

Recent trends in earnings

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In 1994, for the first time in four years, employers expanded their workforces significantly. The expansion was spread across all provinces and territories and a majority (58%) of the industries covered by the Survey of Employment, Payrolls and Hours (SEPH) (see *Data source and definitions*). The last time growth was so widespread was 1989, the peak year of the previous expansion.

Perspectives' review of the 1994 labour market, published this spring (Akyeampong, 1995), examined employment changes from a demographic and broad industry perspective using data from the household-based Labour Force Survey (LFS). This article uses annual average data from the employer-based SEPH.¹ In addition to providing a more detailed industry breakdown, the SEPH data complement the previous study by adding information on average earnings, regular paid hours of work, and paid overtime.

Earnings up more than inflation...

Although the number of employees increased significantly in 1994, average earnings increased by less than 2% for a second consecutive year, reaching \$567.11 per week. But with consumer prices rising only 0.2% for the year, real earnings increased for the second time in the last three years (Chart A).

Growth was most pronounced for commissioned agents and working owners, whose earnings

* Adapted from an article in *Annual Estimates of Employment, Earnings and Hours 1983-1994* (Catalogue 72F0002XPB, 1995). Stephen Johnson is with the Labour Division. He can be reached at (613) 951-4061.

Data source and definitions

The Survey of Employment, Payrolls and Hours provides monthly estimates of payroll employment, paid hours and earnings for all provinces and territories. The survey covers all employers, except those in agriculture, fishing and trapping, private households, religious organizations, the military and foreign governments.

An employee is any person drawing pay for services rendered or for a period of absence and for whom the employer must complete a Revenue Canada T-4 Supplementary Form.

Working owners of incorporated firms are included under this definition; those with unincorporated businesses are excluded, although they must still report their employees.

Hourly paid employees are those whose basic wage is expressed as an hourly rate.

Salaried employees are paid a fixed amount for at least a week.

Other employees are those paid by commission, piece rate, profit sharing, mileage allowance, etc.

rose 9.2%. Weekly earnings for employees paid by the hour rose 2.6%, thanks to increases in both hours and hourly earnings (for which overtime was partly responsible). Hourly earnings excluding overtime rose 1.3%, down sharply from the 3.6% increase in 1992, helping to contain businesses' direct labour costs.

... but not in all industries

As with all global statistics, the overall increase in average weekly earnings conceals as much as it reveals. For the major industry groups the year-to-year change ranged from a decline of 0.4% in educational and related services to an increase of close to 7% in real estate and insurance agencies. By and large, however, increases were greater in goods-producing industries, which were experiencing strong demand for their products, especially in the export markets. This strength in turn boosted wholesale trade activity related to these products. In contrast, the average 0.4% increase for the nearly three million employees in government, educational, and health and social services helped to restrain overall earnings growth.

... and partly because of longer hours

Not only did employment grow in 1994, but working hours increased. Employees paid by the hour averaged 30.9 hours per week in 1994, the second consecutive year that hours increased and the highest level since 1990. The increase was widespread – employees in most industries worked longer regular hours as well as more overtime. More than half the 12% increase in total paid overtime can be attributed to manufacturing: an increase of about 300,000 hours over the previous year.

Good times for resources

Strong demand for wood products, both domestically and internationally, boosted employment in logging in 1994. Mirroring the employment growth, weekly earnings in logging operations grew substantially (4.3%), especially for piece rate workers and salaried employees.

With the exception of metal and non-metal mines, which reduced employment for the fifth consecutive year, all industries in mining, quarrying and oil wells reported

gains in 1994. Activity in oil and gas fields surged in 1994 as drilling activity and production rose in response to strong demand from the United States. Providers of services incidental to crude petroleum and natural gas recorded their highest employment levels since 1988. With increased shipments to Japan and the re-opening of some operations, coal mine operators also increased employment, albeit slightly, following two years of decline. Although accounting for only a small number of employees, quarries and sand pit operators reported double-digit growth in employment, perhaps in response to more activity in non-residential and industrial construction.

