



NEWS RELEASE

Government workers across Canada receive 8.5% higher wages, on average, than comparable private-sector workers

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VANCOUVER— The wage premium and more generous benefits that government workers in Canada enjoy over their private-sector counterparts is one area governments could look to reduce costs following the recession, finds a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“At a time when governments across Canada are facing serious fiscal pressures as a result of the recession, bringing government sector compensation in line with the private sector would help reduce costs without necessarily affecting services,” said Ben Eisen, a senior fellow with the Fraser Institute.

The study, *Comparing Government and Private Sector Compensation in Canada, 2023 Edition*, finds that government employees across Canada—including federal, provincial and municipal workers—were paid 31.3 per cent higher wages, on average, than workers in the private sector in 2021, the most recent year of available comparable data from Statistics Canada’s Labour Force Survey.

Even after adjusting for differences such as age, gender, education, tenure, type of work, industry, and occupation, government employees are still paid 8.5 per cent higher wages.

But wages are only part of overall compensation. Government workers across Canada enjoy much more generous non-wage benefits, too.

- **Pensions:** In 2021, 86.6 per cent of public-sector workers were covered by a registered pension plan compared to only 22.9 per cent in the private sector. Of those covered, almost all government workers (90.6 per cent) enjoyed defined-benefit pensions, which offer a guaranteed level of income and benefits in retirement, compared to 39.9 per cent among private sector workers.
- **Early retirement:** Public-sector workers retired 2.4 years earlier, on average, than the country’s private-sector workers.
- **Personal leave:** Government workers were absent from their jobs for personal reasons more often than private sector workers—14.9 days compared to 9.8 days.
- **Job security:** In 2021, public-sector employees were approximately five times less likely to experience job loss than private-sector workers—1.0 per cent compared to 4.8 per cent.

“All levels of government in Canada—municipal, provincial and federal—must find ways to reduce costs following the unprecedented spending and borrowing we’ve seen recently,” Eisen said.

“Closing the compensation gap between the government and private sectors would reduce costs and help governments move towards balancing their budgets.”

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