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The Daily

Statistics Canada

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Releases

New products

Releases

Annual wholesale trade

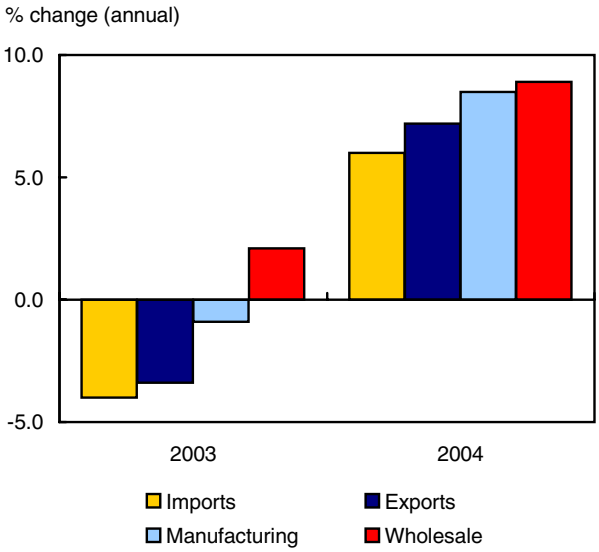
2004

Operating revenues of wholesalers grew four times faster in 2004 than a year earlier. Rising demand in China and the United States for Canadian products, paired with the solid performance in manufacturing production and a booming construction market contributed to higher revenues for Canadian wholesalers.

Operating revenues of all wholesale sectors increased 8.9% to $581.4 billion, a marked improvement over the 2.1% advance posted in 2003.

The increase in 2003 stemmed mainly from wholesalers of petroleum and other products. In 2004, on the other hand, more than one-third of the growth was attributable to petroleum products, mainly as a result of higher prices. Other groups also contributed to the rise, in particular exporting (metal products) and importing (machinery and supplies) trade groups.

Strong year for wholesalers



There were a number of economic factors affecting the world in 2004. Strong global demand for products such as petroleum, lumber and metal, from China and the United States among others, led to a 7.2% increase in exports in 2004 compared to a 3.4% decline in 2003. Canadian wholesalers, who account for around 15% of exports, benefited tremendously.

Imports also increased in 2004, after falling in 2003. The Canadian dollar maintained its upward climb in 2004, spurring increased demand for imported products. Canadian businesses started buying more imported items, such as machinery, supplies and electronics that were less expensive than those made in Canada. Close to 40% of imports are brought in by wholesalers.

Increased demand in the domestic market and rising prices stimulated production in the Canadian manufacturing sector in 2004. A booming construction market and a flourishing renovation market also contributed to the increase in wholesale trade.

Note to readers

The information in this report is based on the North American Industry Classification System (NAICS).

Gross margin *is obtained by subtracting the cost of goods sold from the total operating revenue. The ratio is expressed as a percentage of total operating revenue. This measure is also known as the return on sales.*

Operating profit *is obtained by subtracting the total operating expenses plus the cost of goods sold (opening inventory plus purchases and direct cost minus closing inventory) from the total operating revenue. The ratio is expressed as a percentage of total operating revenue.*

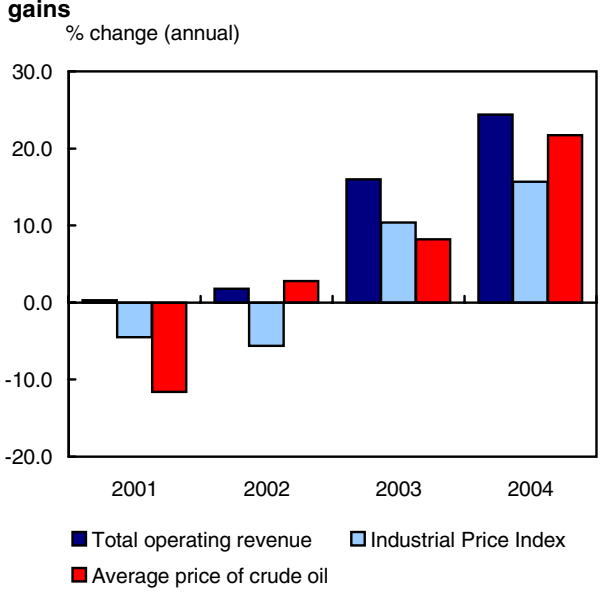
Operating expenses-to-operating revenues ratio *is obtained by dividing the total operating expenses by the total operating revenue. The ratio is expressed as a percentage of total operating revenue.*

Net improvement in wholesalers' revenues

Gains were posted by 15 of the 17 trade groups, accounting for approximately 86% of total revenues. The increases ranged from 34.4% in the metal products sector to 2.6% for computers and other electronics. Price increases accounted for most of the jump in revenues in the metal products sector. China, which now represents more than 20% of global demand for metal products, provided the main spur for the price increase.

