



# The Daily

Statistics Canada

**Friday, September 12, 2003**

Released at 8:30 a.m. Eastern time

---

## MAJOR RELEASES

---

- **Labour productivity, hourly compensation and unit labour cost, second quarter 2003** 2  
 In spite of many impediments to economic growth, labour productivity increased a slight 0.1% in the second quarter from the first. This was the first increase after three quarters of negative or no growth.

---

## OTHER RELEASES

---

Manure storage in Canada, 2001	6
National economic and financial accounts, second quarter 2003	6
Fuel sales for road motor vehicles, 2002	7
Dairy statistics, July 2003	7

---

## NEW PRODUCTS

---



---

**RELEASE DATES:** September 15 to 19 10

---



## MAJOR RELEASES

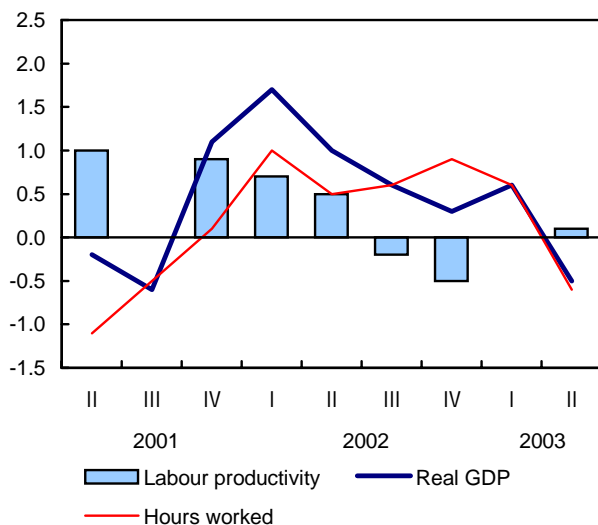
### Labour productivity, hourly compensation and unit labour cost

Second quarter 2003

In spite of many obstacles to economic growth, labour productivity increased a slight 0.1% in the second quarter from the first. This marginal improvement continued the lethargic pace of labour productivity growth that was experienced in the past four quarters.

#### Productivity increased slightly after three quarters of negative or stable growth

Quarterly % change



During the three preceding quarters, the growth of hours worked has been greater or equal to output growth, resulting in declining or stagnating productivity. In the second quarter, quarterly growth in labour productivity increased slightly as a result of a decline in output combined with a slightly more pronounced decline in hours worked. Businesses have reacted quickly to the decline in the demand for goods and services by decreasing employment.

Output and hours worked in the second quarter have both declined for the first time since the third quarter of 2001, a period that corresponds to the events of September 11. The magnitude of the decline in output and hours worked has been very similar in the two periods.

#### Note to readers

This release contains a brief analysis of detailed data on productivity growth and other related variables. A comprehensive analysis, including additional charts and tables, is now available in the Canadian economic accounts quarterly review (13-010-XIE, free).

The quarterly productivity estimates provide an initial indication of recent productivity trends in the Canadian economy. The data are produced from provisional estimates of gross domestic product (GDP). Because of the recent problems concerning electricity supply in Ontario, less time than usual has been spent in compiling and evaluating the GDP data; productivity estimates might therefore be subjected to a larger revision than normal at the time of the next release.

In this release, the use of the term "productivity" refers to labour productivity. Calculations of the productivity growth rate and its related variables are based on index numbers rounded to one decimal place.

**Labour productivity** is the ratio of output to labour input (hours worked). Quarterly estimates of productivity are derived from a Fisher chained index of the GDP, or of the value added, in the business sector. Economic performance as measured by labour productivity must be interpreted carefully, since these estimates reflect changes in other inputs in addition to the growth in productive efficiency.

**Labour compensation** includes all payments in cash or in kind made by domestic producers to persons as remuneration for work. This includes salaries and supplementary labour income of paid workers, plus the imputed labour income of self-employed workers.

**Unit labour cost** is the labour cost per unit of output. It is calculated as the ratio of labour compensation to real value added. It is also the equivalent of the ratio of labour compensation per hour worked to labour productivity. The unit labour cost will increase when hourly compensation rises faster than labour productivity.

#### First quarterly decline to the output in Canada contributed to increase the productivity gap in favour of the United States

Economic output in the business sector declined 0.5% in the second quarter, as the impact of SARS, mad cow disease and the stronger Canadian dollar rippled through the economy. At the same time, the number of hours worked in the business sector fell 0.6%. The declines halted a string of six straight quarterly gains in output and employment.

