



The Daily

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Monday, July 17, 2000

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MAJOR RELEASES

- **Employer pension plans, 1998** 2
 The assets of Canada's employer pension plans have grown at a far faster rate than those of other major retirement income programs. Between 1996 and 1998, assets in these plans increased 22.0% to \$644.4 billion, whereas assets in registered retirement savings plans grew only 7.8%. Those in government-sponsored pension plans (the Canada and Quebec pension plans) declined.

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MAJOR RELEASES

Employer pension plans

1998

The assets of Canada's 15,213 employer pension plans have grown at a far faster rate than those in any other major retirement income program. Between 1996 and 1998, employer pension plan assets increased 22.0%, to an estimated \$644.4 billion.

During the same two-year period, assets in registered retirement savings plans (RRSPs) grew only 7.8% to \$241.1 billion. This does not include the amount in registered retirement income funds, which is not known. The combined assets of the Canada and Quebec pension plans (CPP and QPP) actually declined 4.3% to \$49.4 billion.

Employer pension plans play a key role in Canada's retirement income system. Because employees are generally required to participate in these plans, if available, they will provide pension income to more than 40.0% of all employees in the country. Contributing to RRSPs, on the other hand, is voluntary and is therefore not a guarantee of a source of income in retirement.

The decrease in CPP/QPP assets occurred because benefit payments exceeded revenues, which come mostly from contributions, from 1996 to 1998. To reverse this decline, contribution rates have been raised. In addition, the CPP investment strategy has changed. Over time, a larger and larger proportion of the funds in this plan will be invested in the financial and capital markets, with the aim of increasing the return on investment. QPP assets have been invested in the markets for some time.

In total, the assets of all the retirement income programs were estimated at \$935.0 billion at the end of 1998, up 16.4% from 1996. Employer pension plans accounted for 68.9% of the total, RRSPs 25.8% and the CPP/QPP 5.3%.

Employer pension plans are established for employees and can be sponsored by an employer or union. Sixty-eight percent of the assets of these plans is held in trustee pension funds. Trustee pension funds are given that name because they are, for the most part, governed by the terms of a trust agreement. As a pool of capital, trustee pension funds are second in size only to the financial assets of the chartered banks and, therefore, are a major force in capital and financial markets.

In 1998, about 5.1 million employees belonged to employer pension plans. About three-quarters of them were covered by trustee pension funds.

Note to readers

This release is based on the 1998 issue of Trustee pension funds, financial statistics, available today. This publication provides an overview of the assets in Canada's retirement income programs, as well as a description and analysis of the assets, revenues and expenditures of trustee pension funds. The data are based on a biennial census of trustee pension funds.

Canada's retirement income system has several important components: government-sponsored social security plans (the Canada and Quebec pension plans, CPP and QPP); employer-sponsored pension plans; and personal savings vehicles, notably registered retirement savings plans (RRSPs).

Employer pension plans are often called registered pension plans (RPPs) as they must be registered with Canada Customs and Revenue Agency and one of the pension supervisory authorities. Trustee pension funds hold most of the assets in employer pension plans, and almost all of the assets invested by the plans in the capital and financial markets. Most of the remaining monies in employer pension plans are held in several public sector plans; one of the largest is for federal public servants. These monies were not, in 1998, invested in the markets; this is now changing. Trustee funds are the focus of this newly released report.

Between 1996 and 1998, the assets of trustee pension funds grew 24.5% to \$438.8 billion, the largest biennial increase since 1990. This amount is stated at book value, generally the purchase, or cost, price of the investment. The current value of the assets, referred to as the market value, was an estimated \$513.1 billion in 1998, up 22.5% from 1996. By the end of 1999, this value had increased a further 10.2% to \$565.4 billion.

Continuing shift in investment toward stocks

Since 1990 the trustee pension fund industry — in particular, that portion of it representing many public sector employees — has heavily shifted its investment mix. This shift is partly the result of both rising stock prices and a widespread tendency for fund managers to become more active in managing assets.

Direct investment in equities (stocks) is now the largest component of the funds' investment portfolio (33.9%). This is up from 29.1% in 1990. Much of the investment in pooled vehicles, which are similar to mutual funds, is also held in equities; pooled investments grew from 5.5% of total assets in 1990 to 24.5% in 1998. Bonds, on the other hand, dropped from 45.2% to 31.1% of the portfolio over the same period.

Investment in foreign assets still rising

Trusteed pension funds hold a significant pool of investment capital. These funds can invest both within and outside Canada, but legislation has limited the amount that can be invested outside the country to 20% of total assets, at book value.

The actual proportion invested in foreign assets has been growing steadily through the 1990s, but in 1998 remained below the legislated limit (17%, at book value).

