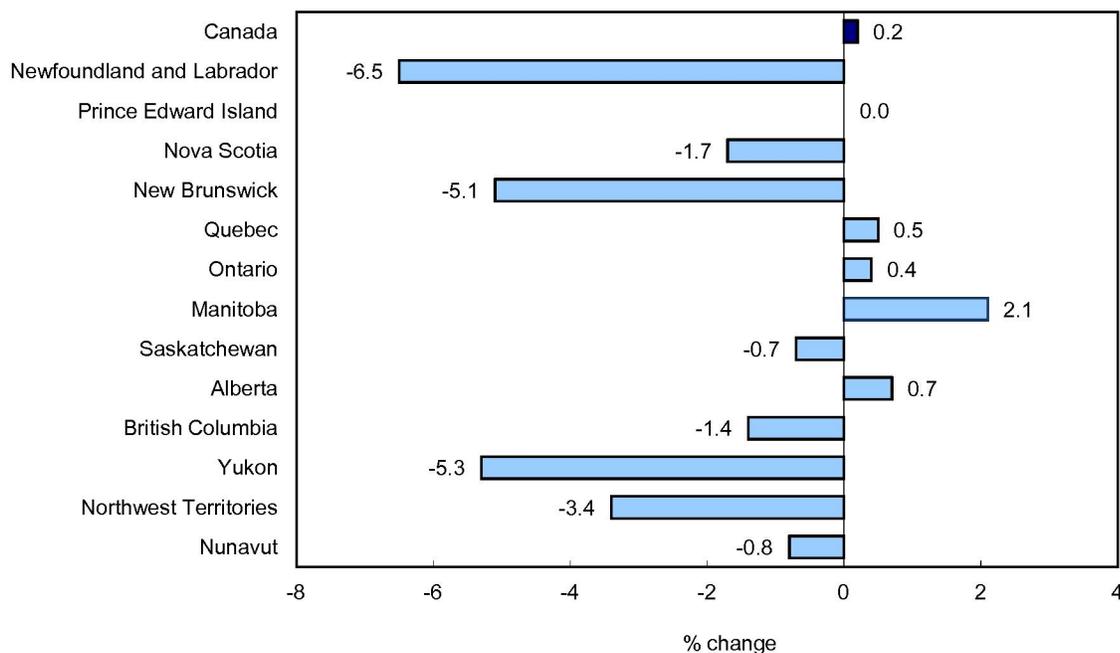


Hours worked and labour productivity in the provinces and territories, 2012

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Productivity increased and surpassed the national average in Ontario, Quebec, Manitoba and Alberta in 2012. All other provinces and territories experienced a decline in business productivity. At the national level, business productivity edged up 0.2%, after increasing 1.1% in 2011.

Chart 1
Labour productivity in the business sector by province and territory, 2012



In 2012, real gross domestic product (GDP) of businesses increased in every province and territory, except Newfoundland and Labrador, Nova Scotia and New Brunswick, while hours worked increased in all provinces and territories.

Manitoba led all provinces with a 2.1% gain in business productivity, mainly as a result of strong growth in the agriculture and construction industries. In contrast, the sharpest decline was in Newfoundland and Labrador, stemming mainly from lower oil production as a result of maintenance work.

The average hourly compensation went up in 2012 in every province and territory except New Brunswick. The largest gains were in provinces with resource-based economies, namely Newfoundland and Labrador, Saskatchewan and Alberta. These three provinces had the biggest employment increases among the provinces in 2012.

Nationally, hourly compensation rose 3.0% in 2012, slowing from the 3.4% growth in 2011.

