

## Economic Profile Series: Halifax, Nova Scotia

Spring 2019

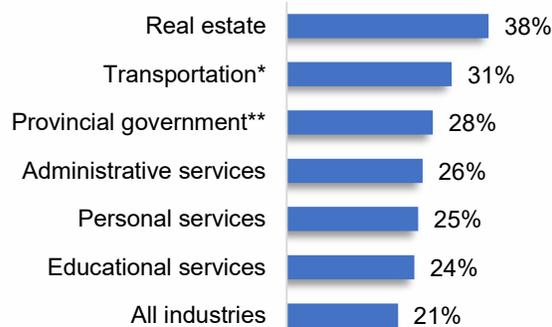
This series looks at 20 communities across Canada and highlights key labour market statistics and the role that immigration has played, or could play, to help these communities flourish. It is important to note that predicting future labour market demand can be challenging, as economies are always evolving.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

### Ensuring Halifax continues its economic momentum: the role of immigration

The 2016 Census reported that more than 1 in 5 people in the Halifax workforce were over the age of 55. This amounts to more than 52,000 workers in total. More than 30% of workers in the transportation and warehousing sector were over the age of 55 and over 1 in 4 people working in provincial government, administrative services and personal services were close to retirement (Figure 1).

While the Halifax talent pipeline is relatively strong, there aren't enough young people in the workforce to replace those retiring, let alone provide the talent for future economic growth.

**Figure 1: Share of the Halifax workforce over the age of 55—selected industries**



\*Includes warehousing.

\*\*Provincial public administration.

Source: Statistics Canada, 2016 Census.

#### Halifax: a thriving economic hub in Atlantic Canada

Halifax (population 432,000)<sup>1</sup> is the largest urban centre in Atlantic Canada by a wide margin, and features a growing population and economy. Halifax plays the role of regional urban hub in Atlantic Canada. Its airport handles more passengers each year than all other airports in the region combined and it is home to the largest seaport. Halifax universities enrol nearly half of all university students across Atlantic Canada. The community's universities, firms and research institutions are the main drivers of research and development in the region. Halifax has the highest concentration of workers in professional, scientific and technical services of any urban centre in Atlantic Canada by a wide margin.

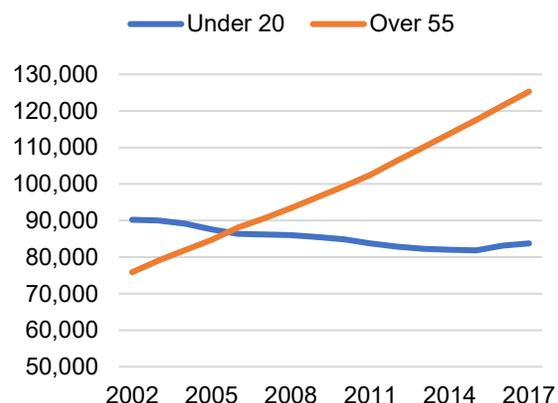
<sup>1</sup> The Halifax census metropolitan area includes the Halifax Regional Municipality and several First Nations communities.

### Halifax is still facing a demographic challenge

Figure 2 shows that the number of young people under the age of 20 living in Halifax is declining, while the population aged over 55 is rising sharply. In 2002, there were 119 young people for every 100 people over the age of 55. By 2018, the ratio had declined to 67 young people for every 100 people over the age of 55.

Despite a boost in the number of immigrants in recent years, the community still faces a significant demographic challenge, as 52,000 workers (from the working population aged 55 and older) are set to retire in the near future. According to Statistics Canada's annual Labour Force Survey, the workforce aged 55 and older has risen by 31% between 2010 and 2018, while the number under 55 has grown by only 8% (Table 1). As another indication of the impact of the aging workforce, the number of people claiming Canada Pension Plan income on their annual tax form rose by 30% between 2008 and 2016, while the number reporting employment income increased by only 3%.

**Figure 2: Halifax population change by age cohort**



Source: Statistics Canada, Table 17-10-0079-01.

**Table 1: Changing labour market indicators: Halifax**

|                                   | 2010    | 2018    | Change |
|-----------------------------------|---------|---------|--------|
| Workforce (age 15 to 54)          | 231,500 | 249,000 | +8%    |
| Workforce (age 55+)*              | 37,300  | 48,700  | +31%   |
| Not in the labour force (age 15+) | 96,000  | 116,800 | +22%   |
| Unemployment rate (age 15+)       | 6.5%    | 5.9%    |        |

Source: Statistics Canada Labour Force Survey, Table 14-10-0096-01.

\*The 2016 Census reported 52,000 in the workforce over the age of 55. The annual Labour Force Survey reported 48,700 in this age group. The difference is that the Labour Force Survey annual data is based on the average active in the workforce on a monthly basis, whereas the Census data includes all workers at any point during the year.

