

Community Profile Series: St. John's, Newfoundland and Labrador

Spring 2020

This series looks at 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 St. John's remains a thriving urban hub: the role of immigration

According to Statistics Canada's annual Labour Force Survey, nearly 20% of the people in the St. John's workforce are over the age of 55. From the 2016 Census, it is clear that specific sectors have a higher rate of older workers. Over 30% working in physicians offices in 2016 were over the age of 55, as were 29% in the fishing sector. There were multiple industries where more than one out of every four workers was over the age of 55 including fishing, truck transportation and wholesale trade (Figure 1).

In total there are now 24,000 in the St. John's workforce over the age of 55, up by 28% in the past 5 years. Ensuring a strong pipeline of workers for the future will be very important to the community in the years ahead.

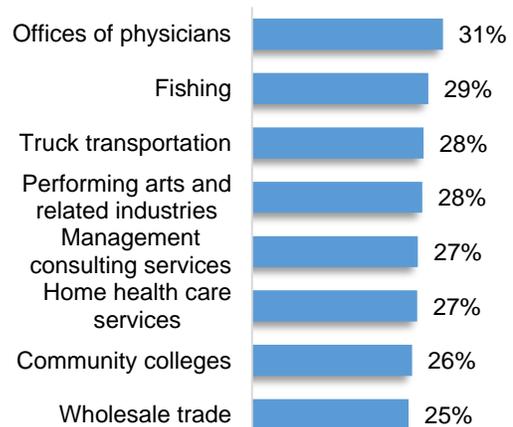
St. John's: an important urban hub

St. John's (population 212,400)¹ is the capital of Newfoundland and Labrador, and the second largest urban centre in Atlantic Canada behind Halifax. In addition to being the centre for government administration for the province, St. John's is also a hub for the province's oil and gas industry—both directly and as part of the industry's supply chain. The urban centre is also home to significant health-care, education and professional services clusters.

The population in the St. John's urban region has grown very slowly in recent years. The economy has been growing, but well below many of its peer urban centres across the country. In 2019, there were 124,500 people in the workforce, up only slightly from 5 years ago when there were 123,600 in the workforce.

¹ The St. John's census metropolitan area includes the cities of St. John's and Mount Pearl, and 11 small towns surrounding the 2 cities.

Figure 1: Share of the St. John's workforce over the age of 55 – selected industries



Source: Statistics Canada, 2016 Census.

The growing generational divide

In 2006, there were the same number of people under the age of 20 living in St. John's as the number of people 55 and older. Since then the gap has steadily increased every year. There are now only 68 people under the age of 20 for every 100 over the age of 55 living in the community (Figure 2).

Older residents are very important contributors to the local economy, but ensuring there is a talent pipeline of younger workers is critical to the long-term success of any urban centre.

There has been moderate immigration

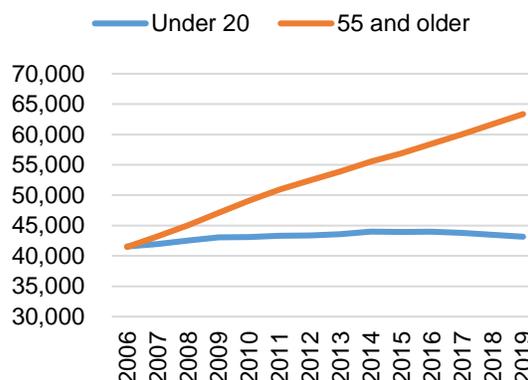
Over the past decade, St. John's has attracted fewer immigrants than many of its peers in Atlantic Canada, such as Halifax, Moncton and Charlottetown. Just over 1,100 immigrants settled in St. John's in 2019 according to Statistics Canada, or 53 per 10,000 population. In comparison, this is half of the immigration rate of all census metropolitan areas (CMAs) (Figure 3).

The aging workforce: a risk for the St. John's economy

In general, the St. John's CMA is younger than many of its peers, but the workforce over the age of 55 is still growing much faster than other age segments. Overall, the number of people in the St. John's workforce increased slightly in the past 5 years—but the story changes when breaking it down by age group.

