

(TRANSLATION)

RÉMUNÉRATION DES SALARIÉS. ÉTAT ET ÉVOLUTION COMPARÉS 2007

MAIN FINDINGS

PART I

SALARIES AND TOTAL COMPENSATION

All other Quebec employees

In 2007, the average salaries of Quebec government employees¹ are 9.4% lower than those of other Quebec employees when all the benchmark jobs covered by the comparison are considered. In all, 48 of the 76 jobs are behind; these jobs represent half the employees covered. All the occupational categories except service employees have lower salaries in the Quebec government, with differentials varying from - 10.3% for technicians to -28.8% for manual workers. Service employees in the Quebec government are on a par with their counterparts in the rest of the labour market.

When total compensation is compared, Quebec government employees are behind other Quebec employees by 5.7% in the benchmark jobs overall. They are behind in 35 of the 76 jobs, representing 38% of the employees covered, and in three of the five occupational categories. Technicians are on a par, while service employees are ahead by 8.6%. In the benchmark jobs overall, Quebec government employees are further behind for salaries than for total compensation because they have fewer hours at work than their counterparts in the rest of the labour market.

Private sector

Quebec government employees' salaries are 7.8% lower than those of their counterparts in the private sector in the benchmark jobs overall. The Quebec government is behind in 36 of the 71 jobs studied; these jobs represent 41% of the employees covered. With the exception of service employees, who are on a par with their private-sector counterparts, employees in all the occupational categories have lower salaries in the Quebec government; the differentials range from - 7.5% to - 32.5%

The total compensation of Quebec government employees is on a par with that of their private-sector counterparts in the benchmark jobs overall. This status is observed in 26 of the 71 jobs, representing 50% of the employees covered. Professionals, technicians and office employees in the two sectors are on a par, while service employees in the Quebec government are ahead by 12.7% and manual workers are behind by 23.8%. Quebec government employees' comparative position is more favourable for total compensation than for salaries because they have fewer hours at work than their private-sector counterparts.

1. The Quebec government includes the Quebec public service, the education sector (school boards and colleges) and the health and social services sector (hospitals and other establishments).

“Other public” sector

The salaries of Quebec government employees are behind those of their counterparts in the “other public” sector² by 14% in the benchmark jobs overall. Lower salaries are noted in 60 of the 71 jobs studied; these jobs represent 86% of the employees covered. All the occupational categories are behind, with differentials varying from - 10.4% for professionals to - 25.4% for manual workers.

With regard to total compensation, Quebec government employees are behind those in the “other public” sector by 20.7% in the benchmark jobs overall. Lower total compensation is noted in 64 of the 71 jobs, representing 89% of the employees covered. As in the salary comparison, the Quebec government is behind in all the occupational categories; the differentials vary from - 17.0% for professionals to - 39.3% for manual workers. In the benchmark jobs overall, the Quebec government is further behind for total compensation than for salaries because the costs for benefits are lower in that sector.

Other unionized Quebec employees

In the benchmark jobs overall, Quebec government employees’ salaries are 13.8% lower than those of other unionized Quebec employees. The Quebec government is behind in 53 of the 75 jobs studied; these jobs represent 80% of the employees covered. With the exception of service employees, all the occupational categories have lower salaries in the Quebec government; the differentials vary from - 10.8% to - 31.7%. Service employees are on a par in the two sectors.

With regard to total compensation, Quebec government employees are behind other unionized employees by 16.7% in the benchmark jobs overall. Lower total compensation is noted in 55 of the 75 jobs, representing 81% of the employees covered. With the exception of service employees, who are on a par, all the occupational categories are behind, with differentials varying from - 17.1% for professionals to - 32.3% for manual workers.

Non-unionized Quebec employees

Quebec government employees’ salaries are on a par with those of non-unionized employees in the rest of Quebec’s labour market in the benchmark jobs overall. This status is observed in 30 of the 67 jobs studied; these jobs represent 42% of the employees covered. The salaries of Quebec government professionals, technicians and office employees are behind, by 10.8%, 7.1% and 2.8% respectively. Manual workers are on a par in the two sectors, while service employees in the Quebec government are ahead by 23.8%.

