Catalogue 11-001-XIE (Français 11-001-XIF) ISSN 1205-9137

The Daily

Statistics Canada

Monday, March 10, 2008
Released at 8:30 a.m. Eastern time

Releases

Releases

Survey of Suppliers of Business Financing

2006

The debt load held by Canadian businesses increased for the third consecutive year in 2006, and again larger borrowers were mostly responsible for the gain.

Commercial suppliers of financing, including banks, finance companies and insurance companies, reported that their Canadian business clients owed them an estimated $444.3 billion, up 10.7% over 2005.

Overall, about 2 million business loans were outstanding as of December 31, 2006, up 85,300, or 4.4%, from the previous year.

The largest businesses, those with authorization levels of $5 million or more, accounted for 57.0% of outstanding debt in 2006. In contrast, businesses with authorization levels of less than $1 million, generally constituting the small- and medium-sized enterprises, had outstanding debt that accounted for 21.4%.

Outstanding debt among the largest businesses amounted to $253.1 billion, up 15.3% from 2005. These big businesses accounted for three-quarters of the $43.1-billion increase in total outstanding debt between 2005 and 2006.

The largest businesses added 7,800 new loans in 2006, an 8.9% increase over the previous year. In comparison, the smaller and medium businesses added 77,500 new loans, up 4.2%.

In terms of the types of loans issued and outstanding, the majority of the debt was in the form of term instruments, which includes longer term loans, mortgages and umbrella credit. Their share of outstanding debt surged from 61.1% in 2005 to 70.5% in 2006. This financing category has historically shown a gradual gain in market share.

The upward trend over the last few years has been related to rising commodity prices, increased capital investments by firms in oil, gas, and mining, and the booming residential and non-residential construction and real estate markets across Canada.

Banks still major suppliers of debt financing

Domestic banks were still the major suppliers of debt financing in the Canadian business borrowing market, providing more than half (52%) of all outstanding business debt.

In 2006, their outstanding debt financing to Canadian businesses totalled $231.2 billion, up 10.1%, or $21.2 billion, from 2005.

Note to readers

Statistics Canada conducts the Survey of Suppliers of Business Financing in partnership with Industry Canada and the Department of Finance, as part of a larger program of research into financing for small- and medium-sized enterprises.

Since most suppliers of financing do not track the employment size of their business clients, they were asked to group their clients by authorization size, the maximum amount they were allowed to borrow. Authorization size is used in this survey as a proxy for business size for lack of employment size indicators.

The survey was based on a census of enterprises in selected finance and leasing industries, including government business enterprises, with assets of $5 million or more. Excluded from the survey were government programs, private not-for-profit organizations and foreign and informal suppliers such as business "angels" and family members.

The market share of domestic banks has been slowly declining since the survey began in 2000. However, there was relatively little change in market share between 2005 and 2006.

The outstanding debt provided by finance companies (including government business enterprises) increased 16.0% from 2005 to $56.3 billion. This was the strongest annual gain among all suppliers.

As a result, the market share of finance companies increased from 12.1% in 2005 to 12.7% of the business borrowing market in 2006.

Suppliers of business financing

	2001	2002	2003^r	2004^r	2005^r	2006
	market share in %					
Domestic banks	56	54	54	54	52	52
Other banks	11	11	11	12	13	13
Credit unions and caisses populaires	8	9	10	10	10	10
Finance companies	11	12	11	11	12	13
Portfolio managers, venture capital companies and financial funds	3	3	2	2	2	2
Insurance companies	11	11	12	11	11	10

^{r} *revised*

The provinces: Large gains in debt outstanding in Western Canada

Businesses in Ontario accounted for the largest share of outstanding debt in 2006, but most of the large increases occurred in the western provinces and the Yukon.

Outstanding debt in Ontario represented 42.6% of the total, followed by Alberta, which accounted for 16.6%, Quebec 16.0%, and British Columbia 13.3%. Market share increased in both Ontario and Alberta, but it was down in Quebec.