Average weekly earnings in mining, quarrying and oil wells remained the highest of all major industry groupings – reaching \$964.83 in 1994, an increase of 0.8% from the previous year.

Strong demand for manufactured products

In response to a burgeoning demand for manufactured goods – new orders and shipments grew sharply in 1994 – manufacturers expanded employment for the first time since 1989. (And with manufacturers' record levels of shipments in 1994, employment in truck transportation rose 2.9% to 131,000 – its highest level since 1990.) Despite the growth, employment levels remained significantly lower than the peak reached in 1989. The gains were concentrated in a few industries – wood, transportation equipment, machinery, and fabricated metal products. These industries also recorded longer hours, which boosted weekly earnings (Chart B). Weekly earnings for all manufacturing employees stood at \$685.07, an increase of 2.4% over 1993.

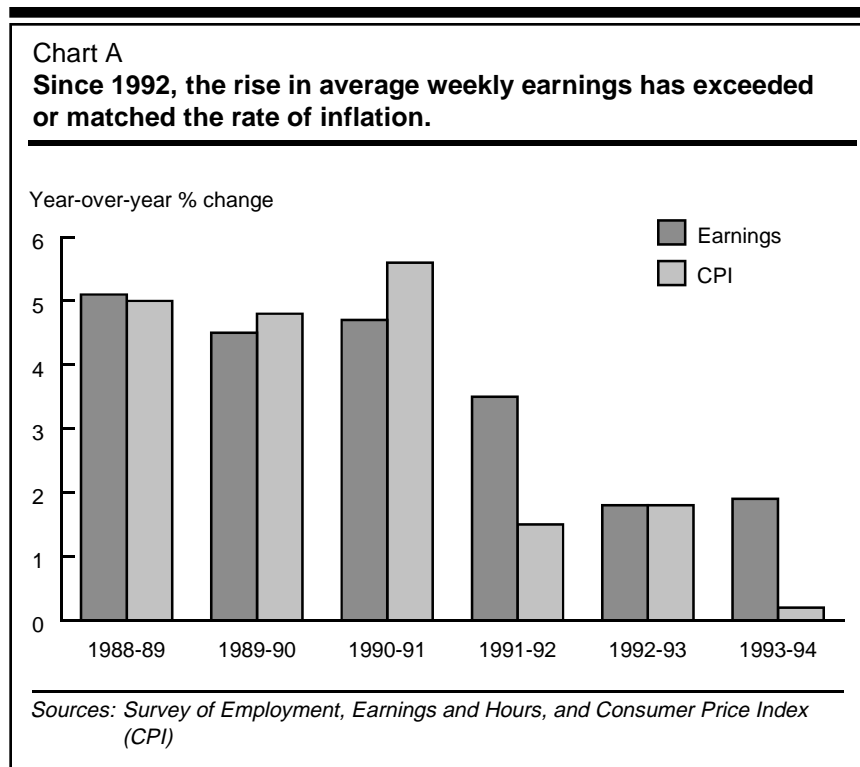
Longer hours in construction

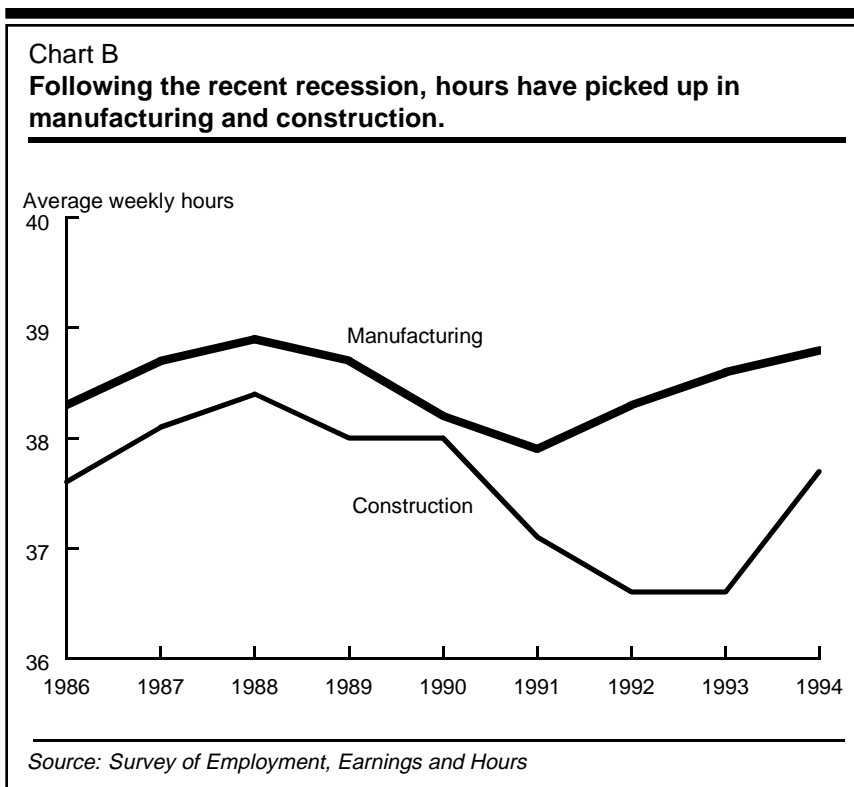
Construction firms, particularly in Quebec, increased employment in 1994 as gains by non-residential building and development contractors, trade contractors and industrial construction companies outweighed a second consecutive decline among residential construction companies. The demand for new residential housing dropped in 1994 as mortgage rates rose, resulting in less activity and lower employment in the industry. However, the number of employees involved in industrial construction activity continued to expand, growing by nearly a quarter.

Employees earned on average 2.8% more than in 1993, a result mainly of longer hours rather than higher hourly earnings. If paid by the hour (two-thirds of all construction employees), they worked an average of 37.7 hours per week, the longest average work week since 1990. The 3.0% increase in hours resulted in part from a surge in overtime. Employees in non-residential building and development, who worked 2.2 hours more per week than in 1993, reported one of the highest growth rates. Excluding the impact of overtime, hourly earnings were unchanged, with hourly paid employees in three of the six construction industries² reporting declines.

