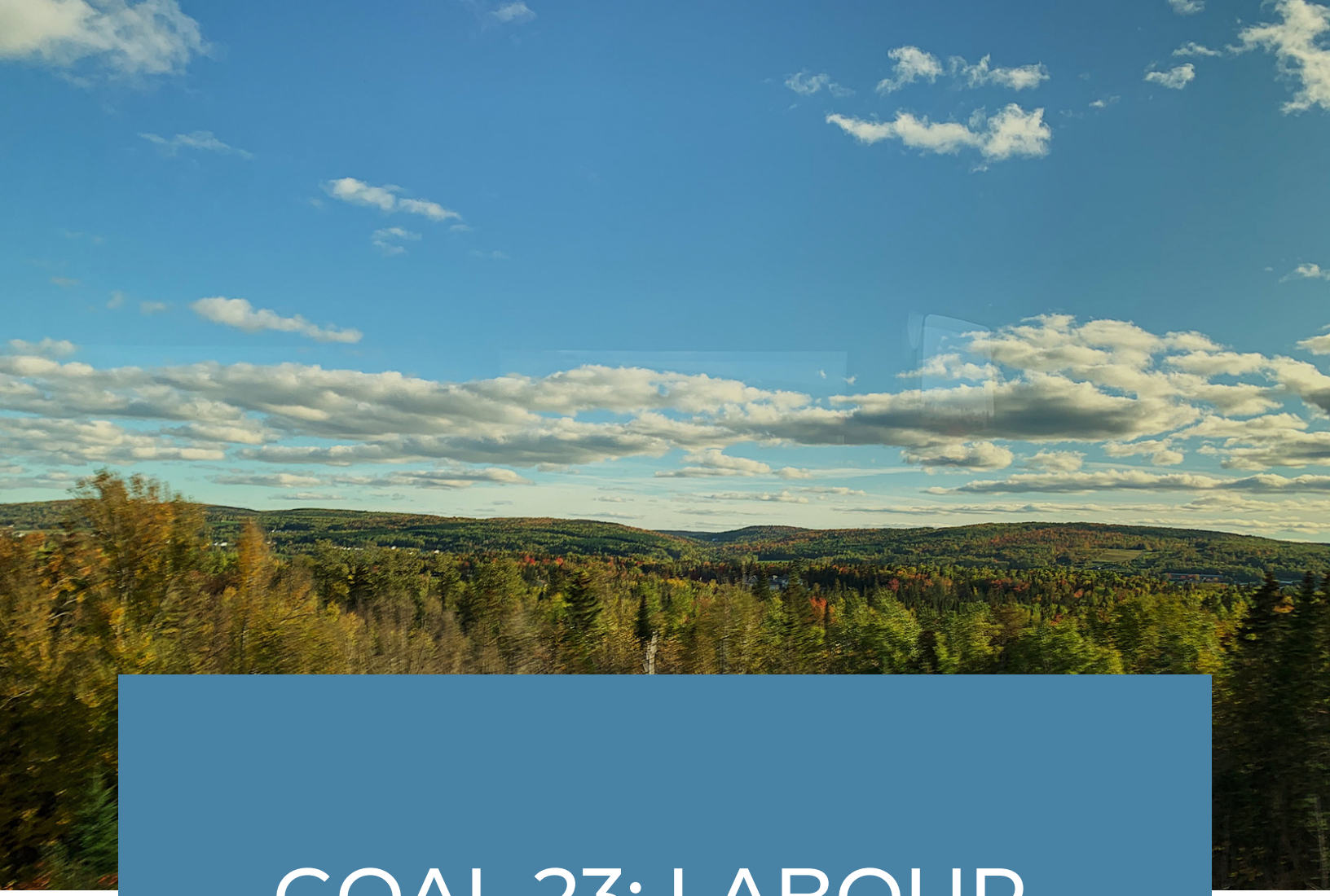

GOAL 23: LABOUR PRODUCTIVITY

BY 2028, THE LABOUR PRODUCTIVITY LEVELS IN NEW BRUNSWICK'S MANUFACTURING SECTOR WILL BE EQUAL TO OR GREATER THAN NATIONAL LEVELS.

