

# Labour productivity, hourly compensation and unit labour cost, fourth quarter 2012

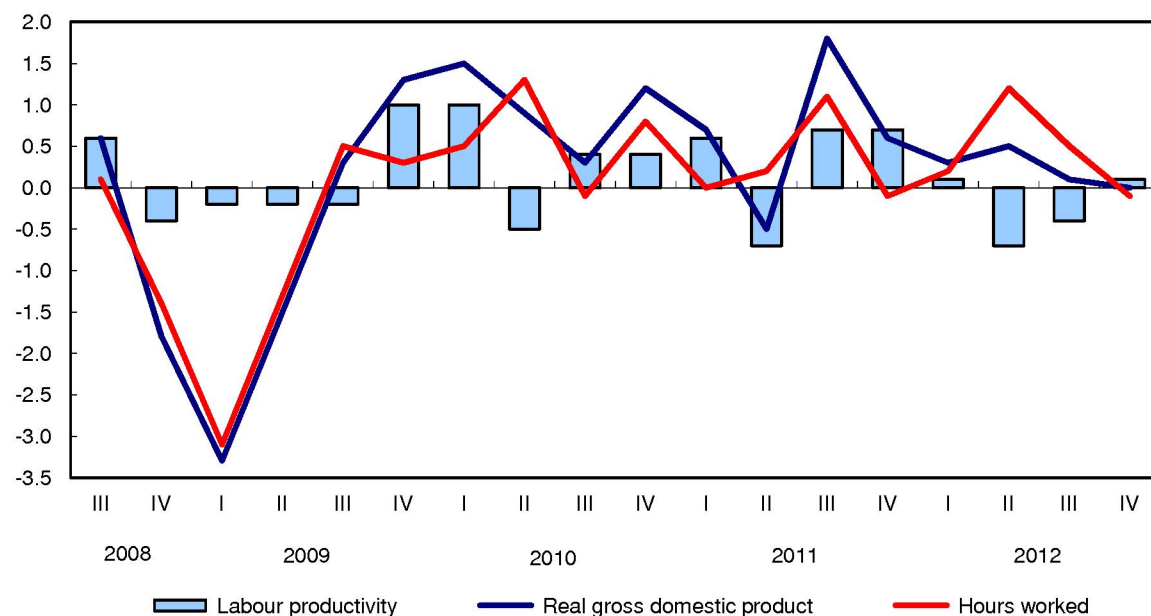
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, March 8, 2013

Labour productivity of Canadian businesses edged up 0.1% in the fourth quarter, after declining the previous two quarters.

Business output and hours worked to produce that output remained at almost the same levels as in the previous quarter.

**Chart 1**  
**Productivity, real output and hours worked in the business sector are virtually unchanged**

quarterly % change



Real gross domestic product (GDP) of businesses was unchanged in the fourth quarter, after rising 0.1% the previous quarter. The output of goods-producing businesses grew 0.1% in the fourth quarter, while that of service-producing businesses was unchanged.

Hours worked in the business sector, which increased in the first three quarters of 2012, showed little change in the fourth quarter (-0.1%). Hours worked in the service sector declined 0.1%, while hours worked in the goods-producing sector were unchanged.

Overall, there was little change in the productivity of both goods-producing businesses and service-producing businesses in the fourth quarter.

Productivity in goods-producing businesses edged up 0.1% for a second consecutive quarter. Productivity gains in agriculture, forestry, fishing and hunting (+2.7%), utilities (+2.3%) and mining and oil and gas extraction (+1.6%) were partly offset by losses in manufacturing (-1.8%).



In service-producing businesses, productivity also edged up 0.1%, led by gains in retail trade and the finance, insurance and holding company sector. These increases were partly offset by declines in transportation and warehousing as well as in arts, entertainment and recreation.

Labour costs per unit of output in the business sector rose 0.6% in the fourth quarter, a slower pace than in the three previous quarters.

The increase in unit labour costs reflected mainly the growth in the average compensation per hour worked (+0.7%), which was the same pace as in the previous quarter.

Unit labour costs of Canadian businesses in American dollars grew 1.0% in the fourth quarter, after increasing 2.7% in the third quarter. The average value of the Canadian dollar relative to the American dollar rose 0.4% during the fourth quarter, compared with a 1.5% gain the previous quarter.

By comparison, the unit labour costs of American businesses increased 1.1% in the fourth quarter, following two quarterly declines.

## **Annual 2012**

Labour productivity of Canadian businesses edged up 0.1% in 2012, following annual increases of 1.1% in 2011 and 1.6% in 2010. The real GDP of the business sector (+1.9%) and hours worked (+1.8%) both grew at a similar pace in 2012.

Productivity of the goods-producing industries rose 1.1% in 2012, mostly because of advances in manufacturing (+1.9%) and construction (+1.9%). These gains were partly offset by lower productivity in the service industries (-0.5%). With the exception of retail trade (+0.7%), wholesale trade (+0.3%) and professional services (+1.7%), productivity fell in all other service-producing industries in 2012.

By comparison, the annual growth of productivity of American businesses was 0.9% for 2012, up from 0.4% in 2011.

The difference in productivity between Canada and the United States in 2012 was mostly the result of a difference in the growth of real GDP of businesses, since the two countries had similar increases in hours worked. This was the first time since 2009 that real GDP growth was lower in the Canadian business sector (+1.9%) than in the American business sector (+2.8%).