Powering down

The number of workers in electric power companies declined in 1994 in most provinces, notably in Ontario. Owing in part to moderate growth for salaried employees (over two-thirds of all employees in communication and other utilities), weekly earnings for all employees in this industry rose 0.3% to \$765.09. Employees paid by the hour worked fewer hours and saw virtually no change in hourly earnings (excluding overtime) – a dramatic turnaround from 1992 when hourly earnings soared around 7.0%.





Wholesale growth

Echoing the surge in manufacturing, wholesalers reported a strong year in 1994. Sizeable gains in employment and earnings paralleled the strong growth in trade volumes. Gains were concentrated among wholesalers of machinery, equipment and supplies and of metals, hardware and building materials. The impact of the increased activity was especially evident in average weekly earnings, which rose 2.5%, led by strong growth for commissioned agents. The most substantial gain was recorded by employees in the wholesale drug and tobacco industry. Employees in wholesale apparel and dry goods, and those in farm products also reported considerably higher earnings.

Longer hours, higher earnings in retail trade

The number of employees in retail trade declined slightly in 1994, but with higher retail sales, employees

worked longer hours and earned more. Retail employees reported strong gains in weekly earnings, up 3.0% from the previous year to \$339.51. Employees paid by the hour, nearly three-quarters of retail employment, realized similar growth resulting from increased weekly hours and higher hourly earnings. The average number of hours worked per week reached its highest level since 1990 (26.3 hours). Commissioned agents and salaried employees also recorded higher earnings for the year. Employees in most retail industries earned more in 1994, with the notable exceptions of general retail merchandising and household furniture.

