

Factsheet: Demographic Demand for Immigrants

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Highlights

- ◆ For Canada as a whole, the period from 2009 to 2029 will be a period where the number of individuals 10 to 19 years of age (potential labour market entrants in the following ten years) is less than the number of individuals 55 to 64 years age (potential labour market exiters in the following ten years).
- ◆ The demographic 'gap' between potential entrants and potential retirees represents a potential demographic demand for immigrants.
- ◆ However, the labour market is expected to continue to grow due to the choice of individuals over 65 years of age to continue to be employed.
- ◆ The nature of our calculated demographic demand for immigrants varies widely across the regions of Canada.
- ◆ Some places will have less than 50 potential entrants per 100 potential retirees – suggesting a stronger demand for immigrants.
- ◆ On the other hand, Nunavut as a whole is expected to have 267 potential entrants per 100 potential exiters, indicating strong competition for jobs (so out-migration may be expected).

Why look at the Demographic Demand for Immigrants?

Canada's changing demographic structure will be driving development options in the foreseeable future. In this FactSheet, we look at the demographic pressure on the working age population. Specifically, we compare:

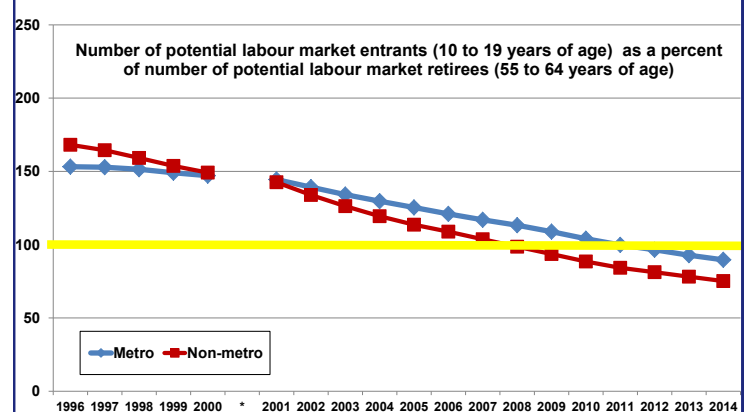
- ◆ The number of individuals who are currently 10 to 19 years of age and thus, ten years from now will be 20 to 29 years of age (and potentially entering the workforce); and
- ◆ The number of individuals who are currently 55 to 64 years of age and thus, ten years from now will be 65 to 74 years of age (and potentially retiring from the workforce).

If the number of potential labour market entrants is less than the number of potential labour market exiters, we would expect demographic pressure on the local labour market. The local workforce levels could be maintained if:

- ◆ More individuals continued to work after age 65;
- ◆ The local area attracted workers from elsewhere in Canada; and / or
- ◆ The local area was able to attract more immigrants.

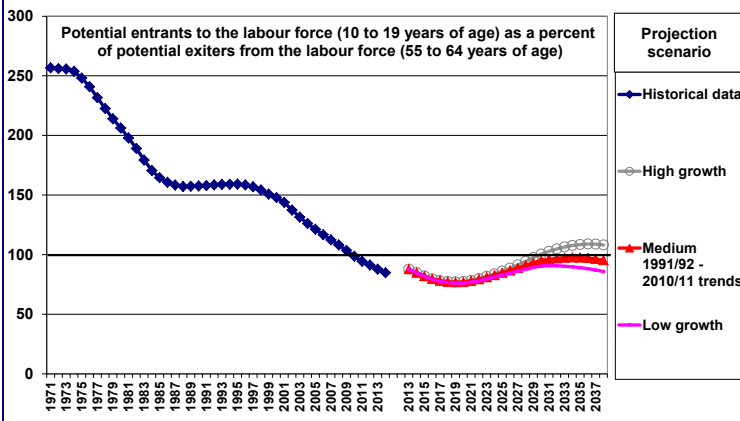
Alternatively, a lower level of employment would be required in the region if firms were able to adopt labour-saving

Figure 1: Demographic replacement of the working age population fell below 100% in 2008 in non-metro Canada



* Data for 1996 to 2000 are classified according to the 2006 grid for CMA boundaries and data since 2001 are classified according to the 2011 grid for CMA boundaries. Source: Statistics Canada. **Annual Demographic Statistics**. CANSIM Table 051-0001 & 051-0056.

Figure 2: Potential labour market shortage (regardless of projection scenario) up to 2029 due to less than 100 (potential) labour market entrants per 100 (potential) labour market retirees, Canada



Source: Statistics Canada, Demographic Estimates and Projections, CANSIM Tables 051-0001 and 052-0005.

technology. Certainly, this has been the historical pattern in regions specialized in agriculture, forestry and mining.