When total compensation is compared, Quebec government employees are ahead of non-unionized employees in the rest of the labour market by 8.4% in the benchmark jobs overall. Their total compensation is higher in 31 of the 67 jobs, representing 55% of the employees covered. Three occupational categories are ahead, with differentials varying from 8.7% to 31.2%, while professionals and technicians in the two sectors are on a par. In the benchmark jobs overall, Quebec government employees are on a par for salaries but ahead for total compensation because they have fewer hours at work than their non-unionized counterparts in the rest of the labour market.

2. For the purposes of the compensation comparison, the “other public” sector includes the business enterprises of the three levels of government in Quebec, as well as universities, municipal governments and the federal government in Quebec.

Salary scales

The job rates (normal maximums) of the salary scales of Quebec government professionals, technicians and office employees are lower than those of other Quebec employees as a whole. In the three occupational categories considered, the Quebec government is also behind for salaries. Quebec government professionals' comparative position is more favourable for job rates than for salaries. Technicians and office employees in the Quebec government are further behind for job rates than for salaries, as they are positioned higher within their salary scales than other Quebec employees in the same occupational categories.

An analysis of the various sectors of the labour market leads to the same conclusions in many cases. The job rates in the Quebec government are lower than those in all the sectors presented in the three occupational categories considered. Quebec government employees are in a more favourable position for salaries than for job rates in comparison with all the other sectors in the case of office employees and in comparison with half the other sectors in the case of technicians. This situation is explained by the fact that Quebec government employees are generally positioned higher within their salary scales than their counterparts in the sectors concerned.

Quebec government professionals are on a par with their counterparts in nearly all the sectors studied as regards their position in their salary scales; the exception is non-unionized Quebec employees.

Approximately 51% of the professionals, 31% of the technicians and 36% of the office employees in the private sector who are paid according to a salary scale benefit from merit maximums. However, there are no merit maximums in the Quebec government salary scales.

Benefits and paid time off

The employer's total costs for benefits and paid time off in the Quebec government are similar to the amounts spent on those elements for other Quebec employees (39.3% of the salary). The Quebec government spends more than employers in the private sector (35.3%) and employers of non-unionized Quebec employees (33.5%). On the other hand, the Quebec government's total costs are lower than those of employers in the "other public" sector (45.9% of the salary) and employers of other unionized employees in Quebec (43.5% of the salary).

When benefits are considered separately from paid time off, the employer's costs in the Quebec government are on a par with those for other Quebec employees as a whole. The Quebec government (23.3%) spends more for benefits than employers in the private sector and employers of non-unionized Quebec employees; this situation is explained by higher costs for pension plans and for reimbursement of unused sick leave.

On the other hand, the Quebec government spends less for benefits than employers in the "other public" sector (28.6%) and employers of other unionized Quebec employees (27%). The Quebec government's lower costs for pension plans and insurance plans explain this situation. Moreover, the Quebec government spends less than employers in all the sectors studied for insurance plans overall. However, the Quebec government's costs for salary insurance are higher than those in all the sectors studied.

With regard to paid time off, the Quebec government's expenditures, at 16% of the salary, are higher than the amounts spent on this element for Quebec employees as a whole, for private-sector employees and for non-unionized Quebec employees. On the other hand, the Quebec government spends less in this regard than employers in the "other public" sector and employers of other unionized employees in Quebec.

Hours of work

Quebec government employees have a normal workweek of nearly 36 hours, approximately one and a quarter hour shorter than that of other Quebec employees as a whole. Quebec government employees' normal workweek is shorter than that of all other unionized and non-unionized Quebec employees and private-sector employees. However, it is equivalent to the normal workweek in the "other public" sector.

Hours at work (obtained essentially by subtracting paid time off from normal hours of work) amount to about 30 and a quarter hours per week in the Quebec government. Quebec government employees have fewer hours at work than their counterparts in all the sectors studied except those in the "other public" sector, with whom they are on a par. The greatest difference is observed in comparison with the private sector and with non-unionized Quebec employees; Quebec government employees have approximately two and three quarters fewer hours at work per week than their counterparts in those sectors.

