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### **Retail trade, February 2006**

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After strong consumer spending in the previous month, retail sales slid back by 0.4% in February to \$31.6 billion. February's retail sales decline was the first after four consecutive months of sales increases.

### **Wholesale trade, February 2006**

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Wholesale sales declined in February after advancing strongly in the previous two months. The decline was broad-based, with five of the seven sectors registering decreases.

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## Releases

### Retail trade

February 2006

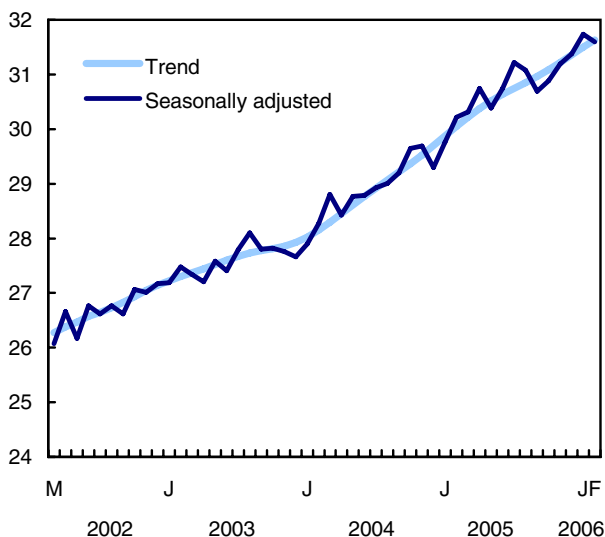
After strong consumer spending in the previous month, retail sales slid back by 0.4% in February to \$31.6 billion. February's retail sales decline was the first after four consecutive months of sales increases. Retail sales have maintained strong upward momentum since late 2003.

The automotive sector was responsible for the bulk of the setback, with sales falling 2.5% after four straight months of increases. Excluding sales by dealers of new, used and recreational vehicles and auto parts, which account for almost a quarter of the retail industry, retail sales edged up 0.3%.

Keeping prices constant, retail sales actually edged up 0.2% in February after an increase of 0.8% in January. This was mainly due to gasoline prices, which dropped significantly in February.

#### Retail sales fall for the first time in five months

\$ billions



Retailers in sectors that experienced strong January sales (likely due to the redemption of gift cards and the increased observance of cultural and ethnic holidays in January) saw slight declines in February. Miscellaneous retailers (-1.7%), furniture, home furnishings and electronics stores (-0.8%) and general merchandise stores (-0.2%) saw their sales decline after registering

increases of 4.5%, 4.9% and 3.3% respectively in January.

On the other hand, the building and outdoor home supplies stores sector impressively maintained its strength in February, increasing its sales by 1.0% after rising by a substantial 3.2% in January. Food and beverage stores (+1.6%) bounced back from a weak month in January. Continued growth was seen among pharmacies and personal care stores (+1.9%) as well as clothing and accessories stores (+0.6%).

#### Autos drive down sales

February was a weak month for the automotive sector due to declines in sales at new car dealers and gasoline stations. Sales of cars and trucks dipped slightly at new car dealers, causing a decrease of 3.5% in their sales from January's figure, and down 1.5% from the same month last year. Sales of new car dealers have reached a plateau after strong sales starting in 2004 had peaked in the summer of 2005 with special incentives.

The value of sales at gasoline stations suffered as the price of gasoline fell 6.8% in February after having risen sharply in January. Nevertheless, sales were still 10.6% higher than a year ago, having been on the rise since the fall of 2003.

#### Sales pause in February after January's boost in some sectors

In general, stores that are thought to have benefited from gift card redemptions and cultural and ethnic celebrations in January saw sales fall in February. However, February's sales decline in these stores were not strong enough to offset the more substantial gains made in January, pointing to a strong underlying momentum.

Sales fell in sporting goods, hobby, music and book stores (-3.3%), home furnishing stores (-3.1%), furniture stores (-1.7%) and general merchandise stores (-0.2%). However, all of these stores registered robust year-over-year increases ranging from 6.4% in general merchandise stores to 12.6% in home furnishing stores.

Computer and software stores lost any gains they achieved in January. However, despite fluctuations, sales have remained, on average, fairly flat since 2004.

The exceptions to this pattern included home electronics and appliance stores, whose sales continued to rise with a third straight increase in sales (+1.6%) making up for weakness in the latter half of last year.

Business was also booming for home centres and hardware stores, as sales increased for the seventh consecutive month (+0.4%). Specialized building material and garden stores also maintained positive sales in February (+3.7%), making up for a period of weakness in the fall of 2005.