In 2004, petroleum product wholesalers (+24.4%) reported their strongest revenue gains since 2000, largely as a result of the rapid rise in crude oil prices in Canada and a weak increase in volume.

Wholesalers of petroleum products report solid gains



Wholesalers of automobile parts and accessories and lumber and millwork wholesalers were among the other groups that posted significant revenue gains. Wholesalers of automobile parts and accessories saw their revenues increase by 10.8%.

This performance may be attributable to the increase in used car sales in Canada. The supply of used cars was up following the rise in the Canadian dollar, which made these cars more expensive on the US market. Part of the 9.3% increase in revenues in 2004 for lumber and millwork wholesalers was due to the robust construction and renovation industries in both Canada and the United States. Approximately one-third of the lumber used in the United States comes from Canada.

Wholesale gross margin edges down

The gross margin as a proportion of operating revenue for all wholesalers edged down from 18.0% in 2003 to 17.4% in 2004. The gross margin reveals the extent to which wholesalers manage to maximize revenues while paying the lowest prices for merchandise they purchase for resale.

With the exception of agents and brokers, who by definition do not take title of the goods they resell, 11 of the 16 remaining trade groups posted higher gross margins than the national average (17.4%). In particular, wholesalers of office and professional equipment (34.0%), apparel (32.8%), household and personal goods (29.1%) and building materials (26.4%) posted higher gross margins.

Operating expenses increase

Although operating revenues grew by 8.9% in 2004, Canadian wholesalers were able to keep expenses under control. Overall, the operating expenses of wholesalers rose 3.4% from a year earlier to $76.4 billion in 2004.

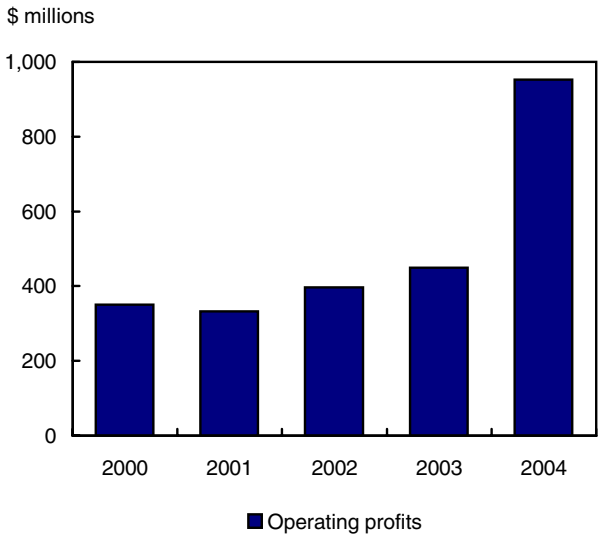
The operating expenses-to-operating revenue ratio declined from 13.8% in 2003 to 13.1%. Operating expenses include labour remuneration (45.5%) and other operating expenses (54.5%), such as rental and leasing, advertising, depreciation and electricity.

Of the 17 major wholesale trade groups, 11 posted values above this national average, ranging from a high of 39.9% for agents and brokers to 13.7% for the metal products sector. Wholesalers of petroleum products had the lowest ratio of operating expenses-to-operating revenue (2.4%). Wholesalers of farm products, food, alcohol and tobacco were among the other trade groups reporting expenses-to-operating ratios below the national average.

Operating profits: Surging profits for wholesalers of metal products

The rise in operating revenues among wholesalers resulted in higher profits in 2004. Operating profits surpassed $24.6 billion, up 11.9% from approximately $22 billion in 2003. Overall, operating revenues rose from 4.1% a year earlier to 4.2% in 2004 as a proportion of revenues.

