



The Daily

Statistics Canada

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There are no major releases today.

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OTHER RELEASES

Annual survey of newspaper publishers 2001

2001 was a challenging year for the Canadian newspaper publishing industry, as publishers faced a slowing economy, the impact of September 11, declining advertising and circulation revenues, and rising newsprint costs. In addition, the costs of waging Toronto's well-publicized newspaper war contributed to a steep decline in profits in Ontario.

Operating revenues for the newspaper publishing industry were \$4.56 billion in 2001, down 2.4% from \$4.67 billion in 2000. Advertising revenues, the main source of revenue for the industry, decreased 2.6%. Circulation revenues also fell about 2% in 2001 after having remained steady the previous year.

Operating expenses rose from \$3.98 billion in 2000 to \$4.03 billion in 2001, an increase of 1.4%. Salaries, wages and benefits, which account for 40% of operating expenses, fell 2.3% as publishers trimmed their workforces. However, this drop was more than offset by increased contract printing and delivery expenses.

As a result of falling revenues and increasing expenses, the operating profit margin for the industry decreased from 14.8% in 2000 to 11.5% in 2001. The profit margin among Ontario publishers fell furthest, from 11.6% to 5.3%, as Toronto area publishers competed for market share. Ontario newspaper publishers account for 45% of total operating revenues for the industry.

In recent years, the Canadian newspaper publishing industry has witnessed numerous changes in ownership. One result of these changes has been a decline in the proportion of nationwide operating revenues in the hands of the largest publishers. In 2001, the five largest newspaper owners generated 73% of total operating revenues for the industry, compared with 82% in 1999.

At the provincial level, it takes fewer newspaper owners to generate similar revenue shares. In 2001, in 8 of the 10 provinces, three or fewer newspaper owners earned more than 80% of total provincial operating revenues; in the remaining two provinces, the three largest owners accounted for more than 70%.

Available on CANSIM: table 361-0003.

Definitions, data sources and methods: survey number 4710.

For more information, or to enquire about the concepts, methods or data quality of this

release, contact Peter Kalhok (613-951-0663; fax: 613-951-6696; peter.kalhok@statcan.ca), or Allison Bone (951-3010; 613-951-6696; allison.bone@statcan.ca), Service Industries Division. ■

Financial strategies in small firms

A new study has found a strong relationship between knowledge intensity in small and medium-sized enterprises in Canada and their patterns of financing.

Companies that operate in high-knowledge industries — innovative sectors that stress research and development, technology use or skilled workers — are less likely to maintain debt-intensive financial structures, according to the study.

In other words, small and medium-sized firms in high-knowledge industries make less use of debt instruments than those in other sectors. In high-knowledge industries, such firms had, on average, 38% of their capital in the form of short- or long-term debt. For those in low-knowledge industries, the average debt share increased to 56%.

The findings are based on an elite group of successful small firms, the 20% of new businesses that survive their first decade of life. Data came from the 1996 Survey of Operating and Financing Practices, which collected data on the business strategies and financial characteristics of successful small firms.

The study did not show that small firms are debt-constrained or equity-constrained. Small firms in knowledge-intensive industries might use more equity because debt financing is harder to obtain. Alternatively, they might use more equity because they prefer equity over debt to finance their business activities.

The study found that the rate of growth among small and medium-sized enterprises was not a strong predictor of their financial structure. Faster-growing firms were no more likely than those that grew more slowly to exhibit debt-intensive capital structures. There was some evidence, however, that faster-growing firms drew on more sources of capital to finance their operations.

Overall, however, financial structures of small firms were not very diversified. Most of the firms in this study relied heavily on equity instruments with relatively little debt, or debt instruments with relatively little equity.

The study also showed some evidence that expectations about future growth were related

to patterns of debt and equity use. Small and medium-sized firms that expected to grow rapidly tended to maintain more debt in their capital structures than those with more modest expectations of their future performance.

The economic analysis research paper *Growth history, knowledge intensity and capital structure in small firms* (11F0027MIE2003006, free) is now available on Statistics Canada's website (www.statcan.ca). From

the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

Also available on Statistics Canada's website is information on related papers on small-firm financing.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Guy Gellatly (613-951-3758), Micro-economic Analysis Division. ■

NEW PRODUCTS

Economic analysis research paper series: Growth history, knowledge intensity and capital structure in small firms, no. 6
Catalogue number 11F0027MIE2003006 (free).

National income and expenditure accounts, quarterly estimates, First quarter 2003, Vol. 51, no. 1
Catalogue number 13-001-XPB (\$44/\$145).

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Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are taking it less and less. In 1996, about 1.6 billion trips were taken on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was relatively weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Help-wanted Index, May 1997** 3
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