



The Daily

Statistics Canada

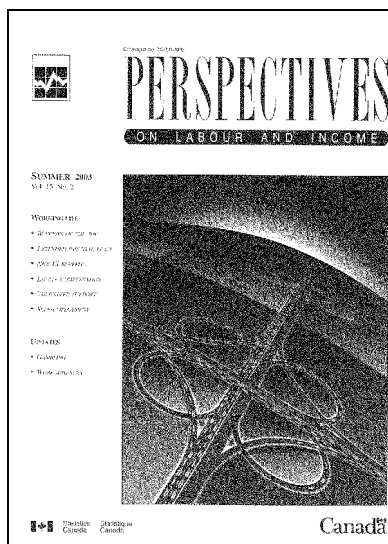
Wednesday, June 18, 2003

Released at 8:30 a.m. Eastern time

MAJOR RELEASES

- **Government finance: Revenue, expenditure and surplus, 2002/03** 3
Driven by increased consumer demand in 2002/03, revenues from consumption taxes helped to push the consolidated government surplus to \$8.3 billion from \$6.7 billion in 2001/02.
- **Canada's international transactions in securities, April 2003** 6
Foreign investors added \$4.8 billion to their holdings of Canadian securities in April, their third consecutive month of large investments. At the same time, Canadian investors continued to buy large amounts of foreign bonds, while reducing their holdings of foreign equities.

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Perspectives on labour and income Summer 2003

The summer 2003 issue of *Perspectives on labour and income* explores several aspects of non-wage compensation. "Benefits of the job" examines the variety of benefits commonly offered by employers, including medical and dental plans, private pension plans, and others. A second article, "Health-related insurance for the self-employed," looks at benefits from the perspective of the self-employed, discovering that they are less likely than employees to be covered by a health, dental, or disability insurance plan.

Recent changes to maternity, parental and adoption benefits under the *Employment Insurance Act* prompted two articles: "Benefiting from extended parental leave" and "New maternity and parental benefits," in which the response from both mothers and fathers is analysed. "Taking stock of equity compensation" looks at this relatively new form of job benefit, and "Volunteering on company time" suggests that more employers are giving their workers time off to volunteer. These articles have appeared previously in online editions of *Perspectives*. Rounding out the issue are two updated fact sheets on gambling and work absences, as well as a *What's new?* section.

The Summer 2003 issue of *Perspectives on Labour and Income*, Vol. 15, no. 2 (75-001-XPE, \$18/\$58) is now available. See *How to order products*. For more information, contact Henry Pold (613-951-4608; henry.pold@statcan.ca), Labour and Household Surveys Analysis Division.



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NEW PRODUCTS

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MAJOR RELEASES

Government finance: Revenue, expenditure and surplus

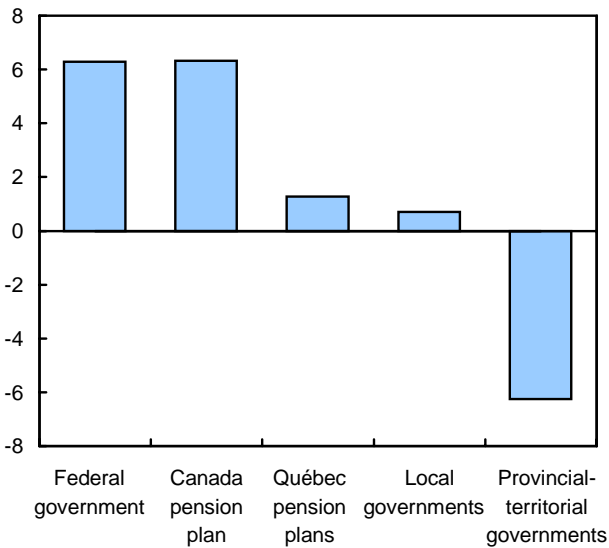
2002/03

Driven by increased consumer demand in 2002/03, revenues from consumption taxes helped to push the consolidated government surplus to \$8.3 billion from \$6.7 billion in 2001/02.

