

# The Daily

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## Statistics Canada

**Monday, June 2, 2008**

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## Releases

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### **Study: Sources of growth in degree holders across urban and rural Canada** 1996 to 2001

University degree holders in large cities are more prevalent and are growing at a more rapid pace than in smaller cities and rural areas, a new research paper has found.

In addition, the study "Cities and growth: In situ versus migratory human capital growth," concluded that high rates of degree attainment across urban populations are related to both the ability of large cities to attract degree holders and higher rates of degree attainment in large cities.

Using data from the 1996 and 2001 censuses, the paper tested the relative importance of two sources of human capital growth. The first was net migratory flows, both domestic and foreign; the second was growth resulting from higher rates of degree attainment among the resident populations of cities.

It found that both sources are important. The relatively high rate of growth in university degree holders in cities has stemmed from net migratory flows. But the more dominant force has been the higher rate of degree attainment within the cities themselves.

#### **Rates of degree attainment increase with city size**

There is a strong, positive and consistent relationship between the population of a metropolitan area and the share of its population aged 15 and over with a university degree.

In 2001, an average of 7% of the population in rural areas had a university degree of some sort. This share rose to about 10% for small urban areas with a population between 10,000 and 99,999, and to just under 15% among medium-sized urban areas with a population between 100,000 and 499,999.

For large metropolitan areas, those with a population greater than 500,000, one-fifth (20%) of the population held a degree.

The paper found that the large presence of degree holders in larger urban centres is associated with their ability to both attract and generate degree holders.

In 2001, a young person from a large urban area was twice as likely to obtain a degree as one from a rural region.

In large urban areas, 12.7% of young adults aged 20 to 24 had university degrees, more than twice the proportion of 5.8% in rural areas.

The geographic concentration of degree holders matters for two reasons. First, there is growing evidence that cities with a relatively strong presence of degree holders experience, on average, stronger subsequent employment growth.

Second, there is also strong evidence from France, the United States and Canada that up to half of the difference in wage levels across urban and rural areas is due to the concentration of workers. This was particularly true in larger cities that have made significant investments in their human capital through education.

#### **Internal and international migration favour larger urban centres**

The relative roles of internal and international migratory flows depend on location along the urban-rural spectrum.

For large urban areas, net migratory flows from other parts of Canada play a relatively small role. In large cities, about 8% of the net gains in degree holders between 1996 and 2001 resulted from inflows from smaller urban and rural parts of Canada.

Outside large urban centres, internal migration plays a much more significant role. All urban-rural classes lose degree holders to large urban centres. For instance, small urban areas gained about 55,780 degree holders between 1996 and 2001, but this occurred despite a net loss of 12,550 degree holders through migration.

From the perspective of these smaller urban areas, these are relatively large flows that substantially reduce the number of degree holders, particularly among the young.

Immigration was an important contributor to growth in large urban centres. Net immigration accounts for, on average, 42% of the growth of degree holders. Outside large urban areas, immigration contributed far less to the growth in degree holders and, in general, did not compensate for the loss of degree holders due to internal migration.

Hence, the net gains in degree holders for these smaller urban and rural areas were driven by their ability to generate degree holders from their own populations.

#### **Degree attainment higher among youth in larger urban centres**

Location has a strong effect on the likelihood that youth will obtain a university degree.

For young adults aged 20 to 24 who resided in a large urban area in 1996, 12.7% had obtained a university degree. This proportion fell to 12.1% for medium sized urban areas, 8.9% for small urban areas and 5.8% for rural areas.

This basic pattern holds after using different ages that take into account the age at which youth are likely to be still in high school, as well as a series of other controls.

The role of migration, both internal and international, is to reinforce this pattern of degree attainment.

The research paper "Cities and growth: In situ versus migratory human capital growth" is now available online as part of *The Canadian Economy in Transition* (11-622-MIE2008019, free) series. From the *Publications* module of our website, choose *Studies*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Mark Brown (613-951-7292), Micro-economic Analysis Division.

### Components of degree holder growth, by urban-rural class, 1996 to 2001

| Urban and rural class | Change<br>from<br>1996<br>to<br>2001 | Components     |                 |                 |
|-----------------------|--------------------------------------|----------------|-----------------|-----------------|
|                       |                                      | Net migration  | Net immigration | Internal growth |
|                       |                                      | degree holders |                 |                 |
| <b>Canada</b>         | <b>669,230</b>                       | <b>0</b>       | <b>228,490</b>  | <b>440,740</b>  |
| Large                 | 497,780                              | 38,230         | 209,160         | 250,390         |
| Medium                | 67,980                               | -23,830        | 12,800          | 79,010          |
| Small                 | 55,780                               | -12,550        | 4,660           | 63,670          |
| Rural                 | 47,690                               | -1,850         | 1,870           | 47,670          |



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## Residential construction investment

First quarter 2008

The total value of residential construction investment reached \$19.8 billion in the first quarter of 2008, an increase of 7.5% compared with the first quarter of 2007. Increases seen in most provinces and for the three components of residential construction (new housing construction, renovations and acquisition costs) explained this quarterly increase.

