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Infomat

A Weekly Review

Friday, December 16, 1994

OVERVIEW

- **Moderate growth in labour income**

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- **Business investment boosts value of building permits**

  A sharp jump in the value of non-residential construction led to an overall 5.2% increase in building permits in October.

- **Investment income falls sharply**

  Total investment income fell sharply for a third straight year in 1993, largely because of lower interest rates and the lingering impact of the recession on corporations.

- **Another rise in motor vehicle sales**

  Sales of new motor vehicles increased for a second consecutive month in October.

- **New house prices dip slightly**

  October's new house prices were slightly lower than both last month's and last year's.

- **Growth in justice spending slows**

  Spending on the justice system reached $9.57 billion in 1992/93, a 34% increase over four years ago. However, the rate of increase has slowed in recent years.

Moderate growth in labour income

Despite strong growth in wages and salaries in construction, forestry, and commercial services, labour income rose only 0.6% during the third quarter of 1994. Modest increases in average weekly earnings and employment contributed to this rise. So far this year, the growth in labour income progressed from moderate in the first quarter to steep in the second, to moderate in the third. Year-to-date labour income is up 2.8%, slightly higher than the 1993 annual growth rate. Since 1991, annual labour income growth has remained below 3.0%.

Construction workers, whose wage gain of 4.1% led the overall third-quarter increase, posted exceptionally strong growth in wages and salaries in both July and September. Higher average weekly earnings in September contributed most to the third-quarter rise. Between January and September, construction wages and salaries have risen 3.6% compared with a decline of 4.1% during the same period in 1993. However, recent slumps in housing starts and a third-quarter drop in the value of building permits may dampen the current upward trend in wages and salaries.

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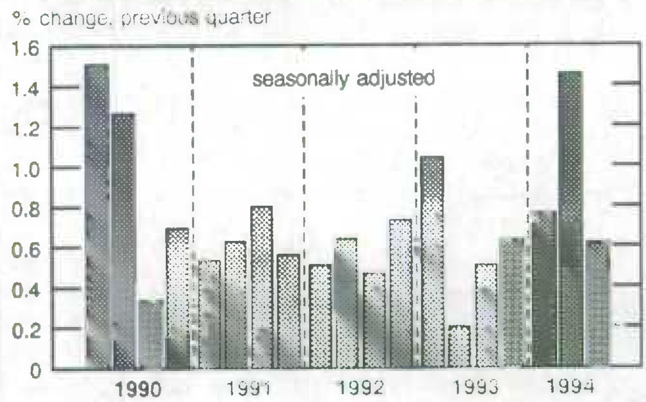
Labour income



Statistics Canada Statistique Canada

Canada

... Moderate growth in labour income

Wages and salaries of forestry employees rose a strong 5.8% in the third quarter. Steady increases over the last four months, especially in July and August, were mostly attributed to rising average weekly earnings in British Columbia.

For three consecutive quarters, wages in commercial services have risen 2.0%, resulting largely from steady hikes in both employment and average weekly earnings. Year-to-date wages have risen 6.3% in 1994, surpassing 1993's already strong growth rate of 4.0%.

Third-quarter wages and salaries rose in transportation, communications and utilities, slowed in manufacturing, and declined in both mining, and in finance, insurance and real estate.

Across the country, the strongest third-quarter growth occurred in Newfoundland and New Brunswick. Nova Scotia, Manitoba, and Ontario each recorded increases above the national average. Despite its weak third-quarter growth, British Columbia had the strongest year-to-date growth among all the provinces and territories.

For further information, order Estimates of labour income *(catalogue 72-005) or contact Labour Division at (613) 951-4090.*

Note to users

Labour income consists of wages and salaries (88%), plus supplementary labour income (12%). Wages and salaries include items such as bonuses, gratuities, taxable allowances and retroactive wage payments. Supplementary labour income comprises employer contributions to employee welfare, pension, workers' compensation and unemployment insurance plans. Labour income accounts for 57% of gross domestic product. Unless otherwise noted, all figures in this article have been seasonally adjusted.

