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P.16
CATALOGUE No.

33-201

ANNUAL

JUN 28 1962

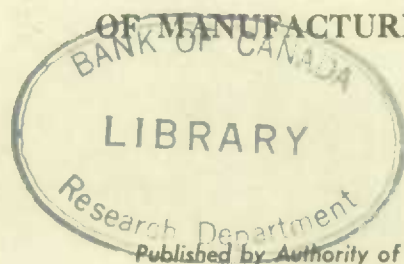


LEATHER INDUSTRIES - GENERAL REVIEW

1960

Formerly Leather Products - General Review

ANNUAL CENSUS
OF MANUFACTURES



The Honourable George Hees, Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS

Industry and Merchandising Division

June, 1962
6524-505

Price 25 cents

EXPLANATION OF NOTES

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EXPLANATORY NOTES

This report is one in a series of about 140 publications which present the results of the 1960 Census of Manufactures. Most reports in this series refer to specific industries, but there are summary reports for Canada and the provinces and for major industry groups. Adoption of the revised Standard Industrial Classification for 1960 compilations has necessitated changes in titles of many reports in this annual series. The content of many industries has also been affected (see following note on Industrial Classification).

Industry statistics given in these reports refer to number of establishments, employees, salaries and wages, cost of materials, supplies, fuel and electricity, gross value of shipments, inventories and value added by manufacturing. Details of materials used and products shipped are also given. Descriptions of the principal industry statistics, with special reference to 1960 are as follows:

Period Covered

Firms are asked to submit figures for the calendar year, if at all possible, and most reports are on this basis. Financial year reports for periods differing from the calendar year are accepted in instances where the firms find it impossible to supply calendar year data from accounting records. However the data on employees, salaries and wages are requested on a calendar year basis in all cases.

Establishment

Data for the annual census is collected on an establishment basis. A firm with more than one plant is required to file a report for each plant. In most cases an establishment is a complete factory; sometimes, however, a plant is divided into two or more establishments when it carries out operations classifiable to different industries and when separate accounting records are available. Usually the statistics for an establishment relate only to the manufacturing activities. Other activities such as construction at the plant by its own employees, wholesale or retail activities carried on at the plant location, etc., are not included. Plants engaged solely in repair work (except in the case of furniture, shipbuilding, boat building, aircraft and railway rolling stock industries) are not included but plants occupied in assembling parts into complete units are included.

Employees

Administrative and office employees include all executives and supervisory officials such as presidents, vice-presidents, secretaries, treasurers, etc., together with managers, professional and technical employees, superintendents and factory supervisors above the working foremen level, and clerical employees. Working owners and partners are also included in this category.

Production and related workers include all other factory workmen whether paid on a monthly, weekly, hourly or piece-work basis. Working foremen doing work similar to that of the employees they supervise are included, as are maintenance, ware-

housing and delivery staffs. Employees on new construction work, in retail or wholesale operations, on outside piece work etc. are not included.

Production workers are reported by months, an average for the year being obtained by summing the monthly figures and dividing by twelve. This procedure is followed even though the plant did not operate in all months. Figures on employment refer to calendar years whether or not some establishments reported other data on a financial year basis.

Salaries and Wages

Salaries and wages refer to gross earnings of the employees described above, including salaries, wages, commissions, bonuses, the value of room and board where provided, deductions for income tax and social services such as sickness and unemployment insurance, pensions, etc., as well as any other allowances forming part of the employees' wages. Payments for overtime are included.

Salaries refer to amounts paid to administrative and office employees. Withdrawals by working owners or partners for normal living expenses for self and family are included but not their withdrawals for income tax. Wages refer to the amounts paid to production and related workers as defined above. Data on earnings refer to the calendar year whether or not some establishments reported other data on a financial year basis.

Cost of Fuel and Electricity

Figures for fuel refer to amounts actually used, (including fuel used in cars and trucks), not to purchases unless the quantities are the same. Values refer to the laid-down cost at the works, including freight, duty, etc.

Materials and Supplies Used

Figures represent quantities and laid-down cost values, at the works, of materials and supplies actually used during the year whether purchased from others or received as transfers from other plants of the reporting company. Amounts paid to other manufacturers for work done on materials owned by the reporting company are included. Returnable containers or any other items charged to capital account are not included. Fuels are not included. Goods bought from others or received as transfers from other plants or reporting companies for resale without further processing are not included. Maintenance and repair supplies not chargeable to capital account are included.

Factory Shipments

Factory shipments refer to shipments of goods made from own materials either in the reporting plant or by other manufacturers on the basis of a charge to the reporting plant for work done. All products and by-products shipped from the establishment are included whether for domestic use, export, or for government departments. Transfer shipments to sales outlets, distributing warehouses or to other manufacturing units of the reporting firm are included. Goods bought or received as transfers

and resold without further processing are not included. Values are computed on f.o.b. plant or plant warehouse basis, and do not include sales tax or excise duties. Values of containers not returnable are included. Amounts received in payment for work done on materials owned by others are included.

