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The Daily

Statistics Canada

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MAJOR RELEASES

OTHER RELEASES

NEW PRODUCTS

RELEASE DATES: July 15 to 19

MAJOR RELEASES

Multifactor productivity growth
2001

Multifactor productivity in the business sector slipped in 2001 for the first time in five years. The business sector recorded a slight 0.1% decline, compared with a growth rate of 1.7% in 2000.

This was the smallest decline in multifactor productivity during any economic downturn of the last two decades. It had not declined since 1996, when it fell 0.7%.

Multifactor productivity is designed to measure the joint influences on economic growth of technological change, efficiency improvements, returns to scale and other factors. Its growth rate is calculated as the difference between the growth in the amount of output produced (real gross domestic product) and the growth of the quantity of all inputs used, such as labour and machinery and equipment.

A second measure, labour productivity, is the output per unit of labour. This measure does not consider other important factors such as capital.

Inputs of capital and labour grow at faster pace than output

The decline in multifactor productivity in 2001 reflected the fact that the growth rate of inputs of capital and labour slightly outpaced that of output. The business sector recorded a 0.9% increase in output in 2001, and a 1% increase in the combined inputs of capital and labour.

The opposite was true in 2000, when output grew 5.4%, but combined inputs rose only 3.7%. This produced a 1.7% multifactor productivity growth rate.

In 2001, capital increased 1.8%, the slowest rate of growth since 1993, when it was 0.9%. This contrasts with the late 1990s, when capital recorded an annual average growth rate of 4.6%.

The slowdown in the growth of capital is partly attributable to information technology (including computer hardware, software and communications capital), which grew 5.9%, well below the 32.1% rate in 2000. Other capital assets such as other machinery and equipment and structures, which account for the bulk of capital, showed a less remarkable slowdown (from 4% to 1.1% for other machinery and equipment and from 2.1% to 1.5% for structures).

After a remarkable increase during the late 1990s, the increase in hours at work stalled in 2001. Labour input grew 0.4% in 2001, its smallest increase since 1992. Labour input reflects the change in hours at work, adjusted for the effects of changing labour composition in terms of shifts in the experience and education of the workforce. As is typical during periods of economic slowdown, labour composition fuelled a substantial proportion of the increase in labour input in 2001.

Analysis of year-over-year growth in productivity reveals an irregular pattern. Sharp increases such as the one recorded in 1999 are often followed by lower increases, such as the one that occurred in 2000. This is because unanticipated fluctuations in output often lead to delays in the adjustment of the inputs.

Note to readers

This release presents data for the business sector, which accounts for about 71% of gross domestic product (GDP). The business sector includes all of GDP except the output of general government, non-profit institutions and the rental value of owner-occupied real estate.

Multifactor productivity growth measures describe the relationship between the growth in output in real terms and the growth in inputs involved in its production. In the business sector productivity framework, the growth in output is measured as real GDP — deliveries in constant chained dollars of final goods and services by the business sector to domestic households, investment, government and non-profit institutions, and net exports to other countries.

Multifactor productivity growth estimates at the industry level make use of the value added measure of output. Real value added series reflect the real contribution of both capital and labour in converting intermediate inputs into finished products by industry.

Capital input measures the services derived from the stock of physical assets and software. The assets included are fixed business equipment, structures, inventories and land.

Among machinery and equipment capital services, this release provides additional detail for information technology. Information technology, defined in a consistent way with the US productivity literature, is composed of three broad classes of assets: computers and related equipment, software and communications equipment. The remainder of machinery and equipment such as cars, trucks and non-high tech equipment is included in other machinery and equipment capital. Structures include non-residential structures and residential capital that is rented out by profit-making firms or persons, land and inventories.

The growth in labour input in the business sector is obtained by aggregation of the growth in hours worked by groups of persons, classified by education and work experience, with weights determined by their shares of labour compensation.

