

Canadian employment rose in September but wage gains remain flat

By David Parkinson

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Statistics Canada's monthly payroll survey showed much stronger hiring among the country's employers than previously believed, but average wages continue to stagnate.

Statscan's Survey of Employment, Payrolls and Hours (SEPH), released Thursday, estimated that employers added 65,200 jobs in September, well above the estimate of 17,000 in Statscan's September Labour Force Survey, released in early October. While the LFS, a survey of households, is the more high-profile of Statscan's monthly employment reports, the SEPH, which uses a combination of actual payroll tax filings and a survey of employers, is favoured by many experts as a more complete estimate of employer hiring.

In addition to the strong September payroll growth, Statscan also sharply reduced its estimated August decline in payroll employment, trimming the decline to a modest 12,600 from an originally reported 50,400.

As a result of the strong September gains and the August revision, year-over-year payroll employment growth reached 217,000 in September, well above the 12-month growth of 160,000 reported in the August SEPH. The 12-month average monthly growth rate of 18,100 jobs is well above the 10,700 pace reported by the LFS for the same period. However, for the first nine months of 2016, both surveys now show average monthly growth of about 15,000.

"While not spectacular, that's nonetheless a decent performance from the labour market, considering GDP growth this year is expected to come in at a meagre 1.2 per cent," said National Bank of Canada senior economist Krishen Rangasamy in a research report.

However, the SEPH indicated that employees' wages aren't faring nearly as well. Average

weekly earnings slipped 0.1 per cent in September from August, and were up just 0.4 per cent year over year – far below the country's 1.3-per-cent inflation rate over the same 12 months. Average weekly wages have fallen 0.3 per cent for the year to date.

In Alberta, where both employment and average earnings have been hard-hit by the slump in the energy sector, payroll jobs were flat in September from August, leaving them down 63,000 for the past 12 months. Average weekly earnings in the province slipped 0.3 per cent from the previous month, and were down 1.7 per cent year over year.

But average weekly earnings also slipped 0.3 per cent month over month in Ontario, one of the country's strongest provincial economies. In British Columbia, another strong-growth province, month-over-month average wages rose a thin 0.2 per cent, while Quebec's average grew a healthy 1.2 per cent.

But all three provinces saw their year-over-year wage growth slow, to 0.9 per cent in Ontario, 1 per cent in B.C. and 1.8 per cent in Quebec. This despite healthy year-over-year job growth in all three provinces (up 122,000 in Ontario, up 63,000 in B.C. and up 47,000 in Quebec).

As Statscan suggested in a special report last week on earnings growth trends, a key element to the slow pace of the country's wages is that employment growth has shifted toward sectors where average pay is lower. Nationally, the resource-extraction sectors, where wages are higher than the national average, has seen payroll employment fall by 20,000 over the past 12 months, while the high-paying construction sector has lost 10,000 jobs. Meanwhile, relatively the lower-paying health care and social assistant segment has added 68,000 jobs over that period.