



The Daily

Statistics Canada

Thursday, January 16, 2003

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MAJOR RELEASES

There are no major releases today.

OTHER RELEASES

Telecommunications services statistics, third quarter 2002	2
Steel primary forms, week ending January 11, 2003	3
Annual Survey of Software Development and Computer Services, 2001	3
Annual survey of Internet service providers and related services, 2001	4
Agriculture value added account, 1999, 2000 and 2001	4
Balance sheet of the agricultural sector at December 31, 1999, 2000 and 2001	5
Farm business cash flows, 1999, 2000 and 2001	5

NEW PRODUCTS

6



OTHER RELEASES

Telecommunications services statistics

Third quarter 2002

The strong year-over-year growth in revenues and profits achieved by the wireless telecommunications services industry in the first two quarters of 2002 continued in the third, and the industry is on track to realize its most profitable year ever.

In the third quarter, operating revenues of wireless operators were up 12.5% from the third quarter of 2001 and operating profits nearly tripled to \$307.0 million. For the first nine months of 2002, operating revenues were \$5.6 billion (+14.0%) and operating profits reached \$829.9 million, more than five times the profits of \$155.3 million generated in the first nine months of 2001.

The improved financial performance of the wireless industry is largely attributable to the ever-increasing penetration of wireless technologies. The number of subscribers to wireless services reached 11.4 million at the end of the third quarter, 15.2% more than in the third quarter of 2001.

The wireline industry sustained a year-over-year decline in operating revenues (-3.3%) for the third consecutive quarter. The continued strong competition in the long distance market, the loss of customer connections and lower intra-industry network access rates create a downward pressure on the industry's revenues.

The decline in revenues is affecting the profitability of the wireline industry. Operating profits in the third quarter were down 5.2% from the third quarter of 2001. Profits for the first nine months of 2002 were \$2.8 billion, 15.6% less than in the same period of 2001.

The number of fixed customer connections (voice-grade-equivalent) declined 1.7% in the third

quarter. This follows year-over-year declines of 0.6% in the first quarter and 1.0% in the second quarter. This downward trend is in part a consequence of technology substitution. The increased penetration of high-speed Internet has reduced the need for customers to take additional lines, and there is an apparent substitution of fixed connections by wireless connections.

The drop in capital expenditures of the first two quarters of 2002 persisted in the third quarter. Capital expenditures for the third quarter were down 8.5% from the third quarter of 2001 in the wireline industry, and down 12.9% in the wireless industry. Investments by the sector for the first nine months of 2002 reached \$4.2 billion, 25.3% less than in the same period of 2001.

Note: Operating profits here are defined as operating revenues less operating expenses (including depreciation and amortization) and therefore measure earnings before interest, taxes, non-operating and non-recurring items. This measure is used as an indicator of the operating performance of the industry. These data are not necessarily comparable to different measures of profits published elsewhere.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2721.

The third quarter 2002 issue of Quarterly telecommunications statistics, Vol. 26, no. 3 (56-002-XIE, \$21/\$40) will be available soon. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Cimeron McDonald (613-951-2741) or Jo Anne Lambert (613-951-6673), Science, Innovation and Electronic Information Division. □

Financial statistics — Telecommunications services industries

	Third quarter 2001	Third quarter 2002	Third quarter 2001 to third quarter 2002	January to September 2001	January to September 2002	January–September 2001 to January–September 2002
	\$ million		% change	\$ million		% change
All industries						
Operating revenues	8,205.8	8,225.3	0.2	24,134.9	24,320.7	0.8
Operating profits	1,183.6	1,335.7	12.9	3,446.9	3,603.9	4.6
Capital expenditures	1,480.0	1,334.6	-9.8	5,610.8	4,192.5	-25.3
Wireline						
Operating revenues	6,116.3	5,914.8	-3.3	18,276.2	17,769.7	-2.8
Operating profits	1,101.3	1,044.0	-5.2	3,360.1	2,836.3	-15.6
Capital expenditures	1,032.6	944.9	-8.5	3,541.7	2,941.8	-16.9
Wireless						
Operating revenues	1,758.0	1,978.1	12.5	4,883.7	5,568.3	14
Operating profits	105.0	307.0	192.3	155.3	829.9	434.4
Capital expenditures	447.4	389.7	-12.9	2,069.0	1,250.7	-39.6

Steel primary forms

Week ending January 11, 2003 (preliminary)

Data on steel primary forms production for the week ending January 11 are now available.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2131.

