	14,466	158.30	1.1%
Part-time	3,423	3,386	-37.00	-1.1%
Unemployment	1,378	1,276	-101.50	-7.4%
Participation rate	66.3%	65.7%	-0.6%	
Unemployment rate	7.2%	6.7%	-0.5%	
Employment rate	61.5%	61.3%	-0.2%	

*NOTE: The Participation Rate is a ratio of population-to-employment, usually within a specific age bracket (above 15 years and over), while Unemployment Rate is based on a survey of individuals looking for work.*

- Compared with December 2013, **full-time employment increased by 158,000 or 1.1%**, while part-time employment was down 37,000. The total number of hours worked increased by 0.6% over the period.
- There were more **private sector employees (88,000 or 0.8%)** compared with December 2013. The number of public sector employees and self-employed was little changed.
- The unemployment rate edged downward in the fall of 2014, hitting a five-year low of 6.6% in October. Adjusted to the concepts used in the United States, the unemployment rate in **Canada was 5.7% in December, while the US rate was 5.6%**. A rule of thumb is to reduce the official Canadian unemployment rate by one percentage point when comparing it to the U.S.
- The population grew by 1.1% in 2014, a faster pace than employment. As a result, the **employment rate declined 0.2 percentage points to 61.3%**.