The largest funds are close to or at the 20% limit. Smaller funds tend to have less of their assets in foreign products.

Income rising owing to profits from the sale of equities

In 1998, fund revenues from all sources reached \$61.4 billion. Expenditures were \$29.7 billion, resulting in a net income of \$31.7 billion, slightly higher than the \$31.3 billion reported for 1996. These net income levels were more than \$10 billion higher than those recorded earlier in the decade. This was primarily a consequence of substantially higher profits from the sale of equities.

As a result of the increased investment in equities, profits made from buying and selling stock exceeded other forms of investment income for the first time in 1996. In 1998, profits on the sale of stock accounted for 38.7% of all revenue, while bonds, the traditional source of investment income, provided only 33.6%.

At the beginning of the nineties, investment income accounted for 58.3% of total revenue.

Rate of return is often used as a measure of investment performance. In 1998, the rate of return for trustee pension funds was 9.4%. During the 1990s, the rate of return climbed from a low of 7.4% in 1994 to a high of 11.8% in 1997.

In contrast, yield rates for three- to five-year federal bonds fell significantly throughout the 1990s, from a high of 11% in 1990 to a low of less than 5% by the end of 1998.

Available on CANSIM: matrix 5749.

The 1998 issue of *Trusteed pension funds, financial statistics*, (74-201-XPB, \$44 and 74-201-XIB, \$33) is now available. See *How to order products*.

Also available is the publication *Quarterly estimates of trustee pension funds* (74-001-XPB, \$19/\$62; 74-001-XIB, \$14/\$47), which contains fourth quarter 1999 results of the quarterly sample survey of trustee pension funds. This survey provides summary information on the financial situation of these funds, focussing on quarterly variations in assets, revenues and expenditures. The analysis relates these movements to the activities of the stock exchanges and other indicators.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-888-297-7355; 613-951-7355; income@statcan.ca), Income Statistics Division. ■

OTHER RELEASES

Travel between Canada and other countries May 2000

Foreigners decreased their overall number of trips to Canada in May to an estimated 4.1 million, down 0.7% from April. The total number of Canadians travelling to foreign countries fell 0.6% to 3.9 million. (Unless otherwise specified, the data are seasonally adjusted.)

From April to May, overnight traffic between Canada and the United States decreased on both sides of the border. Canadians made 1.6% fewer overnight trips to the United States, down for the third consecutive month to slightly over 1.2 million. The number of such trips by Americans to Canada dropped 1.1% to 1.3 million.

During the same period, Canadians made a record 385,000 overnight trips to overseas destinations, an increase of 1.9%. Overnight travel by Canadians to overseas countries has generally been increasing since July 1999, after having declined for nearly a year previously. One of the contributing factors to this increase is the appreciation of the Canadian dollar against most European currencies over the same period.

Residents of overseas countries, for their part, travelled for at least one night to Canada on 367,000 occasions in May, down 9.6% from the previous month.

Among Canada's top 12 overseas overnight markets, Germany (-6.7%), France (-5.8%) and Japan (-5.1%) were the only ones to show a decline from May 1999. However, these represented three of the four most important sources of overseas travellers. Compared with the same period last year, all other markets went up: South Korea (+36.8%), Australia (+18.1%) and Taiwan (+15.3%) made the strongest gains (unadjusted data).

The number of same-day car trips by Canadians to the United States decreased for the second consecutive month, down 1.5% from April to 2.2 million. During the same period, Americans took 2.3 million car excursions to Canada, an increase of 0.8%. Since the beginning of the new year, the Canadian dollar has been losing some ground against its American counterpart, down from an average of US\$0.69 in January 2000 to US\$0.67 in May.

Note: Month-to-month comparisons use seasonally adjusted data. Year-over-year comparisons use unadjusted data.