In the Yukon, outstanding debt increased 30.7% to $356.9 million, the largest percentage increase. However, this amount represented only 0.1% of the total national debt outstanding in 2006.

In Alberta, outstanding debt amounted to $73.9 billion, up 22.1% from 2005, the biggest gain among the provinces. In Ontario, it increased 18.4% to $189.5 billion.

Much of the strong growth in the West was attributable to the resources boom and investments in mining, oil and gas explorations and related activities.

Outstanding business debt, by province and territory

	2005r		2006	
	$ millions	market share %	$ millions	market share %
Newfoundland and Labrador	2,794.3	0.7	2,759.6	0.6
Prince Edward Island	1,619.1	0.4	1,529.2	0.3
Nova Scotia	9,413.2	2.3	10,165.1	2.3
New Brunswick	6,155.2	1.5	6,051.5	1.4
Quebec	78,202.7	19.5	71,195.9	16.0
Ontario	160,068.4	39.9	189,476.4	42.6
Manitoba	13,963.5	3.5	15,477.3	3.5
Saskatchewan	14,332.7	3.6	13,696.3	3.1
Alberta	60,486.4	15.1	73,853.6	16.6
British Columbia	53,313.7	13.3	59,212.3	13.3
Yukon	273.1	0.1	356.9	0.1
Northwest Territories	453.2	0.1	390.1	0.1
Nunavut	163.5	0.0	164.9	0.0
Total: Canada	**401,239.1**	**...**	**444,329.1**	**...**

... *not applicable*
r *revised*

Western boom evident in growth of debt financing by sector

Demand for business debt varied widely across industries in Canada in 2006.

Combined, three industries accounted for more than one-third (35%) of total debt outstanding: real estate, rental and leasing; manufacturing; and agriculture.

However, the biggest gains in debt were recorded by businesses in utilities, where it increased 71.3% to $14.4 billion, and information and culture, where it rose 62.0% to just over $12.1 billion.

Proportionally, outstanding debt in the real estate, rental and leasing industry amounted to $51.8 billion, 11.7% of the total, the largest share. Manufacturing industries were just behind with total outstanding debt of $51.7 billion, 11.6% of the total.

Other changes reflected the growth of sectors in Alberta and the other western provinces. All primary industries including agriculture, forestry, fishing and hunting as well as mining and oil and gas extraction increased their business debt in 2006. These industries had outstanding debt of $83.9 billion, a 16.7% increase from the previous year.

Businesses in transportation and warehousing had outstanding debt of nearly $21.1 billion, up 23.3%, while debt in the construction industry amounted to nearly $31.8 billion, a 16.6% increase.

The finance and insurance sector rebounded from a decline in the previous year, posting outstanding debt of $35.8 billion, up 12.0%.

Leasing dominated by finance companies

Total lease amounts outstanding in 2006 increased by 5.7% to $22.1 billion.

Of the commercial suppliers of leasing in Canada, finance companies continued to hold the largest market share at 47.6%. They reported outstanding leases of $10.5 billion, 4.0% above 2005.

Leasing companies maintained 24.8% of outstanding leases at $5.5 billion, while the domestic banks accounted for 16.7% or $3.7 billion of total outstanding leases in 2006.

Consult our website for summary data tables for 2006. Industry Canada's website provides a complete set of data tables (*http://sme-fdi.ic.gc.ca*).

Definitions, data sources and methods: survey number 2514.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jason Leonard (613-951-5593; *jason.leonard@statcan.ca*) or Sana Yousuf (613-951-2486; *sana.yousuf@statcan.ca*), Industrial Organization and Finance Division.