The favourable job situation, growth in disposable income, flexible financing options and the strength of the economy in Western Canada continued to support the demand for housing. The increase in investments depends upon the rise in the price of houses. The New Housing Price Index (house-only component) increased by 6.0% in the first quarter of 2008 compared with the same quarter in 2007.

New housing investment increased by 8.8% compared with the first quarter of 2007 to \$9.7 billion. Investment in apartment and condominium construction contributed the most (in dollars) to the increase in this component. Spending on apartments increased by 17.5% to \$2.6 billion. Construction spending on single-family housing rose by 3.7% to \$5.6 billion. The increase for single-family housing stemmed exclusively from prices, whereas the one for apartments was mainly linked to new construction starts.

In constant dollars, investment in new apartments and condominiums increased 6.4%, while spending on the construction of new single-family homes dropped 1.1%.

Renovation spending came to \$8.4 billion, a 7.2% increase compared with the first quarter of 2007. Renovation spending represented 42.4% of total residential construction investments. Acquisition costs rose 1.3% to \$1.7 billion.

The biggest increases (in dollars) in residential investment occurred in British Columbia (+21.2% to \$4.0 billion), Alberta (+9.1% to \$3.5 billion) and Ontario (+4.0% to \$6.9 billion). Quebec, Prince Edward Island and the three territories reported decreases.

**Note:** Residential construction investment is divided into three main components. The first is new housing construction, which includes single dwellings, semi-detached dwellings, row housing and apartments, cottages, mobile homes and additional housing units created from non-residential buildings or other types of residential structures (conversions). The second component of residential construction investment (renovations) includes alterations and improvements in existing dwellings. The third component is acquisition costs, which refers to the value of services relating to the sale of new dwellings. These costs include sales tax, land development and service charges, as well as record-processing fees for mortgage insurance and the associated premiums.

Because ownership transfer costs are not included in the investment totals presented in this release and in CANSIM table 026-0013, the figures here do not match the figures published in the National economic accounts (CANSIM table 380-0010).

**Available on CANSIM: table 026-0013.**

**Definitions, data sources and methods: survey number 5016.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Nicole Charron (613-951-0087; [bdp\\_information@statcan.ca](mailto:bdp_information@statcan.ca)), Investment and Capital Stock Division. □

## Residential construction investment

|                           | First<br>quarter<br>2007 | First<br>quarter<br>2008 | First<br>quarter<br>2007<br>to<br>first<br>quarter<br>2008 |
|---------------------------|--------------------------|--------------------------|------------------------------------------------------------|
|                           | \$ millions              |                          | % change                                                   |
| <b>Canada</b>             | <b>18,405.8</b>          | <b>19,780.9</b>          | <b>7.5</b>                                                 |
| Newfoundland and Labrador | 136.3                    | 183.9                    | 34.9                                                       |
| Prince Edward Island      | 36.2                     | 35.8                     | -1.1                                                       |
| Nova Scotia               | 396.3                    | 415.4                    | 4.8                                                        |
| New Brunswick             | 219.2                    | 227.2                    | 3.6                                                        |
| Quebec                    | 3,643.9                  | 3,476.2                  | -4.6                                                       |
| Ontario                   | 6,599.1                  | 6,863.2                  | 4.0                                                        |
| Manitoba                  | 388.4                    | 560.1                    | 44.2                                                       |
| Saskatchewan              | 434.9                    | 482.5                    | 10.9                                                       |
| Alberta                   | 3,225.0                  | 3,517.2                  | 9.1                                                        |
| British Columbia          | 3,284.8                  | 3,982.7                  | 21.2                                                       |
| Yukon                     | 23.1                     | 21.5                     | -7.0                                                       |
| Northwest Territories     | 4.8                      | 3.9                      | -17.5                                                      |
| Nunavut                   | 13.8                     | 11.4                     | -17.1                                                      |

**Note:** Data may not add to totals due to rounding.

## Biotechnology spending by the federal government 2006/2007

Science and technology (S&T) spending on biotechnology was up 1.8% in 2006/2007 to \$880 million, accounting for 9% of total federal S&T expenditures of \$9.7 billion.

The higher education sector continued to be the major recipient of the federal government's S&T spending on biotechnology in 2006/2007, receiving 55% or \$481 million of the \$880 million total.

Federal S&T data on biotechnology comprise spending on research and development and related scientific activities for both in-house performers and those outside government, such as business enterprises and the higher education sector. Data also cover spending on full-time equivalent personnel associated with S&T activities.