In a few industries such as shipbuilding, aircraft, etc., where work on principal products extend over a relatively long period, the value of production is recorded rather than the value of shipments. For those industries production is computed from the value of deliveries of complete units during the year plus the value of work done during the year on unfinished units less the value of work done in previous years on finished units delivered in the year under review.

Inventories

Values represent the book values of manufacturing inventories owned and held at the reporting plant. Figures include inventories held in warehouses or selling outlets which have been included with plant operations for purposes of reporting shipments.

Value added by Manufacturing

Figures are computed from value of shipments plus or minus changes in inventories of finished goods and goods in process less cost of materials, fuel and electricity. This figure is sometimes referred to as net production.¹

Standard Industrial Classification

The revised Standard Industrial Classification which has been introduced with the 1960 Census of Manufactures provides for a breakdown of the universe into 140 industries arranged in 20 major groups compared with 135 industries in 17 major groups in the old classification which was used in the compilations for the years 1949 to 1959 inclusive. It incorporates changes considered desirable on the basis of experience in using the earlier classification as well as those which take account of changes in the structure of Canadian industries associated with the rapid developments of the past decade. Full details are contained in the Standard Industrial Classification Manual, Catalogue No. 12-501, which is available from either the Queen's Printer or the Dominion Bureau of Statistics. Reporting establishments are classified or allotted to specific industries on the basis of the value of principal products made or shipped.

Many industries remain unchanged in the new classification but in many instances there have been substantial changes in content because of the shifting of establishments from one industry to another or in re-grouping of establishments. Where

changes have occurred the principal statistics for 1957, 1958 and 1959 have been re-compiled to provide data on a basis comparable with those for 1960.

Short Forms

Between 1949 and 1957, in an effort to ease the reporting burden for smaller firms, a short form was used asking for the total value of shipments only or, in a few cases where losses of detail were significant, for quantities and values of principal products. For purposes of publication, missing data were estimated on the basis of appropriate ratios. In general the cut-off point for these short forms was set at \$50,000 value of shipments. About 40% of the total number of establishments reported on the short form and accounted for less than 3 per cent of the total value of shipments.

In 1958, in order to establish a new base year, the small firms were asked to report all items of principal statistics together with some detail on materials and products.

For the 1959 Census, the short form was used again, but further steps were taken to ease the respondents' burden. First, the general limit for short forms was raised to \$100,000 value of shipments. In addition, a new intermediate form was developed. This form is a shortened version of the long form in that most of the general questions were pared down and the detailed lists of materials and products were limited to the more important items. The general limits for firms in this category were set at between \$100,000-\$500,000 value of shipments, but in the case of both the short and intermediate forms there were lower cut-offs for a number of industries in which the smaller firms accounted for a larger share of total shipments. On the other hand, limits were raised where this could be done without a significant loss of coverage. On most of the short forms for 1959, in addition to total value of shipments, data on principal products were requested. In a few industries, where loss of employment and earnings data were considered too large because of higher cut-offs, a question on total payroll was placed on the short form. This practice was followed again in 1960.

The intermediate and long forms provide complete data for the compilation of all elements of principal industry statistics and the details of materials and products. The one-page short form, although containing data on principal products and total value of shipments, does not request information on other elements of principal statistics such as value of inventories, materials, fuel and electricity and, in most cases, employment and salaries and wages, nor does it contain detailed data on volume and value of materials used. For purposes of compiling aggregates of principal statistics by industry and by geographic location, the missing data for each establishment were estimated for 1959 by using, in general, ratios based on the change in the value of shipments between 1958 and 1959. The proportion of the estimated data was generally less than 5 per cent of the total in each category of principal statistics.

¹ To arrive at the National Accounts concept of "gross domestic product at factor cost", it would be necessary to subtract also the cost of office supplies used, advertising, insurance and other goods and services obtained from other businesses. Data on these inputs are not collected on the annual Census of Manufactures. Value added figures for "The primary industries and construction" are published in D.B.S. publication 61-202, *Survey of Production*.

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For the 1960 survey, the Bureau implemented a revised Standard Industrial Classification, one of the results of which was a major revision to one of the industries in this industrial group as a scrutiny of the revised Principal Statistics for the year 1959 (Table 1) will show. This major change was in the Boot and Shoe Findings Industry and consisted of transferring firms making boot and shoe findings of materials other than leather, namely of wood, metal and plastic, to this industry. It should be noted that minor and major changes in names of industries took place (Table 1), also as the result of the change in classification.

The Leather Industries Group reported a decrease in the gross value of shipments f.o.b. plant in 1960, the \$268,114,309 shown being 2.7 per cent below the \$275,622,759 recorded in 1959.

The number of establishments reporting, 608, was 8 more than the comparable 1959 total of 600. However, the number of employees decreased by 1,177 or 3.7 per cent, from 31,601 to 30,424; and their salaries and wages decreased by 0.2 per cent from \$84,066,826 in 1959 to \$83,918,955 in 1960. The total cost of materials and supplies used in manufacturing fell ~~only~~ by 4.6 per cent from \$145,912,239 to \$134,436,607 in the year under review. The amount paid out for fuel and electricity, \$2,265,993, was 1.6 per cent below the similar outlay of \$2,303,367 in 1959.