Atlantic Canada

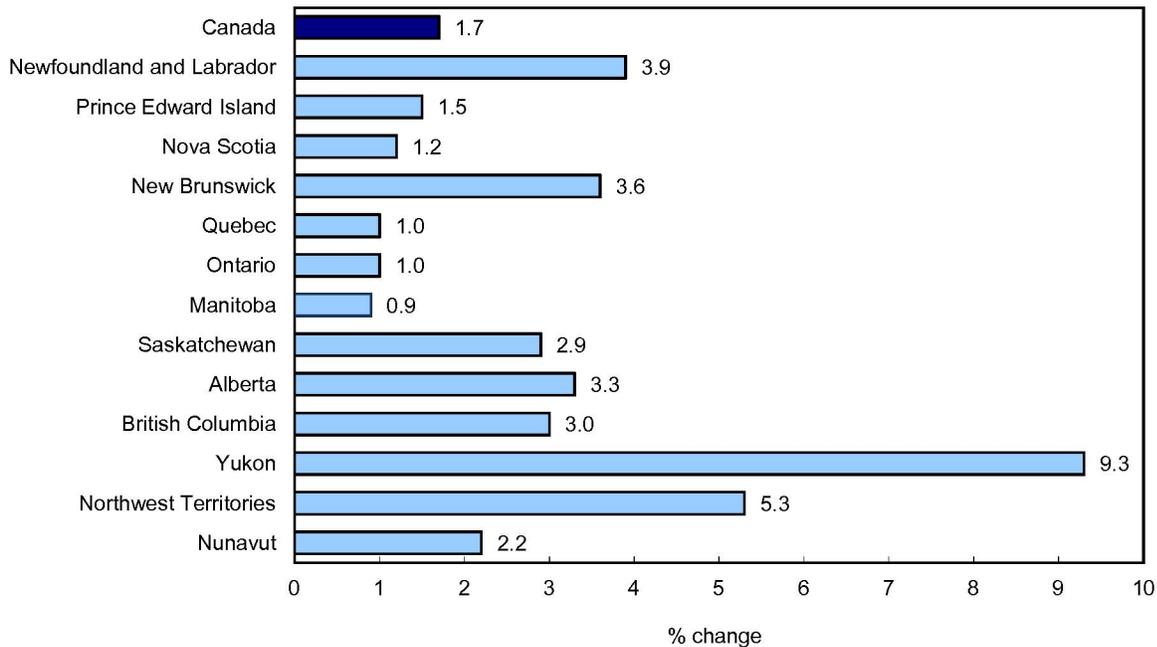
Business productivity in Newfoundland and Labrador declined 6.5% in 2012, the largest decrease in Canada and the second consecutive annual decline in the province. Real GDP of businesses fell 2.8%, primarily as a result of a sharp decline in oil and gas production associated with maintenance work. However, hours worked increased 3.9% with the greatest gains occurring in construction, transportation services and warehousing as well as real estate.

In Prince Edward Island, business productivity was unchanged in 2012, following a 3.4% decrease in 2011. Real GDP of businesses rose 1.3%, similar to the gain in hours worked. Manufacturing and wholesale trade were some of the main contributors to the increase in hours worked.

In Nova Scotia, business productivity declined 1.7% in 2012 following a 1.7% gain in 2011. The real output of businesses decreased 0.4% while hours worked increased 1.2%. Mining, quarrying, oil and gas extraction as well as manufacturing were mainly responsible for the decrease in the real GDP of businesses. Meanwhile, agriculture and fishing, utilities, construction as well as wholesale trade were the main sources of the increase in hours worked.

Business productivity in New Brunswick fell 5.1% in 2012, following gains of 2.2% in 2011 and 4.0% in 2010. Business output declined 1.8% in 2012, as a result of a decrease in goods-producing businesses, in particular construction, mining and manufacturing. At the same time, hours worked rose 3.6%, mainly as a result of increases in service-producing businesses, in particular wholesale and retail trade, real estate, and accommodation and food services. In 2011, New Brunswick's businesses had cut back the most on hours worked.

Chart 2
Hours worked in the business sector by province and territory, 2012



Central Canada

Business productivity in Quebec increased 0.5% in 2012 as the productivity of goods-producing businesses was unchanged, while productivity of service-producing businesses increased 0.5%.

Growth in hours worked for the entire business sector accelerated slightly, while growth in the real output of businesses slowed as a result of declines in manufacturing and mining industry support activities.

In Quebec, manufacturing productivity was down 0.8%, after increasing 1.0% in 2011. Hours worked in manufacturing were unchanged in the province, while manufacturing output fell 0.6%.

In Ontario, business productivity rose 0.4%, following a 0.2% increase in 2011. Productivity in Ontario's manufacturing industry advanced 2.3%, matching the growth in 2011. Manufacturing output grew 2.3% while hours worked edged down 0.1%.

The real output of businesses in Ontario grew 1.5% in 2012, led by manufacturing, construction, banking services, transportation services as well as professional, scientific and technical services. Hours worked rose 1.0%, with the largest increases posted by service-producing businesses.