However, for the cases where potential retirees would need to be replaced by potential entrants, we calculate the gap between the two, which we suggest implies a demographic demand for immigrants for any given area in Canada.

Canada has entered a period with fewer young entrants to the workforce, compared to potential retirees.

Table 1: Number of potential labour market entrants (10 to 19 years of age) as a percent of number of potential labour market retirees (55 to 64 years of age), Canada, Provinces and Territories, 2001 and 2014

	Metro		Non-metro	
	2001	2014	2001	2014
Newfoundland and Labrador	149	78	135	59
Prince Edward Island	n.a.	n.a.	152	80
Nova Scotia	144	77	126	66
New Brunswick	139	80	133	66
Quebec	121	80	120	61
Ontario	151	96	139	74
Manitoba	153	96	179	119
Saskatchewan	190	99	180	99
Alberta	179	95	194	105
British Columbia	140	84	140	70
Yukon	n.a.	n.a.	186	74
Northwest Territories	n.a.	n.a.	298	122
Nunavut	n.a.	n.a.	470	267
Canada	144	90	143	75

Source: Statistics Canada. Annual Demographic Statistics. CANSIM Table 051-0001 and 051-0056.

In 2008, the demographic replacement of the non-metro workforce in Canada fell below 100% (Figure 1). In metro Canada, the same thing happened in 2013. Thus, for Canada as a whole, over the next ten years there will be fewer potential labour market entrants than potential labour market exiters.

We note that the projections by Martel *et al.* (2011) indicate that the level of employment in Canada will continue to increase due to a projected increase in the employment rate of individuals 65 years of age and over. Nevertheless, we expect that demographic pressure on the labour market will continue to be important.

continue up to 2029 (Figure 2). Below, we show the projections for three scenarios: a low population growth scenario; a medium-population growth scenario (based on the trends from 1991/1992 to 2010/2011); and a high population growth scenario. (For details, see Statistics Canada, 2014.)

For Canada as a whole, this potential labour market shortage is projected to

Note the substantial change in recent decades. During the 1980s and 1990s, there were 150 potential labour market entrants per 100 potential retirees from the labour market. Aggregate economic growth was easier to sustain because the labour market was growing. Now, aggregate

economic growth is more difficult¹ because there are fewer potential entrants for each potential exit from the labour force (and growth in the workforce is based on assuming an increasing employment rate among older workers). This demographic situation is projected to continue until 2029, regardless of the projection scenario. Note that the high growth scenario assumes an immigration rate of 9 immigrants per 1,000 population over the projection period, whereas the medium projection assumes 7.5 per 1,000, and the low growth scenario assumes 5 immigrants per 1,000 population. Thus, even an immigration rate that is higher than historical patterns will not prevent potential labour market shortages up to 2029.

The size of the demographic change in recent decades has been large within both metro and non-metro regions of each province (Table 1). In 2001, both metro and non-metro areas in each province had more potential labour market entrants than potential exiters. However, in 2014, only the non-metro areas of Manitoba and Alberta — and the three Territories — had more potential entrants than potential leavers. Thus, most areas of Canada are presently experiencing a demographic demand for immigrants.

¹ Browne (2002), among many others, argues that the aggregate economy does not necessarily need to grow — rather it is growth in well-being per capita that should be the focus. "... the rational response is the one you never hear publicly: 'Don't panic, let the [population] numbers fall. It will be good for us.' ... Population decline drums up visions of collapsing ... All this might indeed come to pass if population decline were rapid. A gradual population decline would be a different matter. The environmental benefits are obvious — fewer cars, fewer houses, more wilderness. But population decline could also empower workers, raise the status of the socially marginalised, reduce inequalities and eradicate poverty. It will not make Britain poorer, as the politicians fear, but wealthier ...".

Table 2: Number of potential labour market entrants (10 to 19 years of age) as a percent of number of potential labour market retirees (55 to 64 years of age) for each Census Metropolitan Area in Canada, 2011 and 2014

