

Labour productivity, hourly compensation and unit labour cost, third quarter 2024

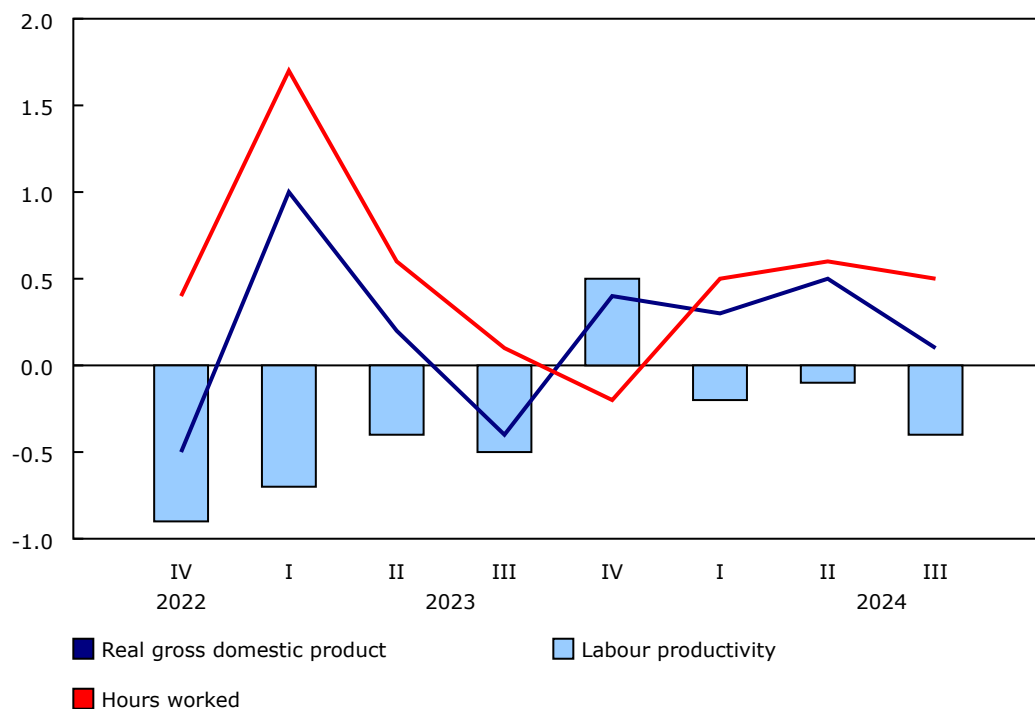
Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, December 4, 2024

Productivity falls for a third consecutive quarter

Labour productivity of Canadian businesses fell 0.4% in the third quarter, after edging down by 0.1% in the second quarter and by 0.2% in the first quarter.

Chart 1
Productivity declines again after two quarters of slight decline

quarterly % change



Source(s): Table [36-10-0206-01](#).

The decline in productivity in the third quarter reflects the slowdown in the pace of growth in business output, while hours worked continued to increase at a rate fairly similar to that of the previous two quarters.

Growth in real gross domestic product of businesses slowed to 0.1% in the third quarter, after rising by 0.5% in the previous quarter.

Hours worked continue to grow at a pace close to that of the first two quarters of 2024

Hours worked in the business sector rose for the third consecutive quarter, increasing by 0.5% in the third quarter. This growth rate is close to that of the previous two quarters.



The growth in hours worked in the third quarter was due to a 0.7% increase in average hours worked, while the number of jobs fell 0.2%. This contrasts with the variations in average hours worked and number of jobs observed in the second quarter.

In the third quarter, hours worked also increased in both service-producing (+0.6%) and goods-producing (+0.3%) businesses, led by increases in 12 of the 16 industry sectors.

In July and August 2024, wildfires affected certain economic regions of British Columbia and Alberta, as well as Labrador City in Newfoundland and Labrador. This contributed to a negligible 0.004% reduction in the growth of hours worked in the business sector in the third quarter.

Wildfires in certain economic regions of the country: impact on hours worked, July and August 2024

Data on lost work hours and overtime due to the wildfires, which affected certain economic regions of the country in July and August 2024, are taken from questions added to the Labour Force Survey (LFS) questionnaire for the provinces of British Columbia, Alberta and Newfoundland and Labrador.

The additional questions were included in the August LFS (for the reference period of July) and the September LFS (for the reference period of August).