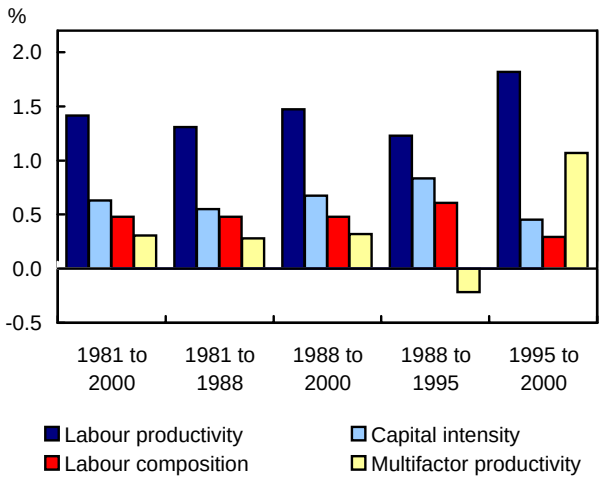
A brief description of the method for calculating growth in capital and labour inputs is available on Statistics Canada's Web site (www.statcan.ca). Click on Statistical methods, followed by Methodology, then Productivity growth in Canada — Appendices.

Erratic fluctuations in yearly estimates of productivity performance need, therefore, to be averaged to display the underlying long-term trends in the data.

Canada's multifactor productivity experience: a major revival in the late 1990s

Labour productivity growth can be decomposed into three components: multifactor productivity growth, the contribution of increased capital intensity, and the contribution of shifts in labour composition towards more highly skilled workers.

Sources of the Canadian business sector labour productivity growth (compound average annual growth rate in percentage)



Note: Numbers may not add up due to rounding.

Over the last 20 years, capital has grown more rapidly than hours in the private business sector. The skills of workers, as measured by their education and work experience, have also risen over this period. These shifts toward more capital-intensive production and workers with more human capital have allowed output per hour to grow at a faster rate than multifactor productivity growth.

From 1981 to 2000, labour productivity grew at an average annual rate of 1.4% in the business sector. Of this 1.4%, 0.3 percentage points are attributed to increases in multifactor productivity, 0.6 percentage points to the contribution of increases in capital intensity, and 0.5 percentage points to changes in the contribution of labour composition. The contribution of capital intensity is composed of the contribution of information technology (0.4 percentage points) and of the contribution of other types of capital (0.2 percentage points).

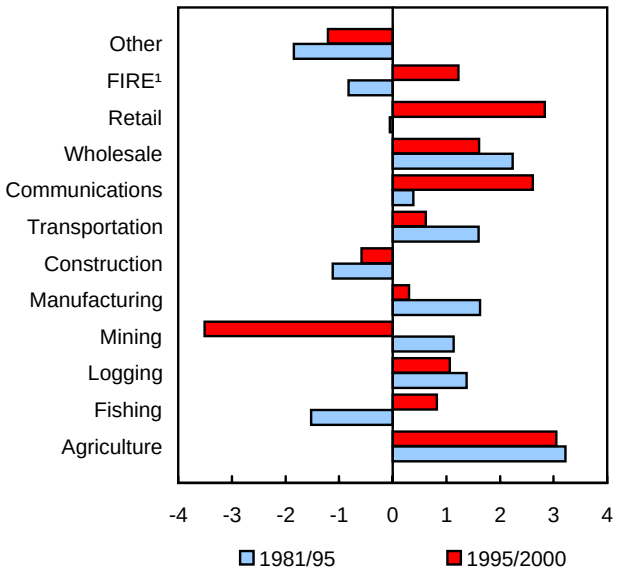
The size of these components was quite similar over the 1980s and 1990s. Labour productivity increased at an annual average of 1.5 % during the 1988–2000 period, slightly faster than during the 1981–1988 period (1.3%). During the 1988–2000 period, growth in both multifactor productivity (0.3 percentage points) and labour composition (0.5 percentage points) remained unchanged from the 1981–1988 period. The contribution of increases in capital intensity inched up, from 0.6 percentage points in 1981–1988 to 0.7 percentage points in 1988–2000; this change is partly the result of the increasingly important role of information technology, which accounted for nearly two-thirds of the growth in the contribution of capital intensity.

