

NORTHERN
POLICY INSTITUTE

INSTITUT DES POLITIQUES
DU NORD

ECONOMIC DEVELOPMENT YEAR 1, UNIVERSITY OF WATERLOO THE NORTHERN ECONOMY

17 JUNE 2016, THUNDER BAY

Overview

- Introduction to Northern Policy Institute
- GDP in the North
- Employment in the North
- Opportunities and Challenges
- Immigration in the North
- Education in the North
- Bottom Line

About.

NORTHERN
POLICY INSTITUTE

INSTITUT DES POLITIQUES
DU NORD

www.northernpolicy.ca

What is NPI?

- “Think tank”
- Independent – authors are free from interference from everyone, including us
- Non-partisan – we do not take “sides”
- Evidence based – we collect, measure and interpret data
- IN the North – we deal with local, regional, provincial, national and international issues from a northern perspective
- Not an advocacy group

Three ways YOUR issue gets on OUR to-do list

1. Top Ten Northern Issues:

Northern Policy Institute is the ONLY Think Tank in Canada that sets its research agenda based on feedback we receive from our stakeholders, all 780,000 of them. If your issue is shared by your friends and neighbours, it will likely get onto our to-do list.

2. Single Window on Northern Issues:

YOU do the work, commission the study, and you send it to us for re-publication or dissemination. Big parts of our job involve avoiding wasteful duplication of effort and getting the word out about what has already been done.

3. Willing to Partner – but no guarantees:

NOT a consulting service, but will partner – in cash, or in kind – to expedite needed work. We just can't promise you will like the answer.



Northern Ontario data is now just a click away. Northern Policy Institute, North Superior Workforce Planning Board, and the Sault Ste. Marie Innovation Centre are pleased to launch Northbynumbers.ca, an **interactive data tool** that displays Northern Ontario census data from between 2001 and 2011.

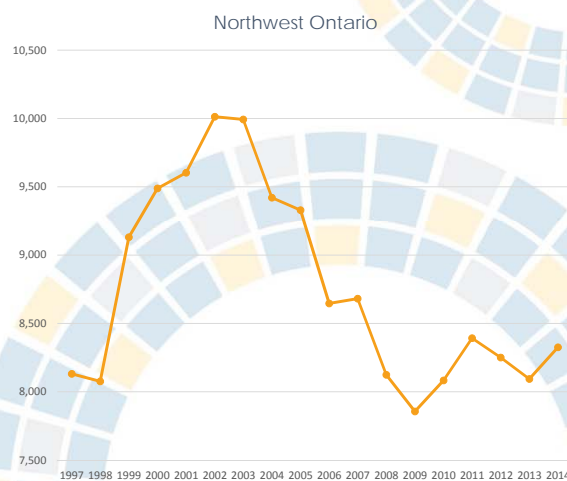
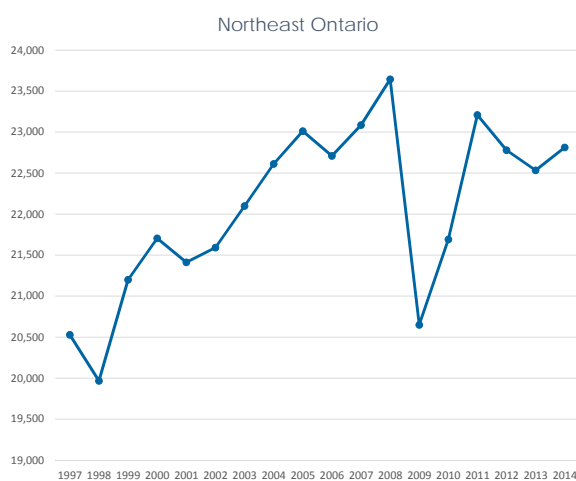
Identity, income, housing, education, employment, mobility, age and population statistics – at the District, community and even neighborhood level!*

* - where available

Northern GDP

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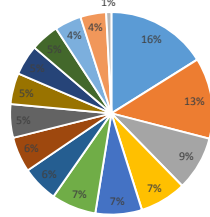
GDP (Chained 2007 dollars x 1,000,000)



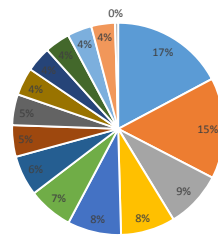
Source: Author's calculations based on Statistics Canada, CANSIM database, tables 282-0125 and 379-0030.

