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CENSUS SHOWS DROP IN MEDIAN EARNINGS IN BC

According to the 2006 Census, the median earnings of people working full time in BC fell 3.4% between 2000 and 2005, after adjusting for inflation. The only other province that experienced a decrease over the same period was Quebec, where real earnings slipped by 0.3%.

The Business Council has long been concerned about BC's poor productivity record and the implications of weak productivity growth for overall prosperity. And, the recent Census figures show that the province's changing industrial structure and pattern of lacklustre productivity growth continued to dampen wages over the first half of this decade. It should be noted that the strong economy and tight labour market apparent in BC since 2005 suggest that median earnings probably posted a solid advance in 2006-2007 but we don't yet have data to confirm this.

	Median Earnings, 2005 Constant Dollars				% Change	
	1980	1990	2000	2005	1980-2005	2000-2005
BC	47,605	42,173	43,715	42,230	-11.3	-3.4
Alta	43,732	40,711	40,782	43,964	0.5	7.8
Sask	38,804	34,082	33,785	35,948	-7.4	6.4
Man	37,247	36,564	35,425	36,692	-1.5	3.6
Ont	41,395	42,354	44,440	44,748	8.1	0.7
Que	39,938	38,325	37,836	37,722	-5.5	-0.3
NB	36,436	36,848	34,763	35,288	-3.2	1.5
NS	36,532	38,237	36,165	36,917	1.1	2.1
PEI	32,405	33,441	33,561	34,140	5.4	1.7
Nfld	37,510	38,153	36,079	37,429	-0.2	3.7
Canada	41,348	40,778	40,443	41,401	0.1	2.4

Source: Statistics Canada, Earnings and Incomes of Canadians Over the Past Quarter Century, 2006 Census.

In some ways the longer-term picture is even more disconcerting. Median earnings in 2005 (in inflation adjusted dollars) were 11.3% lower than in 1980. That is, in 2005 the purchasing power of a typical British Columbian's employment earnings (based on full time, full-year work) was 11% less than 25 years earlier.¹ While many other provinces also recorded a decrease over this 25 year period, BC suffered the biggest decline. For Canada as a whole, real median earnings edged up 0.1% from 1980 to 2005.

While the earnings picture for BC is distinctly unimpressive, the longer-term comparison is distorted by the fact that the province had an unusually buoyant job market and economy back in 1980. A larger proportion of high-paying jobs in forestry, mining and other resource-related industries, combined with a booming economy in the years before the 1981-82 recession, helped to lift median earnings to \$47,605 in 1980 (in constant 2005 dollars). This

¹ Note that these figures refer to median earnings, which is the midpoint of the distribution of earnings in each census year. These figures do not refer to an individual's earnings over time. Over time most people advance in the job market and their pay increases accordingly. A decrease in median earnings does not mean individuals have seen their earnings fall in real terms, but rather that earnings have declined for the average, or median, British Columbian.



was the highest of any province, even ahead of second ranked Alberta. Median earnings in BC were \$6,257 higher than the Canadian benchmark in 1980.

Most of the erosion in median earnings in BC occurred during the 1980s, a decade that featured a deep recession followed by a weak recovery. By 2005, median earnings in BC were \$1,734 lower than in Alberta and just \$800 above the Canada-wide figure.

BC's shifting industrial structure is a key reason for sluggish earnings growth. In 1986 some 108,000 people were employed in forestry, logging and related manufacturing, representing 7.6% of all jobs.² At the time of the most recent Census employment in the sector had dropped to 74,000, amounting to just 3.2% of all jobs. More generally, manufacturing as a whole in BC has seen its share of employment fall from 12.5% to 8.5% over the past 20 years. Because manufacturing is a comparatively high productivity sector, people working in manufacturing industries usually receive above average wages.

A corollary feature of BC's changing industrial structure is a rise in the share of lower paying jobs in various service industries. In 1986, 5.7% of all jobs were in the food service industry. Since then, food service employment has expanded by 60,000 and the industry now provides jobs for 6.4% of the workforce. According to the Census, median earnings in occupations in the food and beverage service industries are only 40% of the all-industry median wage.

A sharp increase in the number of self-employed British Columbians has also served to depress median earnings. This is because, on average, the self-employed earn less than paid employees. Between 1981 and 2006 the share of self-employed in BC's workforce climbed from 9.9% to 14.6%.

Perhaps the most worrisome factor contributing to lower earnings in BC is the deteriorating labour market performance of recent immigrants.³ The median earnings for a Canadian born individual holding a university degree was \$47,279 at the time of the 2006 Census. In comparison, the median earnings for a recent immigrant with a degree was \$22,920, less than half of the amount earned by his or her Canadian-born counterpart. The profile is similar for those without a degree, with recent immigrants earning just over half of the amount of Canadian-born. This gap has widened steadily over the past 25 years (in 1980 the median earnings of recent immigrants equalled 77% Canadian born earnings). With immigrants accounting for nearly all of the growth in the labour force, this increasing gap is an important reason for the downward pressure on median earnings in BC.

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² 1981 Census data for industries were not readily available.

³ In the Census recent immigrants are defined as persons who immigrated to Canada during the previous 5 year period.