



### A Comparison of Public-Sector and Private-Sector Wages

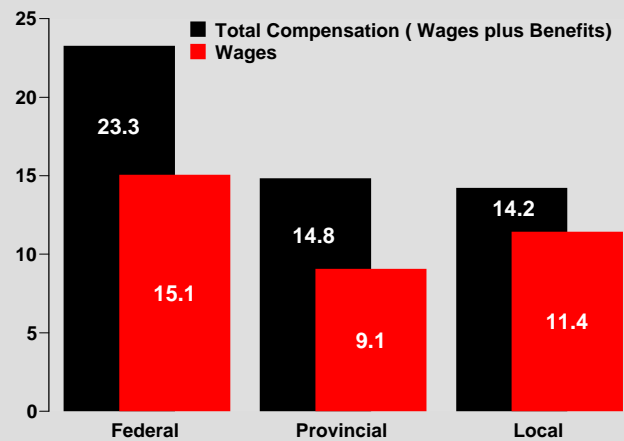
#### Summary

Public sector employees continue to benefit from higher wages and non-wage benefits relative to their private sector counterparts. Coupled with the large increase in public sector employment in recent years, such wage premiums exert pressure on government expenditures and can eliminate any benefits obtained from tight fiscal management in the 1990s. Moreover, wage premiums distort local labour markets as public and private employers compete to attract and retain skilled workers.

This study re-examines wage disparities between private-sector employees and those in public administration at the federal, provincial, and municipal levels. Updating CFIB’s previous research, the study compares wages among occupations that are only found in both public administration and the private sector. Using Census data the study finds that, at all levels of government, wage premiums persist in favour of public administration (see Figure 1). Moreover, a significant overall increase in the wage premium favouring federal employees, over the 1995-2000 period, is found; while the premium enjoyed by provincial employees decreased and the premium paid to municipal employees remained relatively constant over the same period.

Non-wage benefits such as employer pension contributions, premiums on disability, life, and medical insurance, are examined on a national aggregate level. Although non-wage benefits, as a percentage of wages, declined in public administration employment, they remain, on average, 60 per cent higher than those of private sector employees. These benefits significantly increase the total compensation premium enjoyed by employees in public administration.

Figure 1: Public Administration Compensation Premiums (% in the year 2000, Canada)



Source: CFIB Tabulation of Census data, Statistics Canada

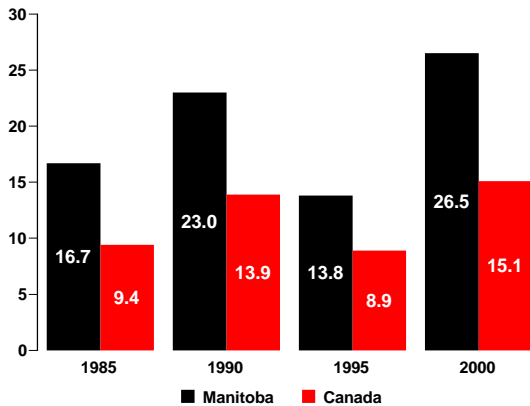
#### Major Findings:

- Federal employees in public administration enjoy a 15.1% wage premium over their private sector counterparts—23.3% when non-wage benefits are included
- Provincial employees in public administration enjoy a 9.1% wage premium over their private sector counterparts—14.8% when non-wage benefits are included
- Municipal employees in public administration enjoy an 11.4% wage premium over their private sector counterparts—14.2% when non-wage benefits are included
- Public administration wage premiums are highest among occupations with mid-range salaries
- Public sector employment growth is fuelled by dramatic increases in general federal government employment—up 24% since 1998
- Total wages and salaries paid to general federal government employees are up 28% since 1998—recovering the majority of cuts made in the 1990s