Distribution of Jobs by Industry – Sudbury

2001



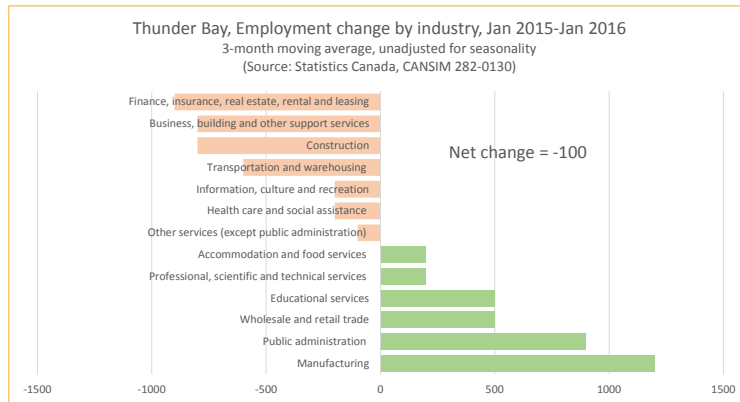
2014



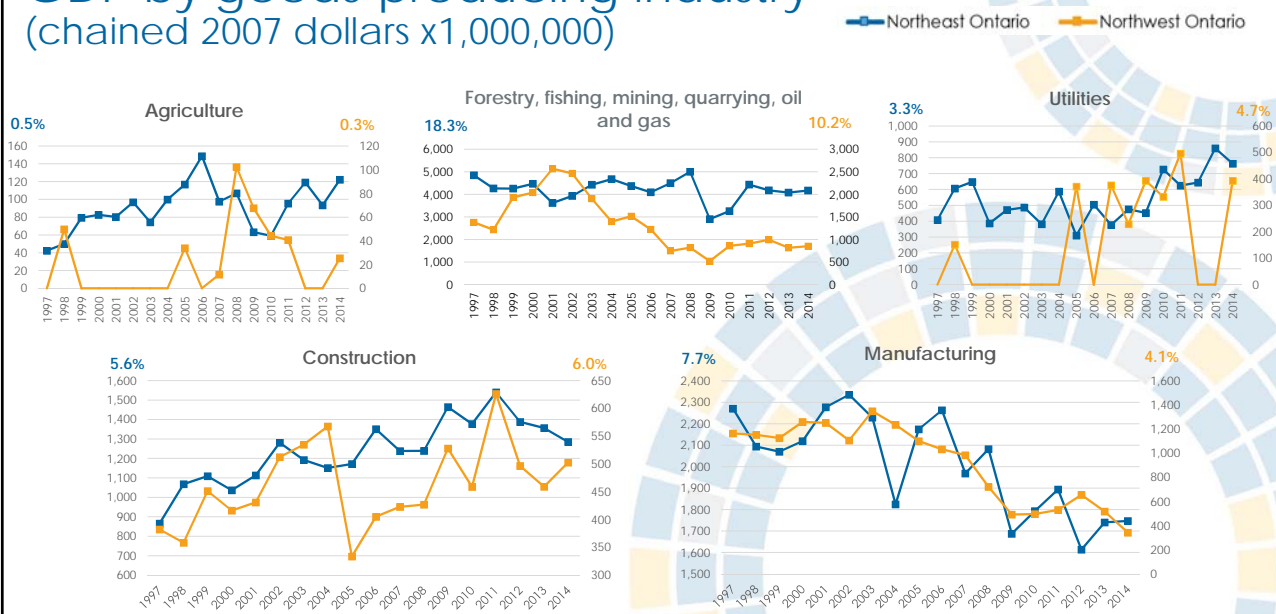
Labour Market Characteristics

Employment by industry (NAICS) and occupation (NOC-S)

- ER/CMA data by 4-digit NAICS/NOC-S through cost-recovery
- Request CA and CD level data
- Source: Statistics Canada, Labour Force Survey (CMA), Census/NHS (CSD)
- Source: Estimation techniques (CD, CSD)

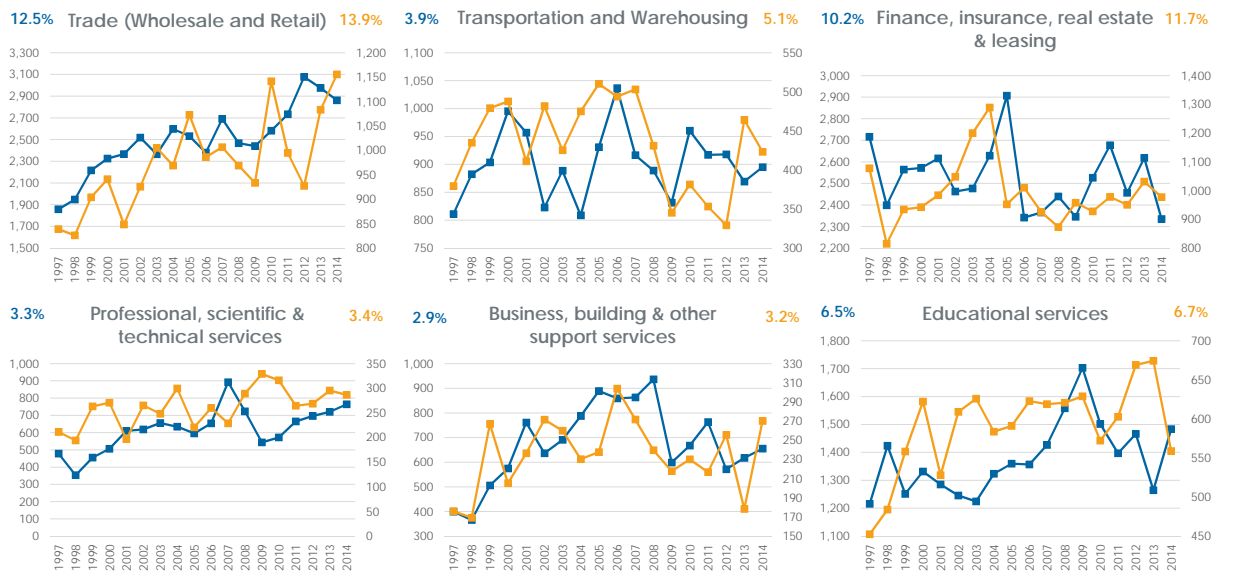


GDP by goods-producing industry (chained 2007 dollars x1,000,000)



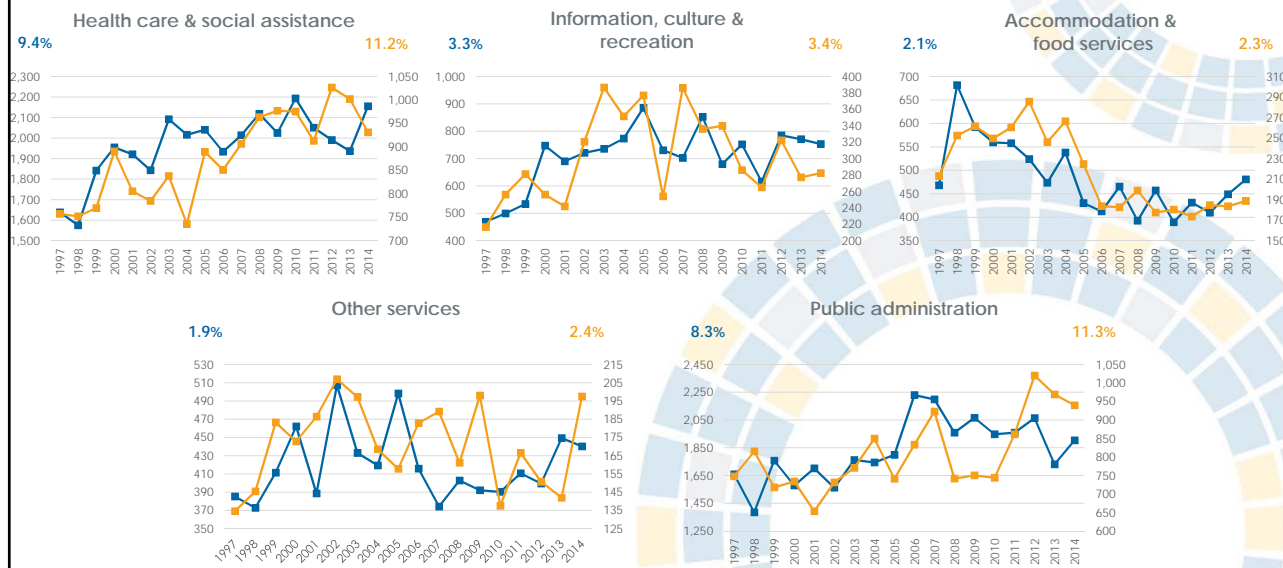
Source: Author's calculations based on Statistics Canada, CANSIM database, tables 282-0125 and 379-0030.

