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INSIGHTS ON...

Vol. 3, No. 2

CHANGE IN THE SHARE OF EMPLOYMENT BY FIRM SIZE OVER THE PERIOD 1989 – 1996

From 1989 until 1992, according to the Labour Force Survey data, total employment declined by 1.9%, due mainly to a reduction in full-time jobs in the goods sector. Moreover this decline in employment in the goods sector, did not stop until 1993 and employment in this sector has still not recovered to its 1989 level. The reduction in the share of full-time jobs for all sectors to total employment reached its lowest in 1993 at 80.9% and the share of full-time employment in the goods sector reached its lowest point at 29.5% in 1995 and 1996.

Table 1: Employment by Sector and Type of Employment, 1989-98 ('000s)

Year	Total* Employment	All sectors		Goods Sector		Services Sector	
		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
1989	13,086.0	10,917.4	2,168.6	3,566.4	254.3	7,351.1	1,914.3
1990	13,165.1	10,929.0	2,236.2	3,465.9	244.9	7,463.1	1,991.3
1991	12,916.1	10,573.6	2,342.5	3,210.5	258.8	7,363.1	2,083.8
1992	12,842.0	10,467.2	2,374.8	3,066.5	273.4	7,400.7	2,101.4
1993	13,014.7	10,534.4	2,480.3	3,067.7	273.2	7,466.7	2,207.2
1994	13,291.7	10,798.4	2,493.5	3,170.2	267.5	7,628.3	2,225.8
1995	13,505.5	10,996.8	2,508.8	3,244.2	274.3	7,752.6	2,234.5
1996	13,676.2	11,087.2	2,589.0	3,276.6	271.6	7,810.6	2,317.4
1997	13,940.6	11,291.3	2,649.3	3,367.4	260.8	7,923.9	2,388.4
1998	14,326.4	11,642.4	2,684.0	3,482.2	259.5	8,160.2	2,424.5

* Includes self employment

Source: Labour Force Survey, Statistics Canada

INSIGHTS ON...

In This Issue...

Change in the Share of Employment by Firm Size over the period 1989 – 1996

The Eating Habits of Canadians

Statistics Canada's Business Surveys

What's New?

Information from different divisions

Short Term Expectations Survey

June 1999

Aussi disponible en français

Next issue available
September 25, 1999

While the change in the number and share of full-time jobs in the goods sector is well known over this period, what is less known, is the change in the average number of employees per firm. This article will use the Employment Dynamics data set to identify changes in the share of employment represented by different sizes of firms. It will go on to examine the number of firms and the average number of employees per firm in each business size grouping.

Before discussing the data, it is important to understand the data sets. The Employment Dynamics data set is different from the Labour Force Survey in source, method and concepts. Employment Dynamics is produced from the Longitudinal Employment Analysis Program (LEAP) file. LEAP is derived from longitudinal linkage of the T4 (wage and salary) business tax file, the most recent year available is 1996 and the earliest is 1983. It covers only those businesses with at least one employee i.e.: it excludes self-employed unincorporated businesses without employees, which are becoming a more important source of employment during the nineties. The data in table 1 and 2 are based on the labour force survey. The Labour Force Survey is a household survey which covers all of Canada excluding the Territories. The concept of employment, in Employment Dynamics, is the Average Labour Unit or ALU. The number of ALUs is derived from the wage bill divided by the average wage for both full and part-time workers for that industry, province and company size. Employees excluding self-employed unincorporated with no paid help corresponds most closely to the ALU measure. The Labour Force Survey includes in the number of those employed, those who say they worked for pay or profit.

Table 2: Employment by Sector and Type of Employment, 1989-98 ('000s)

Year	Total employees and self-employed	Goods employees	Services employees	Self-employed incorporated and unincorporated with paid help	Employees excluding self employed unincorporated with no help	Self-employed unincorporated no paid help
1989	13,086.0	3,167.4	8,109.6	987.2	12,264.1	821.9
1990	13,165.1	3,047.0	8,228.8	1,018.2	12,294.0	871.1
1991	12,916.1	2,797.5	8,198.7	1,045.4	12,041.6	874.5
1992	12,842.0	2,686.0	8,219.8	1,032.5	11,938.4	903.6
1993	13,014.7	2,666.5	8,291.9	1,069.4	12,027.7	987.0
1994	13,291.7	2,760.8	8,419.5	1,067.8	12,248.1	1,043.6
1995	13,505.5	2,850.6	8,519.3	1,078.7	12,448.6	1,056.9
1996	13,676.2	2,848.4	8,561.2	1,109.8	12,519.4	1,156.8
1997	13,940.6	2,904.3	8,548.4	1,205.5	12,658.2	1,282.4
1998	14,326.4	3,011.0	8,790.2	1,174.1	12,975.3	1,351.1

Source: Labour Force Survey, Statistics Canada

Change in Sector Shares of Employment

The size of a firm in LEAP is defined by the number of employees. LEAP provides data on the number of firms as well as employees by sector. The number of firms in a sector and the proportion of large versus small firms determines the level of employment in that sector. The service-producing sector tends to have a greater proportion of small firms¹, therefore when the number of firms in the service sector declines, it tends to have a smaller impact upon employment levels than when the number of firms in the goods sector declines.

Over the period 1989 to 1996, the number of firms and employment declined in the goods sector, while in the service sector they increased, resulting in a net overall increase in the number of jobs and firms in

services. However, along with this expansion of the service sector, there was a general decrease in the average firm size (ALUs per firm) in both the goods and the service sectors. The overall result was a small increase in employment.

Business Size and its Change in Shares of Employment

To recap, between 1989 and 1996, there was an overall increase in the number of firms, a slight increase in employment and on average, a firm size decrease. Grouping number of firms into employment size ranges, it shows that the number of firms decreased in all firm size groups except the largest and smallest² - a phenomenon akin to a greater inequality in the distribution of firms by size. Among firms with less than 20 ALUs, the number of firms increased by

2.8% and those with more than 500 employees increased 1.3%. However among the remaining middle size firms there was an overall decrease of 1.7% in their numbers.

Given the increased number of firms in the large and small size groups and decreases in the number of firms in the middle size groups, one would expect to see corresponding increases and decreases in employment, however this was not the case.

