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The Canadian sound recording industry experienced its worst financial performance in six years in 2003 in the wake of bleak sales, declining new releases and a huge drop in profits. In total, Canadian labels reported just over \$708.7 million in revenue from sales, 20.5% below peak levels in 1998.

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Releases

Sound recording

2003

The Canadian sound recording industry experienced its worst financial performance in six years in 2003 in the wake of bleak sales, declining new releases and a huge drop in profits.

Profile of the sound recording industry

	1998	2000	2003
	Number		
Number of companies	280	331	300
Number of new releases	6,728	6,654	5,619
By Canadian artists	1,023	1,034	904
Other	5,705	5,620	4,715
Employment (includes freelancers)	3,377	3,305	3,078
	\$ millions		
Net sales of recordings	891.6	861.4	708.7
Sales of recordings by			
Canadian artists	154.0	138.0	110.4
Other sales of recordings	737.6	723.4	598.4
Other revenues	432.2	457.9	444.5
Total revenue	1,323.9	1,319.3	1,153.2
Total expenses	1,134.0	1,161.7	1,122.7
Profit/loss before taxes	189.8	157.6	30.5
Salaries, benefits and freelancer fees	149.8	167.6	153.5

In total, Canadian labels reported just over \$708.7 million in revenue from the sale of recordings. This was 17.7% below the level in 2000 and 20.5% below the peak in 1998.

It was a hard year for Canadian artists whose sales plunged 20.0% between 2000 and 2003 to just under \$110.4 million. Despite this decline, however, their share of the market remained stable at roughly 16%. That is because sales by foreign artists fell 17.3% to about \$598.4 million.

Rock and popular music genres were still by far the most popular. But their share of the market dropped as consumer tastes shifted slightly to classical, country, jazz and blues.

Smaller record labels, that may produce as little as a single release, tend to enter and leave the market rapidly. The sound recording industry consisted of 300 recording companies in 2003, down from 331 in 2000.

Recording companies issued 5,619 new releases in 2003, down from 6,654 in 2000. Of the total in 2003, only 904 belonged to Canadian artists, the first time in over five years that their output fell below the 1,000 mark.

Total employment in the industry fell from 3,305 people in 2000 to just over 3,000 in 2003.

Note to readers

The Sound Recording Survey is a census of all known firms that have sales and/or releases of records, pre-recorded tapes or compact discs manufactured from master tapes either owned by them or leased from others.

The survey collects information concerning the finances, employment and releases of record labels, as well as record production firms, in Canada. It collects data on the sources of revenue of Canadian labels, including the sales of recordings by Canadian and non-Canadian artists, revenues from the sales of masters, leasing and licensing fees, music publishing revenues and revenue from distribution sales or concert performances.

It also provides information on cost of goods sold and operating expenditures. Data on sales of recordings are obtainable by language of lyrics and by certain musical categories or genres. Information on the format of the recordings sold and the number of units sold by format is available as well.

Employment data are collected concerning the number of part-time and full-time employees as well as the number of freelance workers and their wages, salaries and benefits.

Finally, data are collected concerning the number of releases of recordings by nationality of the artist, language of lyrics, and musical categories.

Companies cut mostly full-time staff and increased the number of freelancers. Combined salaries, benefits and freelance fees declined 8.5% to \$153.5 million.

Profile of foreign-controlled companies

	1998	2000	2003
	Number		
Number of companies	17	16	13
Number of new releases	4,778	4,603	3,653
By Canadian artists	202	166	100
Other	4,576	4,437	3,553
Employment (includes freelancers)	2,402	2,103	1,644
	\$ millions		
Net sales of recordings	788.2	749.3	600.0
Sales of recordings by			
Canadian artists	75.5	74.0	44.2
Other sales of recordings	712.7	675.3	555.8
Other revenues	365.0	381.1	315.6
Total revenue	1,153.2	1,130.4	915.6
Total expenses	977.5	986.3	886.2
Profit/loss before taxes	175.7	144.1	29.5
Salaries, benefits and freelancer fees	127.9	135.7	115.1

Company profits combined totalled only \$30.5 million in 2003, less than one-fifth of the level just three years earlier. Their combined profit margin fell from 11.9% to 2.6%.

