

Compensation and Benefits Differential Analysis: Newfoundland and Labrador vs. Alberta

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1.0 Summary

This report entitled Compensation and Benefits Differential Analysis: Newfoundland and Labrador vs. Alberta was prepared by Strategic Concepts, Inc. (SCI). The report was coordinated by the Atlantic Canada Opportunities Agency (ACOA).

The purpose of the report was to analyze the differences in compensation packages and total wage costs provided on selected major projects in Alberta with those in effect on major projects in Newfoundland and Labrador. The differential in wages form the basis for further research directed at determining the “tipping point” at which journey person trades labor wages in Newfoundland and Labrador would have to increase in order for workers to consider staying in the province rather than travel for work in jurisdictions such as Alberta. In addition, the report provides an overview of other possible non-compensation “Tipping Point” considerations for workers and provides recommendations on research approaches to determine the influence these factors may have on the mobility of labor.

Labour availability is a factor that poses potential risk to industrial development in provinces such as Newfoundland and Labrador over the next ten years. Competition for labor is currently being experienced on simultaneous major projects, particularly those related to offshore oil and gas, hydroelectric developments and mining, occurring or pending in the province and across Canada. The effects of this competition are increased against the backdrop of demographic pressures resulting from an aging population. Identifying and addressing the risks associated with labor capacity at an early stage is a key component that will influence government policies and the long-term economic development prospects of the province, as new major projects are planned. Determining the effective labor capacity involves many variables, however one of the most prominent variables relates to the compensation package provided by employers in competing jurisdictions.

2.0 Background and Study Context

Economic theory, specifically the theory underlying the Philips Curve, predicts that when the rate of unemployment in an economy is pushed below long-term averages or steady state levels of unemployment, the so-called NAIRU (non-accelerating inflation rate of unemployment), wage inflation occurs. That is, as the demand for labor picks up relative to the supply of labor, wages will rise above those dictated based solely by productivity increases.

Even though the Philips Curve is offered as an explanation for economy-wide wage and price inflation in periods of expanding economic activity, it also helps explain the direction of changes in wages resulting from an increase in demand for construction labor that exceeds the capacity of the economy to meet that demand. In particular, from this theory economists are able to predict, at least in a qualitative sense, that tight labor market conditions should lead to higher wages within a given jurisdiction. This, in turn, will result in higher costs for those projects that employ a significant amount of labor in its construction activities.

There has always been and will likely continue to be centers for labor demand within Canada. In recent years one of those centers has been Newfoundland and Labrador while another has been Alberta. As well, since wages for Newfoundland and Labrador construction trades have typically been lower than those that have prevailed out west, it is reasonable to expect Newfoundland and Labrador wages in the construction industry to rise at least to the level that prevails in Alberta or other western Canadian growth centers like Saskatchewan and British Columbia, which themselves should expect wages to rise as increased demand for labor puts upward pressure on wages in those jurisdictions.

Figures 1 and 2 below illustrate monthly data collected by Statistics Canada regarding hourly wages in Newfoundland and Labrador and Alberta. Figure 1 illustrates that between the period of 2000 and 2010 for every \$10 increase in wages in Alberta, wages in Newfoundland and Labrador increased by \$6.50. In comparison, when the time frame is altered to include more current data, as in Figure 2, for every \$10 increase in wages in Alberta wages in Newfoundland and Labrador increased by \$10.85. The figures illustrate that in tight labor market conditions, the difference in wages between the two jurisdictions diminishes as expected.

Figure 1 - Average Hourly Wages - NL and Alberta: Jan 2000 to Jan 2010

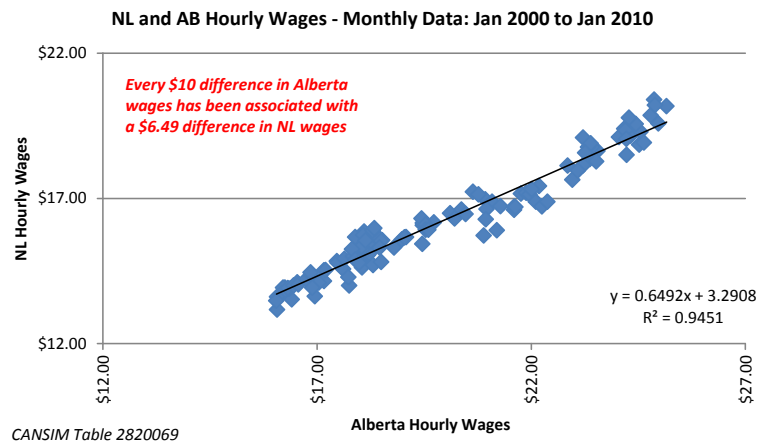
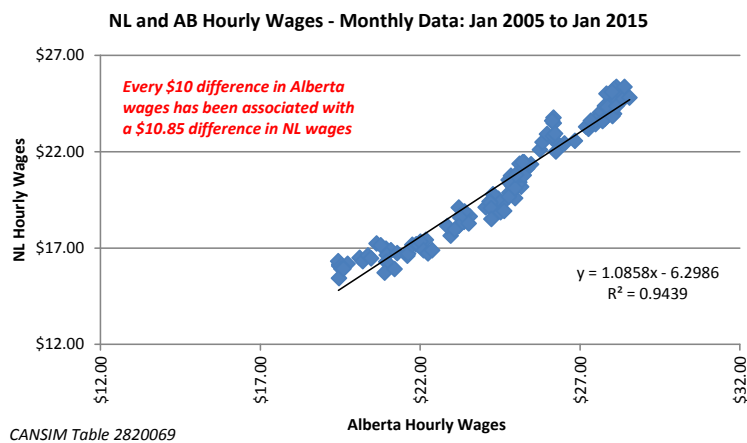


Figure 2 - Average Hourly Wages - NL and Alberta: Jan 2005 to Jan 2015



The demand for workers created by large scale resource developments has generally been met through inter-provincial migration from weak provincial economies to the stronger markets. During this period of strong economic growth it has become apparent that the number of available skilled workers in these provinces has been far short of provincial requirements. While other sources of labor available in local jurisdictions has helped meet short-term demand, including mobility from other industries (e.g. manufacturing, utilities, maintenance and repair), geographic mobility has been more effective in balancing the shift in trades and occupations working on industrial projects.