A surge of \$8.2 billion in consumption taxes, plus an extra \$4.0 billion in property taxes and contributions to the Canada and Quebec pension plans, offset a \$7.5 billion reduction in income tax collections. Overall revenues increased by \$7.4 billion to \$473.8 billion. On the expenditure side, debt charges declined by \$4.0 billion, while health expenditures increased by \$3.4 billion and social services rose by \$4.7 billion. Overall expenditure increased by \$5.8 billion to \$465.5 billion.

Government surpluses and deficits in Canada

\$ billions



Surplus and deficits contrast by level of government

The combined federal government and Canada and Quebec pension plans had a surplus of \$13.9 billion; this contrasted sharply with the combined \$5.6 billion deficit of the provincial and local governments.

Note to readers

With the release of government finance statistics for the 2002/03 fiscal year, data are revised back to 1999/2000. Additional data related to this release are available in the publication Public sector statistics — Supplement (68-213-SIE, free).

Consolidated government refers to the consolidation of the financial data for the federal government, the provincial and territorial governments, local governments and the Canada and Quebec pension plans. Consolidation is the aggregation of levels of governments after the elimination of double counting. For example, without consolidation, federal transfers to the provinces and territories would be counted twice, once as federal expenditures, and again when the provincial and territorial governments spend those funds.

The **Financial Management System (FMS)** is an accounting framework used to produce the government financial statistics in this release. The FMS standardizes individual government accounts to provide consistent and comparable statistics. As a result, FMS statistics may differ from the figures published in individual government financial statements.

Government fiscal years end March 31 for the federal, provincial and territorial governments and the Canada and Quebec pension plans. They end December 31 for local governments.

All the statistics in this release are in current dollars.

Income taxes lower

Consolidated government personal income tax collections fell for the first time since 1993/94, dropping by \$3.8 billion to \$140.5 billion. The reduction is explained mainly by the weakness in the stock markets and federal tax reductions.

Corporate income tax collections dropped for a second consecutive year to \$34.7 billion, largely reflecting weak profit performance in the previous year. This drop represents an \$8.7 billion reduction from 2000/01.

Federal personal and corporate income taxes declined by \$6.4 billion, causing total revenues to go down for a second consecutive year. At the provincial level, personal income tax collections remained flat while corporate taxes recorded a drop of \$1.5 billion in 2002/03.

British Columbia experienced a severe reduction of \$1.7 billion in combined personal and corporate income tax revenues. The largest growth rates in income tax receipts were recorded in Saskatchewan, Newfoundland and Labrador and Prince Edward Island. Personal income taxes in Ontario continued to decline, while corporate taxes increased by 0.3 billion in 2002/03.

Alberta saw a \$0.4 billion increase in personal income taxes, while corporate taxes decreased by \$0.2 billion.

Consumption taxes rise strongly

The federal government collected \$44.4 billion in consumption taxes, up \$4.7 billion from 2001/02. This is in line with strong new housing construction and durable good purchases. The goods and services tax (GST) accounted for almost three-quarters of the collections (\$31.3 billion) and custom duties, tobacco, gasoline and other taxes accounted for the rest. The new federal Air Travellers Security Charge generated revenues of \$0.4 billion.

At the provincial level, consumption taxes increased by \$3.6 billion, reaching \$52.4 billion in 2002/03. Quebec (+\$1.3 billion) and Ontario (+\$1.1 billion) recorded the largest increases. Among consumption taxes, the alcoholic beverages and tobacco category grew 36.2% or \$1.3 billion, with Ontario contributing the most to the increase (+\$0.5 billion) of this category and Alberta recording the highest growth rate, at 66%.

Expenditure growth slows

A drop of \$3.6 billion in federal debt charges as well as a decrease of almost \$0.7 billion in federal agricultural subsidies and compensation to airlines helped slow spending. The drop in compensation to airlines occurred as operating conditions recovered following the events of September 11, 2001.

Provincial debt charges decreased at a slower pace (-\$0.8 billion) than those of the federal government, mainly because of growing debt. Almost all other categories of expenditures increased, as total provincial expenditures reached \$242.2 billion, up 1.8% from 2001/02. Among provinces and territories, Alberta showed lower expenditures in 2002/03, as large energy rebate payments ended, and Saskatchewan reduced its payments to farmers from the previous year.

