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Perspectives on Labour and Income

May 2008 online edition

The May 2008 online edition of *Perspectives on Labour and Income*, released today, features two articles.

"Life after teenage motherhood" looks at women 30 to 39 years of age to determine whether teenage childbearing is related to long-term socioeconomic characteristics, notably educational attainment, labour force participation and living in low income.

"Low-income children" examines the absence of change between 1989 and 2004 in the proportion of children under 18 years of age living in a low-income family, despite a strong economy since the 1990 to 1992 recession.

The May 2008 online edition of *Perspectives on Labour and Income*, Vol. 9, no. 5 (75-001-XWE, free), is now available from the *Publications* module of our website.

For more information, contact Ted Wannell (613-951-3546; ted.wannell@statcan.ca), Labour and Household Surveys Analysis Division.



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The Daily, May 23, 2008

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Releases

Study: Sugar beets in Canada

2006

Sugar beets, significantly established in Canada in the first half of the 20th century, continue to be sweet for farmers in Ontario and Alberta, a new study has found.

Census of Agriculture data show that in 2006, 314 farms seeded 19,488 hectares in sugar beets, according to the study, "That beet is sweet!" published today in the online version of *Canadian Agriculture at a Glance*.

This area is only half the 1951 peak of 38,716 hectares. But it is 35% higher than it was in 2001 when farmers, faced with expected water shortages and low prices, shifted from sugar beets to other crops.

Early in the 1900s, entrepreneurs saw the potential for a domestic sugar industry and built a number of sugar beet processing plants. Between 1911 and 1951, producers reported increasing numbers of hectares planted in sugar beets in each successive census.

In 2006, Canadian farmers produced over 1.2 million tonnes of sugar beets, up nearly 80% from 2001. Most of this production took place in Alberta, where 963,000 tonnes of sugar beets were used to produce 124,000 tonnes of beet sugar.

An additional 266,000 tonnes of beets were grown in Ontario and exported to Michigan for processing.

Sugar beets virtually disappeared in Ontario after the last beet processing plant closed in 1968. However, the crop is making a comeback in southwestern Ontario.

Russia is the world's top sugar beet producer, and most of Europe still uses beets as the primary source of sugar. Of the top 10 sugar beet-producing countries in 2006, 8 were European. Canada's production ranked 31 in the world.

Sugar beet seeded area, by province, 2006 and 2001

	2006	2001
	hectares	
Newfoundland and Labrador	0	2
Prince Edward Island	0	0
Nova Scotia	0	0
New Brunswick	0	0
Quebec	0	0
Ontario	3,785	2,431
Manitoba	0	0
Saskatchewan	0	0
Alberta	15,703	12,030
British Columbia	0	0
Canada	19,488	14,462

0 true zero or a value rounded to zero

Globally, production of sugar from sugar cane dwarfs that of sugar beets. Cane sugar makes up about three-quarters of all raw sugar produced worldwide, and the three main producers are Brazil, India and China.

Alberta: Canadian home of the sugar beet

Alberta has had the largest share of the country's sugar beet area since 1951, according to Census of Agriculture data.

In 2006, Alberta farmers planted 15,700 hectares, up from 12,000 hectares five years earlier. This represents 81% of the country's sugar beet area, all of it in the Taber area.

Sugar refined in Taber is sold primarily in Alberta, Saskatchewan and Manitoba, with small amounts occasionally sold in British Columbia, Ontario and the United States.

Between 1956 and 1996, Manitoba's sugar beet production was second only to Alberta's. In 1996, Manitoba farmers had 9,200 hectares planted in sugar beets. However, access to the United States, which had become the province's principal market for beet sugar, was restricted in 1997. As a result, Manitoba's only processing plant halted production.

Sugar beets return to Ontario

Ontario accounted for more than two-thirds of the Canadian sugar beet area from 1911 to 1931, according to Census of Agriculture data.

In southwestern Ontario, farmers returned to the crop in a minor fashion in 1996, planting 85 hectares. By 2001, this had expanded to just over 2,400 hectares, and in 2006, Ontario farmers planted 3,785 hectares, mostly for export to Michigan for processing.

The United States, which uses tariffs on processed sugar imports to keep domestic sugar prices high, has both substantial sugar cane and sugar beet production.

However, because unprocessed sugar beet imports are not restricted, Ontario growers are tapping into this export market.

The future of sugar beets

In most parts of Canada, it is now cheaper to buy imported "raw sugar" in the semi-processed state than to produce our own. Since Canada has minimal tariffs on sugar and the world price of sugar is so low, over 90% of our country's refined sugar is now processed from sugar cane.

Although the area planted to sugar beets has been declining, there are still signs that their production has a future in Canada.

