

## Economic Profile Series: Cape Breton, Nova Scotia

Spring 2019

This series looks at 20 communities across Canada and highlights key labour market statistics and the role that immigration has played, or could play, to help these communities flourish. It is important to note that predicting future labour market demand can be challenging, as economies are always evolving. This profile uses current population and labour market trends to give a profile of how immigration might play a role in this community.

### Renewing economic growth in Cape Breton: the potential role for immigration

#### The looming workforce challenge

The 2016 Census reported that 27% of everyone in the Cape Breton region<sup>1</sup> workforce was over the age of 55. Forty percent of those working in the transportation and warehousing sector were over 55, as were more than 30% of workers in wholesale trade, education, professional services, construction and manufacturing.

There are not enough young people coming through the education system to meet current and future labour market demand.

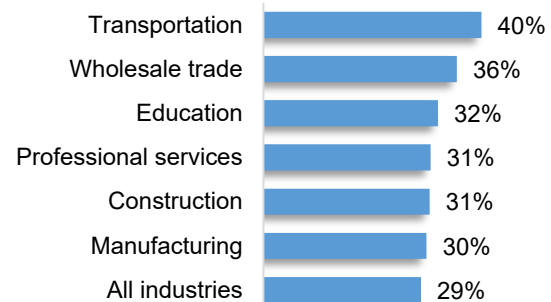
#### Cape Breton facing economic challenges

The Cape Breton region (population 98,722) has struggled to fully regain its footing and carve out a clear economic role after the significant industrial upheaval it felt in the 1980s and 1990s. A number of industries have grown in the region, including administrative and support services, health care and tourism-related sectors such as accommodation services.

Government, community and business leaders are working to position Cape Breton for new economic opportunities through the [Prosperity Framework](#), which focuses on potential growth industries, fostering new entrepreneurship and workforce development.

But demographic headwinds could be a barrier to achieving this growth. With a median age of 48.9, the Cape Breton regional municipality has one of the oldest populations of urban centres in Canada. In 2001, there were 94 people under the age of 20 for every 100 over the age of 55 in the population. As of 2017, there were only 49 young people for every 100 aged 55 and older (Figure 2).

**Figure 1: Share of the workforce over the age of 55 in selected industries, Cape Breton**



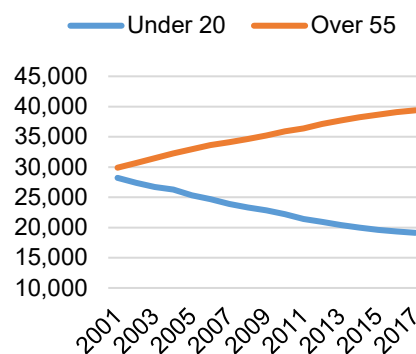
Source: Statistics Canada, 2016 Census.

<sup>1</sup> The Cape Breton census agglomeration includes the Cape Breton regional municipality and 2 First Nations communities.

Statistics Canada’s annual Labour Force Survey and other data provide insight into the state of the workforce. The number of people participating in the workforce has dropped by 11% since 2010, with a similar decline in total employment. The unemployment rate has remained high, but much of that is due to the seasonal nature of the economy. More than 32% of all employment income earners in 2016 also reported earning Employment Insurance income at some point during the year.

As an indication of how the aging demographic is impacting the workforce, there are now 63 people earning Canada Pension Plan income for every 100 people earning employment income across Cape Breton. This compares to an average of only 36 Canada Pension earners for every 100 employment income earners nationwide.

**Figure 2: Population by age group and year (Cape Breton)**



Source: Statistics Canada, Table 17-10-0084-01.

**Table 1: Cape Breton labour force trends**

	2010	2018	Change
Workforce (15+)	49,300	43,800	-11%
Employment (15+)	41,400	37,100	-10%
Unemployment rate	16.0%	15.3%	
Employment rate	47.1%	45.2%	

Source: Statistics Canada, Table 14-10-0102-01









**The aging workforce could impede growth**

What is at risk if Cape Breton cannot continue to attract enough new population to meet the current and future needs of the local labour market? Table 2 reveals the broad industry groups for which Cape Breton has a higher concentration of workers compared to the rest of the country.

