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National net worth edged up 0.8% to \$6.2 trillion in the second quarter, marking the fourth consecutive increase. On a per capita basis, national net worth reached \$182,600 in the second quarter, up from \$181,800 in the previous quarter.

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Renewable water resources have declined in Southern Canada over the past three decades. From 1971 to 2004, water yield in Southern Canada, the area in which 98% of the population lives, fell by an average of 3.5 cubic kilometres a year.

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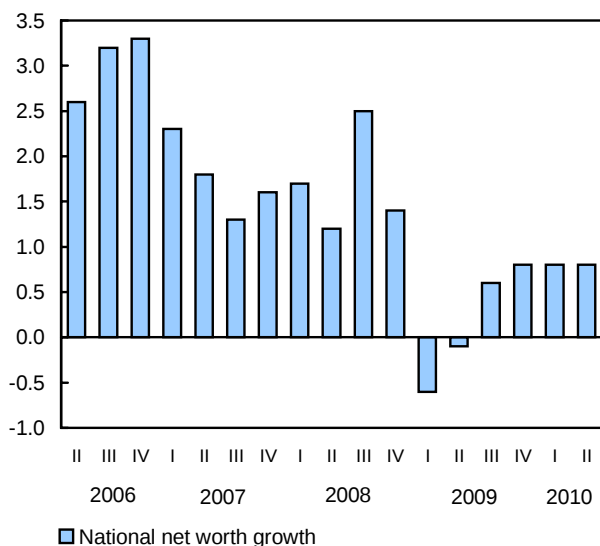
National balance sheet accounts

Second quarter 2010

National net worth edged up 0.8% to \$6.2 trillion in the second quarter, mainly due to a 1.4% increase in non-financial assets.

National net worth edges up

% change, not seasonally adjusted



On a per capita basis, national net worth reached \$182,600 in the second quarter, up from \$181,800 in the previous quarter.

Canada's net foreign debt rose as growth in international liabilities outpaced growth in international assets, moderating the increase in national net worth. The change in net foreign debt reflected the continued strong inflow of funds from abroad, the depreciation of the Canadian dollar and larger price declines in global equity markets compared with Canadian equity markets.

Note to readers

The National Balance Sheet Accounts (NBSA) comprise the balance sheets of all sectors of the economy: the persons and unincorporated business (households), corporate, government, and non-resident sectors. They cover all national non-financial assets and financial claims and their associated liabilities outstanding in all sectors.

National net worth is national wealth less net foreign liabilities (that is, what is owed to non-residents less what non-residents owe to Canadians). Alternatively, it is the sum of the net worth of the persons and unincorporated business, corporate, and government sectors.

Household credit market debt comprises consumer credit, mortgage, and loan debt of households, non-profit institutions serving households, and unincorporated businesses.

Corporate equity is treated as a liability on the balance sheet of the corporate sector since it represents a claim by shareholders on the corporate sector. As a result, as equity prices increase, corporate net worth will tend to decline, reflecting the increase in the corporate sector's equity liabilities.

Quarterly series, at both book and market value, are available from the first quarter of 1990. Marketable securities are at market value, unless otherwise stated. For more information on the market value estimates, consult the National Balance Sheet estimates at market value page of our website.

As of the release of the NBSA for the third quarter of 2009, a number of sectors and categories that were previously published have been combined, in order to provide more relevant sector and category information.

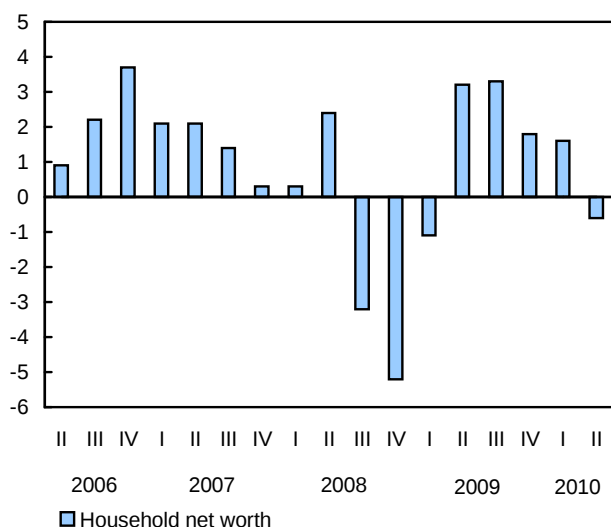
Market value estimates in the NBSA on annual and quarterly bases have been expanded. Annual market value data are published for all sectors from 1970, while book value estimates remain available from 1961. Quarterly data are available for all sectors from the first quarter of 1990 for market and book value estimates. The release of these estimates will facilitate international comparisons with other countries.

