



The Daily

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Inter-Corporate Ownership

1998

The structure of the Canadian corporate sector is constantly shifting. Stock splits, mergers and takeovers are regular occurrences affecting the concentration of corporate assets and the degree of foreign control.

The *Inter-Corporate Ownership Directory* provides the most authoritative and comprehensive source of information available on Canadian corporate ownership. It tracks the ownership of the largest Canadian corporations and provides timely data reflecting recent corporate takeovers and other substantial changes. Ultimate corporate control is determined through a careful study of holdings by corporations, the effects of options, insider holdings, convertible shares and interlocking directorships. The information that is presented is based on non-confidential returns filed by Canadian corporations under the Corporations and Labour Unions Returns Act.

The *Inter-Corporate Ownership Directory* is a unique directory of "who owns what" in Canada and currently lists over 90,000 corporations. The data are presented in an easy-to-read tiered format, illustrating at a glance the hierarchy of subsidiaries within each corporate structure. The entries for each corporation provide both the country of control and the country of residence. As well, the inclusion of the Standard Industrial Classification (SIC) code permits study by industrial sector.

Some findings of the *Inter-Corporate Ownership Directory* are: over 12,800 corporations, residing in Canada, are controlled by foreign interests; of the corporations under foreign ownership, American interests control over 6,700 corporations, British interests over 1,200, German interests over 910, Japanese interests over 560 and French interests over 520.

The 1998 *Inter-Corporate Ownership Directory* is now available in both electronic and hard-copy format. The publication, which is produced biennially, is priced at \$350 (61-517-XPB). A "Windows" based version of the Directory has recently been developed on CD-ROM. This electronic product will be updated and released quarterly. It is priced at \$350 for a single CD or \$995 for an annual subscription consisting of four quarterly CDs. See *How to order publications*.

For more information, contact Gail Sharland (613-951-9843) or Mike Nagrodski (613-951-0393), Industrial Organization and Finance Division.



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MAJOR RELEASES

Small business profiles

1995

The financial picture for small business in Canada improved considerably between 1993 and 1995. Overall, 71% of small businesses were profitable in 1995, compared with 69% in 1993.

In addition, average profit grew to \$19,900 from \$15,300 in 1993. Profit rose as total expenses declined 4%, offsetting a 2% decline in gross revenue. For the purposes of this report, the term small business refers to those with annual gross operating revenue between \$25,000 and \$5 million.

The source for the 1995 Small Business Profiles was a sample of 193,000 tax returns submitted to Revenue Canada by both unincorporated and incorporated businesses. These profiles are compiled every two years.

Average revenue, expenses and employment for a small business

| | 1993 | 1995 | 1993 to 1995 % |
|--|--------------|--------------|-------------------------|
| | \$ 000 | | change |
| Average gross operating revenue | 291.1 | 284.9 | -2.1 |
| Average total expenses | 275.9 | 265.0 | -4.0 |
| Cost of goods sold | 103.5 | 98.9 | -4.4 |
| Wages, salaries and benefits | 71.2 | 66.0 | -7.3 |
| Occupancy expenses | 32.9 | 33.1 | 0.6 |
| Financial expenses | 14.9 | 14.6 | -2.0 |
| General expenses | 10.1 | 10.7 | 5.9 |
| Other expenses | 43.3 | 41.7 | -3.7 |
| Average net profit/loss | 15.3 | 19.9 | 30.1 |
| Average number of paid employees | 2.9 | 2.5 | -13.8 |

Wage and salary expenses declined along with paid employment

A decline in wage and salary expenses, the result of a decrease in paid employment, led the drop in total expenses.

Total expenses per business averaged \$265,000 in 1995, down from \$275,900 in 1993. Over this period, the average small business reduced its bill for wages

Note to readers

This release is based on Small Business Profiles, which provide detailed financial and employment data for an average small business. A small business is defined as having annual gross operating revenue between \$25,000 and \$5 million. Profiles are available by type of business (unincorporated, incorporated and both) for about 680 different industries in Canada. Profiles are also available for each province and territory, but with reduced industry detail.

The profiles contain information on gross operating revenue, selected expenses, net profit/loss, employment, balance sheet items and selected financial ratios. The data provide performance benchmarks for the financial planning of start-up and established small businesses. The source for the 1995 profiles is a sample of 193,000 tax returns submitted to Revenue Canada by both unincorporated and incorporated businesses. Funding for the profiles was provided by a consortium of federal and provincial government departments.