Wages and salaries, September 1994
Seasonally adjusted

Province/ Territory	Wages and salaries ($ millions)	% change, previous month	% change, previous year
Canada	**30,072**	**0.5**	**3.3**
Newfoundland	402	3.4	4.9
Prince Edward Island	95	-0.5	1.4
Nova Scotia	752	1.7	3.4
New Brunswick	599	0.8	1.3
Quebec	6,744	0.7	1.5
Ontario	12,514	1.1	3.5
Manitoba	999	-0.4	4.1
Saskatchewan	756	-0.4	2.0
Alberta	2,944	0.1	3.6
British Columbia	4,061	-0.6	5.2
Yukon and Northwest Territories/Abroad	185	0.5	4.4

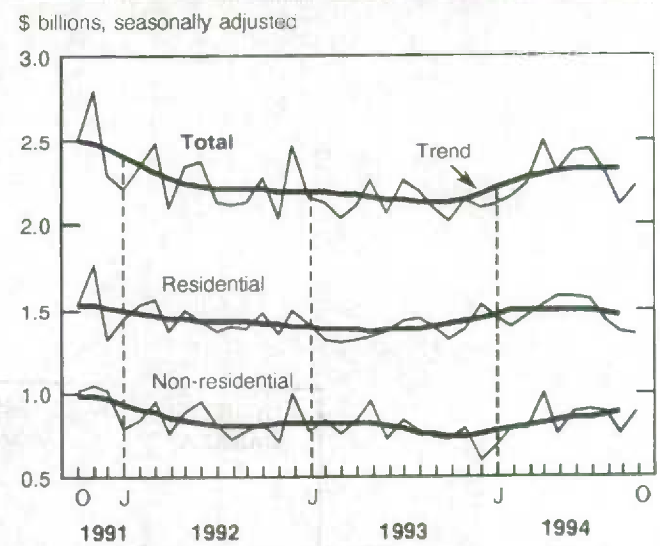
Business investment boosts value of building permits

A sharp jump in the value of non-residential construction (17.0% to $876 million) led to an overall 5.2% increase in building permits in October. The gain was somewhat offset by yet another decline in the residential sector, reflecting the continuing hesitation of consumers to commit to the housing market.

Compared with the same period last year, the level of permits during the first 10 months of 1994 has increased 7%. Both the residential and the non-residential sectors contributed to the overall improvement.

This month's increase in non-residential construction consisted of a robust jump in commercial and institutional intentions and a smaller rise in industrial intentions. The growth was mirrored in the construction industry's capacity utilization rate, up 1.3% from the second to the third quarter of the year. Compared with the same period last year, non-residential intentions have risen 5.4% for the first 10 months of 1994.

Value of building permits issued



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... Business investment boosts value of building permits

For a fourth consecutive month, the value of planned residential projects declined from the previous month (-1.3% to $1,343 million). These drops have been reflected in the composite index's housing component, which has slipped to a level not seen since June 1991.

October's decline came mainly from multi-family housing permits in Ontario. Construction activity in Canada for the multi-family housing sector has been slowing since May. Despite these decreases, the residential monthly average value for 1994 still outpaced the previous four year's average, but remained far below the peak average recorded in 1989.

In terms of dwelling units, October's annualized number declined 0.8% from September to 139,000 units , the lowest level since March 1991. From January to October 1994, residential construction rose 2.0% over the same period last year.

The most significant increases in the total value of building permits in October occurred in British Columbia and Quebec. By contrast, Ontario recorded a substantial decline. For the first 10 months of 1994, the value of total permits rose in all regions relative to the same period in 1993. The largest contributions came from Ontario and Quebec.

For further information, order Building permits *(catalogue 64-001) or contact Investment and Capital Stock Division at (613) 951-9689.*

Note to users

Unless otherwise stated, all data in this article are seasonally adjusted. The annual rate is a monthly figure that has been seasonally adjusted and multiplied by 12 to reflect annual levels.

