

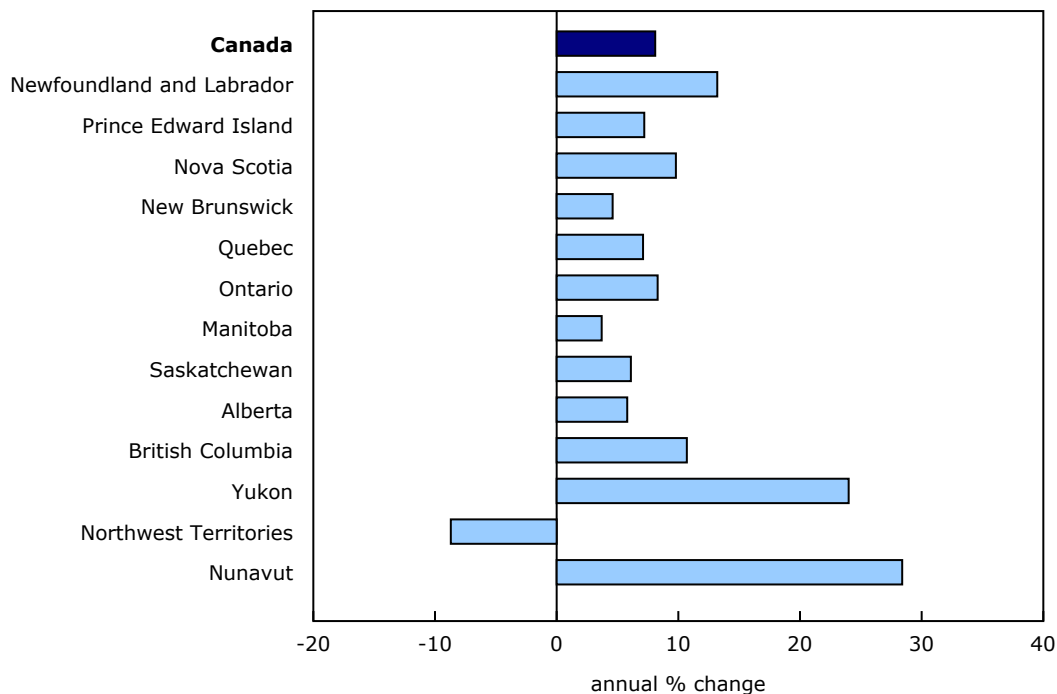
Hours worked and labour productivity in the provinces and territories (preliminary), 2020

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, May 20, 2021

In 2020, business productivity rose sharply in every province, as well as Yukon and Nunavut, but fell in the Northwest Territories. Nationally, business productivity increased 8.1%, the largest gain since the annual data series began in 1997. Employees over the course of 2020 faced a difficult year as businesses closed their doors and working hours were reduced. Increases in productivity came as the hours worked fell faster than gross domestic product (GDP).

Chart 1

Labour productivity growth in the business sector, Canada, provinces and territories, 2020



Source(s): Table 36-10-0480-01.

Throughout the year, provincial and territorial governments implemented public health measures that restricted economic activity in an effort to curb the spread of COVID-19. In most provinces, the COVID-19 pandemic impacted economic activities and the labour market, though the impact was uneven.

Hours worked in every province fell much faster than business output

In 2020, both real GDP of businesses and hours worked fell in every province. However, hours worked posted a much larger decline than GDP of businesses, and, as a result, productivity in every province recorded exceptional growth.

At the national level, hours worked in the business sector posted a record decline of 13.5%. For most of the provinces, the decreases in both real GDP of businesses and hours worked were unprecedented, reflecting an unusual year marked by the COVID-19 pandemic.



Meanwhile, hours worked fell in all three territories in 2020, while only the Northwest Territories (-16.0%) posted a decline in GDP.

