

Economic Profile Series: Thunder Bay, Ontario

Winter 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 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 Thunder Bay remains a thriving economy in Northern Ontario: the role of immigration

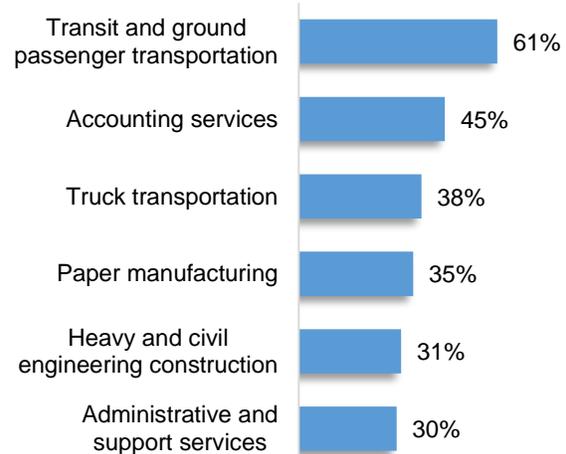
The looming workforce challenge

In 2018, there were 15,000 people in the Thunder Bay workforce over the age of 55, an increase of 30% since 2012¹. According to the 2016 Census, more than 60% of everyone working in the transit and ground passenger transportation sector was over the age of 55 (Figure 1). Nearly 40% of everyone working in truck transportation, 35% in paper manufacturing, and 30% in the administrative and support services sector were over the age of 55. There are not enough young people coming through the education system to meet the demand of the current labour market, let alone provide the workforce for potential economic growth.

Thunder Bay has an important economic role

The Thunder Bay region² (population 126,500) is a strategically important urban centre in northern Ontario. It is a regional services centre with an above-average concentration of workers in health care, education and professional services. It also has a significant natural resources-based economy with a large forest products and mining workforce. Thunder Bay is a regional transportation hub with more than 3,000 workers in logistics and warehousing, and it is a staging area for tourism across Northern Ontario. There are 53% more workers employed in the accommodation services sector compared to the national economy, as a share of the total workforce.

Figure 1: Share of the Thunder Bay workforce over the age of 55 – selected industries*



Source: Statistics Canada, 2016 Census.

¹ Source: Statistics Canada, Table 14-10-0096-01.

² The data in this report is based on the Thunder Bay census agglomeration area, which includes the City of Thunder Bay, the municipalities of Neebing, Oliver Paipoogne and Shuniah, the townships of Gillies and O'Connor, as well as the Fort William First Nation community.

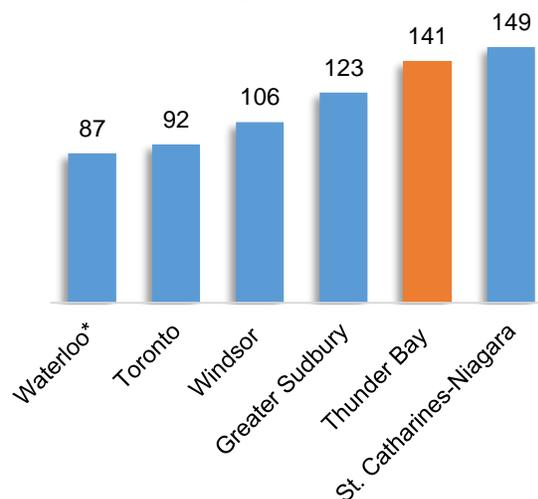
The population is aging fast

In 2009, there were 103 people over the age of 60 living in Thunder Bay for every 100 people under the age of 20. By 2018, that ratio had increased to 141 persons over the age of 60 for every 100 under the age of 20 (Figure 2). The natural population growth rate (births minus deaths) in Thunder Bay turned negative more than a decade ago.

The aging workforce: a risk for the economy

This demographic shift has hit the workforce and there are signs that it is starting to impact the economic potential of the community. The unemployment rate among those aged 15 years and older was only 5.1% in 2018—a record low for Thunder Bay (Table 1). The labour force under the age of 55 is shrinking, while the workforce over the age of 55 is growing strongly. There are workforce shortages emerging in health care, mining and the forestry sector.

