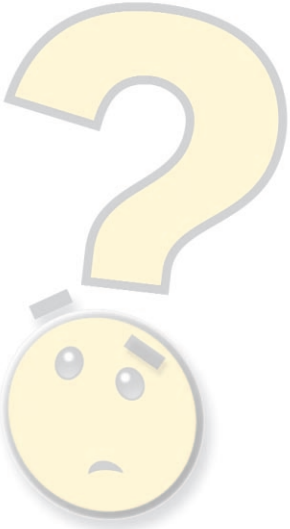



Report Card 2006

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WORK
WORKING FOR YOU?



**Canadian labour's
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Canadian Labour Congress
Congrès du travail du Canada

Introduction

Each year, the Canadian Labour Congress provides a report card to see if our economy is working for working people. Our twenty key indicators are based on data from Statistics Canada's Labour Force Surveys (usually for the first six months of the year compared to the previous year), and a major public opinion survey by Ekos.

Major Findings for 2006

While there was greater access to jobs, the work people were able to find was not working for them as well as it has in the past. That's the story for 2006.

The good news for Canadian workers in the first half of 2006 is that access to jobs improved compared to the same period in 2005. This coincided with a noticeable decline in fear of job loss. Real wages also saw very modest growth along with perceived income security. However, national averages do conceal some important – and growing – regional differences.

The bad news for Canadian workers is that, despite the improvement in job prospects, there was no reduction in the proportion of workers in precarious jobs and the proportion of very low-wage adult workers increased. So did the gap between the top and bottom 10% of wage and salary earners.

Compared to 2000, there has been no improvement with respect to the proportion of adult workers earning poverty wages (which is stuck at about one in ten), and the proportion of adult workers in precarious forms of employment has risen to more than one in four. A country so prosperous and rich in opportunity should be able to do better for working citizens.

Access to Jobs

There was an improvement in the overall job market in the first half of 2006, with the unemployment rate falling for both adults and youth. The overall unemployment rate is now down to levels unseen since the end of the "Golden Age" era of close to full employment which ended in the mid 1970s.

However, the youth unemployment rate is still almost 12%, barely lower than in 2000, and much higher than in the "Golden Age." The broad unemployment rate which includes discouraged workers is still close to double digit levels.

A closer look at the statistics shows a major difference in unemployment rates by region. While unemployment has fallen across the country, the provinces West of Ontario now all have unemployment rates below 5%, compared to about 8% in Quebec, Nova Scotia and New Brunswick, and continued double digit unemployment rates in PEI and Newfoundland.

In line with relatively low unemployment, the average duration of an adult unemployment spell fell from an average of 19 weeks in 2005 to an average of 17 weeks in 2006, well down from 24 weeks in 2000. And the proportion of all job separations accounted for by voluntary quits – an important measure of workers' ability to find new jobs – rose slightly compared to last year (from 32% to 34%).

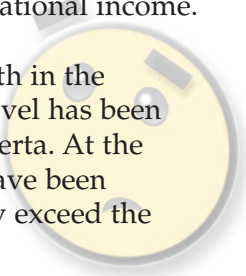
Again, regional differences are large with the duration of unemployment now being just 11 weeks in Alberta, where the majority (55%) of job quits are voluntary.

Strikingly, the proportion of workers fearing job loss fell to a new low of 21% in 2006, the lowest level recorded in many years. This reflects the fact that layoffs have been highly concentrated in a few sectors of the economy, notably manufacturing.

Income and Financial Security

Job growth has failed to result in higher income for most workers. While the real (inflation adjusted) average hourly wage increased by 1.2% in the first half of 2006 compared to the previous year, it failed to keep pace with the increase in productivity (output per hour) or the growth of corporate profits. These remain at a record high as a share of national income.

Also, it should be noted that the growth in the average hourly wage at the national level has been pushed up by fast-rising wages in Alberta. At the same time, most unionized workers have been getting settlements which only slightly exceed the rate of inflation.



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ALL WORKERS

Access to Jobs	Score from 2005	2006	2005	2000
Adult unemployment rate	+	5.5%	5.9%	5.7%
Broad unemployment rate	+	9.4%	10.2%	10.2%
Unemployment rate for youth	+	11.9%	13.1%	11.3%
Average duration of adult unemployment (weeks)	+	17	19	24
Voluntary quits as proportion of all separations	+	34%	32%	33%
Percent who fear job loss	+	21%	30%	26%
Percent who have confidence in own employability	+	67%	64%	56%
Income and Financial Security	Score	2006	2005	2000
Percent change in average real wage	+	1.2%	0.7%	0.7%
Percent with poverty wages	-	11.7%	10.2%	10.5%
Percent feeling income inadequacy	+	17%	18%	16%
Financial security	+	72%	70%	66% (2001)
Percent of unemployed covered by EI benefits	=	39%	39%	39%
Job Quality	Score	2006	2005	2000
Percent of adult workers in non-standard jobs	=	27%	27%	24%
Percent with long hours (50+)	-	13%	12%	17%
Unionization rate	=	32.0%	32.2%	32.2%
Percent who experienced racial harassment/discrimination at work	=	8.7%	8.6%	8.5% (2002)
Percent who experienced sexual harassment/discrimination at work	+	5.8%	6.5%	7.8% (2002)
Equality and Fairness at Work	Score	2006	2005	2000
Female/male wage	=	83.3%	83.2%	80.5%
Inequality in earnings (top versus bottom tenth)	-	6.5	5.6	6.4 (2001)
Youth/older workers' earnings	+	72.1%	71.0%	65.4%