#### **Ontario and Newfoundland and Labrador lag behind**

Ontario (-2.0%) and Newfoundland and Labrador (-4.5%) showed the most significant decline in retail sales in February. Aside from slight decreases in sales in Nova Scotia (-0.5%) and New Brunswick (-0.1%), all other provinces and territories registered positive sales growth.

Alberta, especially, saw no sign of weakening as retailers in this province enjoyed their fifth consecutive increase in February (+1.4%). Albertans were reaping the benefits of a strong provincial economy. In addition to gains in disposable income from the provincial personal rebates issued in early 2006, Albertans also saw large employment gains in February. Wages in this province continued to rise as employers competed for scarce labour.

Ontario's decrease in sales was mainly concentrated in the automotive sector. Besides miscellaneous retailers, who also had a setback in sales, all other retailers in this province increased their sales from January or had no change. This was the first decrease for retail sales in Ontario after four consecutive months of gains.

February's drop in sales for retailers in Newfoundland and Labrador came after a period of strong growth that began in the last quarter of 2005.

New car dealers were the main drag on retail sales for this province in February.

#### **Related indicators for March**

Total employment increased by 51,000 in March, causing the employment rate to reach a record high of 62.9%. The unemployment rate declined 0.1 percentage points to 6.3%, a 32-year low.

Housing starts rose 0.4% in March. Despite the rise in multiple urban starts (+18.6%) in March, single urban starts decreased for a second consecutive month (-8.9%).

Based on preliminary figures from the auto industry, the number of new motor vehicles sold in March increased by about 1.0%. Both passenger car and truck sales gained during the month.

**Available on CANSIM: tables 080-0014 to 080-0017 and 076-0005.**

**Definitions, data sources and methods: survey numbers, including related surveys, 2406 and 2408.**

The February 2006 issue of *Retail Trade* (63-005-XIE, \$18/\$166) will soon be available.

Data on retail trade for March will be released on May 19.

For more information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; [retailinfo@statcan.ca](mailto:retailinfo@statcan.ca)). For analytical information, or to enquire about the concepts, methods or data quality of this release, contact Lucy Chung (613-951-1903), Distributive Trades Division.

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## Retail sales

	February 2005	November 2005 <sup>r</sup>	December 2005 <sup>r</sup>	January 2006 <sup>r</sup>	February 2006 <sup>p</sup>	January to February 2006	February 2005 to February 2006
Seasonally adjusted							
	\$ millions					% change	
<b>Automotive</b>	<b>10,258</b>	<b>10,723</b>	<b>10,757</b>	<b>10,850</b>	<b>10,580</b>	<b>-2.5</b>	<b>3.1</b>
New car dealers	6,013	6,136	6,082	6,142	5,926	-3.5	-1.5
Used and recreational motor vehicle and parts dealers	1,272	1,287	1,337	1,359	1,367	0.6	7.5
Gasoline stations	2,973	3,300	3,339	3,349	3,287	-1.9	10.6
<b>Furniture, home furnishings and electronics stores</b>	<b>2,113</b>	<b>2,162</b>	<b>2,202</b>	<b>2,309</b>	<b>2,291</b>	<b>-0.8</b>	<b>8.4</b>
Furniture stores	750	762	769	823	809	-1.7	7.9
Home furnishings stores	385	417	428	447	434	-3.1	12.6
Computer and software stores	134	139	139	141	136	-3.5	1.3
Home electronics and appliance stores	844	844	867	898	912	1.6	8.1
<b>Building and outdoor home supplies stores</b>	<b>1,843</b>	<b>1,966</b>	<b>1,974</b>	<b>2,036</b>	<b>2,057</b>	<b>1.0</b>	<b>11.6</b>
Home centres and hardware stores	1,464	1,592	1,604	1,645	1,651	0.4	12.7
Specialized building materials and garden stores	379	374	370	392	406	3.7	7.2
<b>Food and beverage stores</b>	<b>7,122</b>	<b>7,204</b>	<b>7,280</b>	<b>7,157</b>	<b>7,273</b>	<b>1.6</b>	<b>2.1</b>
Supermarkets	5,168	5,245	5,327	5,143	5,251	2.1	1.6
Convenience and specialty food stores	770	747	759	771	776	0.6	0.7
Beer, wine and liquor stores	1,183	1,212	1,194	1,244	1,247	0.2	5.4
<b>Pharmacies and personal care stores</b>	<b>1,953</b>	<b>2,055</b>	<b>2,057</b>	<b>2,070</b>	<b>2,109</b>	<b>1.9</b>	<b>8.0</b>
<b>Clothing and accessories stores</b>	<b>1,757</b>	<b>1,788</b>	<b>1,785</b>	<b>1,800</b>	<b>1,811</b>	<b>0.6</b>	<b>3.1</b>
Clothing stores	1,352	1,359	1,355	1,374	1,377	0.2	1.8
Shoe, clothing accessories and jewellery stores	405	430	430	426	435	2.0	7.3
<b>General merchandise stores</b>	<b>3,601</b>	<b>3,699</b>	<b>3,715</b>	<b>3,837</b>	<b>3,831</b>	<b>-0.2</b>	<b>6.4</b>
<b>Miscellaneous retailers</b>	<b>1,568</b>	<b>1,597</b>	<b>1,602</b>	<b>1,675</b>	<b>1,647</b>	<b>-1.7</b>	<b>5.0</b>
Sporting goods, hobby, music and book stores	775	807	810	857	828	-3.3	6.9
Miscellaneous store retailers	793	790	792	818	818	0.1	3.2
<b>Total retail sales</b>	<b>30,214</b>	<b>31,195</b>	<b>31,373</b>	<b>31,734</b>	<b>31,599</b>	<b>-0.4</b>	<b>4.6</b>
<b>Total excluding new car dealers, used and recreational motor vehicle and parts dealers</b>	<b>22,928</b>	<b>23,772</b>	<b>23,954</b>	<b>24,233</b>	<b>24,306</b>	<b>0.3</b>	<b>6.0</b>
<b>Provinces and territories</b>							
Newfoundland and Labrador	493	497	503	515	492	-4.5	-0.2
Prince Edward Island	126	120	121	123	125	1.5	-0.8
Nova Scotia	888	889	917	932	927	-0.5	4.5
New Brunswick	703	710	714	723	722	-0.1	2.6
Quebec	6,858	7,000	6,974	7,041	7,091	0.7	3.4
Ontario	11,152	11,405	11,540	11,601	11,370	-2.0	1.9
Manitoba	1,027	1,049	1,039	1,042	1,047	0.5	1.9
Saskatchewan	898	927	921	935	936	0.1	4.1
Alberta	3,877	4,223	4,301	4,392	4,454	1.4	14.9
British Columbia	4,084	4,266	4,240	4,324	4,327	0.1	6.0
Yukon	36	38	37	36	37	1.9	1.6
Northwest Territories	50	49	48	51	51	0.3	1.1
Nunavut	21	21	21	21	21	1.3	3.5