The measure of employment is an average labour unit (ALU), which represents an average annual level of employment or count of employees. This measure is not a full-time equivalent count and does not distinguish between part-time and full-time work. ALUs were obtained by dividing wage and salary expenses by estimates of average annual earnings per employee from the Survey of Employment, Payroll and Hours.

and salaries by 7% to \$66,000. Also contributing to lower total expenses was a 4% drop in the cost of goods sold. This item represents the purchase cost of goods for resale and materials for further processing.

The average small business had 2.5 paid employees in 1995, 14% below the average of 2.9 employees in 1993. Contributing to this decline was a fall in the number of businesses reporting wage and salary expenses. In 1995, only 70% of businesses reported these expenses, compared with 74% two years earlier. The Labour Force Survey also reported an increase in both the number and proportion of self-employed persons without paid help.

The sharp drop in the average number of paid employees per business did not result in a corresponding decline in total employment for the small business sector. A strong 13% increase in the number of small businesses from 1993 to 1995 helped stabilize total employment.

Unincorporated businesses much smaller

Unincorporated businesses tended to be much smaller than incorporated firms. They reported average gross revenue of \$106,400 in 1995, compared with \$411,600 for incorporated businesses. They also had lower average employment: 0.5 employees compared with 3.8 employees for incorporated firms.

Revenue, expenses and employment by business type 1995

| | Unincorp. | | Incorp. | |
|--|--------------|--------------------|--------------|--------------------|
| | \$ 000 | % of gross revenue | \$ 000 | % of gross revenue |
| Average gross operating revenue | 106.4 | 100.0 | 411.6 | 100.0 |
| Average total expenses | 89.8 | 84.4 | 389.3 | 94.6 |
| Cost of goods sold | 38.2 | 35.9 | 142.0 | 34.5 |
| Wages, salaries and benefits | 11.4 | 10.7 | 104.7 | 25.4 |
| Occupancy expenses | 14.5 | 13.6 | 46.2 | 11.2 |
| Financial expenses | 3.3 | 3.1 | 22.5 | 5.5 |
| General expenses | 5.8 | 5.5 | 14.3 | 3.5 |
| Other expenses | 16.5 | 15.5 | 59.6 | 14.5 |
| Average net profit/loss | 16.6 | 15.6 | 22.3 | 5.4 |
| Average number of paid employees | 0.5 | | 3.8 | |

Unincorporated businesses appeared to be more profitable, with an average net profit of 15.6% of gross revenue, compared with 5.4% for incorporated businesses. However, unincorporated business owners drew their earnings directly from profits, while owners of incorporated businesses may have taken compensation in the form of wages and salaries.

Industry differences

The size and structure of small businesses varied considerably across industries. Manufacturing businesses, with average gross revenue of \$623,600 in 1995, tended to be quite large. The majority (73%) were incorporated. Cost of goods sold represented the largest share (48%) of total expenses.

In contrast, firms providing services to business, such as employment agencies and management consultants, averaged gross revenue of just \$174,500. Only 55% of these businesses were incorporated. Wages and salaries accounted for the largest portion (38%) of total expenses.

Revenue, expenses and employment by industry 1995

| | Manufact. | | Business Services | |
|--|--------------|--------------------|-------------------|--------------------|
| | \$ 000 | % of gross revenue | \$ 000 | % of gross revenue |
| Average gross operating revenue | 623.6 | 100.0 | 174.5 | 100.0 |
| Average total expenses | 601.5 | 96.5 | 147.7 | 84.6 |
| Cost of goods sold | 297.8 | 47.8 | 11.8 | 6.8 |
| Wages, salaries and benefits | 172.5 | 27.7 | 65.7 | 37.7 |
| Occupancy expenses | 49.8 | 8.0 | 16.1 | 9.2 |
| Financial expenses | 14.7 | 2.4 | 8.7 | 5.0 |
| General expenses | 17.2 | 2.8 | 6.9 | 4.0 |
| Other expenses | 49.4 | 7.9 | 38.6 | 22.1 |
| Average net profit/loss | 22.2 | 3.6 | 26.8 | 15.4 |
| Average number of paid employees | 5.2 | | 1.7 | |

Small businesses are biggest in Quebec

Substantial differences in the makeup of an average small business also existed throughout the country. In 1995, businesses in Quebec (\$313,200) and Ontario (\$295,200) had the highest average gross revenue. Almost 70% of small manufacturing businesses were located in these two provinces. Average gross revenue was lowest in the Northwest Territories (\$156,600) and Yukon (\$161,700).