Among small firms, that is those with less than 20 ALUs, as expected, employment rose along with the increase in the number of firms. However among the large companies where the number of firms increased, there was actually a decrease in employment. Middle-sized firms in the 20 to 100 employee size ranges actually increased their employment levels even though the number of firms shrank. Overall it can be said that small and small-medium companies, that is those with less than 100 employees, increased their contribution to employment while larger companies reduced theirs.

¹ The average number of ALUs (Average Labour Unit) in the goods sector was 12.8 compared to 12.6 in the services sector in 1996.

² For the purposes of this paper large companies are those with 500 or more ALUs and Small companies are those with less than 20 ALUs.

Table 3: Companies, Average Labour Units and Average number of ALUs per Company for the Goods and Services Sector, 1989-96

Sector	1989			1996			Net change 1989 to 1996		
	Companies	ALU ('000s)	ALU/company	Companies	ALU ('000s)	ALU/company	Companies	ALU ('000s)	ALU/company
Goods	250,076	3,366	13.5	238,767	3,046	12.8	-11,309	-320	-0.7
Services	626,073	8,258	13.2	685,315	8,662	12.6	+59,242	+404	-0.6
Total	876,149	11,623	13.3	924,082	11,708	12.7	+47,933	+85	-0.6

Source: Employment Dynamics, Statistics Canada

Table 4: Number of Firms and ALUs by Size, 1989 and Change 1989-96

Business Size No of ALUs	1989		Change 1989 to 1996		
	Firms	ALUs ('000s)	Firms	ALUs ('000s)	ALU/firm
Total	917,436	11,687.9	23,708	56.0	-0.3
0.1-5	695,093	976.3	20,019	282.0	0.4
5-19.9	159,080	1,546.0	4,697	128.5	0.5
20-49.9	40,175	1,211.1	-345	76.2	2.2
50-99.9	12,253	838.3	-334	34.5	4.8
100-499.9	8,750	1,728.9	-357	-12.2	7.0
500 and over	2,085	5,387.3	28	-452.9	-248.6

Source: Employment Dynamics, Statistics Canada

Large Companies by Sector

Large companies in the goods sector have reduced their total employment over the period by 270,500. The most striking contribution to the decline was in manufacturing industries where the number of employees declined by 225,000 and the number of firms declined by 12. The overall result was a decline in the average employment per large manufacturing firm of 412 employees.

The general pattern is one of downsizing among these large firms. All industries, except retail trade and educational services, experienced a reduction in their number of employees per firm. One explanation for this is that large companies restructured over this period breaking up the company into smaller companies. This may mean that economies of scale are less important than they used to be and that firms reach maximum efficiency at a smaller size.

Table 5: Companies with 500 or more ALUs by sector for 1989 and their change from 1989/96

Industry	1989			Change 1989/96		
	Companies	ALU's ('000s)	ALU/company	Companies	ALU's ('000s)	ALU/company
Goods sector	641	1,485	2,315.9	-7	-270.5	-401.1
Mining	57	117.2	2,056.1	2	-38.4	-720.5
Manufacturing	500	1,012.5	2,025.0	-12	-225.3	-411.9
Construction	33	28.8	872.7	-1	-5.2	-135.2
Utilities	51	326.0	6,392.2	4	-1.6	-494.0
Services sector	1,438	3,888	2,703.4	29	-176.2	-173.6
Transportation	65	211.4	3,252.3	-7	-42.3	-336.8
Wholesale trade	88	125.2	1,422.7	-10	-21.6	-94.5
Retail trade	125	554.6	4,436.8	-10	-39.4	43.2
Finance	89	334.4	3,757.3	6	7.4	-159.4
Real Estate & Insurance	42	62.6	1,490.5	3	-25.4	-663.8
Business Services	114	190.3	1,669.3	-2	12.4	140.5
Government services	103	956.7	9,288.3	11	-70.6	-1,515.5
Educational Services	337	634.4	1,882.5	14	38	33.2
Health	312	495.7	1,588.8	-3	-19.4	-47.4
Accommodation	76	195.4	2,571.1	10	-27	-612.9
Other services	87	126.8	1,457.5	17	11.7	-125.7
Total	2,079	5,372	2,583.9	22	-446.7	-239.7

Source: Employment Dynamics, Statistics Canada

The Finance and Retail Trade industries are worth noting. In the Finance industry, there was both an increase in the number of firms and also in employment, resulting in an overall decrease in the average ALU per firm. In contrast, in the Retail Trade industry, both number of firms and employment decreased, but the average number of employees per firm increased. Retail Trade appears to be the exception to the trend that "smaller means better".

Small Companies by Sector

Small companies increased their contribution to employment the most over the period 1989 to 1996. In contrast to large companies, small companies in each industry group, did not reduce their share of employment over the 1989 to 1996 period except in the Construction and the Real Estate and Insurance industries. Large companies reduced their number of employees by 447,000 while the small ones increased their employment by 439,000. The remaining middle sized companies increased their employment by a slightly less significant 48,000.

The number of large companies increased only slightly over the period so the reduction in employment was due to down sizing of companies rather than a reduction in the number of large companies. In contrast, the number of small firms increased by 48,697 or 6% and they also increased their average size in all industries except Construction and Real Estate.

The industry that has contributed most to the increase in the small business sector is the business service industry with a 36% increase in number of firms and a 35% increase in employment. Health services, which include doctors' offices and medical laboratories, increased by 13,984 or 26% and their employment increased by an even larger 40%.

