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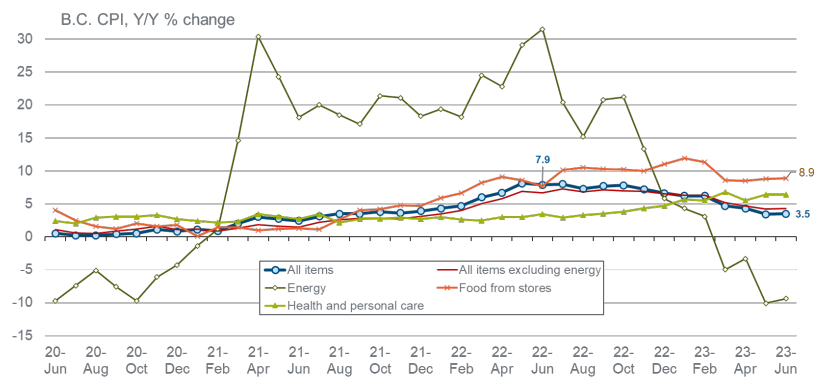
B.C. INFLATION AND WAGE GROWTH

In mid 2022 B.C.'s overall CPI inflation rate topped out at 7.9%. Since then, the annual change in the provincial CPI has edged steadily lower and in June of this year was 3.5%. Still well above the long standing 2% rate that has anchored wage increases and contract negotiations.

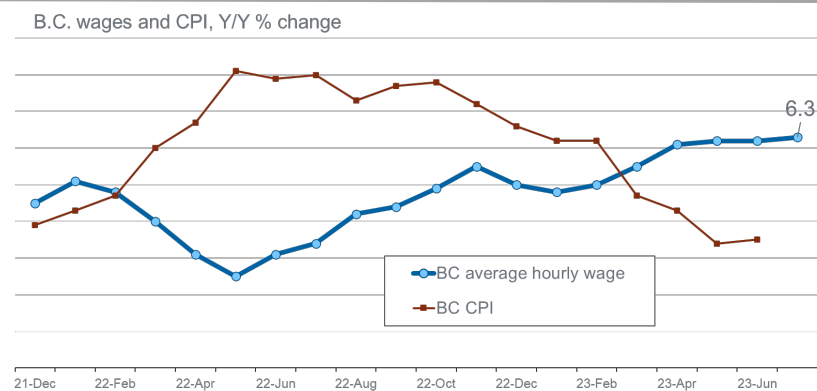
The sharp decline in energy prices has pulled headline inflation lower. But as energy prices retreat prices for other consumer items have accelerated. Year-over-year food prices are up 8.9% (and have been at this elevated pace for more than a year). Health and personal care prices are rising by 6% Y/Y, following a long period of below 3% annual price growth in this category.

The biggest increase in consumer costs has been for mortgage interest which is now up a staggering 30% Y/Y.

So even though the headline inflation rate has fallen households with variable rate mortgages (or recently or soon to be renewed mortgages) and children to feed are facing



Latest: June 2023. Source: Statistics Canada, Table 18-10-0004-01



Source: Statistics Canada, Tables: 14-10-0063-01 and 18-10-0004-01.

sharply higher household expenses.

Meanwhile the average wage rate in the province is up 6.3% Y/Y, nearly three percentage points above inflation.

Contract settlements also confirm the pattern of stronger wage growth. First year wage settlements in both the public

and private sectors on average are running in excess of 3% and in some instances over 4%.

Even as the labour demand softens (the provincial unemployment rate has edged higher and job vacancy rates lower) workers will continue to bargain for higher wage increases to compensate for rising living costs.