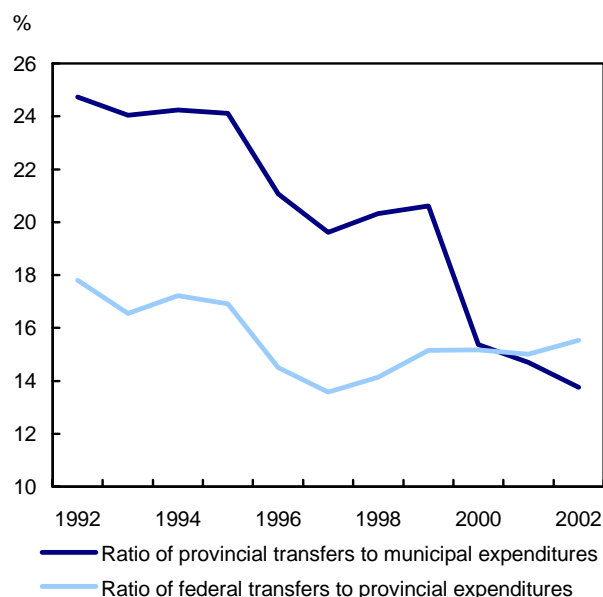
Municipal revenues not apace with expenditures

Local general governments (which exclude school boards) have seen revenue growth lag behind expenditures for the last three years, resulting in a deficit of \$41 million — the first in five years. In 2002, municipal revenue increased by \$666 million or 1.4%. An \$815 million increase in property and related taxes, the primary own source revenue of municipalities, helped prevent the deficit from being larger by compensating for a reduction of \$302 million in provincial transfers. The 2002 deficits are mostly concentrated in Ontario (-\$314 million), British Columbia

(-\$199 million) and Quebec (-\$155 million). Alberta (\$686 million), Newfoundland and Labrador (\$37 million) and Saskatchewan (\$27 million) were the only provinces recording a surplus.

Over the last three years, revenues received from provincial governments continued their downward trend, representing 14.6% of the municipal expenditures and forcing them to rely more on their own source of revenue. These percentages varied among provinces, ranging from 4% in British Columbia municipalities to 27% in Newfoundland and Labrador. In the territories, Yukon recorded 29% while Northwest Territories and Nunavut showed 48% and 58% respectively.

Federal and provincial transfers



Ratio of federal transfers to provincial expenditures up for the first time in two years

Provincial transfers received from the federal government covered 15.5% or \$37.7 billion of all provincial expenditures in 2002/03. This proportion varied among provinces and territories, ranging from 10% in Alberta to 35% in Newfoundland and Labrador. The proportion was 80% in Yukon and Nunavut and 50% in Northwest Territories.

Largest provincial and local surpluses all in Alberta

In 2002/03, four of Canada's provincial and territorial governments registered a total surplus of \$1.6 billion, of which Alberta accounted for \$1.5 billion. At the local

level (which includes school boards), Alberta also had the largest surplus (\$0.7 billion) for a third year in a row; Ontario recorded a surplus of \$0.4 billion. As a whole, the local government surplus was \$0.7 billion.

The Canada pension plan recorded substantial surpluses in recent years, going from \$1.7 billion in 1999/2000 to \$6.3 billion in 2002/03. The federal government registered a fourth consecutive surplus, at \$6.3 billion, a reduction of \$1.1 billion over last year.

Share of government wages and salaries to total salaries stable

Wages and salaries paid by governments (including schools, hospitals, etc.) reached \$112.6 billion in 2002, up 4.8% from 2001. Wages and salaries accounted for 25.6% of all government expenditures. Government payrolls also represented 21.3% of all wages and salaries paid to salaried employees in Canada in 2002, the same percentage as for the last two years.

There were 82 government employees per 1,000 people in 2002, the same number as in 1969 and the same as for the last three years. The

highest level was recorded in 1991, when the number was 97 employees per 1,000.

Available on CANSIM: tables 183-0002 to 183-0004, 385-0001 to 385-0009, 385-0022 and 385-0023.

Definitions, data sources and methods: survey number 1735.

The 2002/03 issue of *Public sector statistics — Supplement* (68-213-SIE, free) is now available on Statistics Canada's website (www.statcan.ca). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Government*.

