

Economic Profile Series: Claresholm, Alberta

Fall 2019

This series looks at 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 Claresholm remains a strong and growing economy in southern Alberta: the role of immigration

The looming workforce challenge

The Town of Claresholm is facing a demographic challenge. Over 1 out of every 3 workers in the town was over the age of 55 at the time of the 2016 Census. This was a considerably higher share of the workforce compared to the province overall and many of its peer communities in southern Alberta (Figure 1). The median age in Claresholm is 54.1, compared to 41.2 across the country.

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 potential future economic growth.

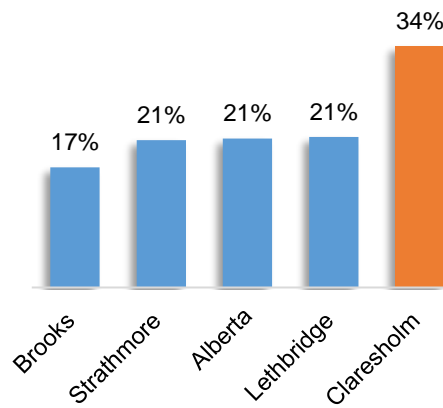
Claresholm fills an important economic role

The Town of Claresholm (pop. 3,800) is located in southern Alberta between Calgary and Lethbridge. The town is part of a strategically important agricultural region producing cattle, wheat, barley, alfalfa and other grains. The town is a regional health-care centre, with nearly 400 people working in the sector. There are 10 restaurants in the town and nearly 200 people working in retail, pointing to Claresholm's role as a services centre. Overall, there are more than 200 businesses in Claresholm, and the average age of the workers in these businesses is well above the provincial average.

The town has shown an ability to attract people

In 2016, there were 830 people living in Claresholm who did not live in the community 5 years earlier. This inward migration rate of nearly 25% of the population aged 5 and older was well above the national rate of 17%. Figure 2 shows the 5-year inward migration rate for several communities in southern Alberta.

Figure 1: Percentage of the total workforce over the age of 55



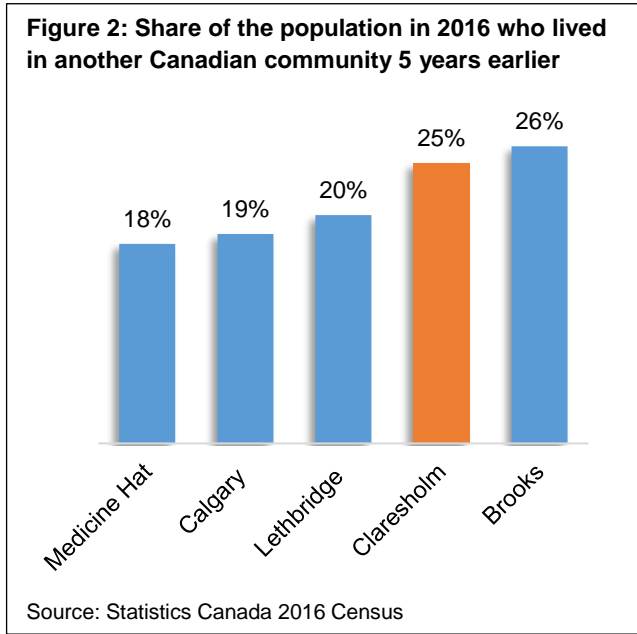
Source: Statistics Canada 2016 Census.

However, most of these new residents came from elsewhere in Canada. Only 30 people living in the community in 2016 lived in another country 5 years earlier. Overall, approximately 8% of the population living in Claresholm was born in another country.

The aging workforce: a risk for the economy?







What could happen if the community is unable to attract and retain the people it needs to support the demands of the workforce? Predicting future labour market demand is not easy, but the community clearly understands the need for population growth.

The town’s economic development office surveyed employers in 2018 as part of the Business Retention and Expansion Program and found that workforce shortages were a serious challenge for most of the firms. The Business Visitation Program Survey concluded that some businesses were operating at a less-than-optimal capacity because of difficulties recruiting staff.



What industries are at risk in the longer term if labour market needs can’t be addressed? Table 1 below reveals the industries for which Claresholm has a much higher concentration of workers compared to the rest of the country. Adjusted for size, there are twice as many people working in health care compared to the country overall. There are 84% more people working in the mining sector. Claresholm has a well-above-average concentration of workers in transportation and warehousing, as well as construction. If the workforce continues to tighten, many of these strategically important industries could struggle to find workers, and some of this economic activity could move to other communities with a stronger talent pipeline.

