



# The Daily

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 The financial reserves in Canada's principal retirement programs increased substantially during the 1990s, although accumulation in the biggest program has leveled off since the turn of the century, according to a new long-term look at pensions.

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## NEW PRODUCTS

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### **Perspectives on labour and income**

November 2003 online edition

The November 2003 online edition of *Perspectives on labour and income*, released today, features two articles. The first, "Finances in the golden years," makes the point that the financial well-being of seniors is not determined by income alone; wealth is an important part of the equation. The second, "High-tech: Two years after the boom," looks at the employment situation in the computer and telecommunications sector after March 2002, when stories of layoffs no longer made the headlines. The article details the compositional shift in favour of a workforce with more formal education, as low-skilled jobs continued to be cut. For more information on this article, contact Geoff Bowlby (613-951-3325; [geoff.bowlby@statcan.ca](mailto:geoff.bowlby@statcan.ca)).

The November 2003 online edition of *Perspectives on labour and income*, Vol. 4 no. 11 (75-001-XIE, \$6/\$52) is now available. See *How to order products*. For more information, contact Henry Pold (613 951-4608; [henry.pold@statcan.ca](mailto:henry.pold@statcan.ca)), Labour and Household Surveys Analysis Division.



## MAJOR RELEASES

### Canada's retirement income programs

1990 to 2001

The financial reserves in Canada's principal retirement programs increased substantially during the 1990s, although accumulation in the biggest program has leveled off since the turn of the century, according to a new long-term look at pensions.

In total, Canadians had accumulated an estimated \$1.15 trillion in the three main retirement programs by the end of 2001, almost double the level of \$593.6 billion in 1990, when measured in constant (inflation adjusted) dollars.

#### Retirement program reserves<sup>1</sup>

	1990		2001		Growth from 1990 to 2001 %
	\$ millions	Proportion %	\$ millions	Proportion %	
Public government plans	65,885	11.1	64,694	5.6	-1.8
Registered pension plans	395,865	66.7	794,073	69.0	100.6
Registered retirement savings plans	131,846	22.2	292,475	25.4	121.8
<b>Total</b>	<b>593,596</b>	<b>100.0</b>	<b>1,151,242</b>	<b>100.0</b>	<b>93.9</b>

<sup>1</sup> Expressed in constant 2001 dollars.

Of the total in 2001, 69% of assets were in employer-sponsored registered pension plans (RPPs), 25% in registered retirement savings plans (RRSPs) and about 6% in the Canada/Quebec pension plans (C/QPP).

The value of assets in RPPs peaked at almost \$826.4 billion in 2000, then fell slightly to about \$794.1 billion in 2001. This was due in part to falling stock prices that resulted in a devaluation of fund assets.

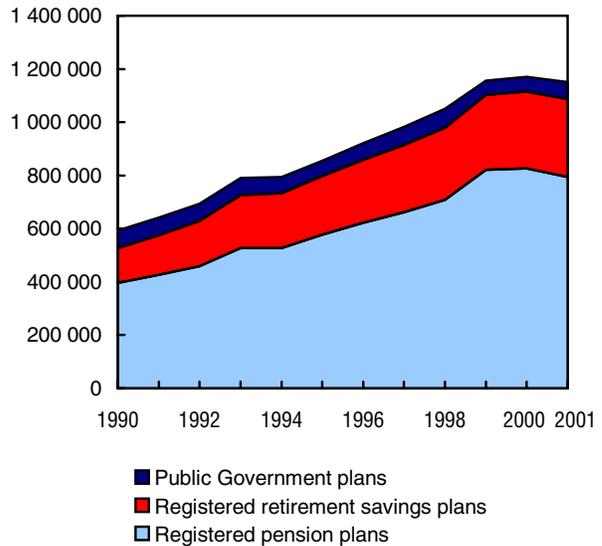
As of January 1, 2002, just under 5.5 million members, or about 40% of total paid workers, were participating in 13,861 registered pension plans.

This membership was an increase of 2.9% from 1992. At that time, RPPs covered 5.3 million paid workers, or about 45% of the total, in 18,028 registered plans.

Canadians had nearly \$292.5 billion invested in RRSPs at the end of 2001, and about \$64.7 billion in the C/QPP.