<sup>r</sup> Revised.

<sup>p</sup> Preliminary.

## Retail sales

	February 2005	January 2006 <sup>r</sup>	February 2006 <sup>p</sup>	February 2005 to February 2006
Unadjusted				
	\$ millions			% change
<b>Automotive</b>	<b>8,402</b>	<b>8,744</b>	<b>8,666</b>	<b>3.1</b>
New car dealers	4,891	4,716	4,806	-1.7
Used and recreational motor vehicle and parts dealers	919	955	993	8.1
Gasoline stations	2,593	3,072	2,867	10.6
<b>Furniture, home furnishings and electronics stores</b>	<b>1,657</b>	<b>1,997</b>	<b>1,821</b>	<b>9.9</b>
Furniture stores	585	703	642	9.8
Home furnishings stores	305	377	346	13.3
Computer and software stores	124	144	125	1.4
Home electronics and appliance stores	643	773	707	10.0
<b>Building and outdoor home supplies stores</b>	<b>1,191</b>	<b>1,394</b>	<b>1,341</b>	<b>12.5</b>
Home centres and hardware stores	949	1,147	1,075	13.3
Specialized building materials and garden stores	243	248	265	9.4
<b>Food and beverage stores</b>	<b>6,112</b>	<b>6,352</b>	<b>6,267</b>	<b>2.5</b>
Supermarkets	4,576	4,813	4,667	2.0
Convenience and specialty food stores	650	661	660	1.5
Beer, wine and liquor stores	886	878	941	6.1
<b>Pharmacies and personal care stores</b>	<b>1,785</b>	<b>1,993</b>	<b>1,945</b>	<b>9.0</b>
<b>Clothing and accessories stores</b>	<b>1,187</b>	<b>1,297</b>	<b>1,235</b>	<b>4.0</b>
Clothing stores	897	1,003	922	2.8
Shoe, clothing accessories and jewellery stores	290	294	313	7.9
<b>General merchandise stores</b>	<b>2,583</b>	<b>2,966</b>	<b>2,777</b>	<b>7.5</b>
<b>Miscellaneous retailers</b>	<b>1,219</b>	<b>1,434</b>	<b>1,286</b>	<b>5.5</b>
Sporting goods, hobby, music and book stores	563	758	605	7.5
Miscellaneous store retailers	656	677	681	3.8
<b>Total retail sales</b>	<b>24,137</b>	<b>26,178</b>	<b>25,338</b>	<b>5.0</b>
<b>Total excluding new car dealers, used and recreational motor vehicle and parts dealers</b>	<b>18,327</b>	<b>20,507</b>	<b>19,539</b>	<b>6.6</b>
<b>Provinces and territories</b>				
Newfoundland and Labrador	372	395	369	-0.7
Prince Edward Island	91	94	91	0.4
Nova Scotia	691	756	725	5.0
New Brunswick	542	581	560	3.3
Quebec	5,329	5,664	5,537	3.9
Ontario	8,917	9,631	9,091	2.0
Manitoba	827	854	844	2.1
Saskatchewan	714	771	746	4.6
Alberta	3,157	3,656	3,657	15.8
British Columbia	3,408	3,688	3,626	6.4
Yukon	27	28	27	1.5
Northwest Territories	44	42	45	2.0
Nunavut	17	18	18	4.8