STATUS: PROGRESSING BUT NOT ON TRACK

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Overview

Importance

Labour productivity is a measure of output (GDP) per labour hour. An efficient, productive, and young labour force can contribute to a healthy market and prompt economic growth. If New Brunswick can increase labour productivity, specifically in the manufacturing sector, the increased output would contribute to higher profits and GDP levels for the province. In 2018, New Brunswick's manufacturing productivity was below the national average by $15.90 per labour hour, the greatest difference since 2014. In 2020, the difference decreased by $4 per labour hour, creating a difference of $11.90 between New Brunswick and the national average.

Problem

Labour productivity in New Brunswick is below the national average. It has been on a decline through the years.

Cause

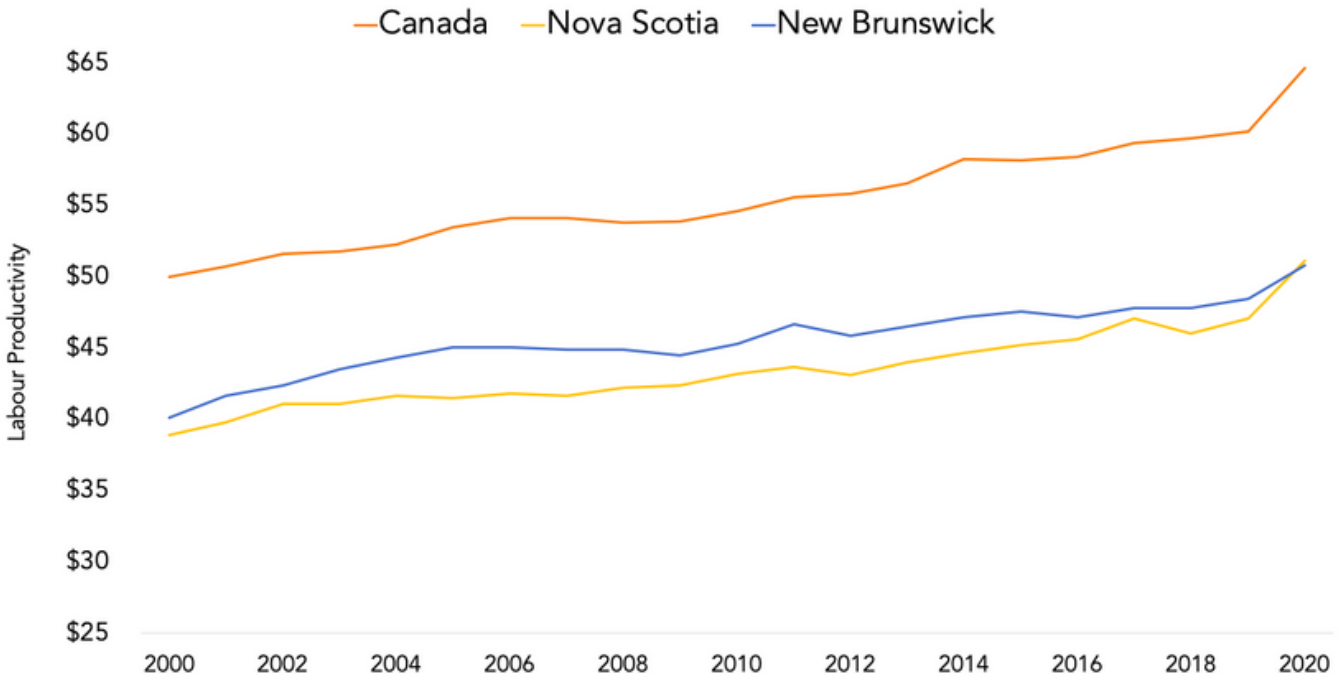
New Brunswick has an aging population with low population growth. This is a key concern within the manufacturing industry, where the number of workers under the age of 55 has dropped significantly as the population ages. One of the main reasons behind the decrease in labour productivity is the difficulty in attracting and retaining young workers in New Brunswick's manufacturing industries.

In the Numbers

Comparing Total Labour Productivity

Since 2000, total labour productivity has seen steady growth in Canada, including in New Brunswick and Nova Scotia (see Figure 1). However, since all three have been increasing at similar rates, the disparity between New Brunswick and Nova Scotia as compared to the national average remains vast. New Brunswick has had slow growth, with Nova Scotia catching up .