Profits surge for wholesalers of metal products



Metal product wholesalers saw profits more than doubled from $449 million a year earlier to $952 million in 2004. Total operating revenues, driven largely by the 17.9% increase in prices, rose 34.4% to $14.8 billion. The somewhat moderate increase in operating expenditures proved to be a determinant in the increase in operating profits.

Overall, the cost of merchandise sold by metal product wholesalers rose at virtually the same pace as revenues (+34.4%). However, operating expenses grew less quickly (+13.9%) in 2004, enabling profits to rise sharply.

Other groups reporting higher operating profits include wholesalers of building materials (+52.7%), largely as a result of the construction and renovation market in Canada, as well as wholesalers of food products (+30.8%) and office and professional equipment (+29.6%).

Definitions, data sources and methods: survey number 2445.

For general information or to order data, contact Client Services (613-951-3549; 1-877-421-3067; *wholesaleinfo@statcan.ca*). For additional information, or to enquire about the concepts, methods or data quality, contact Pierre Desjardins (613-951-9682), Distributive Trades Division.

Wholesale trade
2004

Trade group	Operating revenues	Gross margin	Operating profit	Operating expenses	Operating revenues 2003 to 2004
	$ millions				% change
Farm products	19,336	2,694	1,185	1,509	6.8
Petroleum products	88,073	3,297	1,205	2,092	24.4
Food products	79,072	11,426	3,065	8,361	4.1
Alcohol and tobacco products	7,877	1,679	961	718	2.9
Apparel	8,918	2,928	513	2,414	-3.4
Household and personal goods	28,794	8,390	996	7,394	8.0
Pharmaceutical products	28,870	5,441	1,385	4,056	9.2
Motor vehicles	73,816	5,232	1,557	3,675	-0.6
Motor vehicle parts and accessories	19,433	4,721	1,288	3,433	10.8
Building supplies	40,873	10,792	2,489	8,304	9.3
Metal products	14,792	2,979	952	2,028	34.4
Lumber and millwork	14,578	2,148	928	1,219	19.1
Machinery and equipment	41,628	9,745	1,667	8,078	9.0
Computers and other electronics	28,816	6,095	1,490	4,605	2.6
Office and professional equipment	20,674	7,038	1,581	5,457	3.5
Other products	58,297	12,465	2,402	10,063	8.2
Total merchants	**573,847**	**97,070**	**23,664**	**73,406**	**8.8**
Agents and brokers	7,528	...	959	3,003	16.2
Total, wholesale trade	**581,375**	**97,069**	**24,623**	**76,409**	**8.9**

... not available.

■

Study: Trends in the prices of rurality

1949 to 2005

The cost of transporting goods and information has generally declined relative to the cost of all goods and services over the last 50 years, and this has made rural areas in Canada more competitive, according to a new study.

At the same time, however, the cost of transporting people has generally risen in relative terms, presenting a challenge for rural areas.

This study uses data from the System of National Accounts and the Consumer Price Index to analyze prices of transporting goods, information and people relative to the price of all goods and services in Canada. It links these trends to the competitiveness of Canada's rural areas.

The concept of "rurality" is defined by distance and population density. A decline in the price of distance would indicate a decline in the price of rurality and, consequently, a greater ability for rural areas to compete with urban areas.

In terms of carrying goods, railroad transport prices have generally fallen in relative terms since the 1960s. The cost of moving goods by truck was flat, or rose slightly, between 1960 and 1977, but fell after that. In contrast, the overall price of air transportation (both goods and people) has generally risen since the 1960s.

The decline in the price of transporting goods is one factor explaining the spread of manufacturing jobs into rural areas. Rural Canada has always had manufacturing jobs, such as fish processing, smelting, sawmills and pulp and paper plants. However, some of the newer manufacturing jobs are part of the network of just-in-time delivery systems.

To the extent that the price of transporting goods might be expected to decline in the future, manufacturing jobs would be expected to continue to spread into rural areas.

Taken together, the trend towards a relative drop in the cost of transporting goods and information represents an opportunity for rural-based manufacturers.

The upward trend in the relative price of transporting people has important implications for rural areas of Canada. For example, the increase in the relative cost for city residents to visit rural areas represents a challenge for rural-based tourism.

The price of communicating information from one location to another has generally been declining over time.

Within the communications sector, telephone services fell from the early 1960s to the end of the 1980s and have been more-or-less flat since then, relative to the cost of all goods and services. Further, the cost of accessing the Internet has declined, relatively, in recent years.