In 1998, the Taber processing plant invested in upgrades that increased its capacity by 50%. In both Alberta and Ontario, scientists continue to improve crop production techniques.

High energy prices have also led to an increased demand for ethanol, which can be produced from sugar cane. Brazil, the world's largest sugar exporter, produced 17 billion litres of ethanol in 2006, and this diversification of sugar cane has contributed to higher prices for sugar.

Ethanol can also be made from sugar beets. Groups in several provinces, including Quebec and

Prince Edward Island, are looking into the economics of converting the crop to fuel.

Definitions, data sources and methods: survey number 3438.

The analytical article, "That beet is sweet!" is now available as part of the 2006 edition of *Canadian Agriculture at a Glance* (96-325-XWE, free) from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods, or data quality of this release, contact Sarah Morrison (613-951-2304), Agriculture Division. ■

Study: Outsourcing and offshoring in Canada

1961 to 2003

Canadian industries steadily increased their levels of both "outsourcing" and "offshoring" from 1961 to 2003, according to a new research paper that assesses trends in international trading patterns.

Outsourcing involves moving production outside a firm. Offshoring occurs when Canadian-based companies buy foreign-produced goods or services as production inputs.

The study found that between 1961 and 2003, there was a strong shift towards the offshoring of both goods and services, which increased in almost all industries. The rate of growth of offshoring has been highest in service industries.

The study suggests that offshoring in goods has been positively related to multifactor productivity growth. Service offshoring has been associated with a shift towards higher value-added activities in Canadian industries.

The study found that neither offshoring in goods nor services is associated with a change in employment in Canadian industries. While material offshoring was not related to wage growth, service offshoring was negatively associated with wage growth in the service sector.

Growth in the offshoring of both services and materials reflects the continuing trend towards economic globalization and integration of world economies. Most of Canada's offshoring is with the United States, although there is some increase over the last decade with developing countries. Recent interest in outsourcing and offshoring has intensified with rapid economic development in China and India.

Share of imported material inputs nearly doubles in 40 years

The growth in services and material offshoring reflects two distinct aspects of globalization. These are, first, the changes that have occurred as trade increased with developing countries, and secondly, the gains associated with exploiting economies of scale in differentiated product lines.

Canadian industries have purchased an increasing share of material and service inputs from abroad, a trend that has been pervasive across industries.

Note to readers

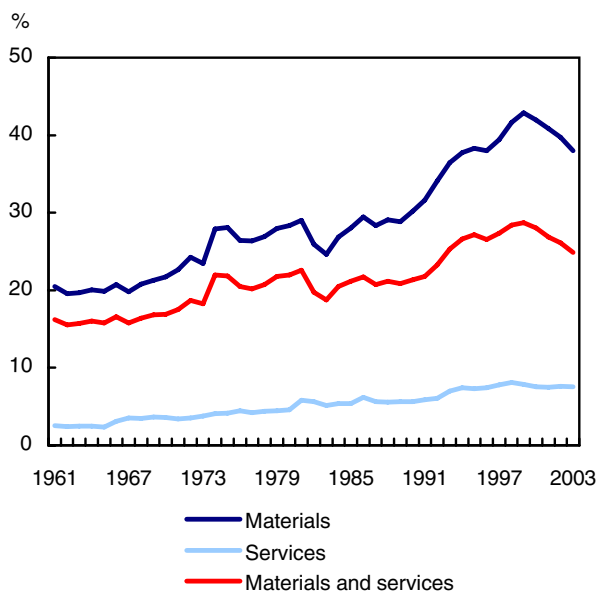
This release is based on the research paper "Outsourcing and offshoring in Canada," available today.

The main data sources for the analysis are Statistics Canada's annual input-output tables and industry productivity database. The input-output tables show the output of commodities by industry and the use of commodities by industry. The industry productivity database provides time series data for productivity, output and inputs that include capital, labour, energy, materials and purchased services by industry.

Outsourcing involves moving the production outside of a firm. Offshoring entails sourcing part of the purchased inputs outside of the country. In this release, the term "outsourcing" is measured by the share of purchased intermediate input in gross output. The term "offshoring" is measured by the share of intermediate inputs that are purchased from abroad.

Between 1961 and 2003, the share of imports in material inputs almost doubled from 20.5% to 38.0%. The share of imports in service inputs almost tripled from 2.6% to 7.6%.