Ontario records the largest net loss of work hours in the country

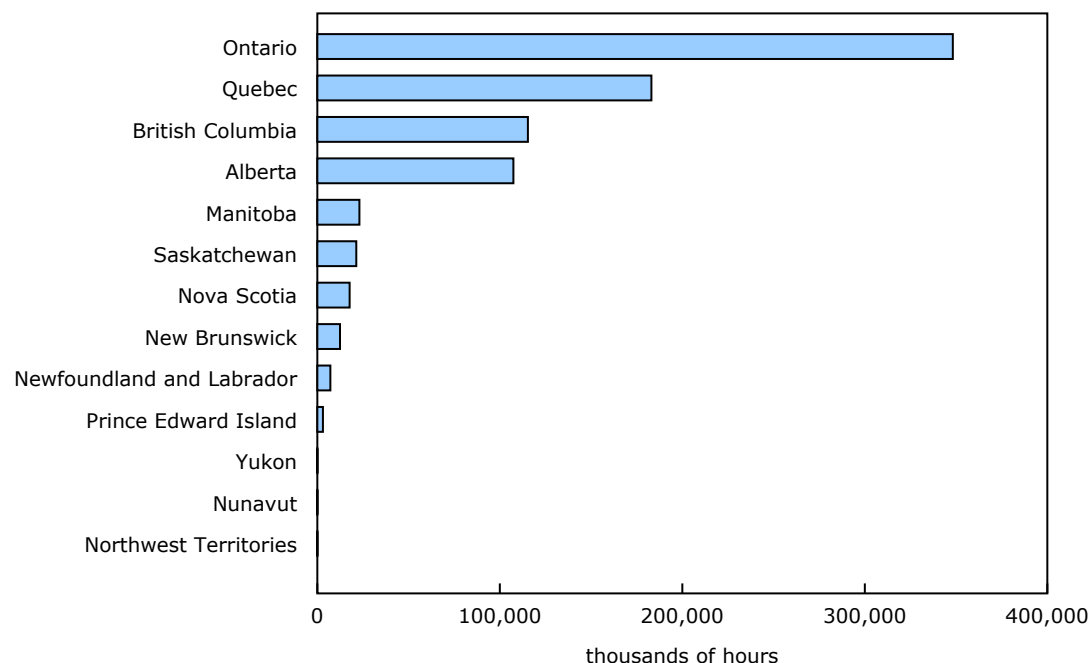
Losses in hours worked were uneven across the country's provinces and territories. In Ontario, when only individuals in the labour force or on paid leave are taken into account, roughly 348.2 million hours were lost in 2020, making it the largest loss among all the provinces and territories.

Impacts of the COVID-19 pandemic on hours worked by province and territory in the business sector, 2020

Estimates of hours worked in the business sector by province and territory are essentially based on data from the Labour Force Survey (LFS). It should be noted that for hours worked (used to measure productivity) both main and secondary jobs are considered—not only the main job as in the LFS. The main LFS survey for the reference period that includes the months of March to December 2020 does not capture the job losses outside the reference weeks. To account for those, the estimates of hours lost by province and territory as a result of the pandemic were adjusted using a compilation of supplementary questions added to the LFS questionnaire since April 2020. These adjustments are reflected in the data on hours worked and related measures (including labour productivity) for 2020.

Chart 2

Work hours lost in 2020 as a result of COVID-19, by province and territory, business sector



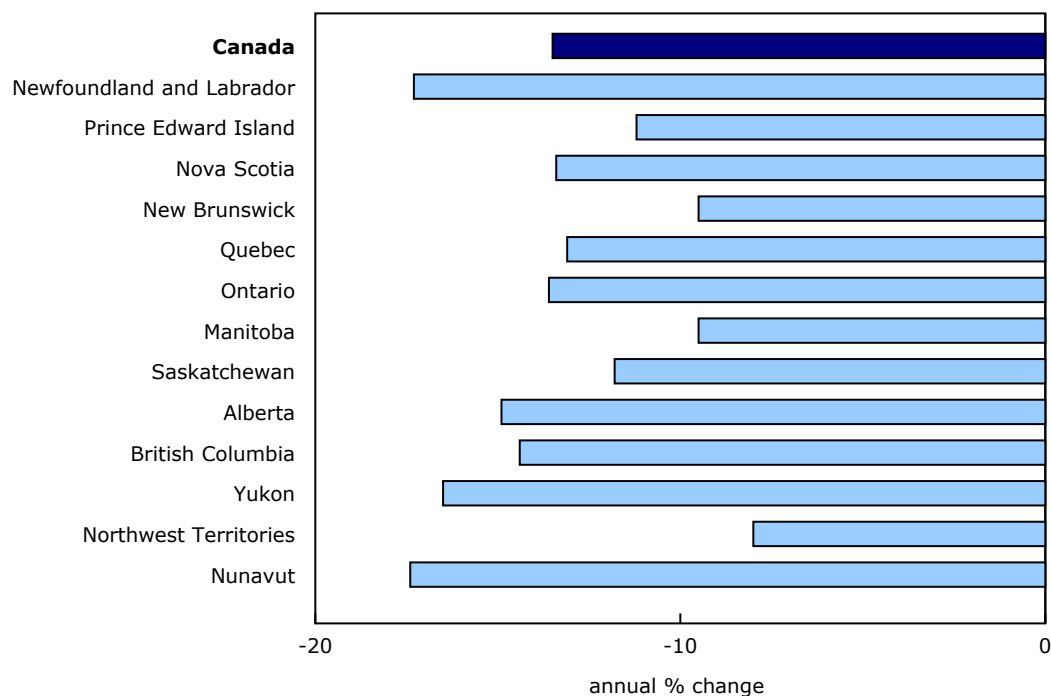
Source(s): Special tabulations.

