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This Week...

Consumer Price Inflation  
Wage Rates  
Family Violence  
Revisions to Employment

## Consumer Price Inflation



By Doug Elliott, Editor

The annual figures for consumer price inflation in 2010 have been released by Statistics Canada.

The national inflation rate was 1.8% in 2010, much higher than the 0.3% rate in 2009. Inflation was lower than the national average in the western provinces where inflation rates ranged from a low of 0.8% in Manitoba and 1.0% in Alberta to a high of 1.3% in B.C. and 1.4% in Saskatchewan. In each province, the inflation rates were higher than in 2009.

In the western provinces, inflation was higher in 2010 than in 2009 but still below the national average. The rate of inflation is expected to increase in 2011.

Prices for many consumer goods and services are similar across the provinces because they come from the same place (e.g. imported food, vehicles, clothing) or because consumers force common pricing with cross-border or Internet shopping (e.g. books, electronics). On the other hand, inflation varies from province to province because some purchases are local and affected by the economic fundamentals of supply and

demand. Examples of this are housing prices and restaurant meals. Provincial governments can also affect the rate of inflation when they change tax rates or influence the prices for items such as utility rates or tuition fees.

In the West, the main cost drivers in 2010 were in the transportation and health/personal care categories (see Figure). The inflation rate was low for the shelter and household operations categories and negative for clothing.

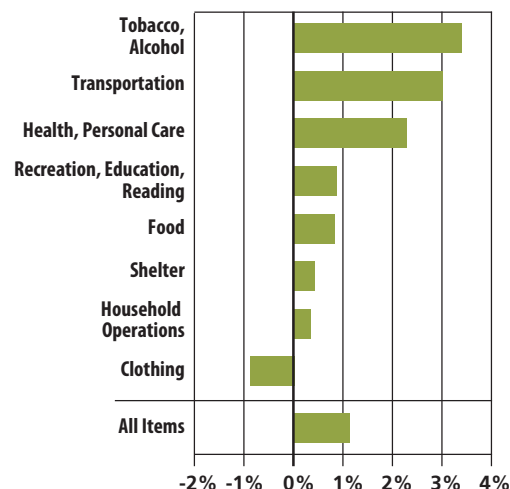
Most observers feel that the rate of inflation will be higher in 2011 than in 2010. Unless housing prices increase or decrease unexpectedly, one could reasonably expect that higher food and energy prices will lead to 2011 inflation rates in the 1.5% to 2.0% range.

### Wage Rates

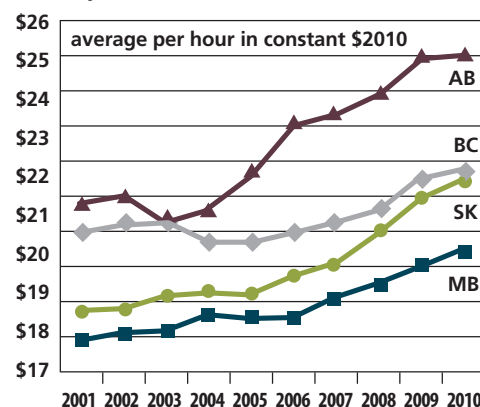
Among the groups who keep a close eye on inflation rates are workers and the unions that represent them because the rate of inflation is typically seen as a minimum for annual wage increases.

Averaged over the four western provinces, and measured in nominal dollars, hourly wage rates<sup>1</sup> increased by 2.3% from 2009 to 2010. The increase varied dramatically by province with a 1.3% increase in Alberta, a 2.8% increase in B.C., a 3.3% increase in Manitoba, and a 4.0% increase in Saskatchewan. Using real dollars, the figure shows that wage rates in each of the four western provinces have gained significant ground on inflation over the past five years.

Annual Rate of Consumer Price Inflation, Average of Western Provinces, 2010



Average Hourly Wage Rates, Adjusted for Inflation



<sup>1</sup> The monthly Labour Force Survey collects average hourly rates for paid workers, that is, excluding the self-employed. The rates are classified according to the main job for those who have more than one. They exclude the population living on reserve.

