

# The Daily

Statistics Canada

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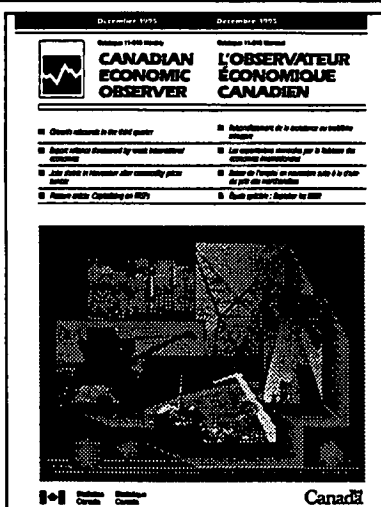
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## MAJOR RELEASES

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Over the past six years, the cost of flying between small cities in Canada has gone up at five times the rate of increase for travel between the largest cities (Toronto, Calgary and Vancouver).

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## Canadian economic observer December 1995

The December 1995 issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, features a summary of the major economic events in November and an article about capitalizing on RRSPs.

A separate 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 1995 issue of *Canadian economic observer* (11-010, \$22/\$220) is now available. See "How to order publications".

For further information on this release, contact Cynthia Bloskie (613-951-3634, the Internet: [ceo@statcan.ca](mailto:ceo@statcan.ca)), Current Analysis Group.



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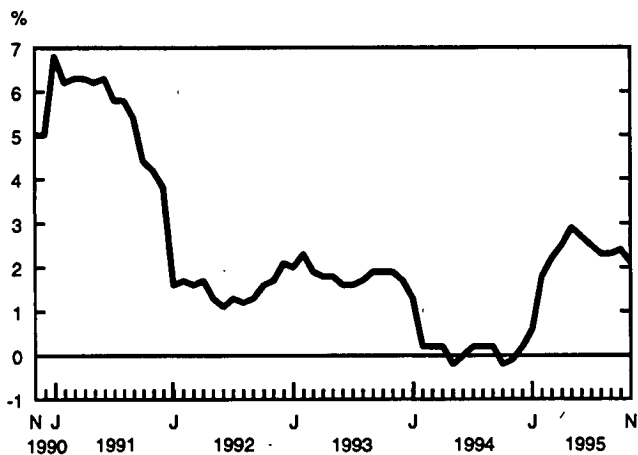
## MAJOR RELEASES

### Consumer price index

November 1995

The price of consumer purchases, according to the consumer price index (CPI), rose 2.1% since November last year. This rise was driven to a large extent by higher prices for new vehicles, vehicle insurance premiums, mortgage loans and paper supplies.

Percentage change in the consumer price index  
from the same month of the previous year



Other important contributors were increases in rented accommodation charges, property taxes, post secondary tuition fees, cigarette prices and hotel/motel rates. At the same time, consumers benefited from lower prices for piped gas, computer equipment, jewellery and selected personal care supplies.

#### A 0.2% rise between October and November.

A major proportion of the 0.2% monthly rise in the CPI came about as buyers of 1996 model vehicles faced an average 3.9% advance in prices. Consumers also saw a sharp rise in their natural gas bills from October. In addition, grocery shoppers experienced higher prices for fresh vegetables and consumers of alcoholic beverages observed increases in beer prices. At the same time, consumers gained from lower prices for gasoline, home ownership, household textiles and meat products.

Prices of new models of vehicles rose an average 3.9% after adjustment for quality differences. The latest increase was slightly less than in November 1994

(+4.2%). The number of passenger cars purchased between January and October of this year declined compared with the corresponding period of 1994. This weakness in consumer spending on cars seems to indicate a decline in consumer confidence, which in turn influences the demand for durable goods and their price changes.

Natural gas bills jumped 7.0% in November. Some of this resulted from bills returning to regular levels following rebates to consumers in Ontario in October. Some of the increase was also due to winter rates coming into effect in Alberta and British Columbia.

Prices of fresh vegetables rose an average 2.1% in November. Most of the advance came from an 11.5% increase in tomato prices. Despite the latest increase, fresh vegetable prices were 16.1% below their levels of a year earlier, indicating some excess supply.

Beer purchased from stores increased in price by 0.9% in November. Most of this increase was associated with higher packaging costs following the persistent rise in the prices of paper products noted all through the current year.

Part of the overall climb in the CPI was moderated by declines in the prices of gasoline, household textiles, meat products and home ownership.

Gasoline prices fell a further 2.1% in November following a 1.5% decline in October. Except for a break in September, when prices rose 0.7%, gasoline prices have fallen steadily since June. This brought the price level in November to 0.9% lower than what it was in November 1994. The price of crude petroleum has fallen by 14.8% between the high reached in April of this year and October.