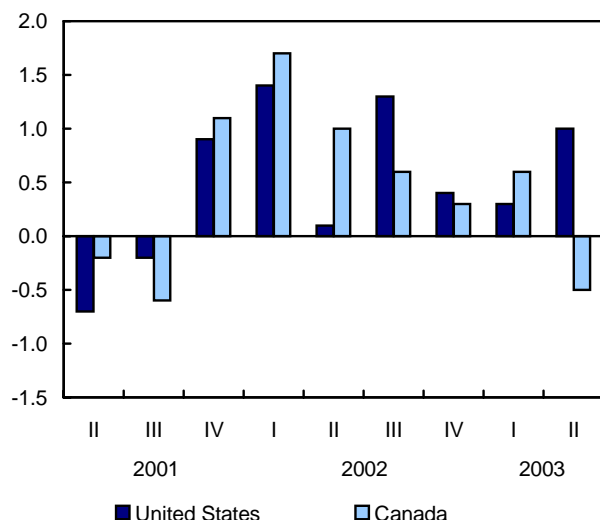
Economic output in the business sector south of the border increased 1.0% in the second quarter, in the wake of higher consumer spending and the return to growth in business investment.

The number of hours worked in the US business sector declined 0.7%, virtually the same drop as in

Canada. Except for a slight increase of 0.1% in the fourth quarter of 2002, the number of hours worked in the United States has been declining steadily since the second quarter of 2001.

### Output in Canada's business sector declined for the first time in seven quarters

Quarterly % change



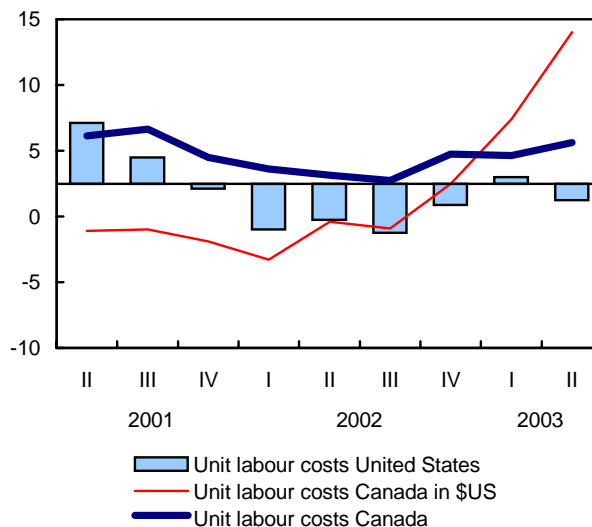
As a result of greater output growth, productivity growth in the United States in the second quarter surpassed that of Canada's business sector for the fourth straight quarter. American businesses increased their productivity 1.8% from the first quarter, an increase substantially larger than Canada's gain of 0.1%.

### More advantage for American businesses in labour costs, because of the strong appreciation of the exchange rate

After decelerating gradually since the third quarter of 2001, the unit labour costs increased at a faster pace in the last two quarters. On an annual basis, the unit labour costs of Canadian businesses continued to grow in the second quarter. In contrast, unit labour costs in American businesses started declining again in the second quarter, after increasing slightly in the first. Apart from this first-quarter increase, unit labour costs have declined in the United States since the fourth quarter of 2001.

### Strong appreciation of the Canadian dollar has increased Canadian unit labour costs

Year-over-year %



American businesses enjoy an even larger advantage when the unit labour cost estimate is adjusted for the change in the exchange rate. As a consequence of the abrupt increase (+10.0%) in the value of the Canadian dollar in the second quarter compared with the same quarter of 2002, the gap in unit labour costs between the two countries widened in favour of the United States. Measured in American dollars, unit labour costs in Canada rose a dramatic 14.0% from the second quarter of 2002, compared with a decline of 1.1% in the United States on an annual basis.

### Recent revisions of hours worked in the United States resulted in widening of the gap in productivity growth in favour of the United States for 2001 and 2002

Data in this release incorporate revisions to the number of hours worked in the United States back to 1947. Additional revisions of US gross domestic product, which is usually published in September, has been postponed until next December. Revisions of gross domestic product in Canada for the last four years were released in the June 12 issue of *The Daily*.

For the 1987 to 2002 period, revisions to the US data on hours worked (no corresponding revisions were made in Canada) had the effect of increasing the labour productivity growth of American businesses, especially from 2001 onward. Over the last four years, the United States have revised their preliminary labour productivity estimates downward substantially following

output revisions, while Canada has revised its estimates upward.