Household net worth down

Household net worth fell 0.6% (or \$34 billion) to \$5.9 trillion, the first decline since the first quarter of 2009, largely reflecting the decline in North American stock markets. Increases for some financial assets, especially deposits, were more than offset by declines in equities, foreign investment and life insurance and pension assets. Households equity holdings declined for both marketable shares as well as mutual funds. The Standard and Poor's / Toronto Stock Exchange composite index declined almost 6.2%, following increases in the previous four quarters.

Household net worth down

% change, not seasonally adjusted



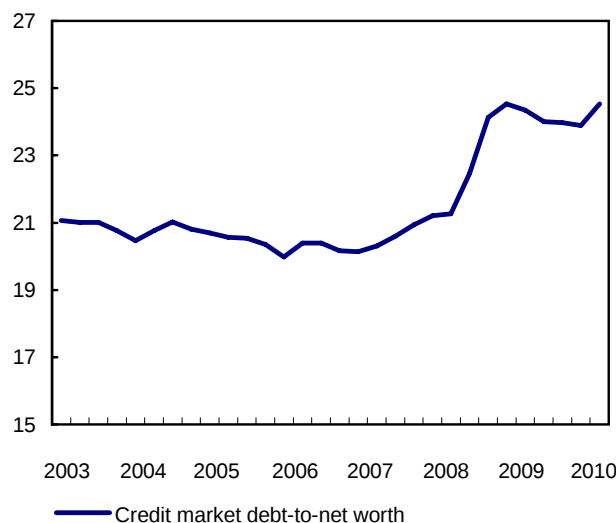
Liabilities of households increased, led by mortgages and consumer credit. The ratio of household credit market debt-to-personal disposable income declined to 143.7%, its first decrease since the first quarter of 2006. The debt-service ratio also declined in the second quarter compared with the first quarter. These developments reflected, in part, the 3.6% increase in personal disposable income in the second quarter of 2010.

Household credit market debt-to-net worth increased after four consecutive declines. Households owner equity as a percentage of real estate assets edged down to its lowest level since the first quarter of 2002, after remaining relatively stable over the previous two quarters.

Household per capita net worth fell to \$174,400 in the second quarter, down from \$176,000 in the previous quarter.

Household credit market debt-to-net worth up

%



Government debt continues to grow

Financing activity in the second quarter was concentrated in the government sector. This was led by bond issuances by federal and provincial governments.

Expressed at book value, overall government net debt as a percentage of gross domestic product increased to 44.7%, continuing the upward trend from the fourth quarter of 2008. This was the highest ratio since the second quarter of 2006, but still well below the levels reached in the 1990s.

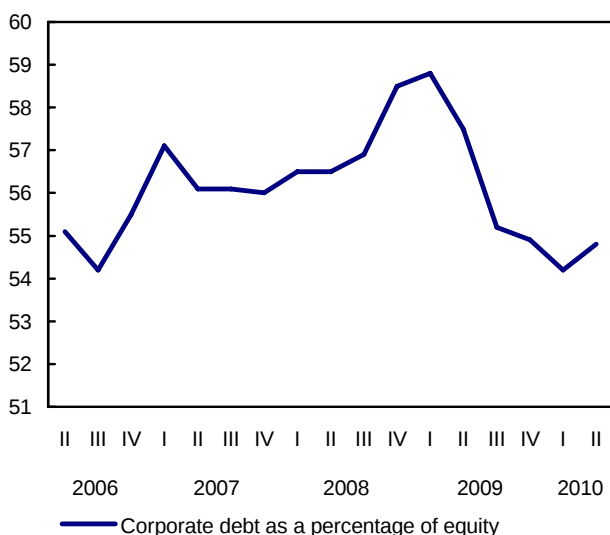
Government of Canada short-term and long-term marketable bond rates decreased in the second quarter. The federal government retired short-term debt, which offset some of the increase in bond debt outstanding, while other levels of government continued to borrow through both short-term and long-term instruments.