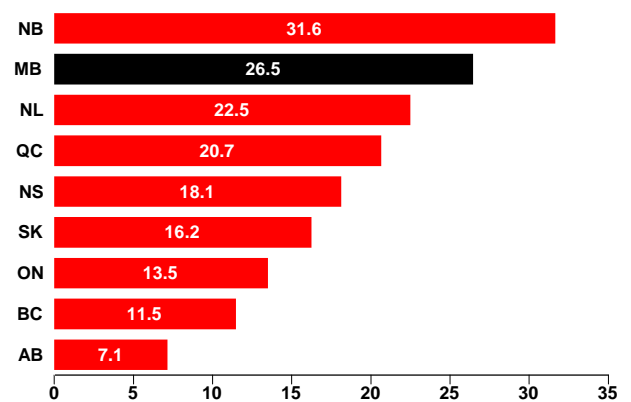
#### MANITOBA RESULTS



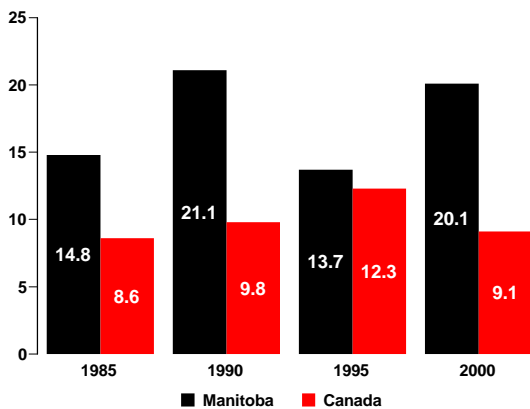
Federal Public Administration Wage Premium (% , Canada vs. Manitoba)



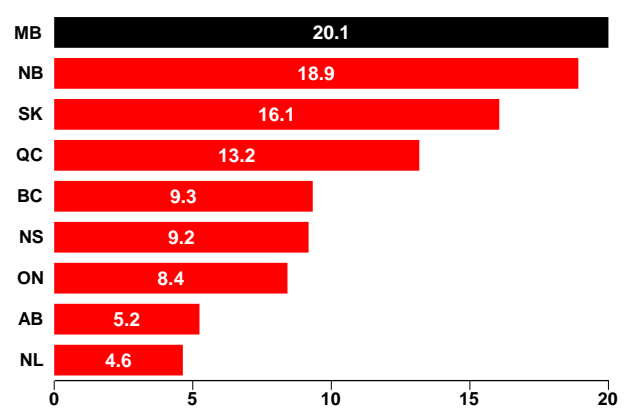
Federal Public Administration Wage Premium (% , by province for the year 2000) \*



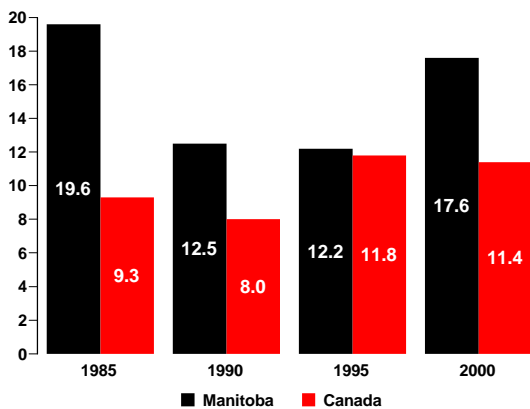
Provincial Public Administration Wage Premium (% , Canada vs. Manitoba)



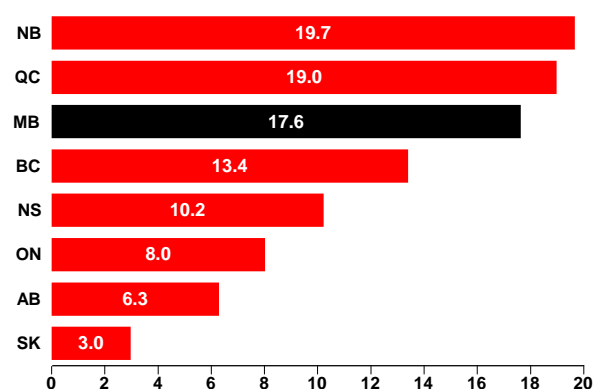
Provincial Public Administration Wage Premium (% , by province for the year 2000) \*



Local Public Administration Wage Premium (% , Canada vs. Manitoba)



Local Public Administration Wage Premium (% , by province for the year 2000) \*



Source: CFIB Tabulation of Census data, Statistics Canada. \*Figures for Prince Edward Island and/or Newfoundland and Labrador are not provided due to the lack of sufficient data required for estimation purposes.

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