In the 1990s, there were two quite distinct subperiods. Output per hour grew only 1.2% per year during the 1988–1995 period. From 1995 to 2000, output per hour increased 1.8% per year, 0.6 percentage points more than in the previous period. This acceleration is attributed entirely to faster multifactor productivity growth, which increased from -0.2 percentage points in the 1988–1995 period to 1.1 percentage points in the late 1990s. Increases in capital intensity and labour composition, the other sources of labour productivity growth, both declined. Their contributions fell from 0.8 to 0.5 percentage points, and from 0.6 to 0.3 percentage points, respectively.

Since *The Daily* release of March 1, the Canadian estimates have been slightly revised, and the US numbers have been updated to 2000; but the story of a remarkable resurgence in Canadian performance relative to the United States remains unchanged.

Over the entire period from 1981 to 2000, Canada lagged behind the United States (0.3% compared to 0.9%), but Canada's multifactor productivity revival in the late 1990s compared with the early 1990s was more robust (an increase of 1.3 percentage points in Canada compared with an increase of 0.9 percentage points in the United States).

Average growth of multifactor productivity in Canadian sectors (%)



[1] *Finance, insurance and real estate.*

Industry sources of Canada's productivity revival

The multifactor productivity growth revival during the late 1990s was not confined to only one sector. There was a strong productivity revival after 1995 in many major sectors of the Canadian economy — in retail trade, communications and utilities, as well as in finance, insurance and real estate. But two important sectors, manufacturing and wholesale, experienced a slowdown in their productivity growth during the late 1990s.

The turnaround has been particularly large in those industries that are heavy users of information and communications technologies. Information technology has facilitated productivity gains through the use of new processes and the restructuring of businesses.

Available on CANSIM: tables 383-0001 and 383-0007.

To order data, contact *productivity.measures@statcan.ca*. For more information, or to enquire about the concepts, methods or data quality of this release, contact Tarek M. Harchaoui (613-951-9856; fax: 613-951-5403; *harctar@statcan.ca*), Micro-economic Analysis Division. □

Compound average annual rates of labour productivity and the contributions of capital intensity, labour composition, and multifactor productivity, Canadian business sector (percentage)

	1981–2000	1981–1988	1988–2000	1988–1995	1995–2000	2000–2001
			%			
Labour productivity	1.4	1.3	1.5	1.2	1.8	0.8
Capital intensity	0.6	0.6	0.7	0.8	0.5	0.7
Information technology	0.4	0.3	0.4	0.4	0.5	0.2
Computers	0.3	0.2	0.3	0.2	0.4	0.1
Software	0.1	0.1	0.1	0.1	0.0	0.1
Communications	0.1	0.0	0.1	0.1	0.1	0.0
Other machinery and equipment	0.1	0.2	0.1	0.1	0.2	0.1
Structures	0.1	0.1	0.1	0.3	-0.2	0.4
Labour composition	0.5	0.5	0.5	0.6	0.3	0.2
Multifactor productivity	0.3	0.3	0.3	-0.2	1.1	-0.1

Compound average annual rates of labour productivity and the contributions of capital intensity, labour composition, and multifactor productivity, US business sector (percentage)

	1981–2000	1981–1988	1988–2000	1988–1995	1995–2000
			%		
Labour productivity	1.9	1.9	2.0	1.4	2.7
Capital intensity	0.7	0.6	0.8	0.5	1.1
Information technology	0.6	0.5	0.6	0.4	1.0
Computers	0.3	0.3	0.3	0.2	0.6
Software	0.1	0.0	0.1	0.0	0.1
Communications	0.2	0.1	0.2	0.2	0.2
Other machinery and equipment	0.0	0.0	0.1	0.0	0.1
Structures	0.1	0.2	0.1	0.1	0.0
Labour composition	0.3	0.3	0.3	0.4	0.3
Multifactor productivity	0.9	0.9	0.9	0.5	1.4

Note: *Numbers may not add up due to rounding.*
Source: *US Bureau of Labor Statistics, Multifactor Productivity Trends, 2000, http://www.bls.gov/mfp USDL 02-128.*

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Control and sale of alcoholic beverages

2000/01

Per capita sales of alcohol held relatively steady in the fiscal year ending March 31, 2001. On average, Canadians are buying more alcohol than they did only five years earlier but much less than 25 years ago.

