



# The Daily

Statistics Canada

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**Hours worked and labour productivity in the provinces and territories, 2005** 2

The increase in the number of hours worked in Canada slowed to 0.8% in 2005, down from 2.9% in 2004 and 1.5% in 2003. Accompanied by a sizable increase in gross domestic product, this slowdown in the number of hours worked generated a robust 2.2% gain in labour productivity for the total economy.

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## Releases

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### Hours worked and labour productivity in the provinces and territories 2005

The increase in the number of hours worked in Canada slowed to 0.8% in 2005, down from 2.9% in 2004 and 1.5% in 2003. Accompanied by a sizable increase in gross domestic product (GDP), this slowdown in the number of hours worked generated a robust 2.2% gain in labour productivity for the total economy.

Growth rates in hours worked was highly variable from province-to-province. For example, the number of total hours worked increased slightly in Ontario (+0.3%) and remained stable in Quebec but was well above the national average of 0.8% in British Columbia (+2.6%) and Alberta (+1.6%).

Labour market conditions were also variable in Atlantic Canada. Prince Edward Island (+2.6%) and Nova Scotia (+1.9%) posted gains in total hours worked well above the national average. In contrast, Newfoundland and Labrador (+0.3%) and New Brunswick (-0.1%) were below the national average.

#### Hours worked: Down in manufacturing but up in mining and oil extraction

Differences among the provinces in the growth of hours worked reflected differences in industrial structure and differences in the growth of hours worked from one economic sector to another.

Nationally, in manufacturing, the number of hours worked declined by 3.4% last year. Ontario, the industrial heartland, experienced a substantial reduction (-3.8%) in manufacturing hours, while in Quebec, hours worked fell by 3.1%.

All four western provinces saw reductions in manufacturing hours in 2005. Among the Atlantic provinces, all but Nova Scotia (+4.3%) experienced negative growth in manufacturing hours.

Mining and oil and gas extraction industries saw a large 3.3% increase in hours worked at the national level. Extremely strong gains were posted in Newfoundland and Labrador (+30.6%), Saskatchewan (+10.2%) and British Columbia (+10.0%). In Alberta, mining and oil gas extraction recorded a 3.5% increase in hours worked.

#### Note to readers

*Labour productivity measures are usually limited to the business sector. However, in this provincial and territorial analysis, productivity measures cover the overall economy, including the rent for owner's occupied dwellings. Productivity estimates in this report were based on the Fisher chained real gross domestic product at basic prices because a provincial measure of real gross domestic product for the business sector is not available at present.*

*Economic performance as measured by labour productivity must be interpreted carefully, since these estimates reflect changes in other inputs (particularly capital) in addition to the growth in productive efficiency. Labour productivity growth is often affected by changes in the industrial structure over time.*

*This update of labour statistics is consistent with the provincial and territorial economic accounts for 2005 that were released on April 26, but also includes revisions to hours worked estimates for the 1997 to 2004 period. We are also releasing today the quarterly CANSIM tables 383-0008 and 383-0012 on Labour Productivity, Hourly Compensation and Unit Labour Cost that were frozen on April 26.*

#### Most provinces see increased labour productivity

Productivity gains occur when the GDP growth rate outpaces the rise in hours of work.

Labour productivity in the total economy increased in seven provinces last year, with oil-rich Alberta leading the pack.

Productivity fell in all three territories and in Newfoundland and Labrador, Prince Edward Island and Nova Scotia. Productivity soared by 3.0% in Alberta as its economic output increased at three times the growth rate in hours worked.

Labour productivity, as measured by real GDP per hour worked, is a primary determinant of improvements to the standard of living in the long run. It is also the main source of economic growth.

Ontario, Quebec and the three Prairie provinces recorded productivity growth rates in 2005 at or above the national average.

#### Productivity growth in Alberta well above the national average

Productivity growth occurred in provinces where hours worked had increased and in provinces where hours worked had decreased.

In 2005, Alberta registered a 3.0% increase in labour productivity as its economic output increased 4.7%, three times the 1.6% growth rate in hours worked. GDP growth in Alberta was well above that in other provinces.

Economic output rose at a much faster pace than hours worked in both Manitoba and Saskatchewan, resulting in strong gains in labour productivity. Productivity rose by 2.9% in Manitoba as the number of hours worked actually edged down. It went up 2.4% in Saskatchewan, which had a 1.1% increase in hours worked.

In contrast, productivity increased only 1.0% in British Columbia as the growth in hours was slightly less than the gain in economic output.

