



The Daily

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 Canada recorded its strongest job gains in 15 years in 2002 in the wake of consumer and government spending, a rise in exports, and a booming housing market. Job creation soared 3.7%, the strongest annual growth rate since 1987.

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Perspectives on labour and income

January 2003 online edition

The January 2003 online edition of *Perspectives on labour and income*, released today, features three articles. "2002 — A good year in the labour market" details the dramatic improvement in the labour market over the past year in most industries and in most provinces. "Profiling RRSP contributors" takes a timely look at RRSPs in an examination of some personal and family characteristics associated with the likelihood of contributing. Completing the issue is "2000 income: An overview," an update on how families fared in 2000 from the standpoint of income. This article is also available as a free PDF file. For more information on "2000 income," contact Pina La Novara (613-951-1573; pina.lanovara@statcan.ca), Income Statistics Division.

The January 2003 online edition of *Perspectives on labour and income*, Vol. 4, no. 1 (75-001-XIE, \$5/\$48) is now available. See *How to order products*. For more information, contact Henry Pold (613-951-4608; henry.pold@statcan.ca), Labour and Household Surveys Analysis Division

MAJOR RELEASES

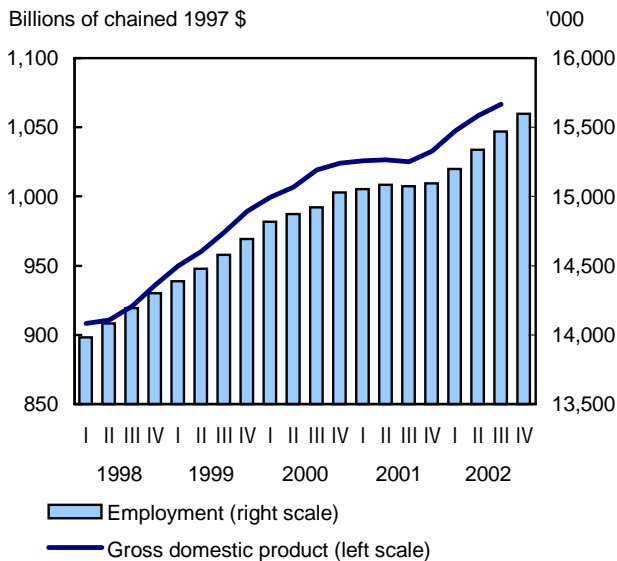
Year-end labour market review 2002

Canada recorded its strongest job gains in 15 years in 2002 in the wake of consumer and government spending, a rise in exports, and a booming housing market.

Job creation soared 3.7% last year, the strongest annual growth rate since 1987. By the end of 2002, employment had jumped 560,000 from where it began the year. In December, the proportion of the population that was employed stood at 62.4%, the highest on record. In November, Canada's employment rate was higher than the US rate for the first time since 1988.

The employment situation was a reversal from 2001, when both the economy and the labour market took a turn for the worse and four years of strong growth in employment ground to a halt.

Employment soared in 2002, boosted by renewed economic growth



The dramatic labour market performance last year exceeded the expectations of the Organisation for Economic Co-operation and Development, which had forecast employment growth in Canada at 1.3%, later revised to 1.6%. On an annual average basis, employment actually increased 2.2% in 2002.

Note to readers

This release is based on a comprehensive analytical article released today in the online edition of Perspectives on labour and income. It updates major developments in the 2002 labour market, some of which were reported in the Labour Force Survey release in the January 10 issue of The Daily.

Canada's gross domestic product increased 4.0% from the third quarter of 2001, when the economy was at its low point for that year, to the third quarter of 2002. Consumer and government spending maintained the strong pace of 2001. Although business spending remained slow, housing and exports picked up considerably.

Rebound in manufacturing

Manufacturing enjoyed a tremendous rebound from 2001, when it was the main source of weakness in the labour market. In 2002, it was the main source of strength.

The number of manufacturing jobs jumped by 125,000, or 5.6%, a sharp contrast to the decline of 112,000, or 4.8%, in 2001.

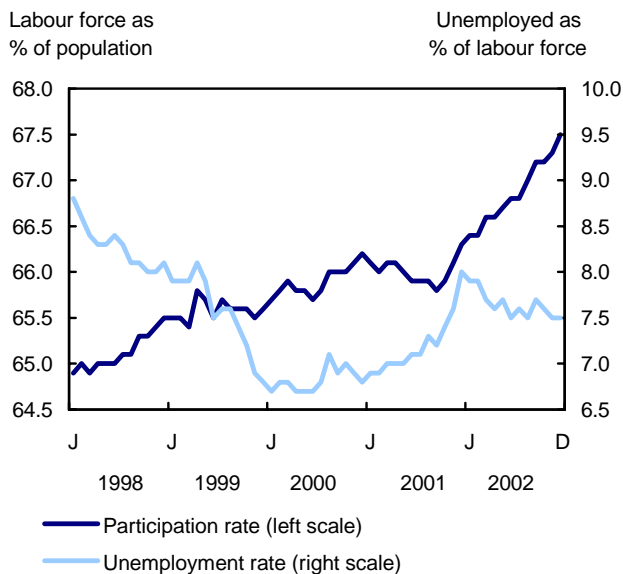
The gains were widespread, but the largest increases occurred in food processing and machinery production. Employment in food processing was up 23,000, or 9.8%, and machinery manufacturing gained 19,000, or 16.6%.