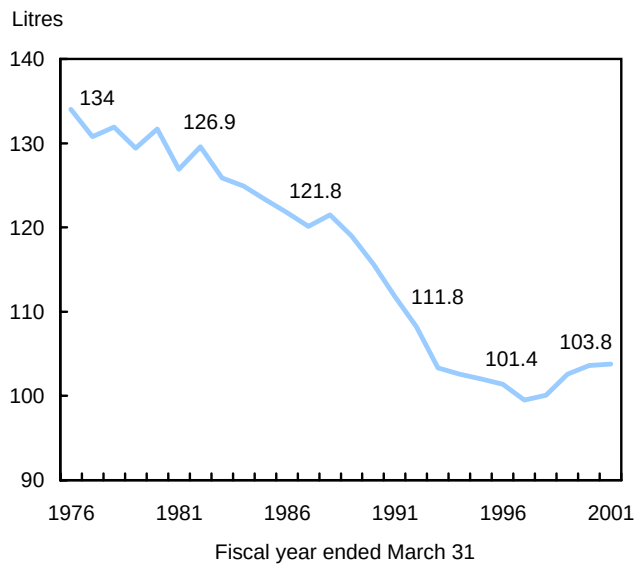
In 2000/01, persons aged 15 and over purchased on average 103.8 litres of alcoholic beverages, virtually unchanged from 103.6 litres in 1999/2000.

This was up from a low of only 99.5 litres in 1996/97, but far below the record high 134 litres per capita a quarter century ago (in 1975/76).

In 2000/01 Canadians bought, on average, 6.5 litres of spirits, 12.2 litres of wine and 85.0 litres of beer. In 1999/2000, they bought 6.3 litres of spirits, 11.7 litres of wine and 85.6 litres of beer.

In terms of total volume, liquor and beer stores and other outlets sold just under 2.6 billion litres of alcoholic beverages in 2000/01, of which 81.9% was beer, 11.8% wine and 6.3% spirits.

Total per capita volume of sales for spirits, wine and beer



These sales were worth $13.6 billion, up 4.3% from 1999/2000. Beer alone accounted for just over one-half of the total. Imported products accounted for nearly 30% of total sales, compared with 28% in 1999/2000.

Note to readers

Statistics on sales of alcoholic beverages by volume should not be equated with data on consumption. Sales volumes include only sales by liquor authorities and their agents, and sales by wineries and breweries and their outlets that operate under licence from the liquor authorities.

Consumption of alcoholic beverages would include all these sales, plus homemade wine and beer, wine and beer manufactured in brew-on-premises operations, all sales in duty-free shops and any unrecorded transactions.

International comparisons are drawn from the 2002 edition of World Drink Trends*, produced and published by World Advertising Research Center Ltd.*

Per capita information is calculated using the population aged 15 years and over.

Provincial and territorial governments collected $3.8 billion in revenue from those sales, up 2.6% from 1999/2000.

Latest sales figures also show consumer tastes are changing. For the first time, red wine has become the wine of choice among consumers, making it more popular than the traditional white.

Red wine now most popular

Consumers purchased 303.7 million litres of wine in 2000/01, up 5.6% from 1999/2000. These sales were worth slightly more than $3.1 billion, up 7%.

The traditional dominance of white wine halted as consumers purchased 131.6 million litres of red wine, or 53% of wine sales. This occurred after eight consecutive years of annual average growth above 10%.

Imports accounted for almost three-quarters of red wine sold in Canada in 2000/01. The market share of imported red wine increased an impressive 2.7% from 1999/2000.

Red wine sales soared 27.7% by volume in Alberta, the largest increase among the provinces. Sales in Quebec rose 16.6%, a distant second, followed by Newfoundland and Labrador (+15.0%) and Nova Scotia (+13.3%).

Quebec consumers bought 44.0% of all red wine sold in Canada, or 9.6 litres per capita. Despite purchasing a large percentage of the total wine sold in Canada, Quebec, on a per capita basis, still purchased four times less wine than either France or Italy.