PART II

THE ECONOMIC ENVIRONMENT AND THE LABOUR MARKET

Continued economic growth in Quebec in 2007

In the first half of 2007, Quebec's real gross domestic product (GDP) grew by 1.8%, a similar rate to that of 2006 (1.9%). Recent conditions indicate moderate growth of Quebec's economy. On a quarterly basis, the GDP increased by 0.3% in the first quarter and by 1.2% in the second. The growth of the economy in 2007 is supported by domestic demand, which is progressing at a faster rate than in 2006. Foreign trade is slowing, and continues to be a drag on the economy. Most analysts are anticipating a slightly higher growth rate next year, influenced largely by an improvement in foreign trade. GDP growth forecasts vary from 1.9% to 2.2% for 2007 and from 1.9% to 2.6% for 2008.

Consumer spending increased by 3.2% in 2006, a similar rate to that of 2005 (3.3%) and identical to that of 2004. It is growing more rapidly in 2007, with an increase of 3.4% in the first half of the year. Real personal disposable income increased by 1.0% in 2005 and 3.2% in 2006. In the first half of 2007, it grew by 4.6%. This acceleration is due mainly to employee compensation, which has risen by 6.4% in nominal terms, fuelled by the provincial government's pay equity payments. From 1995 to 2006, the savings rate declined sharply, from 10.3% to 1.1%, its lowest level since data have existed on the current basis (1981). In the first half of 2007, it rose to 1.9%, as real personal disposable income grew more quickly than consumer spending. Analysts are predicting a slowdown in consumer spending, with growth forecasts of 3.3% to 3.6% in 2007 and 3.0% in 2008. Personal disposable income is also expected to grow more slowly, with increases in real terms ranging from 4.1% to 6.0% in 2007 and from 3.0% to 4.2% in 2008.

In the first half of 2007, investments have grown at a faster rate (6.4%) than in 2006 (2.9%). This acceleration is attributable both to governments and to business investment. Government investment is stimulated by the intensification of work on the road network, while business investment is stimulated mainly by investment in residential structures. Following four years of sustained growth, the trend in construction starts changed in 2005; a marked decline was registered in 2005 (- 12.9%, to 50 900 units) and in 2006 (- 6.0 %, to 47 877 units). In 2007, the trend is positive once again; after nine months, there are 51 700 new units on an annualized basis, an increase of 10.9% compared with the same period in 2006. Analysts are forecasting a slowdown in investments next year. Growth rates for business investment are expected to range from 5.8% to 6.2% for 2007 as a whole and from 2.3% to 4.7% in 2008. Construction starts are expected to decline next year, following this year's increase. According to analysts, they should number between 49 100 and 51 500 units in 2007 and between 35 500 and 47 900 in 2008.

Government current expenditures slowed in 2007, registering an increase of 2.2%, compared with 2.8% in 2006. They grew for the tenth consecutive year in 2007. Analysts are forecasting continued growth of government expenditures next year, with increases in the range of 2.2% to 3.3% for 2007 as a whole and in a narrower but similar range, from 2.4% to 2.9%, in 2008.

In 2007, foreign trade continues to be a drag on the economy. In the first half of the year, hobbled by the slowdown in the US economy and the strong Canadian dollar, exports declined by 0.8%. As for imports, their growth slowed to 1.1%, its weakest since 2001. For 2007 as a whole, analysts are forecasting a 1.8% decline in exports and a 1.0% increase in imports. The situation is expected to improve next year, with increases of 0.6% and 2.6% respectively.

For the first nine months of 2007, the inflation rate (1.4%) was lower than in 2006 (1.7%). The consumer price index (CPI) grew by 1.3% in the first quarter, 1.5% in the second and 1.4% in the third quarter. However, in September 2007, oil prices reached new highs, driving the total CPI up to 1.9% (1.4% excluding energy).

In 2004, the rate for three-month Treasury Bills was 2.2%, its lowest level since 1955. It rose to 2.7% in 2005 and to 4.0% in 2006 and is at 4.3% for the first nine months of 2007. However, there is a recent downward trend.

After rising strongly from 2003 to 2006, the dollar continued to climb in 2007. For the first nine months of the year, it was at 90.7 cents US, its highest level since 1977 (94.0 cents). At the end of October 2007, the loonie reached 105.93 cents, its highest level since August 1957. Early in 2002, it had fallen to an all-time low of 61.8 cents.