This has led to a relative decline in the price of rurality, with respect to communication flows. However, the decline of telecommunication prices may even have been greater in urban areas.

The *Rural and Small Town Canada Analysis Bulletin*, Vol. 6, no. 7, entitled "Trends in the prices of rurality" (21-006-XIE, free) is now available online. From the *Our Products and services* page under *Browse our Internet products*, choose *Free* and then *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marc Prud'homme (613-951-4415, *marc.prudhomme@statcan.ca*), Prices Division. ■

Automotive repair and maintenance services

2004

As Canadians purchased fewer new motor vehicles in 2004, they invested more in the repair and maintenance of their existing ones. For the second consecutive year, Canadian households saw a greater slice of their disposable income going towards the repair and maintenance of their automobiles. Approximately 73% of households reported spending an average of $556 in 2004 on automotive repair and maintenance. As a result, automotive repair and maintenance firms continued to report steady growth in 2004.

Businesses classified to the automotive repair and maintenance services industry earned operating revenues of $11.4 billion in 2004, up 2.3% from 2003. Mechanical and electrical repairs generated 61% of these operating revenues while auto-body, paint and glass repairs generated another 31%.

Nearly two-thirds of the industry's 2004 operating revenues were generated by firms located in Ontario (37%) and Quebec (25%). Operating revenues grew most rapidly in Newfoundland and Labrador (+11%) and Alberta (+5%).

Total operating expenses for the industry grew by 2.1% in 2004. Close to half of the increase in operating expenses came from salaries and wages, which climbed by 3.7%. The increase in salaries and wages was most apparent in specialized repair shops and glass replacement shops where a higher percentage of operating expenses were allocated to salaries and wages in 2004 than in 2003.

The industry's operating profit margin edged up from 5.2% in 2003 to 5.3% in 2004.

The industry is dominated by small firms. The market share of the 20 largest firms represented

only 5% of the industry's total operating revenue in 2004.

This survey does not include vehicle repairs provided by retailers such as car dealers and retail chain stores selling and servicing motor vehicles, which are covered by the Quarterly Retail Commodity Survey.

Estimates for the reference year 2004 for the Annual Survey of Service Industries: Automotive Repair and Maintenance Services are now available.

Available on CANSIM: table 361-0006.

Definitions, data sources and methods: survey numbers, including related surveys, 4720, 4721 and 4722.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Marg Côté (613-951-0406; *marg.cote@statcan.ca*) or Daphne Bennett (613-951-3429; *daphne.bennett@statcan.ca*), Service Industries Division. ■

Federal government finance: Assets and liabilities

As of March 31, 2005

At March 31, 2005, the federal government's net financial debt (defined as the excess of liabilities over financial assets) fell to $523.3 billion, down $300 million from March 31, 2004. A decrease of $2.3 billion in financial assets and $2.6 billion in liabilities explain this drop.

As a percentage of gross domestic product (GDP), the federal government net financial debt decreased from 41.8% in 2004 to 39.4% in 2005, the lowest since 1984. Per capita, the net financial debt decreased from $16,427 to $16,266.

These statistics are based on the data released in the federal government's public accounts dated March 31, 2005 and converted to Statistics Canada's Financial Management System (FMS). The federal government introduced full accrual accounting in their 2003 financial statements. To retain comparability with prior years, these changes are not included in the FMS presentation. A reconciliation to the assets, liabilities and net debt reported in the public accounts is available.

Note: The FMS provides a standardized presentation of government accounting for the federal, provincial and local governments in Canada. The individual governments' accounting systems are not directly comparable because the policies and structure of governments differ. The FMS adjusts data from governments public accounts and other records to provide detailed data that permit inter-government comparisons as well as compatible national aggregates that are consistent over time. As a result, FMS statistics frequently differ from the figures published in government financial statements.

Federal government net financial debt

	Net financial debt as of March 31	Net financial debt percentage of GDP	Net financial debt per capita
	$ millions	%	$
1971	18,581	19.9	863
1975	24,769	15.1	1,075
1980	72,555	24.0	2,971
1985	209,891	44.5	8,143
1991	395,075	58.3	14,142
1992	428,682	61.9	15,167
1993	471,061	65.9	16,472
1994	513,219	68.4	17,755
1995	550,685	68.7	18,852
1996	578,718	70.6	19,608
1997	588,402	67.8	19,732
1998	581,581	64.1	19,333
1999	574,468	60.5	18,949
2000	561,733	53.9	18,359
2001	545,300	48.9	17,640
2002	534,690	47.8	17,101
2003	526,492	43.4	16,675
2004	523,648	41.8	16,427
2005	523,344	39.4	16,266

Available on CANSIM: tables 385-0010, 385-0014, 385-0017 to 385-0019 and 385-0025.