Data from these questions allowed Statistics Canada to adjust the estimates of hours worked used in the measure of labour productivity.

In July and August, 1.1 million hours of work were lost in the business sector, while 852,000 hours of overtime were worked. As a result, for the third quarter, the net effect was a loss of 286,000 hours of work.

Productivity down in most industry sectors

Goods-producing businesses saw their productivity fall by 0.7% in the third quarter, after rising 0.3% in the previous quarter. As for service-producing businesses, their productivity declined for a third consecutive quarter, falling 0.3% in the third quarter.

Overall, 11 of the 16 main business sectors were down in the third quarter. The utilities (+3.4%), retail trade (+0.9%), administrative services (+0.4%) and finance and insurance (+0.2%) sectors posted increases, while productivity in real estate services was essentially unchanged.

In the third quarter, manufacturing, professional services as well as wholesale trade were the main contributors to the overall decline in productivity.

Unit labour costs accelerate compared with the previous quarter

Since productivity declined 0.4% in the third quarter, the 1.0% rise in hourly compensation in the quarter resulted in a 1.4% increase in unit labour costs of businesses. This was a faster rate of growth than in the second quarter (+0.8%).

Unit labour costs represent the costs of wages and benefits per unit of output.

Sustainable Development Goals

On January 1, 2016, the world officially began implementing the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the following 15 years. The plan is based on 17 specific Sustainable Development Goals (SDGs).

The release "Labour productivity, hourly compensation and unit labour cost" is an example of how Statistics Canada supports the reporting on the global SDGs. This release will be used to help measure the following goal:



Learn more about labour productivity

To learn more about productivity, the factors that influence it and why it matters for Canadians, listen to the Eh Sayers podcast episode, "[Why economists are sounding the alarm on productivity.](#)"

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Note to readers

Revisions

With this release, data were revised back to the first quarter of 2020 at the aggregate and industry levels.

These data updates are consistent with those incorporated in the release on quarterly gross domestic product (GDP) by income and expenditure and the release on monthly GDP by industry, released on November 29, 2024.

Productivity measures

The term **productivity** in this release refers to labour productivity. For the purposes of this analysis, labour productivity and related variables cover the business sector only.

Labour productivity is a measure of real GDP per hour worked.

Unit labour cost is defined as the cost of workers' wages and benefits per unit of real GDP.

The approach to measuring real output in the business sector differs from the one that is used in the estimates by industry. For the business sector, output is measured using the expenditure-based GDP approach at market prices. This approach is similar to that used for the quarterly measures of productivity in the United States. However, output by industry is based on the value added at basic prices.

All the growth rates reported in this release are rounded to one decimal place. They are calculated with index numbers rounded to three decimal places, which are now available in data tables.

All necessary basic variables for productivity analyses (such as hours worked, employment, output and compensation) are seasonally adjusted. For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

Next release

Labour productivity, hourly compensation and unit labour cost data for the fourth quarter of 2024 will be released on March 5, 2025.

Table 1
Business sector: Labour productivity and related variables for Canada and the United States¹ –
Seasonally adjusted

