

# The Daily

## Statistics Canada

Friday, October 12, 2012  
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## Releases

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### Labour productivity in the business sector: Historical revision, 1981 to the second quarter 2012

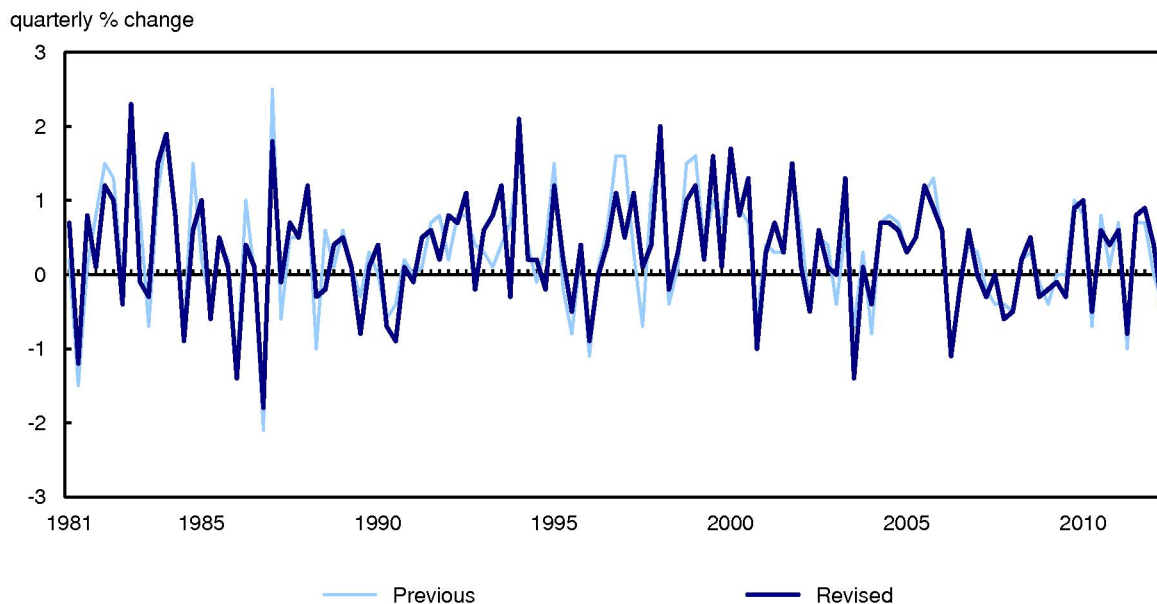
The implementation of revised international System of National Accounts economic accounting standards resulted in a slight downward revision to Canada's average annual growth in business sector labour productivity over the period 1981 to the second quarter of 2012.

The combined result of the revisions to gross domestic product (GDP) and hours worked was an average 0.1 percentage point decrease in the annual growth rate of labour productivity in the business sector over the three decades between 1981 and 2011.

The Canadian labour productivity accounts historical revision led to changes in all the variables used to measure productivity. The analytical framework used for labour productivity includes four basic variables: GDP, employment, hours worked and compensation. The derived variables are GDP per hour worked (labour productivity), hours worked per job, hourly compensation and unit labour cost.

#### Chart 1 Implications of revisions from the economic accounts on growth in business sector labour productivity, by quarter

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### Revisions to the growth of the business sector real gross domestic product

The revisions to the estimates of business sector real GDP had little impact on the long-term growth in output used to measure labour productivity and unit labour cost. For the entire 30-year period, the average annual growth of real GDP in the business sector was revised downward by 0.1 percentage points, with most of the revision occurring in the 1981 to 1990 period, where real GDP was revised down by 0.3 percentage points.

## Revisions to labour compensation

The aggregate data on labour compensation used in the Canadian productivity accounts originate from the national GDP from the income and expenditure accounts. The labour compensation estimates play a key role in the allocation of hours worked by sector. While the revisions to the GDP from the income and expenditure accounts did not introduce any conceptual changes in employee compensation, the estimates were affected by a number of statistical revisions, which resulted in a large shift in the distribution of employee compensation from the business sector to the government sector.

In 2007, the cumulative effect of these revisions led to an increase in non-business sector compensation of nearly \$6 billion and a reduction in business sector compensation of about \$8 billion. In terms of growth rate, these changes had almost no impact over the 30-year revision period.

## Revisions to hours worked

As was the case with labour compensation, the total level of hours worked remained almost unchanged for the overall economy. However, the historical revision did result in an upward revision to hours worked in the non-commercial sector and the opposite in the business sector. In 2007, the new base year for the Canadian labour productivity accounts, hours worked were revised down by 253 million in the business sector and revised up by 294 million in the non-commercial sector. However, these changes to the level of hours worked did not have any impact on the long-term growth rates in hours worked for the overall economy or the business sector.

