

## Economic Profile Series: Québec City Region

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 the Québec City region continues its economic momentum: the role of immigration

The 2016 Census reported that more than 1 in 5 people in the Québec Census Metropolitan Area (CMA) <sup>1</sup> workforce were over the age of 55. As of 2018, there were 91,700 people in the workforce in this age group who are likely to retire in the next decade or so. On an industry basis, more 30% of workers in the transportation and warehousing sector were over the age of 55, and 25% working in nursing and residential care, administrative and support services and personal services are closing in on retirement (Figure 1).

While the Québec City talent pipeline is relatively strong, there are not enough young people to replace those retiring, let alone provide the talent for future economic growth.

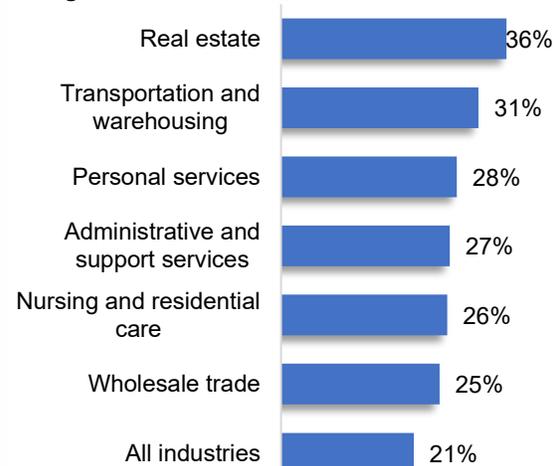
#### The Québec City region: a thriving economic hub

The Québec CMA (estimated 2017 population 812,000) is the eighth largest urban centre in Canada. Between 2012 and 2018, total employment in the region increased by 9%, with particularly strong growth in the manufacturing, transportation, business services and construction sectors. But there are growing signs a demographic challenge in the Québec City region could hold back its economic potential.

#### Québec City is facing a demographic challenge

The number of young people under the age of 20 living in the Québec City region has remained at relatively the same level since 2001 while the population aged 55 and over increased by 67%. In 2001, there were

**Figure 1: Share of the Québec workforce over the age of 55 in selected industries**



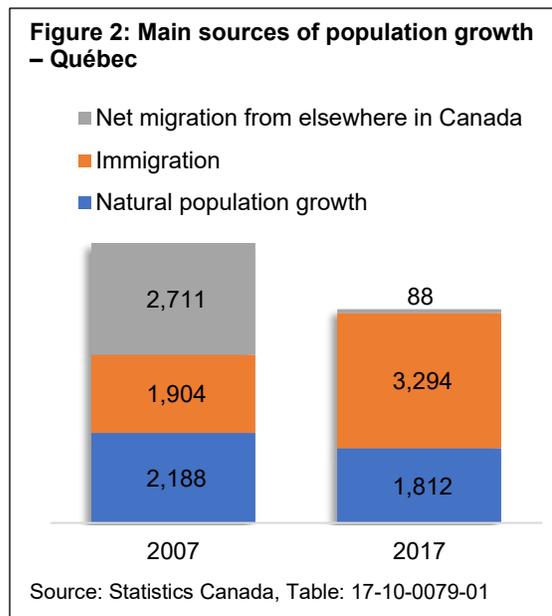
Source: Statistics Canada, 2016 Census.

<sup>1</sup> The Québec census metropolitan area includes Québec City and a number of smaller municipalities in close proximity. The city accounts for 66% of the census metropolitan area population.

93 young people (under 20 years old) for every 100 people over the age of 55. By 2018, the ratio had declined to only 57 young people for every 100 over 55.

Historically, the Québec City region relied on the increase in natural population (births less deaths) and inward migration from other regions of the province to drive population growth. However, the aging population and tightening labour market elsewhere in the province has resulted in fewer people moving into Québec City.

Figure 2 illustrates this trend. In 2007, the urban centre attracted a net 2,711 people from other parts of Canada (mostly from the rest of the province). But in 2017, the net population growth from other areas in Canada dropped to only 88 people. Population growth from immigration rose from 1,904 in 2007 to 3,294 in 2017 while natural population growth slightly declined.