Corporate debt to equity edges up

Borrowing through bank loans was up, its first increase since the fourth quarter of 2008, while borrowing through bonds declined. The increase in overall borrowing was matched by equity issues and undistributed corporate earnings. The credit market debt-to-equity ratio expressed at book value edged up from 54.2% in the first quarter to 54.8% in the second quarter.

Corporate debt-to-equity edges up

not seasonally adjusted data



Available on CANSIM: tables 378-0012 to 378-0014 and 378-0049 to 378-0116.

Definitions, data sources and methods: survey number 1806.

The *National economic accounts* module, accessible from the *Key resource* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

The second quarter 2010 *National Balance Sheet Accounts: Data Tables*, Vol. 3, no. 2 (13-022-X, free), is now available from the *Key resource* module of our website under *Publications*.

Additional tables and links to other releases from the national accounts can be found in the second quarter 2010 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 9, no. 2 (13-010-X, free). This publication is now available from the *Key resource* module of our website under *Publications*. This publication will be updated on September 14, at the time of the labour productivity, hourly compensation and unit labour cost release. Revised estimates of the National balance sheet accounts for the first quarter of 2010 have been released, along with those for the second quarter. Data for the third quarter will be released on December 13.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the information officer (613-951-3640; iead-info-dcrd@statcan.gc.ca), Income and Expenditure Accounts Division.

□

Equity investment of financial corporations declines

The asset value of the marketable equities of institutional investors declined, while their holdings of bonds increased. The assets of trustee pension plans and mutual fund sectors were the most affected by the decline in global equity values.

National balance sheet accounts

	First quarter 2009	Second quarter 2009	Third quarter 2009	Fourth quarter 2009	First quarter 2010	Second quarter 2010	First quarter to second quarter 2010
Market value, not seasonally adjusted							
	billions of dollars						change in billions of dollars
National net worth¹	6,055	6,050	6,087	6,137	6,186	6,233	47
	-0.6	-0.1	0.6	0.8	0.8	0.8	
National wealth ¹	6,095	6,125	6,200	6,269	6,358	6,444	86
	-0.2	0.5	1.2	1.1	1.4	1.4	
Net foreign debt	-40	-76	-113	-132	-172	-211	-39
National net worth, by sector							
Household sector	5,437	5,608	5,792	5,895	5,988	5,954	-34
Corporate sector	638	458	317	271	224	329	105
Government sector	-20	-17	-22	-29	-27	-50	-23
	dollars						change in dollars
National net worth per capita	180,100	179,300	179,700	180,900	181,800	182,600	800

1. The first line is the series itself expressed in billions of dollars. The second line is the period-to-period percentage change.

Note: Data may not add up to totals as a result of rounding.

Household sector indicators

	First quarter 2009	Second quarter 2009	Third quarter 2009	Fourth quarter 2009	First quarter 2010	Second quarter 2010
Market value, not seasonally adjusted						
Household sector						
Net worth						
Household net worth per capita (\$)	161,700	166,200	171,000	173,700	176,000	174,400
Net worth as a percentage of personal disposable income (%)	569.69	584.27	602.29	610.48	615.91	603.87
Total assets to net worth (%)	124.87	124.70	124.35	124.31	124.21	124.88
Financial assets to net worth (%)	66.73	68.02	68.73	68.91	69.03	68.43
Financial assets to non-financial assets (%)	114.78	120.02	123.60	124.37	125.09	121.21
Owner's equity as a percentage of real estate (%)	68.91	68.36	68.17	68.02	68.06	67.82
Real estate as a percentage of personal disposable income (%)	286.34	286.09	289.44	292.22	294.48	295.56
Debt						
Household debt (\$ billions)	1,352	1,385	1,410	1,433	1,450	1,481
Household debt per capita (\$)	40,200	41,000	41,600	42,200	42,600	43,400
Credit market debt (\$ billions)	1,334	1,365	1,390	1,413	1,430	1,461
Debt to personal disposable income (%)	142.67	144.12	145.70	146.97	148.58	145.57
Credit market debt to personal disposable income (%)	140.83	142.08	143.84	144.94	146.58	143.67
Consumer credit and mortgage liabilities to personal disposable income (%)	128.87	130.34	132.34	133.72	135.39	132.89
Debt to total assets (%)	19.92	19.80	19.58	19.56	19.49	19.92
Debt to net worth (%)	24.87	24.70	24.35	24.31	24.21	24.88
Credit market debt to net worth (%)	24.53	24.34	24.00	23.97	23.89	24.53
Consumer credit and mortgage liabilities to net worth (%)	22.46	22.33	22.09	22.12	22.03	22.68
Debt to gross domestic product (%)	85.23	88.77	92.20	93.83	93.71	94.17