Western Canada

Manitoba experienced the strongest business productivity growth among the provinces with a 2.1% gain in 2012. This compares with a 0.5% gain in 2011. Real output of businesses increased at a faster pace in 2012 than in 2011. Upswings in agriculture, mining and construction were the main contributors to the 3.0% growth in business real GDP. During the same period, hours worked rose 0.9%, primarily as a result of service-producing businesses.

Saskatchewan saw its business productivity fall 0.7% in 2012, after posting the largest increase among the provinces and territories in 2011 at 5.9%. Declines in the non-metallic minerals industry (including potash production) led to a slowing in the growth of business real GDP (+2.3%). In contrast, growth in hours worked accelerated to 2.9%, compared with a 0.3% increase in 2011. Except for mining and oil and gas extraction, retail trade and real estate services, all goods-producing and services-producing industries made positive contributions to the increase in hours worked.

In Alberta, business productivity advanced 0.7% in 2012, the same rate as in 2011. The increase in 2012 was attributable to service-producing businesses, which posted a 1.2% gain. In goods-producing businesses, productivity decreased 0.1%.

The real GDP of businesses in Alberta was up 4.0%, mainly a reflection of increased activity in oil and gas extraction, manufacturing, construction and retail trade. Hours worked in the business sector were up 3.3%, following a 5.4% increase in 2011.

In British Columbia, business productivity fell 1.4%, following a 2.8% gain in 2011 as hours worked (+3.0%) increased at a faster pace than business output (+1.7%). Growth in the real GDP of businesses in the province was especially dampened by significant declines in oil and gas extraction, paper product manufacturing, and mining and oil and gas extraction support activities. Construction, manufacturing, mining and oil and gas extraction, wholesale trade, finance and insurance, real estate as well as accommodation and food services were the main contributors to the increase in hours worked.

The territories

In Yukon, business productivity fell 5.3% in 2012 following a 0.4% increase the previous year. The end of a major electric power engineering construction project significantly slowed the growth of the real GDP of businesses. At the same time, the increase in hours worked accelerated from 4.6% in 2011 to 9.3% in 2012, mainly as a result of increases in transportation and warehousing as well as accommodation and food services.

In the Northwest Territories, business productivity fell 3.4% in 2012 following a 17.2% drop in 2011. After declining in 2011, the real output of businesses increased 1.9% in 2012, in part as a result of increased activity in oil and gas extraction as well as engineering construction. Hours worked also rose, but much less than in the previous year.

In Nunavut, business productivity decreased 0.8% compared with a 3.8% decline in 2011. Following two years of strong growth, real output of businesses increased 1.3%. Hours worked increased 2.2%, led by services-producing businesses.

Note to readers

Revisions

With this release of provincial and territorial labour productivity and related variables by business-sector industry, data are revised from 2007 to 2012. The revisions are consistent with those incorporated in the provincial and territorial economic accounts, and in the provincial and territorial gross domestic product by industry, published on November 8, 2013.

This release also incorporates new data from the 2011 National Household Survey, released on June 26 and on September 11, 2013. Revisions covering the period 1997 to 2006 will be incorporated at a later date.

Productivity measure

Labour productivity is a measure of real gross domestic product per hour worked. Productivity gains occur when the production of goods and services grows faster than the volume of work dedicated to their production.

Economic performance, as measured by labour productivity, must be interpreted carefully, as these data reflect changes in other inputs, in particular capital, in addition to the efficiency growth of production processes. As well, growth in labour productivity is often influenced by the degree of diversity in the industrial structure. As a result, labour productivity tends to be more volatile in the smaller provinces.

For the purpose of this analysis, as in the national labour productivity releases, productivity measures cover the business sector. It is important to note that real production (used to measure productivity) is based on value added measured at basic prices, not market prices, which is consistent with the detailed framework by industry.

As well, the service-producing business sector and its component, real estate, rental and leasing, exclude the imputed rent for owner-occupied dwellings, as there are no data on the number of hours that homeowners spend on dwelling maintenance services.