PROVINCIAL PERSPECTIVES

Building permits, October 1994
Unadjusted data (Adjusted data not available by province)

Province/Territory	Total		Residential		Non-residential	
	($ millions)	% change, previous year	($ millions)	% change, previous year	($ millions)	% change, previous year
Canada	**2,354.7**	**8.5**	**1,333.5**	**-0.5**	**1,021.2**	**23.1**
Newfoundland	17.7	-47.8	13.3	-10.4	4.3	-77.1
Prince Edward Island	8.3	-9.8	5.9	1.8	2.4	-29.8
Nova Scotia	66.4	44.8	36.6	17.8	29.8	101.6
New Brunswick	43.8	-1.3	17.2	-18.6	26.6	14.6
Quebec	533.0	25.1	258.4	13.0	274.6	39.1
Ontario	839.6	8.9	511.1	7.8	328.5	10.7
Manitoba	47.6	15.5	21.2	-15.5	26.4	63.8
Saskatchewan	40.4	39.8	15.0	22.4	25.4	52.7
Alberta	247.0	-0.1	130.1	-23.3	117.0	50.5
British Columbia	492.2	-4.2	316.5	-9.8	175.7	7.8
Yukon	4.0	14.2	2.5	-20.1	1.4	410.9
Northwest Territories	14.8	232.1	5.5	85.7	9.2	529.4

Investment income falls sharply

Total investment income fell sharply for a third straight year in 1993, largely because of lower interest rates and the lingering impact of the recession on corporations. Canadian savers and investors earned $25.6 billion from dividends and interest income in 1993, down 13% from the preceding year.

Savers recorded the largest decline, as income from interest plunged 21% to $12.2 billion. Fewer savers and weakening interest rates were mostly responsible for the drop. Although savers accounted for 79% of individuals reporting investment income, their share of total investment income was only 48%.

Note to users

Data on savers, investors and investment income are based on income tax records for the 1993 tax year.

Savers: taxfilers who reported interest income and did not report Canadian dividend income.

Investors: taxfilers who reported Canadian dividend income. These taxfilers may have reported income from interest.

Investment income: investment income of both savers and investors (interest and dividends). Interest income in registered retirement savings plans is excluded because it is not recorded on tax forms; it is tax sheltered.

(continued on page 4)

... Investment income falls sharply

Investors earned $13.4 billion from Canadian corporation dividend payments and interest income, down 5% from 1992. The drop coincided with lower dividends paid by Canadian corporations and occurred despite an increase in the number of investors.

After peaking in 1990 at $37.6 billion, total investment income has dropped for three straight years, falling 32% between 1990 and 1993. The number of taxfilers reporting interest and dividend income was down 20% during this period. The Bank Rate fell simultaneously, from a 1990 average of 13.05% to a 1993 average of 5.09%.

Canadians with dividend income were, on average, older than those with interest income and had higher median total incomes. In 1993, the average Canadian with dividend income was 51 and had a median total income of $36,400, while the average saver was 50 with a median income of $22,300. By comparison, the median total income of all Canadian taxfilers was $18,900.

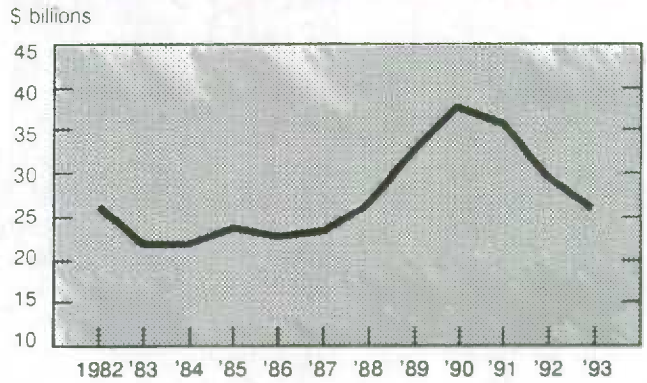
Nationally, total median investment income remained at $600. British Columbia and Saskatchewan recorded the highest medians, both at $700. Savers posted median interest incomes of $500, unchanged from the year before. Investors' median investment income fell to $2,000 from 2,300 in 1992.

For further information, contact Small Area and Administrative Data Division at (613) 951-9720.

Median total incomes in 1993

	Taxfilers	Savers	Investors
		$	
Canada	**18,900**	**22,300**	**36,400**
Newfoundland	14,100	23,000	36,800
Nova Scotia	16,800	22,600	34,100
Prince Edward Island	16,200	20,800	30,100
New Brunswick	15,700	22,100	33,300
Quebec	17,600	21,700	38,500
Ontario	20,700	23,500	37,200
Manitoba	16,700	19,600	31,500
Saskatchewan	16,300	18,300	29,900
Alberta	19,700	21,800	35,900
British Columbia	20,100	22,200	35,300
Northwest Territories	23,200	48,500	61,200
Yukon	23,800	35,000	46,200

Investment income



Another rise in motor vehicle sales

Manufacturers and importers of new motor vehicles reported a second consecutive month of increased sales in October. As has been the case all year, truck sales led the way.

