



# The Daily

Statistics Canada

**Tuesday, October 27, 1998**

For release at 8:30 a.m.

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## MAJOR RELEASES

### Financial performance indicators for Canadian business

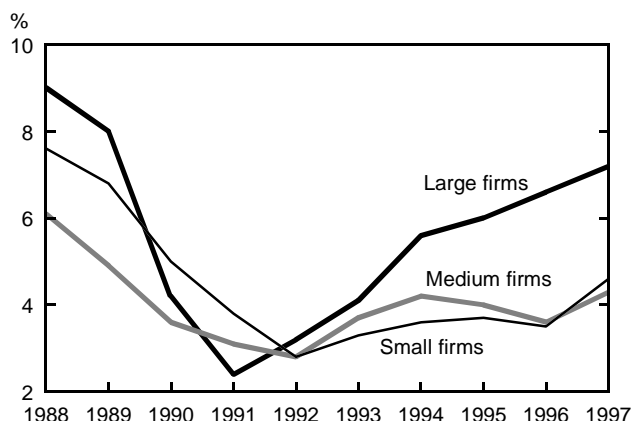
1997

For the sixth consecutive year, larger firms were substantially more profitable than medium and smaller enterprises in 1997.

Large firms earned an average return on assets of 7.2%, well ahead of returns of 4.3% for medium-size firms and 4.6% for smaller firms.

The rate of return on assets of the large firms was the highest since the 9.0% peak in both 1988 and 1989. Considering that inflation rates over the past few years have been much lower than those of the late 1980s, rates of return for the large firms, adjusted for inflation, have fully recovered to those pre-recession highs.

Return on assets – non-financial industries



Large firms tend to have higher rates of profitability for several reasons, mostly relating to economies of scale. Enterprises involved in larger-scale operations can benefit from efficiencies relating to input costs, advertising, distribution and other operating costs. As well, larger firms may benefit from lower relative financing costs, due to lower possible risk levels.

Larger firms can operate in multiple markets and take advantage of shifting economies. With today's global marketplace, larger firms with higher export sales can direct their products to emerging markets. With more sophisticated distribution networks, large firms can tap into both domestic and foreign markets that may be unreachable for medium or small firms. Large

#### Note to readers

This release is based on the fourth edition of the publication Financial performance indicators for Canadian business, which contains information on the financial performance and balance sheets of Canadian business.

The financial performance indicators were developed from corporate income tax records covering more than 900,000 corporations. The information is augmented by data from Statistics Canada's quarterly and annual financial statistics for enterprises surveys.

The measure of profitability in this publication is the return on assets, which is used to compare the performance of groups of various sized firms. The formula is pretax profit to total assets. It measures how well management has employed the firm's assets to generate earnings.

The measurement used to rank industries from most to least profitable is the return on capital employed. It indicates the number of cents returned (net earnings) for every dollar of capital.

Large firms are those with revenues of more than \$75 million. Medium firms are those with revenues between \$5 million and \$75 million, and small firms are those with revenues between \$50,000 and \$5 million.

firms, in many cases, operate in industries that tend to have greater barriers to entry and less competition than industries dominated by small firms.

#### Large and medium firms: Manufacturing sector leads in profitability

Among larger firms, the manufacturing sector posted the healthiest returns on capital employed between 1995 and 1997, with an average of 9.2%. It also topped the 1997 list with a return on capital employed of 9.0%.

As the economic downturn in the early 1990s took its toll on profits, manufacturers were forced to restructure operations and become more efficient to survive. The benefit of these cost-cutting measures was reflected in these upbeat profitability indicators for the three-year period.

The transportation, storage, communications and utilities sector registered the second highest three-year average return on capital employed, with an 8.8% return.

Finance and insurance industries posted returns of 8.5% during the three-year period. The mining sector earned the lowest three-year average returns on capital employed, at 5.7%. The mining sector was also near the bottom of the list for each of 1995, 1996 and 1997.

