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

The Daily

Statistics Canada

Thursday, July 10, 2008
Released at 8:30 a.m. Eastern time

Releases

Releases

Book publishing industry

2006

Operating revenues for the book publishing industry in Canada edged down 1.2% to $2.1 billion in 2006 after increasing 3.2% in 2005, according to data from the Survey of Book Publishers.

Growth in operating revenue was flat across most of the country in 2006, except for British Columbia, where revenues fell 17% following a peak the previous year, and Alberta, where revenues rose 12%.

The decline in operating revenues accompanied a 0.9% increase in operating expenses. As a result, the operating profit margin for the industry dropped to 10.3% in 2006 from 12.1% the year before.

Spending on salaries, wages and benefits, which account for roughly 20 cents of every dollar spent by the industry, rose 2.0%.

Industry concentrated in Ontario and Quebec

The Canadian book publishing industry is dominated by firms in Ontario and Quebec. Collectively, they accounted for 91% of industry operating revenues in 2006: Ontario's share was 63% and Quebec's 28%. These two provinces also accounted for 95% of industry operating profits. British Columbia was the third largest contributor, generating 6% of industry revenues, followed by Alberta at 2%.

Ontario and Quebec were also home to all of Canada's foreign-controlled book publishers. Although small in number, their share of industry operating revenues rose to 41.7% in 2006 from 40.4% in 2004.

These foreign-controlled firms were also more profitable, despite being ineligible for the subsidies and tax credits available to Canadian-owned firms. In 2006, the operating profit margin for foreign-controlled firms was 13.3% compared with 8.1% among Canadian-owned firms. In all regions outside Ontario and Quebec, industry operating profits were less than the dollar value of grants, subsidies and tax credits.

The 10 largest book publishers earned 62% of industry operating revenues in 2006, up marginally from 61% in 2005.

Results in the remainder of this release are based on establishments whose combined revenues accounted for about 95% of the industry's total revenues in 2006 and 91% in 2004, the last year for which industry-specific characteristic information was collected by the survey.

Note to readers

Data for the Survey of Book Publishers are collected using a sample and represent approximately 95% of total revenues earned by the book publishing industry. Administrative data are used to account for the smallest firms.

The survey collects financial data on an annual basis and industry-specific characteristic information in alternating years, including 2006.

Data for 2004 and 2005 were revised.

The survey frame is based on a central Statistics Canada database of businesses that have been classified through the use of the North American Industry Classification System (NAICS). Self publishers, vanity publishers and print-on-demand publishers were not previously considered as book publishers, but have been included in the survey according to NAICS since 2004.

In addition, exclusive agents are included in the survey only if their revenue from book publishing exceeds 10% of their total revenues, while pure exclusive agents are excluded. Comparisons should not be made between results of this survey and the former Survey of Book Publishers and Exclusive Agents (conducted prior to 2004) due to differences in survey frames.

Book publishers *are establishments primarily engaged in carrying out various design, editing and marketing activities necessary for producing and distributing books of all kinds, such as text books; technical, scientific and professional books; and mass market paperback books. These books may be published in print, audio or electronic form. Some publishers also act as exclusive agents.*

Exclusive agents *distribute and sell works (agency titles) published by another firm, by acting as its sole representative.*

Varying dependence on own title and agency title sales

The Canadian book publishing industry earned three-quarters of its operating revenue from domestic sales of the publishers' own titles and their exclusive agency titles (titles published by another firm for which the agent has purchased exclusive distribution rights).

Exports of books and other foreign book sales contributed an additional 12% in 2006. Other sources of revenue for book publishers include grants, sales of rights, book wholesaling, and marketing and fulfillment services.

Sales of publishers' own titles in Canada generated $943 million in 2006, with textbooks accounting for 48% of the total, up from 46% in 2004. Trade books (adult fiction and non-fiction) made up 44% of domestic own title sales with children's books accounting for the remaining 8%.

Exclusive agency book sales by publishers in Canada were also a significant source of revenue, generating $559 million in 2006. Of this total, trade books represented 40%, textbooks 38% and children's books 22%.

Children's books were the only category in 2006 in which publishers earned more from sales of exclusive agency titles ($122 million) than from own title sales ($75 million).

In comparison with foreign-controlled publishers, Canadian-controlled publishers earned greater shares of title sales in Canada from sales of their own titles, and less from exclusive agency titles. For foreign-controlled book publishers, own title sales represented 47% of their title sales in Canada in 2006, while the share for Canadian-controlled publishers was 78%.

Canadians still buying books

While factors such as the availability of free information on the Internet may have affected Canadians' willingness to pay for content, evidence from the Survey of Household Spending suggests book publishers may be faring better than other corners of the publishing industry.

In contrast to steady declines in household spending on newspapers, magazines and periodicals, average household spending on books rose from $86 in 1998 to $111 in 2005. In 2006, it had eased to $108.

Residents of Alberta, British Columbia and Ontario were the most avid book buyers, as spending on books exceeded the national average in all three provinces.