The region has 13 times as many people employed in the fishing sector compared to the national economy, as a share of total employment. There are twice as many people working in heavy and civil engineering construction. The high levels of employment in hospitals, and nursing and residential care facilities, points to the importance of the health-care sector to the regional economy. Well-above-average employment in accommodation services shows the importance of the tourism industry.

If the workforce continues to tighten, many of these strategically important industries may struggle to find workers, and some of this economic activity could move to other communities with a stronger talent pipeline.

**Table 2: Cape Breton’s dominant industries: sectors with an above-average share of employment compared to the national economy\***

 Fishing – 13 times more employed	 Administrative services – 50% more
 Heavy and civil engineering construction – twice as many	 Hospitals – 80% more
 General merchandise stores – 61% more	 Nursing and residential care facilities – more than twice as many
 Water transportation – 12 times more	 Accommodation services – 27% more

\*For example, there are 80% more people employed in hospitals in Cape Breton compared to the national economy, as a share of total employment. Source: Statistics Canada 2016 Census.

### Cape Breton’s aging entrepreneurs

The community’s entrepreneurs and small business owners are getting closer to retirement, which is an additional challenge for the local economy. More than 46% of all self-employed people in the Cape Breton urban region are over the age of 55. Cape Breton could benefit from the attraction of a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as personal services, retail trade and tourism.

### Critical to sustained economic growth: ensuring there is a talent pipeline

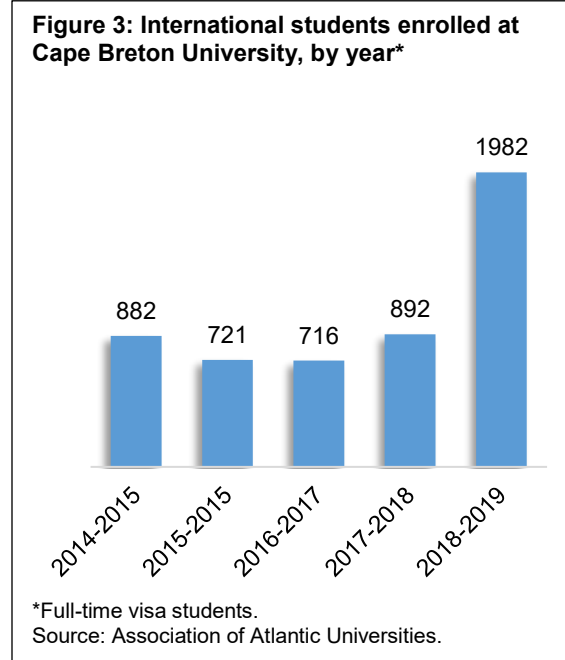
The Cape Breton workforce is aging and the pipeline for younger workers is shrinking. There are a number of ways in which the community can expand the number of available workers in the years ahead:

- **Attract more students to the region**

Cape Breton has fewer young people in school compared to most other urban centres in Canada. In 2016, there were 61 young people aged 15 to 24 in school for every 100 people in the workforce over the age of 55, compared to 81 per 100 in Halifax and 87 per 100 in St. John’s.

Cape Breton University (CBU) has put a significant push on attracting international students. Figure 3 shows the trend over the past 5 years. The 1,982 international students give CBU the third highest number among all universities in Atlantic Canada.

If CBU and the Nova Scotia Community College can continue to attract more students (Canadian and international) in the coming years, it will help to build a larger local talent pipeline to address workforce needs.



- **Encourage more people to join the workforce**

The tightening labour market creates employment opportunities for people who previously struggled to participate in the labour market, such as women re-entering the workforce or those with disabilities. Persons aged 55 and older who are not in the labour market could also be enticed back in by being offered flexible work and other benefits.

- **Attract and retain people from outside the region**

There is no doubt that the biggest opportunity involves the attraction and retention of young people and families to Cape Breton. Since 2013, across Canada, all net growth in the labour market has come from immigrants<sup>2</sup>. There is a direct correlation between immigrant attraction and workforce growth. Cape Breton has not attracted many immigrants in recent years, but the numbers across Nova Scotia are on the rise and this is having a positive impact on the labour market. As shown in Figure 4, the number of people in the Nova Scotia workforce who were born in Canada has dropped by 24,000, while the number of permanent residents in the workforce is up by 9,900.

### Immigration: boosting the Cape Breton talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in Cape Breton will be a strategic move to ensure that the talent pipeline is large and strong enough to meet local industry demands and provide a source of new entrepreneurs. These immigrants could come as students, workers and business owners filling important roles in the economy and boosting demand for local goods and services.