Business services bolstered by computer and related services

Led by providers of architectural, engineering and other scientific and technical services, employment agencies and personnel suppliers, and computer and related services,

business service companies increased employment for a second consecutive year. These gains offset more than half the employment loss between 1990 and 1992.

Employment in the computer and related service industry rebounded in 1994 following a small decline the previous year. Since 1990, the number of workers in computer and related services has increased 18.6% and the industry now employs more people than ever. Employment in the offices of architects, engineers and other scientific and technical services also grew in 1994, perhaps in relation to the start of the federal government's infrastructure projects and other industrial and heavy construction activities. On the other hand, employment in advertising agencies dropped for the fifth consecutive year.

Coincident with employment growth, earnings grew substantially. Employees in business service industries received \$607.24 per week, a 3.6% increase from 1993. Employees in computer and related services recorded the strongest weekly earnings growth of all the business services, increasing 9.3% from 1993 to \$795.61.

Public administration

The number of employees in public administration ebbed 0.9% to 704,000, as provincial and federal governments continued to reduce their workforces. The largest decline was in provincial administration, as virtually all provinces and territories employed fewer workers in 1994. The most substantial declines occurred in the smaller provinces, which reported their lowest levels of employment since 1989.

Public administration employees earned on average \$752.88, an increase of 0.8% from 1993. The smallest gains came in federal administration where earnings grew only marginally (about \$2.00 per week). Prince Edward Island, Que-

bec and Alberta governments paid employees less on average than they had the previous year. Overall growth in earnings was balanced by the drop in employment, resulting in no increase in the total wage bill for 1994.

Education payrolls drop

Despite a marginal increase in the number of employees, total payrolls for educational and related services declined in 1994, owing to a 0.4% drop in average weekly earnings. An increase of 1,000 employees was the net result of gains in elementary and secondary schools, and libraries, museums and other educational services, and losses in university and postsecondary non-university education.

Although employment increased at the national level it decreased in most provinces. With the exception of Quebec and British Columbia, employment and payrolls were reduced in all provinces. Newfoundland and Saskatchewan reported the largest employment declines in 1994, followed closely by New Brunswick and Alberta. In addition, employees in half the provinces recorded lower weekly earnings. The combined effect of lower employment and lower earnings reduced government spending on payrolls in most provinces.

Hospital employment continues to decline

Establishments providing health and social services employed more workers in 1994, up 0.6% from 1993. Employment grew even though hospitals, which employ nearly one of every two employees in the industry, continued to reduce employment – 10,000 fewer people

in 1994. Alberta, Ontario and Nova Scotia accounted for nearly all of the reduced employment in hospitals. That loss was more than offset by gains in other institutional health and social services and non-institutional health services. These trends over the past two years suggest a shift from hospitals to non-institutional health care.

Employees in health and social services received on average \$504.63 per week, 1.2% more than the previous year. Hospital employees' earnings increased to a lesser extent because of continued reductions in weekly hours. Employees paid by the hour averaged less than thirty hours per week in 1994.

Fewer employees, longer hours in accommodation, food and beverage services

The number of employees in accommodation, food and beverage services dropped, as hotels and other accommodation services, mainly in Ontario and Quebec, recorded fewer workers in 1994. Food and beverage establishments, however, reported little change. While employment declined overall, the number of hours worked per week increased substantially. Employees paid by the hour, representing more than 80% of the industry, worked an average 24.0 hours per week, the highest level since 1988. The growth in hours was widespread and contributed to a 4.3% increase in weekly earnings for all employees.

Summary

The labour market generally turned in a strong performance in 1994.

Employment increased in all regions and in most private-sector industries. Employees' purchasing power grew as earnings outpaced inflation. Commissioned agents' and working owners' salaries, which are closely tied to business performance, led the earnings growth. As well, employees worked longer regular hours and more overtime.

