

Recent Trends in Alberta's Average Weekly Earnings

What is Average Weekly Earnings?

Average Weekly Earnings (AWE) is an income indicator derived from Statistics Canada's Survey of Employment, Payments and Hours. This survey is employer based and the income data is derived from payroll information. It is important to keep in mind that the survey AWE is based on is independent of the Labour Force Survey which collects data from households. Because AWE is based on information from employers it captures the income of employees only – including overtime payments but excluding taxes. AWE does not capture income earned from self-employment or investments. As well, it does not report on income levels of the unemployed, retired or disabled.

AWE can change for a number of reasons. These include:

- Changes in wage rates and salaries such as annual increases set out in collective agreements.
- Changes in the share of employment across industries. If employment shifts from a high paying to a low paying sector of the economy AWE can fall. As discussed below, this is particularly important for Alberta as pay differential between the energy sector and other sectors such public administration is relatively large.
- Changes in the mix of occupations or seniority of the employed labour force. If employment shifts to high wage occupations such as professional services this can cause AWE to rise. As well if large numbers of older, more experienced and therefore higher paid workers become unemployed this can depress AWE.
- Changes in the hours worked such as a reduction in overtime payments or a rise in part-time employment. This has also been a significant factor in the recent trends in Alberta's AWE.

While AWE is published with a two month lag it is much more current than other measures of income such as the Household Expenditure Survey and Tax Filer data published by Statistics Canada.

Alberta's AWE

Alberta's AWE stood at \$1,125 in April of 2017 –16% higher when compared to the national average of \$971. Figure 1 illustrates the differences in AWE across the provinces.

While still well above the national figure, Alberta's AWE has declined along with the employment as a result of the collapse of oil prices which began in mid-2014. This is illustrated in figure 2 which shows recent changes in Alberta's overall AWE. A sharp drop in earnings in Alberta's resources sector has been a major contributor to the decline in Alberta's AWE and also had a negative impact on Canada's overall AWEⁱ.

While Alberta's AWE is showing signs of stabilizing, the historically high unemployment rate of 7.4% will temper any gains in AWE over the next 12 to 18 months.

ⁱ Statistics Canada; *The Impact of Lower Earnings in Alberta on Earnings Growth at the National Level*, November 2016.

