



The Daily

Statistics Canada

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- **Government finance, 2003/04** 3
Local taxpayers footed more and more of the bill for local government spending from 1988 to 2003, as the municipalities in which they live are caught between providing current services to the community, contending with changing transfer revenue and building infrastructure.

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Spending patterns in Canada

2002

Spending patterns in Canada presents analysis and key tables from the annual Survey of Household Spending (SHS). The survey gathers information about household spending in Canada on a wide variety of goods and services — from food and shelter to education and health care. SHS also collects data about dwelling characteristics, household appliances, home entertainment and communications equipment, and vehicles.

The publication includes analytical articles covering topics such as recent trends in household spending, the effect of income level on spending patterns, regional variations in spending, and possession of household equipment for different types of households.

Also included are data tables presenting summary-level spending information by province/territory, metropolitan area, income quintile, housing tenure, and type of household.

Spending patterns in Canada, 2002 (62-202-XIE, \$36) is now available. See *How to order products*. The printed version of this publication (62-202-XPE, \$48) will be available soon. Data from the 2002 Survey of Household Spending were originally released in *The Daily* on December 17, 2003.

For more information about the current survey results and related products and services, contact Client Services (1-888-297-7355; 613-951-7355; fax: 613-951-3012; income@statcan.ca), Income Statistics Division.

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MAJOR RELEASES

Government finance

2003/04

Local taxpayers footed more and more of the bill for local government spending from 1988 to 2003, as the municipalities in which they live are caught between providing current services to the community, contending with changing transfer revenue and building infrastructure.

Both local and provincial/territorial general governments receive transfers from other levels of government. While both levels saw transfers shrink as proportions of their total revenue, the decline has been more severe for local governments.

Local general governments compensated for slow growth in transfers by increasing municipal taxes, mainly property taxes, and the revenue from the sale of goods and services, mainly water services and user fees.

Local general government spending has increasingly been devoted to current expenditures; relatively less has gone to infrastructure investment.

Nevertheless, local general governments account for a growing proportion of infrastructure spending by all general governments. They are now responsible for more than half of all spending on infrastructure.

Revenues rise at same pace for all levels of government

Between 1988 (the starting point for the current statistics) and 2003, revenues of all three levels of government — federal, provincial/territorial and local general governments — grew at about the same rate. During this 15-year period, local general government revenues increased at an average annual rate of 4.2%, compared with an average annual gain of 4.1% for the two other levels of government.

By 2003, total revenue for local general governments was \$50 billion, one-quarter of total federal revenues of \$200 billion, and equivalent to just over one-fifth of provincial/territorial revenues of \$225 billion.

A significant part of federal general government revenue is transferred to provincial/territorial general governments and counted again as revenue of this level of government. Likewise, part of provincial general

Note to readers

Statistics on government finances have now been revised back to 2000/01. Additional data related to this release are available in the publication Public sector statistics: supplement 2004 (68-213-SIE, free).

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, the FMS statistics frequently differ from the figures published in individual government financial statements.

General government refers to the administrative part of governments and it excludes units such as schools and hospitals directly engaged in the delivery of services.

Local general government refers to municipalities, municipal libraries and museums, municipal water and sewer services, and municipal boards, commissions and special funds. It excludes school boards, Indian reserves and areas administered by provincial governments, as well as local government business enterprises such as gas, electricity and telephone utilities, and public transit.

Infrastructure investment is defined as expenditures on durables such as buildings, roads, water and wastewater systems, and machinery and equipment. This definition applies only to this release.

The graph on infrastructure investment in the text is based on data from the Investment and Capital Stock Division of Statistics Canada.