## Revisions to labour productivity

In general, growth in labour productivity was revised downward, with most of the downward revision occurring during the 1981 to 1990 period. From 1981 to 1990, average annual growth in labour productivity was revised down by 0.3 percentage points (from 1.3% to 1.0%). However, revisions to the average annual growth in productivity over the following two decades (1990 to 2000 and 2000 to 2011) had no overall impact. The annual average growth in labour productivity from 1990 to 2000 was unchanged at 2.1%. Likewise, the annual average growth in labour productivity from 2000 to 2011 was unchanged at 0.8%. The largest upward revision to labour productivity growth was in 1993 (+0.7%) while the largest downward revision was in 1997 (-0.8%).

The quarterly pattern in labour productivity of businesses in 2012 has changed slightly with respect to previously published estimates. The percent change of productivity in Canadian businesses was revised up from 0.0% to an increase of 0.4% in the first quarter, and revised down from a decline of 0.4% to a 0.5% decrease in the second quarter.

## Comparing Canada and United States growth in labour productivity

The revised data show a 0.1 percentage point widening in the gap between the growth in US labour productivity and Canadian labour productivity. On an average annual basis, labour productivity growth is now 0.8 percentage points higher in US businesses than in Canadian businesses for the 1981 to 2011 period.

The productivity growth gap widened over the last three decades, but mainly in the 1981 to 1990 period. The difference in productivity growth between the two countries was revised from 0.4 to 0.7 percentage points for the 1981 to 1990 period. It remained essentially the same during the last two decades. The productivity gap for the 1990 to 2000 period was 0.1 percentage points, while the gap for the 2000 to 2011 period was 1.5 percentage points.

### Note to readers

This release contains a brief analysis of the revisions to the quarterly data of labour productivity and associated variables in the business sector resulting from the historical revision of the national gross domestic product by income and by expenditure accounts released on October 1, 2012. A more thorough analysis, including additional charts and tables, is available in the Latest Developments in the Canadian Economic Accounts (13-605-X, free).

These revisions to previous data of labour productivity (which was last released on September 7, 2012) span the last 30-year period.

The historical revisions were not applied to the data of productivity by industry in the business sector released today. The revisions at the industry level will be applied in February 2013 when historically revised data of GDP by industry are released.

In addition, the indexes of labour productivity and the related variables have been converted from reference year 2002 to reference year 2007. That change affects the data for the period from the first quarter of 1981 to the present. Adoption of the new 2007 reference year does not alter productivity growth rates since it represents a scaling of indices based on 2002.

All the growth rates reported in this release are rounded to one decimal place. They are calculated with index numbers rounded to three decimal places, which are available on CANSIM.

**Table 1**  
**Comparison of average annual growth of labour productivity and related variables in the business sector before and after revision**

	Real gross domestic product	Number of jobs	Average hours worked	Hours worked	Total compensation	Hourly compensation	Unit labour cost	Labour productivity
	%							
<b>Revised annual average measures</b>								
1981 to 2011	2.5	1.4	-0.2	1.2	5.0	3.7	2.4	1.3
1981 to 1990	2.6	1.6	-0.1	1.6	7.1	5.4	4.4	1.0
1990 to 2000	3.4	1.4	-0.1	1.3	4.3	3.0	0.9	2.1
2000 to 2011	1.6	1.3	-0.4	0.8	4.0	3.1	2.3	0.8
<b>Previous annual average measures</b>								
1981 to 2011	2.6	1.4	-0.2	1.2	5.1	3.8	2.4	1.4
1981 to 1990	2.9	1.6	-0.1	1.6	7.1	5.4	4.1	1.3
1990 to 2000	3.4	1.4	-0.1	1.3	4.4	3.1	1.0	2.1
2000 to 2011	1.6	1.3	-0.4	0.9	4.1	3.2	2.4	0.8
	percentage points							
<b>Difference<sup>1</sup></b>								
1981 to 2011	-0.1	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
1981 to 1990	-0.3	0.0	0.0	0.0	-0.0	0.0	0.3	-0.3
1990 to 2000	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	0.0
2000 to 2011	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	0.0

1. The difference shows the revised data minus the previous data.

**Available without charge in CANSIM: tables 383-0008 and 383-0012.**

**Definitions, data sources and methods: survey number 5042.**

A more comprehensive analysis on the historical revision to labour productivity, including additional charts and tables, can be found in the *Latest Developments in the Canadian Economic Accounts* (13-605-X, free), which is now available from the *Key resource* module of our website under *Publications*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Statistics Canada's National Contact Centre (toll-free 1-800-263-1136; 613-951-8116; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations (613-951-4636; [mediahotline@statcan.gc.ca](mailto:mediahotline@statcan.gc.ca)).

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## Quarterly Retail Commodity Survey, second quarter 2012

Retail sales rose 2.7% from the second quarter of 2011 to the second quarter of 2012. Higher sales were reported in 8 of 10 major commodity groups.

The largest year-over-year increase occurred in sales of motor vehicles, parts and services (+5.0%). This gain was led by higher sales of new passenger cars (+10.0%). There were also increases in sales of new trucks, vans, minivans and sport utility vehicles (+2.8%) and used automotive vehicles (+8.1%). The New Motor Vehicle Sales Survey reported a rise in unit sales of 6.7% in the second quarter from the second quarter of 2011, led by strong sales of new passenger cars.