#### Retirement program reserves

Assets (in millions of dollars)



#### RPP coverage: Gap between women and men closing

At the end of 2001, about 2.5 million female workers belonged to an RPP, an increase from about 2.2 million in 1991. At the same time, the number of male workers covered by an RPP declined from 3.1 million to just under 3 million.

From the end of 1991 to 2001, the gap in the number of men and women participating in RPPs closed significantly, from almost 1 million to less than half a million members.

The increase in female membership can be attributed to the growth in their labour force participation. Among male workers, RPP membership was affected by the recession of the early-1990s.

From 1991 to 2001, the RPP membership in the private sector grew 6.7% compared with a 1.3% decline in the public sector. Both rates generally correspond to changes in the size of the workforce in each sector.

Private sector membership stood at 2.9 million at the end of 2001, compared with 2.5 million for the public sector.

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### Trusteed pension funds: Assets nearly tripled

The majority of assets held in registered pension plans (RPPs), about 72% in recent years, are in trustee pension funds. These are managed by legal trustees who invest the funds in financial and capital markets. The remaining assets are held in government consolidated revenue funds, insurance companies and Government of Canada annuities.

The value of trustee pension fund assets increased 151% during the 1990s, from \$223.8 billion in 1990 to \$598.2 billion in 2000. This level in 2000 represented just under three-quarters of all RPP assets.

Of the just under 5.5 million Canadians who were members of RPPs in 2000, about 4.0 million were members of trustee plans. Contributions from members and employers are invested in the financial and capital markets.

The 1990s were a good period for trustee pension funds, primarily because of the rise in stock prices. As measured by the Standard & Poor's/Toronto Stock Exchange Composite Index (S&P/TSX), stock prices rose 125% over the decade.

Perhaps the single most revealing statistic on the performance of trustee pension funds during the 1990s has been the steep rise in net income during the latter half of the decade.

Net income went from an estimated \$15 billion in 1990 to more than \$56 billion in 2000, primarily the result of profits from the purchase and sale of stocks. As a result, some funds took a prolonged contribution holiday, from 1996 to 2000 in some cases.

### RRSP contribution room increases six-fold

In 2001, the total RRSP room available to taxfilers aged 25 to 64 reached \$284.9 billion, a six-fold increase from 1991. Less than 9% of available contribution room has actually been used, since the majority of taxfilers use only a small portion of their available room in a given year. Since 1991, unused RRSP room has grown much faster in the lower income groups than the higher ones.

In 2001, only 9% of taxfilers used 95% or more of their available RRSP room. The majority of these

taxfilers were aged 45 to 54, or had incomes greater than \$40,000.

About 40% of taxfilers using most of their room had an income of \$80,000 or more, although this is down from 45% in 1999.

Not including transfers, RRSP normal contributions for taxfilers aged 25 to 64 peaked at \$26.5 billion in 2000, a year marked by a strong stock market.

In 2000, women aged 25 to 64 contributed about \$10 billion to an RRSP, up 8% from 1999, while men contributed \$16.5 billion, up 0.2%.

From 2000 to 2001, the number of contributors declined to 5.8 million taxfilers, while contributions fell to \$24.9 billion.

### Definitions, data sources and methods: survey numbers, including related surveys, 2608, 2609 and 2620.

The CD-ROM *Canada's retirement income programs* (74-507-XCB, \$195) will be available soon. See *How to order products*.

This product is an easy-to-use CD-ROM providing statistics on a complete variety of concepts related to retirement from 1990 to 2001. It presents historical data on the major retirement income programs in Canada: Old Age Security programs, Canada/Quebec Pension Plans, Registered Pension Plans and Registered Retirement Savings Plans.

The data sets are available through different types of breakdown such as province, family type, age, sex, type of plan, type of revenue and industry sector.

Data on workers covered by a registered pension plan from 1991 to 2001 and data on retirement saving through RPPs and RRSPs for 2001 are also available online in the *Canadian statistics* module. From the *Canadian statistics* page, choose *The people*, then *Labour, employment and unemployment* and *Employment insurance and pensions*.