❑

Outstanding business debt, by industry

	2005[r]		2006	
	$ millions	market share %	$ millions	market share %
Agriculture	46,429.6	11.6	50,092.2	11.3
All other primary industries	25,411.3	6.3	33,781.4	7.6
Utilities	8,407.1	2.1	14,402.3	3.2
Construction	27,228.7	6.8	31,755.7	7.1
Manufacturing	51,633.8	12.9	51,693.9	11.6
Wholesale trade	16,564.0	4.1	16,185.4	3.6
Retail trade	35,512.1	8.9	36,617.2	8.2
Transportation and warehousing	17,068.1	4.3	21,050.9	4.7
Information and culture	7,490.5	1.9	12,135.0	2.7
Finance and insurance	32,008.8	8.0	35,840.2	8.1
Real estate, rental and leasing	51,934.3	12.9	51,800.9	11.7
Professional, scientific and technical	12,323.3	3.1	11,663.3	2.6
Education and health	13,897.2	3.5	18,466.3	4.2
Entertainment and accommodation	17,658.7	4.4	20,925.9	4.7
All other industries and unknown	37,671.6	9.4	37,918.4	8.5
Total: All industries	**401,239.1**	**...**	**444,329.1**	**...**
Knowledge-based industries	21,813.8	5.4	28,689.2	6.5

... *not applicable*
[r] *revised*

■

Study: Income security in retirement among the working population

1983 to 2004

On average, Canadian workers had family disposable incomes at age 75, when most are retired, that were 80% of their incomes at age 55, when they were working, according to a new study. However, the extent to which they maintained their income in retirement varied with their level of income.

Disposable incomes for wealthier Canadian workers declined significantly after they headed into the retirement years, but those with low incomes encountered relatively little change.

The study used data from Statistics Canada's Longitudinal Administrative Data base to determine the extent to which individuals at the age of 55 were able to maintain their family incomes, as they moved into the retirement years until their mid 70s. It covered the period from 1983, when the people in the analysis were age 55, to 2004, when they reached age 76.

It found that among workers with average incomes at age 55, family disposable income fell after the age of 60, declined until 68, then stabilized at about 80% of the income level they had when they were 55.

Lower income workers (those in the bottom 20% of the income distribution) experienced little change in income as they moved from the age of 55 through the retirement years. This was largely because of the income maintenance impact of the public pension system.

These lower income workers experienced high levels of individual income instability in their late 50s and early 60s. However, after retirement, their incomes became more stable.

However, better-off workers in the top 20% of the income distribution experienced substantial declines in income by time they were 75.

These findings are important because of the aging of the population. The proportion of the population who are retirees will increase considerably.

As a result, the degree of financial well-being experienced by seniors will likely become an important issue. The extent to which an individual's income at, say, the age of 55, is replaced throughout the retirement years is an important aspect of maintaining a pre-retirement lifestyle.

Note to readers

This release is based on a research paper entitled "Income security and stability during retirement in Canada", 1983 to 2004, available today. This study uses data from Statistics Canada's Longitudinal Administrative Data base to determine the extent to which the disposable income levels which people have at age 55 are maintained as they move into the retirement years, up to age 76.

The study is restricted to employed individuals who have annual earnings of at least $10,000 at age 55. This restriction is necessary due to particular features of the data. This study excludes very low-income individuals, and hence is not about low income during the retirement years, which has fallen dramatically over the past 30 years. The study asks about the extent to which income levels, and hence life styles, are maintained in retirement among working Canadians.

An important caveat is that many individuals save for their retirement, both by accumulating financial assets and through building equity in an owner-occupied home. The effects on consumption possibilities of running down these assets by dissaving were not included in this study.

Wide variations in "income replacement rates"

This study calculated the "income replacement rate," which is the after-tax, after-transfer family income at a given age, say 75, compared with the after-tax, after-transfer family income of the same individual at 55. These rates depended on whether an individual was in a richer or poorer family. The analysis also took account of changes in family size from pre- to post-retirement ages.

The study found that on average, the higher the disposable income at 55, the lower the portion of income that was replaced in retirement.

The richest workers, those in the top 20% of the income distribution at 55, replaced on average about 70% of their income during their 70s.

Still, these workers had an average family income of $90,000 after taxes for a family of two by time they reached 75. About 40% of this income came from private pensions or Registered Retirement Savings Plans, 28% from investment and capital gains, and about 18% from public pensions or the old-age security.