## Goods-producing industries

Within goods-producing industries among large firms (this includes manufacturing, mining, utilities and trades), manufacturers of sawmills and planing mills products produced the highest rates of return, with a 13.6% average return on capital employed for the period between 1995 and 1997.

Firms in this industry saw logs into lumber and plane lumber into finished stock for building construction, furniture and other wood products. Out of the 118 goods-producing industries, this group was near the top in 1995, 1996 and 1997 in terms of return on capital employed.

The motor vehicle parts and accessories manufacturing industry was the second most profitable industry during the three-year period, posting a return of 13.3% on capital employed. This industry, together with motor vehicles manufacturers, has consistently been among the top performers over the past several years. The motor vehicles industry has been thriving since 1993, with healthy domestic and foreign demand generating unprecedented expansion in sales and profits.

Posting the lowest returns on capital employed during the three-year period were tobacco product wholesalers (2.9%), wholesalers of books, magazines and periodicals (3.6%), department stores (4.0%) and non-ferrous ore mining (4.0%).

Companies involved in the integrated mining, smelting and refining of non-ferrous metals had the lowest return on capital employed of all 118 industries in 1997 (0.3%). The industry has suffered from worldwide oversupply for several years, resulting in dwindling prices and profits for non-ferrous metals producers.

## Large firm industry ranking based on average rate of return on capital employed, 1995-1997: Goods producing industries

Industry description	Top five ranking	Median return on capital employed
		%
Sawmill and planing mill products manufacturing	1	13.6
Motor vehicle parts and accessories manufacturing	2	13.3
Computer equipment and related services, integrated operations	3	12.8
Coal mining and distribution and other fuels production not elsewhere classified	4	12.7
Logging industry	5	12.4
Industry description	Bottom five ranking	Median return on capital employed
		%
Tobacco products wholesalers	118	2.9
Wholesalers of books, magazines and periodicals	117	3.6
Department stores	116	4.0
Non-ferrous ore mining	115	4.0
Apparel wholesaling	114	4.1

## Service-producing industries (non-financial)

Services incidental to the water transport industry registered the highest level of profitability among the 20 service-producing industries between 1995 and 1997. Included are firms engaged in marine cargo handling, harbour and port operations, marine salvage, piloting ships and operating shipping agencies. Their return on capital employed averaged 13.7% during the three years.

In second place were firms that provide take-out food services and catering services in the food services industry, where returns averaged 11.5%.

Least profitable in the services-producing group were the other scientific and technical services industry (1.9%) and the motion picture and video distribution and exhibition industry (2.6%).

### Large firm industry ranking based on average rate of return on capital employed, 1995-1997: Service producing industries

Industry description	Top five ranking	Median return on capital employed
		%
Services incidental to water transport industry	1	13.7
Other food services industry	2	11.5
Hotels and motor hotels industry	3	10.8
Health and social sciences industry	4	10.5
Other services incidental to building operations	5	9.9

Industry description	Bottom five ranking	Median return on capital employed
		%
Other scientific and technical services industry	20	1.9
Motion picture and video distribution and exhibition industry	19	2.6
Services incidental to farming	18	4.0
Advertising agencies	17	4.8
Restaurants, unlicensed	16	5.3

### Financial services industries

Independent investment dealers topped the list as the most profitable industry in the financial services sector among large companies. Their return on capital employed averaged 15.8% between 1995 and 1997, including returns of 26.5% in 1996. The investment dealers that are subsidiaries of banks were second, with average returns of 14.2% during the three-year period. Schedule A chartered banks posted a return on capital employed of 12.3% to capture third place on the listing.

The worst performers over the period were Schedule B chartered banks (5.9%) and consumer and business financing companies (6.1%).