Table 6: Companies with less than 20 ALUs by sector for 1989 and their change from 1989/96

Industry	1989			change 1989/96		
	Companies	ALU's ('000s)	ALU/ company	Companies	ALU's ('000s)	ALU/ company
Goods sector	224,870	637.0	2.8	-9,380	49.7	0.4
Agriculture	60,900	83.4	1.4	-8,553	4.3	0.3
Logging	8,592	21.4	2.5	1,612	7.6	0.4
Mining	4,474	15.3	3.4	865	8.6	1.1
Manufacturing	42,251	209.8	5.0	3,051	51.1	0.8
Construction	104,880	293.7	2.8	-7,174	-28.4	-0.1
Utilities	3,773	13.4	3.6	819	6.5	0.8
Services sector	583,051	1,831.8	3.1	58,077	389.5	0.3
Transportation	29,229	76.5	2.6	4,815	34.4	0.6
Wholesale trade	45,770	188.1	4.1	6,781	63.4	0.7
Retail trade	133,296	469.7	3.5	-4,826	27.7	0.3
Finance	23,367	61.1	2.6	1,318	10.4	0.3
Real Estate & Insurance	33,187	99.3	3.0	299	-4.3	-0.2
Business Services	69,992	202.1	2.9	25,031	70	0.0
Government services	4,546	19.5	4.3	177	9.6	1.9
Educational Services	5,033	18.1	3.6	1,901	10.9	0.6
Health	53,411	173.7	3.3	13,984	68.8	0.3
Accommodation & food	52,192	244.4	4.7	6,792	49.1	0.3
Other services	133,028	279.3	2.1	1,805	49.5	0.3
Total	807,921	2,468.8	3.1	48,697	439.2	0.3

Source: Employment Dynamics, Statistics Canada

employment at a slightly faster rate than are small firms. This trend is consistent with small firms becoming larger over the early nineties.

Conclusion

In summary over this period, small companies increased in number and the average number of employees per small firm also increased so that employment by small firms now represents 25% of total employment, up 4 percentage points from 1989. Large companies on the other hand, reduced their average size by 240 employees per company. While large firms in both the goods and the services sector downsized, the greatest reduction occurred in the goods sector where the average size was reduced by over 400 employees.

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Employment Distribution across Firm Size

On the one hand the number of firms increased in the large and small firm groups but on the other, the average size of firm within these groups moved toward the central tendency. What has been the overall effect on the distribution of employment across firm sizes? As would be expected, small firms are now making a greater contribution to employment than in the past, an increase of 4 percentage points from 1989 to 25% in 1996.

Trends Since 1996

The Employment Dynamics data set is only available until 1996. However the Labour Force Survey started collecting data on employment by establishment size in 1997. While the two data sets are not directly comparable as was noted earlier in this article, the Labour Force Survey data does show that large firms are continuing to reduce their contribution to total employment. However the medium sized firms are now increasing their contribution to

Table 8: Percentage of Employees by Establishment Size, 1997 and 1998

Establishment Size	1997	1998
All	100.0%	100.0%
less 20 employees	34.8%	34.7%
20 – 500 employees	52.7%	53.0%
500+ employees	12.5%	12.3%

Source: Labour Force Survey, Statistics Canada

Table 7: Percentage Distribution of Companies and ALUs between Large, Medium and Small Companies, 1989 and 1996

Company Size ALUs	Companies		ALUs	
	1989	1996	1989	1996
Small (less than 20)	93.1	93.4	21	25
Medium (20 – 499.9)	6.7	6.4	32	33
Large (500 or more)	0.2	0.2	46	42

Source: Employment Dynamics, Statistics Canada

THE EATING HABITS OF CANADIANS

by Bernadette Alain, Agriculture Division – (902) 893-7251

Over the past 25 years, the eating habits and lifestyles of Canadians have changed. They are including more fruit and vegetables, legumes, poultry meat, grains, cereal products and salad oils in their diets. At the same time, they are shifting away from red meat, butter and milk. Changes in consumer preferences, convenient pre-packaged products, growing ethnic diversity, price, health concerns, marketing and advertising are some of the factors influencing consumption patterns.

Fruit and vegetables... an increasingly popular choice

Eat more fruits and vegetables - this is the trend that many health-conscious Canadians have followed over the past quarter century. In 1997, consumption of vegetables jumped to just over 181 kg per person - up more than 27% from the early 1970's. Consumption of fresh vegetables (excluding potatoes) has been increasing and in 1997 stood at just over 68 kg per person, up from 41 kg per person 25 years ago. The growing use of fresh-cut products in the food service industry and in retail grocery outlets is one factor in this growth.

Potatoes are the principal vegetable crop in Canada and remain the overwhelming

favourite among Canadian consumers. Last year, each person ate on average over 72 kg of potatoes - either fresh or as processed products like french fries and potato chips. The demand for frozen french fries has increased dramatically both at home and abroad. Most of Canada's exports were to the US to supply fast-food chains and to fill the shortages caused by increased US exports. Markets are also expanding to Japan, the Caribbean and Latin America. The surge in the number of food service outlets serving french fries combined with consumer desire for convenient and easy-to-prepare foods has fuelled the popularity of this product.

Lettuce, onions, carrots, tomatoes and cabbage- these all remained popular choices of the Canadian consumer.

Total fruit consumption, at almost 128 kg per person in 1997, has increased by more than 50% from the early 1970's due in large part to higher juice consumption. Canadian consumers choose fresh fruit rather than frozen or canned products. Interestingly, American consumers tend to favour more canned and frozen fruits, vegetables and juices. Bananas, at almost 14 kg per person, top the list of fruits, followed by apples and oranges (including mandarins and clementines) each at 10 kg per person. The growing popularity of cantaloupe and watermelon has pushed the consumption of all melons to over 7 kg per

person in 1997, double the level from 25 years ago.

Use of salad and shortening oils on the rise

Fuelled by the growing use of salad and shortening oils, consumption of oils and fats jumped to over 32 kg per person in 1997. Vegetable oils such as canola, soybean, olive, and other specialty oils have become increasingly popular with Canadian consumers and the food service industry, either for use in salad dressings, deep-fried products or in the preparation of Mediterranean, Asian or other ethnic cuisines.

Many bakers have turned to vegetable oils in the preparation of baked goods, especially as the price of domestic butter increased. Products such as specialty breads, bagels and croissants have become increasingly popular. This has expanded the market for baked goods as well as bakery mixes and frozen dough products that can be prepared by in-store bakeries.