Corporate sector indicators

	First quarter 2009	Second quarter 2009	Third quarter 2009	Fourth quarter 2009	First quarter 2010	Second quarter 2010
Market value, not seasonally adjusted						
Corporate sector						
Net new issuance of debt, non-financial corporations (\$ billions)	4	6	-1	-1	4	8
Net new issuance of debt, financial corporations (\$ billions)	19	14	10	9	-3	8
Net new issuance of share equity, non-financial corporations (\$ billions)	5	8	18	8	7	9
Private non-financial corporations total debt to equity (%)	183.03	176.32	171.78	169.91	169.61	172.64
Private non-financial corporations credit market debt to equity (book value) (%)	58.76	57.51	55.18	54.94	54.24	54.76

Government sector indicators

	First quarter 2009	Second quarter 2009	Third quarter 2009	Fourth quarter 2009	First quarter 2010	Second quarter 2010
Market value, not seasonally adjusted						
Government sector						
Net new issuance of debt, federal government (\$ billions)	48	9	25	4	13	4
Net new issuance of debt, other levels of government (\$ billions)	-3	22	2	23	4	24
Total government gross debt (book value) - (\$ billions)	1,557	1,579	1,616	1,643	1,678	1,695
Federal government gross debt (book value) - (\$ billions)	732	737	769	775	795	788
Other levels of government gross debt (book value) - (\$ billions)	819	839	844	865	872	903
Total government net debt (book value) - (\$ billions)	-608	-625	-645	-664	-680	-704
Federal government net debt (book value) - (\$ billions)	-481	-499	-513	-518	-534	-542
Other levels of government net debt (book value) - (\$ billions)	-271	-281	-289	-302	-307	-325
Total government gross debt (book value) to gross domestic product (%)	98.12	101.22	105.64	107.58	108.47	107.79
Federal government gross debt (book value) to gross domestic product (%)	46.12	47.22	50.26	50.75	51.38	50.10
Other levels of government gross debt (book value) to gross domestic product (%)	51.63	53.80	55.16	56.63	56.33	57.44
Total government net debt (book value) to gross domestic product (%)	38.33	40.07	42.16	43.46	43.97	44.74
Federal government net debt (book value) to gross domestic product (%)	30.32	32	33.51	33.95	34.53	34.46
Other levels of government net debt (book value) to gross domestic product (%)	17.07	17.99	18.9	19.75	19.86	20.69

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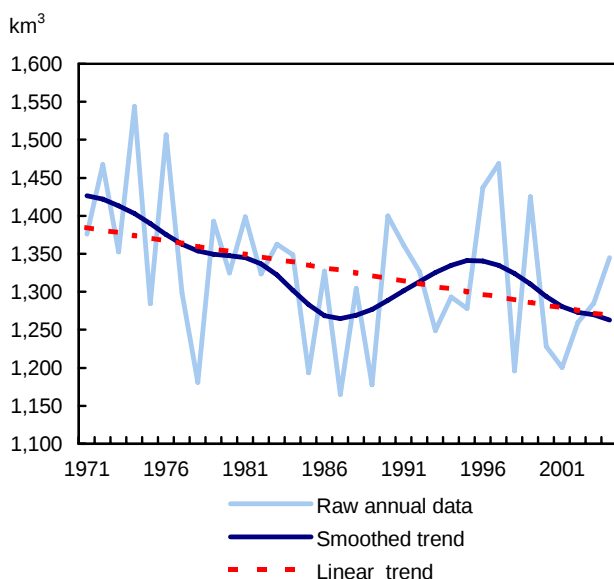
Study: Freshwater supply and demand in Canada

1971 to 2005

Renewable water resources have declined in Southern Canada over the past three decades. From 1971 to 2004, water yield in Southern Canada, the area in which 98% of the population lives, fell by an average of 3.5 cubic kilometres a year.