Figure 2: Number of people over the age of 60 for every 100 under the age of 20 (2018)



*Kitchener-Cambridge-Waterloo
Source: Statistics Canada, Table 17-10-0135-01.

The number of people in Thunder Bay reporting employment income dropped by 2% between 2008 and 2017, while the number reporting Canada Pension Plan income rose by 21%³. Realizing the importance of attracting more people to the community and into the workforce, the Thunder Bay Community Economic Development Commission’s 2019-2022 [Strategic Action Plan](#) included workforce development as a top priority.

Table 1: Summary labour market indicators, Thunder Bay

	2013	2018	# change
Labour force (aged 15 to 54)	54,000	52,200	-1,800
Labour force (55+)	12,900	14,900	+2,000
Employment (aged 15 to 54)	50,500	49,400	-1,100
Employment (55+)	12,300	14,300	+2,000
Unemployment rate	6.1%	5.1%	

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

There has been an increase in immigration to Thunder Bay

There has been a modest increase in the number of immigrants to Thunder Bay in recent years. The number of net non-permanent residents (for example, international students and temporary foreign workers) has increased as well, rising from an average of 150 per year between 2012 and 2015 to an average of 750 per year between 2016 and 2018. While there has been an increase, the inflow of immigrants is still below most growing urban centres across the country. In 2018, the combined new immigrant and net non-permanent

³ Source: Statistics Canada, Table: 11-10-0007-01.

immigrant rate for Thunder Bay was 91 per 10,000 population (Figure 3). This was 21% below Greater Sudbury, Ontario and 46% less than Kitchener-Cambridge-Waterloo, Ontario, and 62% less than Regina, Saskatchewan.

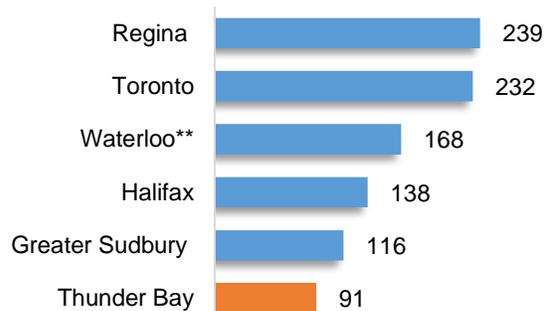
If there are not enough workers to replace the retirees, what could be the impact on the economy?

Predicting labour market demand is not easy, but what industries could be at risk if labour market needs can't be addressed?

Table 2 reveals the industries for which Thunder Bay has a much higher concentration of workers compared to the rest of the country. The community has 4 times as many people employed in forestry and logging, and 3.3 times as many in metal ore mining. There are several strategically important manufacturing industries including aerospace parts, which has 3 times as many people employed in Thunder Bay, as a share of the total workforce, compared to the country overall.

Other important industries such as health care and transportation have a much higher concentration of workers when compared to the Canadian workforce. If the Thunder Bay workforce continues to tighten, many of these strategically important industries could struggle to find workers, and some of this economic activity could move to other communities with a stronger talent pipeline.

Figure 3: Immigrants and net non-permanent residents arriving in 2018 per 10,000 population*



*New immigrants and non-permanent residents in 2018.
 **Kitchener-Cambridge-Waterloo census metropolitan area.
 Source: Statistics Canada, Tables 17-10-0135-01 and 17-10-0136-01.

Table 2: Thunder Bay's dominant industries: employment share compared to the national economy*

 Forestry and logging—4 times as many	 Nursing homes—51% more
 Paper manufacturing—3.4 times as many	 Home health care—76% more
 Metal ore mining—3.3 times more	 Rail transportation—more than double
 Aerospace manufacturing—3 times more	 Air transportation—twice as many

*For example, adjusted for size, Thunder Bay has twice as many people employed in air transportation compared to the national economy. Source: Statistics Canada, 2016 Census.

Thunder Bay's aging entrepreneurs

Many of the community's entrepreneurs and small business owners are getting closer to retirement, which is an additional challenge for the local economy. There are nearly 2,000 self-employed people in Thunder Bay over the age of 55, or 41% of the total population. Thunder Bay 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 trade, professional services and tourism.