Not all news gloomy: Music-themed DVDs growing

Not all the news was gloomy. While sales of recordings spiralled downward, record labels sold music-themed DVDs in growing numbers. Sales of music-themed DVDs and videos, such as those of concerts, far more than doubled between 2000 and 2003.

Even so, total sales of these DVDs and videos accounted for only 4.5% of total revenue, so their impact on the industry was minimal. However, it is one example of future revenue streams that record labels may be able to pursue. Downloading songs as ring-tones for cellular phones may also be a future revenue source, as could royalties from music used in video games.

Canadian-controlled companies hang in

Foreign-controlled companies continued to dominate the sound recording industry in Canada in 2003, accounting for about 85% of total sales. These companies had net sales of just over \$600.0 million, while Canadian-controlled firms had net sales of \$108.7 million.

Sales of music declined for the industry as a whole. However, Canadian-controlled firms suffered smaller declines in sales than their foreign-controlled counterparts, mostly due to their sales of Canadian artists' recordings. Sales by Canadian-controlled firms of all artists' recordings fell only 3.1% between 2000 and 2003, compared with a 19.9% decline for foreign-controlled firms.

Profile of Canadian-controlled companies

	1998	2000	2003
	Number		
Number of companies	263	315	287
Number of new releases	1,950	2,051	1,966
By Canadian artists	821	868	804
Other	1,129	1,183	1,162
Employment (includes freelancers)	975	1,202	1,434
	\$ millions		
Net sales of recordings	103.4	112.1	108.7
Sales of recordings by			
Canadian artists	78.5	63.9	66.1
Other sales of recordings	24.9	48.2	42.5
Other revenues	67.2	76.8	128.9
Total revenue	170.6	188.9	237.6
Total expenses	156.5	175.4	236.5
Profit/loss before taxes	14.1	13.5	1.1
Salaries, benefits and freelancer fees	22.0	31.9	38.3

Sales of Canadian artists' recordings released by foreign-controlled companies, however, took a downturn in 2003. Foreign-controlled companies sold only \$44.2 million worth of recordings by Canadian artists, accounting for 40% of all sales by Canadian artists in 2003. Meanwhile, Canadian-controlled

companies sold \$66.1 million worth of recordings, increasing their share of the market of Canadian artist sales from 46% in 2000 to 60% in 2003.

Organizational and structural changes resulted in increased revenues, expenses and employment among Canadian-controlled firms. On the other hand, foreign-controlled firms faced large lay-offs. Between 2000 and 2003, their work force fell by about one-fifth.

Canadian-controlled firms continued to rely on freelancers as a source of labour. They employed 1,434, with just under half of them full time.

Both Canadian- and foreign-controlled firms ended up with a similar bottom line: much lower profits and decidedly lower profit margins.

In fact, Canadian-controlled firms were left with almost no profit margin (0.5%) compared with a profit margin of 7.1% in 2000. The profit margin for foreign-controlled firms also fell, from 12.7% to 3.2%.

Sales of rock and popular music in slump

Between 1998 and 2000, music sales in Canada fell 3.4%. But in the subsequent three-year period between 2000 and 2003, they fell at a much faster pace of 17.7%.

This overall decline in sales raises questions about factors such as illegal file downloads and swapping song files. Other possible factors in the decline include competition for the consumer's entertainment dollar from an array of media, ranging from computer games to movies to cell phones.

According to the Survey of Household Spending, Canadian households on average spent almost \$464 on rental of cablevision and satellite services in 2003, but just \$118 on pre-recorded audio and video cassette tapes, compact discs and DVDs.

The decline in music sales had a particularly hard impact on rock and popular recordings, which progressively lost market share during the six-year period. In 1998, rock and popular music accounted for 73% of total music sales. By 2003, this proportion had dropped to 67%.