The continued development of the oil sands in northern Alberta has created unprecedented demand for labor in the Fort McMurray area, which has trickled through the entire Alberta economy and affected the economy of the entire country. With a growing population that includes many Newfoundlanders and Labradorians, this area has become a magnet for many Newfoundland and Labrador residents who are looking for regular work. Labour mobility between Newfoundland and Labrador and Alberta has been continuous barring the current downturn in oil prices and subsequent economic activity. Many migrant workers from Newfoundland and Labrador are now full-time residents of Alberta, however, there is still

a significant commute work force, which travel between Newfoundland and Labrador and Alberta for work, but live in Newfoundland and Labrador.

Without specific statistics available on the Newfoundland and Labrador labor force in Alberta and their mobility, it would be reasonable to assume that the percentage of Newfoundlanders and Labradorians willing to return to their home province for work would increase based on the anticipated duration of available work and competitive compensation packages.

Unions play a major role in the ability of project developers to offer competitive wages and other incentives. The *Labour Relations Act* respecting the Construction Industry in NL is similar to that found in most other Provincial Jurisdictions. It provides for a system of accreditation by industry sector, which gives the accredited employer organization the right to negotiate collective agreements on behalf of unionized employers. No individual employer may negotiate on its own, but instead must negotiate through the accredited employer. An employer who becomes unionized is bound by the sector agreement. Within Newfoundland and Labrador, the Industrial and Commercial Sector is currently accredited.

The Act also contains a provision under Section 70 of the Act whereby larger projects may be designated as Special Projects. This permits the owner/project manager of a construction project to negotiate specific terms and conditions for the life of the project. A prerequisite to this designation is a construction schedule exceeding three years.

A Special Project Agreement pursuant to Section 70 of the Labour Relations Act will:

- Allow a degree of Owner/Project Team control over labor cost increases.
- Allow the Owner/Project Team to control the management of labor relations and promote more efficient scheduling.
- Allow access to a skilled labor pool.
- Allow the Owner/Project Team to employ Union and Non-Union contractors.
- Ensure labor peace as per terms and conditions negotiated and agreed on by the Owner/Project Team.

Once committed to the process of negotiating a Special Project Agreement, it is difficult to revert to any other option.

Since the first Special Project Order was made for the Hibernia Project in Newfoundland and Labrador in 1990, the following additional Special Project Orders were made:

- Terra Nova – 1998
- Voisey's Bay Mine and Concentrator – 2003
- Long Harbor Nickel Processing Plant – 2009
- Hebron – 2011
- Muskrat Falls Generating Facility – 2013
- Muskrat Falls Reservoir Clearing – 2013
- Muskrat Falls Transmission Lines – 2013

3.0 Methodology

This report provides a detailed comparison of the monetary aspects of the main collective agreements in effect for recent Special Projects in Newfoundland and Labrador with comparative agreements in Alberta. The two relevant Special Project agreements in Newfoundland and Labrador reviewed in the report include the 2011 Hebron Agreement, an agreement between Hebron Project Employers' Association Inc. and Resource Development Trades Council of Newfoundland and Labrador, and the 2013 Muskrat Falls Agreement, an agreement between Muskrat Falls Employers' Association Inc. and Resource Development Trades Council of Newfoundland and Labrador. These two agreements provided the current benchmark for wage packages and helped establish the trend of labor costs in the Newfoundland and Labrador labor market. In Alberta, the wages under the province-wide Construction Labour Relations Association (CLRA) Agreements and for one Special Project were analyzed for comparative purposes. In addition, the wage packages in one Alberta oil sands based Christian Labourers' Association of Canada (CLAC) agreement provided supplementary data used for comparative purposes.

The total wage package analysis included a comparison of base wages, benefits, project premiums, overtime provisions (OT) and union add-on costs for 2014. The analysis was completed both from the perspectives of the employee and his or her total pay; and from the employer and its total labor cost. In total, journeyman rates from seven disciplines were used in the analysis:

- Carpenters
- Ironworkers (Structural)
- Electricians
- Pipefitters
- Labourers (General)
- Millwrights
- Operating Engineers (Group 1 includes crane operators and heavy duty equipment mechanics)

This grouping provided a representative comparison of the total wages and labor costs of all skilled labor classifications and benchmark data for determining the "Tipping Point" defined as an indication of the level of compensation required at which point it will no longer be financially advantageous for NL workers to commute to Alberta versus working on major projects in the Province.

The report also makes reference to factors, beyond compensation, which influence workers' decisions to work in other jurisdictions and suggests research approaches to determine the role and significance of these other factors.

3.1 Project Descriptions

Muskrat Falls

The Muskrat Falls Project was sanctioned by the Government of Newfoundland and Labrador on December 17, 2012. Construction is currently underway and is expected to take five years to complete at a cost of \$6.99 billion. In May 2013, a Special Project Collective Agreement was reached between the Muskrat Falls Employers' Association Inc. and Resource Development Trades Council of Newfoundland and Labrador representing 17 unions. The purpose of this Special Project Collective Agreement was to establish certain terms and conditions of employment for workers employed by Contractors for the construction of the Lower Churchill Hydroelectric Generation Project.

Hebron

The Hebron Project was sanctioned by ExxonMobil and its partners on December 31, 2012. Construction of the gravity based structure platform is currently underway and is expected to be complete in 2017. In 2013, the updated Capital Costs were estimated at \$14 billion. In September 2011, an agreement was reached between the Hebron Project Employers' Association Inc. and Resource Development Trades Council of Newfoundland and Labrador. The agreement covers *“the construction or fabrication activities of the Gravity Base Structure, Topsides and Platform Hook-Up for the Hebron Development Project that will occur in Great Mosquito Cove, Bull Arm area of Trinity Bay, Newfoundland and Labrador, including the onshore, atshore and inshore locations, and construction or fabrication activities of the Gravity Base Structure, Topsides and Platform Hook-Up for the Hebron Development Project that will commence in that area and require completion offshore by the same Hebron Project Employers' Association Inc. contractor or subcontractor, and solid ballasting of the Gravity Base Structure, Topsides and Platform Hook-Up for the Hebron Development Project that will occur in that area or offshore.”*