Although it ended the year on a negative note, the automotive sector helped drive the upward trend in manufacturing for much of 2002. From January to October, motor vehicle shipments in Canada were 7.6% higher than in the same 10-month period of 2001. Vehicle output also rose strongly in the United States.

As a result, Canadian parts plants expanded output to feed the increased production at North American assembly plants. By August, automotive and parts employment was more than 15% higher than it had been in August 2001. However, sales softened in the United States in the fourth quarter, and inventories began to increase.

Shutdowns late in the year at a number of assembly lines had a significant impact on employment at parts suppliers. In total, employment in motor vehicles and parts fell 21,000 in December alone, eliminating all the gains in the industry in 2002.

Sharp rise in participation checks the decline in the unemployment rate



Adult women benefit from health and education spending

Employment for adult women jumped 244,000, or 4.2%, in 2002. About one-fifth of the increase came from manufacturing. However, women incurred more significant gains in health care and social assistance, education, and the federal public service.

By the end of the year, the unemployment rate for adult women had declined from 6.4% to 6.1%.

Women made strong gains in all areas of the health care and social assistance industry. By the end of 2002, the number of female nurses had increased 21,000, a gain of almost 10%.

The Canadian Institute for Health Information had forecast that health care spending would rise 6.3% to \$112.2 billion in 2002. In total, employment in health care and social assistance increased 90,000, or 5.7%, the largest increase since 1989.

Housing boom, manufacturing gains drive jobs for adult men

Gains in manufacturing and construction had a major impact on employment among adult men, which rose by 211,000 overall, or 3.1%. This drove the unemployment rate for adult men down from 7.3% to 6.7%.

About 47% of the increase occurred in manufacturing or construction. Job gains in construction amounted to 62,000, or 7.4%. The housing

boom led to some significant spin-off employment in furniture manufacturing and retailing, building material retailing, real estate sales, and banking.

Selected labour market estimates for major age-sex groups

	Dec. 2002	Dec. 2001 to Dec. 2002	
Seasonally adjusted			
	'000		% change
Employment	15,649.8	559.6	3.7
Men	8,359.8	270.6	3.3
15 to 24	1,224.4	59.2	5.1
25 and older	7,135.3	211.2	3.1
Women	7,290.0	289.0	4.1
15 to 24	1,180.1	45.0	4.0
25 and older	6,109.9	244.0	4.2
Unemployment	1,275.9	-42.9	-3.3
Men	729.7	-36.1	-4.7
15 to 24	218.7	-1.3	-0.6
25 and older	511.0	-34.8	-6.4
Women	546.2	-6.8	-1.2
15 to 24	149.6	-4.8	-3.1
25 and older	396.7	-1.9	-0.5
	%		% point change
Unemployment rate	7.5		-0.5
Men	8.0		-0.6
15 to 24	15.2		-0.7
25 and older	6.7		-0.6
Women	7.0		-0.3
15 to 24	11.3		-0.7
25 and older	6.1		-0.3

Job gains in almost every province

Employment increased in every province except Newfoundland and Labrador last year. Ontario and Quebec accounted for almost two-thirds of the total increase of 559,600.

From January to June, employment in Quebec increased by 128,000, or 3.7%. In the next six months, the national trend was driven by Ontario and its 129,000 new jobs, a 2.1% increase.

At the end of the year, employment was up significantly in both provinces — 196,000 in Ontario (+3.3%) and 168,000 in Quebec (+4.8%). In December, 60.3% of the population in Quebec was employed, the highest proportion since at least 1976.

Almost two-thirds of the employment gain in Quebec occurred in Montréal, where employment jumped 108,000, or 6.4%. This caused the city's unemployment rate to drop from 9.8% to 8.4%, and the employment rate to leap from 60.0% to 63.0%.

Employment in Toronto, although not as strong, increased 75,000, or 2.9%.

Employment growth was also strong in British Columbia (+4.2%), mostly in the lower mainland area;

Alberta (+3.9%), where over half the gains were in the Edmonton area; and Saskatchewan (+5.5%), which had the fastest rate of growth among the provinces.

In Alberta, gains in agriculture, manufacturing and construction were more than enough to offset a 14.4% decline in employment in oil and gas. Although down for the year, oil and gas employment in Alberta began to pick up in the fourth quarter.