The gross value of factory shipments made in 1960 by the Leather Tanneries, \$48,809,537, was a substantial 18.0 per cent lower than the 1959 figure of \$59,282,857. The cost of materials and supplies used also decreased, from \$39,088,879 to \$29,424,923, a drop of 24.7 per cent. Similarly, total salaries and wages decreased by 4.0 per cent, from \$12,580,138 to \$12,074,430; employment dropped from 3,603 to 3,233 (10.4 per cent); and payments for fuel and electricity decreased from \$1,062,863 in 1959 to \$1,047,580 in 1960.

Taken as a whole, the secondary section of the Leather Industries Group reported 560 establishments, 8 more than in 1959. The number of employees decreased during the same period by 2.9 per cent, from 27,998 to 27,191 in 1960, and their aggregate wages, on the other hand, rose by 0.5 per cent, from \$71,486,688 to \$71,844,525.

The volume of factory shipments increased in boot and shoe findings, leather glove factories, and miscellaneous leather products manufactures industries. On the other hand, leather tanneries, leather belting manufacturers, and shoe factories showed a decrease in factory shipments. The number of pairs of footwear shipped decreased by 2.90 per cent, while gloves (dozen pairs) increased very slightly by 0.3 per cent. In the Miscellaneous Leather Products Manufacturers Industry, where the variety of products shipped renders it difficult to make a comparison on the basis of value, there were increases in shipments of leather handbags, plastic handbags, custom-built luggage and brief cases. The overall value of shipments within this particular industry increased by 9.8 per cent from \$31,334,885 in 1959 to \$34,391,397 in 1960.

TABLE 1. Principal Statistics of the Leather Industries Group, 1959 and 1960

Industry	Estab- lish- ments	Em- ployees	Salaries and wages	Cost of fuel and electricity used	Cost at plant of materials used	Value added by manufacture	Gross value of shipments
Basis: Standard Industrial Classification in use prior to 1960.							
1959	number				dollars		
<i>Primary:</i>							
Leather tanning.....	48	3,603	12,580,138	1,062,863	39,088,879	20,248,845	59,282,857
<i>Secondary:</i>							
Leather belting.....	12	120	423,476	26,912	426,741	562,568	1,044,545
Leather boot and shoe findings ..	29	770	2,199,255	98,080	4,173,320	3,523,103	7,706,884
Leather footwear.....	246	20,876	53,500,469	801,148	80,256,533	83,326,329	161,459,556
Leather gloves and mittens.....	61	1,518	3,467,693	59,165	5,274,412	5,386,461	10,550,349
Miscellaneous leather products ..	190	4,125	10,564,192	216,157	14,545,885	16,765,031	31,130,814
<i>Totals, secondary industries</i>	538	27,409	70,155,085	1,201,462	104,676,891	109,563,492	211,892,148
Totals, leather and products....	586	31,012	82,735,223	2,264,325	143,765,770	129,812,337	271,175,005
Basis: Standard Industrial Classification revised 1960.							
1959							
<i>Primary:</i>							
Leather tanneries.....	48	3,603	12,580,138	1,062,863	39,088,879	20,248,845	59,282,857
<i>Secondary:</i>							
Boot and shoe findings	41	1,308	3,425,070	134,921	6,236,892	..	11,950,567
Leather belting manufacturers	12	120	423,476	26,912	426,741	562,568	1,044,545
Leather glove factories	61	1,518	3,467,693	59,165	5,274,412	5,386,461	10,550,349
Miscellaneous leather products manufacturers	192	4,176	10,669,980	218,358	14,628,782	..	31,334,885
Shoe factories	246	20,876	53,500,469	801,148	80,256,533	83,326,329	161,459,556
<i>Totals, secondary industries</i>	552	27,998	71,486,688	1,240,504	106,823,360	..	216,339,902
Totals, leather and products....	600	31,601	84,066,826	2,303,367	145,912,239	..	275,622,759
1960							
<i>Primary:</i>							
Leather tanneries.....	48	3,233	12,074,430	1,047,580	29,424,923	18,062,188	48,809,537
<i>Secondary:</i>							
Boot and shoe findings.....	42	1,248	3,543,343	136,032	6,767,649	5,647,007	12,477,760
Leather belting manufacturers	11	105	389,942	25,240	376,403	535,438	913,514
Leather glove factories.....	60	1,442	3,577,561	64,552	5,196,794	5,744,850	10,978,639
Miscellaneous leather products manufacturers	198	4,164	11,068,667	209,403	15,560,629	18,448,930	34,391,397
Shoe factories.....	249	20,232	53,265,012	783,186	77,110,209	82,157,511	160,543,462
<i>Totals, secondary industries</i>	560	27,191	71,844,525	1,218,413	105,011,684	112,533,736	219,304,772
Totals, leather and products	608	30,424	83,918,955	2,265,993	134,436,607	130,595,924	268,114,309

.. Figures not available.

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