CLRA Alberta Projects

The CLRA is an employers' association representing construction companies in collective bargaining with the Building Trades Unions, collective agreement administration, labor law matters, and joint initiatives with other industry stakeholders. The following CLRA projects were reviewed for this report:

- CNRL Horizon Div 8 2011 Agreement
- CNRL Kirby Lake Suite of Projects Special Project Needs Agreement
- Husky Energy Sunrise Thermal Project
- JACOS Hangingstone Expansion Special Project Needs Agreement
- Kearl Oil Sands Project
- Nexen Inc. Special Project Needs Agreement
- Shell Albion Oilsands Suite of Projects – Lease 13
- Shell Carmon Creek Central Processing Facility Special Project Needs Agreement
- Shell Downstream Project Agreement
- Shell Jackpine Project Agreement - Only Ironworkers
- Suncor Energy Services

Christian Labour Association of Canada (CLAC)

The Christian Labour Association of Canada (CLAC) was established in 1952 to represent workers on the basis of "Christian social principles" and represents workers in the construction, health care and food industries. The CLAC is opposed to what they call the undemocratic, adversarial, and monopolistic practices of the labor movement. The CLAC claims that their approach to labor relations develops workers' sense of responsibility, participation, stewardship, and dignity. CLAC Construction Workers Union Local 63 formed in 1966 is CLAC's largest local and represents construction workers throughout Alberta. For the purposes of this report, one representative CLAC Agreement was used as a comparative - Collective Agreement between Kiewit Energy Construction Co. ULC and Construction Workers Union (CLAC) Local No. 63.

4.0 Project Labour Cost Comparison

4.1 14/7 Weekly Schedule

The projects outlined in Section 3.0 were reviewed and a profile of a typical week's work by hours was detailed in order to compare the "blended rate" for each project. Given the similarity and timing of the projects, the average weekly hours worked for the Muskrat Falls and Hebron projects ("NL Average") was used to make comparisons to the Alberta Projects and CLAC. The blended rate takes into consideration the average wage cost when including the overtime provisions contained in the various agreements. For the purposes of this report, a typical 14 and 7 rotation was used. Under such a rotation, employees work 14 10-hour days in a row and are off for 7 days. Over the course of a week, 70 hours are worked but the different overtime provisions result in different amounts of hours earned. The total costs for a week are averaged over 70 hours to generate the "Blended Rate".

Table 1 summarizes both the hours worked by rate and hours earned for each project. Workers on Alberta projects typically earn 3.75 hours more than workers on projects in Newfoundland and Labrador on a weekly basis. CLAC project workers typically earn 10 hours less than workers on projects in Newfoundland.

Table 1 – Weekly Hours Worked and Earned by Project 2014 for a 14 x 7 Rotation

Project	Hours by Rate				Hours Earned			
	Regular	1.5 x OT Rate	2 x OT Rate	Total	Regular	1.5 x OT Rate	2 x OT Rate	Total
Hebron	40	10	20	70	40	15	40	95
Muskrat Falls	40	10	20	70	40	15	40	95
NL Average (Average of Hebron and Muskrat Falls)	40	10	20	70	40	15	40	95
Alberta Projects	32.5	17.5	20	70	32.5	26.25	40	98.75
CLAC	40	30	0	70	40	45	0	85
Difference								
NL Average – AB Projects	7.5	-7.5	0	0	7.5	-11.25	0	-3.75
NL Average – CLAC	0	-20	+20	0	0	-30	40	10

4.2 Labour Cost Descriptions

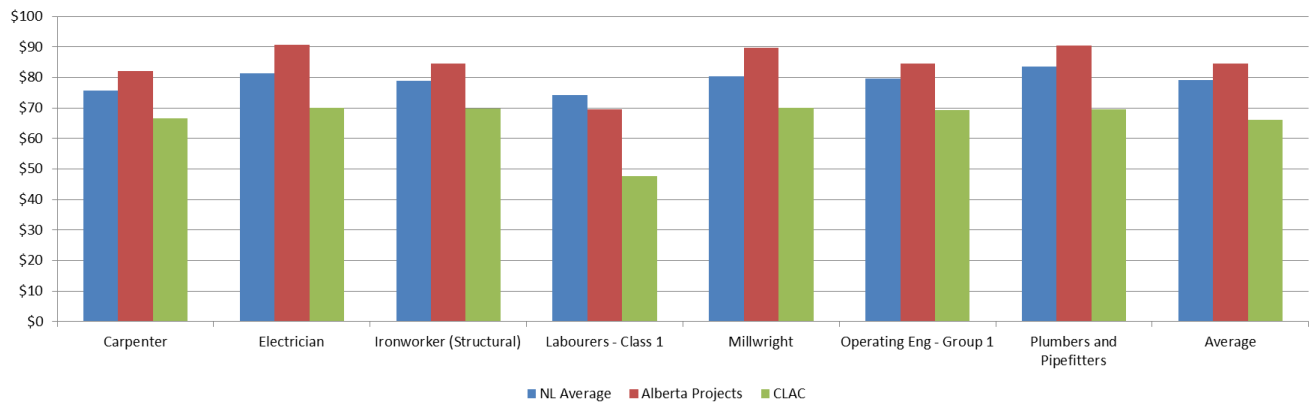
Table 2 summarizes the Blended Rate for the various projects reviewed by position. The Blended Rate is the all-in cost for the hourly rate which includes wages, vacation/holiday pay, project premiums, health & welfare premiums, pension plan contributions, union costs and government burdens (EI, CPP, Payroll Tax and WHSCC), including the average costs for overtime. The rate is expressed as a blended average rate for a typical 14 and 7 rotation. The details for each of these categories are in the Appendix.