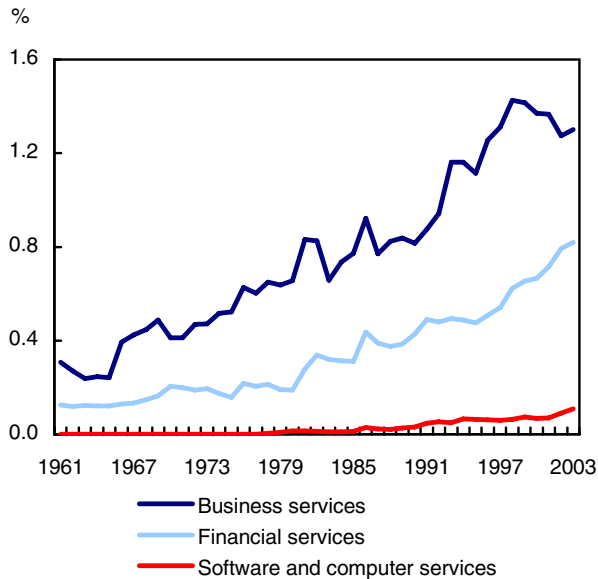
Percentage of business sector inputs that are imported, 1961 to 2003



Business services (e.g., high-tech services, research and development, and consulting and design services) represent the largest category of service

inputs that Canadian industries have offshored. They are followed by financial services.

Offshore services as a percentage of business sector material and service inputs, by type



Goods and services offshoring have different effects

The study found that the economic effects of service offshoring have differed from those of material offshoring.

Material offshoring has been positively related to multifactor productivity growth over the 40 year period, while service offshoring has not.

Between 1961 and 2003, the study suggested that the increase in material offshoring contributed 0.2 percentage points a year to growth in multifactor productivity. This increase represented about 8% of multifactor productivity growth during this period.

Industries that increased their service offshoring activities also increased their investments in information and communications technologies (ICT), as well as the share of value-added in their shipments. The intensive use of ICT inputs served to reduce the distance barriers associated with trade in services.

The study also found that neither form of offshoring, goods or services, was related to employment in Canadian industries. However, the two had differing effects on the growth in wages.

Service offshoring has had a small negative effect on worker wages in the services-producing sector, but little effect on wages for workers in goods-producing sector.

The research paper "Outsourcing and offshoring in Canada" is now available online as part of the *Economic Analysis Research Paper Series* (11F0027MIE2008055, free). From the home page, choose *Publications*, *Free Internet publications*, then *Economic accounts*.

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. ■

Study: Life after teenage motherhood 1993 to 2005

Teenage motherhood has generally been associated with negative and long-term socioeconomic consequences for women, but it does not necessarily condemn them to a life in low income, according to a new study.

The study, "Life after teenage motherhood," published today in *Perspectives on Labour and Income*, used the Survey of Labour and Income Dynamics to examine the personal and long-term socioeconomic characteristics of women aged 30 to 39 who gave birth as teenagers.

Specifically, it compared women who were teen moms with those who were adult mothers on the basis of educational outcome, long-term labour force participation and low-income status.

Overall, teenage mothers in Canada had a lower probability than their adult counterparts of completing high school and postsecondary education, even after controlling for family background and other characteristics.

But the study also found that education may help counter the negative impact that being a teen mother had on labour force participation and low-income status.

Overall, women with similar education levels, regardless of when they had their first child, also had a similar likelihood of being in full-year, full-time employment.

Teen moms and adult mothers with less than high school education were both less likely to be working in a full-time job for the full year.

On the other hand, teenage mothers who completed postsecondary studies were actually more likely than their adult counterparts to work full time, full year.

The study found similar results for the probability of living in low income. One-fifth (21%) of families of women who were teenage mothers had adjusted income below Statistics Canada's low-income measure (LIM) compared with just 12% of adult mother families.

But education made a big difference. Teenage moms and adult mothers who both had less than high school were more likely to be living below the LIM than adult mothers with a high school diploma.

Likewise, women who were teenage mothers and adult mothers who had completed postsecondary studies were less likely to fall below the LIM.

The study suggested that other unobserved characteristics, such as family support, social network and a variety of other resources, psychological traits, and other factors may also influence socioeconomic outcomes.

Family background remains an influence even in the long run. Women whose mothers finished high school or postsecondary studies were five percentage points

more likely to work full year, full time than women whose mothers had less than high school.

In 2004, there were 31,611 teenage pregnancies in Canada, almost half of which resulted in live births. These births to teenage girls represented 4.2% of total births.

Canada's birth rate among teenagers of 13.6 for every 1,000 teen women in 2004 remained far below the birth rate of 41.1 in the United States. However, it was still almost seven times higher than the rate in Sweden, which has one of the lowest teen birth rates of all developed countries.

About half of teenage mothers married in their teens, compared with only 8% of adult mothers. But only 20% of teenage mothers were married prior to the birth of their first child, compared with 72% of adult mothers. Teenage mothers were more likely to live in common-law relationships, but they were still more likely to separate or divorce. Furthermore, teenage mothers were almost three times more likely to report marrying more than once.