GDP by services-producing industry



Source: Author's calculations based on Statistics Canada, CANSIM database, tables 282-0125 and 379-0030.

GDP by services-producing industry cont'd



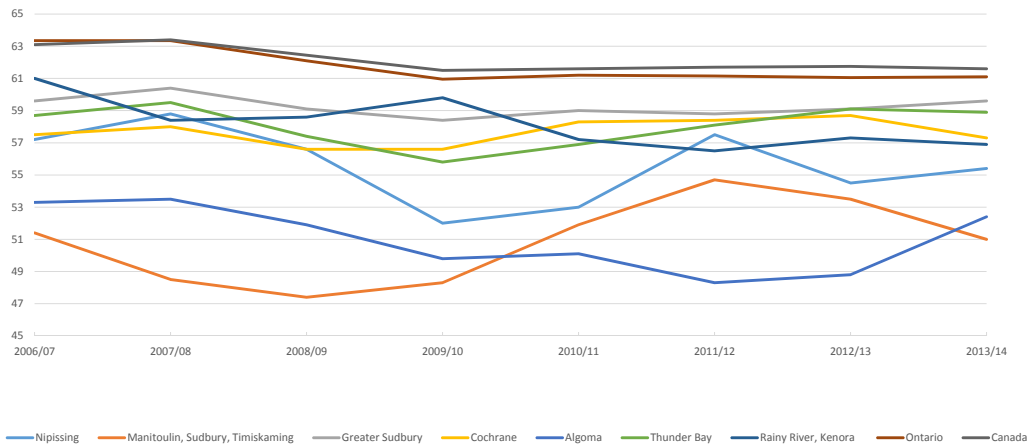
Source: Author's calculations based on Statistics Canada, CANSIM database, tables 282-0125 and 379-0030.

Northern Employment

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Employment Rate by district

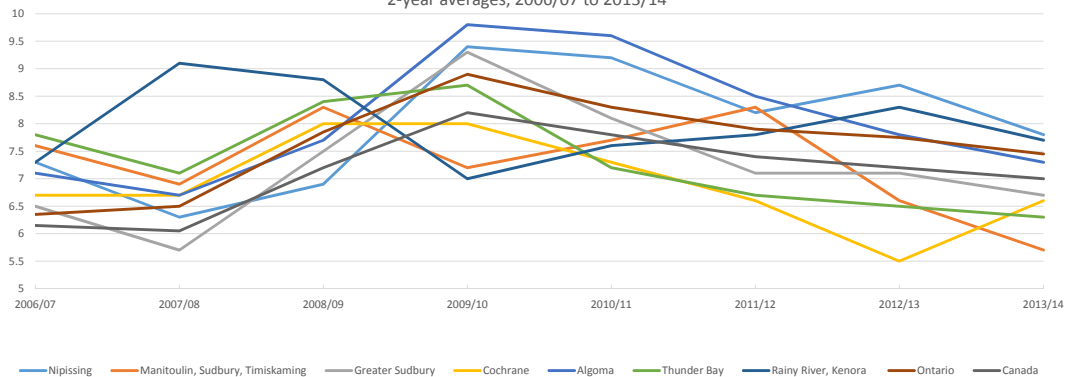
Employment Rate (%), Northern Ontario Census Divisions,
2-year averages, 2006/07 to 2013/14



Source: Statistics Canada, CANSIM Table 282-0002 and custom tabulation. Note: District-level data is only available as 2-year averages. As such, annual Labour Force Survey data for Ontario and Canada was manipulated into 2-year averages in order to compare with district-level data.

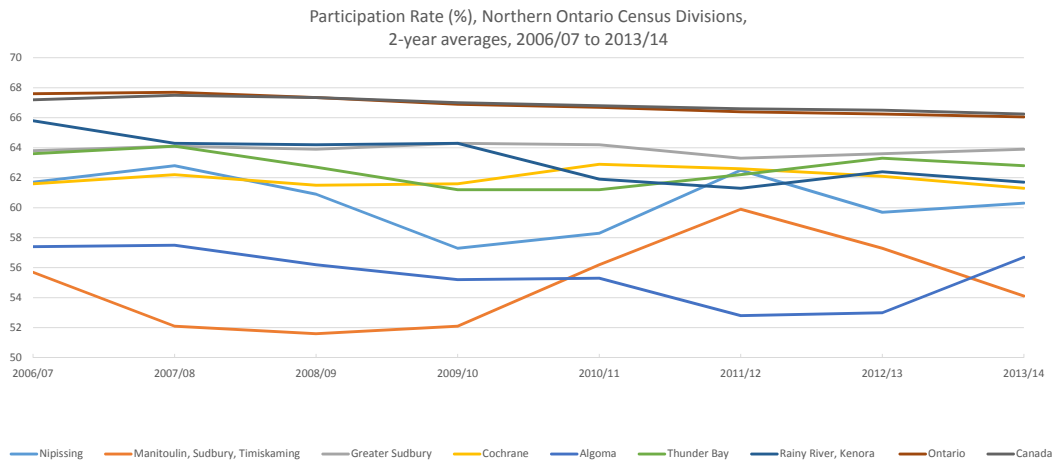
Unemployment Rate by district

Unemployment Rate (%), Northern Ontario Census Divisions,
2-year averages, 2006/07 to 2013/14



Source: Statistics Canada, CANSIM Table 282-0002 and custom tabulation. Note: District-level data is only available as 2-year averages. As such, annual Labour Force Survey data for Ontario and Canada was manipulated into 2-year averages in order to compare with district-level data.