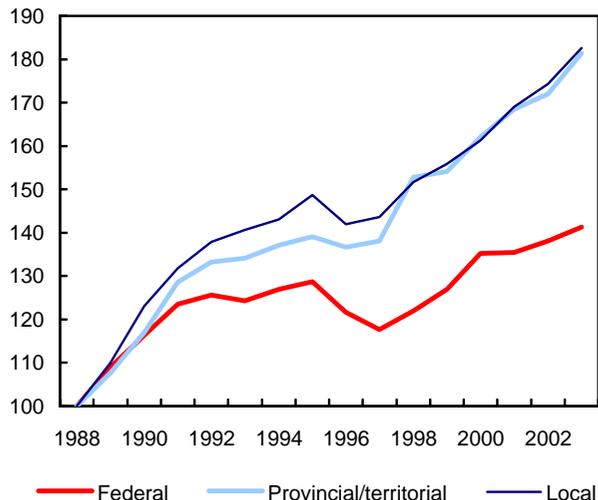
Consolidated government refers to the consolidation of the financial data for the federal government, the provincial and territorial governments, local governments and the Canada and Quebec pension plans. Consolidation is the aggregation of levels of governments after the elimination of double counting. 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.

government revenue, and a small amount of federal general government revenue, is transferred to local general governments, and is counted as revenue of this level of government.

For expenditures, the growth picture was different. During this 15-year period, growth of federal general government spending, including transfers, lagged behind spending of both provincial/territorial general governments and local general governments.

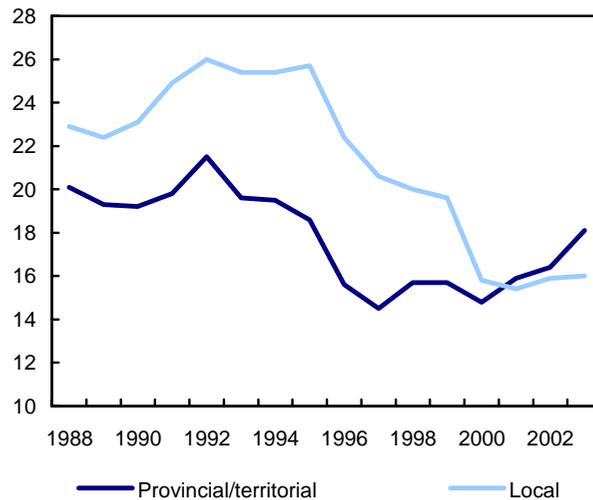
Index of federal, provincial/territorial and local general government expenditures

1988 = 100



Transfers as a share of provincial/territorial and local general government total revenue

%



Spending by provincial/territorial general governments, including transfers to local governments, rose at an average annual pace of 4.2% during this period. Spending by local general governments also rose at an annual rate of 4.2%. Federal general government spending, including transfers to provincial/territorial and local governments, rose at an average annual rate of only 2.3%.

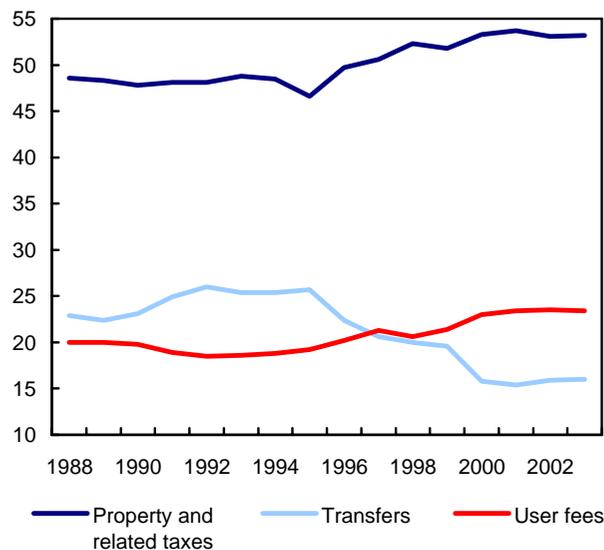
Federal and provincial/territorial transfer payments to local general governments grew over the 15-year period, but at a rate such that they made up a declining share of local general government revenues.

In 1988, \$6.2 billion worth of federal and provincial/territorial transfer payments accounted for 23 cents of every dollar of municipal revenue. Fifteen years later, these transfer payments, at just under \$8.1 billion, accounted for only 16 cents of every municipal dollar.

Faced with slow growth in transfer revenue while trying to maintain the services they provide, local general governments increased the share of revenue from property and related taxes and from user fees.