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

Annual Survey of Software Development and Computer Services

2001

Data for 2001 from the Annual Survey of Software Development and Computer Services are now available. Included are provincial summary statistics for operating revenue, operating expenses, salaries and benefits, number of firms and number of employees. Also available are data for revenues earned by type of service provided and detailed operating expense items.

The survey covers three industries, including computer systems design and related services, software publishing and data processing services.

Revenue growth in the computer systems design and related services industry stalled after several years of stellar double-digit percentage increases. Operating revenues in 2001 were \$18.0 billion, a 1.1% increase from 2000. Despite this slowdown, the industry turned a profit, as firms scaled back on the number of employees

in an effort to control expenses. The number of paid employees dropped 3.5%. This was a reversal from the large employment growth that took place in 2000. Even though the industry turned a profit, it continued to underperform in comparison with all industries in the economy (2.6% operating profit margin compared with about 6%).

Technical consulting services generated the largest share of revenues at 25.0%, followed by systems design, development and integration services at 12.0% and the design and development of customized applications at 9.3%.

Revenues in the software publishing industry increased after being flat in 2000. Operating revenues climbed to \$5.9 billion in 2001, a 9.7% increase from 2000. Unfortunately, losses were again recorded as firms' expenditures outpaced revenues. The operating loss was 9.0%, compared with a loss of 5.8% in 2000. A net increase in the number of employees — whose salaries account for the single largest expense in the industry (49.8%) — was a major factor contributing to the high expenses recorded.

Packaged software sales continued to account for the bulk of industry revenues (57.9%), followed by technical support services (15.9%).

Total operating revenues in the data processing services industry climbed to \$2.27 billion, up 42.5% from 2000, but expenses also rose sharply. Operating expenses increased to \$2.28 billion, and the industry again posted a loss. The 2001 operating loss was 0.3%, compared with a loss of 8.3% in 2000.

Over the past two years, data processing firms recorded large depreciation and amortization expenditures resulting from large capital expenditures. Depreciation accounted for 18.5% of total expenditures in 2001. Many large firms acquired smaller firms to gain access to new technologies and to expand their

client base. Because of the rapid pace of technological change within the industry, new technologies acquired tend to depreciate heavily in the first two to three years. This is one reason why depreciation expenses run so high in this industry compared with the other two industries covered by the survey.

Business process management services accounted for 19.3% of revenues, followed by data storage services (18.4%) and infrastructure and network management services (14.0%).

Available on CANSIM: table 354-0005.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2410.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jim Hines (613-951-0640; fax: 613-951-6696; jim.hines@statcan.ca), Service Industries Division. ■

Annual survey of Internet service providers and related services

2001

Data for 2001 from the Annual Survey of Internet Service Providers and Related Services are now available for Canada. Included are summary statistics for operating revenue, operating expenses, salaries and benefits, number of firms and number of employees. Also available are data for revenues earned by type of service provided and data for detailed operating expense items.

In 2001, operating revenues increased 27% to \$1.27 billion. Despite the increase in revenues, the struggle to turn a profit continued in 2001. Total operating expenses climbed to \$1.55 billion, resulting in an operating loss of 22.2%. This was greater than the 13.9% loss recorded in 2000.