Lower fat milk grabbing more market share

A trend to lower milk consumption is emerging in particular to more full fat milks. In the early 60's, the per capita consumption of standard and 2% milk, which held over 90% of the market, stood at 78 litres. By

Figure 1: Consumers drink less milk but choose lower fat

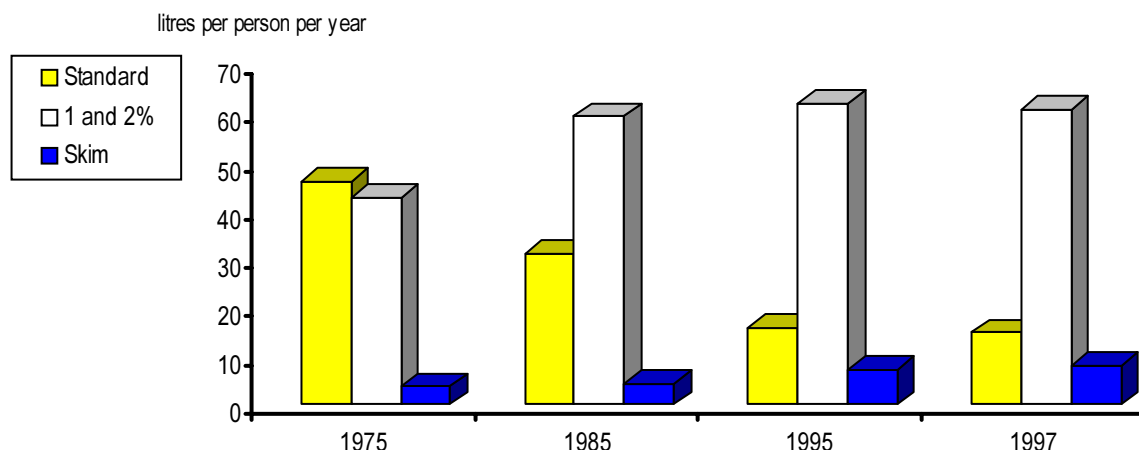
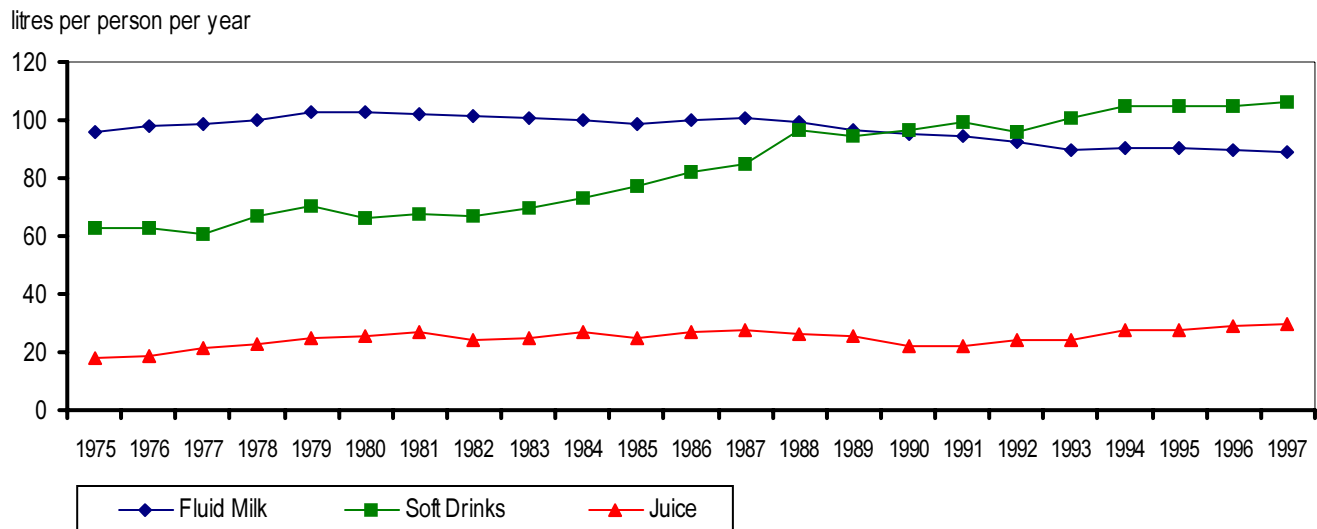


Figure 2: More often, we are choosing other beverages instead of milk



1997, the consumption had plummeted by almost 20 litres per person and market share of higher fat milk had eroded to approximately 68%. The demand for 2% milk, which still represented more than half of all milk consumed in 1997, has continued to decline from its peak in 1988 when consumption reached over 62 litres per person. A shift to lower-fat varieties is noted. In 1990, 1% and skim milk accounted for just over 12% of the Canadian fluid milk market; by 1997 that share had more than doubled to stand at more than 27%. Factors affecting lower milk consumption include fewer adolescents and children, an ageing population, a growing ethnic population and a growing preference for other beverages such as soft drinks and juices.

In fact, soft drinks remained a very popular consumer choice by 1997 consumption jumped to over 106 litres per person. Competitive prices and promotional campaigns can be cited as some of the reasons for this continuing growth

Cream leveling off

In 1997, cream consumption, at 5.5 litres per person, remained virtually unchanged from 1996 levels. Table cream (15 to 20% butterfat) showed some increase probably due in part to the emergence of a growing

number of coffee shops and food service chains featuring coffee.

Cheese consumption continued to grow

Cheese consumption has continued to grow, exceeding 12 kg per person in 1997, double the level from the mid-1970's. Cheddar topped the list, but much of the growth came from the expanding popularity of variety cheeses. Promotional campaigns, the popularity of convenient take-out and pre-packaged foods containing cheese, and products such as shredded/grated cheeses that serve as toppings on ethnic dishes (Mexican and Italian) have all contributed to this growth.

Cereal products on the rise

Consumption of selected cereal products has steadily increased during the past two decades. In 1997, consumption was almost 85 kg per person in Canada, up nearly 20 kg per person from the mid-1970 level. Historically, much of the wheat flour was used in the production of traditional bread and baked goods. However, in recent years, pasta, cereal-based snack foods and specialty bread products (such as pita bread, tortilla shells, bagels, croissants etc) have become increasingly popular among consumers. Rice, which can be used as a substitute for potatoes or in the production of

specialty items such as rice cakes and rice-based noodles, has also become more popular among Canadians. Its consumption, at just over 7 kg per person, has shown steady growth over the past several years.