Travel between Canada and other countries

	April 2000 ^r	May 2000 ^p	April to May 2000	May 2000 ^p	May 1999 to May 2000
	seasonally adjusted			unadjusted	
	'000	% change		'000	% change
Canadian trips abroad¹	3,951	3,927	-0.6	4,003	-1.0
Same-day car trips to the United States	2,272	2,238	-1.5	2,346	-1.0
Total trips, one or more nights	1,605	1,592	-0.8	1,584	0.1
United States ²	1,227	1,208	-1.6	1,246	-1.7
Car	674	645	-4.2	649	-7.8
Plane	442	451	2.0	450	9.0
Other modes of transport	112	112	-	147	-2.2
Other countries ³	378	385	1.9	338	7.2
Travel to Canada¹	4,157	4,128	-0.7	4,195	-1.8
Same-day car trips from the United States	2,279	2,298	0.8	2,305	-1.7
Total trips, one or more nights	1,682	1,629	-3.2	1,621	-1.9
United States ²	1,276	1,262	-1.1	1,229	-3.3
Car	805	806	0.1	747	-4.0
Plane	320	307	-4.1	310	0.5
Other modes of transport	151	148	-1.7	172	-6.8
Other countries ³	406	367	-9.6	392	2.7
Most important overseas markets					
United Kingdom	..	..	..	77	0.7
Japan	..	..	..	42	-5.1
Germany	..	..	..	38	-6.7
France	..	..	..	31	-5.8
Australia	..	..	..	18	18.1
Taiwan	..	..	..	17	15.3
Hong Kong	..	..	..	14	13.3
Netherlands	..	..	..	14	1.8
South Korea	..	..	..	13	36.8
Mexico	..	..	..	10	9.3
Italy	..	..	..	8	10.2
Switzerland	..	..	..	7	4.0

^r Revised figures.

^p Preliminary figures.

¹ Totals exceed the sum of same-day car trips and total trips, one or more nights because they include all same-day trips.

² Estimates for the United States include counts of cars and buses, and estimated numbers for planes, trains, boats and other methods.

³ Figures for other countries exclude same-day entries by land only via the United States.

- - Amount too small to be expressed.

.. Figures not available.

Available on CANSIM: matrices 2661-2697, 5780-6049 and 8200-8329.

The May 2000 issue of *International travel, advance information* (66-001-PIB, \$6/\$55) is now available. See *How to order products*.

For data requests, contact Pearl Bellefeuille (613-951-1674; fax: 613-951-2909; pearl.bellefeuille@statcan.ca). For more information, or to enquire about the concepts, methods or data quality of this release, contact Johanne Plante (613-951-1910; fax: 613-951-2909; johanne.plante@statcan.ca), Tourism Statistics Program. ■

Steel primary forms

May 2000

Steel primary forms production totalled 1 433 542 tonnes in May, a decrease of 0.2% from 1 436 439 tonnes in May 1999.

Year-to-date production reached 7 133 049 tonnes, up 6.6% from 6 692 562 tonnes in the same period of 1999.

Available on CANSIM: matrix 58 (level 2, series 3).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Andy Shinnan (613-951-3515; shinand@statcan.ca), Manufacturing, Construction and Energy Division. ■

Shipments of rolled steel

May 2000

Rolled steel shipments totalled 1 322 526 tonnes in May, up 12.1% from 1 180 261 tonnes in April and up 5.5% from 1 253 274 tonnes in May 1999.

Year-to-date shipments at the end of May were 6 476 246 tonnes, up 3.4% from 6 264 996 tonnes in the same period of 1999.

Available on CANSIM: matrices 58 and 122 (series 22-25).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Andy Shinnan (613-951-3515; shinand@statcan.ca), Manufacturing, Construction and Energy Division. ■

Oils and fats

May 2000

Production of all types of deodorized oils totalled 97 833 tonnes in May, an increase of 17.5% from 83 287 tonnes in April. Year-to date production was 475 438 tonnes, up 3.1% compared with 460 940 tonnes for the same period in 1999.

Domestic sales of deodorized margarine oil totalled 10 439 tonnes, deodorized shortening oil sales were 25 268 tonnes, and deodorized salad oil sales were 28 709 tonnes in May.

Available on CANSIM: matrix 185.

The May 2000 issue of *Oils and fats* (32-006-XIB, \$5/\$47) is now available. See *How to order products*.

For more information, or to enquire about concepts, methods or data quality of this release, contact Peter Zylstra (613-951-3511; zylspet@statcan.ca), Manufacturing, Construction and Energy Division. ■

NEW PRODUCTS

Oils and fats, May 2000
Catalogue number 32-006-XIB (\$5/\$47).

Primary iron and steel, May 2000
Catalogue number 41-001-XIB (\$5/\$47).

International travel, advance information, vol. 16,
no. 5
Catalogue number 66-001-PIB (\$6/\$55).

Quarterly estimates of trustee pension funds,
fourth quarter 1999
Catalogue number 74-001-XIB (\$14/\$47).

Quarterly estimates of trustee pension funds,
fourth quarter 1999
Catalogue number 74-001-XPB (\$19/\$62).

Trustee pension funds, financial statistics, 1998
Catalogue number 74-201-XIB (\$33).

Trustee pension funds, financial statistics, 1998
Catalogue number 74-201-XPB (\$44).

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
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MAJOR RELEASES	
• Urban transit, 1996 Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 21 trips on some form of urban transit, the lowest level in the past 25 years.	2
• Productivity, hourly compensation and unit labour cost, 1996 Growth in productivity among Canadian businesses was modestly weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.	4
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