

8.3.4 Employer labour costs

The labour costs survey, instituted in 1967 as a joint Statistics Canada - Canada Department of Labour project, is designed to measure the content of the total pay package. The results are of value in collective bargaining, in improving estimates of labour income and in developing better productivity measures. The survey also provides cost data for the various items studied in the Canada Department of Labour's survey of working conditions. In addition, all levels of government use the data in developing labour policy. The survey is conducted each year in one or more major industry divisions. At present a particular industry is surveyed every three or four years. Consequently, sufficient data are not yet available to determine trends over a period of time. When the results of the 1971 survey of the manufacturing industry have been tabulated, however, it will be possible to make comparisons between the years 1968 and 1971 for this industry.

The data already available permit comparisons of the total pay package components in those major industry divisions for which surveys have been conducted. In order to minimize the effects of general increases in salaries and wages, the labour cost estimates in Tables 8.17-8.20 are shown as percentages of payments made by the employer for regular work performed during normal working hours. Using the figures in Table 8.17, the actual cost of every \$100 in basic pay paid by an employer in manufacturing, on the average, for regular work in 1968, can be calculated to be \$128.14. Average weekly earnings in 1970 were \$132.75 in manufacturing, \$164.70 in mining, \$120.52 in finance and \$142.35 in transportation. The results of the labour costs survey show that the average amounts paid weekly for regular work in these industries in 1970 were \$113.61, \$134.62, \$108.15 and \$120.90, and that the corresponding total wage packages were \$145.58, \$181.56, \$131.28 and \$156.31, respectively.

The labour cost items studied reflect the differences in the nature of each industry and the occupations of those employed. The approximate ratios of salaried (office) employees to wage-earners (non-office) are: manufacturing 27:73; mining 30:70; finance 94:6; transportation 35:65. However, since the occupations of salaried employees are different from those of other employees, the relative costs for each group are compared separately in Table 8.18.

The labour costs show that additional costs for time worked are more significant for wage-earners than for salaried employees and that such costs are substantial in the mining industry and of minor consequence in finance, insurance and real estate. These costs include overtime (straight-time and premium pay), shift work and payments made to employees for work performed under special conditions. In the mining industry underground production bonuses for wage-earners account for 6.5% of basic pay. Overtime costs for wage-earners are slightly higher in mining (11.8%) than in manufacturing (10.9%). In the transportation industry overtime costs are slightly less than in manufacturing. On the other hand the additional cost for overtime in finance, insurance and real estate is only 2%. For salaried employees the overtime costs in all four industries are similarly low. One third of the total overtime costs represents premium pay.

Paid absence represents a significant additional cost to employers. The average cost for all employers expressed as a percentage of basic pay for regular work ranges from 9.5% in manufacturing to 11.8% in transportation. Table 8.19 illustrates the relative significance of the various components of paid absence for all employees, and for salaried employees and wage-earners separately. Employers usually provide sickness benefits through insurance plans rather than by continuing pay during illness. For salaried employees, on the other hand, the salary is usually continued. Many employers do not keep accurate records of absences for sickness and for personal leave; consequently the costs for these items are understated.

Miscellaneous payments to employees comprise termination pay, non-production bonuses, taxable benefits (such as board and lodging) and retroactive pay for a preceding year, etc. Expressed as percentages of basic pay for regular work they range from 1.0% in transportation to 2.3% in finance. For investment companies and security dealers, non-production bonuses are significant — 3.6% of basic pay.

Employer payments to employee welfare and benefit plans comprise payments required under federal and provincial statutes and payments made to other plans, either as the result of collective agreements or on a voluntary basis. Table 8.20 illustrates the relative significance of the various expenditures for all employees, and for salaried employees and for wage-earners separately. The figures for workmen's compensation reflect the relative differences in the exposure of employees to industrial injury; figures for private pension plans indicate the