

Provincial Productivity Widely Divergent: Newfoundland Leads, Alberta Trails

OTTAWA, May 27, 2009 - Newfoundland, perhaps surprisingly, boasted the highest productivity growth in the ten years to 2007 while Alberta ranked last among Canada's ten provinces, a new study reveals.

The Ottawa-based Centre for the Study of Living Standards based its findings on new data produced by Statistics Canada for use by the non-profit economic research organization.

In a departure from previous comparisons of productivity by province, this study uses best practice methodologies to take into account changes in labour quality and capital composition, points out executive director of the Centre, Dr. Andrew Sharpe, who co-authored the report with Jean-Francois Arsenault, economist at the Centre.

The study reveals that Newfoundland experienced by far the most rapid growth in all three areas assessed - labour productivity, capital productivity and multifactor productivity - placing it well ahead of all other provinces. Alberta, by contrast, experienced the worst growth for the three productivity measures. For example, multifactor productivity advanced at a 4.1 per cent average annual rate in Newfoundland from 1997 to 2007, compared with -1.6 per cent per year in Alberta.

The authors ascribe the gap in productivity growth between the two provinces to the oil and gas sector with Newfoundland benefiting from conventional oil and gas extraction while Alberta suffered from an industry shift to labour and capital-intensive oil sands exploitation. Multifactor productivity performance in the mining and oil and gas sector alone increased by 18.8 per cent annually in Newfoundland versus a 7.4 per cent drop in Alberta.

Similarly, Newfoundland's labour productivity growth, at 4.8 per cent per year, was nearly three times the national average, and more than double that of Manitoba, which showed the second fastest advance, at 2.1 per cent. Alberta trailed with the weakest labour productivity growth of 1.0 per cent.

The study is published in the Spring 2009 issue of the **International Productivity Monitor**, which can be viewed at www.csls.ca/ipm.asp

The issue also contains a survey of the relationship between education and productivity, and a symposium on the recently released Council of Canadian Academies Expert Panel Report on business innovation in Canada.

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