Companies sold \$472.7 million worth of popular music and rock recordings in 2003, but this represented a 24.1% decline from 2000.

During the same period, other categories increased their market share, in particular classical and related music, jazz and blues and country and folk music.

Sales of classical recordings totalled \$55.6 million in 2003, up 5.8% from 2000, while sales of country and folk recordings jumped 9.1% to \$47.9 million. Sales of children's music rose 6.9% to \$13.9 million, the smallest of all categories.

Definitions, data sources and methods: survey number 3115.

Selected data from the Sound Recording Survey are now available online in table format in *Sound Recording: Data Tables* (87F0008XIE, free). Special tabulations are available on a cost-recovery basis.

For more information, or for enquiries on the concepts, methods and data quality

of this release, contact Client Services (1-800-307-3382; 613-951-7608; fax: 613-951-9040; cult.tourstats@statcan.ca), Culture Statistics Program, Culture, Tourism and the Centre for Education Statistics. ■

Registered retirement savings plan contributions

2004

Canadian taxfilers increased their contributions to a Registered Retirement Savings Plan (RRSP) in the 2004 tax year for the second year in a row. At the same time, the number of contributors rose slightly.

Contributions totalled nearly \$28.8 billion, up 4.5% from 2003, which followed a 1.8% increase the year before. This turnabout in contributions followed two years of declines.

A total of 6,002,350 taxfilers contributed to an RRSP in 2004, a slight 0.9% gain from 2003. This upturn halted a decline in contributors which had occurred each year following a peak in 2000 when almost 6.3 million people made a contribution. Data came from income tax returns filed in the spring of 2005.

To be eligible to contribute to an RRSP, a taxfiler must have either new room as a result of qualifying income from the previous year (generally employment income), or unused room from earlier years.

Similar to recent years, for the 2004 tax year, almost 87% of taxfilers were eligible to contribute, and of these, about 30% actually made contributions.

The total contribution of \$28.8 billion represented only about 8% of the total room available to eligible taxfilers.

Contributions rose in all provinces and territories except Yukon, where they fell 2.8%. Taxfilers in Alberta and Newfoundland and Labrador recorded the largest percentage increase in contributions at 6.2%, followed by those in Northwest Territories, whose contributions rose 5.4%.

The number of contributors fell slightly in Prince Edward Island and Manitoba but there were relatively small increases in all the other provinces and territories. The largest percentage increase was in Alberta, where 1.9% more taxfilers made a contribution.

The growing number of contributors and back-to-back annual increase in contributions may have been the result of increases in the maximum annual RRSP contribution limit.

The limit is based on 18% of the previous tax year's earned income, to a fixed maximum, less any pension adjustment, plus any carry forward of unused room. The fixed maximum in 2004 was \$15,500, up from \$14,500 in 2003 and \$13,500 between 1996 and 2002.

Nationally, the median contribution remained the same in 2004 at \$2,600. (The median is the point at which half of contributions were below and half above.)

As in previous years, the median contribution in the three territories exceeded those in all the provinces. The highest median was in Nunavut at \$4,400, followed by the Northwest Territories at \$3,500 and Yukon at \$3,100.

Among census metropolitan areas, the highest median contribution occurred in Toronto, where it was \$3,200, and in Calgary and Vancouver, where it was \$3,100.

The census metropolitan area of Oshawa posted the largest relative growth in the number of contributors, with 2.5% more people making a contribution in 2004 than the previous year. It was the second year in a row in which Oshawa had the largest percentage increase in contributors. Edmonton had the second fastest growth at 2.1%. Total contributions in Oshawa increased by 11.2% over 2003, the largest gain among metropolitan areas.

Available on CANSIM: tables 111-0039 to 111-0041.

Definitions, data sources and methods: survey number 4106.