Compensation and Benefits Differential Analysis: Newfoundland and Labrador vs. Alberta

Table 2 - Blended Rate Comparison 2014

Position	Muskat Falls	Hebron	NL Average	Alberta Projects	CLAC	Difference NL Avg – AB Projects	Difference NL Avg – CLAC
Carpenter	\$75.95	\$75.52	\$75.74	\$81.80	\$66.47	-\$6.06	\$9.27
Electrician	\$81.56	\$81.03	\$81.29	\$90.47	\$70.01	-\$9.18	\$11.28
Ironworker (Structural)	\$80.09	\$77.47	\$78.78	\$84.43	\$69.90	-\$5.65	\$8.88
Labourers - Class 1	\$74.27	\$73.93	\$74.10	\$69.50	\$47.69	\$4.60	\$26.41
Millwright	\$80.72	\$80.09	\$80.40	\$89.45	\$70.01	-\$9.04	\$10.39
Operating Eng - Group 1	\$80.07	\$79.02	\$79.55	\$84.47	\$69.31	-\$4.93	\$10.24
Plumbers and Pipefitters	\$83.64	\$83.40	\$83.52	\$90.16	\$69.51	-\$6.63	\$14.01
Average	\$79.47	\$78.64	\$79.06	\$84.50	\$66.13	-\$5.45	\$12.93

Figure 3 - Blended Rate Comparison 2014



As illustrated in

Table 2 and Figure 3, the AB Project Blended Rates for skilled trades are generally between (\$9.18 - \$4.93) and on average \$5.45 higher than the NL Blended Rates with the exception of the labourers which are higher in NL than in AB. The CLAC Blended Rates are \$12.93 lower than the NL Average Blended Rate.

4.2 Labour Cost Breakdown

Table 3 illustrates how the Blended Rates for each agreement by trade break down into three cost groups: wages, union costs and government costs.

The Alberta Projects Average Wages received by the employee are \$66.57 compared to \$58.27 and \$55.67 for NL Average and CLAC respectively.

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Table 3 – 2014 NL Project and Average Blended Rate Cost Breakdown

Journeyman Position	Muskrat Falls				Hebron				NL Average			
	Wages	Union	Govt	Total	Wages	Union	Govt	Total	Wages	Union	Govt	Total
Carpenters	\$56.60	\$12.87	\$6.48	\$75.95	\$55.65	\$13.50	\$6.37	\$75.52	\$56.12	\$13.18	\$6.43	\$75.73
Electricians	\$62.42	\$12.00	\$7.15	\$81.57	\$60.58	\$13.50	\$6.94	\$81.02	\$61.50	\$12.75	\$7.04	\$81.29
Ironworkers – Structural	\$59.40	\$13.88	\$6.80	\$80.08	\$58.01	\$12.81	\$6.64	\$77.46	\$58.71	\$13.35	\$6.72	\$78.78
Labourers	\$54.05	\$14.03	\$6.19	\$74.27	\$53.81	\$13.97	\$6.16	\$73.94	\$53.93	\$14.00	\$6.18	\$74.11
Millwrights	\$59.35	\$14.58	\$6.80	\$80.73	\$57.35	\$16.17	\$6.57	\$80.09	\$58.35	\$15.37	\$6.68	\$80.40
Operating Eng – Group 1	\$58.70	\$14.66	\$6.72	\$80.08	\$58.24	\$14.11	\$6.67	\$79.02	\$58.47	\$14.39	\$6.70	\$79.56
Plumbers & Pipefitters	\$60.46	\$16.26	\$6.92	\$83.64	\$61.16	\$15.24	\$7.00	\$83.40	\$60.81	\$15.75	\$6.96	\$83.52
Average	\$58.71	\$14.04	\$6.72	\$79.47	\$57.83	\$14.19	\$6.62	\$78.64	\$58.27	\$14.11	\$6.67	\$79.05

Table 4 – 2014 Alberta Project and Average Blended Rate Cost Breakdown

Journeyman Position	Alberta Projects				CLAC			
	Wages	Union	Govt	Total	Wages	Union	Govt	Total
Carpenters	\$64.45	\$11.26	\$6.09	\$81.80	\$55.99	\$5.03	\$5.44	\$66.46
Electricians	\$72.62	\$10.98	\$6.86	\$90.46	\$59.05	\$5.22	\$5.74	\$70.01
Ironworkers – Structural	\$65.56	\$12.67	\$6.20	\$84.43	\$58.94	\$5.22	\$5.74	\$69.90
Labourers	\$54.68	\$9.65	\$5.17	\$69.50	\$39.75	\$4.07	\$3.87	\$47.69
Millwrights	\$70.05	\$12.78	\$6.62	\$89.45	\$59.05	\$5.22	\$5.74	\$70.01
Operating Eng – Group 1	\$68.54	\$9.45	\$6.48	\$84.47	\$58.35	\$5.22	\$5.74	\$69.31
Plumbers & Pipefitters	\$70.06	\$13.47	\$6.62	\$90.15	\$58.55	\$5.22	\$5.74	\$69.51
Average	\$66.57	\$11.47	\$6.47	\$84.51	\$55.67	\$5.03	\$5.43	\$66.13

Table 5 – 2014 Blended Rate Cost Breakdown Difference

Journeyman Position	Difference Alberta Projects – NL Average			Difference CLAC – NL Average		
	Wages	Union	Govt	Wages	Union	Govt
Carpenters	\$8.32	-\$1.92	-\$0.34	-\$0.13	-\$8.15	-\$0.98
Electricians	\$11.12	-\$1.77	-\$0.18	-\$2.45	-\$7.53	-\$1.30
Ironworkers – Structural	\$6.86	-\$0.68	-\$0.53	\$0.23	-\$8.13	-\$0.98
Labourers	\$0.76	-\$4.35	-\$1.01	-\$14.18	-\$9.93	-\$2.30
Millwrights	\$11.70	-\$2.60	-\$0.06	\$0.70	-\$10.16	-\$0.94
Operating Eng – Group 1	\$10.08	-\$4.93	-\$0.22	-\$0.11	-\$9.17	-\$0.95
Plumbers & Pipefitters	\$9.25	-\$2.28	-\$0.34	-\$2.26	-\$10.53	-\$1.22
Operating Eng – Group 2	\$7.93	-\$4.93	-\$0.39	-\$6.41	-\$9.69	-\$1.63
Average	\$8.25	-\$2.93	-\$0.38	-\$3.08	-\$9.16	-\$1.29

As an example, journeyperson carpenters in Alberta receive \$8.32 more per hour in Alberta than in Newfoundland and Labrador. The \$8.32 is a result of the combination of the typical weekly work schedule which provides for more hours earned in Alberta and the higher base wage rate offered in Alberta. Under the Blended Rate the portion of labor costs going to wages is lower in Newfoundland and Labrador than in Alberta while both union and government costs are higher. Union costs in Newfoundland and Labrador, for the positions analyzed, were higher than those in Alberta by a range of (\$0.68-\$4.93) or an average of \$2.93 per hour worked. Government costs per hour are higher in Newfoundland and Labrador due to the existence of the Government of Newfoundland and Labrador's Health and Post-Secondary Education Tax (i.e. the payroll tax).