Definitions, data sources and methods: survey number 1709.

Data are available through custom and special tabulations. For more information, or general enquiries on the products or services of the Public Institutions Division, contact Jo-Anne Thibault (613-951-0767; *jo-anne.thibault@statcan.ca*).

For further information, or to enquire about the concepts, methods or data quality of this release, contact Terry Moore (613-951-5195), Public Institutions Division. ■

Aircraft movement statistics

February 2006 (preliminary)

The 42 Canadian airports with NAV CANADA air traffic control towers reported 297,621 aircraft take-offs and landings in February, down 6,9% compared with

February 2005 (319,662 movements). Year-over-year decreases in aircraft movements were reported by 30 of the airports in February 2006. The variations ranged from an increase of 60.0% at Winnipeg/St. Andrews to a decline of 35.2% at Edmonton/Villeneuve.

Itinerant movements (flights from one airport to another) decreased by 6.0% (-13,671 movements) in February compared with the same month a year earlier. Local movements (flights that remain in the vicinity of the airport) decreased by 9.3% (-8,370 movements) in February compared with February 2005.

The top 10 airports in terms of volumes of itinerant movements in February showed year-over-year variations ranging from a 6.0% increase (+302 movements) at Québec/Jean Lesage International to a decline of 20.0% (-1,635 movements) at Victoria International. Of the top 10 airports, 2 recorded increases in itinerant movements compared with 4 airports in January.

The top 10 airports in terms of local movements showed year-over-year variations ranging from a 71.7% increase (+1,702 movements) at Winnipeg/St Andrews to a decline of 33.0% (-2,027 movements) at Victoria International. Of the top 10 airports, 2 recorded increases in local movements compared with 6 airports in January.

Available on CANSIM: table 401-0005.

Definitions, data sources and methods: survey number 2715.

The February 2006 issue of *Aircraft Movement Statistics*, Vol. 5, no. 2 (51F0001PIE, TP1496, free) is now available online. From the *Our products and services* page, choose *Free publications*, then *Transport and warehousing*.

Preliminary statistics for the 56 Canadian airports with NAV CANADA flight service stations are also available for February.

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*), Transportation Division. ■

Crude oil and natural gas production

January 2006 (preliminary)

Provincial crude oil and marketable natural gas production data are now available for January.

Definitions, data sources and methods: survey number 2198.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Marketing and Dissemination Section (613-951-9497; 1-866-873-8789; *energ@statcan.ca*), Manufacturing, Construction and Energy Division. ■

New products

Rural and Small Town Canada Analysis Bulletin: "Trends in the prices of rurality", 1949-2005, Vol. 6, no. 7
Catalogue number 21-006-XIE
(free).

Aircraft Movement Statistics, February 2006, Vol. 5, no. 2
Catalogue number 51F0001PIE
(free).

Private and Public Investment in Canada, Intentions, 2006
Catalogue number 61-205-XIE ($38).

Retail Trade, January 2006, Vol. 78, no. 1
Catalogue number 63-005-XIE ($18/$166).

Mortality, Summary List of Causes, 2002
Catalogue number 84F0209XIE
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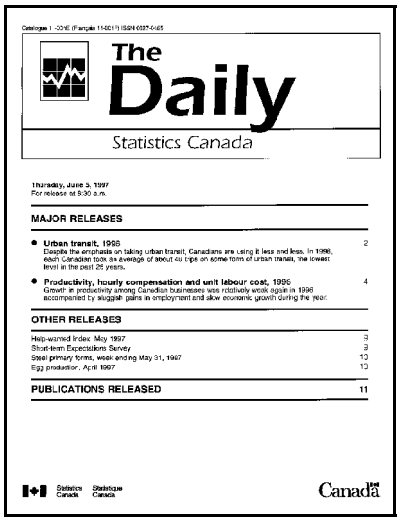

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The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

MAJOR RELEASES

- **Urban transit, 1996** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 40 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4
  Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

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