Sources of local general government revenue

%



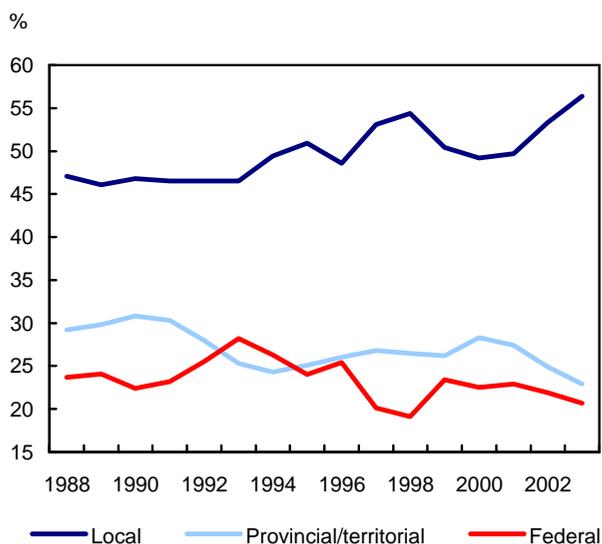
Local general governments account for over one-half of investment in infrastructure

Despite their much smaller revenues, local general governments accounted for 56% of infrastructure investment by all three levels of government in 2003. The federal general government accounted for 21% and the provincial and territorial general governments, 23%.

In 2003, local general governments spent just over \$12.6 billion on infrastructure, the federal general government spent \$4.6 billion and the provincial/territorial general governments, \$5.1 billion.

All three levels of government increased the value of infrastructure spending over the 15-year period. However, local general governments have not only invested the most, they have also made the largest gains relative to other levels of government.

Share of infrastructure investment by level of government



In the 15-year period, local general governments allocated more of their expenditure growth away from infrastructure and towards paying for more immediate costs. Between 1988 and 2003, local general government spending rose 82%. During this period, spending on current expenses, such as wages and salaries and supplies, increased 88% while spending on infrastructure rose 69%.

Consolidated government: surplus for the fifth straight year

Also included in this release are data on all levels of government and the Quebec and Canada pension plans.

These data cover revenues by source, expenditures by function, deficits and surpluses. Also included are consolidated data combining the data for more than one level of government.

Consolidated government revenues covering all levels of government and the Canada and Quebec pension plans exceeded expenditures for the fifth consecutive year in 2003/04. This resulted in a surplus of \$5.5 billion.

This was a reversal of the trends seen in the late 1980s and early 1990s, when deficits were common. Between 1988/89 and 1998/99, consolidated government expenditures were higher than revenues. Deficits peaked at \$66.4 billion in 1992/93.

In 2003/04, the federal government surplus reached \$6.8 billion, continuing a string of annual surpluses that started in 1997/98. In 1992/93, the federal government's deficit reached a record high of \$40.6 billion. Subsequently, deficits gradually declined each year until 1997/98, when the federal government posted its first surplus.

The combined revenues of the Canada Pension Plan and the Quebec Pension Plan outpaced expenditures by \$9.9 billion in 2003/04, the fifth consecutive year of surpluses.

Provincial and territorial governments recorded a \$10.5 billion deficit in 2003/04. During the last three years, these governments have accumulated total deficits of \$29.3 billion. Since 1988/89, they have incurred a surplus only twice, in 1999/2000 and in 2000/01.

Local governments posted a deficit of \$602.2 million in 2003.

Decline in debt charges

In 2003/04, 9.6 cents of every dollar of consolidated government revenues was used to pay debt charges. This was down from 10.3 cents of every dollar in 2002/03, and a peak of 17.6 cents in 1995/96.

Meanwhile health expenditures ate up 18.1 cents of every dollar of revenues in 2003/04, a steady increase from 14.5 cents of every dollar in 1997/98.

Available on CANSIM: tables 183-0002 to 183-0004, 385-0001 to 385-0009, 385-0022, 385-0023 and 385-0024.

Definitions, data sources and methods: survey numbers, including related surveys, 1713, 1715, 1720, 1728, 1731, 1732 and 1735.

The 2003/04 issue of *Public sector statistics: supplement 2004* (68-213-SIE, free) is now available on our website. From the *Our products and services* page,

under *Browse our Internet publications*, choose *Free*, then *Government*.

Custom and special tabulation data are also available on request. 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 Aldo Diaz (613-951-8563; aldo.diaz@statcan.ca), Public Institutions Division. ■

OTHER RELEASES

Monthly Survey of Large Retailers

April 2004

After a robust first quarter, large retailers saw a moderate sales increase in April as consumers snapped up big ticket items — furniture, household appliances and home electronics. Sales for the group of large retailers advanced 0.4% from March.

