Catalogue 11-001-XIE (Français 11-001-XIF) ISSN 0827-0465

The Daily

Statistics Canada

Thursday, December 8, 2005
Released at 8:30 a.m. Eastern time

Releases

New products

Study: Is Canada's manufacturing lagging compared with the United States?

For the past year, manufacturers have been somewhat pessimistic about their future, as shipments and orders stagnated while inventories piled-up. At first glance, Canada's manufacturing shipments fared much worse than those of their American counterparts, according to a new study released today in the *Canadian Economic Observer*.

From September 2004 (when the divergence began) to August 2005, the gap between the growth in US and Canadian shipments was 5.2 percentage points, with current dollar shipments up 5.5% in the United States but only 0.3% in Canada. In total, 14 of 21 industries contributed to this divergence. The most important contributions were recorded for transportation equipment, wood products, petroleum, chemicals and food, some of Canada's largest manufacturing industries.

Much of the gap between the growth of shipments in Canada and the United States over the past year is due to differences in the prices of manufactured goods as they leave the factory gate. In constant dollars, when the effect of prices is eliminated, the growth in Canadian shipments closely matched the pace set south of the border. The gap between the volume of US and Canadian shipments is practically nil (only 0.3 percentage points). In fact, constant dollar shipments in Canada outperformed the United States in 11 of 21 industries.

The recent appreciation of the Canadian dollar has resulted in lower Canadian producer prices. Manufacturers export close to half of all shipments. Industries that export a large portion of their shipments include motor vehicles, machinery, pulp and paper, and wood products. Prices for these goods are usually quoted in US dollars. Since these Canadian manufacturers get paid in US greenbacks, they received fewer Canadian dollars for their US dollars when the exchange rate rose. While earnings were falling, the cost of inputs remained the same (except for imported investment goods).

With the rising dollar, Canadian manufacturers also faced stiffer competition on the foreign market as their products were more expensive. Throughout the 1990s, a low dollar increased the demand for Canadian-made goods by making imported goods more expensive while making exports cheaper for foreigners. With the low dollar favouring Canadian manufacturers, the gap in shipments fell steadily.

The Canadian dollar finally bottomed out in January 2002 when it reached 62.49 cents per US dollar. Since 2003, the Canadian dollar has appreciated.

The role of price differences in explaining the gap in shipments was especially significant for autos, wood product, and petroleum and coal products.

While price differences were the largest factor, structural differences explain most of the remainder of the gap in the growth of shipments, particularly for computer and electronic products. If computers and electronics were as important in Canada as in the United States, the gap in shipments would have been reduced.

While overall shipment volumes are keeping up with those in the United States, one area where Canada's factories may be lagging is in profits. From their low in 2002 to 2004, manufacturing profits increased 191% in the United States compared to only 19% in Canada. This may reflect the severe squeeze on prices from the stronger dollar.

The study "Is Canada's manufacturing lagging compared with the US?" is now available for free online. The study is also included in the December Internet edition of *Canadian Economic Observer*, Volume 18, no. 12 (11-010-XIB, $19/$182), which is now available. The monthly paper version of *Canadian Economic Observer*, Vol. 18, no. 12 (11-010-XPB, $25/$243) will be available on December 15.

The December issue of Statistics Canada's flagship publication for economic statistics, *Canadian Economic Observer*, also presents a feature article titled: "Wholesalers of pharmaceutical products: A vibrant industry".

For more information about the *Canadian Economic Observer*, go to the *Canadian Statistics* page, choose *National Accounts*, then click on the banner ad for *Canadian Economic Observer*.

For more information, contact Jennie Wang (613-951-9832; *ceo@statcan.ca*), Current Economic Analysis Group. ■

New Housing Price Index

October 2005

New housing prices were up 0.7% in October compared to September. The 12-month increase grew to 5.4% from 4.9% the previous month.

Building materials and labour cost increases combined with higher fuel costs continued to push new housing prices up at the national level. Land value increases contributed to price hikes in 7 of the 21 metropolitan areas surveyed.

According to the New Housing Price Index (which is based on contractors' selling prices of new homes in 21 metropolitan areas), the price of new homes rose 0.7% on a monthly basis, up from the 0.6% observed in the previous month.

The New Housing Price Index (1997=100) rose to 131.7 in October.

Of the 21 metropolitan areas surveyed, 15 posted monthly gains. Calgary (+3.4%) led the way for the second month in a row followed by Edmonton at 1.1%. These price increases were mainly due to higher material and labour costs, in particular lumber. In Calgary, higher fuel costs were cited as contributing to these increases. Higher lot values were also a factor in both metropolitan areas.