Poultry consumption continues to increase as consumers shift away from red meat

Canadian consumers are increasing their consumption of poultry meat and are shifting away from red meat. Their eating habits and lifestyles are changing. An increasing number of dual-income families, single person or one-parent families have triggered a swing to prepared and pre-packaged foods, entrees or home meal replacements. These choices, which offer convenience to individuals or families that have less time to spend on preparing meals, often contain less red meat.

Other factors also affect meat consumption. Traditional immigration patterns are changing as Asia and the Middle East have replaced Europe as the major source of new arrivals to Canada. This shift in immigration has resulted in changes in the demand for meat since the eating patterns and many of the traditional dishes of this growing ethnic population include less meat. The influence of the growing ethnic population has resulted in greater diversity

in restaurants and food stores - a factor that may be influencing eating patterns. Also, Canadians are tending to include more meatless meals in their diet or are using meat as an ingredient rather than the focal point of a meal.

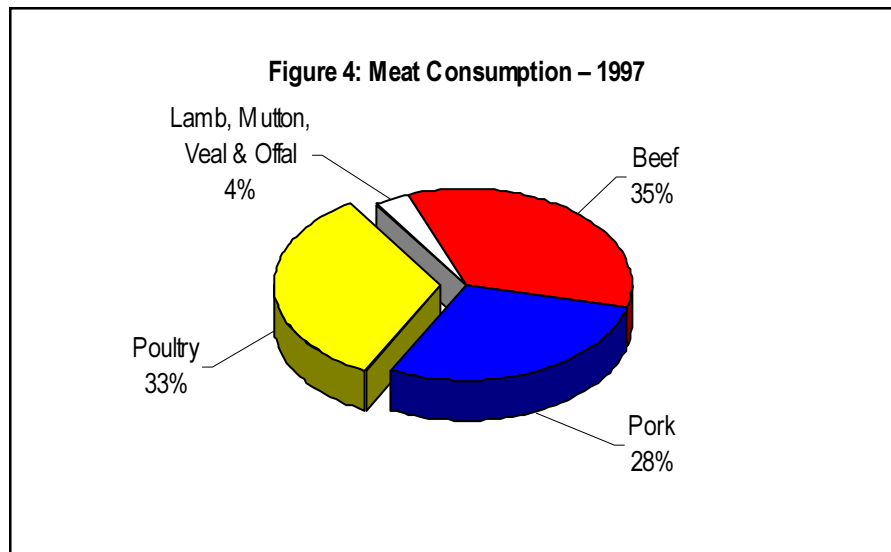
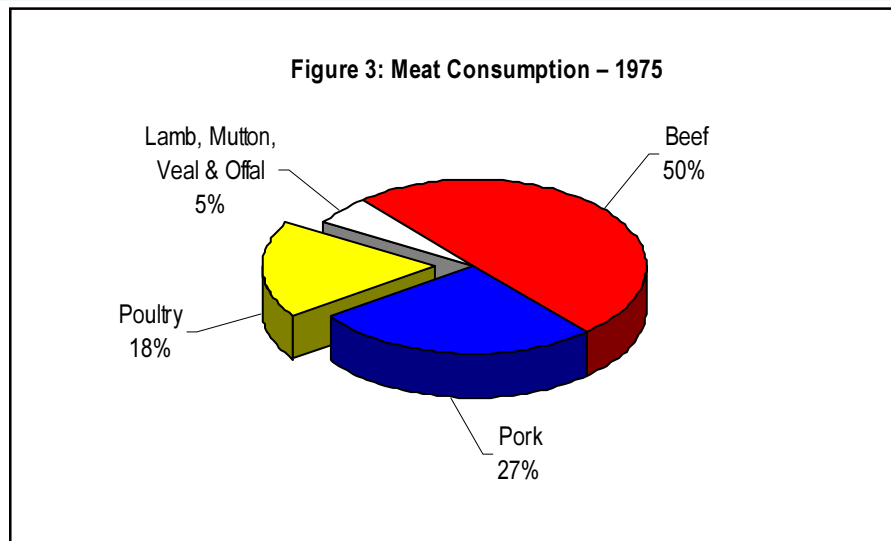
Canada's population is also ageing. Our working population is growing older and as life expectancy increases there are more seniors. An ageing population tends to eat less overall including less meat.

In 1997 each Canadian ate just over 90 kg of red meat and poultry, virtually unchanged from last year's level. An increase in demand for poultry meat was large enough to offset the decline in red meat consumption. Red meat, despite a drop of almost 1 kg per person from 1996, remained the meat of choice for Canadians, as it accounted for almost two-thirds of all meat consumed. Beef, the traditional favourite, totalled 30.6 kg per person. Pork, a close second, stood at just over 25 kg per person. Veal, mutton, lamb and offal contributed the remaining 3.3 kg to the red meat total.

The shift to include more poultry in our diet continued in 1997 with each Canadian eating just over 31 kg of poultry meat (chicken, stewing hen and turkey), up 1 kg per person from last year. Chicken accounted for over three-quarters of all poultry meat consumed. Processed poultry products, which are convenient and quick to prepare, have become more popular with consumers and imports of these commodities have surged in recent years. Turkey consumption has been stable at just over 4 kg per person for several years. Canadians still consider turkey to be a seasonal food, unlike American consumers, who eat twice as much turkey as we do. There has however been some growth in the consumption of processed turkey products such as turkey rolls and sausages.

Beer continues to lose ground as wine and spirits rebound

In 1997, the average Canadian drank almost 74 litres of alcoholic beverages, only slightly below 1996 levels. Although beer was clearly the most popular choice, the consumption rate of 62 litres/person remained on a downward trend, about 1 litre below last year's level. Consumption of



spirits, on the other hand, made moderate gains again in 1997 to stand at 4.7 litres per person. People also drank slightly more wine in 1997 than they did in 1996 as consumption edged close to 7 litres per person. These levels may be underestimated since they do not include the consumption of contraband alcohol or the increasing popularity of homemade and brew-on-premises wine and beer.