Name of CMA (Census Metropolitan Area) (sorted by 2014 data)	2001	2014
Saguenay, Quebec	127	57
Trois-Rivières, Quebec	106	60
Victoria, British Columbia	121	64
Québec, Quebec	108	65
Peterborough, Ontario	140	70
Thunder Bay, Ontario	142	71
Kelowna, British Columbia	127	74
Sherbrooke, Quebec	125	74
St. Catharines-Niagara, Ontario	125	77
Halifax, Nova Scotia	144	77
St. John's, Newfoundland and Labrador	149	78
Kingston, Ontario	133	78
Greater Sudbury, Ontario	133	79
Moncton, New Brunswick	134	79
Saint John, New Brunswick	144	80
Montréal, Quebec	122	86
Vancouver, British Columbia	141	87
London, Ontario	152	89
Hamilton, Ontario	142	90
Ottawa-Gatineau, Ontario/Quebec	151	90
... Ottawa-Gatineau, Ontario part	149	93
... Ottawa-Gatineau, Quebec part	155	84
Brantford, Ontario	162	91
Edmonton, Alberta	175	93
Guelph, Ontario	163	95
Regina, Saskatchewan	183	96
Windsor, Ontario	153	96
Winnipeg, Manitoba	153	96
Calgary, Alberta	184	97
Toronto, Ontario	152	100
Saskatoon, Saskatchewan	197	102
Kitchener-Cambridge-Waterloo, Ontario	170	102
Oshawa, Ontario	183	106
Abbotsford-Mission, British Columbia	184	106
Barrie, Ontario	193	114

Source: Statistics Canada. **Annual Demographic Statistics**. CANSIM Table 051-0001 and 051-0056.

The pattern also ranges widely across Census Metropolitan Areas² (CMAs) (Table 2). In 2001, every CMA had more potential labour market entrants than potential retirees. By 2014, only five CMAs (Barrie, Abbotsford-Mission, Oshawa, Kitchener-Waterloo-Cambridge and Saskatoon) had more potential entrants than potential exiters. All other CMAs appear to have a demographic demand for immigrants. In 2014, the CMA of Saguenay had only 57 potential labour market entrants for each 100 potential labour market retirees. Trois-Rivières had only 60 potential entrants per 100 potential retirees. As an interesting aside, these two CMAs ranked #1 and #2 in terms of their average life satisfaction scores for the period from 2009 to 2013 (see Figure 1 in Lu *et al.*, 2015).

Similarly, there exists a wide range in our 2014 demographic labour market pressure index across Canada's 293 census divisions (CDs) (Table 3). Within metro, partially-non-metro, and non-metro CDs (as defined in the footnote of Table 3), there is a range from under 50 to over 125 in terms of the number of potential labour market entrants per 100 potential exiters. The lower the number, the greater the potential demographic demand for immigrants. It should be noted, however, that some of the CDs with a low index are retirement destination regions and immigrants in the pre-retirement age group of 55 to 64 years of age are driving, at least in part, the demographic labour market pressure index.

Table 3: Ranking of census divisions by the demographic labour market pressure index*, 2014

Name of Census Division	Demographic labour market pressure index*	Name of Census Division	Demographic labour market pressure index*	Name of Census Division	Demographic labour market pressure index*
Metro** census divisions		Partially-non-metro** census divisions		Non-metro** census divisions	
(sorted by the demographic labour market pressure index in 2014, showing the top 10 and lowest 10 in each geographic group)					
L'Île-d'Orléans, Quebec	49	Papineau, Quebec	44	Stikine, British Columbia	33
Québec, Quebec	61	Maskinongé, Quebec	47	Les Pays-d'en-Haut, Quebec	36
Saint John, New Brunswick	72	Queens, New Brunswick	47	Mékinac, Quebec	37
Longueuil, Quebec	73	Memphrémagog, Quebec	52	La Haute-Gaspésie, Quebec	38
Central Okanagan, British Columbia	73	Portneuf, Quebec	53	Haliburton, Ontario	39
Lévis, Quebec	75	Argenteuil, Quebec	55	Charlevoix, Quebec	42
Halifax, Nova Scotia	77	Le Saguenay-et-son-Fjord, Quebec	57	Le Rocher-Percé, Quebec	42
Greater Sudbury, Ontario	78	Francheville, Quebec	59	Matane, Quebec	43
Sherbrooke, Quebec	79	Bécancour, Quebec	60	Shawinigan, Quebec	44
Les Collines-de-l'Outaouais, Quebec	80	Beauharnois-Salaberry, Quebec	61	Les Basques, Quebec	44
...		
Ottawa, Ontario	92	Vaudreuil-Soulanges, Quebec	97	Nord-du-Québec, Quebec	182
Laval, Quebec	93	Man. Div. 14 (incl. Stonewall)	97	Alta. Div. 17 (incl. Slave Lake)	183
Man. Div. 11 (Winnipeg)	96	Sask. Div. 11 (incl. Saskatoon)	99	Baffin, Nunavut	221
Les Moulins, Quebec	103	Fraser Valley, British Columbia	100	Man. Div. 19 (incl. Berens River)	225
Roussillon, Quebec	103	Lajemmerais, Quebec	100	Sask. Div. 18 (Northern Saskatchewan)	241
York, Ontario	103	Waterloo, Ontario	103	Man. Div. 23 (incl. Churchill)	263
Thérèse-De Blainville, Quebec	109	Durham, Ontario	104	Region 3, Northwest Territories	266
Halton, Ontario	114	Dufferin, Ontario	111	Man. Div. 22 (incl. Thompson)	268
Peel, Ontario	116	Man. Div. 10 (incl. St. Francois Xavier)	137	Kitikmeot, Nunavut	309
Mirabel, Quebec	127	Man. Div. 2 (incl. Steinbach)	158	Keewatin, Nunavut	357