Ottawa–Gatineau (+0.8%), Québec, St-Catharines–Niagara, Regina (+0.7% for all three), St. John's and Hamilton (+0.6% each) posted significant gains, mostly due to increases in material and labour. Higher fuel costs were also cited in Regina.

Monthly increases were also registered in Saint John, Fredericton and Moncton, Montréal, Toronto and Oshawa, Kitchener, Greater Sudbury/Grand Sudbury and Thunder Bay, Winnipeg and Victoria.

Four metropolitan areas registered no monthly change while the only declines were in Charlottetown (-0.2%) and Windsor (-0.1%).

New housing price indexes

(1997=100)

	October 2005	October 2004 to October 2005	September to October 2005
		% change	
Canada total	**131.7**	**5.4**	**0.7**
House only	140.0	5.0	0.9
Land only	115.4	5.6	0.3
St. John's	126.8	5.0	0.6
Halifax	129.7	6.5	0.0
Charlottetown	115.6	4.6	-0.2
Saint John, Fredericton and Moncton	110.0	3.8	0.1
Québec	137.5	5.3	0.7
Montréal	143.4	4.1	0.4
Ottawa–Gatineau	156.8	4.3	0.8
Toronto and Oshawa	134.3	4.6	0.4
Hamilton	136.3	5.1	0.6
St. Catharines–Niagara	139.3	5.5	0.7
Kitchener	132.5	4.0	0.2
London	127.2	4.8	0.0
Windsor	105.7	2.6	-0.1
Greater Sudbury/Grand Sudbury and Thunder Bay	100.8	2.0	0.1
Winnipeg	135.8	8.9	0.4
Regina	144.6	5.7	0.7
Saskatoon	128.3	3.7	0.0
Calgary	153.6	9.6	3.4
Edmonton	142.1	8.3	1.1
Vancouver	106.8	4.7	0.0
Victoria	117.7	10.0	0.1

Note: *View the census subdivisions that comprise the metropolitan areas online.*

Available on CANSIM: table 327-0005.

Definitions, data sources and methods: survey number 2310.

The third quarter issue of *Capital Expenditure Price Statistics* (62-007-XIE, $20/$59) will be available in January 2006.

For more information, or to enquire about the concepts, methods or data quality of this release, contact our Client Services Section (613-951-9606; fax: 613-951-1539; *infounit@statcan.ca*) or Randy Sterns (613-951-8183; *sterran@statcan.ca*), Prices Division. ■

Newspaper publishers

2004

Newspaper publishers recorded a year of modest growth in 2004, as revenue increases slowed and the industry profit margin held steady. Community and weekly newspapers continued to grow faster than their daily counterparts, expanding advertising revenues at twice the rate registered by dailies.

Newspaper publishing industry revenues rose by 3.2% to $5.0 billion in 2004, slightly lower than the 4.5% increase in revenues in 2003. Advertising revenue, the source of nearly three quarters of industry revenues, rose 4.0% to $3.5 billion. One factor contributing to this increase was strong growth for community and weekly papers.

Daily newspapers earned $2.6 billion in advertising revenues compared to $920 million for community and weekly papers. Although community and weekly papers tend to be smaller operations than the dailies, their advertising revenue grew faster in 2004 and in each of the three previous years. Since 2000, community newspapers and weekly newspapers have enjoyed advertising revenue growth of 20% compared to a 2% increase for daily newspapers.

Publishers saw large increases in circulation revenues in 2003 and 2004, assisted in part by changes in accounting practices. Since 2003, a number of newspaper publishers have switched from reporting circulation revenues net of distribution expenses, to reporting full circulation revenues and higher distribution expenses. Circulation revenue was $830 million in 2004 compared to $780 million in 2003, an increase of 6.4%.

Newspaper publishers saw a 3.4% increase in operating expenses for 2004, bringing total operating expenses to $4.3 billion. Roughly 41% of operating expenses were paid to employees in salaries, wages, and benefits, for a total of $1.8 billion. This was an increase of 3.6% from 2003.

Operating profit for the industry remained stable from 2003 to 2004 at 14.9%.

Available on CANSIM: table 361-0003.

Definitions, data sources and methods: survey number 4710.