Figure 4 – Blended Rate Cost Breakdown 2014 NL Average v AB Projects vs CLAC

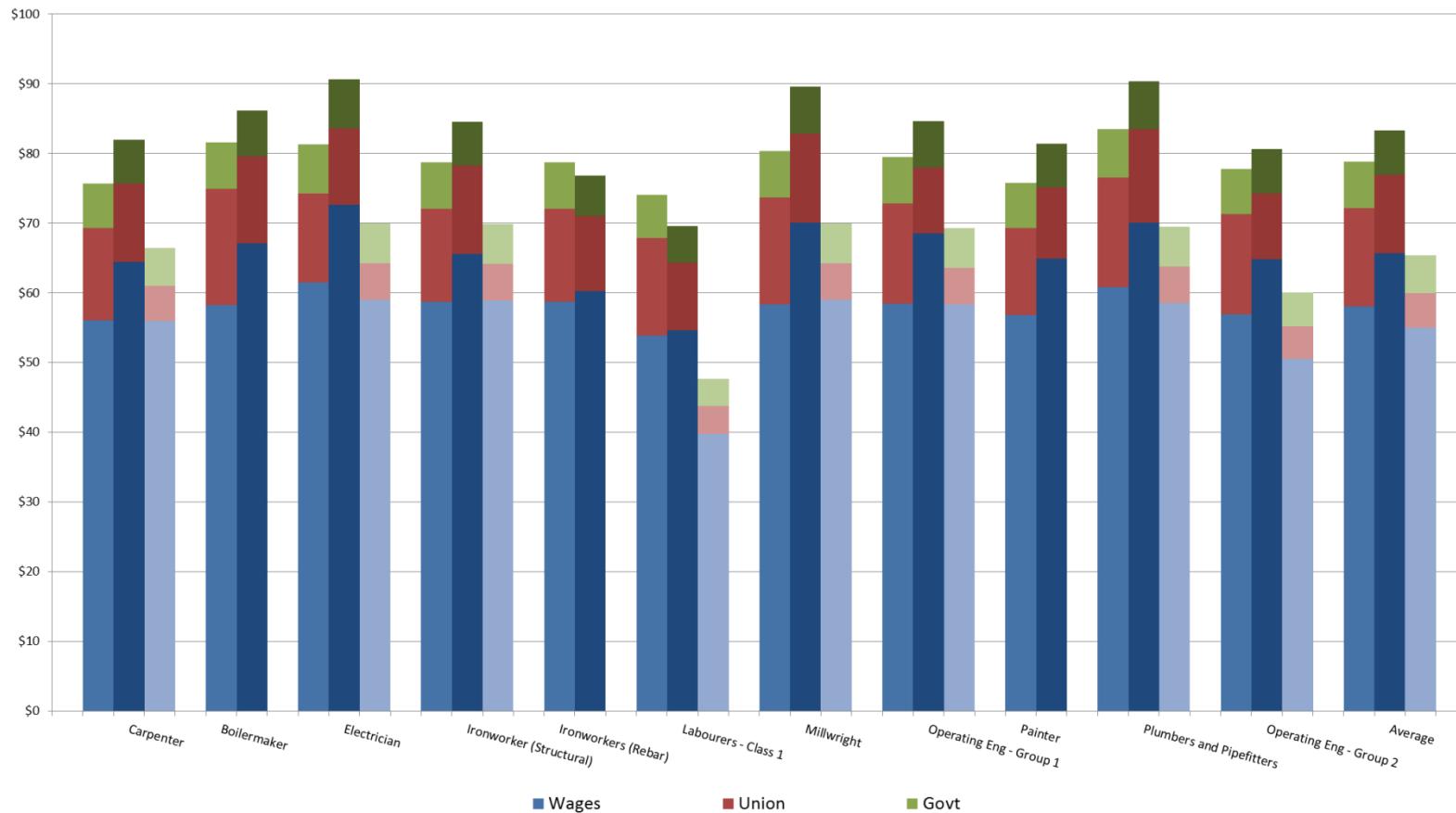


Table 5 illustrates the differences in Blended Rates by journeyman in terms of percentages. As an example, a journeyman carpenter in Newfoundland and Labrador working on the Muskrat Falls project receives 74.5% of the total hourly wage costs as opposed to a CLRA worker in Alberta who receives 78.7% of total wage costs per hour.