Newfoundland businesses led in average paid employment, with 2.9 employees, followed by Quebec and Manitoba with 2.8 employees each. Average employment was lowest in Yukon (0.8 employees) and Northwest Territories (1.0 employees). The diversity in industrial structures and mix of business types across the provinces and territories explains many of these differences.

Investment companies most profitable

Investment companies proved to be the most profitable small businesses in 1995. These firms, which earn income from investments in securities portfolios, reported average net profit of 59% of gross operating revenue.

The least profitable industry was motion picture and video distribution, where businesses averaged net losses of 27% of gross revenue. These firms rent or sell films or videos to theatres, television studios and commercial exhibitors.

The lists of most and least profitable industries include only those where the sample size was 30 businesses or more.

Most profitable industries 1995

| Industry description | Rank | Net profit |
|---|------|--------------|
| | | % of revenue |
| Investment companies | 1 | 59.1 |
| Offices of other social service practitioners | 2 | 51.9 |
| Holding companies | 3 | 50.6 |
| Other investment intermediaries | 4 | 43.0 |
| Barber shops | 5 | 36.7 |
| Offices of social workers | 6 | 29.5 |
| Other mortgage companies | 7 | 28.8 |
| Other accounting and bookkeeping services | 8 | 28.8 |
| Offices of physicians and surgeons, specialists | 9 | 26.7 |
| Professional athletes and promoters | 10 | 24.0 |

Least profitable industries 1995

| Industry description | Rank | Net loss |
|---------------------------------------|------|--------------|
| | | % of revenue |
| Motion picture and video distribution | 1 | -27.0 |
| Professional sports clubs | 2 | -20.4 |
| Horse race tracks | 3 | -13.3 |
| Soft drink industry | 4 | -11.4 |
| Wooden door and window manufacturing | 5 | -10.3 |
| Inland fishing | 6 | -10.1 |
| Cattle farms | 7 | -9.8 |
| Other race tracks | 8 | -7.8 |
| Brewery products industry | 9 | -7.7 |
| Other sports and recreation clubs | 10 | -5.8 |

Paper copies of the *Small Business Profiles* are available at \$20 per profile (\$40 minimum purchase). The complete set of profiles for 1993 and 1995 is available on CD-ROM for \$500. Contact the nearest Statistics Canada Regional Reference Centre at 1-800-263-1136.

For further information on this release, contact Ed Hamilton (613-951-0822), Small Business and Special Surveys Division.

Revenue, expenses and employment 1995

| | Nfld | Prince Edward Island | Nova Scotia | New Brunswick | Quebec | Ontario | Manitoba | Sask. | Alberta | British Columbia | Yukon | Northwest Territories |
|-----------------------------|--------------|----------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|------------------|--------------|-----------------------|
| | \$ 000 | | | | | | | | | | | |
| Avg. gross revenue | 270.4 | 200.4 | 272.1 | 274.8 | 313.2 | 295.2 | 280.0 | 217.4 | 264.2 | 260.1 | 161.7 | 156.6 |
| Avg. total expenses | 262.7 | 185.1 | 256.3 | 259.8 | 293.0 | 274.1 | 260.0 | 199.4 | 243.8 | 241.3 | 131.9 | 141.9 |
| Cost of goods sold | 108.6 | 70.8 | 103.7 | 97.8 | 122.7 | 101.2 | 101.0 | 70.0 | 83.1 | 78.9 | 31.4 | 36.3 |
| Wages and salaries | 61.9 | 37.8 | 60.9 | 62.0 | 67.8 | 67.7 | 64.6 | 43.8 | 64.7 | 67.5 | 27.6 | 31.9 |
| Occupancy expenses | 30.3 | 25.2 | 29.7 | 34.7 | 35.2 | 32.4 | 32.2 | 32.7 | 34.9 | 31.0 | 23.5 | 23.1 |
| Financial expenses | 13.0 | 14.2 | 13.8 | 12.6 | 16.5 | 14.6 | 12.4 | 10.8 | 12.7 | 14.7 | 12.9 | 15.1 |
| General expenses | 11.5 | 7.1 | 10.9 | 12.0 | 10.7 | 11.4 | 11.5 | 9.0 | 10.1 | 9.9 | 7.5 | 8.5 |
| Other expenses | 37.2 | 29.8 | 37.3 | 40.8 | 40.1 | 46.8 | 38.1 | 33.1 | 38.2 | 39.2 | 29.1 | 27.0 |
| Avg. net profit/loss | 7.7 | 15.4 | 15.8 | 15.0 | 20.2 | 21.1 | 20.1 | 18.0 | 20.4 | 18.8 | 29.8 | 14.7 |
| Avg. paid employees | 2.9 | 1.7 | 2.5 | 2.7 | 2.8 | 2.3 | 2.8 | 1.9 | 2.4 | 2.3 | 0.8 | 1.0 |