<sup>r</sup> Revised.

<sup>p</sup> Preliminary.



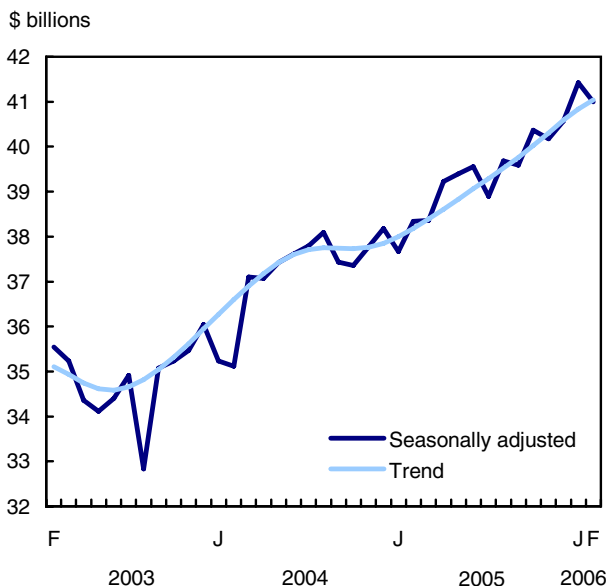
## Wholesale trade

February 2006

Wholesale sales declined in February after advancing strongly in the previous two months. The broad-based declines caused total sales to fall 1.1% to \$41.0 billion.

Sales fell in five of the seven sectors, with the largest declines in personal and household goods (-3.7%) and automotive products (-1.1%). The farm products sector posted a 4.5% increase in sales after three months of steep declines.

### Wholesale sales decline in February



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## Wholesale sales were down throughout Canada except in Saskatchewan, Prince Edward Island and Alberta

Wholesale sales fell in February in all provinces and territories except Saskatchewan (+6.6%), Prince Edward Island (+5.0%) and Alberta (+1.2%). With sales down in Canada as a whole, declines of more than 1.0% were recorded in seven provinces and territories.

Manitoba wholesalers sold \$1.0 billion worth of goods in February, down 16.5% compared to January and the steepest decline for any Canadian province. However, Manitoba's total sales account for less than 3% of sales at the national level. The personal and household goods sector was responsible for much of the weak performance of the province's wholesalers in February. However, this sector enjoyed strong growth in previous months.

In Saskatchewan, wholesale sales rose 6.6% in February. This increase was attributable to a rise in sales of farm products (such as live animals) and to the "other products" category (including seed, fertilizer and agricultural chemicals).

Wholesale sales in Prince Edward Island rose 5.0% in February. This increase was attributable to a sharp increase in sales of food products as well as to the "other products" category. Wholesalers in that province have generally posted stable sales since September 2005.

Wholesale sales increased by 1.2% in Alberta in February. Alberta wholesalers, who have experienced a string of seven consecutive monthly increases, have seen their sales climb by just over 18% since the end of 2004, compared to 7.3% for the rest of Canada. On the strength of Alberta's oil boom, the growth of

wholesale sales in that province has generally exceeded the national average since 2002. Alberta sales account for approximately 12% of the Canadian volume.

## Inventory-to-sales ratio rises

The steep drop in sales, combined with an increase in inventories, boosted the inventory-to-sales ratio to 1.22, up from 1.20 in January. The inventory-to-sales ratio is still relatively low on a historical basis. This ratio has generally been stable since October 2004, following a downward period that began in October 2003.

The increase in inventories in February (+0.4%) is largely attributable to the motor vehicles group. Excluding this group, inventories fell 0.4%. The trend in total inventories has been generally upward since November 2003, after a five-month period in which wholesalers cut back their inventories.

**Available on CANSIM: tables 081-0007 to 081-0010.**

**Definitions, data sources and methods: survey number 2401.**

The February 2006 issue of *Wholesale Trade* (63-008-XIE, \$15/\$150) will be available shortly.