The article "2002 — A good year in the labour market" is available in the January 2003 online edition of *Perspectives on labour and income*, Vol. 4, no. 1 (75-001-XIE, \$5/\$48). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Geoff Bowlby (613-951-3325; geoff.bowlby@statcan.ca), Labour Statistics Division. ■

OTHER RELEASES

For-hire motor carriers of freight, annual supplement — Financial statistics 2001

An estimated 2,800 for-hire motor carriers of freight earn at least \$1 million annually. In 2001, their operating revenues totalled \$19.5 billion and their operating expenses totalled \$18.4 billion, for an operating ratio of 0.94. (Any ratio over 1.00 represents an operating loss.) The net profit of the for-hire carriers of freight in 2001 (\$531 million) was up 1.5% from 2000 (\$523 million). The operating profit margin was set at 5.7%.

Financial statistics on the for-hire motor trucking industry are available from the *Annual supplement to the Quarterly Motor Carriers of Freight Survey*. This supplementary survey provides aggregate measurements and other financial ratios based on a sample of 724 carriers.

Available on CANSIM: table 403-0003.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-Robert Larocque (613-951-2486; laroque@statcan.ca) or Denis Pilon (613-951-2707; fax: 613-951-0579; dpilon@statcan.ca), Transportation Division. ■

Profiling RRSP contributors

1998

Young people, individuals with high incomes and those in legal marriages (as opposed to common-law relationships) are more likely to contribute to registered retirement savings plans (RRSPs), according to a new study.

"Profiling RRSP contributors," published today in the online edition of *Perspectives on labour and income*, examines factors that make one person more likely than another to contribute to an RRSP. Using 1998 tax data, the article looks at personal and family characteristics associated with RRSP participation.

The study, which used data from income tax returns to create models for analysis, showed that the likelihood of contributing decreases with age, particularly among single people. As age increases from 30 to 50, the likelihood of contributing declines by almost 10 percentage points.

The study also showed that the higher the income, the more likely it is that an individual will contribute to an RRSP. High income provides not only the means to contribute, but also the incentive, since those with high income bear the heaviest tax burdens.

In addition, having a higher-income spouse means higher household income, and therefore greater ability to spend on RRSPs. However, having a spouse in a higher tax bracket decreases one's likelihood of contributing if the spouse has RRSP room. This may be because the priority is to use up the higher-income spouse's room, thus reducing the heavier tax burden first.

On the other hand, higher-income spouses with no room cannot make a contribution to reduce their own tax burden, but they can help the lower-income spouse make a contribution, increasing that individual's likelihood of making an RRSP contribution.

People who invest outside registered plans are also likely to contribute to RRSPs. In some cases, investors with relatively low income are more likely to contribute than non-investors with higher income.

Women are more likely contributors than men, except when both spouses have RRSP room. However, when children are present, women's likelihood of contributing is reduced to a greater extent than men's.

Self-employed people are more likely to contribute to RRSPs than their employed counterparts. Besides not having a pension plan, the self-employed tend to have more year-to-year income variability than employees, so some may use RRSPs as an income-averaging device. Having an employer-sponsored pension makes one less likely to contribute, except at low income.

Having a contributing spouse doubles a person's probability of participating. However, decisions to contribute may depend on the income discrepancy between the two spouses. Married people are generally more likely to contribute than people in common-law relationships, except for women whose husbands have RRSP room.

The article "Profiling RRSP contributors" is available in the January 2003 online edition of *Perspectives on labour and income*, Vol. 4 no. 1 (75-001-XIE, \$5/\$48). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Boris Palameta (613-951-2124; boris.palameta@statcan.ca), Income Statistics Division. ■

NEW PRODUCTS

Infomat — a weekly review, January 24, 2003
Catalogue number **11-002-XIE** (\$3/\$109).

Infomat — a weekly review, January 24, 2003
Catalogue number **11-002-XPE** (\$4/\$145).

Low-income intensity during the 1990s: the role of economic growth, employment earnings and social transfers, no. 172
Catalogue number **11F0019MIE**
(free).

Minorities, cognitive skills and the incomes of Canadians, no. 196
Catalogue number **11F0019MIE**
(free).

Dangerous Goods Accident Information System, 2001
Catalogue number **50F0002XCB** (\$100).

Retail trade, November 2002, Vol. 74, no. 11
Catalogue number **63-005-XIB** (\$16/\$155).

Perspectives on labour and income, January 2003, Vol. 4, no. 1
Catalogue number **75-001-XIE** (\$5/\$48).

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Statistics Canada

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MAJOR RELEASES

- **Urban transit, 1995** 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, 1995** 4
Growth in productivity among Canadian businesses was notably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

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- Short-term Expectations Survey 8
- Steel primary forms, week ending May 31, 1997 12
- Egg production, Apr. 1997 13

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The Daily, January 24, 2003

RELEASE DATES: JANUARY 27 TO 31

(Release dates are subject to change.)

Release date	Title	Reference period
28	Employment Insurance	November 2002
28	Employment, earnings and hours	November 2002
29	Leading indicators	December 2002
29	Survey of Suppliers of Business Financing	2001
30	Industrial product price and raw materials price indexes	December 2002
31	Grain stocks	As of December 31, 2002
31	Gross domestic product by industry	November 2002