Figure 1: Total Labour Productivity



(See full data set in Appendix A)

Across Provinces

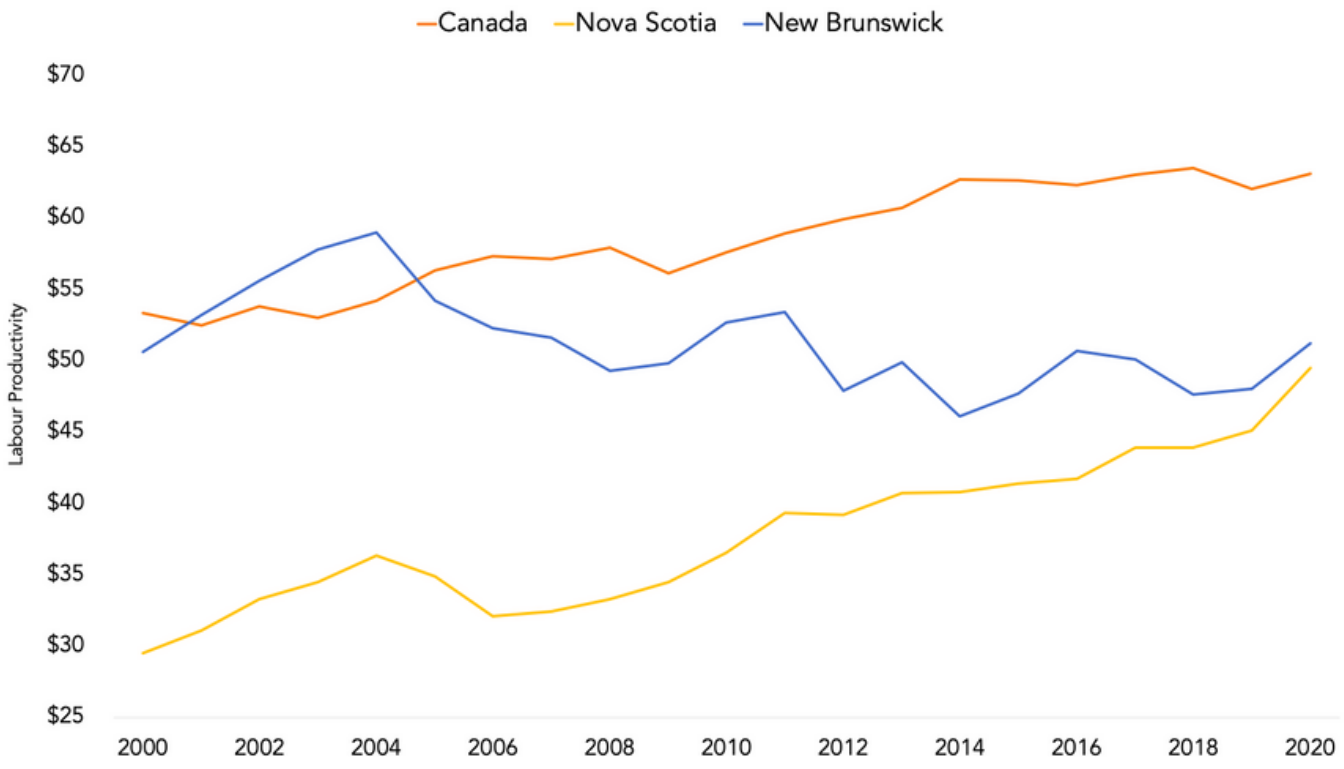
The labour productivity in more populated provinces like Ontario and British Columbia is much closer to the national average, and Alberta's labour productivity was a whopping $83.50 per labour hour in 2020. These outliers are part of the reason why the national average continues to rise.

A Closer Look

Labour Productivity in Manufacturing

As per Figure 2, New Brunswick's labour productivity in the manufacturing sector was actually higher than the national average from 2001-2004. Meanwhile, Nova Scotia was far below the national average. From 2005-2020, levels in both New Brunswick and Nova Scotia have been below the national average. New Brunswick demonstrated a downwards trend while Nova Scotia had an upward trend through the years, slowly catching up to New Brunswick. New Brunswick's labour productivity in the manufacturing sector continues to decline due to an aging, shrinking population with a lack of younger, working-age individuals to replace people retiring.