### Comparison of annual labour productivity growth in the business sector before and after revision

	Canada	United States	
		Before revision	After revision
	annual % change		
1987-2001	1.5	1.8	1.9
1995-2000	2.0	2.7	2.6
1996-2001	2.3	2.3	2.5
1999	2.9	2.6	2.5
2000	3.1	3.0	3.1
2001	1.2	1.1	2.0
2002	1.8	4.8	5.3

Source: US data are from the Bureau of Labor Statistics, *Productivity and Costs* — Second quarter 2003, published in *NEWS*, September 4.

In 2001, productivity growth in the United States has increased from 1.1% before revision to 2.0% after revision, almost twice the growth of 1.2% observed in Canada for the same year. For 2002 as a whole, productivity growth in the United States has been revised upward from 4.8% to 5.3%.

During 2001 and 2002, the growth in real output in Canada was stronger than it was in the United States. At the same time, however, the labour force in Canada's business sector grew much faster than it did in the United States. The net effect was a slower increase in business sector labour productivity in Canada.

For the 1996 to 2001 period, the average annual growth in US productivity was revised upward, from 2.3 % to 2.5%, providing a rate now slightly higher than that of Canada.

Finally, over the entire period from 1987 to 2001, the gap in the average annual productivity growth rate, which was already in favour of the United States, was revised upward slightly, from 0.3 to 0.4 percentage points.

**Available on CANSIM: table 383-0008.**

**Definitions, data sources and methods: survey number 5042.**

A more comprehensive analysis, including additional charts and tables are now available in the *Canadian economic accounts quarterly review* (13-010-XIE, free). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-Pierre Maynard (613-951-3654; fax: 613-951-3292; [maynard@statcan.ca](mailto:maynard@statcan.ca)), Micro-Economic Analysis Division.

□

## Business sector: Labour productivity and related variables for Canada and the United States

	Second quarter 2001	Third quarter 2001	Fourth quarter 2001	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003
% change from previous quarter, seasonally adjusted									
<b>Canada</b>									
Labour productivity	1.0	0.0	0.9	0.7	0.5	-0.2	-0.5	0.0	0.1
Real GDP	-0.2	-0.6	1.1	1.7	1.0	0.6	0.3	0.6	-0.5
Hours worked	-1.1	-0.5	0.1	1.0	0.5	0.6	0.9	0.6	-0.6
Hourly compensation	1.3	0.8	0.6	0.9	0.3	0.4	0.6	0.2	0.8
Unit labour cost	0.3	0.9	-0.4	0.2	-0.2	0.6	1.2	0.1	0.6
Exchange rate <sup>1</sup>	0.9	0.3	2.2	0.9	-2.5	0.6	0.4	-3.8	-7.4
Unit labour cost in US\$	-0.6	0.5	-2.5	-0.7	2.4	0.0	0.8	4.1	8.7
<b>United States</b>									
Labour productivity	0.3	0.8	2.1	2.1	0.2	1.5	0.4	0.6	1.8
Real GDP	-0.7	-0.2	0.9	1.4	0.1	1.3	0.4	0.3	1.0
Hours worked	-1.1	-1.0	-1.3	-0.6	-0.1	-0.2	0.1	-0.3	-0.7
Hourly compensation	0.6	0.7	0.5	0.9	1.0	0.5	0.4	1.2	1.0
Unit labour cost	0.2	-0.2	-1.6	-1.2	0.8	-1.0	0.1	0.4	-0.6
	1998	1999	2000	2001	2002	Third quar- ter 2002	Fourth quar- ter 2002	First quar- ter 2003	Second quar- ter 2003
% change from the previous year, seasonally adjusted									
<b>Canada</b>									
Labour productivity	1.7	2.9	3.1	1.2	1.8	2.0	0.5	-0.2	-0.6
Real GDP	4.5	6.9	6.3	1.3	3.4	4.4	3.6	2.4	1.0
Hours worked	2.8	3.8	3.1	0.1	1.5	2.3	3.1	2.7	1.5
Hourly compensation	4.7	0.4	6.0	3.9	2.7	2.2	2.2	1.5	1.9
Unit labour cost	2.9	-2.4	2.9	2.7	0.8	0.2	1.8	1.7	2.5
Exchange rate	7.1	0.1	0.0	4.3	1.4	1.1	-0.7	-5.3	-10.0
Unit labour cost in US\$	-3.9	-2.6	2.8	-1.4	-0.6	-0.9	2.5	7.4	14.0
<b>United States</b>									
Labour productivity	2.6	2.5	3.1	2.0	5.3	6.0	4.2	2.7	4.3
Real GDP	4.9	4.7	4.1	-0.2	2.7	3.8	3.4	2.2	3.2
Hours worked	2.2	2.1	1.0	-2.1	-2.5	-2.1	-0.8	-0.5	-1.1
Hourly compensation	5.5	4.5	6.8	3.8	2.8	2.9	2.8	3.1	3.2
Unit labour cost	2.7	2.0	3.7	1.8	-2.3	-2.9	-1.4	0.4	-1.1

<sup>1</sup> The exchange rate corresponds to the US dollar value expressed in Canadian dollars.