However, much of the economic growth in 1994 was in response to foreign demand. If exports resume their upward trend in the latter part of 1995, the major performers of 1994 should again contribute to a strong economy. But if foreign demand remains flat, as it did in the first quarter of the year, it may be difficult to generate more jobs or to increase earnings. □

■ Notes

1 The SEPH sample comprises all establishments with 300 or more employees, a sample of those with 100 to 299 employees, and a sample of administrative records for those with fewer than 100 employees. Employees are split into salaried, hourly paid and other.

2 Non-residential building and development; industrial construction, and trade contracting reported declines; residential building and development, highway and heavy construction, and services incidental to construction reported increases.

■ Reference

Akyeampong, E.B. "The labour market: Year-end review." *Perspectives on Labour and Income* (Statistics Canada, Catalogue 75-001E) 7, no. 1 (Spring 1995): supplement.

| Appendix | | | | | |
|--|----------|----------|----------|----------|----------|
| Employment, earnings and hours* by major industry, province and territory | | | | | |
| | 1990 | 1991 | 1992 | 1993 | 1994 |
| Industry | | | | | |
| Industrial aggregate** | | | | | |
| Employment ('000) | 11,146.1 | 10,549.5 | 10,246.9 | 10,271.4 | 10,447.1 |
| Average weekly earnings (\$) | 505.14 | 528.60 | 547.01 | 556.76 | 567.11 |
| Average weekly hours | 31.3 | 30.7 | 30.5 | 30.6 | 30.9 |
| Logging and forestry | | | | | |
| Employment ('000) | 61.3 | 60.6 | 59.4 | 63.0 | 63.9 |
| Average weekly earnings (\$) | 643.46 | 679.83 | 697.27 | 709.99 | 730.83 |
| Average weekly hours | 39.3 | 37.6 | 37.7 | 38.7 | 38.3 |
| Mining, quarrying and oil wells | | | | | |
| Employment ('000) | 152.3 | 145.2 | 128.5 | 119.7 | 130.4 |
| Average weekly earnings (\$) | 863.29 | 908.78 | 935.10 | 956.81 | 964.83 |
| Average weekly hours | 40.0 | 39.5 | 39.8 | 39.6 | 39.8 |
| Manufacturing | | | | | |
| Employment ('000) | 1,885.4 | 1,691.5 | 1,599.2 | 1,596.7 | 1,631.6 |
| Average weekly earnings (\$) | 598.97 | 624.39 | 652.54 | 668.95 | 685.07 |
| Average weekly hours | 38.2 | 37.9 | 38.3 | 38.6 | 38.8 |
| Construction | | | | | |
| Employment ('000) | 578.9 | 483.0 | 441.4 | 423.4 | 433.4 |
| Average weekly earnings (\$) | 622.96 | 635.38 | 637.40 | 639.74 | 657.87 |
