

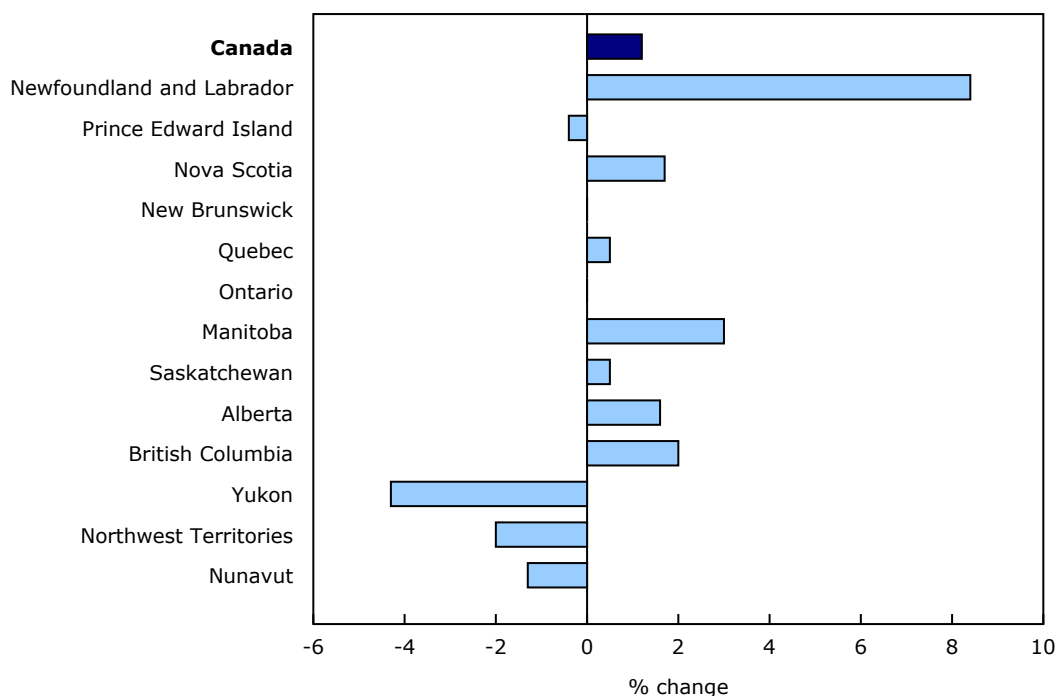
Hours worked and labour productivity in the provinces and territories, 2013

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Business productivity rose in every province except Prince Edward Island, New Brunswick and Ontario in 2013. All three territories saw a decline in their productivity for a third consecutive year. At the national level, business productivity increased 1.2%, after edging up 0.2% in 2012.

Business productivity was above the national average in Newfoundland and Labrador, Manitoba, British Columbia, Nova Scotia and Alberta. Newfoundland and Labrador (+8.4%) posted the largest gain among the provinces in 2013. Productivity was down in Prince Edward Island (-0.2%) and was unchanged in New Brunswick and Ontario.

Chart 1
Labour productivity in the business sector by province and territory, 2013



Source(s): CANSIM table [383-0029](#).

In 2013, real gross domestic product (GDP) of businesses increased in every province and territory except New Brunswick and Yukon, while hours worked decreased in three provinces: Nova Scotia (-1.3%), New Brunswick (-1.2%) and Manitoba (-0.3%). The biggest increases in hours worked in Canada were in Saskatchewan (+5.3%), the Northwest Territories (+7.5%) and Nunavut (+20.8%).

Hourly compensation in the business sector rose in every province except Prince Edward Island (-0.4%). The largest gains were in provinces with resource-based economies, namely Newfoundland and Labrador (+7.3%) and Alberta (+4.6%), while hourly compensation continued to decline in the three territories in 2013.