Source: US data are from Bureau of Labor Statistics, Productivity and costs — Second quarter 2003 published in NEWS, September 4.



---

## OTHER RELEASES

---

### Manure storage in Canada 2001

As the livestock industry expands and becomes more intensive, environmental concerns over livestock manure, storage and disposal are growing. In response to these concerns and to new regulations, producers have been increasingly adopting farming practices and technologies aimed at reducing risks related to manure storage and handling, while increasing the use of nutrients contained in manure.

A new report, which analyses data from the 2001 Farm Environmental Management Survey, provides insights into manure storage practices in use in 2001 on livestock farms.

It shows that 69% of livestock farms in Canada in 2001 had a solid or semi-solid storage system, which is the system most in use with dairy and beef cattle.

Almost 16,900 farms had liquid manure storage systems such as open tanks, concrete enclosures and lagoons. These systems are predominantly associated with confined animal production systems, such as hog production.

Another 24% of livestock farms did not have any type of storage system. These farms either raise animals outdoors year round or spread manure directly without storage. Thus, these operations would not use manure storage facilities.

Hog farms, which are typically large-scale and capital-intensive operations, made the greatest use of liquid manure storage systems in 2001. In both the dairy and hog sectors, large farms had a higher proportion of liquid storage systems, while smaller farms had a higher percentage of solid storage systems.

Greater storage capacity reduces the need to apply manure in unsuitable conditions, and facilitates the use of nutrients in the manure at a more favorable stage of crop growth. The majority of livestock farms with a liquid manure storage system had a storage capacity above 250 days.

The proximity of manure storage facilities to water bodies can be an important factor in assessing environmental risks of water contamination due to potential run-off and other problems related to containment. In general, manure storage systems were well away from water bodies in 2001, although liquid manure storage systems were generally a little closer.

The vast majority of manure storage structures, both liquid and solid, were located more than 30 meters from a well, stream, river or lake in 2001.

On a provincial basis, 36% of farms in Quebec had liquid manure storage systems, the highest proportion among the provinces. This was due to the importance of hog and dairy farming in the province and greater environmental regulations.

The Atlantic Provinces had the highest proportion of farms with solid/semi-solid manure storage systems (87%).

The lowest proportions of farms with liquid manure storage systems were in Alberta, where only 4.5% of farms had such a system and Saskatchewan (2.2%). These provinces have the largest number of beef cattle and beef farms. Beef production does not typically make use of liquid storage systems.

### Definitions, data sources and methods: survey number 5044.

The report *Farm environmental management in Canada, Manure storage in Canada*, 2003, Vol. 1, no. 1 (21-021-MIE, free) is now available on Statistics Canada's website ([www.statcan.ca](http://www.statcan.ca)). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Ross Vani (613-951-2032), Agriculture Division. ■

### National economic and financial accounts Second quarter 2003

The *Canadian economic accounts quarterly review* (13-010-XIE) is being updated today to include a more detailed analysis than was released in *The Daily* on August 29 for the sections related to gross domestic product by income and by expenditure, gross domestic product by industry and balance of payments. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

For more information on gross domestic product by income and by expenditure, or to enquire about concepts, methods or data quality, contact the information officer (613-951-3640, [iead-info-dcrd@statcan.ca](mailto:iead-info-dcrd@statcan.ca)), Income and Expenditure Accounts Division.

For information on gross domestic product by industry or to order data, contact Yolande Chantigny (1-800-887-IMAD; [imad@statcan.ca](mailto:imad@statcan.ca)). To enquire about the concepts, methods or data quality of this

---

release, contact Jo Ann MacMillan (613-951-7248; [joann.macmillan@statcan.ca](mailto:joann.macmillan@statcan.ca)), Industry Measures and Analysis Division.

For more information on the balance of payments, or to enquire about concepts, methods or data quality, contact Arthur Ridgeway (613-951-8907), Balance of Payments Division. ■

## **Fuel sales for road motor vehicles 2002**

Data on fuel sales for road motor vehicles are now available for 2002.