People in the poorest 20% of families at age 55 experienced little change in their incomes as they aged. They maintained roughly 100% of their disposable income because their earnings from earlier years were replaced by income from the Canada/Quebec pension plans (C/QPP), Old Age Security (OAS) and the Guaranteed Income Supplement (GIS).

At 75, these workers recorded average after-tax family income of around $30,000 for a family of two. About 60% of it came from the C/QPP, OAS or GIS.

Middle income workers at age 55 replaced between 75% and 80% of their family income through to age 75.

But some workers had low replacement rates. The study found that about one-fifth of workers replaced less than 60% of their age 55 after-tax incomes by the time they reached 75.

Income sources distinguishing low from high replacement rates

Two individuals from families with identical family incomes at 55 may have different levels of income by time they are 75, depending on sources of income available to them.

This study determined what sources of pre-retirement income were associated with high or low income replacement rates. It did so by concentrating on individuals in the middle-income range who had roughly the same income levels at 55. Some of these workers had replacement rates over 100% post-retirement, while others had rates less than 60%.

In early retirement years, at 65, the sources that distinguished low from high replacement rates were access to earnings, and income from investments and capital gains. Together, they accounted for 90% of the difference in income at 65 between workers with low or high replacement rates.

At age 75, however, the main factor determining whether a worker had a high or low replacement rate was access to a private pension. This single source of income accounted for 45% of the difference in income levels between the two groups.

Investment and capital gains income accounted for another 27% of the difference in income at 75.

Family income instability is greatly reduced in retirement years

Income instability refers to the year-over-year change in income levels for any particular family. Higher levels of income instability, that is, larger variations, may affect consumption levels from year to year, leading to uncertainty and stress.

To measure instability, the study looked at the deviation in income around the family's average income over a five-year period. If the family's income was the same in each of those five years, the deviation would be zero. But instability would be relatively high if its average income was, for example, $40,000 over the five years, and each year it fluctuated by 25% above or below this average.

The study found that instability is greatly reduced for both lower and higher income families as workers age.

In their late 50s, average family income for the 20% of workers in the bottom of the income distribution (the poorest families in our sample, though recall that those with pre-retirement earnings below $10,000 were not included in the sample) fluctuated by about 25% because of instability in employment earnings. On the other hand, the richest 20% of families saw their incomes deviate by only about 18% during the same ages.

But as individuals aged, income instability tended to decrease, although it fell more for the lower than higher income families. By time workers were in their early 70s, family income for both groups tended to deviate by only 10% around the average over five years.

This decline in instability was largely associated with the replacement of less stable employment earnings by more stable income from public pensions, OAS and GIS, or from private pensions.

Definitions, data sources and methods: survey number 4107.

The study, "Income security and stability during retirement in Canada," is now available as part of the *Analytical Studies Branch Research Paper Series* (11F0019MIE2008306, free) from the *Publications* module of our website.

Related studies from the Business and Labour Market Analysis Division can be found at *Update on Analytical Studies Research* (11-015-XIE, free), which is also available on our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Garnett Picot (613-951-8214) or Sébastien LaRochelle-Côté (613-951-0803), Business and Labour Market Analysis Division. ■

Aircraft movement statistics: Major airports

2007

For the third year, aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and/or flight service stations increased in year-over-year comparisons. These 95 airports reported 6.07 million movements in 2007 compared with 5.67 million movements in 2006, an increase of 6.9% (+392,705 movements). Total movements had been showing a declining trend since the last peak, observed in 1999 (6.64 million).

Itinerant movements (flights from one airport to another) increased for the third consecutive year, up by 3.6% (+148,890 movements) in 2007 compared with a year earlier.

Local movements (flights that remain in the vicinity of the airport) increased for the second year, up by 15.6% (+243,815 movements) in 2007 compared with 2006.

Available on CANSIM: tables 401-0023 to 401-0036.

