

# SUB-PROVINCIAL EMPLOYMENT DYNAMICS, 1996

## 1. General Information

### 1.1 Introduction

The sub-provincial Employment Dynamics provides sub-provincial annual data on changes in employment, payroll and the number of businesses with employees for Canada, the provinces and territories. The data are presented by size and life status of all businesses. The most current reference year is from 1995 to 1996.

The Small Business and Special Surveys Division (SBSS) provides data on and for small and medium-sized businesses. SBSS makes extensive use of administrative records and existing survey information to produce detailed and cost efficient data for clients without additional response burden on businesses. As well, in cases where data do not already exist, SBSS may conduct custom surveys or projects to meet client needs. For more information, contact:

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### 1.2 Data for 1996

The data sources for the Employment Dynamics sub-provincial tables are the Longitudinal Employment Dynamics Programme (LEAP) database, Revenue Canada's T4 tax records which are linked by business from one year to the next and the T1 records for employees working for those businesses. The Employment Dynamics are calculated from all businesses with paid employees. Using administrative tax files allows Statistics Canada to produce detailed employment and payroll statistics without adding response burden to individuals or businesses.

The sub-provincials Employment Dynamics are available for Canada, the provinces and territories<sup>1</sup>. Data is presented in consecutive 2-year periods beginning with 1983-84 and ending with 1995-96. The Sub-Provincial Dynamics are only available at the all industry level.

Statistics Canada's processing schedule is dependent on Revenue Canada's processing schedule. Currently, the Dynamics can be released no earlier than 18 months after the end of the reference tax year.

## 2. Definitions

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<sup>1</sup> For this product, the Northwest Territories means the Northwest Territories (including Nunavut) as defined before April 1999.

**Businesses** – the Employment Dynamics covers only businesses with paid employees in Canada. The term “business” includes all private and public sector businesses or organisations (including public administration) which, during the initial and/or terminal year, remitted social security and tax deductions on behalf of their employees to Revenue Canada and issued a T4 slip in the calendar year. If a business had paid employees living within the community, then the business is counted once for each community where it has a significant number of paid employees.

**Business life status** – for the two years being compared in a given Employment Dynamics table, business life status describes whether a business is identified in both years or just one year. There are three business life status categories: continuously identified, newly identified and no longer identified.

**Continuously identified firms** – if the firm exists in both the initial and terminal years of a given table, that firm is classified as “continuously identified.” These firms are then further subdivided into increasing or decreasing employment. In the case where Statistics Canada is aware of firm mergers, the new corporate structure in the terminal year is imposed backwards in time to avoid counting mergers in the “newly identified” and “no longer identified” categories.

**Newly identified firms** – if a firm is identified in the terminal year and not the initial year, that firm is classified as “newly identified”, which is similar but not identical to business start-ups or births. There may be cases where Statistics Canada has not yet identified firm mergers.

**No longer identified firms** – if a firm is identified in the initial year and not the terminal year of a given table, that firm is classified as “no longer identified”, which is similar but not identical to business closures or deaths. There may be cases where Statistics Canada has not yet identified firm mergers. Also, the number of “no longer identified” firms does not represent a bankruptcy or failure rate, since there are many reasons why firms decide to discontinue operations.

**ILU (individual labour unit)** – employee per business. For every individual who appears on the T4 file for a particular business they are counted as one ILU if this was their only employer. If an individual worked for more than one business during a year a proportion of an ILU is assigned to each business based upon the salary paid by each business. The total of the fractions of ILUs for the individual will sum to one ILU.

**% Size columns** – the two columns titled “% Size” contain percentage data calculated between size groups. For example, there are six size categories and if you add the percents of the line “Total - all statuses” from each of the six size categories, the sum equals 100 (+ or - 2, due to rounding). The same is true for the “Continuously identified” line, etc.

**% Life status columns** – the two columns titled “% life stat” contain percentage data calculated within one size group and between the life status categories. Within one size group, if you add the percents from the three life size categories (continuously identified, newly identified and no longer identified), the sum equals 100 as displayed in the line “Total - all statuses”. The lines “increasing ILU” and “decreasing ILU” are sub-categories of the line “Continuously identified” and so the percentages of the two former lines sum to the latter.

Unknown – These are areas for which there is no known postal code for the business in the province or territory where the employees worked according to the T4 tax file.

### **3. Sources, Methods and Data Quality**

#### **3.1 Sources**

The Business and Labour Market Analysis Division (BLMA) requests authorisation to continue conducting ongoing record linkages between the Revenue Canada T1 employee and T4 business files with the Statistics Canada Business Register and LEAP database in order to continue building and maintaining the Small Area File (SAF).

There is a long-standing need for better small area measures of economic activity by industry. These small area measures will cover sub-provincial areas such as economic regions, major urban areas, and smaller census urban agglomerations.

The main sources presently existing to do this are based on household surveys; the Labour Force Survey (LFS) and the Census. The business-based Survey of Employment, Payrolls and Hours (SEPH) no longer releases small areas estimates. The LFS has too small a sample for estimating smaller geographic areas, especially when further split by industry. The Census relies on a one in five sample to measure employment by industry and is available only every five years.

The Business and Labour Market Analysis Division already produces a longitudinal database (LEAP) of Canadian Businesses derived from administrative tax records (T4), the Business Register Master File and survey data (SEPH). LEAP produces employment data for each firm at a province level. It would be desirable to be able to produce detailed sub-provincial employment data by industry.

#### **3.2 Methodology**

The address of employees is established by using the T1 file of employees which are linked to the business T4 file. Pools of employees are then established by grouping individuals working in the same businesses that are located in the same postal code area. This information is then compared with detailed businesses' locations from the Central Frame Database of Businesses. The data base produces information on, for example, the payroll generated by a company in a small area. Employment and payrolls information is provided by using the T4 file. Business information is provided through LEAP.

#### **3.3 Confidentiality Provisions and Data Suppression**

Since some of the data contained in these files are at the Individual level, it is considered extremely sensitive (confidential), and is treated as such. ACF (Access Control Facility) rules are in place to limit access to the data. Also, when tables are produced for dissemination purposes, data are always aggregated and the outputs screened in order to respect bureau

confidentiality guidelines. The screening is done by both BLMA and the Small Business and Special Surveys Division, as both make use of and disseminate the data.