Food and beverage sales grew 3.7%. According to the Consumer Price Index, the price of food purchased from stores increased 2.3% between the second quarter of 2011 and the second quarter of 2012.

Retail sales of clothing, footwear and accessories increased 3.3% in the second quarter from the second quarter of 2011. Clothing and accessories (+1.7%), footwear (+6.9%) and luggage and jewellery (+9.6%) all registered sales growth. Sales of men's clothing and accessories grew 3.6% while sales of women's clothing and accessories edged up 0.3%. Year-over-year sales growth of men's clothing and accessories has been stronger than for women's clothing and accessories in each quarter since the beginning of 2010.

Sales of automotive fuels, oils and additives were up 1.2%. This was the smallest year-over-year increase since the fourth quarter of 2009. Consumer prices for gasoline fell 0.3% in the second quarter from the same quarter in 2011.

The commodity group of furniture, home furnishings and electronics saw its sales fall 2.6%. Sales declined in indoor furniture, household appliances and electronics (-3.5%).

Sales of sporting and leisure goods fell 0.4%, reflecting lower sales of pre-recorded CDs, DVDs and audio and video tapes (-12.6%) and books, newspapers and other periodicals (-5.3%). This decline was partially offset by a 5.2% increase in toys, games and hobby supplies.

### **Note to readers**

*The Quarterly Retail Commodity Survey collects national level retail sales by commodity, from a sub-sample of businesses in the Monthly Retail Trade Survey.*

*Quarterly data have not been adjusted for seasonality. All percentage changes are year over year.*

**Table 1**  
**Sales by commodity, all retail stores – Seasonally unadjusted**

	Second quarter 2011 <sup>r</sup>	First quarter 2012 <sup>r</sup>	Second quarter 2012 <sup>p</sup>	Second quarter 2011 to second quarter 2012
	millions of dollars			% change
<b>Commodity, total</b>	<b>119,102</b>	<b>102,650</b>	<b>122,299</b>	<b>2.7</b>
Food and beverages	26,793	25,213	27,791	3.7
Health and personal care products	10,336	10,005	10,414	0.8
Clothing, footwear and accessories	8,936	7,449	9,233	3.3
Furniture, home furnishings and electronics	8,991	8,582	8,753	-2.6
Motor vehicles, parts and services	26,456	21,616	27,769	5.0
Automotive fuels, oils and additives	13,598	12,638	13,756	1.2
Housewares	1,976	1,864	2,043	3.4
Hardware, lawn and garden products	9,650	5,306	9,843	2.0
Sporting and leisure goods	3,139	2,713	3,126	-0.4
All other goods and services	9,227	7,263	9,572	3.7

<sup>r</sup> revised

<sup>p</sup> preliminary

**Note(s):** Data may not add to totals as a result of rounding.

**Available without charge in CANSIM: table 080-0022.**

**Definitions, data sources and methods: survey number 2008.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Statistics Canada's National Contact Centre (toll-free 1-800-263-1136; 613-951-8116; infostats@statcan.gc.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).

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## Exports of grains by final destination, August 2012

Data on exports of grains by final destination are now available for August.

**Available without charge in CANSIM: table 001-0015.**

**Definitions, data sources and methods: survey number 3403.**

For more information, to obtain data, or to enquire about the concepts, methods or data quality of this release, contact Statistics Canada's National Contact Centre (toll-free 1-800-263-1136; 613-951-8116; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations (613-951-4636; [mediahotline@statcan.gc.ca](mailto:mediahotline@statcan.gc.ca)).



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## **New products and studies**

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### **New products**

#### **Latest Developments in the Canadian Economic Accounts**

Catalogue number 13-605-X (HTML, free)

#### **Employment, Earnings and Hours**, July 2012, Vol. 90, no. 7

Catalogue number 72-002-X (HTML, free | PDF, free)

### **New studies**

#### **Economic Insights: "The Impact of R&D Capitalization on GDP and Productivity Growth in Canada"**, No. 16

Catalogue number 11-626-X2012016 (HTML, free | PDF, free)

Impact of the 2012 CSNA Revisions on the Quarterly Labour Productivity Accounts

#### **Latest Developments in the Canadian Economic Accounts**

## Release dates: October 15 to 19, 2012

(Release dates are subject to change.)

Release date	Title	Reference period
15	<b>National balance sheet accounts</b>	Second quarter 2012
16	<b>Canada's international transactions in securities</b>	August 2012
16	<b>Monthly Survey of Manufacturing</b>	August 2012
17	<b>Investment in non-residential building construction</b>	Third quarter 2012
17	<b>Health Reports</b>	October 2012
17	<b>Job vacancies</b>	three-month average ending in July 2012
18	<b>Employment Insurance</b>	August 2012
18	<b>Wholesale trade</b>	August 2012
18	<b>Travel between Canada and other countries</b>	August 2012
19	<b>Consumer Price Index</b>	September 2012

See also the release dates for major economic indicators for the rest of the year.



### **Statistics Canada's official release bulletin**

Catalogue 11-001-X.

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