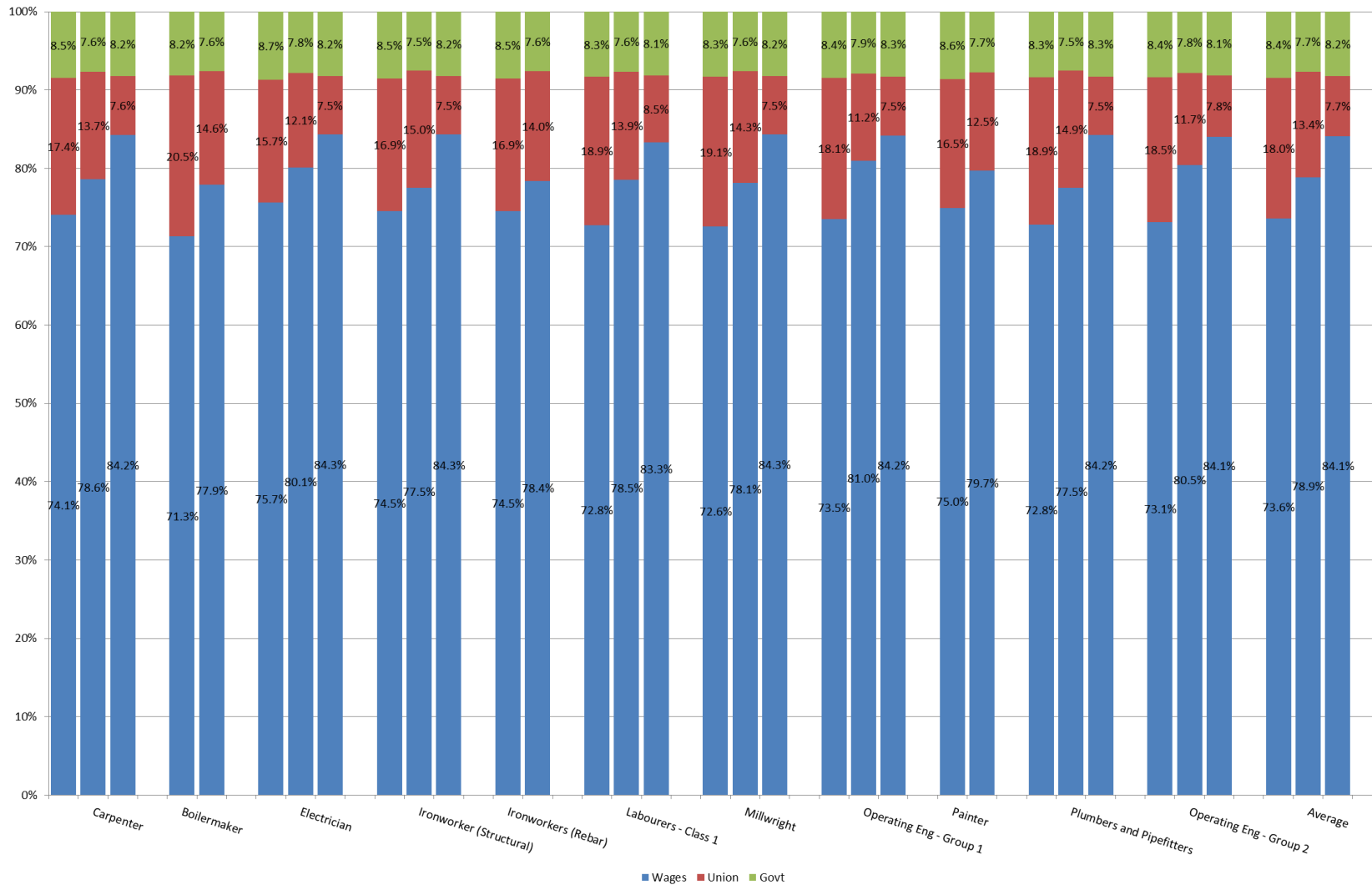
Compensation and Benefits Differential Analysis: Newfoundland and Labrador vs. Alberta

Table 6 – Blended Rates Cost Breakdown 2014 Percentage

Journeyman Position	Muskrat Falls			Hebron			NL Project Average			Alberta Projects			CLAC		
	Wages	Union	Govt	Wages	Union	Govt	Wages	Union	Govt	Wages	Union	Govt	Wages	Union	Govt
Carpenters	74.5%	16.9%	8.5%	73.68%	17.88%	8.44%	74.1%	17.4%	8.5%	78.8%	13.8%	7.4%	84.2%	7.6%	8.2%
Electricians	76.5%	14.7%	8.8%	74.77%	16.67%	8.56%	75.7%	15.7%	8.7%	80.3%	12.1%	7.6%	84.3%	7.5%	8.2%
Ironworkers - Structural	74.2%	17.3%	8.5%	74.89%	16.54%	8.58%	74.5%	16.9%	8.5%	77.7%	15.0%	7.3%	84.3%	7.5%	8.2%
Labourers	72.8%	18.9%	8.3%	72.78%	18.89%	8.33%	72.8%	18.9%	8.3%	78.7%	13.9%	7.4%	83.3%	8.5%	8.1%
Millwrights	73.5%	18.1%	8.4%	71.61%	20.19%	8.20%	72.6%	19.1%	8.3%	78.3%	14.3%	7.4%	84.3%	7.5%	8.2%
Operating Eng – Group 1	73.3%	18.3%	8.4%	73.70%	17.86%	8.44%	73.5%	18.1%	8.4%	81.1%	11.2%	7.7%	84.2%	7.5%	8.3%
Plumbers & Pipefitters	72.3%	19.4%	8.3%	73.33%	18.27%	8.40%	72.8%	18.9%	8.3%	77.7%	14.9%	7.3%	84.2%	7.5%	8.3%
Average	73.9%	17.7%	8.5%	73.5%	18.0%	8.4%	73.7%	17.9%	8.4%	78.8%	13.6%	7.7%	84.1%	7.6%	8.2%

Compensation and Benefits Differential Analysis: Newfoundland and Labrador vs. Alberta

Figure 5 – Blended Rate Cost Breakdown 2014 (Percentage) NL Average vs Alberta Projects vs CLAC



4.3 Tipping Point Equivalent Wage

The differential in wages form the basis for determining the “Tipping Point” at which journeyperson wages in Newfoundland and Labrador would have to increase (all other factors being equal) in order for workers to consider staying in the province rather than travel for work in jurisdictions such as Alberta. In order to determine the “Tipping Point” wage, the Newfoundland and Labrador average journeyperson wage was increased to be equivalent to the Alberta wage and then further increased by 10% and 20%. The increase in wages forms the basis for further analytical research.

Table 7 illustrates that the Total Newfoundland and Labrador Blended Rate would need to be \$90.33 in order for the average journeyperson wage to be equivalent to the Alberta wage. This would be an additional \$5.83 to the existing average journeyperson Blended Rate in Newfoundland and Labrador.

