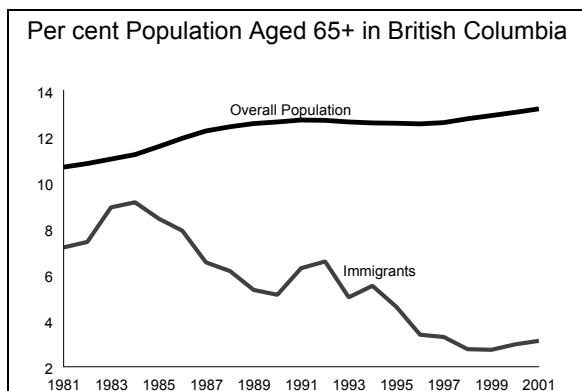


## Special Feature: Immigrants as a Source of Labour Supply

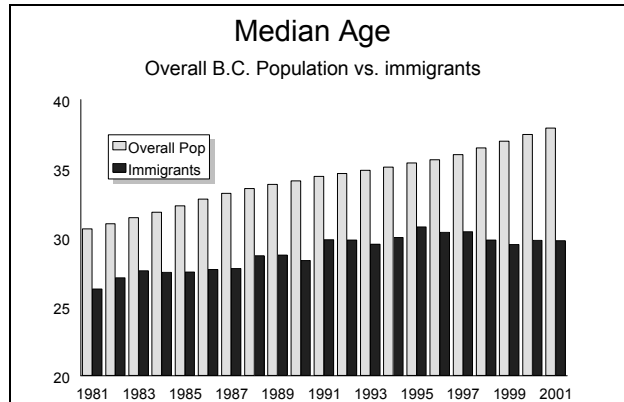
***“Immigrants now account for more than 70 per cent of all labour force growth” said the Honourable Elinor Caplan, Ex-Minister of Citizenship and Immigration, in the report “The Immigration Plan for 2002”.***

One of the major themes in Canada’s immigration policy has been bringing in people with skills and ideas to promote economic growth and productivity. With the Canadian population continuing to age and fertility remaining low, immigrants not only make up for short term domestic skill shortages but also help maintain labour force expansion in the country. Relative to the overall Canadian population, immigrants tend to be younger. A majority of immigrants who arrived each year were of working age.

In 2001, 13.2 per cent of the population of British Columbia was aged 65 and over, making B.C. the province that had the fifth highest proportion of seniors (defined as people aged 65+). Also, B.C.’s population has a median age of 37.9 years. Two decades ago the B.C. population was younger, having only 10.7 per cent over the age of 65 and a median age of 30.6 years.



On the other hand, fewer immigrants who arrived in the province were seniors. Historically, the median age of immigrants at time of landing has always been younger than the overall population. In 2001, the median age of immigrants arriving in B.C. was 29.8 years, approximately 8.2 years younger than the overall population.



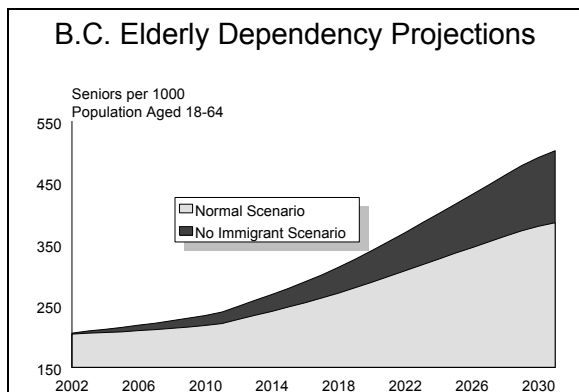
One economic implication of an aging population is the shrinking labour force as more and more people retire. A reduced labour force may lower total output and create higher elderly dependency, a measure of the ratio of seniors to the population of working age between 18 and 64. Elderly are generally dependent on contributions from the work force for maintaining various services and support including income assistance, pension plans, and health care, etc.

The younger age profile of immigrants helps to lower the elderly dependency ratio in the province. By having a supply of younger population through immigration, the ratio of seniors population to the population in the work force would be lower. Currently, the elderly dependency ratio in B.C. is about 0.203, which could be interpreted as 203 seniors for every 1,000 people of working age.

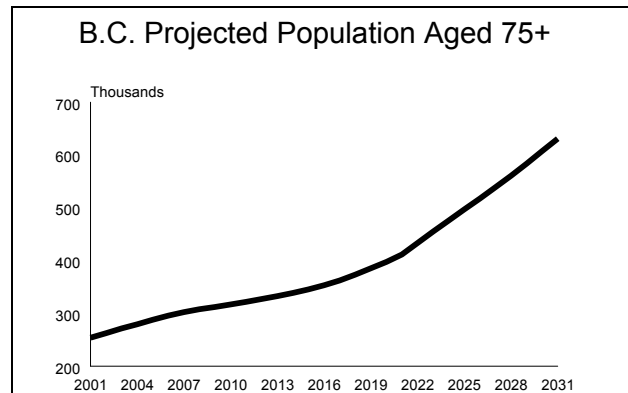
A study of the population projections of B.C. indicates that elderly dependency will continue to go up from 0.203 in 2001 to about 0.385 in 2031. In other words, there will be close to a 90 per cent increase in the number of seniors relative to those of working age. The population projections in this study assumed conservative levels of immigration to the province each year. These immigration levels were projected based on the assumptions that the federal government will adhere to its announced immigration policy of maintaining annual immigration at approximately one per cent of Canada’s population, and that B.C. will continue to receive a

similar share of immigrants as observed in the past.

Based on this forecast, a simulation could also be used to estimate, other things being equal, the effect on future elderly dependency if there were no immigrants coming to B.C. If between 2001 and 2031 there were no new immigrants then future elderly dependency would be much higher due to the reduction of working age. Under this “no immigrant” scenario, elderly dependency would reach 0.502 in year 2031, as opposed to 0.385 if immigrants continue to settle in B.C. This simulation estimates an extra 117 seniors (or 30 per cent more) to be supported by every 1,000 persons of working age in the year 2031.



Elderly dependency will become more of a challenging issue when the baby boomers enter the post 65 age groups. The number of people in the much older age groups will be increasing sharply over the next few decades. In thirty years, the number of people aged 75 and older is projected to be more than 630,000 compared to the current level of 250,000. The older seniors, such as those in the 75 plus age group, put a much heavier demand on health care and other specialized services, when compared to those in the 65-74 age group. Hence, a steadily growing labour force may be necessary in order to match these ever increasing demands.



It is evident that immigration plays a significant role in shaping the demographic structure of our population. Immigrants are likely to be an important source of labour force growth in the future. As a result, immigration policy and its implications will become an even important factor in program and policy planning at all levels of government.

It is important to note that the above discussions address only one of the many aspects of immigration. There are many studies that have examined immigration from a cost and benefit perspective considering many social, economic, environmental and demographic issues. This article only points out some possible implications on the elderly dependency rate as a result of immigration. There are other factors that may affect the economic benefits achieved through immigration. For example, while immigrants tend to help lower the overall elderly dependency they generally have a lower labour force participation rate. Studies have shown that, whereas settled immigrants have very similar labour force and income characteristics to the Canadian-born population, newly arrived immigrants usually exhibited a higher unemployment rate and earned lower incomes. These observations together with the costs associated with the immigrant settlement programs may act as discounting factors in the overall analyses of immigrants' contribution to the elderly dependency rate issue.