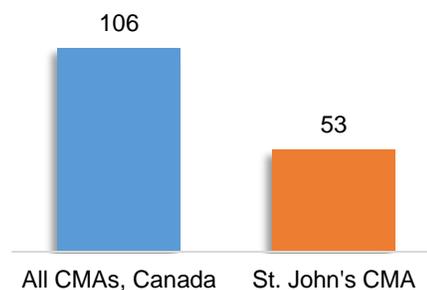
The number of people in the workforce over the age of 55 increased by 28% (Table 1). There are now 24,000 people in the workforce who are heading towards retirement in the next decade or so. At the same time, the number of people in the workforce under the age of 55 declined by 4%. The total number of adults over the age of 55 not participating in the workforce increased by 22% between 2014 and 2019, and is set to rise further.

Figure 2: Population by selected age group – St. John's census metropolitan area (CMA)



Source: Statistics Canada, Table 17-10-0135-01.

Figure 3: Immigration rate per 10,000 population, 2019



Source: Statistics Canada, Tables 17-10-0136-01 and 17-10-0135-01.

Table 1: St. John's changing workforce

	2014	2019	% change
Workforce (under 55)	105,100	100,800	-4%
Workforce (over 55)	18,500	23,700	+28%
Adults over 55 not in the workforce	31,500	38,400	+22%
Participation rate (under 55)*	83%	81%	
Participation rate (over 55)*	37%	38%	

**The participation rate is the share of all adults who are participating in the workforce (either employed or seeking work).*

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

What is the risk to the economy if there are not enough workers to meet labour demand?

A September 2019 [report](#) published by the Public Policy Forum outlined the extent of the looming workforce shortage across the province. While not specific to St. John's, many of the employers cited and industries reviewed are centered in and around the urban centre.

The report listed sectors for which a new labour supply will be required in order to meet demand. These included business and finance professionals, administrative and support occupations, machine operators, labourers and tourism-related occupations. Employers consulted during the development of that report recommended increasing immigration to up to 5,000 per year (from 1,275 in 2018) as a primary way to address the workforce demand.

What industries are at risk if labour market demand cannot be addressed?

Table 2 reveals some of the industries for which St. John's has a much higher concentration of workers compared to the rest of the country.

St. John's has several manufacturing sectors with high concentrations of employment relative to the national workforce, including plastic products (2.4 times as many employed as a share of the workforce) and machinery. In addition, the community has twice as many employed in electric power generation, transmission and distribution. As a sign of the importance of health care, St. John's has a high concentration of workers in both nursing and residential care, as well as ambulatory health-care services.

If the workforce starts to decline as a result of the demographic shift, many of these strategically important industries will struggle to find workers. Much economic activity could move to urban centres that have a stronger talent pipeline.

Table 2: St. John's dominant industries – employment share compared to the national economy*

	Electric power generation, transmission and distribution—92% more		Architectural, engineering and related services—61% more
	Oil and gas extraction—2.6 times as many		Universities—2.4 times as many
	Support activities for mining and oil and gas extraction—2.9 times as many		Home health-care services—86% more
	Fishing—2.9 times as many		Hospitals—58% more
	Air transportation—94% more		Provincial public administration—2.7 times as many

*For example, adjusted for size, St. John's has 58% more people employed in the hospitals sector compared to the national economy. Source: Statistics Canada 2016 Census.

St. John'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 more than 2,600 business owners who will be heading into retirement in the near future.

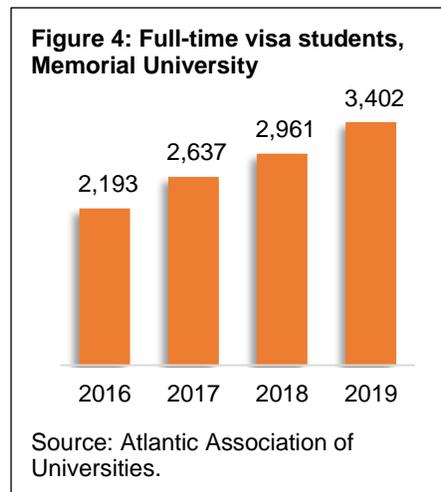
Based on these statistics, St. John's could benefit from a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as professional services and tourism. The good news is that immigrants can help address this challenge, as they are nearly 50% more likely to be self-employed compared to those in the workforce who were born in Canada.

