



The Daily

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Labour productivity in Canada's business sector inched up between April and June, as economic output and hours worked grew at almost the same pace.

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NEW PRODUCTS



MAJOR RELEASES

Labour productivity, hourly compensation and unit labour cost

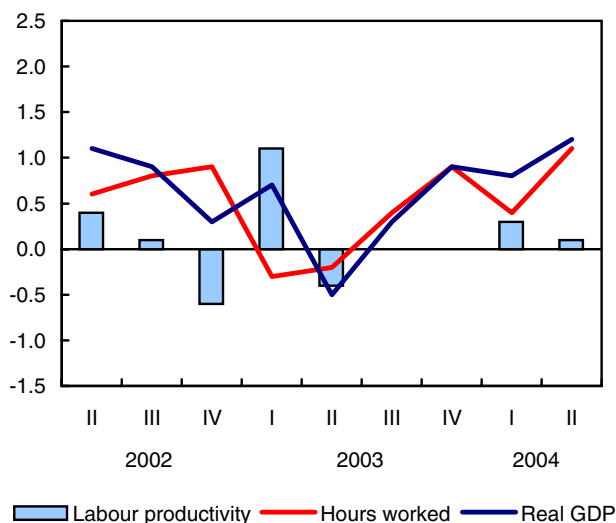
Second quarter 2004

Labour productivity in Canada's business sector inched up between April and June, as economic output and hours worked grew at almost the same pace.

Productivity increased 0.1% in the second quarter, continuing the lacklustre performance that began a year ago. After posting a strong 1.1% gain in the first quarter of 2003, productivity has been virtually flat for five consecutive quarters.

Productivity growth remains weak

Quarterly % change



However, with the appreciation of the Canadian dollar slowing in early 2004, Canadian businesses significantly increased their exports in the second quarter with their unit labour costs stabilized in relation to their American counterparts.

Productivity, as measured by output per hour worked, improves when gross domestic product (GDP) increases more rapidly than the number of hours worked. Productivity growth contributes to raising and maintaining the living standard of Canadian residents.

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 HTML or PDF format in the publication *Canadian Economic Accounts Quarterly Review* (13-010-XIE, free).

This electronic publication presents an analysis on labour productivity not only for the business sector as a whole but also for 15 two-digit industries in the business sector (including the goods sector and the services sector). The statistical series for these industries start as of the first quarter of 1997.

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.

The quarterly productivity estimates provide a preliminary indication of recent productivity trends in the Canadian economy. These data are produced on the basis of preliminary gross domestic product estimates, which are subsequently revised when additional and more precise information on the National Accounts becomes available.

For more information about the productivity program, see the Overview and description of publications page online. You can also order a copy of a technical note about the quarterly estimates of productivity by sending an email to productivity.measures@statcan.ca.

In the second quarter, real GDP in the business sector rose 1.2%, while the number of hours worked went up an almost identical 1.1%.

South of the border, growth in labour productivity in the American business sector outpaced that in Canada for the fifth consecutive quarter, although it slowed considerably.

Productivity increased by only 0.4% in the United States between April and June, less than half the rate in the first quarter. US productivity has fluctuated since the third quarter of 2003.

Stronger output growth but no productivity gains in Canada

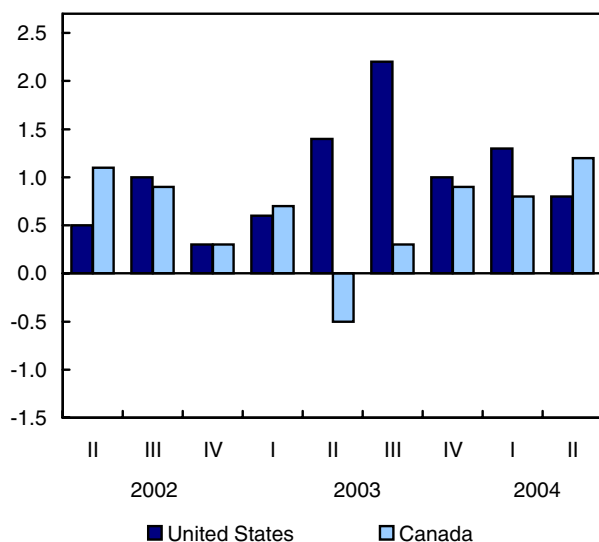
Growth in real GDP in Canada's business sector in the second quarter of 2004 was stronger than in the American business sector for the first time since the first quarter of 2003.