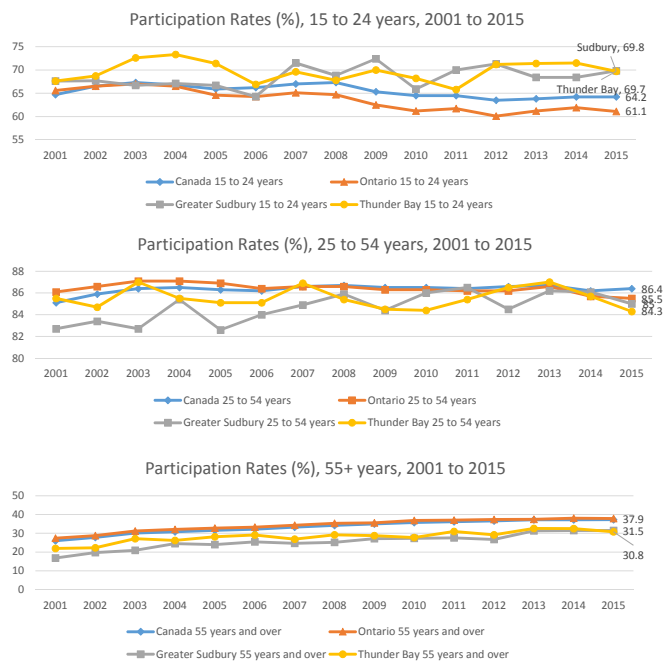
Participation Rate by district



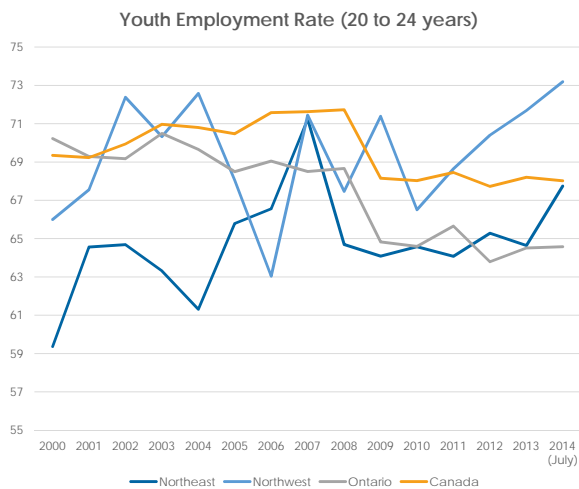
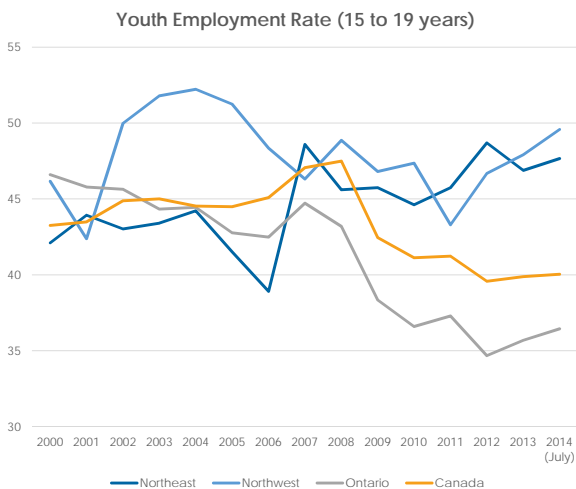
Source: Statistics Canada, CANSIM Table 282-0002 and custom tabulation. Note: District-level data is only available as 2-year averages. As such, annual Labour Force Survey data for Ontario and Canada was manipulated into 2-year averages in order to compare with district-level data.

Northern Ontario's youth are economically involved

1. 15-24
 - Consistently above Ontario and Canada
2. 25-54
 - Consistently below
3. 55+
 - Roughly equal participation

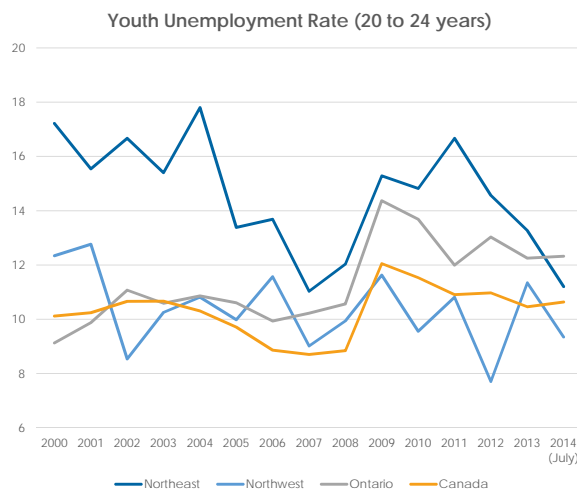


Youth Employment Rate



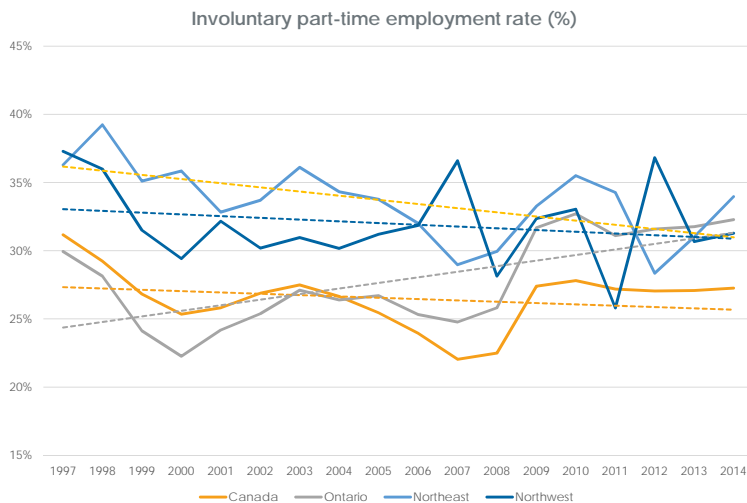
Source: Author's calculations based on Statistics Canada, custom tabulation.

Youth Unemployment Rate



Source: Author's calculations based on Statistics Canada, custom tabulation.

Involuntary part-time employment



Involuntary part-time employment rate is the percent of part-time jobs that are being filled by individuals who would prefer to be working full-time

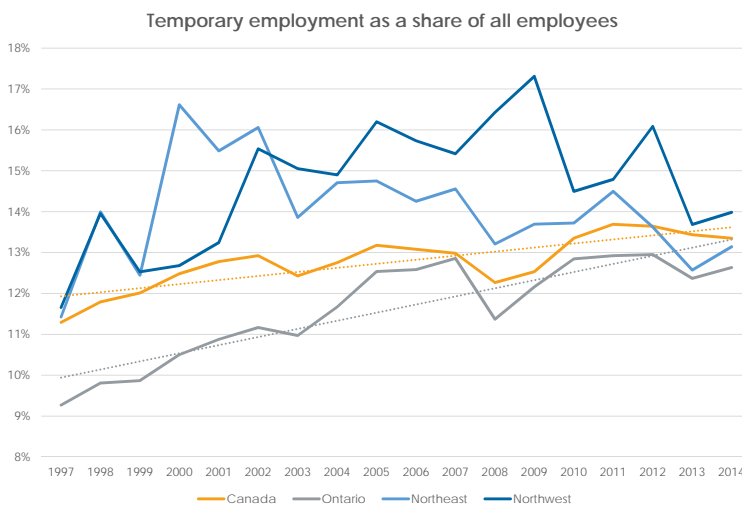
Involuntary part-time employment in 2014:

- Canada – 27% (935,700 people)
- Ontario – 32% (431,900 people)
- Northeast – 34% (17,900 people)
- Northwest – 31% (7,100 people)

Also tracking this indicator by age and gender

Source: Author's calculations based on Statistics Canada, custom tabulation.