Conclusion

Lifestyle changes are affecting the way Canadians consume. Our purchasing patterns have been altered as we shop for greater convenience in meal preparation. We tend to choose lower fat products and more fruit and vegetables in our attempt to create a more healthful diet. We select a different mix of products reflecting our more

varied ethnic backgrounds. We do, however, continue to enjoy special treats like coffee, pastries and wine. In conclusion then, it appears that our changing needs and habits drive our choice.

Notes to Users

These data represent food that is available for consumption and not actual quantities of food consumed in Canada. This is because they do not allow for losses in stores, households, private institutions or restaurants.

Acknowledgement

Agriculture Division would like to acknowledge the contribution of the Food Bureau (Agriculture and Agri-Food Canada) and Health Canada to this program.

Source: Catalogue no. 32-229-XPB and 32-230-XPB

STATISTICS CANADA'S BUSINESS SURVEYS

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The Unified Enterprise Survey - Annual

The Unified Enterprise Survey (UES) incorporates several annual business surveys into an integrated survey framework. It aims to ensure Statistics Canada receives consistent and integrated data from many types and sizes of businesses, with enough detail to produce accurate provincial statistics. This year, 17 industry surveys are included in the UES, as well as two cross-industry surveys of large enterprises.

- Aquaculture
- Couriers and Local Messengers
- Deposit Accepting Intermediaries (Chartered Banks, Trust Companies and Credit Unions)
- Food Services and Drinking Places
- Non-Financial Industries Enterprises and Financial Industries Enterprises
- Real Estate Agents, Brokers, Appraisers and Other Real Estate Activities
- Real Estate Rental & Leasing and Property Management
- Surveys of Service Industries (11)
- Wholesale Trade

Many other sectors of the economy not listed above continue to be surveyed by Statistics Canada. These sectors will be incorporated into the new UES framework during the next few years.

Who uses the survey results ?

The business sector benefits directly from the information provided to Statistics Canada. Survey responses are used to compile complete and accurate statistics on industries, broken down by province. Businesses use industry statistics to

- track their performance against industry averages
- evaluate expansion plans
- attract investors
- adjust inflation-indexed contracts and entitlements

Industry associations, business analysts and investors use the data to analyze the economic performance of your industry.

Timely and detailed statistics are used to better understand rapidly evolving business environments, such as global communications networks, free trade and new technologies.

Governments use the data when making decisions about

- programs to promote domestic and international competitiveness
- fiscal, monetary and foreign exchange policies
- programs and policies to assist businesses
- calculating federal-provincial fiscal transfers and equalization payments

Why are these surveys mandatory?

Accurate and reliable statistical information is the cornerstone of democratic decision-making. This is why Parliament requires that businesses and individuals provide the information needed to produce official statistics, under the authority of the *Statistics Act*. Parliament also requires that Statistics Canada provide an iron-clad assurance of confidentiality to all survey respondents.

Confidentiality

The *Statistics Act* protects the confidentiality of information collected by Statistics Canada. All Statistics Canada employees have taken an oath of secrecy and face severe penalties for any breach of confidentiality. Statistics Canada publishes data as statistical summaries, tables and graphs. No data are published that could identify a business, without their written consent. The information collected cannot be disclosed under the *Access to Information Act* or any other Act.

What is data sharing?

The *Statistics Act* requires that Statistics Canada try to minimize the duplication of information collected by different government departments. This is why we sometimes enter into data sharing agreements with other government departments. Any data sharing agreement requires that the shared data be kept confidential and that we inform respondents of the agreement when we collect any information that will be shared with other government departments.

Note: Statistics Canada does not share any individual responses with Revenue Canada.

How is a business selected for a survey?

For most of our surveys, businesses are selected through a statistical method called sampling. This is significantly less demanding for the business population and less expensive than surveying every business. Each business selected in the sample represents a number of other businesses with similar characteristics, such as size, employment or revenue. Together, the selected businesses represent the total business population for a particular industry or region. In some cases, the sample includes *all* the large businesses that contribute significantly to the total revenue for a particular industry or province.

How is a business classified to an industry?

Statistics Canada assigns a classification code to businesses based on the description provided when registering with Revenue Canada. Classification codes are updated with new information provided in a survey. The coding system Statistics Canada uses is called the North American Industry Classification System (NAICS). NAICS is *new* and was developed by the statistical agencies of Canada, Mexico and the United States. Created against the background of the North American Free Trade Agreement, it provides common definitions of the industrial structure of the three countries, so that economic data are comparable between them. It replaces the old system, called the "1980 Standard Industrial Classification". Since a fair amount of work and time is involved in converting to the NAICS, several surveys have not yet converted.

At the highest level, NAICS divides the economy into 20 classifications or sectors. These sectors comprise hundreds of types of industries. To produce uniform statistics, most businesses are assigned only one code. However, if a business is involved in multiple activities, such as manufacturing and wholesale trade, Statistics Canada classifies the business' different units to the different industrial activities.

Reducing response burden

Statistics Canada is trying to balance the burden its surveys place on respondents with the need for detailed business statistics. We

are working hard to ease the task of completing questionnaires. For example, several surveys now use simpler questionnaires, offer electronic reporting, and include fewer respondents. Some surveys have merged with other surveys to reduce their size and avoid overlap.

Statistics Canada is committed to increasing its use of administrative data such as tax records, and to using surveys only when necessary to collect information not available from administrative sources. As a result, some questionnaires have been shortened this year, particularly those for smaller businesses. Two of last year's surveys, the Survey of Construction and the Survey of Taxis and Limousine Services, will not be repeated for reference year 1998. Instead, Statistics Canada is experimenting with the use of administrative data sources to produce estimates for these industries.

WHAT'S NEW?

Worth waiting for

There's an expression that "if you eat, you're part of agriculture." *Canadian Agriculture at a Glance* promises to make readers with no particular interest in agriculture hungry for more about Canada's agricultural sector.

The Census of Agriculture's most unconventional publication brings to life many aspects of Canada's agriculture sector in over 40 short, readable articles. Full-colour maps, photographs, charts and graphs add visual spice to the book's plethora of subjects. Although titles such as "Would you like fries with that?" "Summerfallow out of favour in Western Canada," "The revolution in tillage," "What is value added anyway?" "Try the alternative way," and "The ups and downs of Canadian wheat prices" are meant to whet the appetite of non-agricultural readers, the book has its own "value added" for others. Issues confronting the sector and explanations of the factors that shape agriculture in Canada add valuable analytical depth. Many authors have blended census numbers with myriad data sources for a new perspective on familiar subjects. Half of *Glance's* articles are by authors outside Statistics Canada.