### Immigration is helping to sustain the community's growth

A decade ago, natural population growth (births minus deaths) and migration from elsewhere in Canada contributed more significantly to Halifax's net population growth each year than did immigration. As of 2017, immigrants accounted for the vast majority of net population growth. These newcomers are having an important impact on the workforce.

According to the 2016 Census, there were 27,000 immigrants and non-permanent residents (more than 11% of total workers) in the Halifax workforce. Immigrants accounted for over 19% of the workforce in specialized financial services<sup>2</sup> and more than 17% in the strategically important professional, scientific and technical services sector. Immigrants are also helping to fill gaps in industries struggling to find workers, including nursing and residential care facilities (where 14.1% of workers are immigrants) and accommodation services (where 19.1% of workers are immigrants).

<sup>2</sup> Financial investment and the development of funds and other financial vehicles.

The Atlantic Immigration Pilot (AIP) 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 AIP also focuses on retention, by requiring all applicants work with settlement agencies to establish a settlement plan to help them and their families better integrate into the community.

### What are the impacts of increased retirement on the Halifax economy?

The Halifax [Economic Growth Plan](#) includes ambitious population growth targets. It is focused on growing the population to 550,000 by 2031—an increase of 27% over 2017. Community leaders believe this population growth rate is required to ensure that there will be enough workers to hit the average annual economic growth target of 2.9% per year (real GDP growth)<sup>3</sup>.

Which industries might be at risk if the community cannot sustain and grow the labour force? Table 2 reveals a few of the industries for which Halifax has a much higher concentration of workers compared to the rest of the country. As a share of the labour market, there are over 70% more people working in the air transportation and public administration sectors compared to the Canadian workforce overall.

The high concentration of workers in insurance, telecommunications, health care and data processing highlights the community’s regional economic role. The above average employment in motion picture and sound recording industries shows the importance of the creative workforce in Halifax. If the size of the workforce starts to stagnate or decline, many of these strategically important industries could struggle to find workers and much economic activity could move to other urban centres.

**Table 2: Halifax’s dominant industries: employment share compared to the national economy\***

|   |   |   |   |
|---|---|---|---|
|  | Air transportation—71% more                 |  | Hospitals—28% more                            |
|  | Motion picture and sound recording—30% more |  | Data processing and hosting—36% more          |
|  | Telecommunications—39% more                 |  | Public administration—70% more                |
|  | Insurance carriers—33% more                 |  | Support activities in transportation—51% more |

\*For example, adjusted for size, Halifax census metropolitan area has 28% more people employed in hospitals compared to the national economy. Source: Statistics Canada, 2016 Census.

### Halifax’s aging entrepreneurs

The community’s entrepreneurs and small business owners are also getting older, which is an additional challenge for the local economy. Across all industries, 38% of persons who are self-employed are over the age of 55. In total, there are more than 6,400 business owners who will be heading into retirement in the near future. In the professional services sector, more than 45% are over the age of 55. More than 40% of people who are self-employed in retail trade, wholesale trade and the construction of buildings sectors will be retiring in the near future.

Based on these statistics, Halifax could benefit from a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as construction, professional services and trade. The good news is that there are over 1,500 self-employed immigrants (more than 14% of all workers) in Halifax. This is double the self-employment rate compared to the overall population.

<sup>3</sup> Source: Halifax Partnership.

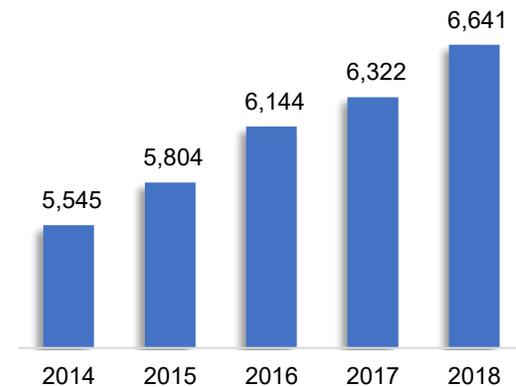
### Critical to sustained economic growth: ensuring there is a talent pipeline

The Halifax workforce is aging, and the pipeline of younger workers has been declining in recent years. Including immigration, there are a number of ways the community can expand the number of available workers in the years ahead:

- **Attract and retain more post-secondary students**

Halifax has a significant advantage in this area with 6 universities and a track record of attracting international students (Figure 3). The number of full-time visa students at Halifax universities has risen by 20% in the past 5 years. Over 51% of full-time visa students across Atlantic Canada are clustered in Halifax. Halifax universities also attract many students from other provinces across Canada. The community could place a greater emphasis on keeping university graduates in the region and on attracting more college and trades-level international students, as many of the jobs on offer in Halifax require college or trades-level education.

**Figure 3: International university student enrolment in Halifax – full-time visa students**



Source: Association of Atlantic Universities.

- **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.