Sales of white wine by volume declined in all provinces except New Brunswick (+9.8%) and British Columbia (+1.3%).

Only in Saskatchewan and Yukon did consumers buy larger volumes of Canadian red wine than imported

brands. Domestic wine accounted for just over one-half of the red wine purchased in each.

Imported wines enjoyed growing domination in the Canadian market. Just over 63% of the volume of white and red wines purchased in Canada came from foreign countries. Imported red wines accounted for almost 73% of red wine sales, while imported white wines accounted for 52% of white wine sold.

Sales of imported wine hit $2.2 billion in 2000/01, up 8.8%. This growth rate was nearly three times that of Canadian wine (+3.0%), which registered sales of $1.0 billion.

Although per capita wine sales in Canada resemble those of Norway, Russia, and the United States, they are five to six times less than those in France, Italy or Switzerland.

Only moderate growth for imported beer

Beer was still by far the most popular alcoholic beverage for Canadian consumers in 2000/01.

Consumers bought more than 2.1 billion litres of beer, up 0.7% from 1999/2000. This volume was worth more than $6.9 billion, up 3.0%.

The volume of imported beer sales increased a moderate 4.9% in 2000/01, well below the average annual growth rate of 22.7% over the previous six years.

Sales of imported beer reached $625.9 million in 2000/01, up 4.7%, the seventh straight annual increase. This gave imports 9% of the Canadian beer market.

Although the Czech Republic, the Republic of Ireland and Germany purchase more than twice as much beer per capita as Canadians, Canada compares to Spain and Portugal and purchases significantly more than countries such as France and Italy.

With the highest beer sales per capita (145.1 litres), Yukon compares to Belgium, Austria and Denmark; Saskatchewan, with the lowest per capita sales (73.6 litres), compares to Sweden.

Long-term rebound continues for spirits

Sales of spirits continued a long-term rebound in 2000/01. Consumers purchased 162.0 million litres of spirits, up 4.2% from 1999/2000, and well above the most recent low of 127.0 million litres in 1993/94.

These sales were worth $3.5 billion, a 4.6% increase. Sales of imported spirits rose 9.3% to $1.2 billion, almost four times the 2.4% growth rate for Canadian spirits.

Quebec consumers bought 8.4% more spirits in 2000/01, the largest percentage increase from 1999/2000, followed by consumers in the Northwest Territories (+6.2%), Newfoundland and Labrador (+5.4%) and Alberta (+4.9%).

Liqueurs were the leading imported product, at 11.6 millions litres, exceeding even Scotch whisky, at 9.8 millions litres. Among Canadian products, whisky surpassed rum and vodka as the number one seller.

Coolers remain popular

Consumers bought $251.2 million worth of wine and spirit-based coolers in 2000/01, up 11.6%. Of the 46.9 million litres of coolers sold, 64% were spirit-based.

The volume of spirit-based coolers rose 4.2%, while the volume of wine-based coolers went up 5.6%.

The vast majority of coolers (90.7%), were produced in Canada. Spirit-based coolers represented 7.1% of the revenue from domestic spirits, and wine-based coolers accounted for 7.4% of domestic wine sales.

Per-capita sales of alcoholic beverages, by volume
Fiscal year ended March 31, 2001

	Spirits	Wines	Beer	Total
	Litres per capita			
Canada	**6.5**	**12.2**	**85.0**	**103.8**
Newfoundland and Labrador	7.6	5.2	92.7	105.5
Prince Edward Island	8.0	6.7	77.1	91.7
Nova Scotia	8.4	7.4	78.4	94.3
New Brunswick	6.1	7.1	79.4	92.6
Quebec	2.9	16.3	93.3	112.6
Ontario	7.4	10.9	83.5	101.9
Manitoba	8.6	7.7	76.7	92.9
Saskatchewan	8.5	4.9	73.6	86.9
Alberta	8.0	12.9	88.6	109.6
British Columbia	7.6	13.9	78.2	99.8
Yukon	12.4	17.8	145.1	175.3
Northwest Territories and Nunavut[1]	9.8	7.3	79.3	96.4

[1] *The volume per capita of the Northwest Territories and Nunavut are combined, since the distribution centre in Nunavut is not representative of all sales.*

Note: *Figures may not add to totals because of rounding.*

Available on CANSIM: tables 183-0005 and 183-0006.