OTHER RELEASES

Short-Term Expectations Survey

Every month, Statistics Canada canvasses a group of economic analysts for one-month-ahead forecasts of key economic indicators. Participants in this survey forecast the year-over-year changes in the consumer price index (CPI), the unemployment and participation rates of labour force, the level of merchandise exports and imports, and the monthly change in gross domestic product (GDP).

These economic forecasts show very slight fluctuations in economic activity.

The GDP mean forecast for April is slightly higher at 0.5% compared with the March increase of 0.4%. The forecasts for April were varied, ranging from -0.1% to 1.2%. The mean forecast of 0.4% for March correctly estimated the outcome.

The mean forecast for exports in April remained steady at \$25.9 billion. The forecasts for April ranged from \$25.0 billion to \$26.5 billion. At \$26.5 billion, March's mean forecast of exports slightly overestimated the actual outcome of \$25.9 billion. The mean forecast for imports in April is \$24.4 billion, increasing slightly compared to \$24.3 billion for March. The forecasts for April ranged from \$24.0 billion to \$24.8 billion. The \$24.7 billion mean forecast of imports for March slightly overestimated the actual figure of \$24.3 billion. A slight decrease of the resulting surplus at \$1.5 billion is forecast for the month of April.

The mean forecast for May's CPI is an annual increase of 0.9%, up slightly from April's actual figure of 0.8%. The forecasts for May ranged from 0.7% to 1.0%. The mean forecast of 1.0% for April overestimated the actual figure of 0.8%.

The mean forecast for May's unemployment rate is 8.4%, remaining unchanged from April's rate. The forecasts for May ranged from 8.2% to 8.6%. April's mean forecast of 8.5% slightly overestimated the actual rate of 8.4%. The mean forecast for May's labour force participation rate is 65.2%, increasing slightly from April. The forecasts for participation rates ranged from 65.0% to 65.3%. April's mean forecast of 65.0% underestimated slightly the actual rate of 65.1%.

The next release will be on July 8, 1998. For further information on this release or for a set of tables, please contact Jenny Grenier (613-951-1020; fax: 613-951-1572; grenjen@statcan.ca), Small Business and Special Surveys Division ■

Telephone Statistics

March 1998

Canada's 14 major telephone systems reported monthly revenues of \$1,456.5 million in March, a 7.6% increase from March 1997. Operating expenses were \$1,077.1 million, up 1.2% from March 1997. Net operating revenue totalled \$379.4 million, a 31.2% increase from March 1997.

Available on CANSIM: matrix 355.

The March 1998 issue of *Telephone Statistics* (56-002-XIB, \$8/\$70) is now available on the Internet. See *How to Order Publications*.

For more detailed information on this release, contact Haig McCarrell (613-951-5948), Science and Technology Redesign Project. ■

PUBLICATIONS RELEASED

Aviation service bulletin, May 1998
Catalogue number 51-004-XIB
(Canada: \$8/\$82; outside Canada: US\$8/US\$82).

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

Inter-Corporate Ownership, 1998
Catalogue number 61-517-XPB
(Canada: \$350; outside Canada: US\$350).

Retail Trade, January 1998
Catalogue number 63-005-XPB
(Canada: \$21/\$206; outside Canada: US\$21/US\$206).

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MAJOR RELEASES

- **Urban transit, 1998** 2
Despite the emphasis on taking urban transit, Canadians are riding 8 less and less. In 1998, 48.8 million Canadians 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, 1998** 4
Growth in productivity among Canadian businesses was notably weak again in 1998, accompanied by sluggish gains in employment and slow economic growth during the year.

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