Figure 2: Labour Productivity in Manufacturing



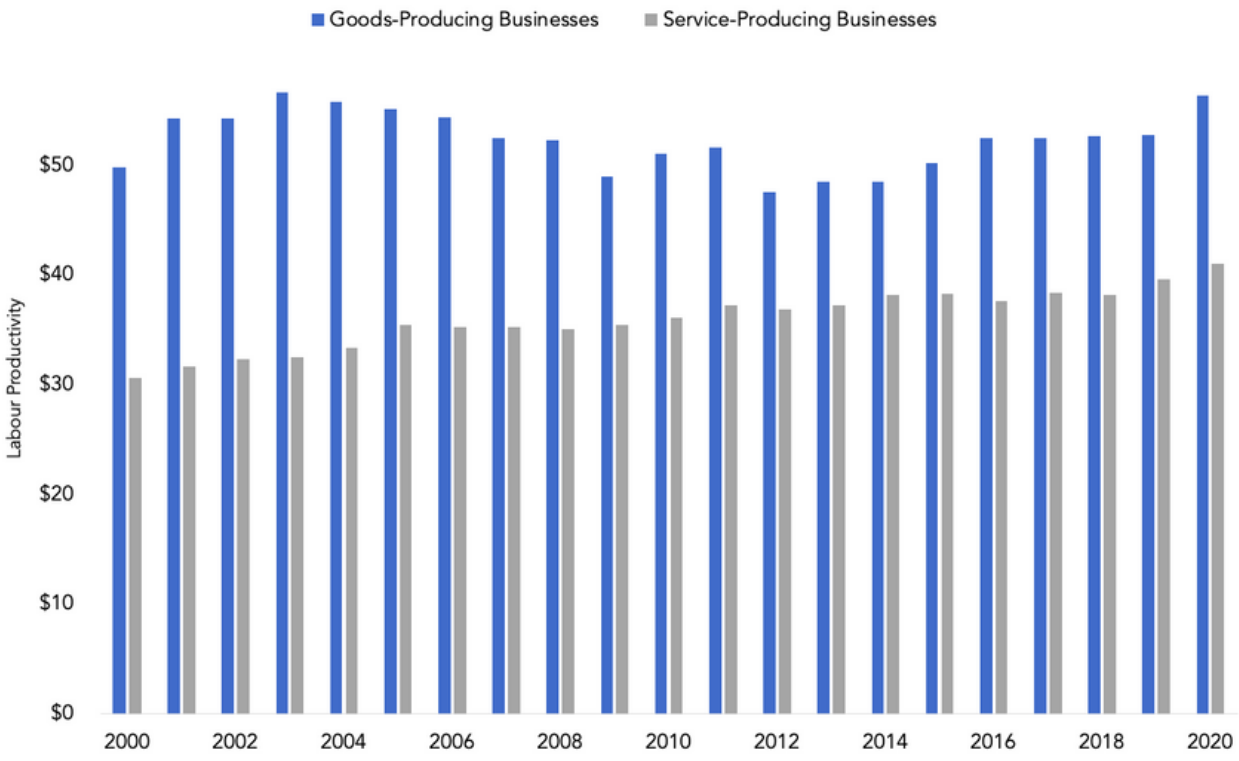
(See full data set in Appendix B)

Labour Productivity in Goods-Producing Businesses and Service-Producing Businesses

Figure 3 compares labour productivity between goods-producing businesses and service-producing businesses. New Brunswick's goods-producing sector, which includes manufacturing, and exports of pulp, paper, and other products essential for growth, has been declining. Though, labour productivity in the province's service-producing sector has been gradually increasing.

In the goods-producing sector, labour productivity reached its peak in 2003 with a value of $56.70 per labour hour, after which it began to decline. Although productivity levels have seen a slight increase from 2014 to 2020, New Brunswick's goods-producing sector is still below 2003 amounts.