The databanks *RRSP Contributors* (17C0006, various prices), *RRSP Contribution Limits* (17C0011, various prices) and *Canadian Taxfilers* (17C0010, various prices) are available for Canada, the provinces and territories, cities, towns, census metropolitan areas, census divisions, federal electoral districts, and areas as small as forward sortation areas (the first three characters of the postal code), and letter carrier routes.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-866-652-8443; 613-951-9720; fax: 1-866-652-8444 or 613-951-4745; saadinfo@statcan.ca), Small Area and Administrative Data Division. □

RRSP contributors, 2004

	Number of contributors	2003 to 2004 % change	Contributions \$ thousands	2003 to 2004 % change	Median contribution \$
Canada	6,002,350	0.9	28,788,102	4.5	2,600
Newfoundland and Labrador	60,690	0.3	271,420	6.2	2,200
Prince Edward Island	19,080	-0.8	77,662	0.0	2,000
Nova Scotia	131,380	0.2	572,282	4.4	2,100
New Brunswick	101,390	0.1	426,546	4.7	2,000
Quebec	1,533,610	1.3	6,653,811	4.3	2,400
Ontario	2,342,390	0.8	11,938,130	4.1	2,800
Manitoba	204,450	-0.9	830,805	3.9	2,100
Saskatchewan	167,290	0.2	696,967	4.8	2,300
Alberta	663,050	1.9	3,363,803	6.2	2,900
British Columbia	763,630	0.6	3,874,013	4.4	3,000
Yukon Territory	5,740	0.2	28,172	-2.8	3,100
Northwest Territories	7,400	0.1	41,258	5.4	3,500
Nunavut	2,260	0.0	13,232	1.5	4,400

The Canadian Productivity Review

Statistics Canada today launches a new, free online publication called *The Canadian Productivity Review*.

This electronic publication, which showcases ongoing research on productivity, provides information on issues involving the measurement, explanation and improvement of productivity.

Among themes that will be covered in the coming months are economic performance, capital formation, labour, prices, environment, trade and efficiency, at both national and provincial levels.

Kicking off this publication is a research report titled "Four decades of productivity performance in Canada," which explains the concept of productivity and why Canadians should care about the nation's performance in productivity during the past four decades.

The answer is that productivity growth is a key factor contributing to sustainable economic growth and improving the material living standards of Canadians. The influence of productivity growth on living standards accumulates slowly over long periods of time. Its effect becomes apparent only over decades.

Small annual improvements in productivity growth, if sustained, add up to substantial improvements in living standards over time. A 2% compound annual increase in output per worker implies that it doubles in about 35 years.

The paper also assesses Canada's long-term productivity performance. Productivity growth improved in the 1990s, though this performance still remained below that of the early 1960s. This improved performance will need to be sustained, and even bettered, if the Canadian economy is to meet the aspirations of Canadians and to increase the living standards of current and future generations.

The paper found that labour productivity for the Canadian business sector rose at an annual average rate of 2.0% between 1961 and 2004.

Real gross domestic product (GDP) increased by 3.9% over that period. Productivity growth has accounted for more than half of the increase in Canada's output over the past four decades.

Real GDP per person in 2004 was over 2.9 times higher than in 1961. Productivity growth accounted for 80% of that increase.

Over the last 40 years, real hourly compensation of workers has generally tracked labour productivity gains closely.

The research paper "Four decades of productivity performance in Canada," no. 1 (15-206-XIE2005001, free) is now available online. From *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

More studies on productivity are available free of charge in the analytical series *Update on Economic Analysis* (11-623-XIE) on our Web site.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-Pierre Maynard (613-951-3654), Micro-economic Analysis Division.

Population estimates by age and sex

July 1, 2005

The preliminary postcensal estimates by age and sex for Canada, provinces and territories at July 1, 2005, the updated estimates at July 1, 2003 and 2004 as well as the final estimates at July 1, 2002 are now available. The corresponding components of population growth are also available.

Available on CANSIM: tables 051-0001, 051-0002 and 051-0011 to 051-0013.

Definitions, data sources and methods: survey numbers, including related surveys, 3231, 3233 and 3604.

Data will appear in the publication *Annual Demographic Statistics, 2005* (91-213-XIB, \$60 and 91-213-XPB, \$134) to be published in March 2006.