**Table 1
Labour productivity and other related variables for the business sector, 2012¹**

| | Real gross domestic product | All jobs | Average hours worked | Volume of hours worked | Labour productivity | Total compensation | Hourly compensation | Unit labour cost |
|---------------------------|-----------------------------|------------|----------------------|------------------------|---------------------|--------------------|---------------------|------------------|
| | annual % change | | | | | | | |
| Canada | 1.9 | 0.9 | 0.9 | 1.7 | 0.2 | 4.8 | 3.0 | 2.8 |
| Newfoundland and Labrador | -2.8 | 3.5 | 0.4 | 3.9 | -6.5 | 13.2 | 8.9 | 16.5 |
| Prince Edward Island | 1.3 | 0.4 | 1.0 | 1.5 | 0.0 | 3.9 | 2.4 | 2.5 |
| Nova Scotia | -0.4 | 0.9 | 0.3 | 1.2 | -1.7 | 1.3 | 0.1 | 1.7 |
| New Brunswick | -1.8 | 1.7 | 1.9 | 3.6 | -5.1 | 1.5 | -2.0 | 3.3 |
| Quebec | 1.5 | 0.6 | 0.5 | 1.0 | 0.5 | 4.0 | 3.0 | 2.4 |
| Ontario | 1.5 | 0.2 | 0.8 | 1.0 | 0.4 | 3.0 | 1.9 | 1.5 |
| Manitoba | 3.0 | -0.2 | 1.1 | 0.9 | 2.1 | 3.9 | 3.0 | 0.9 |
| Saskatchewan | 2.3 | 2.0 | 0.8 | 2.9 | -0.7 | 9.9 | 6.8 | 7.4 |
| Alberta | 4.0 | 2.0 | 1.2 | 3.3 | 0.7 | 9.8 | 6.4 | 5.6 |
| British Columbia | 1.7 | 1.9 | 1.1 | 3.0 | -1.4 | 4.4 | 1.4 | 2.7 |
| Yukon | 3.5 | 9.7 | -0.3 | 9.3 | -5.3 | 10.3 | 0.9 | 6.6 |
| Northwest Territories | 1.9 | 2.6 | 2.6 | 5.3 | -3.4 | 6.0 | 0.7 | 3.9 |
| Nunavut | 1.3 | 0.0 | 2.2 | 2.2 | -0.8 | 3.4 | 1.2 | 2.1 |

1. Calculations of productivity growth rates are based on numbers rounded to one decimal place.

Table 2
Businesses producing goods and businesses producing services, 2012¹

| | Real gross domestic product | | Volume of hours worked | | Labour productivity | | Hourly compensation | |
|---------------------------|-----------------------------|------------|------------------------|------------|---------------------|------------|---------------------|------------|
| | Goods | Services | Goods | Services | Goods | Services | Goods | Services |
| | annual % change | | | | | | | |
| Canada | 1.9 | 1.9 | 2.0 | 1.6 | -0.2 | 0.2 | 4.3 | 2.3 |
| Newfoundland and Labrador | -5.9 | 2.7 | 6.8 | 2.3 | -11.9 | 0.6 | 12.2 | 6.2 |
| Prince Edward Island | 1.6 | 1.2 | -0.1 | 2.4 | 1.4 | -1.0 | 5.4 | 0.8 |
| Nova Scotia | -3.6 | 1.2 | 3.1 | 0.4 | -6.6 | 0.6 | -3.1 | 1.5 |
| New Brunswick | -4.4 | -0.3 | 0.7 | 5.0 | -5.1 | -5.0 | -0.5 | -2.6 |
| Quebec | 1.6 | 1.4 | 1.7 | 0.8 | 0.0 | 0.5 | 3.3 | 2.6 |
| Ontario | 1.7 | 1.3 | 0.6 | 1.2 | 1.0 | 0.2 | 3.3 | 1.3 |
| Manitoba | 5.3 | 1.5 | 0.4 | 1.1 | 4.9 | 0.3 | 4.6 | 2.0 |
| Saskatchewan | 1.7 | 3.3 | 3.5 | 2.5 | -1.8 | 0.7 | 8.5 | 5.5 |
| Alberta | 3.6 | 4.4 | 3.7 | 3.0 | -0.1 | 1.2 | 7.4 | 5.4 |
| British Columbia | 2.0 | 1.5 | 4.2 | 2.5 | -2.1 | -1.0 | 1.5 | 1.3 |
| Yukon | 6.0 | 1.4 | 7.4 | 10.6 | -1.4 | -8.3 | 7.4 | -3.7 |
| Northwest Territories | 1.5 | 2.3 | 9.6 | 2.6 | -7.4 | -0.2 | 0.1 | -0.4 |
| Nunavut | 1.3 | 1.3 | -2.0 | 5.8 | 3.5 | -4.3 | 3.9 | -0.5 |

1. Calculations of productivity growth rates are based on numbers rounded to one decimal place.

Available in CANSIM: tables 383-0029 to 383-0031.

Definitions, data sources and methods: survey number 5103.

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.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).