Available on CANSIM: table 361-0007.

Definitions, data sources and methods: survey number 3105.

For more information about the survey, or to enquire about the concepts, methods or data quality of this release, contact Les Reid (613-951-2246; *les.reid@statcan.ca*), or Peter Kalhok (613-951-0663; *peter.kalhok@statcan.ca*), Service Industries Division. ■

Study: Capital intensity in Canada and the United States

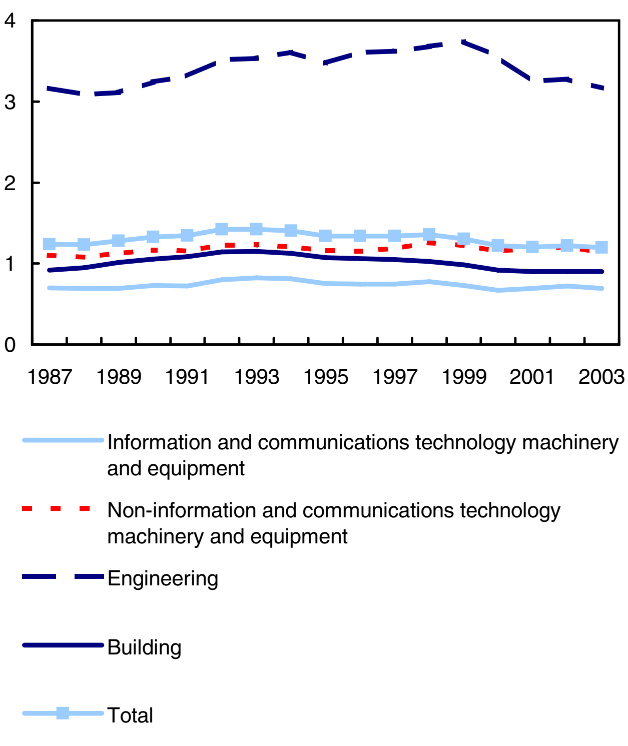
1987 to 2003

Capital intensity in Canada's business sector, that is, the use of capital in production, is higher than in the United States, largely because of differences in industrial structure between the two countries

Capital intensity is measured as the ratio of capital to gross domestic product (GDP). This ratio is one indication of the nature of the production process. The higher the ratio, the more capital is used in production.

Capital assets can be divided into four groups: engineering assets, buildings, information and communications technology (ICT) assets, and non-ICT machinery and equipment assets.

Canada's business sector capital-to-gross domestic product ratio relative to the US ratio, nominal dollars



Canada's higher capital intensity was primarily the result of its greater focus on industries with engineering assets that have a high capital intensity, particularly infrastructure such as pipelines, dams and railways. Engineering assets provide the foundation capital for railways, utilities, oil and gas, and pipelines.

Greater focus on engineering assets industries in Canada

Canada's business sector was more capital intensive primarily because of its greater focus on the engineering assets industries that have high capital intensity. Canada's engineering capital intensity was about three times as high as that of the United States from 1987 to 2003.

Two sectors, the primary sector (including mining), and utilities and transportation, are very intensive in engineering capital in Canada. Together, they accounted for the preponderance of the higher capital intensity of Canada relative to the United States.

The industries in which engineering assets were concentrated were the core infrastructure industries that provide universal services on which the rest of the economy relies: transportation, communications and energy. These industries contribute more to GDP in Canada.

In addition, the Canadian economy is more diverse geographically and requires more of the services of these sectors per unit of GDP produced than does the United States.

Note to readers

This release is based on the research paper "Capital intensity in Canada and the United States, 1987 to 2003," available today.

Capital intensity in the paper is measured by the ratio of capital to gross domestic product. This ratio is one indication of the nature of the production process. Changes over time in the ratio have been used to generate conclusions about capital productivity.

Comparisons of capital intensity across countries must take into account potential differences in methods and data sources.

This paper approaches this problem by adopting a common set of depreciation estimates for the two countries and then estimates capital stock using the perpetual inventory technique.

The paper divides assets into four groups: engineering assets, buildings, information and communications technology (ICT) assets, and non-ICT assets.

Engineering assets provide the foundation capital for railways, utilities, oil and gas, and pipelines. Buildings house manufacturing plants, commercial offices, hotels, and retail and wholesale facilities. ICT is defined as including computers, telecommunications equipment and software. Non-ICT equipment is the remainder, some of which is also highly sophisticated and embodies computer technology.

Canada less capital intensive in machinery and equipment assets in most industries

At the aggregate level, Canada had lower capital intensity in ICT assets. On the other hand, the relative amounts of non-ICT machinery and equipment assets, as well as building assets, were more alike in the two countries.

However, once the differences in industry structures in the two countries were taken into account, there was a small gap of about 12% for non-ICT machinery and equipment in Canada in 2003. The gap was more pronounced for ICT investments in Canada, some 33%.

