

Economic Profile Series: Prince George, 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 Prince George remains a growing and dynamic economy in Northern British Columbia: the role of immigration

The 2016 Census reported that nearly 1 in 4 people in the Prince George workforce was over the age of 55. More than 30% of transportation sector workers were over the age of 55, and 27% in the forest products sector were closing in on retirement (Figure 1).

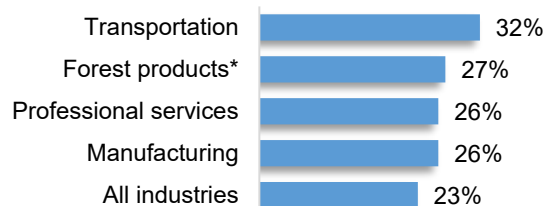
There are not enough young people coming through the education system to meet the demand of the current labour market, let alone provide the workforce for future economic growth.

Prince George: an important urban economy in northern B.C.

The Prince George urban area (population 87,000)¹ is the economic capital of northern British Columbia and home to a large forest products sector, with more than 160 businesses employing more than 4,500 workers².

As a share of the total working population, there are more than 7 times as many people employed in the forest products sector in Prince George compared to the country overall. Beyond forestry, the community is also a retail and services hub for a wide area in the North, providing trade, healthcare, education, finance and professional services.

Figure 1: Share of the Prince George workforce¹ over the age of 55—selected industries*



*Includes forestry and logging; wood and paper manufacturing.

Source: Statistics Canada, 2016 Census

¹ The Prince George census agglomeration area includes the Prince George and several small surrounding communities.

² Sources: Statistics Canada, Canadian Business Patterns, establishments with employment (2017). Employment figures are from the 2016 Census.

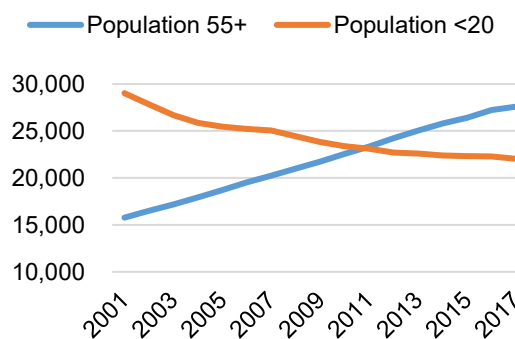
The population has started to decline

The population of Prince George increased by nearly 3% between the census of 2011 and 2016 but, like the rest of Canada, the share over the age of 55 is rising fast. Across the Prince George region³, the population over age 55 increased by 75% between 2001 and 2017, while the number under age 20 dropped by 24% (Figure 2).

The aging workforce: a risk for the Prince George economy

This demographic shift has hit the workforce, and there are signs that it is starting to have a negative impact on the Prince George economy. One sector facing the pinch is construction. A recent report indicated a shortage of skilled tradespeople was negatively impacting the Prince George economy⁴.

Figure 2: The demographic shift in the Prince George region*

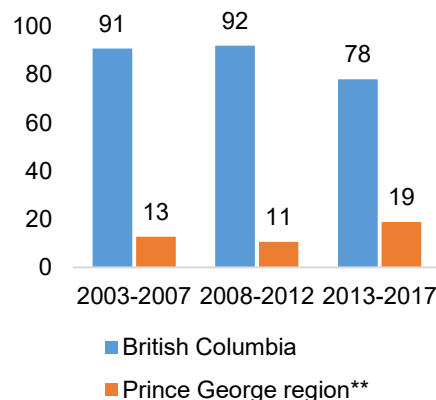


**Fraser-Fort George census division.
Source: Statistics Canada, Table 17-10-0084-01

The size of the Prince George workforce peaked in 2012 at 53,400 and has declined slightly since (51,800 in 2017). As an indication of a growing number of retirees, the amount of adults not participating in the workforce has risen by 21%. And between 2008 and 2016, the number reporting Canada Pension Plan income swelled by 36%.

Unlike many mid-sized urban centres across Canada, Prince George has not benefitted from an increase in immigration to help address this substantial demographic shift. According to Statistics Canada, an average of 178 immigrants came to Prince George per year between 2013 and 2017, or an immigration rate of 19 per 10,000 population (Figure 3). This was 76% below the rate for British Columbia overall.

Figure 3: Immigration rate per 10,000 population*



*Annual averages, in 5-year increments.
**Fraser-Fort George census division.
Source: Statistics Canada, Table 17-10-0084-01.

Table 1: Changing labour market indicators: Prince George

	2012	2017	Change
Workforce (age 15+)	53,400	51,800	-3%
Employment (age 15+)	50,100	49,100	-2%
Not in labour force (age 15+)	17,000	20,600	21%
Unemployment rate (age 15+)	6.0%	5.2%	

Source: Statistics Canada, Table 14-10-0002-01.