At \$602 million, the majority (68%) of federal S&T spending on biotechnology was allocated outside government with the lion's share, or \$481 million, going to the higher education sector. The remaining \$278 million (32%) was allocated to in-house S&T activities in biotechnology.

The vast majority (95%) of federal S&T biotechnology spending, about \$833 million, was dedicated to research and development.

In 2006/2007, 1,929 full-time equivalent personnel were dedicated to federal in-house biotechnology S&T activities, up 3.3% over the previous year.

Of this total, 8 out of 10 full-time equivalents were dedicated to research and development activities.

## Definitions, data sources and methods: survey number 4212.

The article "Biotechnology scientific activities in federal government departments and agencies, 2006/2007" is now available online in the service bulletin *Science Statistics*, Vol. 32, no. 2 (88-001-XWE, free), from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods of data quality of this release, contact Monia Bergeron (613-951-6423; [monia.bergeron@statcan.ca](mailto:monia.bergeron@statcan.ca)) or Marc Nadeau (613-951-2541; [marc.nadeau@statcan.ca](mailto:marc.nadeau@statcan.ca)), Science, Innovation and Electronic Information Division.

## Annual Survey of Accounting Services 2006

The Canadian accounting industry enjoyed another prosperous year in 2006. Operating revenues climbed to \$11.1 billion in 2006, up 12.1% from a year earlier. This increase follows a substantial increase of 13.7% in 2005.

In 2006, as in previous years, the bulk of industry revenues came from traditional accounting services. Audit and assurance services accounted for 30% of total industry operating revenues, followed by taxation services (25%), compilation and review services (16%) and bookkeeping and payroll services (11%).

Firms in Ontario still accounted for the largest portion (44%) of industry operating revenues, followed by firms in Quebec (19%), British Columbia (14%) and

Alberta (14%). Quebec's share has remained steady in recent years, while Ontario's share has been shrinking slowly and the shares of Alberta and British Columbia have been growing.

Although operating revenues in 2006 were up substantially from 2005 in most provinces, the largest increases were posted by businesses in Alberta (+25%), Newfoundland and Labrador (+17%) and British Columbia (+14%). By comparison, Quebec (+11%) and Ontario (+9%) showed smaller increases.

The accounting industry is composed of a small number of very large firms with very high revenues and a large number of small firms earning much more modest revenues. In 2006, the 20 largest companies generated almost half of the industry's operating revenues and operating profits, proportions that have remained steady since 2004. However, the 9.1% growth in operating revenues of the 20 largest firms in 2006 was appreciably lower than the 15.1% growth rate posted by the rest of the industry.

Wages, salaries and benefits paid to employees is the industry's single largest operating expense. This expense accounted for just over half of total industry operating expenses in 2006. The total labour cost would be much larger if it also included the remuneration of partners and owners working in their enterprise.

While it has been relatively steady since 2001, the industry's operating profit margin before taxes edged down from 30.1% in 2005 to 29.6% in 2006.

Results from the 2006 Annual Survey of Accounting Services are now available.

**Definitions, data sources and methods: survey number 4716.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Luc Provençal (613-951-1960; fax: 613-951-6696; [luc.provençal@statcan.ca](mailto:luc.provençal@statcan.ca)), Service Industries Division. ■

## **Asphalt roofing**

April 2008

Data on asphalt roofing are now available for April.

**Available on CANSIM: table 303-0052.**

**Definitions, data sources and methods: survey number 2123.**

For more information, 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.ca](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## **Investment in non-residential building construction**

First quarter 2008 (revised)

Following the release of the national economic and financial accounts for the first quarter of 2008, revised estimates of the investment in non-residential building for the first quarter are now available. Estimates have also been revised from 2004 to 2007.

**Available on CANSIM: table 026-0016.**

**Definitions, data sources and methods: survey number 5014.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bechir Oueriemmi, (613-951-1165; [bdp\\_information@statcan.ca](mailto:bdp_information@statcan.ca)), Investment and Capital Stock Division. ■

## New products

### The Canadian Economy in Transition: "Cities and growth: In situ versus migratory human capital growth", no. 19

Catalogue number 11-622-MIE2008019  
(free).

### New Brunswick Flood

Catalogue number 22-503-XWE  
(free).

### Science Statistics: "Biotechnology scientific activities in federal government departments and agencies, 2006/2007", June 2008 edition, Vol. 32, no. 2

Catalogue number 88-001-XWE  
(free).

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

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### Releases

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### 2006 Census profiles

With the release of the census and census release components, the complete cumulative profile is now available for census divisions, census subdivisions, dissemination areas, forward sortation areas, designated places, urban areas, and census metropolitan areas and census agglomerations with census subdivisions. To obtain these profiles in electronic format (links vary for different geography levels), contact Statistics Canada's National Contact Centre.



## Statistics Canada's official release bulletin

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