Temporary Employment



Temporary employment includes seasonal, term or contract, casual and other temporary jobs

Temporary employment is only a small chunk of total employment.

As of 2014:

- Canada – 13.4% (2 million people)
- Ontario – 12.6% (736k people)
- Northeast – 13.1% (30k people)
- Northwest – 14% (13k people)

Also tracking this indicator by age, gender and industry

Source: Author's calculations based on Statistics Canada, custom tabulation.

Northern Challenges & Opportunities

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Northern Ontario's population is declining

From 2001 to 2015, Northern Ontario's population declined by 2.8%

1. Low fertility rates

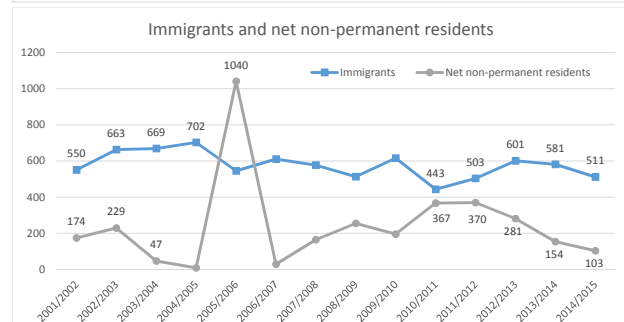
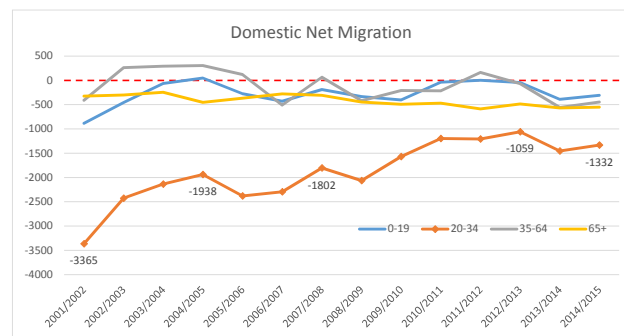
- Northeast Ontario = 1.60
- Northwest Ontario = 1.77
- Generational Replacement Rate = 2.1

2. Out-migration

- In 2014/2015, over 2,600 more people moved to Southern Ontario or another province than those who moved to the North from these areas

3. Low rates of immigration

- As of 2015, Northern Ontario had 6.4 immigrants per 10k people, compared with 64.8 in Ontario
- The number of immigrants in Northern Ontario has been declining on average for over decade
- Net non-permanent residents are positive but have been declining since 2011 (note these are 'net' numbers)

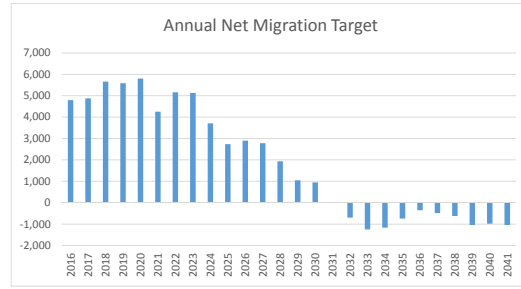
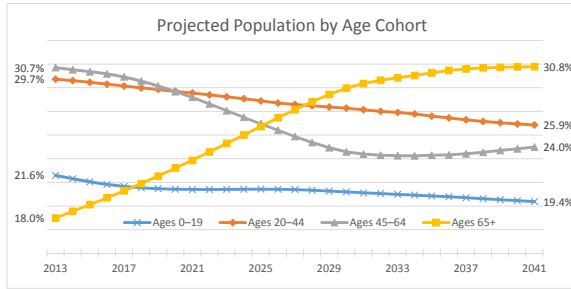
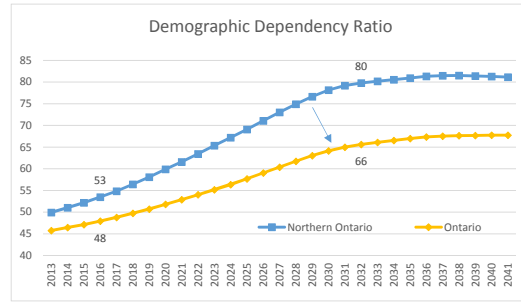


Source: Statistics Canada, NPI calculations.

Northern Ontario's population is getting older, faster

By 2041, people aged 65+ will make up over 30% of the population in Northern Ontario.

- In the next 15 years, non-working-age individuals will increase from 53 to 80 for every 100 working-age individuals, compared to 66 in the Ontario.
- Closing the dependency gap with Ontario by bolstering working-age population levels is one strategy that can be used to target levels of in-migration, immigration, non-permanent residents and youth retention.
- This is an opportunity for PSEs – in collaboration with communities – to be front and centre in reversing one of Northern Ontario's biggest challenges.
- See, for example, Greater Sudbury's Economic Strategic Plan which targets 10,000 new jobs and 30,000 more residents by 2025.



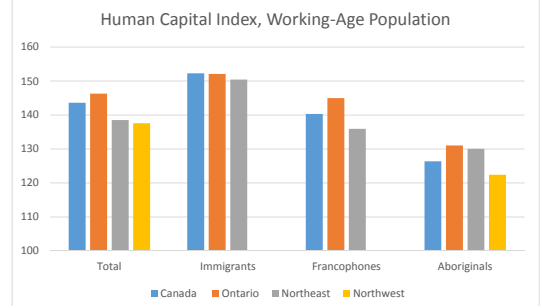
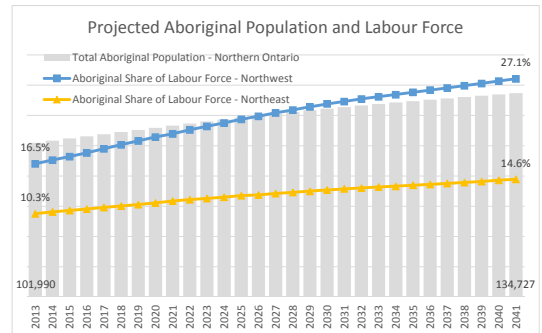
Source: Ministry of Finance, NPI calculations.