### Financial institutions industry ranking based on average rate of return on capital employed, 1995-1997

Industry description	Top five ranking	Median return on capital employed
		%
Independent investment dealers	1	15.8
Investment dealers-subs of banks	2	14.2
Chartered banks -Schedule A	3	12.3
Property and casualty insurers	4	10.2
Trust and mortgage companies - subs of banks	5	7.8

Industry description	Bottom five ranking	Median return on capital employed
		%
Chartered banks -Schedule B	10	5.9
Consumer and business financing companies	9	6.1
Finance leasing companies	8	6.6
Trust and mortgage companies	7	6.9
Life insurers	6	7.5

### Small firms: Mining sector most profitable

Among the smaller firms, the mining sector earned the highest average return on assets between 1995 and 1997. This sector posted returns averaging 6.5%, and was ranked either first or second in each of the three years. Larger firms in the mining sector did not fare nearly as well, as they averaged a 4.0% return on assets during the three-year period.

The non-financial services sector averaged a 6.1% return on assets, the second highest result for the three-year period. As with the mining sector, the results for the smaller service sector firms were much better than for their larger counterparts, who earned only 2.9% returns.

Small manufacturing firms registered a return on assets of 5.1%, well below the 6.9% returns posted by the larger firms in the same sector.

The wholesale and retail trade sectors and the transportation, storage, communications and utilities sector all reported much lower returns on assets for their smaller sized firms than for the larger firms within the same sector.

### Goods-producing industries

The top return on assets within small firms in the goods-producing industries was earned by firms engaged in the manufacture of non-current carrying

and low-voltage wiring devices. These firms, which produce low voltage circuit breakers, switchboards and fuses, panelboards, switchgear, connectors and switches, reported an average return on assets of 15.8% between 1995 and 1997. In second place was the plastic and synthetic resin industry (10.9%).

Biscuit manufacturers fared the worst (-3.2%), followed by brewery products manufacturers (-1.4%).

### Small firm industry ranking based on average rate of return on assets, 1995-1997: Goods producing industries

Industry description	Top five ranking	Median return on assets
		%
Non-current carrying wiring devices industry	1	15.8
Plastic and synthetic resin industry	2	10.9
Elevator and escalator installation	3	10.2
Gypsum products industry	4	9.9
Honey and apiary product farms	5	9.9

Industry description	Bottom five ranking	Median return on assets
		%
Biscuit manufacturers	452	-3.2
Brewery products manufacturers	451	-1.4
Manufacturers of hydraulic cement	450	-1.1
Wool yarn and woven cloth manufacturers	449	-0.8
Florist shops	448	0.3

### Service-producing industries (non-financial)

The top ranked industries in this category yielded the highest rates of return of all categories. This was to be expected because most report relatively low asset levels, as the primary asset (human capital) does not appear on the balance sheet. Most industries at the top of the list are in the health care field, including professional practitioners.

The highest average return on assets between 1995 and 1997 was recorded by professional membership associations (25.5%) and social services practitioners (25.1%).

The worst performers in the service producing industries were clothing repair and valet service providers (-3.1%) and social services planning and advocacy agencies (-1.9%).

### Small firm industry ranking based on average rate of return on assets, 1995-1997: Service producing industries

Industry description	Top five ranking	Median return on assets
		%
Professional membership associations	1	25.5
Social services practitioners	2	25.1
Health care research agencies	3	23.8
Health rehabilitation clinics	4	23.7
Physicians (general practitioners)	5	23.7

Industry description	Bottom five ranking	Median return on assets
		%
Clothing repair and valet service providers	224	-3.1
Social services planning and advocacy agencies	223	-1.9
Agents of dry cleaners	222	-0.9
Skiing facilities	221	-0.5
Unlicensed restaurants	220	-0.3

*Financial performance indicators for Canadian business* (61F0058XDB, Volume 1, \$170; Volume 2, 61F0059XDB, \$190; and Volume 3, 61F0060XDB, \$210 is now available. There is a \$30 charge for each volume of the print version. Volume 3 is also available at the provincial level.

For further information, or to enquire about the concepts, methods and data quality of this release, or to order the publication, contact Gail Sharland (613-951-9843), Industrial Organization and Finance Division or contact your Statistics Canada Regional Office. Information is also available by calling the national enquiries line (1 800 263-1136). ■

## Homicide statistics

1997

The national homicide rate declined 9% in 1997 to its lowest point since 1969. The homicide rate has generally been decreasing since the mid-1970s, following rapid growth during the late 1960s and early 1970s. There were 581 homicides in 1997, 54 fewer than in 1996.