The control and sale of alcoholic beverages in Canada for the fiscal year ending March 31, 2001 (63-202-XIB, $29) will be available soon. A print-on-demand version is now available for $60. Data are also available in special tabulations. See *How to order products*.

For more information on products and services, contact Joanne Rice (613-951-0767). To enquire about the concepts, methods or data quality of this release, contact Jean-François Carbonneau (613-951-8561) or Jean-Marc de Beaumont (613-951-1829), Public Institutions Division. □

Sales of alcoholic beverages
Fiscal year ended March 31

	Spirits	Wines	Beer	Total	Spirits	Wines	Beer	Total
	$ millions				Millions of litres			
1990/91	3,094	1,769	5,231	10,094	145	236	2,082	2,463
1991/92	3,059	1,805	5,430	10,294	137	231	2,045	2,413
1992/93	3,006	1,863	5,556	10,425	129	229	1,973	2,331
1993/94	2,985	1,902	5,432	10,319	127	226	1,986	2,339
1994/95	2,942	1,950	5,507	10,399	127	232	2,015	2,374
1995/96	2,940	2,076	5,640	10,655	128	240	2,033	2,401
1996/97	2,989	2,251	5,743	10,982	130	253	2,003	2,385
1997/98	3,098	2,411	6,204	11,714	138	260	2,033	2,431
1998/99	3,236	2,638	6,501	12,375	148	273	2,074	2,494
1999/2000	3,367	2,931	6,723	13,022	155	288	2,103	2,546
2000/01	3,524	3,136	6,925	13,585	162	304	2,117	2,583

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OTHER RELEASES

Dairy statistics

May 2002 (preliminary)

Dairy farmers sold over 638 000 kilolitres of milk and cream to dairies in May, down almost 5 % from May 2001.

The April–June 2002 issue of *The dairy review* (23-001-XIB, $27/$89) will be available in August. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Anna Michalowska (1-800-465-1991; 613-951-2442; fax: 613-951-3868), Agriculture Division. ■

NEW PRODUCTS

Infomat — A weekly review, July 12, 2002
Catalogue number 11-002-XIE ($3/$109).

Infomat — A weekly review, July 12, 2002
Catalogue number 11-002-XPE ($4/$145).

Refined petroleum products, March 2002, Vol. 57, no. 3
Catalogue number 45-004-XIB ($16/$155).

Refined petroleum products, March 2002, Vol. 57, no. 3
Catalogue number 45-004-XPB ($21/$206).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB are electronic versions on diskette and -XCB are electronic versions on compact disc.

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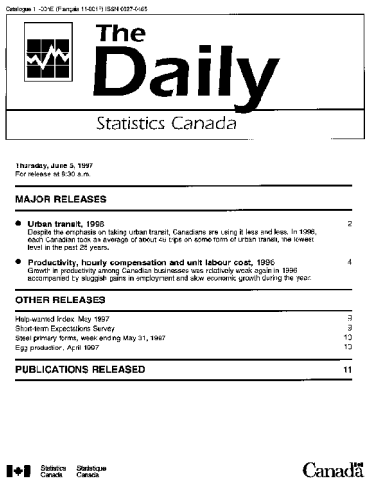
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MAJOR RELEASES

- **Urban transit, 1996** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about six trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4
  Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

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RELEASE DATES: JULY 15 TO 19

(Release dates are subject to change.)

Release date	Title	Reference period
15	**New motor vehicle sales**	May 2002
15	**Health Services Access Survey**	2001
16	**Census of population: Age and sex**	2001
17	**Monthly Survey of Manufacturing**	May 2002
17	**Crime statistics**	2001
18	**Travel between Canada and other countries**	May 2002
18	**Investment in non-residential building construction**	Second quarter 2002
18	**Workplace and Employee Survey: Better jobs in the new economy?**	June 2002
19	**Canadian international merchandise trade**	May 2002
19	**Wholesale trade**	May 2002