Owned accommodation charges fell a slight 0.1% resulting, largely from a drop of 0.4% in the prices of new houses. House prices fell in Quebec, Ontario, Alberta and British Columbia, the four most populous provinces.

Prices of household textiles fell 3.1%, largely traceable to discounted prices offered by several large department stores on window blinds, bed sheets and towels. Prices of such commodities have moved in a relatively volatile fashion in recent years.

In spite of the higher prices of fresh vegetables, food budgets were extended by a noticeable drop in the prices of beef (-1.8%), pork (-4.3%) and chicken (-1.5%). Beef prices fell for the fourth consecutive month in November. So far, pork prices have fallen in five months of this year. In contrast, chicken prices

rose in each of the previous five months; despite the latest decline, their levels were 10.2% above those of November 1994.

#### **Provinces at a glance**

Between November 1994 and November 1995, increases in provincial CPIs ranged from a low of 0.9% in New Brunswick to a high of 2.6% in Prince Edward Island. In New Brunswick, notable declines were seen in the index for food and the index for clothing and footwear; at the same time, a much smaller than average increase was found in its transportation index. In Prince Edward Island, above-average increases were posted in the indexes for shelter; household operations and furnishings; clothing and footwear; and transportation.

Between October and November 1995, changes in provincial CPIs ranged from a drop of 0.1% in

New Brunswick to an increase of 0.5% in Alberta. New Brunswick's drop was explained by significant price declines for food, clothing, footwear, alcoholic beverages and tobacco products. Alberta's increase was traceable to higher than average increases, mainly in transportation charges and expenses related to recreation.

**Available on CANSIM: matrices 7440-7453 and 7477-7478.**

The November 1995 issue of the *The consumer price index* (62-001, \$10/\$100) is available. See "How to order publications".

For further information on this release, contact Sandra Shadlock (613-951-9606), Prices Division. □

**Consumer price index and its major components  
(1986=100)**

	Nov. 1995	Oct. 1995	Nov. 1994	Oct. 1995 to Nov. 1995	Nov. 1994 to Nov. 1995
unadjusted					
				% change	
<b>All-items</b>	<b>134.1</b>	<b>133.8</b>	<b>131.4</b>	<b>0.2</b>	<b>2.1</b>
Food	125.5	125.6	123.4	-0.1	1.7
Shelter	134.2	134.0	133.1	0.1	0.8
Household operations and furnishings	122.2	122.4	119.3	-0.2	2.4
Clothing and footwear	132.2	132.3	130.9	-0.1	1.0
Transportation	139.7	138.2	134.3	1.1	4.0
Health and personal care	135.7	135.8	135.9	-0.1	-0.1
Recreation, education and reading	145.2	145.0	139.9	0.1	3.8
Alcoholic beverages and tobacco products	144.9	144.7	141.0	0.1	2.8
Goods	127.1	126.5	124.9	0.5	1.8
Services	142.7	142.7	139.3	0.0	2.4
All-items excluding food and energy	137.2	136.7	133.9	0.4	2.5
Energy	125.7	126.1	127.3	-0.3	-1.3
Purchasing power of the consumer dollar expressed in cents, compared with 1986	74.6	74.7	76.1		
All-items (1981=100)	177.5				

**Consumer price index for the provinces, Whitehorse and Yellowknife  
(1986=100)**

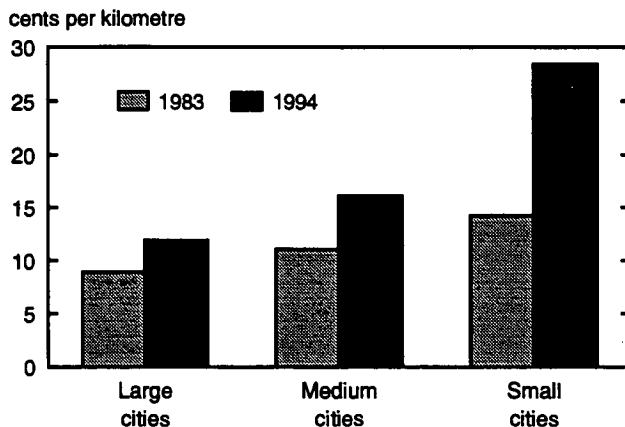
	Nov. 1995	Oct. 1995	Nov. 1994	Oct. 1995 to Nov. 1995	Nov. 1994 to Nov. 1995
unadjusted					
				% change	
Newfoundland	127.9	127.8	126.2	0.1	1.3
Prince Edward Island	132.8	132.6	129.4	0.2	2.6
Nova Scotia	130.5	130.3	128.9	0.2	1.2
New Brunswick	129.3	129.4	128.1	-0.1	0.9
Quebec	131.5	131.2	129.1	0.2	1.9
Ontario	135.1	134.8	132.0	0.2	2.3
Manitoba	136.3	135.9	133.1	0.3	2.4
Saskatchewan	136.4	136.1	134.1	0.2	1.7
Alberta	133.8	133.2	130.6	0.5	2.5
British Columbia	137.9	137.5	135.3	0.3	1.9
Whitehorse	131.3	130.4	129.8	0.7	1.2
Yellowknife	133.9	133.6	129.7	0.2	3.2

## Air travel costs

1983-94

Over the past six years, the cost of flying between small cities in Canada has gone up at five times the rate of increase for travel between the largest cities (Toronto, Calgary and Vancouver).