Overall, in 2007, the Québec City region population expanded by nearly 8,800 people, while the increase in 2017 had dropped to 5,500 (the three main sources of population growth are shown in Figure 2). The region’s annual population growth rate dropped from 9<sup>th</sup> among the 33 large urban centres in Canada in 2007 to 29<sup>th</sup> in 2017.

The aging workforce combined with a decline in people attraction is starting to have a negative impact on the labour market. According to Statistics Canada’s annual Labour Force Survey, the workforce aged 55 and older has risen by more than 25,000 people between 2010 and 2018 (Table 1) while the workforce under the age of 55 has been in decline since 2016. Total employment continues to grow, but the tightening of the labour market will ultimately influence employment growth. The number of unemployed people has dropped by 15% in the past 2 years alone and the unemployment rate at 3.6% is the lowest in Canada.

As another indication of the impact of the aging workforce, the number of people claiming Quebec Pension Plan income on their annual tax form rose by 33% between 2008 and 2016, while the number reporting employment income increased by only five%.

**Table 1: Changing labour market indicators: Québec City**

	2010	2016	2018	Change 2016 to 2018
Workforce (age 15 to 54)	356,000	381,100	373,100	-2%
Workforce (age 55+)	66,300	82,200	91,700	+12%
Employment (age 15+)	415,700	438,500	452,600	+3%
Total unemployed (age 15+)	22,300	21,000	17,800	-15%
Unemployment rate (age 15+)	5.1%	4.6%	3.8%*	

\*Lowest among the 33 census metropolitan areas across Canada.  
Source: Statistics Canada Labour Force Survey, Table 14-10-0096-01.

## Immigration has increased

Immigration has increased in recent years and these newcomers are having an important impact on the workforce. According to the 2016 Census, there were 34,200 immigrants and non-permanent residents in the Québec City region workforce, or more than 7% of the total. Immigrants accounted for nearly 1 in 5 workers in the strategically important food manufacturing sector and 16% of all workers in the accommodation services sector. Immigrants are also helping to fill gaps in industries struggling to find workers, including nursing and residential care facilities (more than 12% of the workforce are immigrants) and transportation (14% of workers in ground passenger transportation are immigrants).

## The attraction of talent is a main priority for the region

The [Québec City economic development strategy](#), released in December 2018, is very clear the attraction and retention of talent will be critical to the region's future prosperity. To show its commitment, the city recently implemented a funding program to help companies pay for the cost of recruitment, integration and retention of international employees in the Québec City region.

## What 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 the Québec City region has a much higher concentration of workers compared to the rest of the country. As a share of the labour market, there are several manufacturing industries with a high concentration of workers including computer and electronic products, electrical equipment and furniture manufacturing. The insurance and health care services are significant employers in the regional economy. The provincial and federal governments also have large workforces in the Québec City region.

If the size of the region's 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: Québec City's dominant industries: employment share compared to the national economy\***

 Computer and electronic product manufacturing – 60% more	 Hospitals – 54% more
 Electrical equipment and related manufacturing – 50% more	 Grant-making, civic, and professional organizations – 27% more
 Furniture manufacturing—30% more	 Provincial government public administration – nearly 5 times as many
 Insurance carriers – 2.5 times as many	 Federal government public administration – 26% more

\*For example, adjusted for size, the Québec City region has 54% more people employed in hospitals compared to the national economy. Source: Statistics Canada, 2016 Census.

## The Québec City region'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, 35% of persons who are self-employed are over the age of 55. In total, there are 13,500 business owners who will be heading into retirement in the near future. In the professional services sector, nearly 40% are over the age of 55. More than 40% of people who are self-employed in transportation, real estate and the accommodation services sectors will be retiring in the near future.

Based on these statistics, the region could benefit from a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as transportation, professional services and trade.