Wholesale trade estimates for March will be released May 17.

For data or general information, contact Client Services (1-877-421-3067; 613-951-3549; [wholesaleinfo@statcan.ca](mailto:wholesaleinfo@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Jean Lebreux (613-951-4907; [jean.lebreux@statcan.ca](mailto:jean.lebreux@statcan.ca)), Distributive Trades Division.

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## Wholesale merchants' sales

	February 2005	November 2005 <sup>r</sup>	December 2005 <sup>r</sup>	January 2006 <sup>r</sup>	February 2006 <sup>p</sup>	January to February 2006	February 2005 to February 2006
seasonally adjusted							
	\$ millions					% change	
<b>Total sales</b>	<b>38,344</b>	<b>40,179</b>	<b>40,574</b>	<b>41,429</b>	<b>40,992</b>	<b>-1.1</b>	<b>6.9</b>
<b>Farm products</b>	<b>478</b>	<b>515</b>	<b>487</b>	<b>453</b>	<b>473</b>	<b>4.5</b>	<b>-1.0</b>
<b>Food, beverages and tobacco products</b>	<b>7,193</b>	<b>7,338</b>	<b>7,290</b>	<b>7,385</b>	<b>7,362</b>	<b>-0.3</b>	<b>2.3</b>
Food products	6,561	6,675	6,675	6,728	6,684	-0.7	1.9
Alcohol and tobacco	632	663	615	657	679	3.2	7.4
<b>Personal and household goods</b>	<b>5,400</b>	<b>6,100</b>	<b>5,893</b>	<b>5,952</b>	<b>5,731</b>	<b>-3.7</b>	<b>6.1</b>
Apparel	763	913	991	971	722	-25.7	-5.4
Household and personal products	2,178	2,588	2,355	2,404	2,398	-0.3	10.1
Pharmaceuticals	2,458	2,599	2,547	2,577	2,611	1.3	6.2
<b>Automotive products</b>	<b>7,341</b>	<b>7,636</b>	<b>8,132</b>	<b>8,571</b>	<b>8,475</b>	<b>-1.1</b>	<b>15.5</b>
Motor vehicles	5,768	6,037	6,606	7,051	6,940	-1.6	20.3
Motor vehicle parts and accessories	1,573	1,599	1,527	1,520	1,535	1.0	-2.4
<b>Building materials</b>	<b>5,550</b>	<b>5,704</b>	<b>5,831</b>	<b>5,915</b>	<b>5,913</b>	<b>0.0</b>	<b>6.5</b>
Building supplies	3,169	3,434	3,523	3,548	3,568	0.6	12.6
Metal products	1,155	1,194	1,185	1,187	1,144	-3.6	-0.9
Lumber and millwork	1,226	1,076	1,123	1,180	1,201	1.7	-2.1
<b>Machinery and electronic equipment</b>	<b>7,679</b>	<b>8,120</b>	<b>8,143</b>	<b>8,451</b>	<b>8,366</b>	<b>-1.0</b>	<b>8.9</b>
Machinery and equipment	3,682	3,847	3,961	4,037	3,930	-2.7	6.7
Computer and other electronic equipment	2,249	2,463	2,320	2,534	2,504	-1.2	11.3
Office and professional equipment	1,748	1,811	1,862	1,880	1,933	2.8	10.6
<b>Other products</b>	<b>4,703</b>	<b>4,766</b>	<b>4,797</b>	<b>4,702</b>	<b>4,672</b>	<b>-0.6</b>	<b>-0.7</b>
<b>Total, excluding automobiles</b>	<b>31,003</b>	<b>32,543</b>	<b>32,442</b>	<b>32,858</b>	<b>32,517</b>	<b>-1.0</b>	<b>4.9</b>
<b>Sales, province and territory</b>							
Newfoundland and Labrador	213	215	223	224	218	-2.4	2.5
Prince Edward Island	51	36	35	34	36	5.0	-29.8
Nova Scotia	522	530	503	536	526	-1.9	0.8
New Brunswick	436	400	398	395	392	-0.7	-10.2
Quebec	7,497	7,814	7,543	7,662	7,620	-0.6	1.6
Ontario	19,258	20,062	20,524	21,128	20,958	-0.8	8.8
Manitoba	995	1,108	1,160	1,191	995	-16.5	0.0
Saskatchewan	1,195	1,196	1,127	1,010	1,076	6.6	-9.9
Alberta	4,329	4,756	4,869	4,955	5,016	1.2	15.9
British Columbia	3,820	4,030	4,165	4,264	4,129	-3.2	8.1
Yukon	7	12	10	10	10	-3.8	34.3
Northwest Territories	19	18	16	18	15	-17.1	-21.5
Nunavut	2	2	1	1	1	-7.7	-21.2

<sup>r</sup> Revised.