Figure 3: Labour Productivity in Goods-Producing Businesses and Service-Producing Businesses



(See full data set in Appendix C)

Summary

Labour productivity is an important economic indicator because an efficient and productive labour force contributes to a healthy economic market. This in turn prompts economic growth in the province.

New Brunswick has an aging and declining population, which is a major concern within the province's manufacturing sector, as the number of workers under the age of 55 keeps declining. A main reason behind the decrease in labour productivity is the difficulty of attracting workers and retaining young workers in New Brunswick's manufacturing industries. In 2020, the province's manufacturing productivity was below the national average by $11.90 per labour hour, a decrease of $4 from the average in 2018, which indicates a rise in labour productivity in the province despite the pandemic.

As such, this goal is found to be progressing but not on track to reaching the goal of matching national levels of labour productivity. Ultimately, investment and technological innovation within firms can increase levels of productivity and create more jobs, as businesses with higher productive output and lower costs tend to be more competitive than others. This will create jobs in the manufacturing sector, attracting working-age migrants and helping keep New Brunswickers in the province.

Appendix A

Total Labour Productivity

Year	Canada	Nova Scotia	New Brunswick
2000	$53.30	$29.50	$50.60
2001	$52.50	$31.10	$53.20
2002	$53.80	$33.30	$55.60
2003	$53.00	$34.50	$57.80
2004	$54.20	$36.30	$59.00
2005	$56.30	$34.90	$54.20
2006	$57.30	$32.10	$52.30
2007	$57.10	$32.40	$51.60
2008	$57.90	$33.30	$49.30
2009	$56.10	$34.50	$49.80
2010	$57.60	$36.50	$52.70
2011	$58.90	$39.30	$53.40
2012	$59.90	$39.20	$47.90
2013	$60.70	$40.70	$49.90
2014	$62.70	$40.80	$46.10
2015	$62.60	$41.40	$47.70
2016	$62.30	$41.70	$50.70
2017	$63.00	$43.90	$50.10
2018	$63.50	$43.90	$47.60
2019	$62.00	$45.10	$48.00
2020	$63.10	$49.50	$51.20

Source: Statistics Canada, CANSIM Table 383-0033

Appendix B

Labour Productivity in Manufacturing

Year	Canada	Nova Scotia	New Brunswick
2000	$53.30	$29.50	$50.60
2001	$52.50	$31.10	$53.20
2002	$53.80	$33.30	$55.60
2003	$53.00	$34.50	$57.80
2004	$54.20	$36.30	$59.00
2005	$56.30	$34.90	$54.20
2006	$57.30	$32.10	$52.30
2007	$57.10	$32.40	$51.60
2008	$57.90	$33.30	$49.30
2009	$56.10	$34.50	$49.80
2010	$57.60	$36.50	$52.70
2011	$58.90	$39.30	$53.40
2012	$59.90	$39.20	$47.90
2013	$60.70	$40.70	$49.90
2014	$62.70	$40.80	$46.10
2015	$62.60	$41.40	$47.70
2016	$62.30	$41.70	$50.70
2017	$63.00	$43.90	$50.10
2018	$63.50	$43.90	$47.60
2019	$62.00	$45.10	$48.00
2020	$63.10	$49.50	$51.20

Source: Statistics Canada, CANSIM Table 383-0033

Appendix C

Labour Productivity in Goods-Producing Businesses and Service-Producing Businesses

Year	Goods-Producing Businesses	Service-Producing Businesses
2000	$49.80	$30.60
2001	$54.30	$31.70
2002	$54.30	$32.30
2003	$56.70	$32.50
2004	$55.80	$33.40
2005	$55.10	$35.50
2006	$54.40	$35.30
2007	$52.50	$35.30
2008	$52.30	$35.10
2009	$49.00	$35.50
2010	$51.10	$36.10
2011	$51.60	$37.30
2012	$47.60	$36.90
2013	$48.50	$37.30
2014	$48.50	$38.20
2015	$50.20	$38.30
2016	$52.50	$37.60
2017	$52.50	$38.40
2018	$52.70	$38.20
2019	$52.80	$39.60
2020	$56.40	$41.00

Source: Statistics Canada, CANSIM Table 383-0033