Table 1: Claresholm’s dominant industries: employment share compared to the national economy*

 Mining and oil and gas – 84% more	 Health care – More than double
 Construction – 14% more	 Food services – 8% more
 Transportation and warehousing – 27% more	 Finance and insurance – 5% more

*For example, adjusted for size, Claresholm has more than double the number of people employed in health care compared to the national economy. Source: Statistics Canada 2016 Census.

Claresholm’s aging entrepreneurs

Many of the community’s entrepreneurs and small business owners are getting closer to retirement, which is an additional challenge for the local economy. There are 230 self-employed people in the community, or more than 14% of the working population. This is slightly above the national self-employment rate of 12%. Claresholm could benefit from the attraction of a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as health services, retail, and transportation.

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

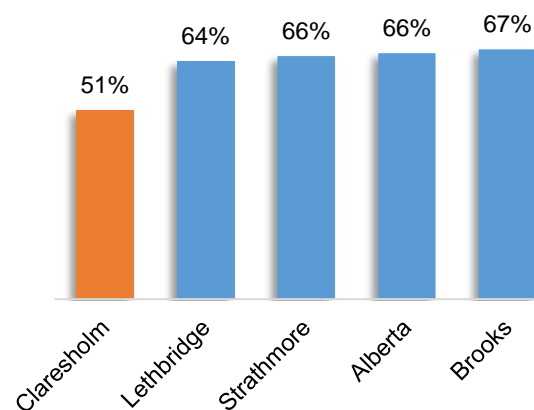
There are a number of ways Claresholm can ensure there will be enough workers in the years ahead:

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

The tightening labour market creates employment opportunities for people who previously struggled to participate in it, such as women re-entering the workforce or those with disabilities. As shown in Figure 3, only 51% of adult women are participating in the workforce compared to 66% across the province.

Another potential pool of labour is older residents who are not in the labour market. They could be enticed back by being offered flexible work and other benefits. As of the 2016 Census, only 15% of Claresholm's population over the age of 65 was participating in the workforce, compared to 21% across the province and 27% in Brooks.

Figure 3: Share of women participating in the workforce



Source: Statistics Canada 2016 Census

- **Attract people from outside the region**

There is no doubt the biggest opportunity involves the attraction of young people and families to Claresholm. Since 2013, across Canada, all net growth in the labour market has come from immigrants¹. There is a direct correlation between immigrant attraction and workforce growth. The communities with the highest immigration rates have the fastest labour market growth. A focused effort to attract more immigrants and retain them in the community may serve to ensure economic growth in the years ahead.

Immigration: boosting the Claresholm talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in Claresholm would be a strategic move to ensure that 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. Claresholm is part of the new [Rural and Northern Immigration Pilot](#) established to help smaller rural and northern communities attract and retain foreign skilled workers to meet their economic development and labour market needs.

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 \$10 million worth of new household expenditures—much of this spending in the local community².

¹ The number of Canadian-born workers exiting the workforce is greater than the number of Canadian-born workers joining the workforce each year.

² Assumes the new household spending conforms to the current spending pattern in Alberta.

Statistics show that these 100 immigrant families would spend:

- \$2.2 million per year on housing costs such as mortgage payments, electricity, and property taxes;
- \$1.4 million each year on transportation costs such as vehicle purchases and maintenance; and
- \$1 million per year on food expenditures at local grocery stores and restaurants.

These 100 new families would also generate approximately \$2.3 million worth of taxes per year for local, provincial and federal governments.

Other positive effects

Attracting more immigrants to Claresholm 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. Over 70% of Claresholm residents are at least third-generation Canadians, meaning that they were born in Canada, as were their parents and grandparents. In order to ensure the successful integration and retention of immigrants in the community, it is important that newcomers are welcomed into social life and quickly develop a strong sense of Canadian identity and social cohesion.

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 Claresholm 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 Claresholm retire and move into a new stage in their lives, it creates new economic opportunities in health care, personal services, and recreation industries. But these industries will also require new workers. In the years ahead, the community can benefit from the economic opportunities arising from more retirees and from attracting and growing the younger workforce.

Claresholm in 2035

What will Claresholm look like in 2035? Will it continue to be an important services centre in southern Alberta? In the years ahead, Claresholm faces many opportunities to grow its local economy and build on existing successes. Increasing immigration may be a critical piece that will help to secure a strong and vibrant economy in the region—and drive innovation and growth for years to come.

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