



An Update on Union Density in BC

Highlights

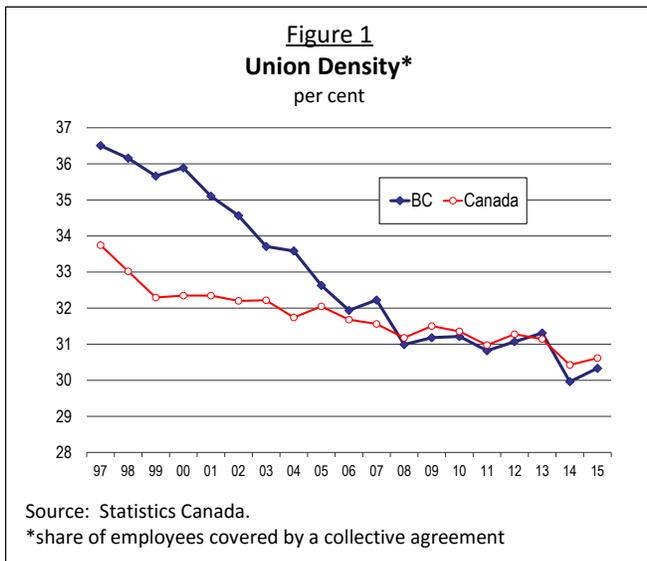
- The proportion of employees covered by collective agreements in BC has trended steadily lower over the past two decades. After leveling off and tracking Canada-wide trends, union coverage has edged lower more recently.
- BC has experienced larger declines in “union density” than other provinces.
- The absolute number of employees in the BC private sector covered by collective agreements has declined over the past decade.
- BC still has the seventh highest share of paid employees covered by a collective agreement.
- The manufacturing and transportation industries have experienced the greatest decreases in collective agreement coverage. Public sector industries continue to be characterized by union density rates that are far above the economy-wide average.
- Based on average wages across all industries, there is a union “wage premium” in BC, but it has diminished over the past two decades. On average, employees who are not covered by a collective agreement earn about 84 cents for every dollar received by their “unionized” counterpart.

Density Trends in BC

Union density in BC has trended steadily lower since at least 1997, when a consistent data series began. Back in 1997, 36.5% of all employees in BC were covered by a collective agreement. By 2008, the share had fallen to 31% – where it remained for several years. More recently, the proportion of employees covered by a collective agreement has edged lower. After tracking Canadian density rates for a number of years, overall union density in BC has now moved visibly below the national benchmark.

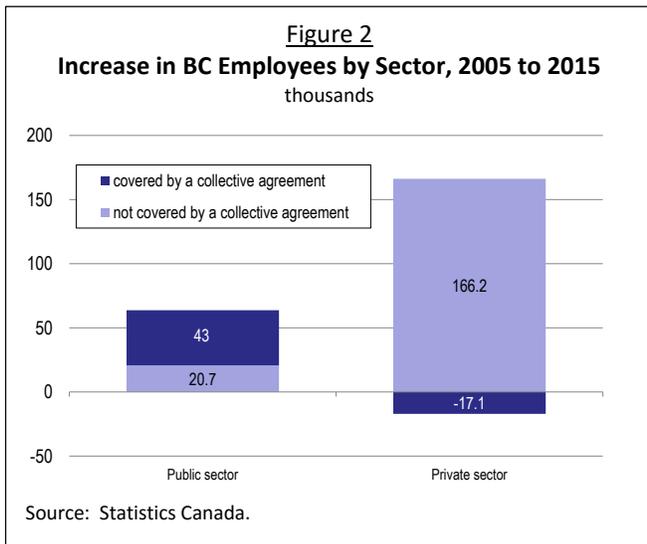
Significant differences in density rates and changes in union coverage exist between the public and private sectors. Union density in the BC public sector currently sits at 77%,

which is a few percentage points below its level in the early 2000s. A larger decline is evident in the private sector, where density has gradually fallen from 24% back in 1997 to 16.7% last year. The greatest decline in private sector union density occurred between 1997 and 2006. During this period re-structuring and other changes in the forestry industry were a significant driver of declining density. In both forestry and the manufacturing sector the number of “unionized” employees fell. In contrast, the number of non-unionized manufacturing employees and non-unionized forestry workers was basically stable. In construction, the ranks of non-unionized employees expanded significantly while the number of employees covered by a collective agreement was flat.



broad public sector rose by nearly 64,000. Of these 43,000, or just over two thirds of all additional employees, were covered by a collective agreement. In the preceding decade (1997-2005), 75% of additional public sector jobs were covered by a collective agreement.

In the BC private sector, the dwindling influence of unions is more evident. The number of private sector employees in BC not covered by a collective agreement has increased by 166,000 over the past decade. And over the same period, the absolute number of private sector employees covered by a collective agreement actually declined by 17,100.