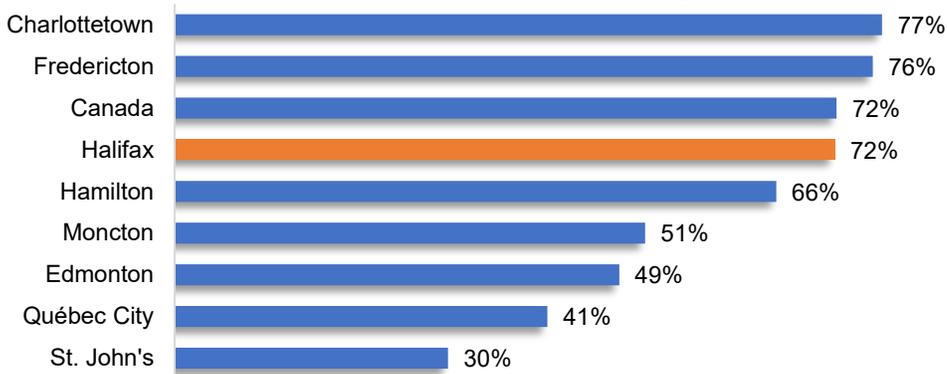
- **Attract people from outside the region**

There is no doubt that the biggest opportunity involves attracting young people and families to Halifax. Since 2013, across Canada, all net growth in the labour market has come from immigrants<sup>4</sup>. There is a direct correlation between attracting immigrants and workforce growth. The urban centres with the highest immigration rates have, by far, the fastest labour market growth. Halifax has historically benefited from the strongest immigration rate among urban centres in Atlantic Canada. Figure 4 shows that recent immigrants account for 72% of net population growth in Halifax between the 2011 Census and the 2016 Census.

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<sup>4</sup> The number of people born in Canada exiting the workforce is greater than the number of people born in Canada joining each year.

**Figure 4: Recent immigrants\* as a share of net population growth between 2011 and 2016**



\*Immigrants landing in Canada between 2011 and 2016.

Source: Statistics Canada, 2016 Census.

### **Immigration: boosting the Halifax talent pipeline**

Along with other efforts to boost the workforce, increasing the number of immigrants settling in Halifax would be a strategic move to ensure 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 who would fill important roles in the economy and boost demand for local goods and services.

### **Helping to grow the local economy**

Attracting more immigrants in the coming years will create new demand for local products and services. Every 1,000 new immigrant families with an average household income directly generate \$84 million worth of new household expenditures—much of this spending is in the local community<sup>5</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.

These 1,000 new families would also generate over \$20 million worth of taxes per year for local, provincial and federal governments.

### **Other positive effects**

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

### **Supporting Halifax's French-speaking population**

There is a relatively small but important French-speaking community in Halifax. More than 10,000 residents speak French as their first official language and a total of 49,600 speak both French and English. Among those with French as their first official language, over 12% are immigrants.

<sup>5</sup> Assumes the new household spending conforms to the current spending pattern in Nova Scotia.

However, among recent immigrants and non-permanent residents (those arriving between 2011 and 2016), less than 3% indicated on the Census that French was their first official spoken language. Nearly 60% of the French-speaking community<sup>6</sup> is over the age of 55, so an influx of new French-speakers through immigration would help to strengthen the French-speaking community in Halifax for the future.

### **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 Halifax could lead to a greater public investment in services and infrastructure.

### **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 Halifax retire and move into a new stage of life, it creates new economic opportunities in the health care, personal services and recreation industries.

But these industries should not be considered a replacement for Halifax's important export-oriented industries such as manufacturing, professional services, transportation and tourism. In the years ahead, the community can and should benefit from the economic opportunities arising from more retirees, as well as from the opportunities that arise from attracting and growing the younger workforce.

### **Retaining and integrating newcomers**

Retention will be critical to long-term population growth. The local population in the region doesn't have much recent history with immigration. Over 78% of Halifax residents are at least third-generation Canadians, meaning they were born in Canada, as were their parents and grandparents. This has created a strong social cohesion that contributes to the high quality of life in the region.

The community does have a number of [organizations that offer settlement services](#), such as help finding a job or registering children in schools. It is important that newcomers are welcomed into social life and quickly develop a strong sense of Canadian identity and social cohesion.

### **Halifax in 2031**

What will Halifax look like in 2031? Will the region continue to be a financial, transportation and professional services hub for Atlantic Canada? Will it continue to have a vibrant creative workforce and a strong tourism sector? Will the workforce be there to ensure the region can take advantage of new opportunities?

In the past few years, Halifax has been an example of how immigration can help support economic growth and ensure industries have the workers they need for the future. The Atlantic Immigration Pilot Program will continue to make it easier to attract and retain the skilled workforce that Halifax needs. The community will need to continue this talent attraction in the years ahead to ensure that its economy continues to grow and thrive.

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

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<sup>6</sup> Those with French as their first official language.