Six of the eight major commodity groups saw higher sales in April; the strongest growth was seen in furniture, home furnishings and electronics, housewares, and other goods and services. Food and beverage sales, as well as hardware, lawn and garden product sales, were down in April, giving up some of the large gains realized in March.

Furniture, home furnishing and electronics sales returned to positive territory in April, after taking a breather in March. The gain was widespread: Consumers bought new furniture (+1.3%), household appliances (+1.7%) and home electronics, computers and cameras (+2.5%) at large retailers. Home electronics, computer and camera sales have increased in five of the past six months.

The other goods and services category posted a strong increase, rising 1.4% compared with March. Much of this advance was the result of automotive fuel, oil and additive sales, which were up 3.7%. Sales were influenced by gasoline prices, which were 1.5% higher than in March.

Sporting and leisure good sales were up 0.8% in April, resuming a strong upswing after a pause in March. Sales of these products have seen gains in six of the past seven months for the group of large retailers. The gain realized in April was entirely the result of improving leisure goods sales. Toys, games and hobby supplies saw a 2.9% jump in sales. Sales

of pre-recorded products such as CDs and DVDs also increased. However, sporting good sales were weak in April, declining 0.9%.

After rising 5.8% in the first quarter of 2004 compared with the final three months of 2003, hardware, lawn and garden products slowed down in April. Sales declined 1.4% from March, giving back some of the stellar gains seen so far in 2004. About three-quarters of the decrease came from a 2.0% drop in sales of lawn and garden products, equipment and plants.

Note: This survey includes large retailers mainly in the food, clothing, home furnishings, electronics, sporting goods and general merchandise sectors.

All data in this release are adjusted for seasonality, and all percentages are month-to-month changes unless otherwise indicated. Results from The Monthly Survey of Large Retailers are classified according to the 2002 North American Industrial Classification System.

Available on CANSIM: table 080-0009.

Definitions, data sources and methods: survey number 5027.

A data table is also available in the *Canadian statistics* module online.

Data for the group of large retailers for May 2004 will be released on July 19.

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Elton Cryderman (613-951-0669), Distributive Trades Division. □

Sales by commodity for the group of large retailers

	April 2003	March 2004 ^r	April 2004 ^p	March to April 2004	April 2003 to April 2004
seasonally adjusted					
	\$ millions			% change	
Commodity					
Food and beverages	2,397	2,449	2,432	-0.7	1.5
Health and personal care products	686	735	740	0.7	7.8
Clothing, footwear and accessories	1,263	1,345	1,348	0.2	6.7
Furniture, home furnishings and electronics	1,052	1,139	1,157	1.6	9.9
Housewares	335	336	345	2.7	3.0
Hardware, lawn and garden products	271	321	316	-1.4	16.8
Sporting and leisure goods	379	420	424	0.8	11.8
All other goods and services	843	876	889	1.4	5.4
Total	7,227	7,621	7,651	0.4	5.9

^r Revised figures.

^p Preliminary figures.

Sales by commodity for the group of large retailers

	March 2004 ^r	April 2003	April 2004 ^p	April 2003 to April 2004
unadjusted				
	\$ millions			% change
Commodity				
Food and beverages	2,356	2,398	2,485	3.6
Health and personal care products	716	647	714	10.4
Clothing, footwear and accessories	1,099	1,179	1,264	7.3
Furniture, home furnishings and electronics	951	868	969	11.7
Housewares	302	302	318	5.3
Hardware, lawn and garden products	228	318	384	20.8
Sporting and leisure goods	297	331	369	11.4
All other goods and services	780	799	858	7.4
Total	6,729	6,842	7,361	7.6

^r Revised figures.

^p Preliminary figures.

Study: Potential impact of mad cow disease on farm family income

The discovery of one case of bovine spongiform encephalopathy (BSE), or mad cow disease, a year ago in Alberta, and the subsequent international trade ban, have had a severe financial impact on Canadian farm families who have a beef cattle operation.

In 2003, Canadian farm cash receipts from cattle and calves were estimated at \$5.2 billion, a 33% plunge from 2002.