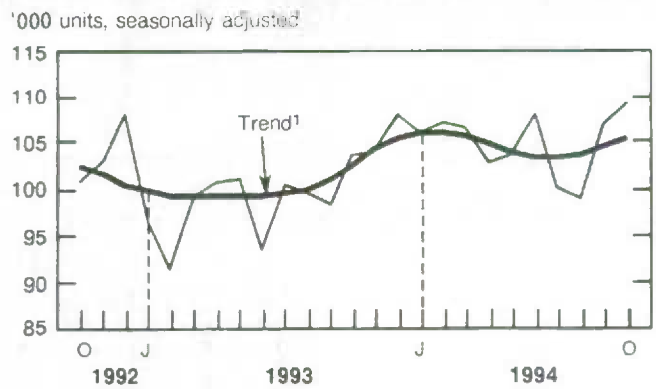
Seasonally adjusted new motor vehicle sales rose 2.4% from the month before. Combined with September's substantial increase, sales have reached their highest monthly level since September 1991. Compared with October 1993, new car sales jumped 5.6%, largely due to rising truck sales.

Sales of cars, which account for about 60% of the new motor vehicle market, were up 1.7% from September while truck sales rose 3.4%. Due partly to incentive programs offered by manufacturers and importers to dealers and customers, new motor vehicle sales tend to exhibit large monthly fluctuations. As a result, monthly changes may be misleading as indicators of short-term trends.

Sales by the Big Three automakers accounted for 67.0% of all cars sold in October, up from 60.9% in September and 63.0% in October 1993. Because of their dominance in the retail truck market, their share of all new motor vehicle sales equalled 75.7%.

For further information, order New motor vehicle sales *(catalogue 63-007) or contact Industry Division at (613) 951-3551.*

New motor vehicle sales



[1] The short-term trend represents a moving average of the data.

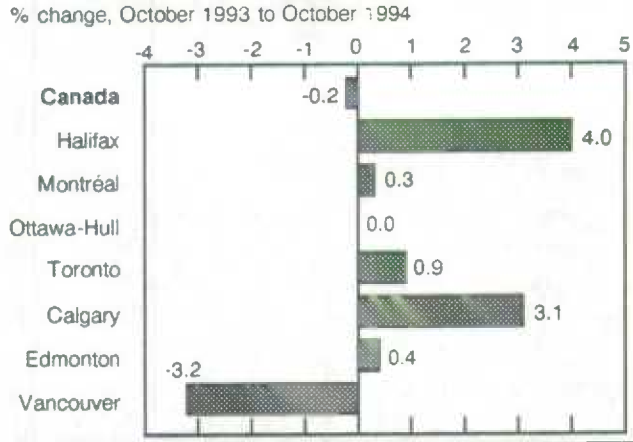
New house prices dip slightly

In October, the new housing price index stood at 136.1, a slight 0.1% decrease from September. Both the house-only index and the land-only index dropped 0.1%.

In 8 of the 20 urban areas surveyed, contractors reported stable or offsetting new home selling prices resulting in unchanged total city indexes. Of the eight cities showing monthly increases, the largest was for St. Catharines-Niagara (0.6%), where builders cited higher material costs as a main reason for the rise. No other cities posted monthly jumps larger than 0.3%. Of the four cities registering declines, the largest was for Victoria (-1.3%), where builders lowered prices to stimulate sales in what they termed a poor market.

From a year earlier, the index was down 0.2%. This movement was influenced by decreases in Vancouver (-3.2%), Kitchener-Waterloo (-2.8%), St. Catharines-Niagara (-2.6%), Victoria (-2.0%), Quebec City (-0.6%), and Hamilton (-0.5%). Offsetting increases occurred in Winnipeg (4.1%), Halifax (4.0%), Regina (3.3%), Calgary (3.1%), St. John's (1.3%) and Saskatoon (1.2%). Toronto, Canada's largest market for new residential construction, registered its largest year-over-year increase (0.9%) since March 1990.