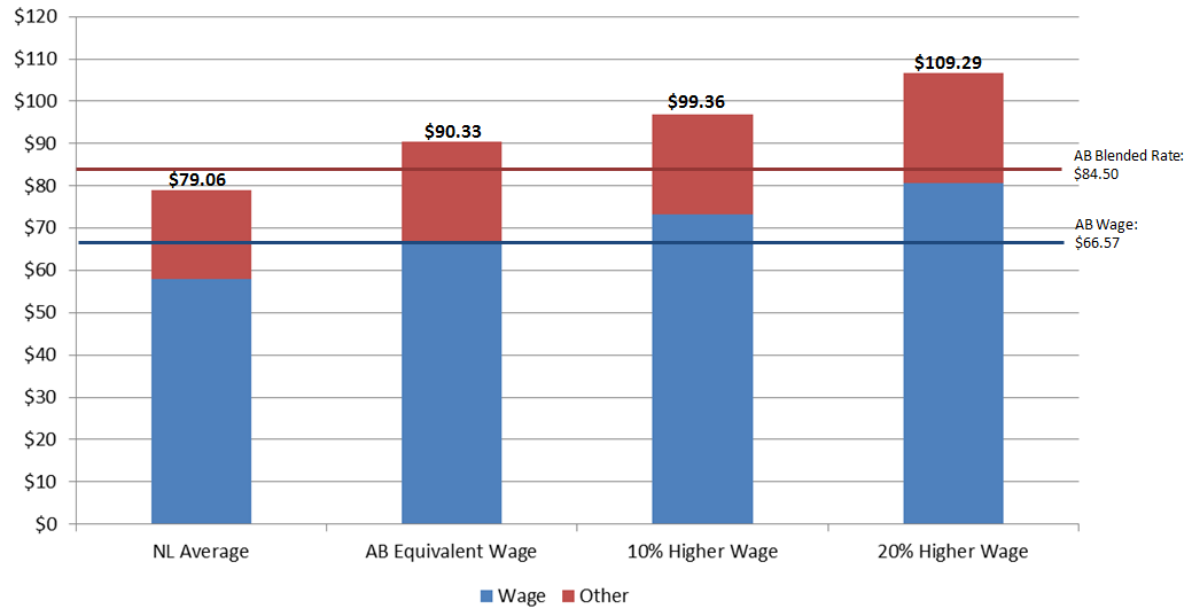
In order for the average journeyperson wage rate in Newfoundland and Labrador to be 10% and 20% higher than the Alberta wage rate, the all-in blended rate would need to be raised to \$99.36 and \$109.29 respectively.

Table 7 – “Tipping” Point Wages

Tipping Point Level	Wage (73.7%)	Union (17.9%)	Govt (8.4%)	NL Total Blended Rate	AB Total Blended Rate	AB Wage	Total Difference	Wage Difference
NL Average	\$58.27	\$14.11	\$6.67	\$79.06	\$84.50	\$66.57	-\$5.44	-\$8.30
AB Equivalent Wage	\$66.57	\$16.17	\$7.59	\$90.33	\$84.50	\$66.57	\$5.83	\$0.00
10% Higher Wage	\$73.23	\$17.79	\$8.35	\$99.36	\$84.50	\$66.57	\$14.86	\$6.66
20% Higher Wage	\$80.55	\$19.56	\$9.18	\$109.29	\$84.50	\$66.57	\$24.79	\$13.98

Figure 6 – “Tipping Point” Wages

Compensation and Benefits Differential Analysis: Newfoundland and Labrador vs. Alberta



5.0 Conclusion

The analysis contained in this report provides benchmark data for total labor costs including workers wages, union costs and government costs in both Alberta and Newfoundland and Labrador. While the gap in total labor costs has narrowed between the two jurisdictions, a significant wage gap remains because of union dues and government costs. Wages need to increase by approximately 10% in Newfoundland and Labrador to reach equality with worker wages in Alberta. An opportunity exists to close the wage cost gap through a combination of higher wages and project work schedules.

There are many other non-monetary factors that workers consider when deciding on where to work and on which projects. Most of these factors relate to quality of work life or non-work life or a combination of both. Quality of work can relate to factors such as the duration of the project, the level of complexity and strategic importance of the project. Also related to quality of work is the labor environment with respect to labor peace, amount of grievances, labour-management relations, and the ability to accommodate flexible and productive work practices.

The quality of camp accommodations is another factor that workers consider. The days of gangland style camps have long passed, however, there remain differences in the quality of both the physical camp accommodations and the level of services provided. These would include room size, bathroom and shower arrangements (i.e. shared or not), quality of Wi-Fi, cleanliness, recreational activities, quality and variety of food, etc.

The quality of the peripheral aspects of projects including the quality of the food, transportation to and from the work site to camp, shift schedules and the availability of recreational facilities are also important non-monetary issues which may affect a worker's decision to work on a particular project.

For Newfoundland and Labrador workers, the length of the commute also plays an important part in the decision making process. Given the distance from Alberta to Newfoundland and Labrador and the potential for travel delays, it would be reasonable to assume that workers would prefer to work closer to home. The belief that all things being equal, most workers would prefer a shorter commute along with the other factors noted above should be tested through further primary research.

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Appendix

Appendix Table 1 – Muskrat Falls 2014

	Wages				Union Add-ons			MERC				Regular	1.5 x OT	2 x OT	Blended Rate
	Base Rate	Vacation Pay	Holiday Pay	Project Premium	H&W	Pension	Other Add-ons	CPP	EI	Payroll Tax	WHSCC				
Carpenter	\$33.81	\$3.38	\$1.01	\$3.50	\$2.00	\$6.00	\$1.48	\$2.06	\$1.10	\$0.83	\$0.78	\$55.96	\$83.94	\$111.92	\$75.95
Electrician	\$37.60	\$3.76	\$1.13	\$3.50	\$2.00	\$5.95	\$0.89	\$2.28	\$1.21	\$0.92	\$0.86	\$60.10	\$90.15	\$120.19	\$81.56
Ironworker (Structural)	\$35.48	\$3.55	\$1.24	\$3.50	\$1.81	\$6.00	\$2.42	\$2.17	\$1.15	\$0.88	\$0.82	\$59.01	\$88.52	\$118.02	\$80.09
Labourers - Class 1	\$32.15	\$3.21	\$0.96	\$3.50	\$2.39	\$5.25	\$2.70	\$1.97	\$1.05	\$0.80	\$0.74	\$54.73	\$82.09	\$109.46	\$74.27
Millwright	\$35.60	\$3.56	\$1.07	\$3.50	\$2.00	\$7.24	\$1.50	\$2.16	\$1.15	\$0.87	\$0.82	\$59.48	\$89.22	\$118.96	\$80.72
Operating Eng - Group 1	\$35.18	\$3.17	\$1.41	\$3.50	\$2.15	\$6.90	\$1.75	\$2.14	\$1.14	\$0.86	\$0.81	\$59.00	\$88.50	\$118.00	\$80.07
Plumbers and Pipefitters	\$37.32	\$3.73	\$0.00	\$3.50	\$2.50	\$6.50	\$2.98	\$2.21	\$1.17	\$0.89	\$0.83	\$61.63	\$92.45	\$123.27	\$83.64