For more information, contact Client Services (1-888-297-7355; 613-951-7355; fax: 613-951-3012; [income@statcan.ca](mailto:income@statcan.ca)), Income Statistics Division. ■

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## OTHER RELEASES

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### Study: Finances in the golden years

1999

The financial situation of Canadian seniors appears much more secure if the equation includes wealth and not just income, according to a new study.

More than half of seniors own their homes mortgage free. Nearly half are still saving and only 1 in 10 are dipping into investment capital to make ends meet. Only a third of senior families feel the need to follow a budget compared with half of younger families.

Younger families are still in the process of building up their stock of wealth-buying homes or accumulating retirement savings or other investments. However, many seniors have already accumulated substantial wealth to draw on in times of need. (Wealth is the difference between total assets and total debts.)

The study uses data from the 1999 Survey of Financial Security to examine sources of income and wealth among seniors, as well as their debts and preparedness for unexpected expenses. It also examines two groups of seniors that potentially face financial insecurity: unattached women and those whose expenses exceed their income.

Few seniors have debt. Almost three-quarters (73%) of families headed by a senior reported having no debt in 1999. For the 610,100 senior families carrying debt, the median value was about \$6,500, compared with about \$32,000 for younger families.

The amount of debt most seniors carry is relatively low. About 16% of senior families with debt owed less than \$500, while about 25% owed more than \$25,000.

Seniors also carry the lowest debt-to-asset ratio. Families headed by a senior owed an average of \$3 for every \$100 in assets, compared with \$31 among people under 25.

Still, senior families have lower average incomes than younger families, given that most are no longer in the labour force and have no employment income. For this reason, considering income alone is not sufficient when examining the financial well-being of seniors.

In 1999, the median income of senior families was only \$26,400. According to the survey, however, some saving still continues into old age since 46% of senior families reported that their income exceeded expenses. The income of a senior family is much more likely to go further than that of a young family still saving for retirement, paying off a mortgage, or supporting young children.

The largest asset of most seniors is their home. Two-thirds of seniors were homeowners in 1999. Of these, 90% owned their home mortgage-free and the median home value was \$120,000. While a home is not as quickly convertible to cash as financial assets, it can be sold. Or, the family can downsize to another and live on some of the net proceeds.

As in the case of younger families, large unforeseen expenses can be crippling for seniors. About 8% of senior families felt that they would be unable to pay for an unexpected expense of \$5,000, about the same as the proportion of 9% among younger families.

The study found that unattached women and seniors whose expenses exceed their income potentially face financial insecurity. Of all senior family types, unattached women aged 65 and over had the lowest income, assets and net worth in 1999. But only 32% of them followed a budget, compared with 48% of families headed by someone younger.

A second group facing potential financial insecurity are senior families whose spending exceeded income. They represent about 1 in 10 senior families.

This group had a median income of \$25,500, just slightly less than that of \$26,500 for other senior families. However, their median net worth amounted to \$121,500, much less than the \$158,000 for other senior families.

**Definitions, data sources and methods: survey number 2620.**

The article "Finances in the golden years" is available in the November 2003 online edition of *Perspectives on labour and income*, Vol. 4, no. 11 (75-001-XIE, \$6/\$52). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Cara Williams (613-951-6972; [cara.williams@statcan.ca](mailto:cara.williams@statcan.ca)), Labour and Household Surveys Analysis Division. ■

### Apartment Building Construction Price Index

Third quarter 2003

The composite price index for apartment building construction (1997=100) was 117.3 in the third quarter, up 0.5% from the second quarter and 2.7% from the third quarter of 2002.

Montréal recorded the highest quarterly change (+1.5%), followed by Ottawa (+0.6%), Halifax (+0.5%), Toronto (+0.4%), Vancouver (+0.3%) and Calgary (+0.1%). Edmonton remained unchanged.

Ottawa experienced the highest year-over-year gain from the third quarter of 2002 (+4.3%), followed by Toronto (+3.7%), Montréal (+3.0%), Calgary (+2.5%), Halifax (+2.4%), Edmonton (+1.9%) and Vancouver (+0.9%).