Newfoundland and Labrador

In Newfoundland and Labrador, productivity was up 13.2% in 2020—the sharpest increase among all the provinces and the largest gain since 2007 (+13.6%). Productivity rose markedly in goods-producing businesses (+19.5%), while it was up 7.9% in service-producing businesses. Construction and retail trade were mostly responsible for the overall growth in productivity. In 2020, hours worked in Newfoundland and Labrador dropped 17.3%, the largest decrease among all the provinces. Hours worked were down in all major industry sectors. Meanwhile, business output decreased 6.3%, pulled downward by declines in service-producing businesses and construction.

Chart 3

Growth in hours worked in the business sector, Canada, provinces and territories, 2020



Source(s): Table 36-10-0480-01.

Prince Edward Island

In Prince Edward Island, business productivity was up 7.2% in 2020, following a 3.7% gain in 2019. Productivity grew faster in service-producing businesses (+8.1%) than in goods-producing businesses (+5.0%). Construction, accommodation and food services, and retail trade contributed the most to the overall gain. Real GDP in this province fell at a much slower pace (-4.8%) than hours worked (-11.2%).

Nova Scotia

Productivity in Nova Scotia increased 9.8%, after rising 2.8% in 2019. The gain in 2020 was considerably larger than the previous record increase of 7.3% observed in 1999. Productivity was up in both service-producing businesses (+9.0%) and goods-producing businesses (+11.1%). The overall growth was mainly due to construction, retail trade, and finance and insurance. In 2020, real GDP of businesses decreased 4.9%, while hours worked dropped 13.4%. Hours worked fell in every industry sector.

New Brunswick

In New Brunswick, productivity rose 4.6% in 2020—the largest increase since 2001 (+5.2%). It was up 6.8% in goods-producing businesses and up 3.5% in service-producing businesses. Retail trade, finance and insurance, and construction contributed the most to the overall growth. In 2020, real GDP of businesses decreased 5.4%, mainly as a result of declines in manufacturing and construction. At the same time, hours worked (-9.5%) fell more sharply. Hours worked were down in most major industry sectors, with accommodation and food services, and real estate posting the largest declines.

Quebec

Productivity in Quebec increased 7.1% in 2020, following a 2.9% gain in 2019. This growth was well above the previous record increase of 3.9% observed in 2000. Productivity grew faster in service-producing businesses (+7.7%) than in goods-producing businesses (+5.4%). Retail trade, finance and insurance, and construction contributed the most to the overall increase.

Real GDP of businesses fell 7.0% in 2020. Output was down in all industry sectors, with manufacturing leading the overall decrease. At the same time, hours worked recorded a much sharper decline (-13.1%), falling in all industry sectors except utilities.

In Quebec, productivity in manufacturing was up 2.6%, as hours worked (-11.6%) decreased at a faster pace than manufacturing output (-9.1%).

Ontario

Productivity in Ontario posted a marked rebound of 8.3%, after edging down 0.2% in 2019. Productivity was up 10.2% in goods-producing businesses and up 7.7% in service-producing businesses. Construction, finance and insurance, and retail trade contributed the most to this gain.

In 2020, real GDP of Ontario businesses (-6.4%) and hours worked (-13.6%) both declined, with hours worked recording the largest drop. Hours worked were down in all major industry sectors.