Data are also available through custom and special tabulation. For more information on the products or services of the Public Institutions Division, contact Joanne Rice (613-951-0767; joanne.rice@statcan.ca).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-François Carbonneau (613-951-8561), Public Institutions Division. ■

Canada's international transactions in securities

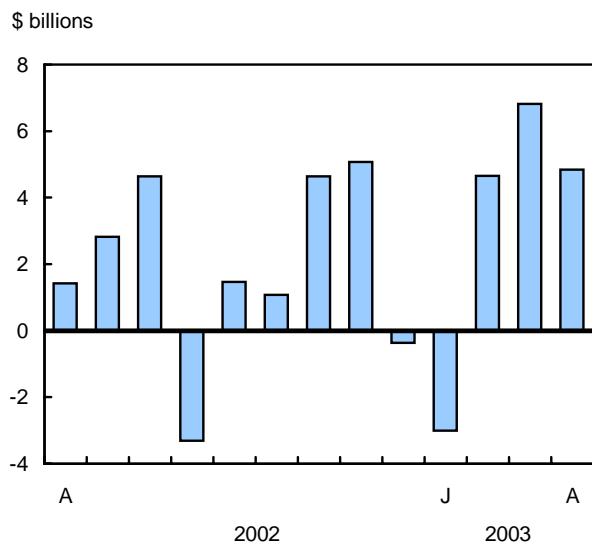
April 2003

Foreign investors added \$4.8 billion to their holdings of Canadian securities in April, their third consecutive month of large investments. At the same time, Canadian investors continued to buy large amounts of foreign bonds, while reducing their holdings of foreign equities.

Foreign investment in Canadian bonds remains strong

Foreign investors continued to invest heavily in Canadian bonds in April, adding \$3.7 billion to the \$13.0 billion they invested in the previous two months. April's investment was roughly split between acquisitions of outstanding federal issues and those of the primary market (new issues less retirements). In the primary market, provincial governments had net new issues of \$2.5 billion, while corporations had net retirements of \$0.9 billion.

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

In the first four months of this year, foreign investors added \$13.6 billion to their holdings of Canadian bonds, \$10.4 billion of which were outstanding issues in the secondary market, mainly federal bonds, with the balance coming by way of the primary market, led by new corporate bonds. New bonds sold in foreign markets amounted to \$18.8 billion in the first four

Related market information

In April, a marginal 5-point rise in Canadian short-term **interest rates**, combined with no change in comparable US rates, pushed up the differential between the two countries to 206 basis points, continuing to favour investment in Canada. Canadian rates, which closed at 3.19% in April, have been on a steady climb since bottoming out at 1.95% in December 2001. In contrast, US rates have been on a steady decline over this same period, reaching a recent historic low of just 1.13%.

On the long-term side, the gap in favour of Canada narrowed 16 basis points to 101 in April. Canadian rates declined 23 basis points to 4.90% in April, while comparable American rates declined just 7 basis points to 3.89%.

Canadian **stock prices** (S&P/TSX composite index) recorded their first monthly gain of 2003 in April, climbing 3.8%. This erased most of the 4.1% loss in the first quarter of this year.

In comparison, American stock prices (Standard & Poor's composite 500 index) were much more robust in April, recording an 8.1% gain. When added to the small gain in March, this two-month gain of 9.0% doubled the 4.4% loss for January and February 2003.

The **Canadian dollar** climbed another one and two-third cents against the US dollar in April, bringing the gain to six and a third cents, or an even 10%, since the end of 2002. April's close of 69.76 US cents was a level not witnessed since April 1998.

Definitions

The data series on international security transactions cover portfolio transactions in stocks and bonds (both Canadian and foreign issues) and Canadian money market instruments (or paper).

Stocks include common and preferred equities, as well as warrants.

Debt securities include bonds and money market instruments.

Bonds have an original term to maturity of more than one year.

Money market instruments have an original term to maturity of one year or less. **Government of Canada paper** includes treasury bills and US-dollar Canada bills. **Other money market instruments** include treasury bills and other paper issued by other Canadian governments or their enterprises, bankers' acceptances, bearer demand notes of banks, commercial paper and other short-term paper.

months of 2003; however, these were mostly offset by \$16.8 billion in retirements of foreign-held Canadian bonds. As was the case in 2002, provincial governments and corporations had the majority of these retirements. Overall foreign investment so far in 2003 has come mostly from American and European investors.