By 2006, BC’s private sector union density rate had fallen to match the national benchmark. Since then private sector density in BC has generally tracked the national rate.

The absolute change in the number of employees covered by collective agreements further illuminates the trends in union density and underscores the differences between the public and private sectors. As evident in Figure 2, over the past decade the total number of employees in the

While the decline in the share of new employees covered by a collective agreement in the public sector has contributed to the decrease in overall union density, it is the divergence in the private sector that has really pushed BC’s union density rate lower.

Comparison across Provinces

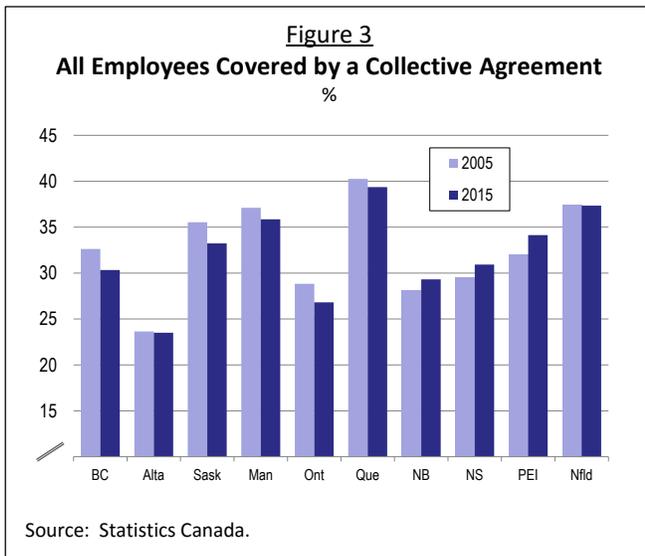
The downward trend in density is also clear in much of the rest of Canada, with union coverage trending lower in Quebec, Ontario and the other western provinces. On the other hand, the four eastern provinces have seen union density rise slightly in the past decade.

With 30.3% of all employees covered by a collective agreement, BC has the seventh highest overall union density rate among the ten provinces. Quebec ranks first with an overall union density of 39.4%. In BC, density has declined by 2.3 percentage points over the past decade, which along

with Saskatchewan, represents the biggest drop across the provinces. Ontario’s density fell 2 percentage points. Back in 2005, BC ranked fifth in economy-wide union density, but the comparatively steep decline in collective agreement coverage since then has pushed the province down to seventh spot.

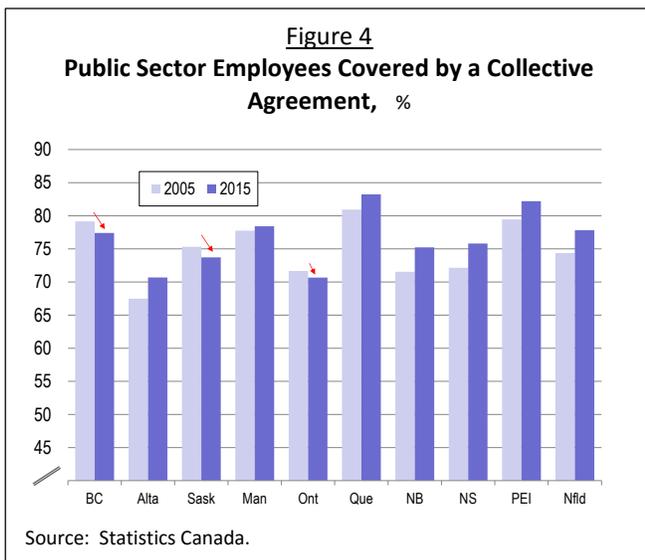
provincial spectrum, it has fallen 3.2 percentage points over the past decade, matching Ontario for the biggest drop in private sector density.

Changes in public sector union density also differ for BC. Most notably, seven other provinces have seen public sector union density increase over the past decade. And among the three provinces that have registered a decline, BC recorded the largest drop in coverage (1.7 percentage points), just ahead of Saskatchewan (1.6 percentage points). Ontario also saw public sector union density dip by one percentage point over the period in question.