For more information about the survey, or to enquire about the concepts, methods or data quality of this release, contact Allison Bone (613-951-3010; fax: 613-951-6696; *allison.bone@statcan.ca*), Service Industries Division. ■

Federal government spending on science and technology

2005/06 (intentions)

The federal government's spending on science and technology is expected to surpass $9 billion in the fiscal year 2005/06, with the majority headed for research and development.

A survey of science and technology activities of federal departments and agencies shows total spending intentions will reach $9.1 billion. This would represent 4.9% of total government spending, compared with 3.6% in 1994/95.

Compared to 2004/05, there is no increase in total science and technology expenditures. However, funding to the higher education sector is expected to increase by 16% to $2.8 billion. Decreases in expenditures for activities carried out primarily by the federal government, funding to business enterprises and Canadian non-profit institutions, counterbalance the increase.

Of the total, 63 cents out of every dollar spent on science and technology will go to research and development, the second highest share during the past 10 years.

The $5.8 billion anticipated for research and development will include intramural performance, which are activities carried out primarily by the federal government, and extramural funding, which are activities managed and performed by non-federal organizations.

Just over one-half (52%) of total science and technology expenditures are expected to be spent on activities performed by the federal government itself. Of total planned research and development spending, the federal government will perform $2.1 billion, or 37%.

Federal government research and development funding to the higher education sector is expected to exceed $2.5 billion.

Definitions, data sources and methods: survey number 4212.

The service bulletin *Science Statistics*, Vol. 29, no. 7 (88-001-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 methods, concepts or data quality of this release, contact Lloyd Lizotte, (613-951-2188; *lloyd.lizotte@statcan.ca*) or Antoine Rose, (613-951-9919; *antoine.rose@statcan.ca*), Science, Innovation and Electronic Information Division. ■

Total income of farm families

2003

For the first time since 1990, families with relatively large farm operations relied on off-farm sources for more than half of their total income — joining the ranks of families with small- and medium-sized farms who have relied on off-farm income for the majority of their income for several years. Families operating Canada's largest farms are now the only ones that continue to rely on farm sources for more than half of their total income.

Families operating small farms, that is, those with revenues from $10,000 to $49,999, have consistently relied on off-farm sources for most of their total income. Between 1990 and 2003, the percentage of total income from off-farm sources ranged from 87.1% to 92.6%.

Families operating medium-size farms (with revenues from $50,000 to $99,999) have also relied on off-farm sources for most of their total income. From 1990 to 2003, medium-size farms have grown increasingly reliant on off-farm income. Off-farm income represented 66.3% of the total income of these families in 1990, but 90.0% in 2003.

For families with large farm operations (annual revenues from $100,000 to $499,999), the portion of total income from off-farm sources has also grown steadily. In 1990, 37.3% of income came from off-farm sources. By 2003, 52.1% of total income came from off-farm sources.

Families with the very largest farms (with revenues of $500,000 and over) are the sole exception to the trend. The proportion of these families' annual incomes from off-farm sources has remained relatively stable, ranging between 25.9% and 33.5% since 1990.

In 2003, average total income of farm families operating large farms declined for the second time since the beginning of the data series in 1990. The drop occurred because the 1.8% increase in average off-farm income and the 39.6% jump in average net program payments were not sufficient to offset the 42.0% drop in average net market income.

Among the main factors behind the drop in average net market income were back-to-back droughts in 2001 and 2002, and the closure of the border to live cattle exports after the diagnosis of the bovine spongiform encephalopathy (BSE) in a cow in northern Alberta in 2003. Once adjusted for capital cost allowance, average net market income of farm families operating large business-focused farms dropped to a deficit of $6,843.

Other factors behind the drop in net market income include higher expenses for fertilizer and lime, pesticides, custom work and machine rental, machinery fuel, machinery repairs, licenses and insurance, and higher net interest expenses.

Note: The analysis in this release pertains specifically to families operating business-focused farms. The release of these aggregate administrative data and its companion analysis are funded by Agriculture and Agri-food Canada to complement survey-based sources of farm financial income. Although administrative-based data are released later than their survey-based counterparts, these data help provide a more comprehensive picture of farm operations and provide additional annual historical insight into changes over time in farm family reliance on off-farm income.