Foreign investors increased their holdings of Canadian money market instruments by \$0.7 billion in April, reducing the year-to-date divestment to \$0.5 billion. April's investment included \$1.1 billion dollars worth of federal treasury bills, the first significant investment in this instrument this year. Offsetting this were reduced foreign holdings of short-term paper of federal enterprises and provincial governments. In April,

a marginal rise in Canadian short-term rates, combined with no change in comparable US rates, pushed up the differential between the two countries to 206 basis points, favouring investment in Canada.

Foreign investors made a small investment in Canadian stocks

In April, foreign investors purchased \$0.4 billion worth of Canadian stocks, reversing a similar divestment in March. Year-to-date foreign investment in Canadian equities has been virtually flat at a mere \$0.2 billion; however, in the same period of 2002, foreign investors had reduced their holdings of Canadian equities by \$4.1 billion. Canadian stock prices (S&P/TSX composite index) turned around with a 3.8% gain in April, erasing most of the 4.1% loss in the first three months of 2003.

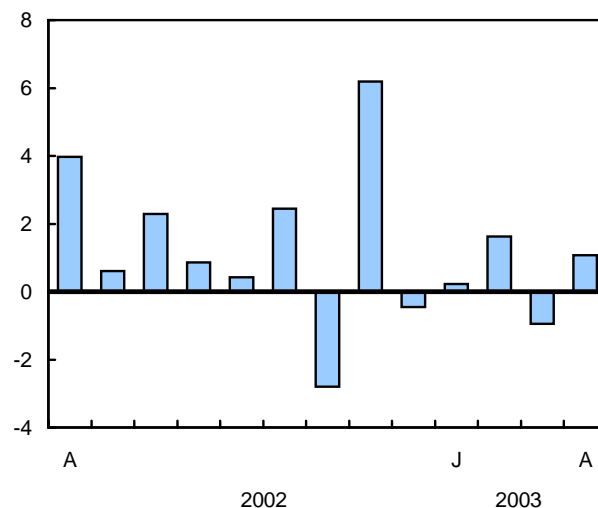
Canadian investors continue to buy foreign bonds and slow their selling of foreign stocks

Canadian investors bought foreign bonds for the fourth consecutive month, adding a large \$1.7 billion in April and bringing their investment so far in 2003 to \$5.3 billion. Some three-quarters of this year-to-date investment was directed to US treasuries, with the balance going to overseas bonds.

In contrast, after selling off a record \$2.2 billion in foreign equities in March, Canadian investors continued to reduce their holdings by a smaller \$0.6 billion in April. Reductions in foreign equity portfolios of the Canadian mutual fund industry continued to be the impetus behind this selling of foreign equities. April's divestment consisted of the selling of \$1.1 billion of US equities and the purchase of \$0.4 billion of overseas equities.

Canadian investment in foreign securities¹

\$ billions Reverse of balance of payments signs



¹ Includes bonds and stocks.

Available on CANSIM: tables 376-0018 to 376-0029 and 376-0042.

Definitions, data sources and methods: survey numbers, including related surveys, 1532, 1534, 1535 and 1537.

The April 2003 issue of *Canada's international transactions in securities* (67-002-XIE, \$14/\$132) 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 Donald Granger (613-951-1864), Balance of Payments Division.

□

Canada's international transactions in securities

	January 2003	February 2003	March 2003	April 2003	January to April 2002	January to April 2003
	\$ millions					
Foreign investment in Canadian securities	-3,000	4,656	6,818	4,843	5,022	13,317
Bonds (net)	-3,141	5,117	7,904	3,742	7,908	13,622
Outstanding	1,450	5,251	1,902	1,761	2,042	10,364
New issues	895	5,407	7,720	4,770	14,038	18,792
Retirements	-5,983	-5,555	-1,845	-3,432	-9,177	-16,815
Change in interest payable ¹	497	13	127	643	1,005	1,280
Money market paper (net)	786	-1,219	-704	665	1,202	-472
Government of Canada	-552	-697	299	1,125	-444	175
Other	1,337	-522	-1,003	-460	1,645	-647
Stocks (net)	-645	758	-382	436	-4,087	167
Outstanding	-647	712	-387	587	-2,529	266
Other transactions	2	46	4	-151	-1,558	-99
Canadian investment in foreign securities	-226	-1,619	940	-1,073	-15,411	-1,978
Bonds (net)	-642	-1,691	-1,272	-1,715	-4,201	-5,319
Stocks (net)	416	71	2,212	642	-11,210	3,341

¹ Interest accrued less interest paid.