Economic output among Canadian businesses increased 1.2% between April and June, a faster pace than the growth of 0.8% in the first quarter. This faster

pace was largely attributable to the surge in exports (+5.0%).

Output growth higher in Canadian businesses

Quarterly % change



In contrast, the pace of growth in output among American businesses decelerated to 0.8% in the second quarter, well below the 1.3% in the first quarter. This deceleration was due both to the slowdown in the growth of spending by American consumers and strong goods and services imports. However, growth in spending by businesses offset most of these two sources of slowdown.

In Canada, the sharp growth in output was accompanied by a more dynamic labour market. While production hours worked in Canadian businesses rose by 0.4% in the first quarter, they experienced a marked 1.1% increase in the second quarter.

Meanwhile, hours worked in American businesses increased by only 0.4% in the second quarter. Growth in hours worked in the United States has continued at about the same pace in the last four quarters, increasing on average by 0.4% per quarter during this period.

The higher productivity performance in the United States was due mainly to a very different performance of its labour market in the second quarter.

Despite the fact that growth in real GDP was more robust in Canada than in the United States in the second quarter, the weaker labour market south of the border allowed American businesses to post higher productivity gains than in Canada.

Unit labour costs in US dollars continue to rise, but at slower pace

As was the case with productivity, the United States continued to have a significant advantage over Canada with respect to unit labour costs in the second quarter, especially when the exchange rate was taken into account.

However, the annual gap in unit labour costs that has favoured the United States since the fourth quarter of 2002 narrowed considerably in the second quarter. Thus, Canadian businesses regained some of the competitiveness lost to their American counterparts since the first quarter of 2003. This situation aided the rise in real exports to the United States between April and June.

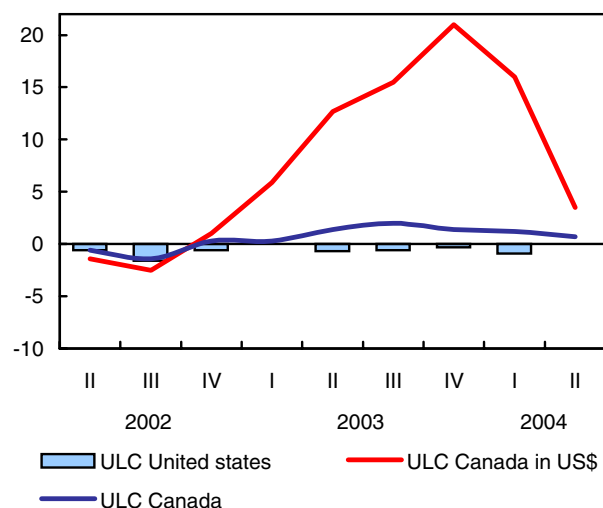
On a year-over-year basis, the growth in labour costs per unit of output of the Canadian businesses has gradually slowed during the last four quarters, when measured in Canadian dollars.

During the second quarter of 2004, unit labour costs rose only 0.7%, a substantial deceleration from a gain of 2.0% in the third quarter of 2003.

Meanwhile, American businesses have seen their unit labour costs fall or remain flat over the last 10 quarters. In the second quarter of 2004, unit labour costs in the United States remained stable, compared with the same quarter a year earlier. Unit labour costs last rose in the United States on a year-over-year basis during the last quarter of 2001 when they went up 0.4%.

Growth in Canadian US\$ unit labour costs decelerates

Year-over-year %



The stronger Canadian dollar had a marked impact on unit labour costs in Canada. Measured in US dollars, labour costs in Canada recorded double-digit increases through the last three quarters of 2003.