Compared with other industrialized countries, Canada's 1997 homicide rate of 1.92 per 100,000 population was less than one-third that of the United States (6.70), but higher than most European countries, such as England and Wales (1.00) and France (1.66).

### Spousal homicides declining

Spousal homicides include people in registered marriages and common-law relationships, as well as those who were separated or divorced. Including both husbands and wives, the number of spousal homicides has gradually declined from more than 100 each year in the early 1990s to 75 in 1997. Four out of every five victims of spousal homicide in 1997 were women.

Women are far more likely to be killed by their spouse than by a stranger. In 1997, 61 women were killed by a current spouse or an ex-spouse, compared with 12 who were killed by a stranger.

Another 12 women were killed by a boyfriend or ex-boyfriend. In all, 128 women were victims of homicide, and slightly more than half of them were killed by a spouse, ex-spouse, boyfriend or ex-boyfriend.

### Spousal homicides

Year	Male victims	Female victims	Total	Spousal victims as % of all homicides
1988	21	72	93	16.1
1989	22	76	98	14.9
1990	26	74	100	15.2
1991	25	87	112	14.9
1992	18	87	105	14.3
1993	24	63	87	13.9
1994	20	66	86	14.4
1995	21	69	90	15.3
1996	19	62	81	12.8
1997	14	61	75	12.9

Other homicides involving families in 1997 included 62 children who were killed by a parent, which was slightly higher than the annual average of 51 children during the past 10 years. Almost one in three of these homicides committed by a parent was a murder-suicide, most of which were committed by the father.

#### Note to readers

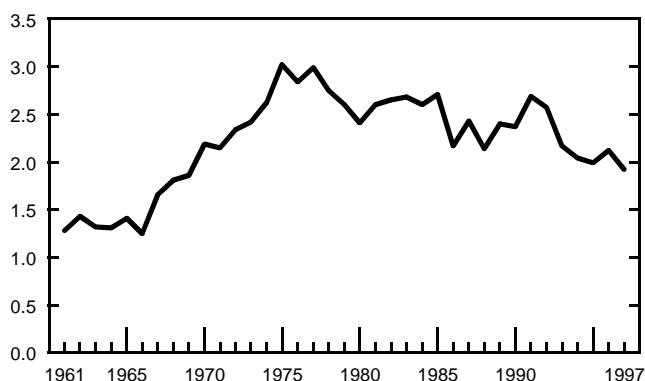
Statistics on homicides in Canada for 1997 were originally released in The Daily on July 22, 1998, as part of a wide-ranging report on all crimes. This report presents a more detailed analysis of homicide data.

In addition to these children, 18 individuals were killed by a son or daughter, nine by a sibling and 22 by another relative.

Homicides continue to be committed primarily by someone known to the victim. In 1997, only 13% of all victims, or 58 people, were killed by a stranger, 10 fewer than in 1996. The proportion of homicides committed by strangers has remained relatively stable in recent years at around 14%.

### Homicide Rate

Rate per 100,000 population



### Fewer homicides involved firearms

In 1997, there were 193 homicides committed with firearms, a 9% decline from the previous year. These represented one-third of all homicides, consistent with previous years. The majority of firearm-related deaths in Canada are a result of suicide. Each year there are about five times as many suicides as homicides involving firearms.

Handguns were used in 99 homicides in 1997, just over half of all firearm homicides, a 7% decline from 1996. Since 1991, handguns have accounted for about one in six homicides. In contrast, between 1974 and 1990, handguns were used in only 1 in 10 homicides.

Shootings represented one-third (33%) of all homicides in 1997, while stabbings accounted for 29%,

beatings 20%, strangulation and suffocation 9%, and arson 5%.

### **Elderly at low risk of being a homicide victim**

Surveys have shown that the elderly have the highest levels of fear of being a crime victim. However, in terms of homicides, individuals aged 60 and older are actually at low risk.