With the exception of Nova Scotia, New Brunswick and British Columbia, every province and territory saw slower growth in hourly compensation in 2013 than in 2012. Nationally, hourly compensation rose 2.4% in 2013 compared with a 3.0% increase in 2012.

Atlantic provinces

Newfoundland and Labrador (+8.4%) had the largest growth in business productivity among the provinces and territories in 2013. This was in contrast with the situation in 2012, when it posted the biggest decrease in Canada (-10.8%). GDP of businesses (+9.9%) also rebounded to post the fastest growth among the provinces, largely because of a significant increase in engineering construction and an upturn in mining and oil and gas extraction. In addition, hours worked rose 1.5%, down from a 4.6% gain in 2012. Goods-producing businesses (+11.3%) were behind the increase in hours worked, while service-producing businesses saw their hours worked fall 4.2%.

In Prince Edward Island, business productivity edged down 0.4% in 2013, a third consecutive annual decrease. Real GDP of businesses rose 3.3%, at a slightly slower pace than hours worked (+3.6%). The main contributors to the increase in hours worked were construction, agriculture, real estate and retail trade.

In Nova Scotia, business productivity increased 1.7% in 2013, following a 2.0% decrease in 2012. Real output of businesses rose 0.5%, while hours worked fell 1.3%. Lower production in manufacturing, wholesale trade and real estate dampened the growth of the real GDP of businesses. Meanwhile, agriculture and fishing, mining, construction and wholesale trade were primarily responsible for the decrease in hours worked.

In New Brunswick, business productivity was unchanged in 2013, following a sharp 4.8% decrease the previous year. The 1.2% decline in hours worked in the business sector almost offset the 1.0% decrease in production in 2013. The decline in production reflects the reduced activity in goods-producing businesses, especially in construction and mining. Hours worked fell in both goods-producing and service-producing businesses.

Central Canada

Business productivity in Quebec rose 0.5% in 2013, the same pace as in 2012. Productivity increased 1.4% in goods-producing businesses and 0.3% in service-producing businesses.

The increase in hours worked in the business sector slowed to 0.3%. Goods-producing businesses, especially manufacturing, were the main source of the slowdown. Growth in the real output of businesses was limited to 0.8%, mainly as a result of decreases in manufacturing and residential construction.

In Ontario, business productivity was unchanged in 2013, after posting a 0.5% increase in each of the previous two years. Real GDP of businesses increased at the same pace as hours worked (+1.2%). In 2013, hours worked rose 1.2% in goods-producing and 1.1% in service-producing businesses.

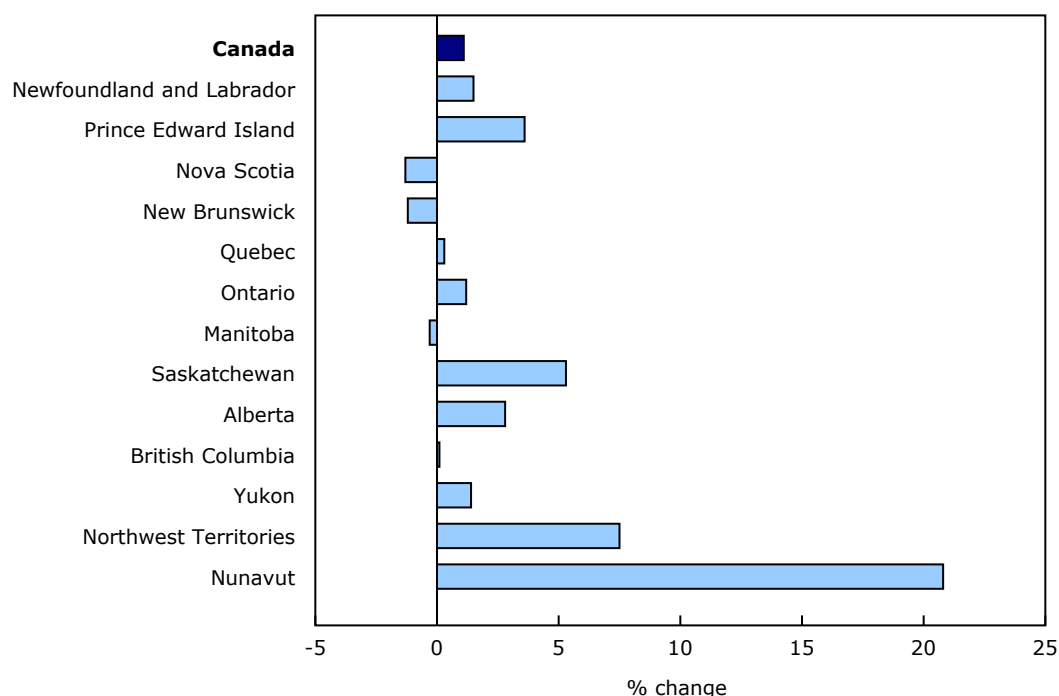
In Ontario, manufacturing productivity fell 2.1% in 2013. Manufacturing production decreased 1.6% in 2013, while hours worked advanced 0.6%.