In Ontario, the number of hours worked edged up 0.3%, while productivity surged 2.5%. In Quebec, the number of hours worked remained stable and productivity increased 2.2%.

In all Atlantic provinces except New Brunswick, the increase in hours worked outpaced GDP growth. In New Brunswick, relatively no change in hours worked was accompanied by a 0.4% gain in labour productivity.

### **Manufacturing sector posts large increase in productivity**

In many industries, large increases in productivity and hours worked do not occur simultaneously.

The 3.4% decline in manufacturing hours was associated with significant productivity gains of 5.7% in this sector.

Significant gains in hours worked in 2005 occurred both in mining and oil and gas extraction industries (+3.3%) and finance, insurance and real estate industries (+3.9%). Mining and oil and gas saw a 2.4% reduction in productivity in 2005, while productivity in finance, insurance and real estate industries declined by 0.4%.

In contrast, construction and wholesale trade industries were sectors where significant increases in hours worked were also accompanied by strong productivity gains. Construction hours rose 1.7%, twice the average of 0.8% for the total economy, while productivity growth hit a healthy 3.0%.

In wholesale trade, hours worked increased by 2.6% while productivity grew by 5.3%.

### **Labour productivity declines in the mining, oil and gas industries as a result of a surge in hours worked**

Within specific industries, the relationship between changes in productivity and hours worked can vary significantly from province to province.

In Alberta, construction industries posted exceptional labour productivity growth of 10.9% in 2005.

This occurred while construction hours worked in Alberta increased by 4.5%. In Manitoba, labour productivity in construction industries also grew substantially (+5.0%). But there, construction hours declined by 1.2%.

In most provinces, mining and oil and gas industries saw large declines in labour productivity. In many cases, these productivity losses were associated with large increases in hours worked, particularly in Newfoundland and Labrador and the western provinces.

### **Labour productivity doubles in 2005 compared with the previous five-year average**

Canada's labour productivity growth stood at 2.2% in 2005, double the average annual rate of productivity growth in the post 2000 period (+1.1%).

Average annual productivity rates are often used to measure changes in productivity over longer periods of time. The average annual rates published in this release capture changes in provincial, territorial and national productivity performance from 2000 to 2005.

In general, there are smaller differences across provinces in their average annual rate of labour productivity growth from 2000 to 2005 than in labour productivity growth rates for 2005.

And, for many provinces, these longer-term growth rates differ substantially from their labour productivity growth rates in 2005, which are higher in Western and Central Canada than in Eastern Canada.

In Ontario, Quebec and the western provinces, the growth in labour productivity in 2005 surpassed average annual productivity growth from 2000 to 2005, often by a sizable margin. Ontario experienced a 2.5% increase in 2005, compared to an average annual increase of 0.9% in the post 2000 period. In Quebec, labour productivity grew by 2.2% in 2005, twice its annual average of 1.1% since 2000.

Alberta led the country in labour productivity growth in 2005 at 3.0%. But its average annual rate of productivity growth from 2000 to 2005 was only 0.8%. By comparison, Saskatchewan experienced a large average annual increase in productivity from 2000 to 2005 (+1.6%).

These annual averages are influenced by how rapidly hours worked has increased over the 2000 to 2005 period. Saskatchewan averaged a small increase in annual hours from 2000 to 2005 (+0.2%), while Alberta experienced very strong average annual increase in hours worked (+2.6%).

In Atlantic Canada, a different pattern emerges. All of the Atlantic provinces had changes in labour productivity in 2005 that fell below their annual averages from 2000 to 2005, often by a sizable margin.

Labour productivity in Newfoundland and Labrador remained virtually unchanged in 2005, but it experienced the largest average annual increase of all provinces since 2000 (+2.6%).

**Available on CANSIM: tables 383-0008, 383-0009, 383-0010 and 383-0012.**

**Definitions, data sources and methods: survey number 5103.**

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

## Growth of hours worked and labour productivity

Province and territory	Hours worked		Labour productivity	
	Average annual growth		Average annual growth	
	2005	2000 to 2005	2005	2000 to 2005
<b>Canada</b>	<b>0.8</b>	<b>1.5</b>	<b>2.2</b>	<b>1.1</b>
Newfoundland and Labrador	0.3	1.3	0.0	2.6
Prince Edward Island	2.6	1.0	-0.8	1.4
Nova Scotia	1.9	1.1	-0.4	1.0
New Brunswick	-0.1	0.6	0.4	1.4
Quebec	0.0	1.1	2.2	1.1
Ontario	0.3	1.5	2.5	0.9
Manitoba	-0.2	0.6	2.9	1.3
Saskatchewan	1.1	0.2	2.4	1.6
Alberta	1.6	2.6	3.0	0.8
British Columbia	2.6	2.1	1.0	0.8
Yukon	6.2	1.3	-2.3	1.3
Northwest Territories	3.0	-0.3	-1.9	11.4
Nunavut	1.6	1.6	-1.7	-0.3