These estimates may be obtained by contacting the Population Estimates Section (613-951-2320; fax: 613-951-2307; demography@statcan.ca). For information on methodology, contact Hubert Denis (613-951-0694; fax: 613-951-2307; hubert.denis@statcan.ca), Demography Division. ■

Innovation Analysis Bulletin

The *Innovation Analysis Bulletin* focuses on trends in science, technology and the information society. The bulletin includes updates on government science and technology activities, industrial research and development, intellectual property commercialization, advanced technologies and innovation, biotechnology, connectedness, telecommunications and broadcasting, and electronic commerce.

The *Innovation Analysis Bulletin*, Vol. 7, no. 3 (88-003-XIE, free) is now available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Science and technology*.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Rad Joseph (613-951-6830; fax: 613-951-9920) or Claire Racine-Lebel (613-951-6309), Science, Innovation and Electronic Information Division. ■

For-hire motor carriers of freight, annual supplement: Financial statistics 2004

An estimated 3,100 for-hire motor carriers of freight earn at least \$1 million annually. In 2004, their operating revenues totalled \$24.0 billion and their operating expenses totalled \$22.6 billion, for an operating ratio of 0.94 (any ratio over 1.00 represents an operating

loss). The net profit of the for-hire carriers of freight in 2004 (\$668 million) was up by more than 18% from 2003 (\$564 million), closer to the level observed in 2002 (\$711 million). The operating profit margin was set at 6.1%.

Financial statistics on the for-hire motor trucking industry are available from the Annual supplement to the Quarterly Motor Carriers of Freight Survey. This supplementary survey provides aggregate measurements and other financial ratios based on a sample of 752 carriers.

Available on CANSIM: table 403-0003.

Definitions, data sources and methods: survey number 2742.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Ron Chrétien (613-951-8774; fax: 613-951-0009; ron.chretien@statcan.ca) or Denis Pilon (613-951-2707; fax: 613-951-0579; denis.pilon@statcan.ca), Transportation Division. ■

Couriers and Messengers Services Price Index

September 2005

The Couriers and Messengers Services Price Index (CMSPI, 2003=100) is a monthly price index measuring the change over time in prices for courier and messenger services provided by long and short distance delivery companies to Canadian-based business clients.

The CMSPI was up 0.5% from August (110.6), due mainly to increased fuel costs. The courier portion rose 0.6% (112.1) while the local messengers component was unchanged (104.7).

These indexes are available at the Canada level only.

Available on CANSIM: table 329-0053.

Definitions, data sources and methods: survey number 5064.

For more information, contact Client Services (1-866-230-2248; 613-951-9606; infounit@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Anne Williamson (613-951-0708; anne.williamson@statcan.ca), Prices Division. ■

New products

The Canadian Productivity Review: "Four decades of productivity performance in Canada", no. 1
Catalogue number 15-206-XIE2005001
(free).

Imports by Commodity, August 2005, Vol. 62, no. 8
Catalogue number 65-007-XPB (\$84/\$828).

Imports by Commodity, August 2005, Vol. 62, no. 8
Catalogue number 65-007-XMB (\$40/\$387).

Sound Recording: Data Tables
Catalogue number 87F0008XIE
(free).

Innovation Analysis Bulletin, Vol. 7, no. 3
Catalogue number 88-003-XIE
(free).

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

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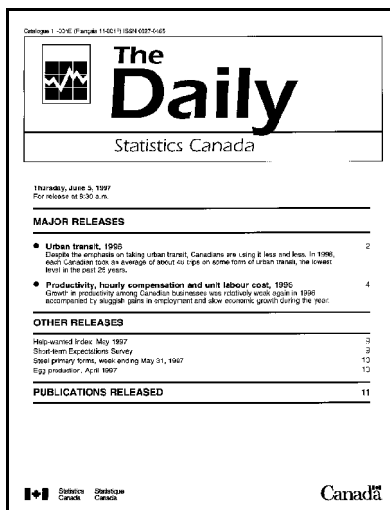
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