New housing price indexes



For further information, order Construction price statistics *(catalogue 62-007) or contact Prices Division at (613) 951-3350.*

Growth in justice spending slows

Spending on the justice system reached $9.57 billion in 1992/93, a 34% increase over the $7.16 billion spent in 1988/89.

Following hikes of 9% in 1989/90 and 11% the year after, the growth in justice spending slowed to 5% in both 1991/92 and 1992/93. After adjusting for inflation, the average annual increase measured 3.2%, a rise similar to that for total government spending.

The administration of justice represents approximately 3% of total annual spending by federal, provincial and municipal governments combined. By comparison, annual justice expenditures are generally less than one-quarter of expenditures in each of health and education.

Spending on legal aid represents the fastest growing expenditure component of the justice system. Between 1988/89 and 1992/93, spending on legal aid more than doubled, from $300 million to $603 million. During this same period, approved legal aid applications increased by 43%. Legal aid accounted for 6% of total justice costs.

Expenditures on policing services accounted for 60% of total justice costs in 1992/93. Between 1988/89 and 1992/93, policing expenditures increased 30% while the number of Criminal Code offences reported to police rose 19%. Spending on adult corrections increased 28% during this period.

Total justice spending

Sector	1988/89	1992/93	1988/89 to 1992/93
	$ thousands, current dollars		%change
Police	4,389,414	5,716,833	30.2
Courts	639,891	867,006	35.6
Legal aid	300,312	603,434	100.9
Youth corrections	355,926	487,900	37.1
Adult corrections	1,477,416	1,894,482	28.2
Total	**7,162,959**	**9,569,655**	**33.6**

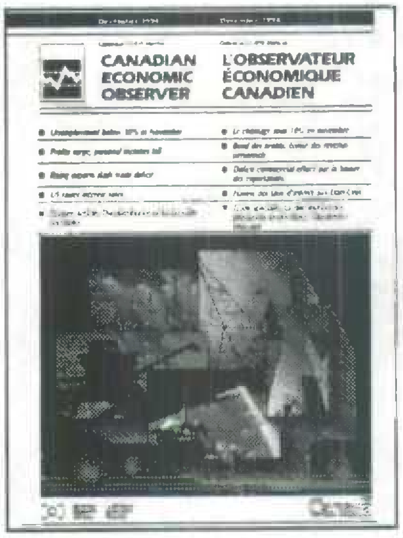
The number of employees in the justice sector rose 6% from about 113,000 in 1988/89 to about 120,000 in 1992/93. The policing sector accounted for almost two-thirds of criminal justice personnel in 1992/93. Salaries made up between 75% and 80% of total operating costs in each justice sector.

For further information, order Juristat service bulletin: Trends in justice spending, 1988/89 to 1992/93 *(catalogue 85-002) or contact Canadian Centre for Justice Statistics at (613) 951-9023.*

PUBLICATIONS RELEASED FROM DECEMBER 9 TO 15, 1994

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription Canada (Cdn.$)	United States US$	Other countries US$
CURRENT ECONOMIC ANALYSIS					
Canadian economic observer	December 1994	11-010	22/220	27/264	31/308
INDUSTRY					
Coal and coke statistics	September 1994	45-002	11/110	14/132	16/154
Energy statistics handbook	December 1994	57-601	330	400	460
Gross domestic product by industry	September 1994	15-001	14/140	17/168	20/196
Industrial chemicals and synthetic resins	October 1994	46-002	6/60	8/72	9/84
Factory sales of electric storage batteries	October 1994	43-005	6/60	8/72	9/84
Particleboard, waferboard and fibreboard	October 1994	36-003	6/60	8/72	9/84
Production and shipments of steel pipe and tubing	October 1994	41-011	6/60	8/72	9/84
Pulpwood and wood residue statistics	October 1994	25-001	7/70	9/84	10/98
New motor vehicle sales	August 1994	63-007	16/160	20/192	23/224
Railway carloadings	August 1994	52-001	10/100	12/120	14/140
Steel wire and specified wire products	October 1994	41-006	6/60	8/72	9/84
INVESTMENT AND CAPITAL STOCK					
Building permits	October 1994	64-001	24/240	29/288	34/336
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS					
Perspectives on labour and income	Winter 1994	75-001E	14/56	17/68	20/80
PRICES					
Consumer prices and price indexes	April-June 1994	62-010	20/80	24/96	28/112
TRANSPORATION					
Passenger bus and urban transit statistics	October 1994	53-003	8/80	10/96	12/112