Canada's ICT capital intensity has been persistently lower than that of the United States, at least since 1987. The gap was fairly widespread across industries in 2003. It was particularly large in construction, utilities and the finance and real estate sector.

The research paper, "Capital intensity in Canada and the United States, 1987 to 2003," is now available as part of *The Canadian Productivity Review* (15-206-XIE2008018, free), from the *Publications* module of our website under *Studies*.

More studies related to productivity are available free of charge (*www.statcan.ca/english/studies/economic.htm*).

For more information, or to enquire about the concepts, methods or data quality of this release, contact John Baldwin (613-951-8588) or Wulong Gu (613-951-0754), Micro-economic Analysis Division. ■

Small and Medium-sized Enterprises Data Warehouse

2001 to 2006

Data are now available on small and medium-sized enterprises (SMEs) in Canada through the Small and Medium-sized Enterprises Data Warehouse.

This Data Warehouse, which features standardized concepts and definitions on SMEs, contains a census of all such enterprises by year from 2001 to 2006. It supports custom tabulations and analysis of SMEs by geographical areas including enterprise counts; employment; revenue; new enterprise entrants and exits; business performance (survival rates) and high growth companies (gazelles).

Overall, this Data Warehouse contains comprehensive and integrated core business characteristics that support future research and analysis on SMEs.

To avoid response burden and to minimize costs, the Data Warehouse is based on existing administrative data sources from Statistics Canada and the Canada Revenue Agency.

The first results from the Data Warehouse form an important contribution to the Entrepreneurship Indicators program of the Organisation for Economic Co-operation and Development. In future, other data series will be added to the SME Data Warehouse.

Custom tabulations are available through Small Business and Special Surveys Division on a cost recovery basis.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services, (toll-free 1-877-679-2746), Small Business and Special Surveys Division. ■

Foreign control in the Canadian economy

2005 (revised)

Revised 2005 data for foreign control in the Canadian economy are now available on CANSIM. The foreign control data for 2006 will be released later in 2008. Foreign control data are based on information obtained under the *Corporations Returns Act*, combined with information from the annual Financial and Taxation Statistics program.

The latest *Corporations Returns Act* information for country of control is available as part of this release. Also, a new methodology for determining country of control is introduced, with revisions dating back to 1999. A comparison report is available for users wishing to understand the impact of the revisions and the new methodology on the following aggregations: finance and insurance industries; non-financial industries; and all industries, for the following country of control groups: Canada; United States; European Union; and other foreign countries.

This release uses the annual financial and taxation statistics published on February 11.

Available on CANSIM: tables 179-0004 and 179-0005.

Definitions, data sources and methods: survey number 2503.

For general information or to order data, contact Client Services (toll-free 1-888-811-6235). To enquire about the concepts, methods or data quality of this release, contact Lucy Opsitnik (613-951-3112; *lucy.opsitnik@statcan.ca*), Industrial Organization and Finance Division. ■

Study: A framework for health outcomes analysis

There is a growing need for information to understand the degree to which investments in health care and treatment interventions have a positive affect on the health and well-being of Canadians.

While annual investments in health care are large, the ways in which health interventions may produce a range of outcomes are difficult to measure. In addition, there are limited data available to assess the effectiveness of the health system.

The report, "A framework for health outcomes analysis: Diabetes and depression case studies," explores the feasibility of conducting analyses of health outcomes, using existing data specifically focussed on diabetes and depression. It was a collaborative effort by the Canadian Institute for Health Information and Statistics Canada.

The report also provides a conceptual framework to guide data development and analysis for health outcomes at a population level.

Diabetes and depression were selected for study because both conditions fit with priorities for research into health outcomes. Also, both place a significant burden on population health and the health-care system.

The report noted two gaps, a lack of direct measures required to track changes in health status before and after care, and a lack of comprehensive information regarding the full spectrum of care patients received.

The report, "A framework for health outcomes analysis: Diabetes and depression case studies," is now available. An electronic publication can be accessed directly from the Canadian Institute for Health Information website (*www.cihi.ca*).

For more information, contact Claudia Sanmartin (613-951-6059; *claudia.sanmartin@statcan.ca*), Health Information and Statistics Division, Statistics Canada, or Christina Lawand (613-694-6805; *clawand@cihi.ca*), Canadian Institute for Health Information. ■

New products

The Canadian Productivity Review: "Capital intensity in Canada and the United States, 1987 to 2003", no. 18
Catalogue number 15-206-XIE2008018
(free).

Inter-corporate Ownership, Second quarter 2008
Catalogue number 61-517-XCB ($375/$1,065).

Traveller Accommodation Services, 2006
Catalogue number 63-253-XWE
(free).

Matter of Fact: "Do older Canadians have more friends now than in 1990", no. 4
Catalogue number 89-630-XWE2008001
(free).

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

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The Daily

Statistics Canada

Thursday, May 29, 2008

Released at 8:30 a.m. Eastern time

Releases

2006 Census profiles

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.

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