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## **Note to readers**

### **Revisions**

*Revised quarterly data on labour productivity by industry in the business sector covering the first quarter of 2007 to the third quarter of 2012 period are released today. These industry level data are consistent with the historically revised monthly data on gross domestic product (GDP) by industry, released on January 31, 2013. Aggregate level business sector productivity and related variable data were revised back to the first quarter of 2008 in order to bring these data into line with the revised data by industry.*

*While revisions to the aggregate business sector estimates were minimal, revisions to the industry detail were more substantial in nature.*

*The historical revision of the Canadian System of National Accounts incorporated the new international 2008 System of National Accounts accounting standard, methodological improvements and statistical revisions as well as a new industry classification, which provides more detail for the service sector.*

*Revisions to the first quarter of 1997 to the fourth quarter 2006 are planned for release in December 2013.*

### **Productivity measure**

*The term 'productivity' in this release refers to labour productivity. For the purposes of this analysis, labour productivity and related variables cover the business sector only. Labour productivity is a measure of real GDP per hour worked. Unit labour cost is defined as the cost of workers' wages and benefits per unit of real GDP.*

*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 now available on CANSIM.*

**Table 1**  
**Business sector: Labour productivity and related variables for Canada and the United States<sup>1</sup> –**  
**Seasonally adjusted**

	Fourth quarter 2010	First quarter 2011	Second quarter 2011	Third quarter 2011	Fourth quarter 2011	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012
% change from previous quarter									
<b>Canada</b>									
Labour productivity	0.4	0.6	-0.7	0.7	0.7	0.1	-0.7	-0.4	0.1
Real gross domestic product	1.2	0.7	-0.5	1.8	0.6	0.3	0.5	0.1	0.0
Hours worked	0.8	0.0	0.2	1.1	-0.1	0.2	1.2	0.5	-0.1
Hourly compensation	0.6	1.3	0.6	-0.4	1.2	1.0	0.2	0.7	0.8
Unit labour cost	0.2	0.7	1.3	-1.0	0.5	0.9	1.0	1.1	0.6
Exchange rate <sup>2</sup>	2.6	2.7	1.9	-1.3	-4.2	2.3	-0.9	1.5	0.4
Unit labour cost in US dollars	2.8	3.4	3.2	-2.3	-3.8	3.1	0.1	2.7	1.0
<b>United States<sup>3</sup></b>									
Labour productivity	0.4	-0.6	0.3	0.1	0.7	-0.2	0.4	0.7	-0.5
Real gross domestic product	0.8	-0.1	0.7	0.4	1.3	0.7	0.5	1.0	-0.0
Hours worked	0.5	0.5	0.5	0.3	0.6	0.8	0.0	0.3	0.5
Hourly compensation	0.1	2.1	0.0	-0.1	-0.2	1.4	0.3	0.2	0.7
Unit labour cost	-0.3	2.8	-0.2	-0.2	-0.9	1.5	-0.1	-0.5	1.1
	2008	2009	2010	2011	2012	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012
% change from the previous year					% change from same quarter of previous year				
<b>Canada</b>									
Labour productivity	-0.8	-0.1	1.6	1.1	0.1	0.8	0.8	-0.3	-0.9
Real gross domestic product	0.2	-4.9	3.4	2.7	1.9	2.2	3.1	1.5	0.9
Hours worked	0.9	-4.8	1.8	1.6	1.8	1.4	2.3	1.8	1.8
Hourly compensation	2.8	2.4	1.3	2.9	2.6	2.5	2.1	3.2	2.7
Unit labour cost	3.6	2.5	-0.3	1.8	2.5	1.6	1.3	3.5	3.7
Exchange rate <sup>2</sup>	0.9	-6.7	10.3	4.1	-1.0	-1.5	-4.2	-1.5	3.3
Unit labour cost in US dollars	4.3	-4.3	10.1	6.0	1.5	0.1	-3.0	2.0	7.0
<b>United States<sup>3</sup></b>									
Labour productivity	0.7	3.1	3.0	0.4	0.9	0.9	1.1	1.7	0.5
Real gross domestic product	-1.3	-4.3	3.0	2.4	2.8	3.2	2.9	3.6	2.2
Hours worked	-2.0	-7.2	-0.0	1.9	1.9	2.2	1.8	1.8	1.7
Hourly compensation	3.3	1.4	2.0	2.6	1.7	1.2	1.5	1.8	2.6
Unit labour cost	2.6	-1.6	-1.0	2.2	0.8	0.2	0.4	0.1	2.1

1. Calculations of growth rates are based on index numbers rounded to three decimal places.

2. The exchange rate corresponds to the Canadian dollar value expressed in US dollars.

3. US data are from Bureau of Labor Statistics, Productivity and costs: Fourth quarter 2012 published in NEWS, February 7.

**Available in CANSIM: tables 383-0008 and 383-0012.**

The CANSIM table 383-0012 has been slightly modified since last published. In particular, the finance, insurance, real estate and company management sector is now divided into two components: the finance, insurance, and holding companies part and the real estate and rental and leasing part. The measures of unit labour cost in United States dollars by industry were also added to this table.

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

The [National economic accounts](#) module, accessible from the *Browse by key resource* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

Links to other releases from the national accounts can be found in the fourth quarter 2012 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 11, no. 4 (13-010-X). This publication will be updated on March 15, at the time of the release of the Financial flow and National balance sheet accounts.

Labour productivity, hourly compensation and unit labour cost data for the first quarter will be released on June 7.

For more information, consult the publication *Latest Developments in the Canadian Economic Accounts* (13-605-X), available from the *Browse by key resource module* of our website under *Publications*.

To enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations (613-951-4636; [mediahotline@statcan.gc.ca](mailto:mediahotline@statcan.gc.ca)).