The [Atlantic Immigration Pilot](#) is an employer-led immigration pathway that was specifically designed to attract and retain skilled workers to fill job vacancies that employers could not fill locally. The pilot also focuses on retention, by requiring all applicants work with settlement service provider organizations to establish a settlement plan to help them and their families better integrate into the community.

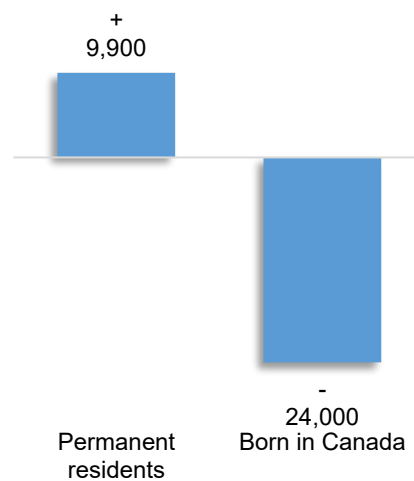
### Helping to grow the local economy

Attracting more immigrants in the coming years may create new demand for local products and services. Every 1,000 new immigrant families with an average household income directly generate \$73 million worth of new household expenditures, much of this spending in the local community<sup>3</sup>.

Statistics show that these 1,000 immigrant families would spend:

- \$14 million per year on housing costs, such as mortgage payments, electricity and property taxes
- \$11 million each year on transportation costs, such as vehicle purchases and maintenance, and
- nearly \$8 million on food expenditures at local grocery stores and restaurants.

**Figure 4: Change in the size of the Nova Scotia workforce by source of workers (2012 to 2018)**



Source: Statistics Canada, Table 14-10-0083-01.

<sup>2</sup> The number of workers born in Canada exiting the workforce is greater than the number of workers born in Canada joining the workforce each year.

<sup>3</sup> Assumes that new household spending conforms to the current spending pattern in Nova Scotia.

These 1,000 new families would also generate some \$21 million worth of taxes per year for local, provincial and federal governments.

### **Other positive effects**

Attracting immigrants to Cape Breton will help support a vibrant economic and social life in many other ways. Civic and business groups will have a growing pool from which to draw members. Youth sports clubs and leagues around the region benefit from an increasing population of young residents.

### **Helping to sustain high quality public services**

There is a direct relationship between economic growth and provincial and local government capacity to provide high quality public services and public infrastructure such as roads, schools and hospitals. A growing economy and population in Cape Breton could lead to a greater public investment in services and infrastructure.

### **Retaining and integrating newcomers**

Attraction of newcomers is important, but long-term retention will be critical to sustained population growth. More than 92% of all residents living in the Cape Breton region are at least third-generation Canadian, which means there is little to no recent history of immigration to the area.

To ensure the successful integration and retention of immigrants to Cape Breton, it is important that newcomers are welcomed into social life and quickly develop a strong sense of Canadian identity and social cohesion. Local [settlement service provider organizations](#) offer a wide variety of services to help newcomers, including help with accessing local services such as finding a job, housing, schools for children, language training and more. Additionally, the [Cape Breton Local Immigration Partnership](#) was established to improve the long-term integration of newcomers.

### **Older residents play an important role in the community**

Residents of all ages contribute to the well-being of their communities and their province by working, paying taxes and giving back through volunteer and charitable activities. As residents of Cape Breton retire and move into a new stage in their lives, it creates new economic opportunities in health care, personal services, and recreation industries.

But these industries should not be considered a replacement for Cape Breton's important industries, such as tourism, manufacturing and transportation. In the years ahead, the community could benefit from the economic opportunities arising from more retirees and from attracting and growing the younger workforce.

### **Cape Breton in 2035**

What will Cape Breton look like in 2035? Will the Prosperity Framework be achieved? Will the region have the workforce needed to ensure local industries can grow? Will a new generation of entrepreneurs emerge?

The [Atlantic Immigration Pilot Program](#) will continue to make it easier to attract and retain the skilled workforce that Cape Breton needs. Increasing immigration could be a critical piece to help to secure a strong and vibrant economy in the region – and drive innovation and growth for years to come.

For more information on how immigration matters across Canada, visit [Canada.ca/Immigration-Matters](https://Canada.ca/Immigration-Matters).