This annual loss is equivalent to the water contained in 1.4 million Olympic-size swimming pools, and almost as much water as was supplied to Canada's entire residential population in 2005. This represents an overall loss of 8.5% of the water yield in Southern Canada over the 34-year period.

Trends in water yield for Southern Canada, 1971 to 2004



Canada's total annual renewable freshwater supply is about 3,470 cubic kilometres, roughly equivalent to the volume of Lake Huron. This water yield is the result of precipitation and melted ice that flow over and under the ground, eventually reaching our rivers and lakes.

Water yield is distributed unequally across the country. The Pacific Coastal drainage region has the highest water yield in the country, followed by the Newfoundland and Labrador drainage region. Drainage regions in the Prairies and north of the Prairies produce the least water.

Water yield is also distributed unequally throughout the year. In much of Canada, the bulk of the water

Note to readers

This release is based on an analytical article titled "Freshwater supply and demand in Canada" in the 2010 edition of Human Activity and the Environment. The article provides information on Canada's freshwater supply as well as the demands placed on it. This article combines new research done within Statistics Canada with information from other sources, including other federal government departments, international bodies and scientific journals.

The supply of freshwater, or Canada's renewable freshwater resources, is represented by water yield. Water yield is the amount of freshwater derived from unregulated flow measurements for a given geographic area over a defined period of time and is an estimate of the renewable water. Southern Canada is delineated by the North-line which separates Canada into two regions based on 16 social, biotic, economic and climatic variables (see map). Southern Canada, the portion of Canada below this line, has an area of almost 2.6 million square kilometres, is home to the majority of Canadians, and is where most economic activity takes place.

Human Activity and the Environment publications bring together a collection of environmental statistics that paint a statistical portrait of Canada's environment. Special emphasis is given to the relationship of human activity to air, water, soil, plants and animals. In the past, each annual issue of Human Activity and the Environment began with a feature article on an environmental topic of concern to Canadians, followed by a compendium of statistical tables. Starting with this edition, the article and statistical tables are published separately, with the article continuing to be released annually.

yield comes in spring and declines greatly through the summer months. However, demand increases in the summer, and is highest in July and August.

Trends in water yield on the Prairies

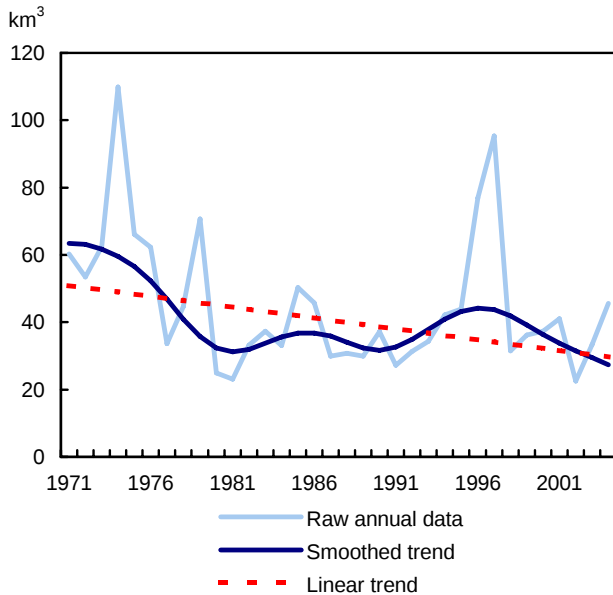
From 1971 to 2004, the area that had the lowest water yield and the highest variability in water yield was the Prairies. This variability is of interest because a lack of predictability in the flows of renewable water resources affects economic activities, including agriculture.

Four drainage regions comprise most of the Prairies and stretch across the southern part of Alberta, Saskatchewan and Manitoba. The population of this area rose by 1.6 million between 1971 and 2006 to about 4.5 million.

Yet this collection of drainage regions received an average annual yield of renewable freshwater equivalent to 12% of the yield of the Great Lakes drainage region, 6% of the Maritime Coastal drainage region and 3% of the Pacific Coastal drainage region. Compared internationally, the renewable freshwater per unit area of the Prairies is less than that for either Australia or South Africa.

From 1971 to 2004, the water yield for the Prairies fell by 0.56 cubic kilometres a year. In perspective, this annual loss represents about 80% of the total volume of water that was produced by drinking water plants in this region in 2005.