Northern Ontario's Aboriginal population is growing

From 2013 to 2041, the Aboriginal population is expected to increase by 32%, from 102,000 to 135,000

- Aboriginal labour force is expected to increase considerably. In districts such as Kenora and Rainy River, the Aboriginal share of the labour force is expected to exceed 40% by 2040
- Human capital among the working-age population is lower in the North than compared to Ontario and Canada
- Human capital among the Aboriginal population is lower than the rest of the population
- Immigrants have relatively high levels of human capital across Ontario and in the North

Increasing educational levels – among the Aboriginal population in particular – will be one of the largest barriers to growth in the North going forward.



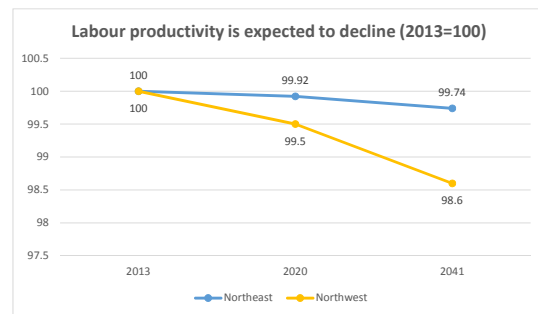
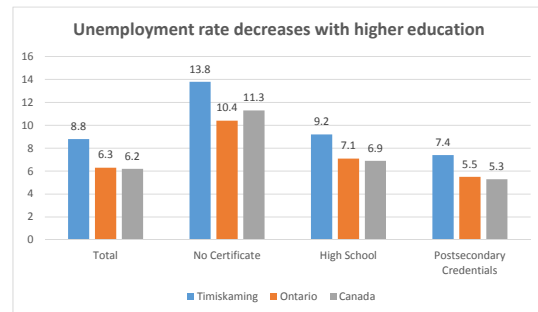
Source: NPI calculations based on Statistics Canada and Ministry of Finance.

Education is key to a productive economy

Higher education increases participation in the labour market and decreases unemployment

- Future productivity in Northern Ontario is expected to decrease as a result of:
 1. Declining overall population
 2. Increasing Aboriginal population with low education levels
- Productivity is expected to decline in all districts, but most prominently in Kenora, Rainy River and Manitoulin districts
- This is only part of the story...
- Currently, 63.4 percent of jobs require some post-secondary credentials in Canada (77-80% by 2031)
 - Northern Ontario, and the Aboriginal population in particular, is well below this number

If education levels in Northern Ontario remain at their current level or decline in the future while skill requirements of the workforce rise, the region will end up with people without jobs and jobs without people.



Source: NPI calculations based on Statistics Canada.

Where to go from here?

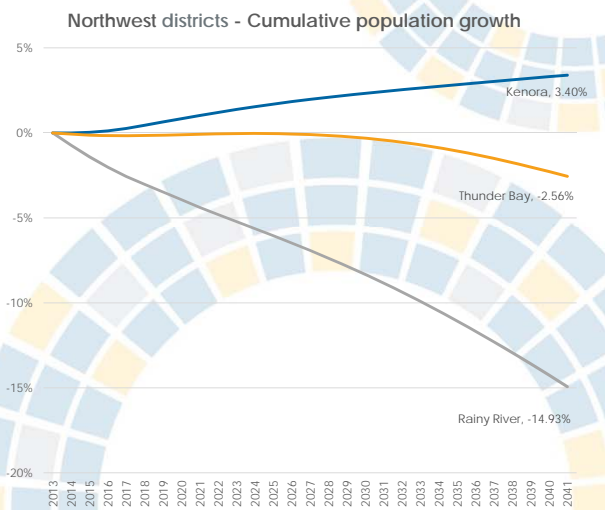
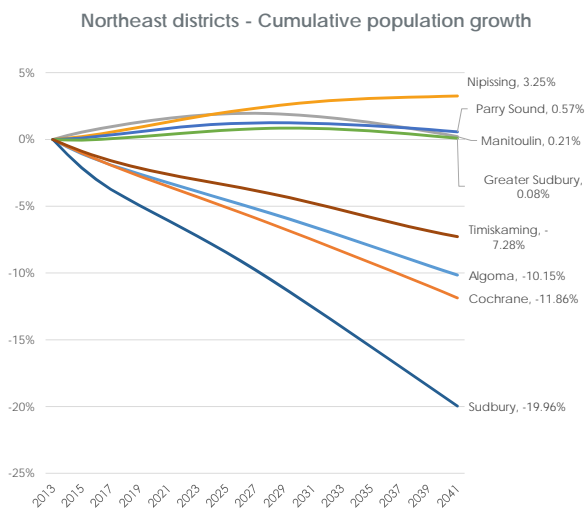
1. Bolster the population in Northern Ontario
 - i. Immigration
 - ii. Non-permanent residents (i.e., foreign workers, foreign students)
 - iii. In-migration (both from within Ontario and from other provinces)
 - iv. Youth retention
 - v. Use dependency ratios to target population growth
2. Increase educational levels among the Aboriginal population
 - i. Enhance access in both rural and urban areas (i.e., increased investment and quality, infrastructure, online methods, etc.)
 - ii. Community-based and cultural-tailored methods
 - See NPI publications: "[Picking up the Pieces](#)" and "[A Strategy for Change](#)"
 - iii. Personal tutors
 - See new research from NBER: "[The Production of Human Capital in Developed Countries](#)"

PSE's in Northern Ontario may be front and centre of the strategies

Northern Immigration

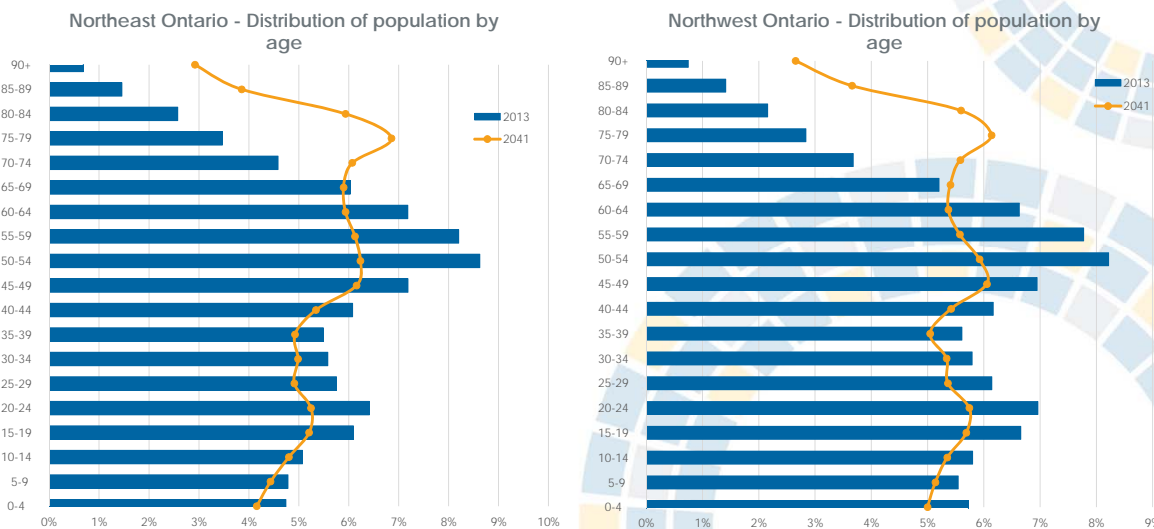
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Population Projections