However, unit labour costs in Canada expressed in US dollars have recently slowed as the climb in the value of the Canadian dollar has stalled. Between April and June of 2004, unit labour costs in Canada increased only 3.5% on a year-over-year basis as the value of the Canadian dollar relative to the US greenback experienced its smallest appreciation during the past six quarters. This compares with a gain of 16.0% during the first quarter of this year.

Recent revisions in the United States impacted the 2001 and 2002 productivity gaps

The United States recently made revisions to its labour productivity estimates. Data released today incorporates these revisions in American data affecting both GDP and hours worked.

American GDP estimates have been revised back to the first quarter of 2001, while measures of hours worked have been revised retroactively to 1947 to reflect new estimates for hours of work for non-production workers and those designated as supervisory workers.

No corresponding revision to hours worked has been done in Canada. The most recent revisions for the last four years of GDP in Canada were released in the *Daily* on June 11, 2004.

Annual labour productivity growth in the business sector

	Canada	United States	
		Before revision	After revision
		annual % change	
1989 to 2000	1.8	2.0	2.1
2000 to 2003	1.4	3.9	3.8
2000	3.9	2.9	2.9
2001	1.4	2.2	2.5
2002	2.3	4.9	4.3
2003	0.4	4.5	4.5

Source: US data are from the Bureau of Labor Statistics, *Productivity and Costs*, second quarter 2004, published in *NEWS*, September 2.

For recent years, revisions to American data have resulted in an increase in the growth of labour productivity in the United States in 2001 and a reduction

in 2002. The growth rates for 2000 and 2003 remained unchanged.

For 2001, productivity growth in the United States rose from 2.2% before revision to 2.5% after revision, which is greater than the 1.4% growth observed in Canada during the same year. In contrast, American productivity growth in 2002 was revised downward from 4.9% to 4.3%. This revised rate, however, was still higher than the rate in Canada, which was 2.3% for the same period.

It is evident that these revisions do not significantly modify the comparisons made in recent years between these two countries. The productivity gap in favour of the United States remains. The gap in productivity growth in favour of the United States for the 2000 to 2003 period changed from 2.5 percentage points before revision to 2.4 percentage points after revision. However, it is important to note that the annual productivity differences for this period are based on preliminary data, which are subject to revisions.

The revisions also had almost no effect on the period representing Canada's last economic cycle. Between 1989 and 2000, the average gap in annual productivity growth in favour of the United States remained low (+0.3 percentage points).

The third quarter 2004 data for labour productivity, hourly compensation and unit labour cost will be released on December 10.

Available on CANSIM: tables 383-0008 and 383-0012.

Definitions, data sources and methods: survey number 5042.

A more comprehensive analysis, including additional charts and tables, is now available in the *Canadian Economic Accounts Quarterly Review*, Vol. 3, no. 2 (13-010-XIE, free). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

To order data, contact Client Services (productivity.measures@statcan.ca). 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), Micro-Economic Analysis Division.