Appendix Table 2 – Hebron Table 2014

	Wages				Union Add-ons			MERC				Regular	1.5 x OT	2 x OT	Blended Rate
	Base Rate	Vacation Pay	Holiday Pay	Project Premium	H&W	Pension	Other Add-ons	CPP	EI	Payroll Tax	WHSCC				
Carpenter	\$33.63	\$3.36	\$1.01	\$3.00	\$1.75	\$5.00	\$3.20	\$2.03	\$1.08	\$0.82	\$0.77	\$55.65	\$83.47	\$111.29	\$75.52
Electrician	\$36.85	\$3.69	\$1.11	\$3.00	\$2.00	\$5.95	\$2.00	\$2.21	\$1.17	\$0.89	\$0.83	\$59.70	\$89.55	\$119.41	\$81.03
Ironworker (Structural)	\$35.02	\$3.50	\$1.23	\$3.00	\$1.81	\$5.00	\$2.63	\$2.12	\$1.13	\$0.85	\$0.80	\$57.08	\$85.62	\$114.17	\$77.47
Labourers - Class 1	\$32.43	\$3.24	\$0.97	\$3.00	\$2.39	\$4.75	\$3.15	\$1.96	\$1.04	\$0.79	\$0.74	\$54.48	\$81.71	\$108.95	\$73.93
Millwright	\$34.74	\$3.47	\$1.04	\$3.00	\$1.75	\$7.07	\$3.10	\$2.09	\$1.11	\$0.85	\$0.79	\$59.01	\$88.52	\$118.02	\$80.09
Operating Eng - Group 1	\$35.32	\$3.18	\$1.41	\$3.00	\$2.15	\$5.35	\$2.90	\$2.12	\$1.13	\$0.86	\$0.80	\$58.23	\$87.34	\$116.45	\$79.02
Plumbers and Pipefitters	\$38.24	\$3.82	\$0.00	\$3.00	\$2.00	\$6.00	\$3.23	\$2.23	\$1.19	\$0.90	\$0.84	\$61.45	\$92.18	\$122.91	\$83.40

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Appendix Table 3 – Alberta Projects

	Wages				Union Add-ons			MERC				Regular	1.5 x OT	2 x OT	Blended Rate
	Base Rate	Vacation Pay	Holiday Pay	Project Premium	H&W	Pension	Other Add-ons	CPP	EI	Payroll Tax	WHSCC				
Carpenter	\$41.53	\$2.49	\$1.66	\$0.00	\$1.40	\$6.60	\$0.55	\$2.26	\$1.20	\$0.00	\$0.98	\$58.67	\$87.04	\$115.40	\$81.97
Electrician	\$46.80	\$4.68	\$0.00	\$0.00	\$1.92	\$6.14	\$0.40	\$2.55	\$1.35	\$0.00	\$1.10	\$64.94	\$96.26	\$127.57	\$90.67
Ironworker (Structural)	\$42.25	\$2.54	\$1.69	\$0.00	\$2.50	\$6.64	\$0.80	\$2.30	\$1.22	\$0.00	\$0.99	\$60.93	\$89.75	\$118.57	\$84.61
Labourers - Class 1	\$35.24	\$3.52	\$0.00	\$0.00	\$2.06	\$5.06	\$0.45	\$1.92	\$1.02	\$0.00	\$0.83	\$50.10	\$73.90	\$97.70	\$69.65
Millwright	\$45.14	\$1.81	\$2.71	\$0.00	\$2.00	\$7.25	\$0.55	\$2.46	\$1.31	\$0.00	\$1.06	\$64.28	\$95.15	\$126.01	\$89.64
Operating Eng - Group 1	\$44.17	\$2.65	\$1.77	\$0.00	\$2.00	\$5.00	\$0.40	\$2.41	\$1.28	\$0.00	\$1.04	\$60.71	\$89.87	\$119.02	\$84.66
Plumbers and Pipefitters	\$45.15	\$4.52	\$0.00	\$0.00	\$2.04	\$6.61	\$0.90	\$2.46	\$1.31	\$0.00	\$1.06	\$64.04	\$96.07	\$128.09	\$90.35

Appendix Table 4 – CLAC

	Wages				Union Add-ons			MERC				Regular	1.5 x OT	2 x OT	Blended Rate
	Base Rate	Vacation Pay	Holiday Pay	Project Premium	H&W	Pension	Other Add-ons	CPP	EI	Payroll Tax	WHSCC				
Carpenter	\$41.92	\$2.52	\$1.68	\$0.00	\$1.45	\$3.35	\$0.23	\$2.28	\$1.21	\$0.00	\$0.99	\$55.63	\$55.63	\$0.00	\$66.47
Electrician	\$44.21	\$2.65	\$1.77	\$0.00	\$1.45	\$3.54	\$0.23	\$2.41	\$1.28	\$0.00	\$1.04	\$58.58	\$58.58	\$0.00	\$70.01
Ironworker (Structural)	\$44.21	\$2.65	\$1.68	\$0.00	\$1.45	\$3.54	\$0.23	\$2.41	\$1.28	\$0.00	\$1.04	\$58.48	\$58.48	\$0.00	\$69.90
Labourers - Class 1	\$29.83	\$1.79	\$1.11	\$0.00	\$1.45	\$2.39	\$0.23	\$1.62	\$0.86	\$0.00	\$0.70	\$39.99	\$39.99	\$0.00	\$47.69
Millwright	\$44.21	\$2.65	\$1.77	\$0.00	\$1.45	\$3.54	\$0.23	\$2.41	\$1.28	\$0.00	\$1.04	\$58.58	\$58.58	\$0.00	\$70.01
Operating Eng - Group 1	\$44.21	\$2.65	\$1.19	\$0.00	\$1.45	\$3.54	\$0.23	\$2.41	\$1.28	\$0.00	\$1.04	\$58.00	\$58.00	\$0.00	\$69.31
Plumbers and Pipefitters	\$44.21	\$2.65	\$1.36	\$0.00	\$1.45	\$3.54	\$0.23	\$2.41	\$1.28	\$0.00	\$1.04	\$58.16	\$58.16	\$0.00	\$69.51