Sources:

1. Labour Force Survey – annual average seasonally adjusted for adults 25 +
2. Labour Force Survey – unadjusted average – first six months of each year
3. Labour Force Survey – seasonally adjusted – first six months of year
4. Labour Force Survey – 25 years +
5. Labour Force Survey – job leavers versus job losers (minus retirees and sick) for workers 25 years + (only include those unemployed who worked during the year)
6. Percent who think they will lose their job in the next couple of years – Ekos Survey 2005 and 2006/CCSD Personal Security Index for 2000.
7. Percent who think they could get equivalent job within 6 months of job loss. Source same as 6
8. Labour Force Survey – all paid employees – first 6 months of the year
9. Labour Force Survey – Workers 25 + who work for less than the hourly wage necessary to get a single person over the LICO assuming 2000 annual work hours
10. Percent who say income is inadequate to meet basic needs. Source same as 6
11. Percent of households with 3 months or more of savings in the bank. Source same as 6
12. Labour Force Survey and Human Resources Department administrative data – first four months of 2006
13. Labour Force Survey – workers 25 + (net proportion of those who work part-time and/or in a temporary job or are self-employed on their own account). Average for first six months
14. Labour Force Survey – workers 25 + who work over 50 (actual) hours in all jobs
15. First half of year – percent of paid workers who are covered by collective agreement
16. Percent who have experienced racial harassment or discrimination at work. Source same as 6
17. Percent who have experienced sexual harassment or discrimination at work. Source same as 6
18. Labour Force Survey – Average hourly wage rate of women as percentage of the average male rate
19. Labour Force Survey – Ratio of median weekly earnings of top to bottom deciles of paid employees
20. Labour Force Survey – Average weekly earnings of workers 20-29 (out of school) expressed as a percent of those 40-49



Disturbingly, the proportion of adult workers (age 25 plus) with poverty wages increased in 2006. This is the proportion of workers who, working full-time hours for the whole year, still would not get wage income above the Statistics Canada low income line. (A worker today needs to earn \$10.09 per hour for 2000 hours to reach the poverty line.)

Recent calls for increased minimum wages and wider access to collective bargaining are a direct result of the fact that the low overall unemployment rate has failed to raise wages for those at the bottom. At the same time, earnings inequality – the gap between the wealthy and the working poor – has widened, with the top 10% doing much better than the bottom 10% of wage and salary earners.

Based on results from the Ekos public opinion survey, 17% of Canadians report an inadequate level of income to meet their basic needs. Meanwhile, the proportion with enough savings to last more than three months increased slightly to 72%.

It is also noteworthy that the proportion of unemployed workers collecting Employment Insurance benefits is unchanged from last year, at less than half the level of the early 1990s.

Job Quality

More jobs also has not meant better work for most Canadians. Despite the low overall unemployment rate, there was no noticeable increase in the quality of jobs in the first half of 2006 compared to 2005.

Even though one might have thought that a tight job market would lead employers to offer permanent employment to workers, 27% of adult workers found themselves in precarious forms of employment (meaning part-time and temporary paid jobs or self-employment) – no change from last year.

While there has been some decline in part-time jobs, the proportion of temporary jobs (i.e. short-term contract and seasonal jobs with a specified end-date) has grown.

The unionization rate remained stable at just about one in three workers despite serious job losses among unionized manufacturing workers.

The Ekos survey results also show that racial and sexual harassment at work remain a serious issue, with the latter showing a slight decline from 2005 and from 2000.

Equality and Fairness at Work

As noted above, there was a marked increase in wage inequality in the first half of 2006, with the top 10% now making 6.5 times more than the bottom 10%, up from 5.6 times more in the first half of 2005. This gap reflects higher wage growth for higher income earners, as well as more unstable hours of work among low-paid workers.

The gap between the average hourly wage of women and men was essentially unchanged in the first half of 2006. (Note that this gap is smaller than the widely noted gap in annual earnings since women on average work fewer hours in the year than do men.) There was a modest increase in the earnings of young compared to older workers.

Conclusion

Getting a job is becoming increasingly disconnected from getting ahead for too many Canadians. Despite the low unemployment rate and a small increase in average real wages, conditions for many low-wage and insecure workers are not improving.

There still remains a lot of slack in Canada's job market, and a long way to go before we can talk of shared progress. Governments must act to directly improve the quality of jobs by improving access to collective bargaining and raising employment standards. Raising the minimum wage of the poorest workers would be a good place to start.