Trends in water yield for the Prairies, 1971 to 2004



Industrial and agricultural water use

In 2005, Canadians withdrew about 42 cubic kilometres of water from the environment, roughly 1.2% of the total average water yield. More than 90% of this volume went to support economic activity, while about 9% was used directly by the residential sector.

The sector that withdrew the most water overall, by a considerable margin, was thermal-electric power generation. In 2005, it used almost 28 cubic kilometres of water, the bulk of which was returned to the environment within a short period of time.

The manufacturing sector, in second place, used almost 6 cubic kilometres of water, or about 14% of all water use. Manufacturing industries use water mainly for processing, cleaning and cooling, but water can also be added to the content of final products.

The agricultural sector was responsible for almost 5% of total water withdrawals in 2005, the bulk of which (84%) was used to irrigate crops. The remainder predominantly went to support livestock production.

Residential water use

Water withdrawals for the residential sector were the third largest overall with 9.0% of total water use, about 3.8 cubic kilometres, in 2005. This amount includes the water supplied by drinking water plants to households, as well as the water withdrawn from private wells.

Drinking water plants provided water to about 28 million Canadians in 2005. Roughly 88% of water processed was from surface water sources, while 12% was from groundwater. Canadians who do not receive water supplied by drinking water plants typically rely on wells, which are fed by groundwater. Overall, about 25% of Canadians rely on groundwater, though this percentage varies from region to region.

The population in the Saint John–St. Croix drainage region of New Brunswick is the most reliant on groundwater, whereas the population in the South Saskatchewan drainage region is the least.

Embedded water

Water is present in all aspects of our lives, and is embedded in the goods and services that we rely on. This embedded water, also referred to as "virtual" water content, refers to the water used to make a product, including in the generation of the energy used in manufacturing, as well as all the water in all the inputs used in production. Water is used both to satisfy the demands of Canada's domestic economy, and to produce goods for export.

Of all the water withdrawn by Canadians in 2005, 63% was used to satisfy internal domestic demand for goods and services, and the remaining 37% was used to produce goods for export.

Relationship between supply and demand

Monthly water yield is lowest in August, a month in which demand for water is typically high.

Looking at August 2005 as an example, more than 40% of the water yield in some Prairie drainage regions was withdrawn for use by farms, industry and households.

Similarly intense demand was present in the Great Lakes drainage region. The Great Lakes themselves, however, contain more than 6.5 times Canada's annual water yield. Therefore, low summertime water yield in that drainage region has less potential to impose a constraint on human activities.

The publication *Human Activity and the Environment: Freshwater Supply and Demand in Canada, 2010* (16-201-X, free) is now available. From the *Key resource* module of our website under *Publications*, choose *All subjects*, then *Environment*. Print versions can also be ordered through Statistics Canada's National Contact Centre (toll-free 1-800-263-1136; infostats@statcan.gc.ca).

For more information, or to enquire about the concepts, methods or data quality of this release, contact the information officer (613-951-0297; environ@statcan.gc.ca), Environment Accounts and Statistics Division.

Water use in Canada, by sector, 2005

	Water use	Share of total water use
	km ³	%
Total, all sectors	42.1	100.0
Thermal-electric power generation	27.8	66.2
Manufacturing	5.7	13.6
Residential	3.8	9.0
Agriculture		
Irrigation	1.6	3.9
Livestock	0.3	0.8
Commercial and institutional	1.1	2.7
Water treatment and distribution systems	1.0	2.3
Mining (except oil and gas)	0.5	1.1
Oil and gas extraction	0.2	0.5



Industrial concentration in the manufacturing sector

2008

Industrial concentration data for the manufacturing sector are now available for 2008 for Canada and the provinces. These data measure the market share of the industry's largest enterprises according to their sales. They also provide an indication of the degree of competition within manufacturing industries.

Definitions, data sources and methods: survey number 2103.

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

New products and studies

National Balance Sheet Accounts: Data Tables,
Second quarter 2010, Vol. 3, no. 2
Catalogue number 13-022-X (HTML, free)

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

Study: Environment Accounts and Statistics Analytical and Technical Paper Series: "Using a Trend-cycle Approach to Estimate Changes in Southern Canada's Water Yield from 1971 to 2004",
no. 14
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Canada's International Investment Position, Second quarter 2010, Vol. 8, no. 2
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