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

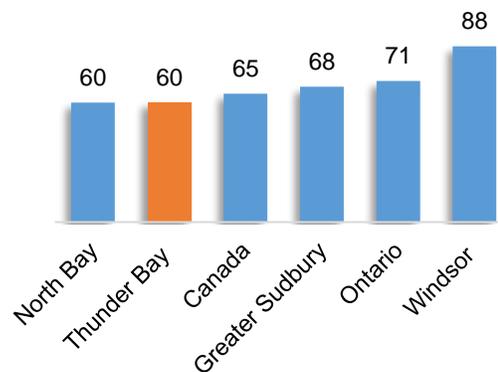
The Thunder Bay workforce is aging and the pipeline for younger workers is shrinking. There are a number of ways in which the community can expand the number of available workers in the years ahead:

- **Attract more students to the region**

Compared to many other urban centres, Thunder Bay is at a disadvantage in this area. In 2016, there were 60 young people aged 15 to 24 in school for every 100 people in the workforce over the age of 55 (Figure 4). This was well below Ontario and many other urban centres across the province. Windsor, for example, had 88 young people in school for every 100 in the workforce over the age of 55.

The good news is that Thunder Bay has a relatively strong post-secondary education sector. Lakehead University, Confederation College and several private colleges are located in the city. If Thunder Bay is able to attract more Canadian and international students, it will help to build a larger local talent pipeline to address workforce needs in the years ahead.

Figure 4: 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. There are nearly 6,000 indigenous people in the Thunder Bay workforce. In 2016, Thunder Bay was comprised of around 13% Indigenous people, of which 9% were First Nations and 21% were Métis. At the time of the 2016 Census, this workforce had an unemployment rate of 14.9%. This group provides an additional potential source of talent for the workforce. Finding ways to strengthen employment opportunities for this part of the community will be important. In addition, 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 region's greatest opportunities involves the attraction of young people and families to Thunder Bay. Since 2013, across Canada all net growth in the labour market has come from immigrants⁴. 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. A focused effort to attract more immigrants and retain them in the community may serve to ensure economic growth in the years ahead.

Immigration: boosting the Thunder Bay talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in Thunder Bay would 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 [immigrant attraction and settlement matchmaker program](#) is an important initiative to

⁴ The number of Canadian-born workers exiting the workforce is greater than the number of Canadian-born workers joining the workforce each year.

help attract and retain workers to the community. Thunder Bay is also part of the new [Rural and Northern Immigration Pilot](#) established to help smaller rural and northern communities attract and retain foreign skilled workers to meet their economic development and labour market needs.

Helping to grow the 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 more than \$9 million worth of new household expenditures, much of this spending in the local community⁵.

Statistics show that these 100 immigrant families would spend:

- \$2.1 million per year on housing costs such as mortgage payments, electricity, and property taxes,
- \$1.3 million each year on transportation costs such as vehicle purchases and maintenance, and
- \$870,000 on food expenditures at local grocery stores and restaurants.

These 100 new families would also generate around \$2.4 million worth of taxes per year for local, provincial and federal governments.

Other positive effects

Attracting more immigrants to Thunder Bay 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.

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 71% of Thunder Bay residents are at least third-generation Canadians, meaning that they were born in Canada, as were their parents and grandparents. To ensure the successful integration and retention of immigrants to Thunder Bay, it is important that newcomers are welcomed into social life and quickly develop a strong sense of Canadian identity and social cohesion.

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 Thunder Bay 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 Thunder Bay 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 Thunder Bay's important export-oriented industries such as forest products, mining and tourism. In the years ahead, the community can benefit from the economic opportunities arising from more retirees and from attracting and growing the younger workforce.

⁵ Assumes the new household spending conforms to the current spending pattern in Ontario.

Thunder Bay in 2035

What will Thunder Bay look like in 2035? The Thunder Bay Community Economic Development Commission's [vision for the community](#) is to “become a world leader in economic growth and prosperity.”

In the years ahead, Thunder Bay faces great opportunities to grow its local economy and build on its existing successes. Increasing immigration may be a critical piece that will 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.