Analysts expect the inflation rate, interest rates and the value of the loonie to rise next year.

Solid employment growth

In 2007, employment registered solid growth (2.1%), higher than that of the four previous years. In the first nine months of the year, the number of jobs increased by 80 100 compared with the same period in 2006, to reach an all-time high of 3 838 800 jobs on a seasonally adjusted basis.

Net job creation in the first three quarters of 2007 was entirely in the service sector (116 000 additional jobs), while there were 35 900 fewer jobs in the goods-producing sector. The situation in the goods sector is similar to that of last year, when an important loss of jobs was also noted (- 24 800 jobs).

For the first nine months of 2007, both part-time and full-time jobs increased, by 2.5% and 2.1% respectively. However, there were more new full-time jobs (63 000) than part-time jobs (17 000). In fact, full-time employment reached its highest level since the beginning of the time series in 1976, with 3 131 400 jobs.

Three quarters of the jobs created in 2007 went to women, who benefited from a 3.4% increase (60 300 additional jobs), compared with a 1.0% increase for men (19 700 additional jobs). This same trend has been generally observed since 2000, with women benefiting from the majority of new jobs. Jobs for workers aged 25 and over and those for persons aged 15 to 24 grew at the same rate (2.1%).

For the year 2007 as a whole, forecasters are predicting an employment gain ranging from 1.9% to 2.1%. For 2008, analysts are divided; the anticipated growth rate varies from 0.7% to 2.2%.

In the first nine months of 2007, the unemployment rate has fallen steeply, to 7.2%, compared with 8.0% in 2006. If this rate is maintained for the entire year, it will constitute a new annual threshold. For the year 2007 as a whole, analysts are anticipating an unemployment rate of 7.2% to 7.3%. Forecasters are divided concerning the unemployment rate for 2008, with predictions ranging from 6.5% to 7.5%.

For the first nine months of 2007, the employment rate registered a strong increase, reaching a new high of 60.9%. It had risen slightly in 2006, to 60.2%, identical to the previous annual high recorded in 2004. The labour-force participation rate grew slightly for the average of the first nine months of 2007 (65.6%), following three years of decline.

SALARY TRENDS

Gains in purchasing power in all sectors

For unionized Quebec employees as a whole, the salary clauses in effect in 2007 award an increase of 2.2%, while an increase of 2.3% was observed in 2006.

For Quebec government employees, the Act respecting conditions of employment in the public sector (Bill 142, 2005, chapter 43) passed in December 2005, sets out new working conditions to 2010. The Act freezes salary scales in 2004 and 2005 and provides for salary increases of 2% per year from April 1, 2006 to April 1, 2009 inclusive. Because of a lack of complete and detailed data, the analysis cannot take into account the various salary adjustments in this sector, in particular those related to pay equity. Thus, Quebec government employees' nominal salary increases are the lowest among the sectors analyzed, both in 2006 and in 2007.

For unionized employees outside the Quebec government, data for the first nine months of 2007 show salary increases of 2.5%, versus 2.6% in 2006. Three sectors obtained lower average nominal salary increases in 2007 than in 2006. The increases are as follows: 2.5% versus 2.7% in the private sector, 2.1% versus 2.3% in Quebec government business enterprises, and 2.3% versus 2.4% in the municipal government sector³. The other two sectors received higher average nominal salary increases in 2007 than in 2006. The increases are as follows: 3.3% versus 2.7% in the university sector, and 2.8% versus 2.6% in the federal government sector.

In 2007, according to the forecasts of four consulting firms, non-unionized employees (mainly in the private sector) should receive average salary-scale increases ranging from 2.4% to 2.7%; in 2006, the rates varied from 2.2% to 2.4%. Thus, the average salary-scale increase for non-unionized Quebec employees in 2007 (2.5%) is higher than that granted to their unionized counterparts (2.2%).

Data for the first three quarters of 2007 show a 0.8% gain in purchasing power for unionized Quebec employees as a whole. Gains in purchasing power are also observed in all the sectors analyzed. They range from 0.6% in the Quebec government to 1.9% in the university sector. The situation with regard to purchasing power is better in 2007 than in 2006 in all the sectors studied. This finding is attributable in part to the weak growth of the CPI in the first nine months of 2007 compared with 2006 (1.4% versus 1.7%).