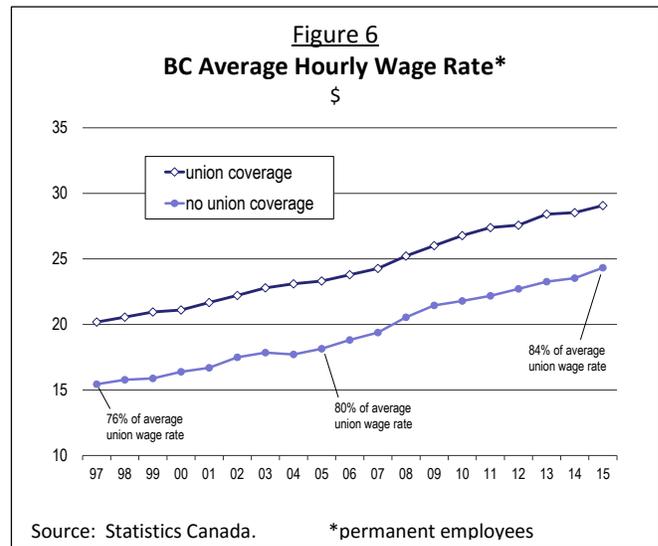
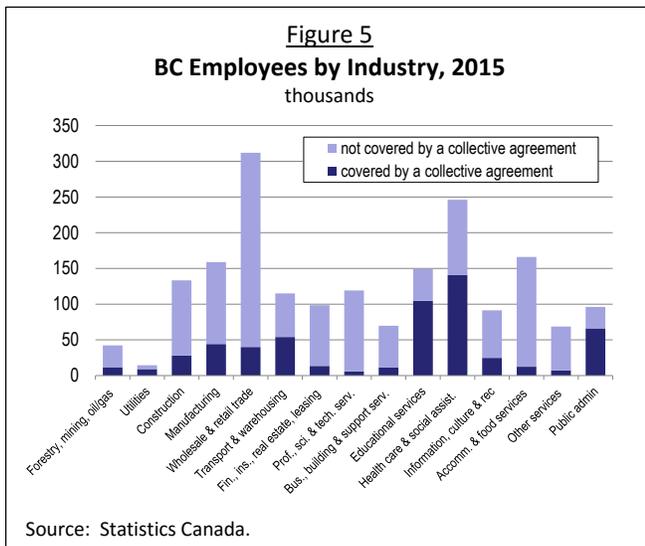
Union Coverage by Industry

The education sector has the highest union density of any industry in the province, with fully 68.4% of all employees covered by a collective agreement. Healthcare, where 59.4% of all employees operate are under the auspices of a collective agreement, is second. In both instances, the high rate of union coverage reflects the high proportion of publicly delivered services. Both of these industries, however, have seen density rates decline slightly in the past decade as a growing proportion of education and healthcare services are delivered by non-unionized private sector providers and organizations.



The pattern for private sector density is somewhat different. Here, BC currently has the fourth highest rate of union coverage. Although this is at the higher end of the

In the BC transportation and warehousing industry, 44% of all employees are covered by a collective agreement; a decade back approximately 54% of employees were unionized. This ten percentage point decline stands out as the largest drop in union coverage of any industry over the past decade.



Manufacturing, construction and the information, culture and recreation industries all have around one quarter of their workforce covered by a collective agreement. As with the transportation sector, manufacturing has experienced a significant change, with the rate of union coverage falling by nearly ten percentage points.

The broad industry sector with the lowest unionization rate is professional, scientific and technical services, where just 5.9% of the workforce is covered by a collective agreement. This is followed closely by the food and accommodation industry, where 8.6% of all employees are unionized.

With a couple of exceptions, all industries in BC have seen union coverage diminish over the past decade. The two exceptions are professional, scientific and technical services and business, building and other support services. The former has seen a 1.7 percentage point increase in coverage while the latter has posted a four percentage point rise.

Wage Premiums

For workers, one of the longstanding benefits of unions has been their ability to deliver higher wages than are available to their non-unionized counterparts. This is an advantage that persists, but the gap between unionized and non-unionized employees has narrowed. Back in 1997 the average hourly wage rate for all employees not covered by a collective agreement was 76% of that of their “unionized” counterparts. In other words, employees who were not covered by collective agreements on average earned 76 cents for every dollar received by unionized employees. By 2005, “non-unionized” employees earned 80% of the average hourly wage of organized workers; by last year, this had risen to 84%.

This narrowing of average wage differentials reflects the fact average wage growth for employees not covered by a collective agreement has actually outpaced unionized wage gains. Those not covered by collective agreements have enjoyed increases of 34% since 2005, whereas the average wage for

“unionized” employees in BC has climbed by a more modest 25%.

These average wage measures are impacted by industry composition. A more complete examination of wage differentials should be done on an industry-by-industry basis. Across different industries union wage premiums could be higher or lower than the amounts cited in this paper. The general narrowing of the average union-non-union wage gap however, does suggest that wage increases arrived at through the collective bargaining process have been more closely aligned with the low inflation rates that have generally prevailed since the mid-1990s. In BC provincial public sector wage increases have also been quite restrained over much of the past decade or so.¹

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¹ Whether total compensation gains for public sector workers have also been constrained would require

an analysis of trends in non-wage benefits, a task that is beyond the scope of this short paper.