<sup>p</sup> Preliminary.



## Wholesale merchants' inventories and inventory-to-sales ratio

	February 2005	November 2005 <sup>r</sup>	December 2005 <sup>r</sup>	January 2006 <sup>r</sup>	February 2006 <sup>p</sup>	January to February 2006	February 2005 to February 2006	January 2006 <sup>r</sup>	February 2006 <sup>p</sup>
	Wholesale inventories					Inventory-to-sales ratio			
	seasonally adjusted								
	\$ millions					% change			
<b>Inventories</b>	<b>46,646</b>	<b>48,774</b>	<b>49,130</b>	<b>49,743</b>	<b>49,921</b>	<b>0.4</b>	<b>7.0</b>	<b>1.20</b>	<b>1.22</b>
Farm products	151	188	138	170	161	-5.7	6.4	0.38	0.34
Food products	4,376	4,331	4,305	4,376	4,285	-2.1	-2.1	0.65	0.64
Alcohol and tobacco	300	281	288	278	294	5.6	-1.9	0.42	0.43
Apparel	1,577	1,590	1,588	1,598	1,587	-0.7	0.6	1.65	2.20
Household and personal products	3,371	3,433	3,517	3,748	3,699	-1.3	9.7	1.56	1.54
Pharmaceuticals	2,700	3,138	3,027	3,107	3,100	-0.2	14.8	1.21	1.19
Motor vehicles	4,158	4,479	4,679	4,577	4,938	7.9	18.8	0.65	0.71
Motor vehicle parts and accessories	3,078	3,262	3,193	3,358	3,200	-4.7	4.0	2.21	2.08
Building supplies	4,791	5,092	5,259	5,434	5,476	0.8	14.3	1.53	1.53
Metal products	2,316	2,326	2,336	2,256	2,260	0.1	-2.4	1.90	1.98
Lumber and millwork	1,102	1,050	1,058	1,025	1,023	-0.1	-7.1	0.87	0.85
Machinery and equipment	8,820	9,397	9,518	9,679	9,672	-0.1	9.7	2.40	2.46
Computer and other electronic equipment	1,386	1,493	1,456	1,488	1,542	3.7	11.3	0.59	0.62
Office and professional equipment	2,505	2,495	2,362	2,496	2,484	-0.5	-0.9	1.33	1.29
Other products	6,016	6,220	6,405	6,153	6,200	0.8	3.1	1.31	1.33

<sup>r</sup> revised.

<sup>p</sup> preliminary.



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## Study: Cracking the RRSP nest egg 2001 and 2002

Canadian seniors are required to "crack" their RRSP nest egg at the age of 69 resulting in small increases in average income and taxes, according to a new study published today in *Perspectives on Income and Labour*.

Registered retirement savings plans must be converted into an annuity or a registered retirement income fund (RRIF) in the year in which the taxpayer turns 69. Prescribed minimum withdrawals start the following year, and income tax is paid at the applicable marginal rate.

This study, which assesses the impact of this process on income and taxes, showed that in 2002 conversion provided a net income boost of about \$1,600 for 70-year-old seniors. This was equivalent to about 6.6% of their 2001 income.

This net increase is going up over time, indicating that successive cohorts of Canadians have higher levels of RRSP savings.

However, the taxable income of these individuals increased by only \$800, or 3.2%. So the boost from mandatory conversion represented only a temporary upward shift in a generally declining age-income profile for seniors.

The findings also give a first glimpse of the consequences of mandatory conversion on income taxes. Average taxes paid increased from \$4,000 in 2001 to \$4,200 in 2002, or about \$40 million for the entire cohort.

Although the gain in taxes paid nudged the average tax rate only from 16.1% to 16.3% in 2002, it represented an effective tax rate of 25.0% on the \$800 increase in taxable income.

The tax-sheltering features of RRSPs have made them very popular investment vehicles. The foregone tax revenue on RRSP deductions and the income generated by this wealth has been estimated to be more than 1% of GDP annually, about \$10 billion.

The study showed that high-income earners were much more likely to have significant income gains as a result of conversion. Among low-income earners, a small percentage lost some of their Guaranteed Income Supplement entitlement as a result of RRIF income coming on stream.

The study divided the entire cohort of 69-year-old taxfilers into five equal groups based on income. It showed that about 3% of the group with the lowest income experienced more than a 5% increase in income at the age of 70. In contrast, 43% of the group with the highest incomes experienced more than a 5% gain.

This suggests that much of the outflow from RRSPs will be taxed at relatively high marginal rates.