According to preliminary data, 97.5% of unionized Quebec employees will have seen their purchasing power maintained or increased in 2007. This proportion is similar to that of 2006 (95.0%). Moreover, in 2007, all employees in the Quebec government, in Quebec government business enterprises, in the university sector and in the federal government sector benefit from salary increases equal to or greater than the growth of the CPI. The proportions of employees benefiting from this type of increase in the private sector and the municipal government sector are 92.4% and 97.6% respectively. In both these sectors, the proportions are higher in 2007 than in 2006. The proportion of unionized employees receiving salary increases lower than the CPI is 0.7% in 2007; this percentage is lower than in 2006 (2.9%). The percentage of unionized Quebec employees whose salaries are frozen or reduced in 2007 is three tenths of a percentage point lower than that observed in 2006 (1.8% versus 2.1%).

Unionized Quebec employees as a whole benefited from a 7.5% gain in purchasing power for the period from 1986 to 1995. A substantially lesser gain of 1.5% was registered for the period from 1996 to 2007. This result is

3. For the purposes of Part II, the municipal government sector includes municipalities, urban communities and municipal business enterprises. The federal government sector includes the federal public service and federal government business enterprises in Quebec.

attributable mainly to the loss of purchasing power in the Quebec government during that period (without pay equity and other adjustments).

In 2007, no agreements were signed in the Quebec government. In that sector, the agreements renewed in 2006 granted an average annual increase of 0.8% for the life of the contracts. For unionized Quebec employees excluding those in the Quebec government, the average annual increase awarded by the agreements signed in the first nine months of 2007 is 2.8%, up from the 2.2% awarded in the agreements renewed in 2006. In three sectors, salary increases are higher in the agreements signed in 2007 than in those signed in 2006. Only the municipal government sector shows a lower rate of increase in 2007 than in 2006, while no agreements were renewed in the federal government sector this year. In the first three quarters of 2007, 143 collective agreements were signed, compared with 235 for the year 2006.

In the 2007 agreements, 94.9% of unionized Quebec employees benefit from average annual increases of 1.5% or more for the life of the contracts. This proportion is much higher than in 2006 (8.8%) when the Quebec government was part of the overall result. Because the Quebec government is not included in the result, the percentage of “other unionized Quebec employees” benefiting from increases of 1.5% or more in the 2007 agreements is the same as that of unionized Quebec employees as a whole (94.9%). This percentage is higher than in the 2006 agreements (80.6%). The proportion of Quebec employees outside the Quebec government receiving increases of less than 1.5% is three and a half times lower than in 2006 (3.5% versus 12.5%). The percentage of employees whose salaries are frozen or reduced in 2007 is four times lower than that observed in 2006 (1.6% versus 6.9%).

According to the Institut’s salary projections, unionized Quebec employees should benefit from identical salary-scale increases in 2007 and 2008 (2.2%). Under the Act respecting conditions of employment in the public sector, Quebec government employees will receive salary increases of 2% in both 2007 and 2008; the increases observed will be higher when the various adjustments can be taken into account.

The anticipated increases in 2008 in the private sector (2.5%) and in Quebec government business enterprises (2.1%) are identical to those in 2007. In the university sector, the projected increases for 2008 are lower than those for 2007 (2.3% versus 3.3%).

For non-unionized Quebec employees, the anticipated salary-scale increases are similar in 2007 and 2008; according to the sources consulted, they are expected to vary from 2.4% to 2.7%. The average projected increase for these employees is identical for 2008 and 2007 (2.5%).

When unionized and non-unionized Quebec employees are considered as a whole, the Institut predicts an identical average salary-scale increase for the two years (2.4%).

Taking inflation forecasts into account, the Institut predicts that Quebec employees as a whole (unionized and non-unionized) will see their purchasing power increase in 2007 and 2008, by 0.8% and 0.7% respectively. Gains in purchasing power are expected in 2007 and 2008 for unionized and non-unionized employees in all sectors.

November 2007