Canadian Agriculture at a Glance, the final product in the 1996 Census of Agriculture

How can you obtain Statistics Canada data?

Statistics Canada makes survey results widely available to the public in such a way that no respondent can be identified. Results are released as tables, graphs and written analysis, and are available through various outlets.

Every day, Statistics Canada issues a media release called *The Daily*, that presents the latest statistical results as they become available. *The Daily* provides highlights and analysis of new results, and information on how to obtain more detailed data. It also includes weekly and monthly schedules of upcoming major releases. *The Daily* and other statistical information is available free on the Statistics Canada Website at www.statcan.ca.

Statistics Canada also distributes publications without charge to some 700 public libraries across Canada. There are nine Statistics Canada Regional Reference Centres in major cities across Canada, where you can consult all publications, electronic products, maps and microfiches. Regional Reference Centres where you can access data: 1-800-263-1136

Atlantic Region	(902) 426-5331
Quebec Region	(514) 283-5725
National Capital Region	(613) 951-8116
Ontario Region	(416) 973-6586
Manitoba	(204) 983-4020
Saskatchewan	(306) 780-5405
Southern Alberta	(403) 292-6717
Northern Alberta, Northwest Territories and Nunavut	(780) 495-3027
Pacific Region and the Yukon Territory	(604) 666-3691

publications line-up, will be released in the fall of 1999. A fun, lively and educational read makes this publication worth waiting for. *Canadian Agriculture at a Glance* Catalogue no. 96-301

Gaye Ward, Agriculture Division
(613) 951-3172

Small Area Retail Trade Estimates database (SARTRE) -1996 data now available

SARTRE (Small Area Retail Trade Estimates) is a system of developing user defined tabulations of retail sales and number of locations by one, two or three digit standard industrial classification (SIC), for incorporated retailers at the forward sortation Area (FSA) level of geographical detail. Data are available for the 1989 to 1996 reference years. These data are derived by integrating survey data on chain stores with tax data (for non-chain retailers). As of 1996, data is available at the six digit level for all rural postal codes.

As this database includes all incorporated retailers, it is possible to provide aggregations of the data by FSA, census division (CD), census agglomeration (CA), and census metropolitan area (CMA). In addition, it is possible to generate tabulations

based on user-defined geographical areas, defined by a collection of six digit postal codes.

Client Services Unit
Distributive Trades Division
(613) 951-3549
or toll free 1-877-421-3067
retailinfo@statcan.ca

Room utilization in the traveller accommodation industry

Both personal and business travel have seasonal patterns that lead to variations in the demand for hotels, motels and other accommodation services. This article examines seasonal fluctuations experienced by Canada's traveller accommodation industry in 1996. It then focuses on monthly variations in hotel and motel occupancy rates according to such factors as location, establishment size and market orientation. The summary measures yielded by this study also offer useful benchmarks against which individual hotels and motels can compare their own room utilization figures.

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Market Research Handbook, 1999 Edition

The *Market Research Handbook* is designed to be a comprehensive source of socio-economic statistics for all those who study the Canadian consumer market. The broad range of data are equally relevant to consumer and business-to-business marketing; they present profiles of key industries including the small business sector, as well as consumers in all provinces and 45 major cities. International trade data, projections of population, households, families and selected economic indicators, etc. – this information helps businesses seeking to expand or develop new product lines. The *Market Research Handbook 1999* reveals the Canadian market place in a way no other statistical resource can.

The 1999 edition will be released at the end of July. Over 20 new tables will be included in this edition for a total of over 170 tables and 60 graphics with short analysis. The following topics are only a few examples of what you will find in this publication.

Population

1998 estimates; ethnic origin; immigration; families; field of study; etc.

Labour Market and Income

Labour force statistics; employment; personal income; weekly earnings; occupation; etc.

Consumer Expenditures

Personal, family and household expenditure; food consumption; alcoholic beverage consumption; etc.

Housing and Household Characteristics

Size of households; owner-occupied and tenant-occupied dwellings; owned and rented accommodation; residential construction; building permits; facilities and equipment; heating fuels; motor vehicles' registration; owned vehicles; home computers, computer modems and Internet users; etc.

Macroeconomic and Financial Statistics

Gross Domestic Product; government revenue and expenditure; private and public investment; industries' financial statistics; price indexes; consumer credit; business bankruptcies, etc.

International Trade in Goods and Services

Goods and services; domestic exports; top twenty-five countries; commodity groupings; international travel; investment income, etc.

Business and Industry Statistics

Number of establishments; employment size; revenue; shipment; retail sales; retail chains; department stores; new motor vehicles; direct sales; vending machines; alcoholic beverages; restaurant, caterer and tavern; theatres and drive-ins; service industries; computer service industries; life insurance; wholesale merchant; manufacturing industries; business service industries; employment change; life status; Internet service providers; etc.

Census Metropolitan Areas and Census Agglomerations

Population; ethnic origin; mother tongue; level of schooling; family structure; type of households; dwellings; labour force; income; expenditure; department stores; retail chains; building permits; price indexes; number of establishments; household facilities; manufacturing industries; etc.

Projections

Private sector economic forecasts; outlook of revenue, program spending and public debt changes; short-term and long-term projections of population; number of families and households; etc.

For information on this publication:

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Preparedness for the Year 2000

Virtually all businesses (99.5%) with more than 250 employees say their computerized systems will be ready to handle the date change to 2000, according to preliminary results from a new survey of businesses, health institutions, utilities and municipal services.

With 10,100 organizations responding, including 1,600 large firms (more than 250 employees), the survey is a rich source of information on wide-ranging aspects of Year 2000 planning.

A substantial proportion of firms will continue preparations for the millennium bug throughout the summer. By the end of April, about 18% of all large firms are expected to have all systems critical to operations ready to handle the date change to the Year 2000. This is expected to climb to about one-half (52%) before July, to two-thirds (67%) before September, and to 92% by the end of October.