What are the impacts of increased retirement on the Prince George economy?

Predicting future labour market demand is not easy, but the community is focused on economic growth. In the city's [2017-2019 Economic Development Strategy](#), a number of growth industries are identified, as is a focus on attracting new residents to fill growing labour force needs.

³ Annual population estimates are only available for the Fraser-Fort George census division. The Prince George census agglomeration area accounts for 92% of the Fraser-Fort George census division population.

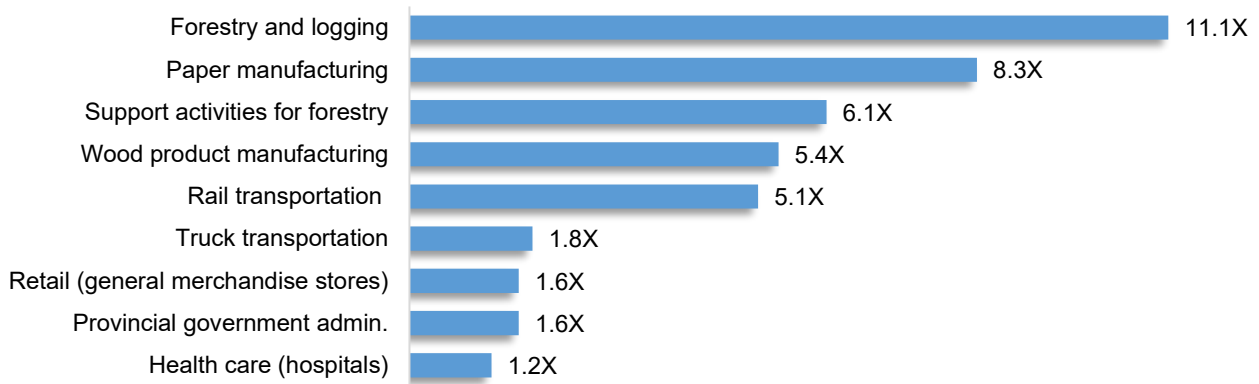
⁴ Canadian Home Builders Association of Northern British Columbia (August 2018).

What industries are at risk if labour market demand can't be addressed?

Figure 4 reveals the industries for which Prince George has a much higher concentration of workers compared to the rest of the country. There are nearly 1,400 people working in forestry and logging, which is 11 times more than the rest of Canada. The higher concentration of workers in rail and truck transportation points to the importance of the transportation sector. Retail, health care and government services are other sectors with significant employment concentration.

If the workforce continues to tighten, many of these industries may struggle to find workers. Some of this economic activity could move to other communities with a stronger talent pipeline.

Figure 4: Prince George's dominant industries: employment multiples compared to the national economy*



*For example, adjusted for size, Prince George has 1.8 times as many people employed in truck transportation (80% more) compared to the rest of Canada.

Source: Statistics Canada, 2016 Census.

Table 2: Prince George's dominant industries: employment share compared to the national economy*

 Forestry and logging – 11 times as many	 Rail transportation – 5 times more
 Paper manufacturing – over 8 times more	 Truck transportation – 80% more
 Support activities for forestry – 6 times as many	 General merchandise stores – 60% more
 Wood product manufacturing – more than 5 times as many	 Health care – 20% more

*For example, adjusted for size, Prince George has five times as many people employed in rail transportation compared to the national economy. Source: Statistics Canada, 2016 Census.

Prince George'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, 41% of persons who are self-employed are over the age of 55. In total, there are nearly 1,600 business owners in Prince George who will be heading into retirement in the near future. In the professional services sector, 43% are over the age of 55.

Based on these statistics, Prince George could benefit from a new generation of entrepreneurs to replace those who retire. These new entrepreneurs would also help to drive growth in important industries such as professional services and tourism.

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

The Prince George workforce is aging and the pipeline for younger workers is shrinking. 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**

In recent years, Prince George has increased the number of international students in the region's post-secondary educational institutions. There are more than 1,200 enrolled at the College of New Caledonia and the University of Northern British Columbia. In 2016, there were 67 young people in school for every 100 workers aged 55 and older. This is one important measure of the local talent pool as older workers head into retirement. As shown in Figure 5, when compared to other smaller urban areas in British Columbia, Prince George has a better ratio of students to older workers. But compared to the largest urban centres, the community is at a disadvantage. Boosting the student population further could strengthen the talent pipeline in the years ahead.