Western provinces

Businesses in Manitoba increased their productivity by 3.0% in 2013, following a 2.6% gain a year earlier. In 2012, Manitoba posted the largest increase in productivity among the provinces. In 2013, the real value added of businesses rose 2.6%, while hours worked edged down 0.3%. Goods-producing businesses posted a 0.7% decrease in hours worked, while service-producing businesses saw virtually no change.

In Saskatchewan, business productivity was up 0.5% in 2013 following a 0.3% decline in 2012. Both real GDP of businesses and hours worked rose sharply. Real GDP of businesses increased 5.9%, stimulated primarily by significantly higher crop production, while hours worked rose 5.3%, the highest growth rate among the provinces. Hours worked increased in most major industrial sectors.

Chart 2
Hours worked in the business sector by province and territory, 2013



Source(s): CANSIM table [383-0029](#).

In Alberta, the productivity of businesses grew 1.6% in 2013 compared with a 1.0% increase in 2012. Productivity rose 0.8% in goods-producing businesses and 1.4% in service-producing businesses. Businesses kept a similar pace of growth of their real output (+4.4%) in 2013 as in 2012, mainly as a result of increased activity in oil and gas extraction, construction, wholesale trade, retail trade, finance and insurance as well as real estate. At the same time, hours worked in the business sector increased 2.8%, with the largest gains in agriculture, construction and real estate.

In British Columbia, business productivity rose 2.0% in 2013, up sharply from the 0.5% decrease a year earlier. The output of businesses rose 2.1%, following a 2.7% gain in 2012. Hours worked edged up 0.1%, following a 3.0% gain in 2012. The 0.5% increase in hours worked in service-producing businesses was largely offset by the 1.1% decline in goods-producing businesses.

The territories

Yukon saw a 4.3% decline in business productivity in 2013, the biggest decrease in the country. The decline in the real GDP of businesses (-3.0%) primarily reflected a decrease in support activities for mining (including exploration) and in construction. The increase in hours worked slowed to 1.4% in 2013 from 8.5% in 2012, mainly on account of decreases in mining and oil and gas extraction as well as in construction.

In the Northwest Territories, business productivity fell 2.0% in 2013 following a 5.1% decrease in 2012. Following a 2.1% gain in 2012, the real output of businesses rose 5.4% in 2013, mostly because of increased activity in diamond mining and construction. Hours worked rose 7.5%, similar to the 2012 rate. Both goods-producing and service-producing businesses saw increases in hours worked in 2013.

In Nunavut, business productivity (-1.3%) continued to decline, albeit at a slower pace than in the previous year. Real GDP of businesses rose 19.2%, mainly reflecting a sharp increase in non-residential construction, engineering construction as well as mining and oil and gas extraction. Hours worked also rose sharply, but at a slightly faster pace than the output of businesses.