Note: A minus sign indicates an outflow of money from Canada, that is, a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.



OTHER RELEASES

Stocks of frozen poultry meat

As of June 1, 2003 (preliminary)

Stocks of frozen poultry meat in cold storage on June 1 totalled 58 024 metric tonnes, down 16.3% from June 1, 2002.

Available on CANSIM: tables 003-0023 and 003-0024.

Definitions, data sources and methods: survey number 3425.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Sandra Gielfeldt (613-951-2505; sandy.gielfeldt@statcan.ca), Agriculture Division. ■

Construction Union Wage Rate Index

May 2003

The Construction Union Wage Rate Index (including supplements) for Canada increased 2.0% in May from the April level of 125.3 (1992=100). The composite index increased 2.3% from May 2002.

Union wage rates are published for 16 trades in 20 metropolitan areas for both the basic rates and rates including selected supplementary payments. Indexes (1992=100) are calculated for the same metropolitan areas and are published for those where a majority of trades are covered by current collective agreements.

Available on CANSIM: tables 327-0003 and 327-0004.

Definitions, data sources and methods: survey number 2307.

The second quarter 2003 issue of *Capital expenditure price statistics* (62-007-XPB, \$24/\$79) will be available in September. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Rebecca McDougall (613-951-3357; fax: 613-951-1539; infounit@statcan.ca), Prices Division. ■

Particleboard, oriented strandboard and fibreboard

April 2003

Data on particleboard, oriented strandboard and fibreboard are now available for April.

Available on CANSIM: table 303-0002.

Definitions, data sources and methods: survey number 2141.

The April 2003 issue of *Particleboard, oriented strandboard and fibreboard*, Vol. 39, no. 4 (36-003-XIB, \$5/\$47) is now available. See *How to order products*.

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. ■

Restaurants, caterers and taverns

April 2003

Total receipts of restaurants, caterers and taverns in April were an estimated \$2.65 billion, down 0.2% from April 2002 estimates.

Available on CANSIM: table 355-0001.

The April 2003 issue of *Restaurant, caterer and tavern statistics* (63-011-XIE, \$6/\$55) 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 Bill Birbeck (613-951-3506), Services Industries Division. ■

Public sector employment

First quarter 2003 (preliminary)

Estimates of public sector employment and aggregate public sector wages and salaries are now available for the first quarter. Data have been revised back to 1999.

Available on CANSIM: tables 183-0002 to 183-0004.

Definitions, data sources and methods: survey numbers, including related surveys, 1713 and 1728.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Daniel Salois (613-951-0379; salodan@statcan.ca), Public Institutions Division. ■

NEW PRODUCTS

Particleboard, oriented strandboard and fibreboard,
April 2003, Vol. 39, no. 4
Catalogue number **36-003-XIB** (\$5/\$47).

Broadcasting and telecommunications, Vol. 33, no. 1
Catalogue number **56-001-XIE** (\$10/\$32).

Imports by commodity, April 2003, Vol. 60, no. 4
Catalogue number **65-007-XMB** (\$37/\$361).

Imports by commodity, April 2003, Vol. 60, no. 4
Catalogue number **65-007-XPB** (\$78/\$773).

Public sector statistics — Supplement, 2002/03
Catalogue number **68-213-SIE**
(free).

Perspectives on labour and income, Summer 2003,
Vol. 15, no. 2
Catalogue number **75-001-XPE** (\$18/\$58).

Causes of death, 2000
Catalogue number **84-208-XIE**
(free).

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

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MAJOR RELEASES

- **Urban transit, 1999** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1999, each Canadian took an average of about 20 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1999** 4
Growth in productivity among Canadian businesses was modestly weak again in 1999, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
- **Short-term Expectations Survey** 2
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, Apr. 1997** 12

PUBLICATIONS RELEASED 11



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