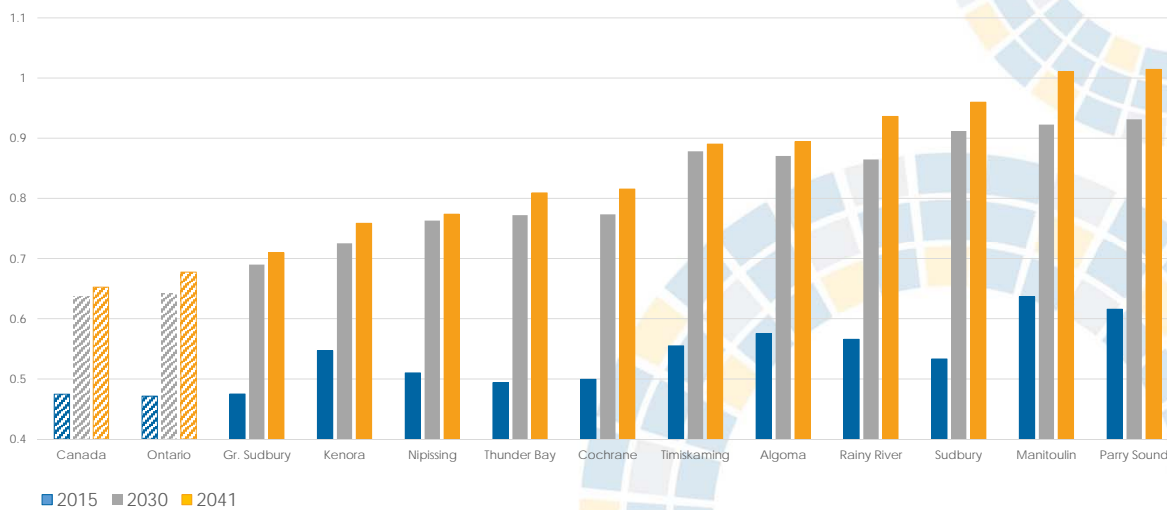
Source: Author's calculations based on Ontario, Ministry of Finance, "Ontario Population Projections, 2013-2041" (Toronto, 2014).

Age Cohorts

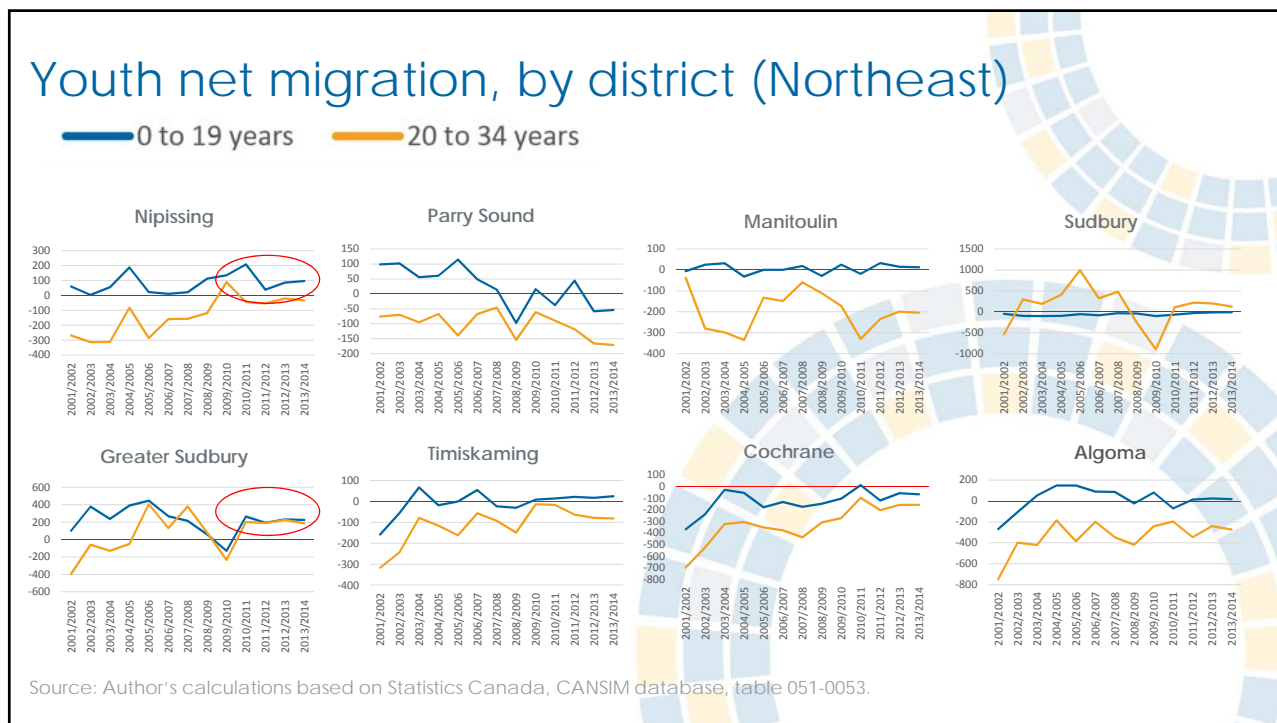
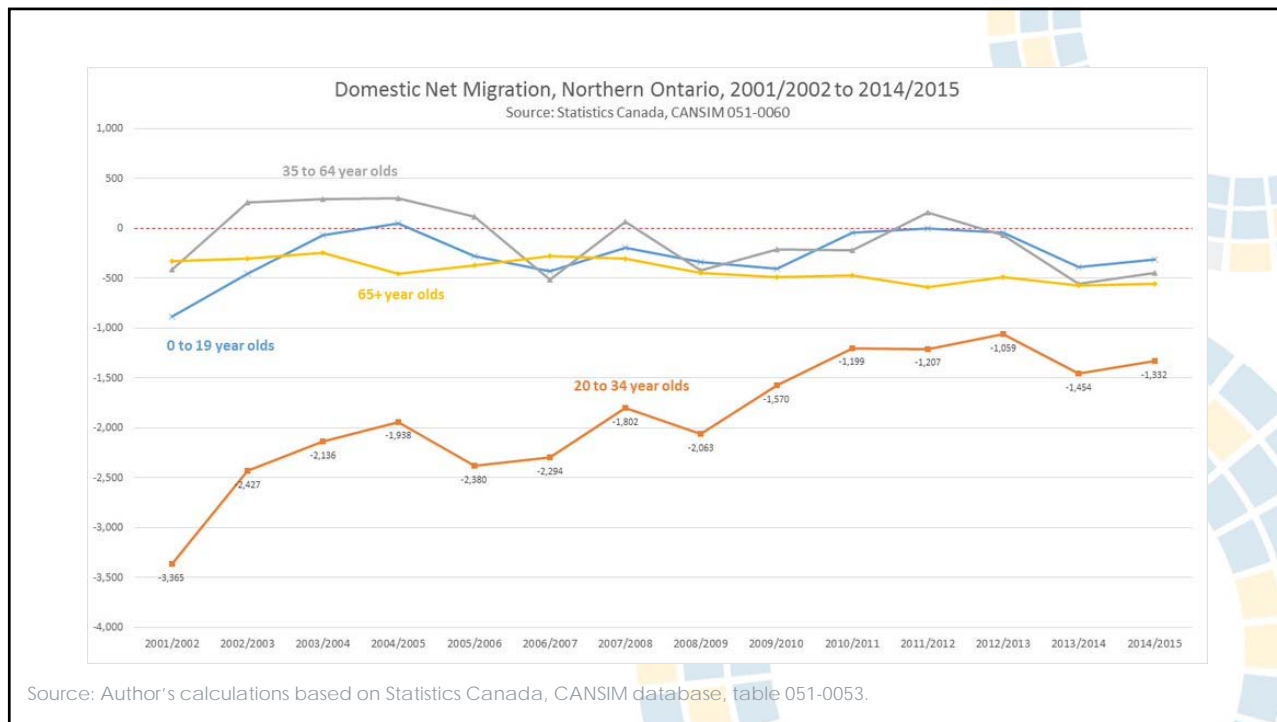