The preparation of large companies is particularly important, as they account for about 85% of gross revenues of all businesses and organizations included in the survey. Larger firms are also more likely to have elaborate computer systems and computer-controlled equipment.

Some computers will not recognize that the day following December 31, 1999 is January 1st, 2000. This has the potential to disrupt many computerized systems and essential business operations.

Timelines by which organizations expected to complete preparations of their critical systems varied somewhat across industrial sectors. Companies in air transportation, finance and insurance, oil and gas producers, manufacturers and distributors, electricity, manufacturing and communications are expected to be ready soon. Hospitals, care homes and firms in the primary sector are expected to be ready later.

More than one-half (57%) of large hospitals said they did not expect all their critical systems to be ready until some time after August, with a substantial number expecting to finish in September and October. In contrast, only about 3% of large companies in the air transportation sector will be completing work during the last four months, as will 9% of large electrical companies.

Providers of police and ambulance services in almost all municipalities have taken action to be ready. Likewise, steps have also been taken to prepare water and sewage services in municipalities where computerized systems were said to be essential to service delivery.

For more information on the results of this survey, please contact:

Tony Labilloy, Small Business and Special Surveys Division
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labiton@statcan.ca

SHORT TERM EXPECTATIONS SURVEY

The *Short Term Expectations Survey* is a monthly survey conducted with a group of economic analysts from across the provinces to get a representative view of the Canadian economy.

The analysts forecast the year-over-year changes in the consumer price index (CPI), the unemployment and participation rates of the labour force, the level of merchandise exports and imports, and the monthly change in gross domestic product (GDP). They provide their forecasts for key economic indicators for the following three months.

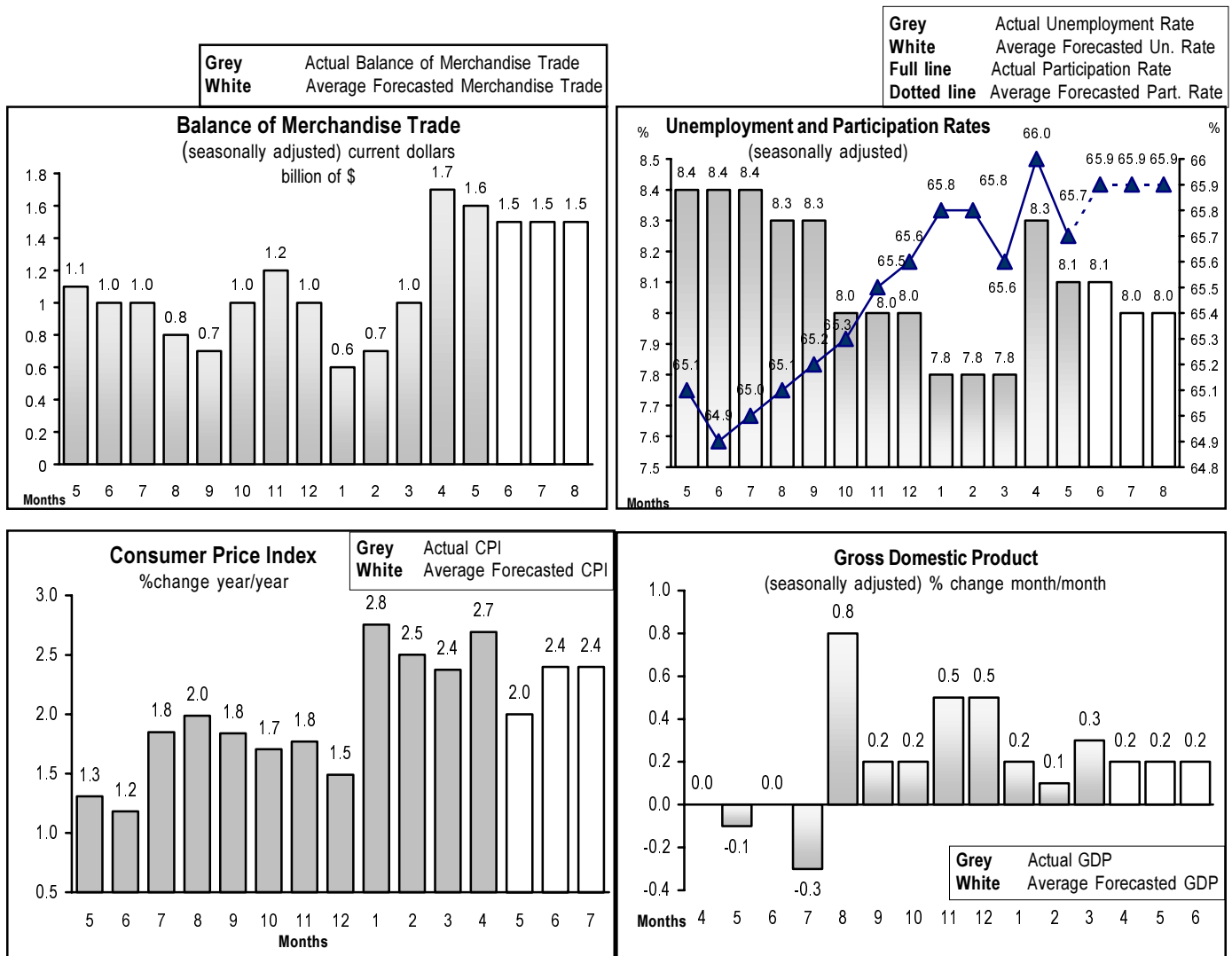
Questionnaires are prepared and faxed on a monthly basis to each of the analysts across the country. They have approximately one week to return their forecasts. Answers are then compiled and compared to actual data. An analysis is produced from the results and published in *The Daily* the following week.

The following graphs show the actual historical data with the average forecasted data for the four key economic indicators included in the survey.

Watch for the results of the *STES* which are published during the first week of each month in *The Daily*. Visit our web site to see a new issue of *The Daily* every working day at: www.statcan.ca

For any information on the *Short Term Expectations Survey*, please contact:

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INSIGHTS ON...

Statistics Canada's newsletter on trends in business and trade statistics

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Your comments are always welcome.

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