| Average weekly hours | 38.0 | 37.1 | 36.6 | 36.6 | 37.7 |
| Transportation and storage | | | | | |
| Employment ('000) | 502.9 | 462.9 | 456.4 | 455.0 | 458.5 |
| Average weekly earnings (\$) | 605.48 | 639.40 | 652.99 | 664.25 | 675.48 |
| Average weekly hours | 37.3 | 36.8 | 36.5 | 36.3 | 36.5 |
| Communication and other utilities | | | | | |
| Employment ('000) | 399.3 | 397.6 | 395.2 | 386.3 | 391.4 |
| Average weekly earnings (\$) | 686.21 | 728.57 | 757.06 | 762.74 | 765.09 |
| Average weekly hours | 38.7 | 39.3 | 38.6 | 37.8 | 37.5 |
| Wholesale trade | | | | | |
| Employment ('000) | 637.8 | 613.2 | 601.6 | 594.7 | 608.2 |
| Average weekly earnings (\$) | 538.75 | 557.57 | 579.21 | 590.93 | 605.56 |
| Average weekly hours | 35.1 | 35.0 | 34.7 | 35.2 | 35.4 |
| Retail trade | | | | | |
| Employment ('000) | 1,517.7 | 1,392.6 | 1,332.9 | 1,354.3 | 1,350.0 |
| Average weekly earnings (\$) | 306.86 | 317.77 | 320.80 | 329.65 | 339.51 |
| Average weekly hours | 26.8 | 26.1 | 25.6 | 26.0 | 26.3 |
| Finance and insurance | | | | | |
| Employment ('000) | 493.9 | 490.9 | 482.0 | 478.2 | 462.9 |
| Average weekly earnings (\$) | 566.55 | 599.19 | 626.86 | 668.49 | 670.14 |
| Average weekly hours | 25.6 | 24.5 | 23.8 | 24.2 | 24.9 |
| Real estate and insurance agencies | | | | | |
| Employment ('000) | 214.8 | 205.1 | 190.8 | 186.0 | 180.3 |
| Average weekly earnings (\$) | 488.01 | 483.25 | 520.44 | 521.78 | 556.88 |
| Average weekly hours | 27.9 | 25.8 | 26.1 | 26.8 | 27.0 |
| Business service | | | | | |
| Employment ('000) | 585.5 | 540.9 | 511.0 | 528.8 | 560.2 |
| Average weekly earnings (\$) | 533.59 | 557.60 | 583.53 | 586.14 | 607.24 |
| Average weekly hours | 29.0 | 29.2 | 29.6 | 29.4 | 29.7 |
| Public administration | | | | | |
| Employment ('000) | 702.2 | 718.5 | 719.5 | 710.2 | 703.6 |
| Average weekly earnings (\$) | 689.12 | 701.92 | 727.64 | 746.59 | 752.88 |
| Average weekly hours | -- | -- | -- | -- | -- |
| Educational service | | | | | |
| Employment ('000) | 888.1 | 905.7 | 916.3 | 932.2 | 933.3 |
| Average weekly earnings (\$) | 605.91 | 640.33 | 667.74 | 674.05 | 671.41 |
| Average weekly hours | 22.7 | 18.9 | 19.1 | 19.1 | 20.3 |
| Health and social service | | | | | |
| Employment ('000) | 1,128.0 | 1,135.8 | 1,135.3 | 1,138.9 | 1,145.3 |
| Average weekly earnings (\$) | 435.37 | 466.91 | 485.06 | 498.45 | 504.63 |
| Average weekly hours | 28.1 | 28.1 | 28.1 | 28.0 | 27.9 |