Reliance on off-farm income[1] of farm families operating a business-focused farm

	Small farms (revenues from $10,000 to $49,999)	Medium farms (revenues from $50,000 to $99,999)	Large farms (revenues from $100,000 to $499,999)	Very large farms (revenues of $500,000 and over)
		%		
1990	89.7	66.3	37.3	32.1
1991	89.2	66.0	37.3	28.0
1992	88.6	67.1	37.7	28.9
1993	89.1	69.0	37.4	28.9
1994	90.6	70.5	39.4	29.1
1995	89.4	72.6	39.2	25.9
1996	90.8	75.9	40.5	25.9
1997	92.6	76.7	41.9	31.2
1998	89.7	76.7	44.1	32.5
1999	89.4	79.9	45.1	33.4
2000	90.5	82.1	46.9	33.5
2001	87.1	82.4	46.5	33.4
2002	90.3	82.9	48.1	30.9
2003	88.0	90.0	52.1	33.1

1. *Off-farm income as a percentage of total income excluding capital cost allowance.*

Sources of income of farm families operating a large business-focused farm

	2002	2003	2002 to 2003
	$		% change
Total income[1]	**85,799**	**80,560**	**-6.1**
Off-farm income[2]	**41,243**	**41,971**	**1.8**
Off-farm employment income	31,315	30,904	-1.3
Wages and salaries[3]	28,424	28,167	-0.9
Net off-farm self-employment income	2,891	2,737	-5.3
Investment income	3,124	3,330	6.6
Pension income	877	919	4.8
Government social transfers	2,967	3,056	3.0
Other off-farm income	2,959	3,762	27.1
Net operating income[1]	**44,556**	**38,589**	**-13.4**
Net program payments	15,620	21,805	39.6
Net market income	28,936	16,784	-42.0
Adjustment for capital cost allowance (CCA)	22,610	23,627	4.5
Net market income adjusted for CCA	6,326	-6,843	-208.2
Total income adjusted for CCA	**63,189**	**56,933**	**-9.9**

1. *Excluding capital cost allowance.*
2. *Excluding taxable capital gains.*
3. *May include wages and salaries paid to family members from the farm business.*

Definitions, data sources and methods: survey number 3447.

Additional data can be obtained from the online publication *Statistics on Income of Farm Families*, 2002 (21-207-XIE, free). From the *Our products and services pages*, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

For custom data requests, contact Client Services (1-800-465-1991; *agriculture@statcan.ca*). For more information, or to enquire about the concepts, methods or data quality of this release, contact Lina Di Piétro (613-951-3171; fax: 613-951-3868; *lina.dipietro@stacan.ca*), or Sylvana Beaulieu (613-951-5268; *sylvana.beaulieu@statcan.ca*), Agriculture Division. ■

Farm product prices

October 2005

Prices received by farmers in October for grains, oilseeds, specialty crops, potatoes, cattle, hogs, poultry, eggs and dairy products are now available.

The Saskatchewan canola price in October was $252.92 per tonne, up 5% from September 2005 but down 14% from October 2004 when the price was $293.78.

The October slaughter calves price in Ontario was $98.90 per hundredweight, down 4% from September 2005 but up 22% from the October 2004 price of $81.23.

Definitions, data sources and methods: survey number 3436.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marco Morin (613-951-2074; fax: 613-951-3868; *marco.morin@statcan.ca*), Agriculture Division. ■

New products

Analytical Studies Branch Research Paper Series: Love and Money: Intergenerational Mobility and Marital Matching on Parental Income, no. 272
Catalogue number 11F0019MIE2005272
(free).

Canadian Economic Observer, December 2005, Vol. 18, no. 12
Catalogue number 11-010-XIB ($19/$182).

Analytical Paper Series: Service Industries Division: Strategies of Small- and Mid-sized Internet Service Providers, no. 48
Catalogue number 63F0002XIE2005048
(free).

Science Statistics, Vol. 29, no. 7
Catalogue number 88-001-XIE
(free).

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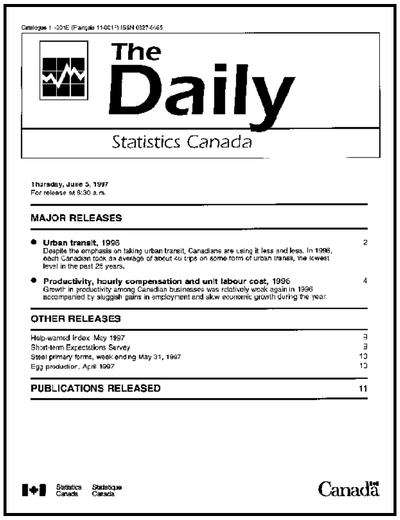

Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

MAJOR RELEASES

- **Urban transit, 1996** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 46 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 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.

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PUBLICATIONS RELEASED 11

Statistics Canada Statistique Canada

Canada

Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

Published each working day by the Communications Division, Statistics Canada,
10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

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