	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	First quarter 2024	Second quarter 2024	Third quarter 2024
% change from the previous quarter									
Canada									
Labour productivity	-0.1	-0.9	-0.7	-0.4	-0.5	0.5	-0.2	-0.1	-0.4
Real gross domestic product (GDP)	0.6	-0.5	1.0	0.2	-0.4	0.4	0.3	0.5	0.1
Hours worked	0.7	0.4	1.7	0.6	0.1	-0.2	0.5	0.6	0.5
Hourly compensation	0.5	1.0	0.3	1.2	0.7	0.4	1.1	0.7	1.0
Unit labour cost	0.6	1.9	0.9	1.7	1.3	-0.1	1.2	0.8	1.4
Exchange rate ²	-2.2	-3.9	0.5	0.7	0.1	-1.6	1.0	-1.3	0.3
Unit labour cost in US dollars	-1.7	-2.0	1.4	2.3	1.4	-1.7	2.2	-0.6	1.7
United States³									
Labour productivity	-0.0	0.8	0.1	0.9	0.9	0.8	0.2	0.5	0.4
Real GDP	0.6	0.9	0.6	0.6	1.2	0.8	0.3	0.8	0.8
Hours worked	0.7	0.1	0.6	-0.3	0.3	0.0	0.1	0.3	0.4
Hourly compensation	1.7	0.2	0.9	1.5	1.2	1.0	2.2	1.1	0.9
Unit labour cost	1.8	-0.6	0.9	0.6	0.3	0.2	2.0	0.5	0.5
	2019	2020	2021	2022	2023	Fourth quarter 2023	First quarter 2024	Second quarter 2024	Third quarter 2024
% change from the previous year					% change from the same quarter of the previous year				
Canada									
Labour productivity	0.4	9.2	-5.3	-0.1	-1.8	-1.1	-0.6	-0.3	-0.1
Real GDP	1.9	-6.8	6.7	4.8	1.1	1.1	0.4	0.7	1.2
Hours worked	1.5	-14.2	12.1	4.9	3.0	2.2	1.0	1.0	1.4
Hourly compensation	2.8	13.1	-1.7	7.1	3.1	2.7	3.5	2.9	3.2
Unit labour cost	2.4	3.5	3.9	7.2	5.0	3.8	4.1	3.2	3.3
Exchange rate ²	-2.3	-1.1	7.0	-3.6	-3.6	-0.3	0.1	-1.9	-1.7
Unit labour cost in US dollars	0.0	2.5	11.1	3.3	1.3	3.5	4.3	1.3	1.6
United States³									
Labour productivity	2.1	5.2	2.1	-1.4	1.8	2.7	2.9	2.5	2.0
Real GDP	3.0	-2.7	7.6	2.5	2.9	3.3	3.0	3.2	2.8
Hours worked	0.9	-7.4	5.3	3.9	1.1	0.6	0.2	0.7	0.8
Hourly compensation	3.7	8.1	5.1	3.7	4.1	4.8	6.1	5.8	5.4
Unit labour cost	1.6	2.8	2.9	5.2	2.2	2.0	3.2	3.2	3.4

1. Calculations of growth rates are based on index numbers rounded to three decimal places.

2. The exchange rate corresponds to the Canadian dollar value expressed in US dollars.

3. US data are from Bureau of Labor Statistics (BLS), Productivity and Costs: Third Quarter 2024, Preliminary — published in news release, November 7. Due to rounding, the annual growth rates presented in this table can sometimes differ slightly from the annual rates published by the BLS.

Source(s): Table 36-10-0206-01.

Table 2
Labour productivity and related measures, by business sector industry, seasonally adjusted,
third quarter 2024

	Real gross domestic product	Hours worked	Labour productivity	Total compensation per hour worked
	% change from the previous quarter			
Business sector, goods	-0.4	0.3	-0.7	0.8
Agriculture, forestry, fishing and hunting	1.5	3.1	-1.5	-2.1
Mining and oil and gas extraction	-0.5	0.6	-1.1	2.4
Utilities	1.9	-1.5	3.4	2.3
Construction	0.1	0.4	-0.3	-0.2
Manufacturing	-1.5	-0.3	-1.3	1.8
Business sector, services	0.3	0.6	-0.3	1.1
Wholesale trade	-1.0	0.2	-1.2	0.6
Retail trade	1.1	0.3	0.9	0.1
Transportation and warehousing	0.1	0.7	-0.7	0.5
Information and cultural industries	-0.3	0.0	-0.3	6.9
Finance and insurance, and holding companies	1.1	0.9	0.2	2.1
Real estate and rental and leasing	1.0	1.0	-0.0	1.5
Professional, scientific and technical services	0.2	1.6	-1.3	0.5
Administrative and support, waste management and remediation services	-0.6	-1.0	0.4	0.2
Arts, entertainment and recreation	-0.4	0.2	-0.6	2.0
Accommodation and food services	-0.2	0.3	-0.5	0.2
Other business services	0.5	0.9	-0.4	0.0

Source(s): Table [36-10-0207-01](#).

Definitions, data sources and methods: survey number [5042](#).

Available tables: [36-10-0206-01](#) and [36-10-0207-01](#).

The document "[Labour productivity measurement at Statistics Canada](#)," which is part of *Latest Developments in the Canadian Economic Accounts (13-605-X)*, is now available.

The study, "[Canadian regional labour statistics and inter-regional movements of paid workers, 2001 to 2021](#)," which is part of *Latest Developments in the Canadian Economic Accounts (13-605-X)*, is available.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of the Statistics Canada website, features an up-to-date portrait of national and provincial economies and their structures.

The *Latest Developments in the Canadian Economic Accounts (13-605-X)* is available.

The *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)* is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts (13-607-X)* is available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).