NEW FROM STATISTICS CANADA



Canadian economic observer

The December issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, current economic events, and a feature article on the distribution of unemployment insurance benefits and taxes. A statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

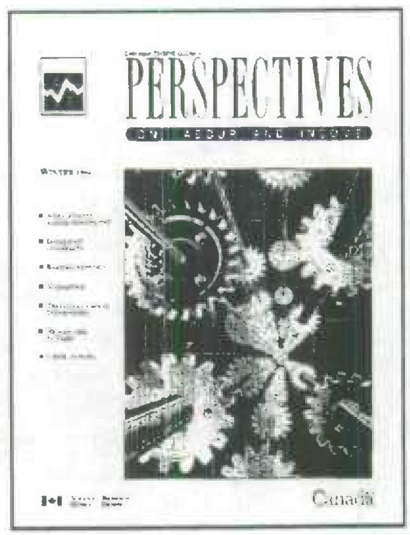
The December 1994 issue of Canadian economic observer *(catalogue 11-010, $22/$220) is now available. For further information call Cindy Bloskie at (613) 951-3634, Current Analysis Group.*

Perspectives on labour and income

The winter 1994 edition of *Perspectives on labour and income* features studies on high income families, adults living solo, baby boom women, and work-related sexual harassment. Also included are an interview with David Foot, economist and demographer, and an overview of the changing industrial structure of Montreal, Toronto and Vancouver.

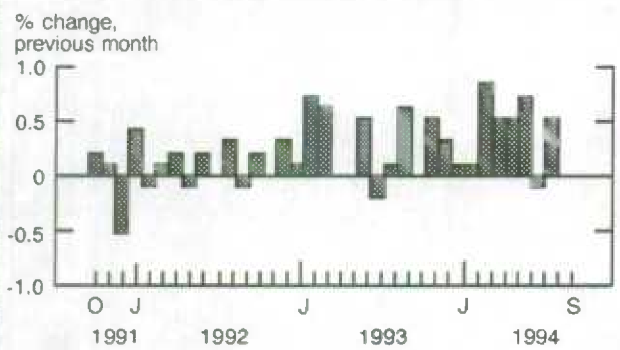
Each quarter, *Perspectives* draws on many data sources for insights on emerging income issues and on recent developments in the labour market.

The winter 1994 issue of Perspectives on labour and income *(75-001E, $14/$56) is now available. For further information, contact Cécile Dumas at (613) 951-6894 or Henry Pold at (613) 951-4608, Labour and Household Surveys Analysis Division.*



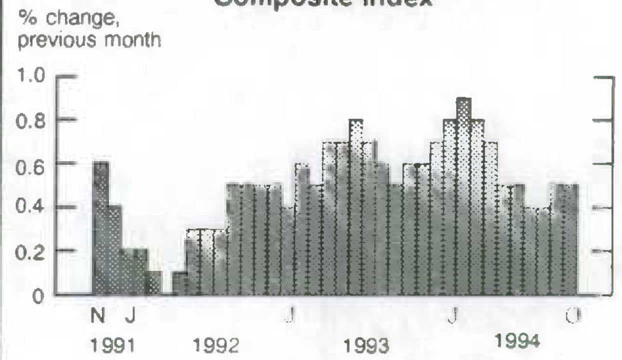
CURRENT TRENDS

Gross domestic product



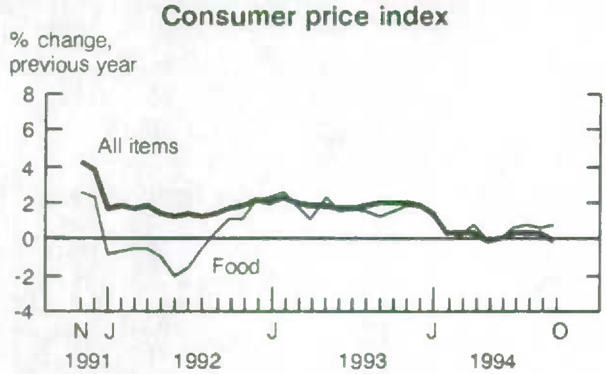
Real gross domestic product at factor cost was unchanged in September.