Note to readers

Revisions

With this release, provincial and territorial labour statistics (including hours worked, jobs, average hours worked, total compensation and hourly compensation) were subject to revisions back to 1997 for the business sector by industry. However, output and related measures (including productivity and unit labour costs) were revised back to 2007. 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 5, 2014.

This release also incorporates revised data on the national gross domestic product by industry, published on November 28, 2014.

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 also 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, 2013¹

	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	2.3	1.3	-0.2	1.1	1.2	3.5	2.4	1.3
Newfoundland and Labrador	9.9	1.5	0.0	1.5	8.4	8.9	7.3	-1.1
Prince Edward Island	3.3	5.3	-1.6	3.6	-0.4	3.1	-0.4	-0.2
Nova Scotia	0.5	-0.5	-0.9	-1.3	1.7	1.6	3.0	1.1
New Brunswick	-1.0	-0.3	-0.9	-1.2	0.0	0.8	2.0	1.9
Quebec	0.8	0.4	-0.1	0.3	0.5	1.8	1.5	0.9
Ontario	1.2	2.1	-0.9	1.2	0.0	2.5	1.3	1.3
Manitoba	2.6	-0.1	-0.2	-0.3	3.0	3.2	3.5	0.5
Saskatchewan	5.9	4.9	0.3	5.3	0.5	6.9	1.5	0.8
Alberta	4.4	2.9	-0.2	2.8	1.6	7.5	4.6	2.8
British Columbia	2.1	-1.1	1.1	0.1	2.0	3.6	3.5	1.6
Yukon	-3.0	0.3	1.1	1.4	-4.3	-4.0	-5.3	-1.0
Northwest Territories	5.4	7.6	-0.1	7.5	-2.0	1.5	-5.5	-3.7
Nunavut	19.2	16.9	3.3	20.8	-1.3	4.0	-13.9	-12.7

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

Source(s): CANSIM table [383-0029](#).

Table 2
Businesses producing goods and businesses producing services, 2013¹

	Real gross domestic product		Volume of hours worked		Labour productivity		Hourly compensation	
	Goods	Services	Goods	Services	Goods	Services	Goods	Services
	annual % change							
Canada	2.4	2.2	1.2	1.0	1.1	1.2	2.5	2.4
Newfoundland and Labrador	14.4	1.8	11.3	-4.2	2.7	6.4	5.1	7.1
Prince Edward Island	6.1	1.7	3.2	3.8	2.6	-1.8	-3.2	1.1
Nova Scotia	0.7	0.4	-3.3	-0.5	4.0	0.9	4.7	2.4
New Brunswick	-3.1	0.2	-1.6	-1.0	-1.4	1.2	1.9	2.1
Quebec	-0.2	1.5	-1.6	1.2	1.4	0.3	2.0	1.4
Ontario	-1.0	2.1	1.2	1.1	-2.2	0.9	0.8	1.5
Manitoba	3.2	2.2	-0.7	-0.1	4.0	2.0	4.2	3.1
Saskatchewan	7.1	3.9	9.7	2.3	-2.3	1.4	-0.2	2.4
Alberta	5.3	3.4	4.4	1.8	0.8	1.4	3.7	5.0
British Columbia	1.4	2.4	-1.1	0.5	2.6	1.8	5.4	2.9
Yukon	-5.7	-0.7	-6.7	5.5	0.9	-6.0	-3.0	-5.2
Northwest Territories	8.0	1.2	9.1	6.7	-1.0	-5.2	-8.9	-2.8
Nunavut	27.7	6.2	29.6	15.0	-1.4	-7.7	-16.3	-14.1

1. Calculations of productivity growth rates are based on numbers rounded to one decimal place.
Source(s): CANSIM table [383-0029](#).

Available in CANSIM: tables [383-0029](#) to [383-0031](#).

Definitions, data sources and methods: survey number [5103](#).

The [System of macroeconomic 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.

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