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Explaining Productivity Developments in the Transport Sector in Canada

The Centre for the Study of Living Standards has been commissioned by Transport Canada to examine developments related to productivity in the transportation and warehousing sector in Canada. This request was motivated by a sharp decline in both labour and multifactor productivity in the sector since 2016. The fall was particularly large in trucking, air transport, and urban transit. This Directed Research project will contribute to the CSLS research program responding to the Transport Canada request.

The project will consist of two parts. The first part will be an examination of labour and multifactor productivity trends in the overall transport sector and detailed industry level (different modes of transport) in Canada and by province, with a particular focus on the post-2016 developments. Trends in nominal and real output, output prices, employment and average hours, capital stock and services, nominal and real hourly labour compensation, and unit labour costs will be compiled and analyzed. Contributions by the different transport industries to overall changes in output, employment and productivity over selected periods will be calculated.

The second part of the project will try to assess the factors that have contributed to developments in the transport industries that have experienced the largest falls in productivity since 2016. These factors may include regulatory changes, labour and skill shortages, weak investment, lagging technological changes, energy price increases, and falls in demand. An earlier CSLS study (McKellips and Calver, 2016) on productivity in the transport sector done for Transport Canada gives a flavour of the type of analysis that is to be done.

This Directed Research project will provide the student an opportunity to acquire detailed knowledge on the productivity issue, including the compilation and analysis of productivity statistics. It will also give the student familiarity with the growth accounting framework that

sheds light on the sources of productivity growth, including improvements in labour quality and increased capital intensity as well as the public policies that affect transport productivity, including those affecting productivity in all sectors and those unique to the transport sector

Reference

McKellips, Fanny and Matthew Calver (2016) “Productivity Trends in the Canadian Transport Sector: An Overview,” CSLS Research Report 2016-04, April,
<http://www.csls.ca/reports/csls2016-04.pdf>

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