This new report attempts to assess the potential short-term financial effect of the BSE situation on Canadian farm family income using data from 2000. It assesses, in particular, the potential financial impact of

BSE for families who have a single unincorporated beef cattle operation, using the scenario of annual cattle and calf revenues per farm declining 35%.

The adjustment made to operating costs is that of an estimated 20% reduction in the replacement cost of beef animals as fewer head were expected to move into feedlot operations. To assess the size of the financial impact of BSE on beef cattle farmers, no other adjustments were assumed in the evaluated scenario. For instance, farm practices, off-farm income and government support payments were assumed constant.

Given these assumptions, families with a single unincorporated beef cattle operation would have lost an average of \$20,000 due to the BSE situation. Average total income for families with beef cattle

operations in 2000 would have declined by 33% from \$60,000 to \$40,000.

The farm families hardest hit from the BSE fallout would be those operating large intensive cattle operations.

Overall, 27% of families operating a single unincorporated beef cattle operation would have earned a total family income below \$20,000 under the noted BSE scenario, up from the original 14% that had a family income below \$20,000.

The beef cattle sector is important to the Canadian agricultural industry and to the overall Canadian economy. One in three Canadian farm families is now involved in a single unincorporated beef cattle operation that derives at least half of its agricultural sales from the sale of beef cattle and calves.

Farm cash receipts from cattle and calves totalled nearly \$8 billion, or 21% of the \$36 billion in farm cash receipts earned in 2002.

The study shows estimates of the impact of cattle exports on the Canadian economy, using Statistics Canada's national input-output model. For each \$100 million in exports by the cattle sector, an estimated \$80 million is added to gross domestic product at market prices, \$228 million is generated in total output, \$41 million is added to labour income, and 3,000 jobs are created.

Definitions, data sources and methods: survey number 3447.

The *Agriculture and rural working paper no. 69*, entitled *Canada's beef cattle sector and the*

impact of BSE on farm family income 2000-2003 (21-601-MIE2004069, free) is now available on our website. From the *Our 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 Verna Mitura (613-759-1897; miturav@agr.gc.ca), Agriculture and Agri-Food Canada, or Lina Di Piéto (613-951-3171; lina.dipietro@statcan.ca), Agriculture Division. ■

Steel primary forms, weekly data

Week ending June 12, 2004 (preliminary)

Steel primary forms production for the week ending June 12 totalled 319 076 metric tonnes, up 7.8% from 295 964 tonnes a week earlier and up 3.6% from 308 065 tonnes in the same week of 2003.

As of June 12, the year-to-date total was 7 347 131 tonnes, up 2.1% from 7 196 978 tonnes in the same period of 2003.

Definitions, data sources and methods: 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. ■

NEW PRODUCTS

Agriculture and rural working paper series:
Canada's beef cattle sector and the impact of BSE on farm family income, 2000-2003, no. 69
Catalogue number 21-601-MIE2004069
(free).

Spending patterns in Canada, 2002
Catalogue number 62-202-XIE (\$36).

Restaurant, caterer and tavern statistics,
March 2004, Vol. 36, no. 3
Catalogue number 63-011-XIE (\$7/\$59).

Public sector statistics: Supplement, 2004
Catalogue number 68-213-SIE
(free).

Income research paper series: Income interview questionnaire, May 2003: Survey of Labour and Income Dynamics, 2003, no. 4
Catalogue number 75F0002MIE2004004
(free).

Income research paper series: Preliminary interview questionnaire, January 2003: Survey of Labour and Income Dynamics, 2003, no. 5
Catalogue number 75F0002MIE2004005
(free).

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

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Statistics Canada

Thursday, June 18, 2004
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MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about six trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was noticeably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- Map-based index: May 1997 3
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- Egg production: Apr 18 1997 13

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RELEASE DATES: JUNE 21 TO JUNE 25

(Release dates are subject to change.)

Release date	Title	Reference period
22	Consumer Price Index	May 2004
22	Leading indicators	May 2004
23	Wholesale trade	April 2004
24	National balance sheet accounts	First quarter 2004
24	The strengthening Canadian dollar: Have Canadian consumers seen lower prices?	1999 to 2003
24	Employment, earnings and hours	April 2004
25	Retail trade	April 2004
