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As Labour Markets Tighten, Will Outmigration Trends Reverse in Atlantic Canada?

By Elizabeth Bealeⁱ

Atlantic Canadians are highly mobile, willing to move across the country in search of good jobs and better prospects. That is a pattern that has been evident over many generations, as economic opportunities in other parts of North America have surpassed those on the home front. From a national perspective, the high rates of labour mobility in Atlantic Canada are positive signs of a well-functioning labour market, one in which individuals respond to the economic signals by going where the jobs are. But in Atlantic Canada, the declining population is viewed with alarm by business, government and community leaders. How, they ask, can this region succeed if we cannot retain the energy, talent and creativeness of our youth, of our best and brightest?

Over the past decade, an estimated 340,000 people, or 14% of Atlantic Canada's population, have left the region to move to another part of Canada. This is one of the highest rates of outmigration for any part of Canada. At times, the number of people moving into the region has exceeded the outflow, most recently in the latter half of 2007, as a ramp up in major project activity boosted employment levels, particularly in Newfoundland and Labrador. But over the decade, the inflow of population – 268,000 – has not been enough to offset those who are leaving. On a net basis, the Atlantic provinces lost about 72,500 people to other parts of Canada over the last decade. This was significant enough to reduce the region's population by over 2%, to an estimated 2,285,000 in 2006.

Newfoundland and Labrador has felt the largest overall impact, with a net loss of about 42,000 people to other parts of Canada over the last decade. Despite strong output growth during this period, employment gains were minimal. Newfoundland's net outmigration over the past decade represents a loss of 7.5% of its population, which is the highest outmigration rate of any province in Canada. The rate of outmigration has also been significant in New Brunswick (equivalent to a loss of 2.2% of the population over the past ten years) and Nova Scotia (with a loss of 1.5% over the same period). Prince Edward Island has more often been a net recipient of migrants within Canada, but it has also experienced net outflows during the last three years.

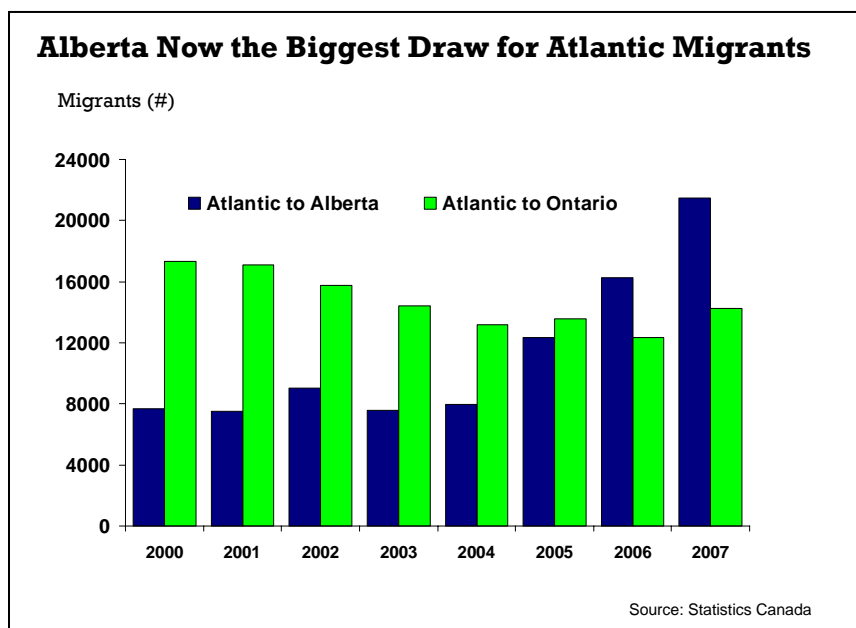
Not all Atlantic Canadians are willing to move in response to the opportunity for a higher paying job. Factors such as family ties, an established lifestyle or difficulty in finding affordable housing may reduce the incentive to move, particularly for older workers or those who already have a job. But the prospect of better jobs, not only now but over their lifetimes, are a major draw for younger workers, particularly those graduating from post-secondary programs. Well-trained younger workers are facing a seller's market across Canada, with many employers ratcheting up their wage and benefit packages and offering incentives such as signing bonuses and enhanced training. Outmigration rates are particularly high for young people from Atlantic Canada. The region lost 70,000 people between the ages of 15 and 34 years over the past ten years, which is about 10% of the population in that age group.

Outmigration has had its biggest drain on rural communities, particularly those at a distance from major population centers. As an example, the Great Northern Peninsula on Newfoundland's far northwestern tip, lost close to 30% of its population over the past 15 years. Everywhere across Atlantic Canada, rural residents are leaving for other provinces, but the population is also consolidating within the region, particularly in the region's larger cities. Between 2001 and 2006 the population of Atlantic Canada's top six citiesⁱⁱ increased by 3.8%, compared to a decline of 2.6% in the rest of Atlantic Canada.

With economic restructuring continuing to affect resource and manufacturing industries across the region, the attrition in rural communities is likely to continue. Population loss in rural areas is an enormous challenge for Atlantic Canada, given the high proportion of people still living in rural areas – 46% in Atlantic Canada compared to 20% in Canada as a whole. Large-scale population outflow impacts many areas of the economy by depressing resale housing markets and leaving local employers unable to secure new recruits. Outmigration also undermines the local tax base and leaves governments struggling to deliver public services. As well, many older workers with limited formal education often find very restricted options for alternative employment or retraining in these depopulated communities.