Source: Author's calculations based on Ontario, Ministry of Finance, "Ontario Population Projections, 2013-2041" (Toronto, 2014).

Current & Projected Dependency

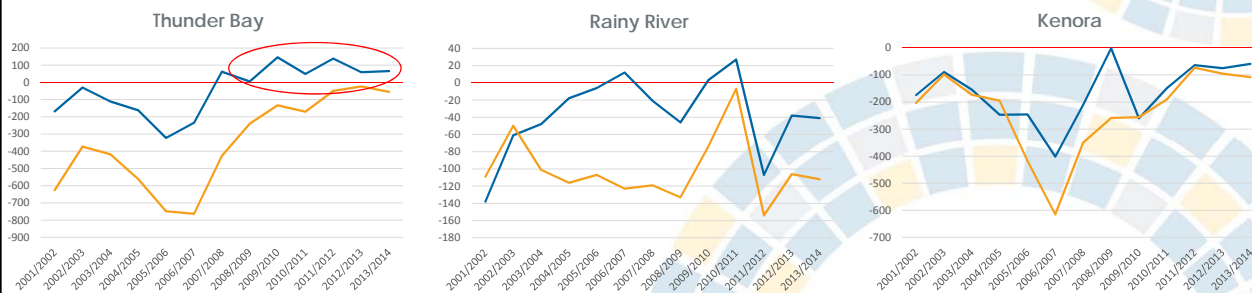


Source: Author's calculations based on Ontario, Ministry of Finance, "Ontario Population Projections, 2013-2041" (Toronto, 2014).



Youth net migration, by district (Northwest)

— 0 to 19 years — 20 to 34 years

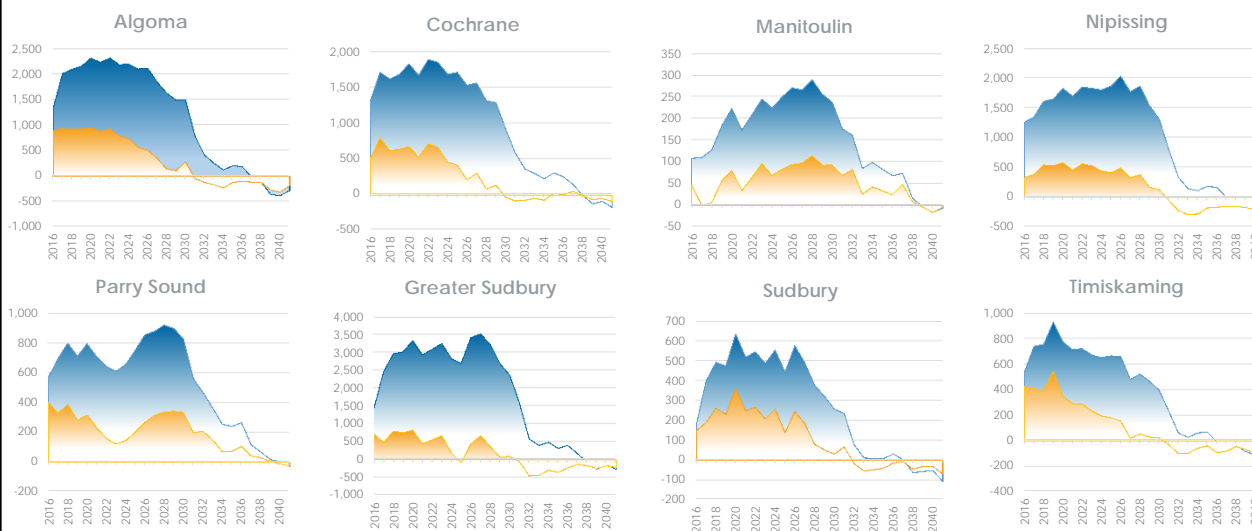


Source: Author's calculations based on Statistics Canada, CANSIM database, table 051-0053.

Northeast – migration targets

Target 1 = to hold dependency ratio at current level (i.e. just shy of .5 for Thunder Bay as of 2015, see slide 14)
 Target 2 = allowing dependency ratio to rise to match the provincial rate by 2041 (i.e. just shy of .7, see slide 14)

■ Annual Net Migration, Target 1
 ■ Annual Net Migration, Target 2



Source: Author's calculations based on Ontario, Ministry of Finance, "Ontario Population Projections, 2013-2041" (Toronto, 2014).