In 2001, nearly one-third of 69-year-old taxfilers (32.3%) relied on public pensions for at least three-quarters of their income. One in five of these individuals had some employer-pension income in that year, averaging \$1,800. After mandatory conversion, almost a third (31.8%) collected pension income averaging \$2,600.

Although average effective tax rates were low among taxfilers relying on public pensions, 1.2% in the year they turned 69. This rate rose to 1.7% the following year, representing an effective tax rate of 12.0% on the increased income after mandatory conversion.

Seniors who earned more than 60% of their total income from employment tended to be high-income professionals who brought in an average of \$78,400 from all taxable sources in 2001, of which only \$2,200 came from employer-pensions.

These individuals saw their pension income after mandatory conversion more than quadruple to \$9,600. Although other sources of income dropped somewhat, their average total income still increased by \$5,100, adding \$1,500 to their tax bill.

### Definitions, data sources and methods: survey number 4107.

The article "Cracking the RRSP nest egg" is now available in the April 2006 online issue of *Perspectives on Labour and Income*, Vol. 7, no. 4 (75-001-XIE, \$6/\$52). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Ted Wannell (613-951-3546; [ted.wannell@statcan.ca](mailto:ted.wannell@statcan.ca)), Labour and Household Surveys Analysis Division. ■

## Study: On sick leave 2001 to 2003

The economy loses the services of roughly 1 out of every 20 employees, for an average of 11 weeks, to a long-term sickness absence, according to a new study published today in *Perspectives on Labour and Income*.

The study, based on the Survey of Labour and Income Dynamics, focused on employees who took a long-term absence in 2002. It examines factors preceding the absence in 2001 and consequences of the absence in 2003.

In 2003, the survey enumerated some 720,000 work absences of at least two weeks due to illness or disability, 200,000 of which were work-related.

These absences represented 5.2% of all employees, about 1 in 20, compared with 5.7% in 1993, or 1 in 17.

Much of the overall decrease in the long-term absence rate occurred because of a drop in the work-related absence rate. This finding is consistent with figures from workers' compensation boards, which also show a steep decline in work injury cases during roughly the same period.

Since 1993, the average duration of long-term absences has remained steady at around 10 weeks for personal illness or disability, and 13 weeks for those linked to the workplace.

One-quarter of all work-related absences lasted 17 or more weeks, compared with only 13% of own-illness and disability absences.

Absence because of long-term sickness has negative consequences for employers, co-workers, and the workers themselves. At the very least, work is left undone, and has to be shared by others or done by a replacement.

Age, health status, disability and stress are all important predictors for one or both types of long-term illness absence. These take on greater significance as the nation's labour force ages and stress at work rises.

Belonging to a union and having medical or disability insurance coverage significantly increased the likelihood of having a personal or work-related illness leave. These findings suggest that fear of reprisal and/or lost earnings keep people, if not too sick, on the job even if not feeling too well.

Job security is another factor linked with personal illness absences, indicating possible lay-off or the desire for contract renewal as concerns. Permanent employees were 1.6 times more likely to have a long-term absence than those with a temporary, term, contract or casual job.

The study estimated the direct wage-cost of each long-term absence at roughly \$8,800. Absences lasting upwards of four months are generally associated with negative health, stress, and career stagnation, as well as heightened chances of being on leave again the following year.

For example, workers with an absence of 17 weeks or longer saw their rate of full-year work drop significantly, from 84% in 2001 to 58% in 2003, and usual weekly hours drop from 33 to 30.

On the other hand, because 2003 was an economically stronger year, those without an absence saw their full-year rate, full-time rate, average hours and average earnings all significantly improve.

**Definitions, data sources and methods: survey numbers, including related surveys, 3805 and 3889.**

The article "On sick leave" is now available in the April 2006 online edition of *Perspectives on Labour and Income*, Vol. 7, no. 4 (75-001-XIE, \$6/\$52). See *How to order products*.

For more information or to enquire about the concepts, methods or data quality of this release, contact Katherine Marshall (613-951-6890; [katherine.marshall@statcan.ca](mailto:katherine.marshall@statcan.ca)), Labour and Household Surveys Analysis Division. ■

**Greenhouse, sod and nursery industries 2005**

Despite a drop in the number of greenhouse operations, total area continued to increase to another record high. The gain in greenhouse area was mainly due to an expansion in the area dedicated to growing peppers.

Survey results showed that greenhouse sales fell for the first time in history during 2005. Because vegetable sales continued to climb, the drop in total sales can be attributed to a slight decrease in the value of flowers and plants.

Cut flower production decreased for the second consecutive year, falling 12% from 2004 to 2005. Rose production fell 22% and Gerbera production fell an incredible 27% after a stellar year in 2004. The drop in cut flower production can partly be attributed to the cut flower market experiencing competition from the import market.