□

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	Fourth quarter 2003	First quarter 2004	Second quarter 2004
% change from previous quarter, seasonally adjusted									
Canada									
Labour productivity	0.4	0.1	-0.6	1.1	-0.4	0.0	0.0	0.3	0.1
Real GDP	1.1	0.9	0.3	0.7	-0.5	0.3	0.9	0.8	1.2
Hours worked	0.6	0.8	0.9	-0.3	-0.2	0.4	0.9	0.4	1.1
Hourly compensation	-0.2	-0.1	-0.1	1.5	0.2	0.3	0.1	0.6	0.0
Unit labour cost	-0.7	-0.2	0.7	0.5	0.5	0.4	0.1	0.3	-0.1
Exchange rate ¹	-2.5	0.6	0.4	-3.8	-7.4	-1.3	-4.7	0.2	3.2
Unit labour cost in US\$	1.9	-0.8	0.3	4.5	8.5	1.7	5.0	0.1	-3.2
United States									
Labour productivity	0.4	1.2	0.2	1.0	1.9	2.0	0.6	1.0	0.4
Real GDP	0.5	1.0	0.3	0.6	1.4	2.2	1.0	1.3	0.8
Hours worked	0.1	-0.3	0.0	-0.3	-0.5	0.2	0.4	0.3	0.4
Hourly compensation	0.8	0.4	0.3	1.3	1.5	1.4	1.0	0.7	0.9
Unit labour cost	0.4	-0.8	0.0	0.4	-0.3	-0.7	0.3	-0.3	0.5
	1999	2000	2001	2002	2003	Third quar- ter 2003	Fourth quar- ter 2003	First quar- ter 2004	Second quar- ter 2004
% change from the previous year, seasonally adjusted									
Canada									
Labour productivity	3.3	3.9	1.4	2.3	0.4	0.1	0.7	-0.1	0.4
Real GDP	6.9	6.3	1.8	3.6	1.7	0.9	1.4	1.5	3.2
Hours worked	3.6	2.2	0.4	1.4	1.3	0.8	0.8	1.5	2.9
Hourly compensation	2.6	6.1	3.7	1.9	1.8	2.0	2.2	1.2	1.0
Unit labour cost	-0.5	2.1	2.4	-0.4	1.2	2.0	1.4	1.2	0.7
Exchange rate	0.1	0.0	4.3	1.4	-10.8	-11.7	-16.2	-12.7	-2.8
Unit labour cost in US\$	-0.7	2.1	-1.9	-1.6	13.4	15.5	21.0	16.0	3.5
United States									
Labour productivity	2.9	2.9	2.5	4.3	4.5	5.3	5.6	5.6	4.0
Real GDP	5.1	3.9	0.3	1.8	3.8	4.5	5.3	6.1	5.4
Hours worked	2.2	1.0	-2.1	-2.4	-0.7	-0.7	-0.3	0.5	1.3
Hourly compensation	4.8	7.1	4.2	3.2	4.1	4.6	4.3	4.6	4.0
Unit labour cost	1.8	4.0	1.6	-1.1	-0.4	-0.6	-0.3	-0.9	0.0

1. The exchange rate corresponds to the U.S. dollar value expressed in Canadian dollars.

Source: US data are from Bureau of Labor Statistics, Productivity and costs, second quarter 2004 published in NEWS, September 2.

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OTHER RELEASES

Study: Health of Primary Caregivers of Children with Cerebral Palsy

2001 to 2002

People who provide care for children with cerebral palsy report more health problems than caregivers of children in general, according to a new study.

Caregivers of children with cerebral palsy reported more psychological and physical health problems than their counterparts in general, despite few differences in social support.

For example, they were more likely to report emotional problems and multiple chronic health conditions such as back problems, migraines, asthma, ulcers and heart disease.

The study was based on data from two Statistics Canada surveys (the National Population Health Survey and the National Longitudinal Survey of Children and Youth), and CanChild's study "Caring about caregivers", which covered caregivers of children with cerebral palsy in Ontario.

Caregivers of children with cerebral palsy were also more likely to have lower incomes than other caregivers in general, even though levels of education were similar in the two groups.

Only 66% of caregivers of children with cerebral palsy worked for pay, compared with 81% of those in the general population. They were also less likely to engage in full-time work, and more likely to report caring for family as their main activity.

This study of caregivers of children is unique because it examines both the physical and psychological health of caregivers. It is also the first to use a large nationally representative sample of caregivers for comparison.

Cerebral palsy is a disabling condition resulting from disorders of the developing nervous system. It includes impairments in motor functioning, sensory and intellectual impairments as well as limitations in self care functions and mobility.

Although many families cope well, caring for a child with disabilities can affect their health and their activities.

Definitions, data sources and methods: survey numbers, including related surveys, 4450 and 3236.

The study "The Health of Primary Caregivers of Children with Cerebral Palsy: How Does it Compare With That of Other Canadian Caregivers?" published in *Pediatrics* is a collaboration of Statistics Canada, Ottawa Health Research Institute,

University of Ottawa, and the CanChild Centre for Childhood Disability Research at McMaster University. This article is available in English at (<http://pediatrics.aappublications.org/cgi/content/full/114/2/e182>).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Dafna Kohen, (613-951-3346; dafna.kohen@statcan.ca), Health Analysis and Measurement Group.