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## Telecommunications statistics

Fourth quarter 2005 and annual 2005

Two events stood out in the telecommunications services industry in 2005 — the number of wireless subscribers passed the 16 million mark and the number of conventional residential telephone lines dipped below 12 million.

The wireless industry recruited more than 650,000 new customers in the last quarter of 2005, bringing the total number of subscribers to 16.6 million, up 11.7% from the fourth quarter of 2004.

Not only are there more wireless subscribers, but they are making greater use of their equipment and spending more for their services. Average revenues per wireless subscriber rose by 5.6%, from \$168.33 in the fourth quarter of 2004 to \$177.74 in the fourth quarter of 2005. Usage time surged more than 23.0% between those two periods.

However, the most fundamental change witnessed in the mobile communications market in 2005 is undoubtedly the adoption of this technology as the principal means of communication by an increasing number of Canadians. In a recent Residential Telephone Service Survey, 4.8% of households indicated that as of late 2005 they used cellular services only, nearly double the corresponding figure at the beginning of the year (2.7%). In some markets, this percentage was as high as 10.0%.

The continually increasing popularity of wireless communications is reflected in the financial performance of service providers. They generated operating revenues of \$11.0 billion in 2005, up 16.6% from 2004. In the fourth quarter alone, revenues were 18.0% higher than in the previous year.

Wireless telecommunications also represented the industry's most profitable segment. Last year, the operating profit margin was 26.2%, just below the 2004 level of 26.6%. A more modest fourth-quarter result (21.0%) was behind this slight drop.

The erosion of the conventional residential telephone line market that began at the end of 2001 picked up speed in 2005. On a quarter-to-quarter basis, the decrease from the

previous year became larger and larger, hitting 4.4% in the fourth quarter. By the end of the year there were 11.9 million lines, down more than a half-million from the beginning of the year. The emergence of the top four cable operators in the local telephone market is the main reason for this. The business lines market nonetheless remained stable in 2005 after dropping continually for three years.

The loss of residential customers continues to bring down the operating revenues of operators of traditional wireline systems, which were \$22.5 billion in 2005, a 1.5% drop from 2004. Their operating profits fell 12.0% to \$4.0 billion in 2005.

### Definitions, data sources and methods: survey number 2721.

The fourth quarter 2005 issue of *Quarterly Telecommunications Statistics*, Vol. 29, no. 4 (56-002-XIE, free) is now available. To obtain a copy, go to *Our products and services* page online.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Daniel April (613-951-3177), Science, Innovation and Electronic Information Division. ■

## Production of eggs and poultry

March 2006 (preliminary)

Egg production was estimated at 50.0 million dozen in March, up 2.9% from March 2005.

Poultry meat production reached 95.2 million kilograms in March, up 1.8% from March 2005.

### Definitions, data sources and methods: survey numbers, including related surveys, 3424, 3425 and 5039.

For further information, or to enquire about the concepts, methods or data quality of this release, contact Sandy Gielfeldt (613-951-2505; [sandy.gielfeldt@statcan.ca](mailto:sandy.gielfeldt@statcan.ca)) or Barbara Bowen (613-951-3716; [barbara.bowen@statcan.ca](mailto:barbara.bowen@statcan.ca)), Agriculture Division. ■

## New products

**Quarterly Telecommunications Statistics**, Fourth quarter 2005, Vol. 29, no. 4  
**Catalogue number 56-002-XIE**  
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**All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.**

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Thursday, June 3, 1997  
For release at 9:30 a.m.



**MAJOR RELEASES**

- **Urban transit, 1995** 2  
Changes in the number of people taking urban transit. Canadians are taking it less and less. In 1995, 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 relatively weak again in 1995, accompanied by sluggish gains in employment and slow moderate growth during the year.

**OTHER RELEASES**

- **Help-wanted index, May 1997** 3
- **Short-term Expectations Survey** 2
- **Steel primary forms, week ending May 31, 1997** 12
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### Statistics Canada's official release bulletin

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