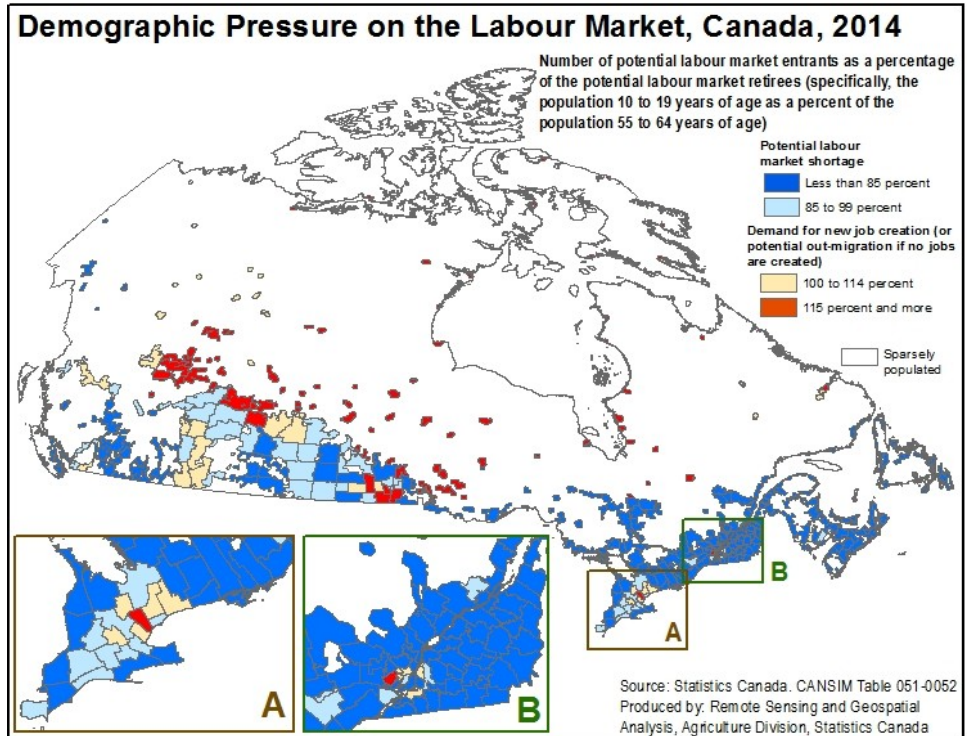
* Population 10 to 19 years of age as a percent of the population 55 to 64 years of age
 ** Metro census divisions (CDs) have all their component census subdivisions (CSDs) within a Census Metropolitan Area (CMA). A partially-non-metro CD has some, but not all, of its CSDs in a CMA. A non-metro CD has all of its component CSDs outside a CMA.
 Source: Statistics Canada. **Annual Demographic Statistics**, CANSIM Table 051-0062.

² Census Metropolitan Areas (CMAs) have an urban core population of 50,000 or more with a total population of 100,000 or more. (Prior to 2006, the urban core threshold was 100,000) and the CMA includes the total population of neighbouring census subdivisions (CSDs) (i.e., incorporated towns and municipalities) where more than 50% of the employed residents commute (i.e. a measure of social-economic integration) to the specific CMA.

A higher number indicates the likelihood of more competition for jobs – or out-migration may take place if no new jobs are created. Specifically, among non-metro CDs, the 10 CDs with the highest number of entrants per potential retiree are all northern CDs. This suggests that jobs will need to be created in these CDs or out-migration may be expected.

Note that every CD east of the GTA (Greater Toronto Area) is facing a

potential labour market shortage (dark blue in the Map). The dark blue in southeastern British Columbia and on Vancouver Island is influenced, as least in part, by the immigration of individuals who are 55 to 64 years of age.



Summary

For Canada as a whole, we are in an era with fewer potential labour market entrants for each potential labour market retiree. The resulting demographic pressure on the labour market can be attenuated by more individuals remaining employed after they reach 65 years of age, by labour saving technologies, or by immigration. The calculated demographic labour market pressure index varies widely across the regions of Canada, suggesting that different 'remedies' may be required in different locales. Generally, however, regions with a lower index can be expected to have a higher demographic demand for immigrants.

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