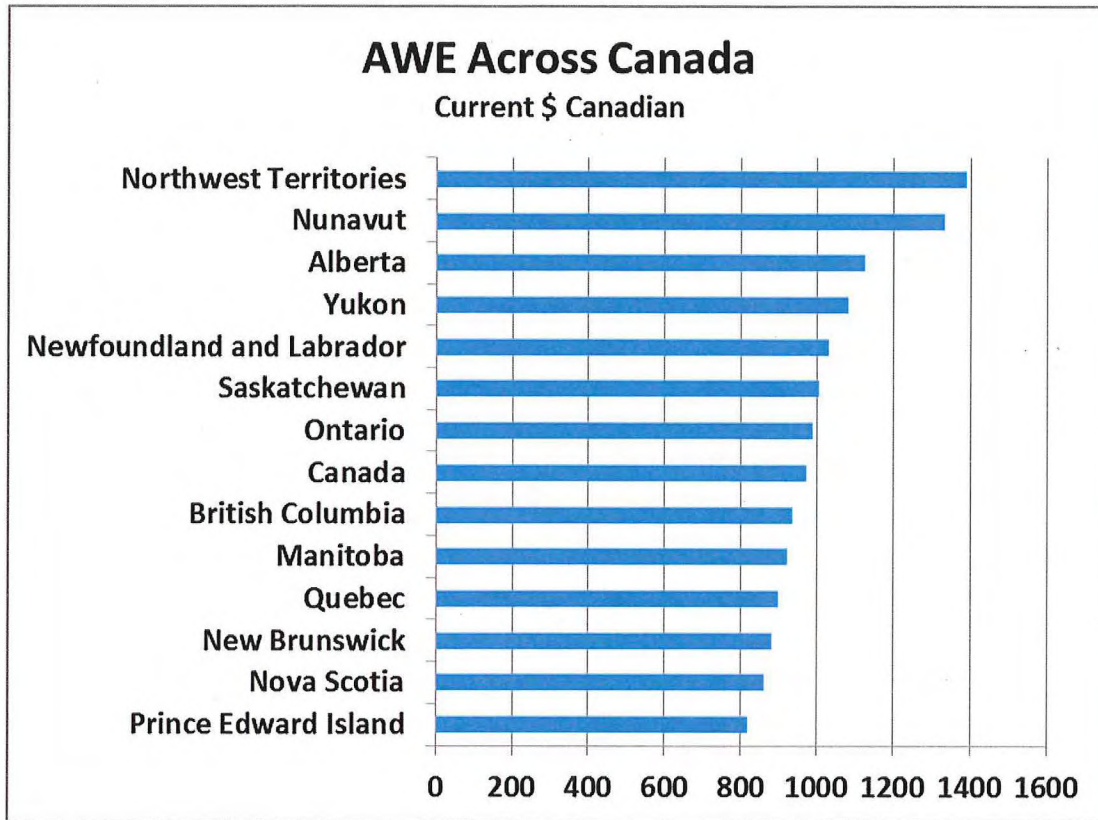


Figure 1 – AWE Across Canada

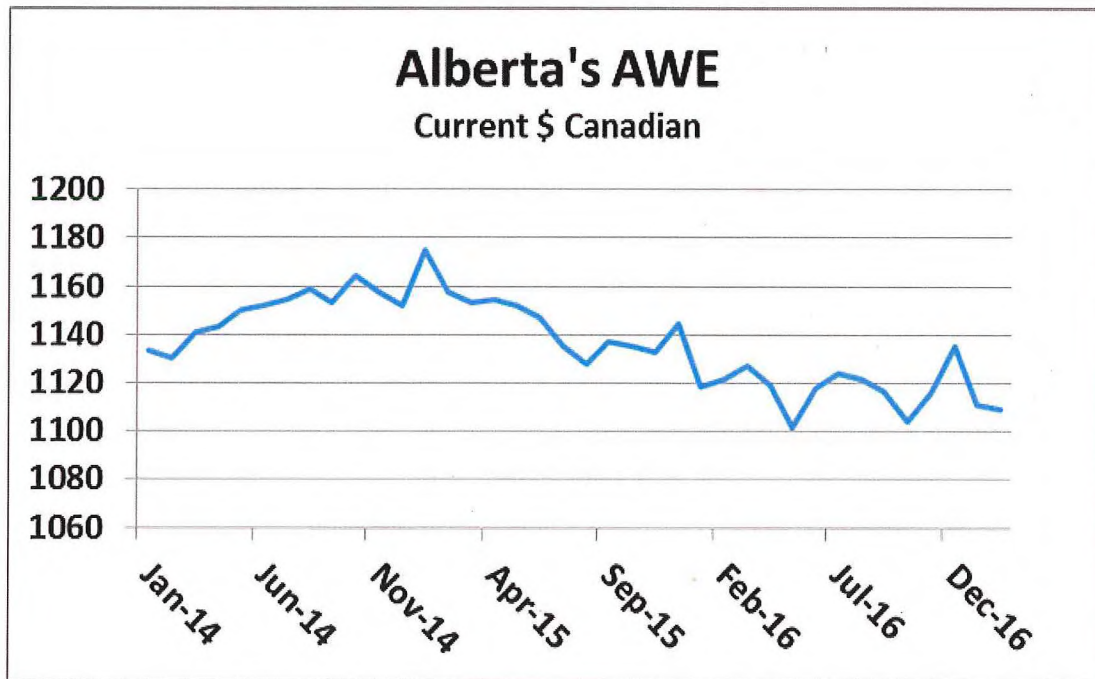


Figure 2 – Trends in Alberta's AWE