Following a 3.0% decrease in 2019, productivity in Ontario's manufacturing sector edged down 0.8%. Manufacturing output (-10.8%) fell sharply. This was the largest decline among all the provinces and territories. At the same time, hours worked posted a slightly smaller decrease, down 10.0%.

Manitoba

Productivity in Manitoba was up 3.7% in 2020, its largest gain since 2001 (+4.6%). It rose 5.3% in service-producing businesses, while it grew 0.6% in goods-producing businesses. In 2020, real GDP of businesses declined 6.2%, while hours worked dropped 9.5%. Hours worked were down in all industry sectors, except agriculture and forestry.

Saskatchewan

In Saskatchewan, productivity rebounded 6.1% in 2020, after falling 2.5% the previous year. It was up 8.0% in goods-producing businesses and up 4.9% in service-producing businesses. The overall growth was mostly driven by construction, agriculture and forestry, finance and insurance, and accommodation and food services. GDP of businesses (-6.4%) dropped in 2020, while hours worked (-11.8%) posted an even larger decrease.

Alberta

Productivity in Alberta was up 5.8%, following a 0.9% gain in 2019. The rise in 2020 surpassed the previous record increase of 4.5% seen in 2014. Both goods-producing businesses (+8.6%) and service-producing businesses (+4.3%) reported gains. In 2020, GDP of businesses (-9.9%) in Alberta posted the largest decrease among the provinces, mostly due to the decline in oil and gas extraction, oil sands extraction, and construction. In addition, hours worked dropped 14.9%, with decreases in all major industry sectors.

British Columbia

In British Columbia, productivity rose sharply in 2020 (+10.7%). This gain was markedly larger than the previous record increase of 5.5% observed in 2014. Productivity in goods-producing businesses grew 15.5%, almost double the gain for service-producing businesses (+8.0%). Construction, retail trade, and real estate contributed the most to these increases. In 2020, both output and hours worked were down, but the decline in real GDP of businesses (-5.5%) was much smaller than the decrease in hours worked (-14.4%). Hours worked fell in every major industry sector.

Yukon

Productivity in Yukon posted a sharp increase of 24.0% in 2020. The last time productivity recorded a similar gain was in 2009, the year of the financial crisis, when it increased 23.8%. Goods-producing businesses (+40.9%) contributed more to the overall growth than service-producing businesses (+10.4%). In 2020, GDP of businesses in Yukon advanced 3.5%, led by strong gains in gold and silver ore mining, and copper, nickel, lead and zinc ore mining. In contrast, hours worked (-16.5%) declined sharply.

Northwest Territories

In the Northwest Territories, productivity fell 8.7% in 2020, following a 10.8% decrease the previous year. It was the only area of the country to see a decline in productivity. The decrease was due to a considerable scaling back of activities in mining—an industry with high productivity levels. Productivity fell in service-producing businesses (-13.2%), while it rose in goods-producing businesses (+1.5%). In 2020, business output dropped 16.0%, primarily on reduced activity in diamond mining. At the same time, hours worked (-8.0%) fell, but to a lesser extent.

Nunavut

In Nunavut, productivity (+28.4%) posted the largest increase among the provinces and territories in 2020. This rise was considerably larger than the previous record gain of 20.9% observed in 2008. Growth in productivity of goods-producing businesses (+41.8%) markedly outpaced the rise in service-producing businesses (+8.5%). Mining and oil and gas extraction and, to a lesser extent, construction drove the overall increase. In 2020, real GDP of businesses rose 6.1%, while hours worked declined 17.4%.

Table 1
Labour productivity and other related variables for the business sector, 2020¹

	Real gross domestic product	All jobs	Average hours worked	Volume of hours worked	Labour productivity	Total compensati on	Hourly compensati on	Unit labour cost
	annual % change							
Canada	-6.6	-10.9	-3.0	-13.5	8.1	-3.2	12.0	3.7
Newfoundland and Labrador	-6.3	-13.4	-4.5	-17.3	13.2	-5.3	14.4	1.2
Prince Edward Island	-4.8	-7.6	-3.9	-11.2	7.2	0.0	12.6	5.2
Nova Scotia	-4.9	-9.9	-3.8	-13.4	9.8	-1.0	14.3	4.0
New Brunswick	-5.4	-6.6	-3.0	-9.5	4.6	-0.8	9.6	4.9
Quebec	-7.0	-10.8	-2.5	-13.1	7.1	-1.4	13.5	6.0
Ontario	-6.4	-10.9	-3.0	-13.6	8.3	-3.2	12.1	3.5
Manitoba	-6.2	-7.5	-2.1	-9.5	3.7	-4.4	5.6	1.9