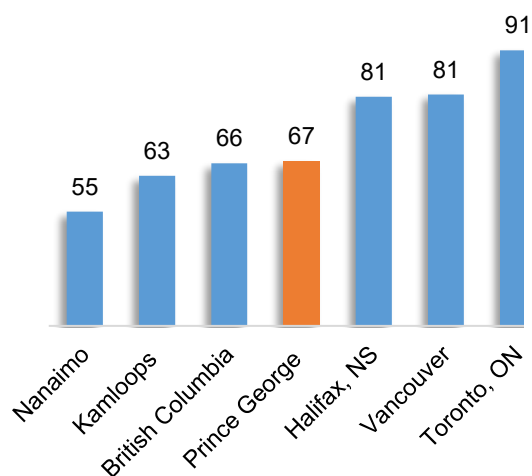
- **Encourage more people to join the workforce**

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. Additionally, in 2016, the Prince George region was comprised of 15% Indigenous people, of which 57% were First Nations and 40% Métis⁵; this group provides an additional potential source for talent for the workforce. 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 one of Prince George's greatest opportunities involves the attraction of young people and families to the region. Since 2013, across Canada, all net growth in the labour market has come from immigrants⁶. 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. Prince George has among

Figure 5: Secondary and post-secondary student population for every 100 in the workforce aged 55 and older



Source: Statistics Canada, 2016 Census.

⁵ Statistics Canada, 2016 Census

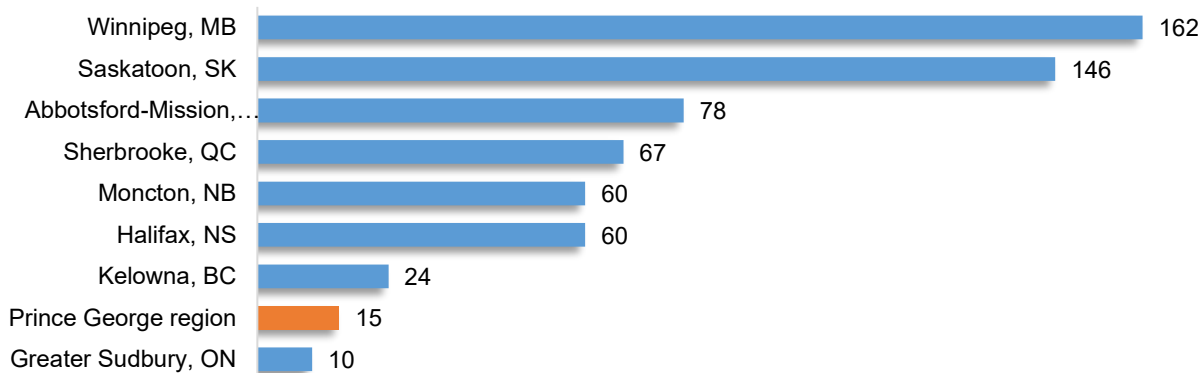
⁶ The number of people born in Canada exiting the workforce is greater than the number of people born in Canada joining each year.

the lowest immigration rates among mid-sized and larger urban centres in Canada (Figure 5).

Immigration: boosting the Prince George talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in Prince George is one way in which the region can 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.

Figure 6: Average annual immigration rate between 2009 and 2017 for selected communities across Canada: number of immigrants per 10,000 population



Source: Statistics Canada, Tables 17-10-0079-01 and 17-10-0084-01.

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 over \$8 million worth of new household expenditures, much of this spending in the local community⁷.

Statistics show that these 100 immigrant families would spend:

- \$1.5 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
- \$800,000 on food expenditures at local grocery stores and restaurants.

These 100 new families would also generate some \$2.2 million worth of taxes per year for local, provincial and federal governments.

Other positive effects

Attracting more immigrants to Prince George 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 70% of Prince George residents are at least third-generation Canadians, meaning they were born in Canada, as were their parents and grandparents.

⁷ Assumes the new household spending conforms to the current spending pattern in British Columbia.

It is important that newcomers are welcomed into our social life and develop a strong sense of Canadian identity and social cohesion. Settlement agencies are an important asset in the region providing support services to help newcomers in the community, however, the community itself plays a role in fostering a welcoming environment for newcomers.

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

But these should not be considered a replacement for Prince George's important export-oriented industries such as forestry, manufacturing, 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.

Prince George in 2035

So, what will Prince George look like in 2035? Will the region continue to have a thriving and growing forest products cluster? Will it have expanded its role as an urban hub for services for Northern British Columbia? Will the workforce be there to ensure the region can take advantage of new opportunities?

In the years ahead, Northern British Columbia is poised to make important contributions to the provincial economy through its natural resources sectors, tourism and other industries. Immigration may be key to ensuring the region lives up to its economic potential. By significantly increasing immigration, Prince George will be better positioned to achieve the growth objectives laid out in its economic development plan.

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