**The cost of domestic scheduled flights between small cities has risen the fastest**



Air travellers have always paid more on average to fly between the small cities in Canada than they do to fly between the largest. However, since 1988 that gap has widened, despite the significant competition among airlines.

Following deregulation, the cost of flying between small cities rose at a 13.0% annual rate, five times the 2.6% annual rate of increase for travel between the three largest cities.

By 1994, air travellers paid an average 28.4 cents per kilometre to fly between small cities, two-and-a-half times more than the 11.9 cents per kilometre they paid to travel from large city to large city.

The biggest factor behind this widening gap is the overall decline in domestic air travel, compared with the booming international travel market. Economies of scale are working against domestic travel between smaller cities.

### Cost gap between small and large cities peaked in 1991

In 1983 (when data were first estimated), it cost more to fly between small cities. But the gap then was relatively small, and it actually narrowed until 1988. After 1988, though, the gap widened rapidly.

#### Note to readers

*This release summarizes an article appearing in Canadian civil aviation, 1994 (51-206, \$39). The data came from a sample survey of air fares (the Fare Basis Survey).*

*For the purposes of this study, the airports serving Canada's cities were put into one of three categories:*

*Large cities—those that handled 10% or more of domestic scheduled passengers on major carriers within a year. As such, there were only three large cities in 1994 (Toronto, Vancouver and Calgary).*

*Medium cities—those that handled 2% to 10% of domestic scheduled passengers (cities such as Montréal, Ottawa, Winnipeg, Halifax and Edmonton).*

*Small cities—those that handled 0.5% to 2% (cities such as Kelowna, Saskatoon, Regina, Thunder Bay and St. John's).*

*Cities with less than 0.5% of enplaned passengers were excluded because the estimated costs were not reliable. A complete list of the cities included for each year is found in Canadian civil aviation, 1994.*

*Deregulation refers to the 1987 National Transportation Act, which freed airlines to set domestic air fares and schedules according to market conditions without prior governmental approval.*

Between 1988 and 1994, the average cost of flying between large cities rose at an annual rate of 2.6%, well below the period's average annual inflation rate of 3.2%.

By contrast, over the same period, the average cost of flying between small cities rose at a 13.0% annual rate, five times the rate of increase for flying between large cities.

The gap in the cost of flying between small cities as opposed to large cities was widest in 1991. That year, passengers paid an average 35.4 cents per kilometre to fly between small cities, more than three times the 10.8 cents per kilometre it cost to travel between the large cities. Since 1991, the average cost of flying between small cities has stabilized and even declined slightly.

### Economies of scale have been working against domestic travel

The higher costs of flying between small cities occurred despite increased competition among airlines. All of the small cities studied were served by both major carriers or their affiliates. Some even had independent competition from charter carriers.

So it is more likely that those higher costs resulted from the decline in domestic traffic relative to international traffic, which has boomed. In the early 1980s, Canadians made just as many flights to and from points in Canada as they did to international

destinations. However, that situation has changed drastically.

By 1993, the typical passenger arriving or departing at Canada's airports was almost twice as likely to be flying to or from a foreign city than from another point in Canada.

Between 1980 and 1993, total international traffic (including flights to and from the United States) rose 48.2% from nearly 14 million passengers to almost 21 million. By contrast, in 1993 about 11 million passengers flew to and from points in Canada, down 21.5% from 14 million in 1980. The drop was especially severe for travel between small cities.

As a result, fewer domestic travellers flying between small cities were bearing the same fixed costs (such as dispatchers, ground crews and maintenance bases).

In addition, before deregulation in 1988, the airlines' profitable routes subsidized many of their small and uneconomical routes. Since deregulation, however, ticket prices have decreased in real terms for travellers on the profitable routes between large cities, leaving the airlines less profit to support uneconomical routes.

Consequently, travellers from small cities must now pay the full cost of service on those thinly travelled routes.

The 1994 edition of *Canadian civil aviation* (51-206, \$39) will be released shortly. See "How to order publications".