**Available on CANSIM: tables 405-0002 and 405-0003.**

**Definitions, data sources and methods: survey number 2746.**

For more information, or to enquire about the concepts, methods or data quality of this release,

contact Robert Larocque (613-951-2486) or Client Services (1-866-500-8400; fax: 613-951-0009; [transportationstatistics@statcan.ca](mailto:transportationstatistics@statcan.ca)), Transportation Division. ■

## **Dairy statistics**

July 2003 (preliminary)

Dairy farmers sold more than 640 000 kilolitres of milk and cream to dairies in July, up 5.7% from July 2002.

**Definitions, data sources and methods: survey numbers, including related surveys, 3430, 3431 and 3432.**

The third quarter 2003 issue of *The dairy review* (23-001-XIB, \$27/\$89) will be available in November. See *How to order products*.

For more information, contact Conrad Ogrodnik (1-800-465-1991; 613-951-2860; fax: 613-951-3868), Agriculture Division. ■

---

## NEW PRODUCTS

---

**Infomat — a weekly review**, September 12, 2003  
**Catalogue number 11-002-XIE** (\$3/\$109).

**Infomat — a weekly review**, September 12, 2003  
**Catalogue number 11-002-XPE** (\$4/\$145).

**Latest developments in the Canadian economic accounts**,  
**Catalogue number 13-605-XIE**  
(free).

**Farm environmental management in Canada, Manure storage in Canada**, 2003, Vol. 1, no. 1  
**Catalogue number 21-021-MIE**  
(free).

**Production of eggs**, July 2003  
**Catalogue number 23-003-XIB**  
(free).

**Industry price indexes**, July 2003, Vol. 29, no. 7  
**Catalogue number 62-011-XIE** (\$17/\$163).

**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 or -XDE are electronic versions on diskette and -XCB or -XCE are electronic versions on compact disc.

---

### How to order products

---

**Order products by phone:**

Please refer to the • Title • Catalogue number • Volume number • Issue number • Your VISA or MasterCard number.

In Canada and the United States call:

**1-800-267-6677**

From other countries call:

**1-613-951-7277**

To fax your order:

**1-877-287-4369**

Address changes or account inquiries:

**1-800-700-1033**

**To order a product by mail write:** Statistics Canada, Circulation Management, Dissemination Division, Ottawa, K1A 0T6.




Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 7% GST and applicable PST.

**To order by Internet:** write to [order@statcan.ca](mailto:order@statcan.ca) or download an electronic version by accessing Statistics Canada's website ([www.statcan.ca](http://www.statcan.ca)). From the *Our products and services* page, under *Browse our Internet publications*, choose *For sale*.

**Authorized agents and bookstores also carry Statistics Canada's catalogued publications.**

---



Catalogue 11-001-XIE (F) English 11-001-XIE001-0000-0000-0000	
 <b>The Daily</b>	
Statistics Canada	
Thursday, June 5, 1997 For release at 9:30 a.m.	
<b>MAJOR RELEASES</b>	
• <b>Urban transit, 1995</b> 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.	2
• <b>Productivity, hourly compensation and unit labour cost, 1995</b> Growth in productivity among Canadian businesses also noticeably weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.	4
<b>OTHER RELEASES</b>	
Map-worned Index, May 1997	3
Short-term Expectations Survey	9
Steel primary forms, week ending May 31, 1997	12
Egg production, Apr. 1997	13
<b>PUBLICATIONS RELEASED</b>	<b>11</b>
 	

## **Statistics Canada's official release bulletin**

Catalogue 11-001-XIE.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

To access *The Daily* on the Internet, visit our site at <http://www.statcan.ca>. To receive *The Daily* each morning by e-mail, send an e-mail message to [listproc@statcan.ca](mailto:listproc@statcan.ca). Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 2003. Citation in newspaper, magazine, radio, and television reporting is permitted subject to the requirement that Statistics Canada is acknowledged as the source. Any other reproduction is permitted subject to the requirement that Statistics Canada is acknowledged as the source on all copies as follows: Statistics Canada, *The Daily*, catalogue 11-001-XIE, along with date and page references.

---

**RELEASE DATES: SEPTEMBER 15 TO 19**

---

(Release dates are subject to change.)

<b>Release date</b>	<b>Title</b>	<b>Reference period</b>
15	<b>New motor vehicle sales</b>	July 2003
16	<b>Monthly Survey of Manufacturing</b>	July 2003
18	<b>Household Internet Use Survey</b>	2002
18	<b>Canada's international transactions in securities</b>	July 2003
19	<b>Wholesale trade</b>	July 2003