Table 1
Labour productivity and other related variables for the business sector, 2020¹

	Real gross domestic product	All jobs	Average hours worked	Volume of hours worked	Labour productivity	Total compensation	Hourly compensation	Unit labour cost
Saskatchewan	-6.4	-9.8	-2.2	-11.8	6.1	-3.6	9.3	3.0
Alberta	-9.9	-11.4	-3.9	-14.9	5.8	-6.8	9.5	3.4
British Columbia	-5.5	-11.8	-2.9	-14.4	10.7	-2.1	14.5	3.5
Yukon	3.5	-15.0	-1.8	-16.5	24.0	-1.7	17.7	-5.1
Northwest Territories	-16.0	-5.7	-2.4	-8.0	-8.7	-6.2	2.0	11.5
Nunavut	6.1	-14.2	-3.8	-17.4	28.4	-1.2	19.6	-6.8

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

Source(s): Table 36-10-0480-01.

Table 2
Goods-producing businesses and service-producing businesses, 2020¹

	Real gross domestic product		Volume of hours worked		Labour productivity		Hourly compensation	
	Goods	Services	Goods	Services	Goods	Services	Goods	Services
	annual % change							
Canada	-6.0	-7.0	-13.7	-13.5	9.0	7.5	11.6	12.2
Newfoundland and Labrador	-4.7	-9.0	-20.2	-15.6	19.5	7.9	15.6	14.4
Prince Edward Island	-3.1	-6.1	-7.6	-13.3	5.0	8.1	9.8	14.3
Nova Scotia	-2.3	-6.1	-12.1	-13.9	11.1	9.0	12.3	15.0
New Brunswick	-6.3	-4.8	-12.3	-8.1	6.8	3.5	12.8	8.2
Quebec	-6.3	-7.4	-11.1	-14.0	5.4	7.7	13.8	12.9
Ontario	-5.8	-6.6	-14.5	-13.3	10.2	7.7	11.2	12.6
Manitoba	-5.4	-6.7	-6.0	-11.4	0.6	5.3	0.3	8.8
Saskatchewan	-6.8	-6.0	-13.7	-10.5	8.0	4.9	9.1	9.7
Alberta	-10.2	-9.7	-17.4	-13.5	8.6	4.3	12.3	8.3
British Columbia	-0.4	-7.9	-13.7	-14.7	15.5	8.0	12.8	15.1
Yukon	25.2	-10.7	-11.1	-19.1	40.9	10.4	19.3	15.5
Northwest Territories	-16.1	-15.8	-17.4	-3.0	1.5	-13.2	2.5	5.8
Nunavut	11.0	-4.9	-21.7	-12.4	41.8	8.5	26.7	11.9

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

Source(s): Table 36-10-0480-01.

Note to readers

This release incorporates an update to 2020 data on provincial and territorial labour productivity and related measures. No revisions have been made to data for previous years.

These data are consistent with those incorporated in the provincial and territorial gross domestic product (GDP) by industry for 2020, released on May 3, 2021. They are also consistent with those incorporated in the national GDP by industry, released on April 30, 2021.

Preliminary estimates also take into account revised data of the [Survey of Employment, Payrolls and Hours](#) for 2020 (released on March 30, 2021). They also incorporate revised data of [Labour Force Survey \(LFS\)](#) (released on January 25, 2021).

Productivity measures

The term productivity in this release refers to labour productivity. For the purposes of this analysis, as in the national labour productivity releases, productivity and related measures cover the business sector only.

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.

It is important to note that real output (used to measure productivity) is based on the value added measured at basic prices, not market prices, which is consistent with the detailed framework by industry.

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

Next release

Revised estimates of hours worked and labour productivity in the provinces and territories for 2018 to 2020 will be published on February 11, 2022, with the incorporation of the new benchmark supply and use tables for reference year 2018.

Available tables: [36-10-0480-01](#) and [36-10-0489-01](#).

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

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is also available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is also available.

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; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).