For further information on this release, contact Bradley Snider (819-997-6189), Aviation Statistics Centre. ■

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## OTHER RELEASES

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### **North American Industry Classification System, Agreements 11 to 23 and 25 to 31**

Statistics Canada is seeking public comment on the proposed industry structures outlined in Agreements 11 to 23 and 25 to 31 of the North American Industry Classification System (NAICS)—the classification system being developed to replace the current industrial classification systems of Canada, the United States and Mexico. The new system's common industry definitions will facilitate economic analyses that cover the economies of the three countries. The NAICS will also provide special national detail for areas of particular interest to any one country.

Collaboration by the three countries on a classification system for North America's industries was announced in *The Daily* on June 24, 1994, when public comment was also requested.

These agreements cover health; education; computer and electronic product manufacturing; furniture manufacturing; printing; professional, scientific and technical services; arts, entertainment and recreation; information; wood manufacturing; rental and leasing; repair and maintenance; management and support services; transportation; wholesale and retail; mining; paper manufacturing; non-metallic mineral product manufacturing; primary metal manufacturing; miscellaneous manufacturing; and postal service and couriers.

As part of the ongoing consultation process, comments received by Statistics Canada before January 31, 1996, will be discussed by representatives from the three countries before the NAICS structure is finalized.

To obtain the documentation, contact Mr. Kim Farrall (613-951-4245, fax: 613-951-8578, the Internet: [standards@statcan.ca](mailto:standards@statcan.ca)), Standards Division. It can also be downloaded from the Internet (<http://www.statcan.ca>, select "information by subject", then "classification standards").

For further information on this release, contact Shaila Nijhowne (613-951-8577, fax: 613-951-8578), Director, Standards Division. ■

### **Railway carloadings**

Nine-day period ending November 30, 1995

Carloadings of freight (excluding intermodal traffic) during the nine-day period ending November 30, 1995, increased 6.2% to 6.5 million tonnes. The number of cars loaded increased 6.0% from the same period of last year.

Intermodal traffic (piggyback) tonnage totalled 410 000 tonnes, a 5.3% decrease from the same period of last year. The year-to-date figures showed an increase of 5.4%.

Total traffic (carloadings of freight and intermodal traffic) increased 5.5% during the period. This brought the year-to-date total to 234.1 million tonnes, a 1.7% increase from the previous year.

All year-to-date figures have been revised.

For further information on this release, contact Angus MacLean (613-951-2528, fax: 613-951-0579), Surface Transport Unit, Transportation Division. ■

### **Telephone statistics**

October 1995

The 13 major telephone systems reported monthly revenues of \$1,174.8 million in October, up 1.4% from October 1994.

Operating expenses totalled \$918.7 million, a 4.5% increase from October 1994. Net operating revenue totalled \$256.1 million, an 8.3% decrease from October 1994.

**Available on CANSIM: matrix 355.**

The October 1995 issue of *Telephone statistics* (56-002, \$9/\$90) will be released shortly. See "How to order publications".

For further information on this release, contact J.R. Slattery (613-951-2205), Services, Science and Technology Division. ■



## Footwear

Third quarter 1995

Footwear manufacturers made 5,450,428 pairs of footwear in the third quarter of 1995, a 9.3% decrease from 6,007,857 pairs (revised) a year earlier.

Year-to-date production of footwear at the end of September 1995 totalled 15,379,686 pairs (revised), down 12.7% from 17,616,549 pairs (revised) during the same period in 1994.

**Available on CANSIM: matrix 8.**

The third quarter 1995 issue of *Footwear statistics* (33-002, \$8/\$24) will be available shortly. See "How to order publications".

For further information on this release, contact Don Grant (613-951-5998), Industry Division. ■

## Soft drinks

November 1995

Data for November 1995 on the production of soft drinks are now available.

**Available on CANSIM: matrix 196.**

*Monthly production of soft drinks* (32-001, \$3/\$30) will be available shortly. See "How to order publications".

For further information on this release, contact Peter Zylstra (613-951-3511), Industry Division. ■



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*The Daily*, December 14, 1995

## PUBLICATIONS RELEASED

**Canadian economic observer**, December 1995

**Catalogue number 11-010**

(Canada: \$22/\$220; United States: US\$27/US\$264;  
other countries: US\$31/US\$308).

**Apparent per capita food consumption in Canada**,  
1994 Part II

**Catalogue number 32-230**

(Canada: \$32; United States: US\$39; other countries:  
US\$45).

**Production and shipments of blow-moulded  
plastic bottles**, quarter ended September 30, 1995

**Catalogue number 47-006**

(Canada: \$10/\$32; United States: US\$12/US\$39; other  
countries: US\$14/US\$45).

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Materials, ANSI Z39.48 - 1984.



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