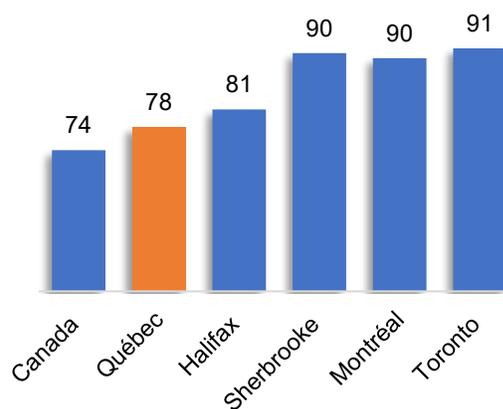
### **Critical to sustained economic growth: ensuring there is a talent pipeline**

The Québec City region 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**

Québec City is home to 4 universities and multiple public and private colleges. As an example of the talent pipeline, according to Statistics Canada there are only 78 residents enrolled in high school and post-secondary education in the region for every 100 people in the workforce who are over the age of 55. This is slightly better than the national level but below other urban centres such as Montréal and Toronto (Figure 3). Efforts to boost post-secondary education enrolment with local and international students will help expand the talent pipeline to supply workforce needs in the future.

**Figure 3: High school and post-secondary school population\* per 100 in the workforce aged 55+**



\*Aged 15 to 24. Source: Statistics Canada 2016 Census.

- **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.

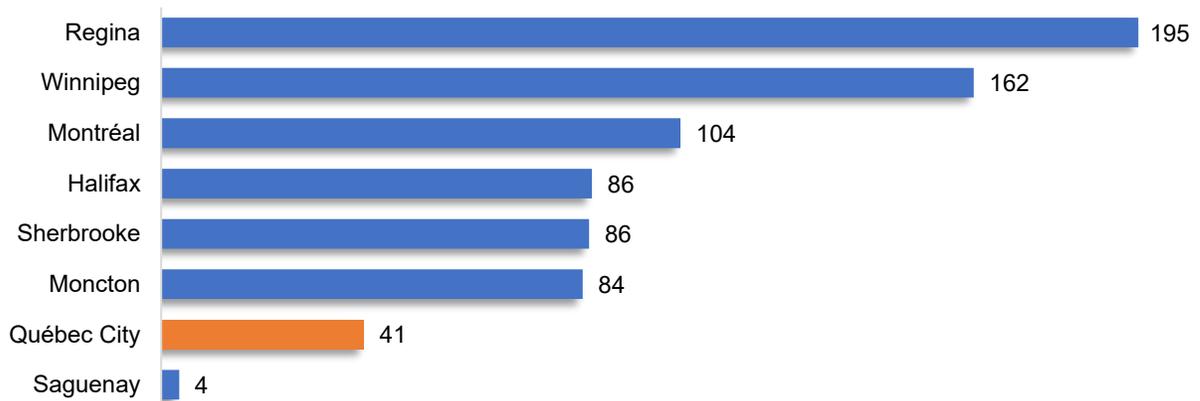
- **Attract people from outside the region**

One of the Québec City region's greatest opportunities involves the attraction of young people and families to the area. 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. The urban centres with the highest immigration rates have, by far, the fastest labour market growth. The Québec City region has started to attract more immigrants in recent years but is still lags well behind the majority of larger urban centres including Montréal, Toronto, Halifax and even Sherbrooke. As shown in Figure 4, Regina, one of the top urban centres for immigrant attraction, has an immigration rate more than 4 times greater than the rate in the Québec City region.

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<sup>2</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: Immigrant rate per 10,000 population (2017)**



Shows the number of immigrants in 2017 per 10,000 population. Source: Statistics Canada, Table 17-10-0079-01.

### **Immigration: boosting the Québec City region talent pipeline**

Along with other efforts to boost the workforce, increasing the number of immigrants settling in the region 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 filling important roles in the economy and boosting demand for local goods and services.

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

Attracting more immigrants in the coming years would 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 is 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;
- \$10 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 some \$21 million worth of taxes per year for local, provincial and federal governments.

### **Other positive effects**

Attracting more immigrants to the Québec City region 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.

### **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 the Québec City region could lead to a greater public investment in services and infrastructure.

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

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

But these industries should not be considered a replacement for 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 the opportunities arising 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. More than 89% of the Québec City region's residents are at least third-generation Canadians, meaning that they were born in Canada, as were their parents and their grandparents. This has created a strong social cohesion that contributes to the high quality of life in the region.

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

### **The Québec City region in 2030**

So, what will the Québec City region look like in 2030? Will the region continue to be a manufacturing hub? Will it continue to have a large insurance industry? Will the workforce be there to ensure the region can take advantage of new opportunities?

In the past few years, the Québec City region has been one of the stronger urban economies in Canada. In order to continue this growth, the region will have to continue attracting and retaining talent in the years ahead.

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