Appendix – concluded**Employment, earnings and hours* by major industry, province and territory**

| | 1990 | 1991 | 1992 | 1993 | 1994 |
|--|---------|---------|---------|----------|---------|
| Industry – concluded | | | | | |
| Accommodation, food and beverage service | | | | | |
| Employment ('000) | 793.2 | 732.6 | 721.4 | 748.1 | 741.2 |
| Average weekly earnings (\$) | 206.38 | 209.49 | 215.84 | 217.77 | 227.19 |
| Average weekly hours | 23.9 | 23.6 | 23.5 | 23.4 | 24.0 |
| Other services | | | | | |
| Employment ('000) | 604.8 | 573.5 | 556.1 | 556.0 | 593.9 |
| Average weekly earnings (\$) | 343.50 | 361.59 | 366.96 | 377.46 | 381.34 |
| Average weekly hours | 26.1 | 26.1 | 25.0 | 25.6 | 25.7 |
| Provinces and territories | | | | | |
| Newfoundland | | | | | |
| Employment ('000) | 155.8 | 146.3 | 141.3 | 139.8 | 145.9 |
| Average weekly earnings (\$) | 474.83 | 497.36 | 508.57 | 527.12 | 532.85 |
| Average weekly hours | 34.8 | 33.9 | 33.6 | 34.0 | 33.9 |
| Prince Edward Island | | | | | |
| Employment ('000) | 39.4 | 38.2 | 38.6 | 38.9 | 39.7 |
| Average weekly earnings (\$) | 416.92 | 429.29 | 444.44 | 454.00 | 453.79 |
| Average weekly hours | 31.4 | 31.0 | 30.4 | 30.7 | 31.1 |
| Nova Scotia | | | | | |
| Employment ('000) | 305.5 | 291.5 | 284.1 | 285.3 | 292.1 |
| Average weekly earnings (\$) | 454.25 | 474.73 | 489.59 | 494.75 | 496.91 |
| Average weekly hours | 32.2 | 31.6 | 31.7 | 31.7 | 32.1 |
| New Brunswick | | | | | |
| Employment ('000) | 243.1 | 237.9 | 230.3 | 232.0 | 234.4 |
| Average weekly earnings (\$) | 455.92 | 479.89 | 493.94 | 504.38 | 503.08 |
| Average weekly hours | 33.8 | 33.4 | 33.2 | 33.5 | 33.7 |
| Quebec | | | | | |
| Employment ('000) | 2,747.0 | 2,625.6 | 2,512.4 | 2,507.7 | 2,531.1 |
| Average weekly earnings (\$) | 493.28 | 513.75 | 532.55 | 539.30 | 544.18 |
| Average weekly hours | 32.1 | 31.7 | 31.4 | 31.5 | 31.6 |
| Ontario | | | | | |
| Employment ('000) | 4,557.1 | 4,219.6 | 4,079.2 | 4,057.54 | 4,092.3 |
| Average weekly earnings (\$) | 526.40 | 553.83 | 576.52 | 588.95 | 604.05 |
| Average weekly hours | 31.1 | 30.8 | 30.6 | 30.7 | 31.1 |
| Manitoba | | | | | |
| Employment ('000) | 407.1 | 383.8 | 383.1 | 381.9 | 392.6 |
| Average weekly earnings (\$) | 459.92 | 476.51 | 488.07 | 492.30 | 499.34 |
| Average weekly hours | 31.1 | 30.2 | 30.1 | 29.7 | 30.4 |
| Saskatchewan | | | | | |
| Employment ('000) | 317.8 | 302.6 | 303.4 | 302.0 | 305.3 |
| Average weekly earnings (\$) | 444.14 | 463.77 | 470.37 | 474.06 | 487.08 |
| Average weekly hours | 28.4 | 28.0 | 28.2 | 27.9 | 28.7 |
| Alberta | | | | | |
| Employment ('000) | 1,067.9 | 1,026.0 | 994.9 | 990.2 | 1,038.2 |
| Average weekly earnings (\$) | 502.60 | 528.81 | 543.75 | 551.98 | 552.65 |
| Average weekly hours | 30.2 | 29.5 | 29.3 | 29.7 | 30.1 |
| British Columbia | | | | | |
| Employment ('000) | 1,272.8 | 1,246.6 | 1,247.5 | 1,303.8 | 1,341.9 |
| Average weekly earnings (\$) | 511.06 | 530.86 | 545.42 | 557.50 | 577.15 |
| Average weekly hours | 30.4 | 29.4 | 29.1 | 29.1 | 29.4 |
| Yukon | | | | | |
| Employment ('000) | 11.6 | 11.0 | 11.6 | 11.3 | 11.7 |
| Average weekly earnings (\$) | 591.53 | 636.48 | 678.98 | 679.26 | 686.56 |
| Average weekly hours | 34.1 | 31.3 | 31.0 | 30.6 | 32.4 |
| Northwest Territories | | | | | |
| Employment ('000) | 21.1 | 20.3 | 20.5 | 21.1 | 22.0 |
| Average weekly earnings (\$) | 665.90 | 705.85 | 713.45 | 703.40 | 704.37 |
| Average weekly hours | 33.4 | 33.5 | 33.1 | 32.1 | 33.0 |

Source: Survey of Employment, Payrolls and Hours

* Employment and average weekly earnings estimates cover all employees. Average weekly hours refer to employees paid by the hour. Average weekly earnings and average weekly hours include overtime.

** For 1994, the industrial aggregate includes employers not classified by industry.