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

St. John's needs to focus on ensuring there is a strong pipeline of workers to join the workforce to address labour demand. From boosting the student population to attracting more immigrants, there are a number of ways the community can expand the number of available workers in the years ahead:

- **Attract more students to the region**

This is an area where St. John's has an advantage. Memorial University is home to more than 18,000 students. There are also thousands of students attending full-time and continuing education courses at College of the North Atlantic campuses around the region. The number of international students is on the rise as well. In just the past 4 years, the number of international students enrolled at Memorial University has risen by 55%. Attracting more post-secondary students provides both an important source of economic activity for the region and a source of talent that boosts the local labour supply.



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

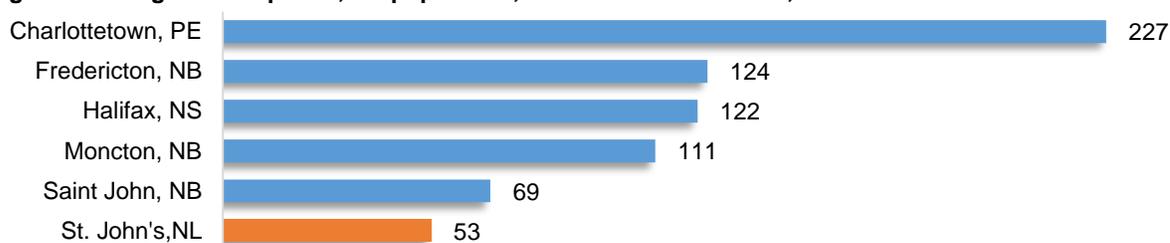
The older population not currently participating in the workforce could be enticed back in by employers offering flexible work options and increasing benefits. Among those aged 65 and older living in St. John's, 13.5% are active in the workforce at some point during the year, a little below average when compared to the urban centre's peers across the country. Women 55+ are far less likely

to be active in the workforce than men. In 2019, 44.1% of men aged 55 and older were participating in the workforce compared to only 32.8% of women.

- **Attract people from outside the region**

There is no doubt that the biggest opportunity to boost the talent pipeline involves attracting young people and families to St. John's. Since 2013, all net growth in the labour market across Canada has come from immigrants². 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. This is also the reality in Atlantic Canada. Figure 5 shows the immigrant rate per 10,000 population in selected urban centres across the region. Charlottetown has the fastest workforce growth in recent years and Fredericton, Halifax and Moncton have all witnessed significant growth in the workforce aligned with the increase in immigration.

Figure 5: Immigrant rate per 10,000 population, selected urban centres, 2019



Source: Statistics Canada, 2016 Census.

It is likely St. John's will need to boost its attraction of immigrants in the years ahead. As discussed above, the private sector is recommending a more than 3-times increase in annual immigration to the province. Attracting younger immigrant workers not only helps address workforce needs now and in the near future, their children provide a source of future workers and help rebalance the demographic situation in the community.

Immigration: boosting the St. John's talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in St. John's 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 local economy

Attracting more immigrants in the coming years would create new demand for local products and services. Every 100 new immigrant families with an average household income directly generate \$8.1 million worth of new household expenditures, much of this spending in the local community³. Statistics show that these 100 immigrant families would spend:

- \$1.5 million per year on housing, such as mortgage payments, electricity and property taxes,
- \$1.4 million each year on transportation, such as vehicle purchases and maintenance, and

² The number of people born in Canada exiting the workforce is greater than the number of people born in Canada joining each year.

³ Assumes the new household spending conforms to the current spending pattern in Newfoundland and Labrador.

- \$780,000 on food at local grocery stores and restaurants.

These 100 new families would also generate about \$2.3 million worth of taxes per year for local, provincial and federal governments.

Other positive effects

Attracting more immigrants to St. John's would help 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 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 St. John's 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 St. John's retire and move into a new stage in life, it creates new economic opportunities in health care, personal services and recreation industries. 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.

St. John's in 2035

So, what will St. John's look like in 2035? Will there be enough workers and new entrepreneurs to ensure the region can both meet workforce demand and take advantage of growth opportunities? Immigration could continue to play an important role in the region's economic growth and prosperity.

For more information on how immigration matters across Canada, visit canada.ca/immigration-matters.