### Apartment Building Construction Price Index (1997=100)

	Third quarter 2003	Third quarter 2002 to third quarter 2003 % change	Second quarter to third quarter 2003
<b>Composite</b>	<b>117.3</b>	<b>2.7</b>	<b>0.5</b>
Halifax	113.4	2.4	0.5
Montréal	118.3	3.0	1.5
Ottawa	122.5	4.3	0.6
Toronto	125.1	3.7	0.4
Calgary	120.8	2.5	0.1
Edmonton	118.3	1.9	0.0
Vancouver	109.7	0.9	0.3

**Note:** The apartment building construction price indexes provide an indication of new construction cost changes in seven major urban areas across Canada (Halifax, Montréal, Ottawa, Toronto, Calgary, Edmonton and Vancouver).

Besides each of the urban areas' indexes and the composite index, there are further breakdowns of cost changes by trade groups within the building (structural, architectural, mechanical and electrical). These price indexes are derived from surveys of general and special trade-group contractors who report on the categories of costs (material, labour, equipment, taxes, overhead and profits) relevant to the detailed construction specifications included in the surveys.

Available on CANSIM: table 327-0040.

**Definitions, data sources and methods: survey numbers, including related surveys, 2317 and 2330.**

The third quarter 2003 issue of *Capital expenditure price statistics* (62-007-XPB, \$26/\$85) will be available in January. See *How to order products*.

For more information or to enquire about the concepts, methods and data quality of this release, contact Rebecca McDougall (613-951-9606; fax: 613-951-1539; [infounit@statcan.ca](mailto:infounit@statcan.ca)), Prices Division. ■

### Aircraft movement statistics: Major airports

August 2003

The August 2003 monthly report, Vol. 1 (TP141, free) is now available on Transport Canada's website (<http://www.tc.gc.ca/pol/en/Report/tp141e/tp141.htm>).

**Note:** The TP141 monthly report is issued in two volumes. Volume 1 presents statistics for the major Canadian airports (i.e., those with NAV CANADA air traffic control towers or flight service stations). Volume 2 presents statistics for the smaller airports (i.e., those without air traffic control towers). Both volumes are available free upon release at Transport Canada's website.

For more information about this website, contact Michel Villeneuve (613-990-3825; [villenm@tc.gc.ca](mailto:villenm@tc.gc.ca)) or Sheila Rajani (613-993-9822; [rajanis@tc.gc.ca](mailto:rajanis@tc.gc.ca)), Transport Canada.

**Definitions, data sources and methods: survey number 2715.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; [aviationstatistics@statcan.ca](mailto:aviationstatistics@statcan.ca)), Transportation Division. ■

### Dairy statistics

September 2003 (preliminary)

Consumers purchased 243 000 kilolitres of milk and cream in September 2003, up 4% from September 2002. Sales of milk increased 3% from year-ago levels to 222 000 kilolitres. Sales of cream rose to 21 000 kilolitres, up 13% from September 2002.

Available on CANSIM: tables 003-0007 to 003-0012, 003-0029, 003-0033 and 003-0034.

**Definitions, data sources and methods: survey numbers, including related surveys, 3430, 3431 and 3432.**

The third quarter 2003 issue of *The dairy review* (23-001-XIB, \$29/\$96) will be available soon. See *How to order products*.

For more information, contact Anna Michalowska (1-800-465-1991; 613-951-2442; fax: 613-951-3868), Agriculture Division. ■

## NEW PRODUCTS

**New motor vehicle sales**, September 2003, Vol. 75, no. 9  
Catalogue number 63-007-XIB (\$14/\$133).

**Perspectives on labour and income**, November 2003, Vol. 4, no. 11  
Catalogue number 75-001-XIE (\$6/\$52).

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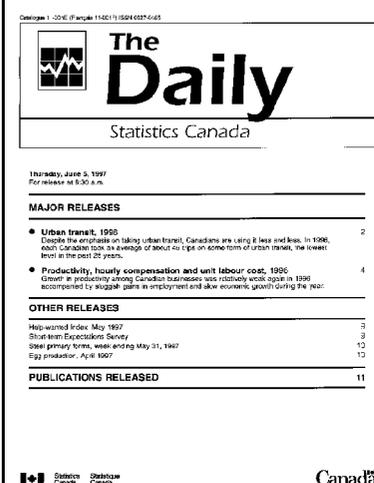
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