

Economic Profile Series: Victoria, British Columbia

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 Victoria's economic momentum continues: the role of immigration

The 2016 Census reported that more than 1 in 4 people in the Victoria workforce were over the age of 55. More than 40% of workers in performing arts, spectator sports and related industries were over the age of 55. There are multiple industries where more than 30% of workers are retiring over the next decade or so (Figure 1).

There are not enough young people living in the region to replace those retiring, let alone provide the talent for future economic growth. If Victoria is to continue its economic and population growth, it will have to keep attracting people from outside the region.

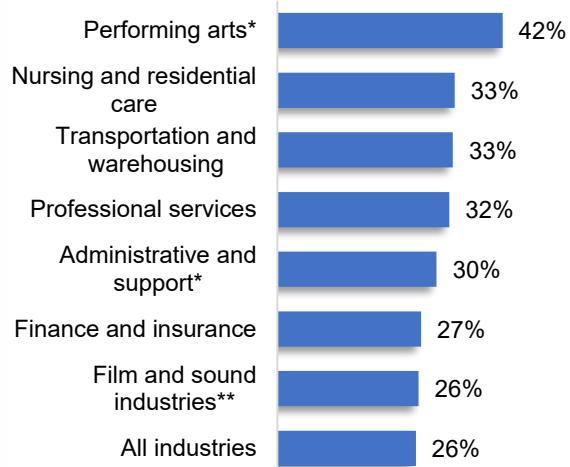
Victoria: an important economic hub

Victoria (population 377,414)¹ is the second-largest urban centre in British Columbia. As the capital of British Columbia, Victoria has a large public administration sector. The community also has very strong tourism and health care sectors. Victoria is the main urban centre for Vancouver Island, serving a population base of more than 775,000 people.

Victoria is facing a potentially significant demographic challenge

The ratio of younger to older people living in Victoria reveals the extent of the demographic challenge. In 2001, there were 80 people under the age of 20 living in the Victoria region for every 100 people over the age of 55. By 2017, the ratio had declined to only 49 young people for every 100 over the age of 55.

Figure 1: Share of the Victoria workforce¹ over the age of 55—selected industries



*Includes spectator sports and related industries.

**Motion picture and sound recording industries.

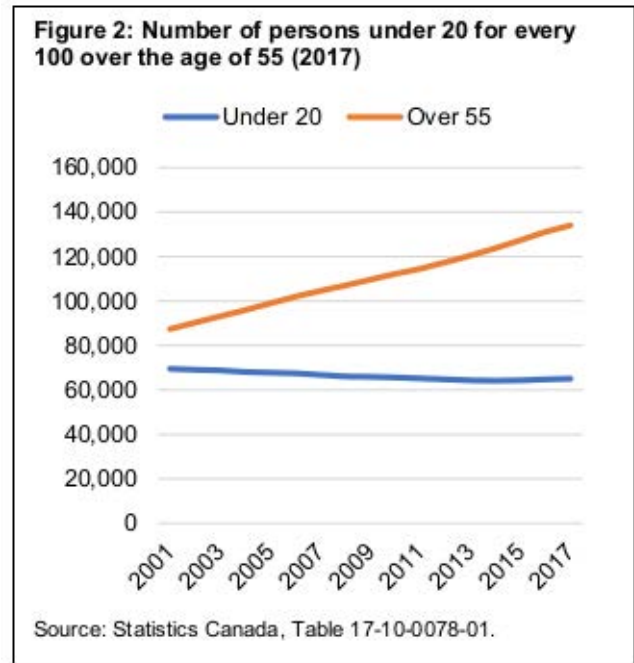
Source: Statistics Canada, 2016 Census.

¹ The Victoria census metropolitan area includes the cities of Victoria, Colwood, Langford and several other municipalities and First Nations communities.

This was the third-lowest ratio among the 33 largest urban centres across Canada. Calgary, by contrast, still has more under the age of 20 than over the age of 55 in its population.

The demographic shift has not yet hit the labour market. As shown in Table 1, the regional workforce has been expanding in recent years. The workforce comprised of workers over the age of 55 is growing faster than the growth rate of the workforce under the age of 55.

As these older workers head towards retirement, there won't be sufficient young people joining the workforce, ultimately creating a labour shortage. As another sign of this trend, the number of residents in the Victoria region earning Canada Pension Plan income rose by 27% between 2008 and 2016.



The very low unemployment rate also points to the tight labour market. In 2018, Victoria had the third-lowest unemployment rate among the country's 33 census metropolitan areas.

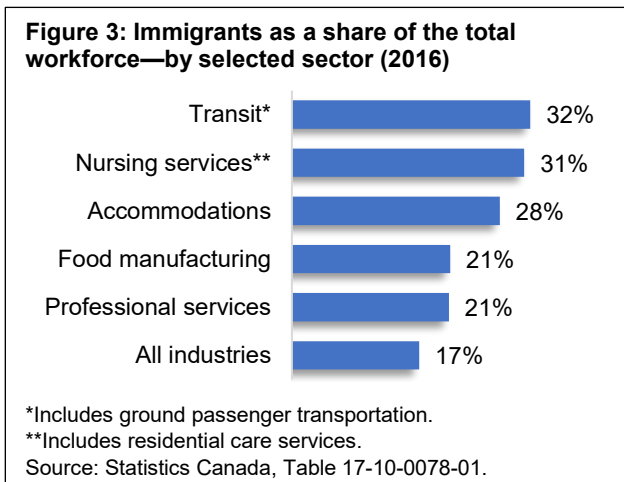
Table 1: Changing labour market indicators: Victoria