Definitions, data sources and methods: survey number 2715.

The 2007 issue of *Aircraft Movement Statistics: NAV CANADA Towers and Flight Service Stations: Annual Report* (51-209-XWE, free) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-500-8400; *transportationstatistics@statcan.ca*), Transportation Division. ■

Natural gas transportation and distribution

April to June 2007

Data on natural gas transportation and distribution are now available for April to June.

Available on CANSIM: tables 129-0001 to 129-0004.

Definitions, data sources and methods: survey number 2149.

For more information, to order data, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; *energ@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Language of Work Survey

2007

Data from the 2007 Language of Work Survey are now available.

Definitions, data sources and methods: survey number 5134.

For more information or to enquire about the concepts, methods or data quality of this release, contact the survey information line (toll-free 1-866-558-2947) or Client Services (613-951-3321 or toll-free 1-800-461-9050; fax: 613-951-4527; *ssd@statcan.ca*), Special Surveys Division. ■

Supply and disposition of refined petroleum products

November 2007

Data on the supply and disposition and domestic sales of refined petroleum products are now available for November.

Available on CANSIM: tables 134-0001 to 134-0004.

Definitions, data sources and methods: survey number 2150.

The November 2007 issue of *The Supply and Disposition of Refined Petroleum Products in Canada* Vol. 62, no. 11 (45-004-XWE, free) is now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marketing and Dissemination Section (613-951-9497 or toll-free 1-866-873-8789; *energ@statcan.ca*), Manufacturing, Construction and Energy Division. ■

New products

Analytical Studies Branch Research Paper Series: "Income security and stability during retirement in Canada", no. 306
Catalogue number 11F0019MIE2008306
(free).

The Supply and Disposition of Refined Petroleum Products in Canada, November 2007, Vol. 62, no. 11
Catalogue number 45-004-XWE
(free).

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

Catalogue numbers with an -XWE, -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB or -XDE are electronic versions on diskette; -XCB or -XCE are electronic versions on compact disc; -XVB or -XVE are electronic versions on DVD and -XBB or -XBE a database.

How to order products

To order by phone, please refer to:

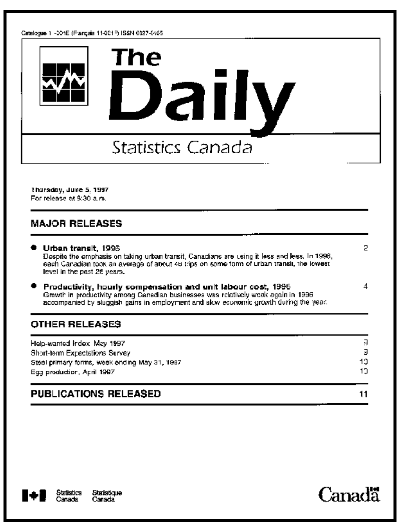
- The title
- The catalogue number
- The volume number
- The issue number
- Your credit card number.

From Canada and the United States, call:	**1-800-267-6677**
From other countries, call:	**1-613-951-2800**
To fax your order, call:	**1-877-287-4369**
For address changes or account inquiries, call:	**1-877-591-6963**

To order by mail, write to: Statistics Canada, Finance, 6th floor, R.H. Coats Bldg., Ottawa, K1A 0T6. Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 5% GST and applicable PST.

To order by Internet, write to: *infostats@statcan.ca* or download an electronic version by accessing Statistics Canada's website *(www.statcan.ca)*. From the *Our products and services* page, under *Browse our Internet publications*, choose *For sale*.

Authorized agents and bookstores also carry Statistics Canada's catalogued publications.



Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

Published each working day by the Communications and library Services Division, Statistics Canada, 10G, R.H. Coats Building, 100 Tunney's Pasture Driveway, Ottawa, Ontario K1A 0T6.

To access *The Daily* on the Internet, visit our site at *http://www.statcan.ca*. To receive *The Daily* each morning by e-mail, send an e-mail message to *listproc@statcan.ca*. Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".