In 1997, 72 people aged 60 and older were victims of homicide, a rate of 1.46 for every 100,000 population. This is somewhat lower than the rate of 1.92 for all age groups. People aged 18 to 29 had the highest homicide rate, 3.39 for every 100,000 individuals in that age group, while the lowest rate, 1.16, was for children and young people aged 18 and under.

### **One police officer murdered**

In 1997, one police officer was a victim of homicide in Canada, compared with 64 in the United States, which has a population 10 times greater than Canada's.

Nine other persons were murdered on the job in Canada in 1997: three gas bar attendants, three store clerks or managers, two hotel managers or owners, and one bar manager or owner. In addition, 14 known drug dealers and six known prostitutes were reported murdered.

**Available on CANSIM: tables 00160401 to 00160405.**

*Juristat: Homicide in Canada, 1997, Vol. 18, no. 12* (85-002-XPE, \$10/\$93; Internet version: 85-002-XIE, \$8/\$70) is now available. See *How to order publications*.

For further information, or to enquire about the concepts, methods and data quality of this release, contact Information and Client Services (613-951-9023 or 1 800 387-2231), Canadian Centre for Justice Statistics. ■

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## OTHER RELEASES

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### Telephone statistics

August 1998

Canada's 14 major telephone systems reported monthly revenues of \$1,437.4 million in August, a 3.1% increase from August 1997. Operating expenses were \$1,040.6 million, down 2.6% from August 1997. Net operating revenue totalled \$396.8 million, a 21.6% increase from August 1997.

**Available on CANSIM: matrix 355.**

The August 1998 issue of *Telephone statistics* (56-002-XIB, \$8/\$70) is now available. See *How to order publications*.

For further information, or to enquire about the concepts, methods and data quality of this release, contact Haig McCarrell (613-951-5948), Science and Technology Redesign Project. ■

### Construction type plywood

July 1998

Canadian firms produced 121 703 cubic metres of construction type plywood during July, a decrease of 23.6% from the 159 235 cubic metres produced during July 1997.

Year-to-date production totalled 1 013 169 cubic metres, a decrease of 7.7% from the 1 098 255 cubic metres produced during the same period in 1997.

**Available on CANSIM: matrix 122 (level 1).**

The July 1998 issue of the *Construction type plywood* (35-001-XPB, \$7/\$62) will be available shortly. See *How to order publications*.

For further information, or to enquire about the concepts, methods and data quality of this release, contact Gilles Simard, (613-951-3516; [simales@statcan.ca](mailto:simales@statcan.ca)), Manufacturing, Construction and Energy Division. ■



## PUBLICATIONS RELEASED

**Mineral wool including fibrous glass insulation**,  
September 1998  
**Catalogue number 44-004-XPB**  
(Canada: \$7/\$62; outside Canada: US\$7/US\$62).

**Telephone statistics**, August 1998  
**Catalogue number 56-002-XIB**  
(Canada: \$8/\$70; outside Canada: US\$8/US\$70).

**Juristat: Homicide in Canada, 1997**, Vol.18, no. 12  
**Catalogue number 85-002-XIE**  
(Canada: \$8/\$70; outside Canada: US\$8/US\$70).

**Juristat: Homicide in Canada, 1997**, Vol.18, no. 12  
**Catalogue number 85-002-XPE**  
(Canada: \$10/\$93; outside Canada: US\$10/US\$93).

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Statistics Canada

Thursday, June 3, 1997  
For release at 9:30 a.m.

#### MAJOR RELEASES



- **Urban transit, 1995** 2  
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, each Canadian took an average of about 20 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4  
Growth in productivity among Canadian businesses was relatively weak again in 1996, accompanied by sluggish gains in employment and also moderate growth during the year.

#### OTHER RELEASES

- **Help-wanted Index, May 1997** 3
- **Short-term Expenditure Survey** 2
- **Steel primary forms, value ending May 31, 1997** 12
- **Egg production, April 1997** 12

#### PUBLICATIONS RELEASED

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### Statistics Canada's official release bulletin

Catalogue 11-001E.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

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