Definitions, data sources and methods: survey number 3889.

The article "Life after teenage motherhood" is now available in the May 2008 online edition of *Perspectives on Labour and Income*, Vol. 9, no. 5 (75-001-XWE, free), from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this article, contact May Luong (613-951-6014; may.luong@statcan.ca), Labour and Household Surveys Analysis Division. ■

Annual Survey of Software Development and Computer Services 2006

The three industries that comprise the computer services industry in Canada saw their combined operating revenues increase to \$33.1 billion in 2006, up 7.5% from 2005. The operating profit margin, at 6.3%, was little changed from the previous year.

Most of the industry growth was attributable to businesses classified in the computer systems design and related services industry.

In 2006, computer systems design and related services, the largest industry in computer services, posted an operating revenue increase of 11.0% to \$23.9 billion. The operating profit margin, at 6.2%, was slightly lower than the previous year.

The software publishing industry recorded operating revenues of \$6.3 billion, down 1.4% from 2005. Despite this, the operating profit margin doubled to 4.6%, as businesses were able to reduce expenses.

Operating revenues of the data processing industry were flat at \$2.8 billion. However, the industry was able to shave off about 6% in operating expenses from the previous year, doubling the operating profit margin to 12%.

Sales to businesses in Canada accounted for half of the total operating revenues in 2006. While one-quarter of revenues came from public sector clients and households, exports continued to be an important source of revenues for computer services firms, accounting for the remaining one-quarter of the sales.

Note: The Annual Survey of Software Development and Computer Services comprises three North American Industry Classification System industries; software publishers (51121), data processing, hosting and related services (51821), and computer systems design and related services (54151).

Available on CANSIM: table 354-0005.

Definitions, data sources and methods: survey number 2410.

Results from the 2006 Annual Survey of Software Development and Computer Services are now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Gohar Razi (613-951-4940; fax: 613-951-6696; gohar.razi@statcan.ca) or Kyoomars Haghandish (613-951-6304; fax: 613-951-6696; kyoomars.haghandish@statcan.ca), Service Industries Division. ■

Aircraft movement statistics: Major airports

April 2008

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations increased in April compared with April 2007. These 95 airports reported 553,855 movements in April, up 9.8% compared with the same month a year earlier.

Available on CANSIM: tables 401-0007 to 401-0020.

Definitions, data sources and methods: survey number 2715.

The April 2008 issue of *Aircraft Movement Statistics: NAV CANADA Towers and Flight Service Stations* (51-007-XWE, free) is now available from the *Publications* module of our website. This report is a joint publication of Statistics Canada and Transport Canada and is also known as Transport Canada report TP 141.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-500-8400; transportationstatistics@statcan.ca), Transportation Division. ■

Shipments of solid fuel burning heating products

First quarter 2008

Data on shipments of solid fuel burning heating products are now available for the first quarter.

Available on CANSIM: table 303-0063.

Definitions, data sources and methods: survey number 2189.

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), Manufacturing, Construction and Energy Division. ■

New products

Economic Analysis Research Paper Series:
"Outsourcing and offshoring in Canada", no. 55
Catalogue number 11F0027MIE2008055
(free).

Steel, Tubular Products and Steel Wire, March 2008,
Vol. 4, no. 3
Catalogue number 41-019-XWE
(free).

Aircraft Movement Statistics: NAV CANADA Towers and Flight Service Stations (TP 141), April 2008
Catalogue number 51-007-XWE
(free).

Retail Trade, March 2008, Vol. 80, no. 3
Catalogue number 63-005-XWE
(free).

Perspectives on Labour and Income, May 2008,
Vol. 9, no. 5
Catalogue number 75-001-XWE
(free).

Canadian Agriculture at a Glance: "That beet is sweet!", Census year 2006
Catalogue number 96-325-XWE
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 The Daily	
Statistics Canada	
Thursday, June 5, 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 1996, each Canadian took an average of about 25 trips 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 also noticeably weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.	
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Release dates: May 26 to 30, 2008

(Release dates are subject to change.)

Release date	Title	Reference period
26	Farm income	2006 and 2007
26	Retail trade: How the provinces fared in 2007	2007
26	Farm cash receipts	2006, 2007 and the first quarter of 2008
27	Participation and Activity Limitation Survey	2006
27	Employment Insurance	March 2008
28	International travel account	First quarter 2008
28	Characteristics of international travellers	Fourth quarter 2007
29	Balance of international payments	First quarter 2008
29	Wholesale trade in Canada : 2007 in review	2007
29	Payroll employment, earnings and hours	March 2008
30	National economic and financial accounts	First quarter 2008
30	Industrial product and raw materials price indexes	April 2008
30	Gross domestic product by industry	March 2008