Measured in nominal dollars, the wage rate increases in 2010 were higher among:

- union members (3.8% compared with 1.5% for non-union members);
- women (2.4% compared with 2.1% for men); and
- older workers (5.0% among those 55 and older compared with 0.1% among those 15 to 24 and 1.5% among those 25 to 54 years).

Examined across industry groups, wage rates increased the most in the utility sector (7.5%) and the least in accommodation and food services (a 0.5% drop). Within industry groups dominated by the public sector, increases were higher in education services (4.1%) and lower in health care (2.1%) and public administration (2.2%).

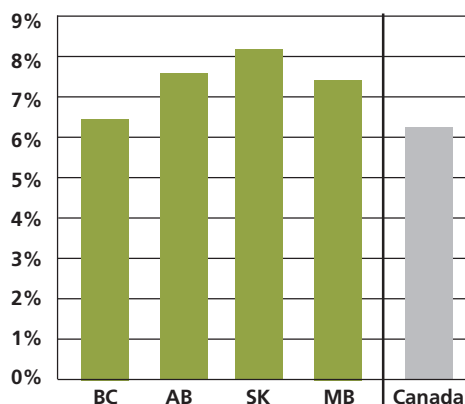
## Family Violence

The Canadian Centre for Justice Statistics has released their thirteenth annual compilation of family violence statistics. The report contains statistics about violent crimes reported to the police as well as measures of spousal violence that are obtained from sample surveys. Not all the data are available separately by province but the available figures put the western provinces in a bad light.

## The incidence of self-reported spousal abuse is above the national average in each of the western provinces.

One example is the percentage of adults (with a current or former spouse) who reported being sexually or physically victimized by their spouse in the last five years. The incidence of spousal abuse is above the national average of 6.2% in each of the western provinces (see Figure).

**Incidence of Self-Reported Spousal Violence, 2004 to 2009**



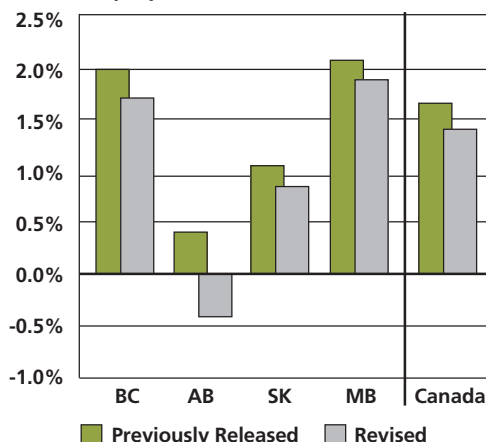
The West also fared poorly in the number of family-related homicides. Averaged over the past ten years, the number of homicides by a family member was 4.9

per million persons in Canada but more than double that in Saskatchewan (10.6) and Manitoba (10.2). Rates were lower but still above the national average in Alberta (6.6) and B.C. (5.2).

## Labour Force Revisions

Statistics Canada suggested that the rebasing of the Labour Force Survey would have only a marginal effect on the labour market trends. They were generally right.

**Employment Growth, 2009 to 2010**



The new figures take into account changes arising from the 2006 census and retroactively adjust all of the labour market statistics back to 1996. The boundaries for the metropolitan areas have been updated to the 2006 areas and there is a “new” metropolitan area in the West – Kelowna – which will now have access to monthly labour force statistics. Basic monthly employment data will also become available for four new urban centres in the West – Grand Prairie, Wood Buffalo, Duncan, and Courtney.

Employment growth from 2009 to 2010 was lower in the West than previously reported. The differences were minor in Manitoba and Saskatchewan but employment dropped by 0.4% in Alberta rather than increased by 0.4% as previously reported. Employment growth in B.C. was 1.7% rather than 2.0%.

## Upcoming Releases

In the next two weeks Statistics Canada will be releasing data describing:

- January labour force figures on February 4th;
- The value of December building permits on February 7th;
- International merchandise trade for December on February 11th.

**Sources:** The figures are adapted from the following sources:

**Consumer Price Index:** CANSIM Table 326-009

**Wage Rates:** CANSIM Table 282-0072 and 282-0074

**Family Violence:** Statistics Canada 85-224-X

**Labour Force Revisions:** Statistics Canada, Labour Force Survey 71F0031X

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