For more information about the CanChild "Caring about Caregivers" study, contact Jamie Brehaut (613-798-5555, ext. 13432; jbrehaut@ohri.ca). ■

Study: Population Movement in and out of Montreal, Toronto and Vancouver

1981 to 2001

This study examines trends in the migration of Canadian-born people and long-term immigrants into and out of Canada's three largest census metropolitan areas (CMAs): Montreal, Toronto and Vancouver.

Using data from the five censuses between 1981 and 2001 on the working-age population aged 25 and 64, this study showed that while continuing to attract an increasing proportion of international immigrants, these three CMAs have become less engaged in population exchanges with the rest of the country.

All three CMAs received fewer internal migrants—both Canadian-born and long-term immigrants—from the rest of the country during the 1990s than during the 1980s.

Furthermore, fewer people moved away from Toronto and Montreal during the 1990s, although out-migration increased among Canadian-born people in Vancouver.

Other than this common trend, net migration flows by population characteristics differed vastly across the three CMAs.

Toronto experienced a net loss of non-university graduates, non-visible minorities, as well as those who speak English at home, but it gained people with a university degree. These patterns held for both Canadian-born individuals and long-term immigrants during both the 1980s and 1990s.

Vancouver had a net gain of the Canadian-born population and long-term immigrants through internal migration in the 1980s. During the 1990s, it had net gains of internal migrants only among the

university-educated and visible minorities, mostly among long-term immigrants.

Montreal had a net loss of Canadian-born migrants in both the 1980s and 1990s, mostly among Anglophones and non-university graduates. Montreal also had a large net loss of long-term immigrants, primarily among non-francophones, visible minorities and those with at least some post-secondary education.

Growth in recent immigration population is not associated with changes in net internal migration into the three CMAs. Thus, the high level of international immigration in the 1990s is unlikely to be the major factor affecting the change in internal net-migration flows in these major gateways, according to the report.

The research paper *Population Movement Into and Out of Canada's Immigrant Gateway Cities: A Comparative Study of Toronto, Montreal and Vancouver*, no. 229 (11F0019MIE2004229, free) is now available online. From our home page, select *Studies* from the left side-bar; then, under *Browse periodicals and series*, select *Free and for sale*, then *Analytical Studies Branch*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Feng Hou (613-951-4337; Feng.Hou@statcan.ca) Business and Labour Market Analysis or Larry Bourne (416-978-1593, bourne@geog.utoronto.ca) University of Toronto. ■

Industrial chemicals and synthetic resins

July 2004

Data on industrial chemicals and synthetic resins for July are now available.

Available on CANSIM: table 303-0014.

Definitions, data sources and methods: survey number 2183.

The July 2004 issue of *Industrial chemicals and synthetic resins*, Vol. 47, no. 7 (46-002-XIE, \$6/\$51) is now available. See *How to order products*.

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

contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Dairy statistics

July 2004 (preliminary)

Consumers purchased 255 700 kilolitres of milk and cream in July, up 2.3% from July 2003. Sales of milk totalled 232 000 kilolitres, up 2.3% compared with the same period a year earlier. Sales of cream totalled 23 600 kilolitres, up 1.7% from July 2003.

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

The third quarter 2004 issue of *The Dairy Review* (23-001-XIB, \$29/\$96) will be available in November.

For more information, contact Kim Boyuk (613-951-2510; 1-800-465-1991; fax: 613-951-3868), Agriculture Division. ■

Electric power capability and load

2002

Total net generating capability of electric power in Canada increased by 2.2% in the fiscal year 2002/03 to 106 070 megawatts. Increased generating capacity of nuclear and combustion turbine stations was the main reason for this increase.

Definitions, data sources and methods: survey number 2181.

The 2002 issue of *Electric Power Capability and Load* (57-204-XIB, \$25) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; energ@statcan.ca), Manufacturing, Construction and Energy Division. ■

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MAJOR RELEASES	
• Urban transit, 1995 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
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