Many of those who lost their jobs in Atlantic Canada's resource industries over the past ten years found a ready market for their skills in western Canada's petroleum and mining industries. Alberta has been the principal destination for Atlantic Canadians for most of the last decade, surpassing Ontario which was the recipient province for more than 50% of Atlantic migrants in the 25 years prior to that. Outmigration from the Atlantic provinces to Alberta has grown steadily, averaging 11,000 people annually over the past ten years. However, the numbers can be volatile. In the 12 months prior to July 2007, the number of Atlantic Canadians who moved to Alberta peaked at an estimated 21,000. In the latter six months of 2007, migration to Alberta slowed considerably, and a greater number moved into the Atlantic region from Alberta than moved in the other direction.

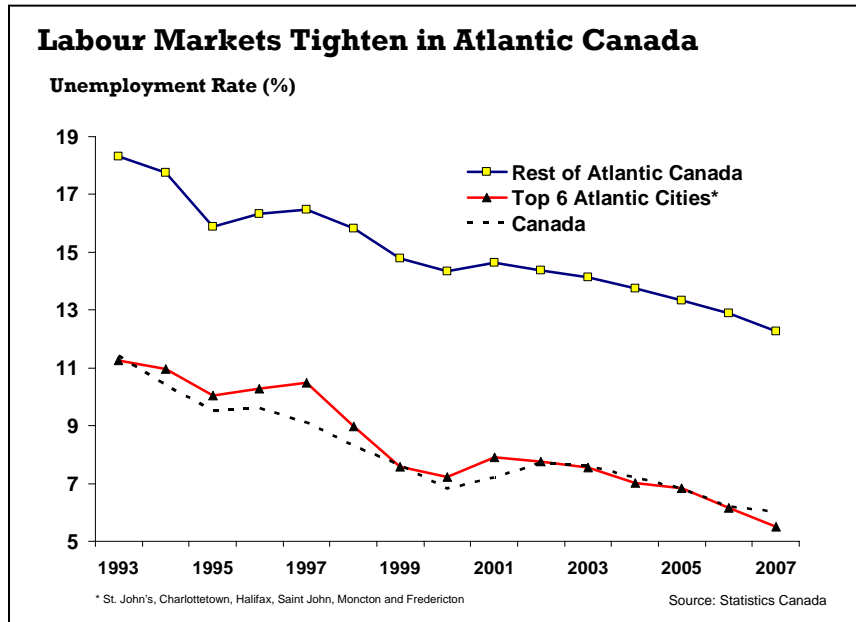
Alberta has been a big draw for Atlantic migrants before, although previous episodes were shorter lived. However, with high energy prices expected to fuel strong investment in the oil sands for several more years, notwithstanding higher royalties and increasing costs of labour and other inputs, demand for labour, both in the energy industries and in other sectors of Alberta and Saskatchewan's booming economy, is likely to remain at a premium.



With efforts underway in all four Atlantic provinces to attract immigrants and lure former Atlantic Canadians home, what are the chances that outmigration from Atlantic Canada can be reversed on a sustained basis? There is certainly promise in the mining and energy sector, not only in Newfoundland and Labrador, but also in New Brunswick, where a number of new projects are expected to drive up employment over the next few years. The employment gains during the latter part of 2007 were enough to reverse the westward movement of the region's population in recent quarters. If this trend continues, this would represent the most significant change in inter-provincial migration trends since the early 1980s.

A confluence of factors has now come together to create a very tight labour market in Atlantic Canada. These include a sustained loss of population to other parts of Canada over many years, an increasing demand for labour as industrial projects ramp up, an aging workforce, and a reduced number of new labour force entrants due to low birth rates and low immigration levels. Unemployment rates in Atlantic Canada have fallen to decade lows in both urban and rural areas. For example, unemployment rates in Saint John, Moncton and Fredericton now average 5%, which is lower than Toronto or Montreal. Labour shortages are now putting upward pressure on wage rates. Average weekly wages in Atlantic Canada rose faster than the national average in 2007ⁱⁱⁱ. In Newfoundland and Labrador, wages increased at more than double the national rate in the first four months of 2008. These conditions may increase the flow

of population into Atlantic Canada, particularly if Ontario's economic situation continues to soften.



But it will take more than a boost in major project activity to keep young people at home and eradicate outmigration from Atlantic Canada over the longer term. Most of the employment potential will be found in the service industries, and it is the region's urban areas that are best positioned to capture that growth. Diversification and growth of the economic base in urban Atlantic Canada should be the major priority for businesses and governments alike, with employers willing to offer the wages and salaries that can compete with opportunities anywhere in Canada. To attract younger workers into service sector firms, Atlantic employers will have to make a dedicated effort to increase apprenticeship programs, supply more entry-level positions for new recruits, provide training and advancement programs and offer the flexibility in employment that young people seek.

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ⁱⁱ The top six Atlantic cities are Halifax, St. John's, Charlottetown, Fredericton, Moncton and Saint John.

ⁱⁱⁱ Average weekly wages rose 4.6-5.7% in New Brunswick, Newfoundland & Labrador and Nova Scotia and 3.2% in Canada. Prince Edward Island was the exception increasing by 2.6%