Composite index



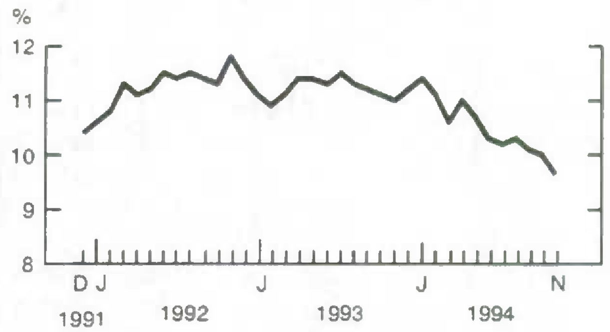
Led mostly by investment spending, the growth of the composite index stayed steady at 0.5% in October.

Consumer price index



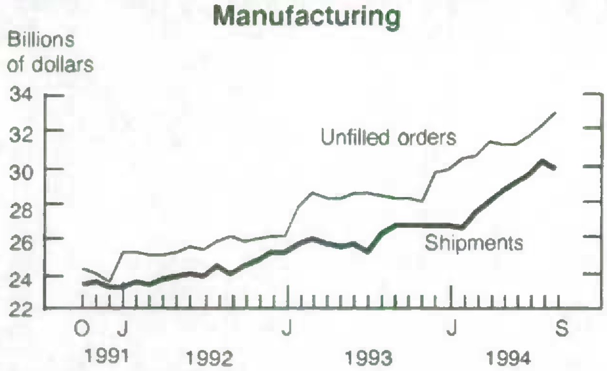
Consumers paid 0.2% less for goods and services in October 1994 than the year before. Food prices rose by 0.7%.

Unemployment rate



In November, the unemployment rate dropped 0.4 percentage points to 9.6%, its lowest rate in four years.

Manufacturing



Manufacturers' shipments slipped 1.2% in September to $29.7 billion. The level of unfilled orders grew 2.1% to 32.9 billion.

Merchandise trade

The value of merchandise exports increased slightly ($100 million) in September, to $19.0 billion. Imports fell by $204 million, to $17.3 billion.

Note: *All series are seasonally adjusted except the consumer price index.*

LATEST MONTHLY STATISTICS

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product ($ billion, 1986)	September	534.7	0.0%	4.0%
Composite leading indicator (1981 = 100)	October	169.3	0.5%	7.5%
Operating profits of enterprises ($ billion)	3rd quarter	20.2	11.4%	48.5%
DOMESTIC DEMAND				
Retail trade ($ billion)	September	17.3	-0.1%	6.0%
New motor vehicle sales ('000 units)	October*	109.3	2.4%	5.6%
LABOUR				
Employment (millions)	November	12.8	0.7%	3.0%
Unemployment rate (%)	November	9.6	-0.4†	-1.4†
Participation rate (%)	November	65.0	0.2†	0.0†
Labour income ($ billion)	September	34.3	0.6%	3.5%
Average weekly earnings ($)	September	570.10	0.6%	2.2%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	September	19.0	0.5%	21.1%
Merchandise imports ($ billion)	September	17.3	-1.1%	18.1%
Merchandise trade balance (all figures in $ billion)	September	1.6	0.3	0.6
MANUFACTURING				
Shipments ($ billion)	October*	30.0	1.0%	13.1%
New orders ($ billion)	October*	30.3	-0.6%	14.2%
Unfilled orders ($ billion)	October*	33.3	1.0%	18.7%
Inventory/ shipments ratio	October*	1.29	-0.01	-0.06
Capacity utilization (%)	3rd quarter	82.9	1.6	5.3
PRICES				
Consumer price index (1986 = 100)	October	130.7	-0.2%	-0.2%
Industrial product price index (1986 = 100)	October	121.0	0.6%	6.5%
Raw materials price index (1986 = 100)	October	122.0	0.4%	8.4%
New housing price index (1986 = 100)	October*	136.1	-0.1%	-0.2%

Note: *All series are seasonally adjusted with the exception of the price indexes.*
* *new this week*
† *percentage point*

I•N•F•O•M•A•T

A weekly review

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