Greenhouse operators reported an increase in total operating expenses as payroll and fuel expenses both rose in 2005.

Nursery and sod sales increased for the seventh consecutive year. Survey results indicate that combined sales surged, hitting a record high \$696 million in 2005.

Sod sales edged down less than 2% from record high levels in 2004 to \$105 million, the second best year on record.

**Available on CANSIM: table 001-0006.**

**Definitions, data sources and methods: survey number 3416.**

The 2005 issue of *Greenhouse, Sod and Nursery Industries* (22-202-XIB, \$31) is now available. See *How to order products*.

For more information, contact Client Services (1-800-465-1991; [agriculture@statcan.ca](mailto:agriculture@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Marco Morin (613-951-2074; [marco.morin@statcan.ca](mailto:marco.morin@statcan.ca)), Agriculture Division. ■

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## Railway carloadings

February 2006

In February, railway carloadings were down in almost all commodity groupings. In total, 22.5 million metric tonnes of goods were loaded on Canadian railways, 3.6% less than in January.

Total tonnage of non-intermodal categories reached 20.4 million metric tonnes in February, down 4% from January. Iron ore and concentrates as well as canola seeds were the only two commodity groupings that showed increases in loadings. About 256,000 railcars were needed to load all of February's non-intermodal freight.

Intermodal loadings, that is, containers and trailers hauled on flat cars, remained steady at just over 2.0 million metric tonnes.

Freight coming from the United States either destined for or passing through Canada reached 2.1 million tonnes, down 7.8% from January.

On a year-over-year basis, all modes showed lower volumes than February of last year. While the non-intermodal tonnage was only slightly lower than February 2005, intermodal traffic was down 2.7% and traffic received from the United States was down 7.5%.

**Note:** Data on railway carloadings have undergone some revisions since the last release.

Available on CANSIM: table 404-0002.

**Definitions, data sources and methods:** survey number 2732.

The February 2006 issue of *Monthly Railway Carloadings*, Vol. 83, no. 2 (52-001-XIE, \$9/\$83) 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 Unit (1-866-500-8400; fax: 1-613-951-0009; [transportationstatistics@statcan.ca](mailto:transportationstatistics@statcan.ca)), Transportation Division. ■

## Stocks of frozen poultry meat

April 1, 2006 (preliminary)

Stocks of frozen poultry meat in cold storage on April 1 totalled 64,204 metric tonnes, up 22.3% from a year ago.

**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](mailto:sandy.gielfeldt@statcan.ca)), Agriculture Division. ■

## New products

**The Canadian Productivity Review: Understanding Productivity: A Primer**, no. 2  
Catalogue number 15-206-XIE2006002  
(free).

**Greenhouse, Sod and Nursery Industries**, 2005  
Catalogue number 22-202-XIB (\$31).

**Monthly Railway Carloadings**, February 2006,  
Vol. 83, no. 2  
Catalogue number 52-001-XIE (\$9/\$83).

**Work Absence Rates**, 2005  
Catalogue number 71-211-XIE (\$38).

**Perspectives on Labour and Income**, April 2006,  
Vol. 7, no. 4  
Catalogue number 75-001-XIE (\$6/\$52).

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

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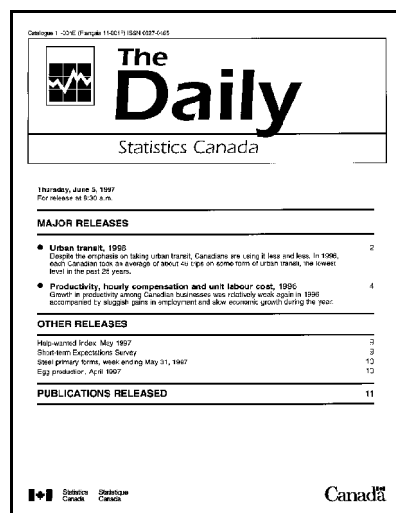
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**Release dates: April 24 to April 28, 2006**

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(Release dates are subject to change.)

<b>Release date</b>	<b>Title</b>	<b>Reference period</b>
24	<b>Electronic publications on our Web site are now free of charge</b>	2006
24	<b>Annual Non-store Retail Survey</b>	2004
25	<b>Principal field crop areas</b>	As of March 31, 2006
26	<b>Provincial gross domestic product</b>	2005
26	<b>Employment Insurance</b>	February 2006
27	<b>Business Conditions Survey: Canadian manufacturing industries</b>	April 2006
27	<b>Education Matters: Insights on Education, Learning and Training in Canada</b>	2006
28	<b>Gross domestic product by industry</b>	February 2006
28	<b>Between the producer and the retailer: Wholesaler sales in 2005</b>	2005
28	<b>Payroll employment, earnings and hours</b>	February 2006