	2010	2018	Change
Workforce (age 15 to 54)	153,100	156,800	+2%
Workforce (age 55+)	39,200	47,100	+20%
Not in the labour force (age 15+)	99,100	111,300	+12%
Unemployment rate (age 15+)	5.9%	4.0%	

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

Immigration is helping

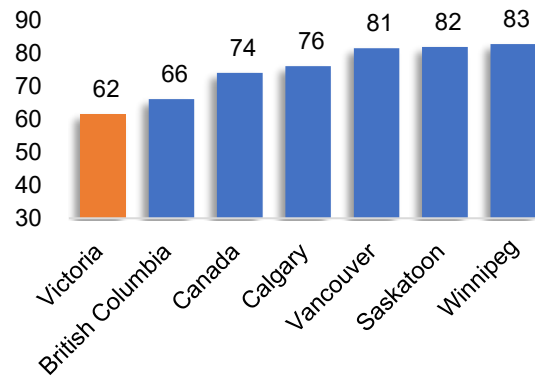
According to the 2016 Census, there were 41,000 immigrants and non-permanent residents in the Victoria workforce, or more than 17% of the total population. Immigrants accounted for 21% of the workforce in professional services and 28% of the accommodation services workforce. Immigrants are also helping to fill gaps in fast-growing industries that are struggling to find workers, including in nursing and residential care facilities, where 31% of the workforce are immigrants.



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 Victoria region has a much higher concentration of workers compared to the rest of the country. As a share of the labour market, there are far more workers in tourism-related industries such as accommodation services, performing arts and heritage institutions.









Victoria also has relatively large health-care and professional services sectors. 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.

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.

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

 Accommodation services—81% more	 Public administration—twice as many
 Scenic and sightseeing transportation—over 6 times more	 Ambulatory health care services—64% more
 Performing arts, spectator sports and related industries—over 50% more	 Water transportation—nearly 9 times as many
 Heritage institutions—More than twice as many	 Professional, scientific and technical services—17% more

*For example, adjusted for size, the Victoria census metropolitan area has 64% more people employed in ambulatory health care services compared to the national economy. Source: Statistics Canada, 2016 Census.

Victoria’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, 44% of people who are self-employed are over the age of 55. In total, there are more than 11,000 business owners who will be heading into retirement in the near future.

In the professional services sector, more than 50% are over the age of 55. Over 57% of people who are self-employed in the finance and insurance sector will be retiring in the near future. Based on these statistics, Victoria 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.

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

The Victoria 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**

The Victoria region has relatively few high school and post-secondary students when compared to the number of people in the workforce aged 55 and older. In 2016, there were only 62 young people aged 15 to 24 in school for every 100 people in the workforce over the age of 55 (Figure 4). This represents

one of the smaller talent pipelines among larger urban centres in Canada. If the region's universities and college can 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 people from outside the region**

There is no doubt that the biggest opportunity involves the attraction of young people and families to Victoria. Since 2013, across Canada, all net growth in the labour market 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. Victoria has a comparatively low immigration rate of only 29 per 10,000 population (Vancouver, by contrast, has an immigration rate of 135 per 10,000 population and Abbotsford-Mission's rate is 78 per 10,000). Until now, the Victoria region has been able to attract a strong flow of population from elsewhere in Canada, many of them immigrants moving to Victoria after initially settling elsewhere in the country. It is important to point out, however, that one-fourth of these inward migrants are over the age of 55.

Immigration: boosting the Victoria talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in Victoria 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 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 community³.

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 Victoria 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.

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 Manitoba.

Helping to sustain high quality public services

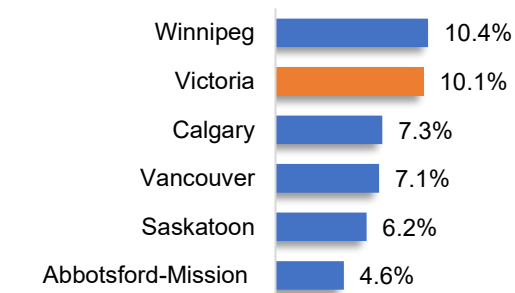
There is a direct relationship between economic growth and provincial and local government capacity to provide high quality public services and public infrastructure such as roads, schools and hospitals. A growing economy and population in Victoria could lead to a greater public investment in services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

Supporting Victoria's French-speaking population

There is a small but important French-speaking community in Victoria. More than 36,000 residents speak French and some 7,200 have French as their mother tongue. Among urban centres with a population of at least 25,000, only Winnipeg has a higher share of French-language speakers across western Canada.

Among those with French as their mother tongue, more than 12% are immigrants but only a small share of those have settled in Canada in the past few years. Over 42% of the Francophone population is over the age of 55⁴.

Figure 5: Share of the population who can speak French (2016)



Source: Statistics Canada, 2016 Census.

An influx of new French-speaking population through immigration could help to strengthen the French community in Victoria for the future.

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

But these should not be considered a replacement for Victoria'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 and from attracting and growing the younger workforce.

Retaining and integrating newcomers

Retention will be critical to long-term population growth. Because of Victoria's history with immigration, there is a strong support infrastructure in place. The community does have a number of [organizations that offer settlement services](#), such as help finding a job or registering children in schools.

The Victoria region in 2035

What will Victoria look like in 2035? Will the region continue to have a vibrant and growing economy? Will it continue to have a large 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, Victoria has been an example of how attracting people can help support economic growth and ensure industries have the workers they need for the future. The region will need to continue this talent attraction in the years ahead so that its economy continues to thrive.

⁴ Those with French as their mother tongue.

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