Internet service provider firms were asked to rate which factors provided the greatest impediments to growth in the industry. The most frequently cited factor was strong competition. Because of the highly competitive market for Internet access services, industry experts suggest that firms are willing to price selected services at levels that are insufficient to cover expenses. This is done in an effort to either gain, or at the very least, maintain their market share and is one reason why the industry continued to lose money in 2001.

Another frequently cited impediment to growth is the high cost of leasing data lines. For the industry, telecommunications expenses (including leased line charges from upstream providers) increased marginally

from 2000 and remained the single largest expense item, comprising 31% of total industry operating expenses. Salaries, wages and benefits ranked second, accounting for 27% of operating expenses.

The vast majority of industry revenues are derived from the provision of Internet access services; the two most common access services are broadband ("high speed access") and narrowband ("dial-up access"). Although broadband access revenues increased sharply (38% of revenues in 2001, compared with 26% in 2000), narrowband access revenues continued to account for the largest share of revenues (49% in 2001, compared with 60% in 2000).

Note: This survey covers firms that primarily provide Internet access, and whose revenues exceed a low revenue cut-off threshold. It does not include firms coded to the cable and other program distribution industry (North American Industry Classification System 513220).

Available on CANSIM: table 354-0006.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 4303.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Heather Archibald (613-951-0403; fax: 613-951-6696; heather.archibald@statcan.ca), Service Industries Division. ■

Agriculture value added account

1999, 2000 and 2001 (revised)

The value of agricultural production reached a record high of \$45.5 billion in 2001, up 5.7% from 2000. In current dollars, the value of agricultural production has been increasing each year since 1991, except for a small drop in 1997. The average annual increase from 1991 to 2001 was 5.4%, compared with an average increase of 2.1% from 1981 to 1991.

Available on CANSIM: table 002-0004.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 5030.

Agriculture value added account — *Agriculture economic statistics* (21-017-XIE, free) will be available soon on Statistics Canada's website (www.statcan.ca). From the *Products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Estelle Perrault (613-951-2448; estelle.perrault@statcan.ca) or Henri Morin (613-951-4109; henri.morin@statcan.ca), Agriculture Division. ■

Balance sheet of the agricultural sector at December 31

1999, 2000 and 2001 (revised)

Farm sector equity in Canada edged down 0.1% to \$164.8 billion in 2001, as farm assets values increased less rapidly than farm debt. Total farm assets rose \$1.8 billion to \$201.3 billion in 2001, and total liabilities increased \$2.0 billion to \$36.4 billion.

Available on CANSIM: table 002-0020.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 5029.

Balance sheet of the agricultural sector — Agriculture economic statistics (21-016-XIE, free) will be available soon on Statistics Canada's website (www.statcan.ca). From the *Products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this

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Farm business cash flows

1999, 2000 and 2001 (revised)

Farm business operators had more cash available for investment or withdrawal in 2001. Cash flows increased 13.9% from 2000 to \$13.9 billion, well above the previous five-year average of \$10.1 billion (in current dollars).

Available on CANSIM: table 002-0023.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 5031.

Farm business cash flows — Agriculture economic statistics (21-018-XIE, free) will be available soon on Statistics Canada's website (www.statcan.ca). From the *Products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

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NEW PRODUCTS

Quarterly financial statistics for enterprises, Third quarter 2002, Vol. 13, no. 03
Catalogue number 61-008-XIE (\$26/\$86).

New motor vehicle sales, November 2002, Vol. 74, no. 11
Catalogue number 63-007-XIB (\$13/\$124).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB are electronic versions on diskette and -XCB are electronic versions on compact disc.

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MAJOR RELEASES

- **Urban transit, 1995** 2
Discusses the importance of taking urban transit. Canadians are using it less and less. In 1996, about Canadian took an average of about 40 trips on some form of urban transit, the lowest level in the past 27 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 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.

OTHER RELEASES

- **Highways Index, May 1997** 3
- **Statcan Expeditions Survey** 10
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 11

PUBLICATIONS RELEASED 11

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