

Economic Profile Series: Drummondville, Quebec

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.

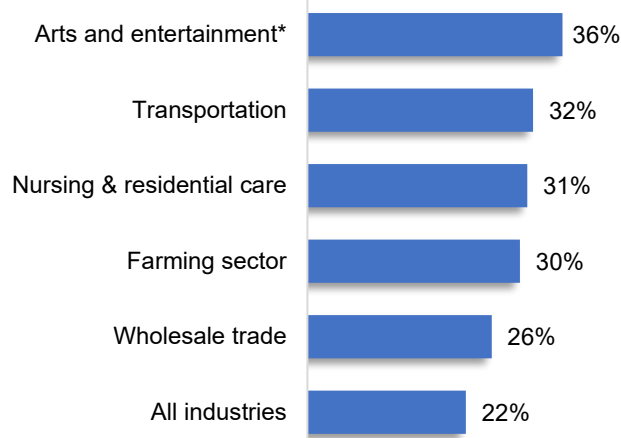
Ensuring Drummondville remains a growing and dynamic economy in eastern Quebec: the role of immigration

The looming workforce challenge

The 2016 Census reported that more than 1 in 5 people in the Drummondville workforce, or nearly 12,000 workers, were over the age of 55. More than 30% of all workers in the arts, entertainment and recreation sector, as well as the transportation, farming and nursing home sectors, are heading towards retirement in the next decade or so (Figure 1). More than a quarter of all wholesale trade workers are over the age of 55.

Even though Drummondville has a slightly younger population than the average for urban centres in Canada, there are still 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.

Figure 1: Share of the Drummondville workforce over the age of 55 in selected industries*



*includes recreation.
Source: Statistics Canada, 2016 Census.

Drummondville: a small but important urban economy in eastern Quebec

The Drummondville urban area (population 96,000)¹ is home to a large manufacturing cluster of more than 280 firms operating in a wide range of sectors from food to forest products. The area is also known as a centre of culture and tourism, and as a regional trade centre. In recent years, the community has been growing both its population and economy.

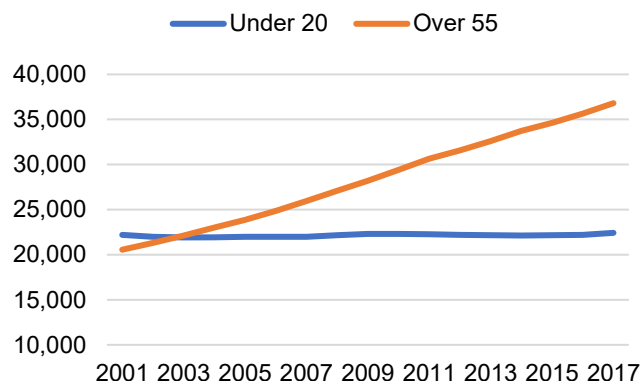
¹ The Drummondville census agglomeration area includes Drummondville and several smaller surrounding communities.

However, the population is aging

Drummondville is in relatively good demographic shape. It has a positive natural population growth rate (138 births for every 100 deaths in 2017) and continues to attract population from elsewhere in Quebec. But like most urban centres across Canada, the number of young people in the community is now considerably less than the number of older residents.

In 2001, across the Drummondville region¹, there were 108 young people under the age of 20 for every 100 people over 55. By 2017, that figure had dropped to only 61 young people for every 100

Figure 2: The demographic shift in Drummondville region* – population change by age group



*Drummond (Municipalité régionale de comté).
Source: Statistics Canada, Table: 17-10-0084-01

over the age of 55. (Figure 2 shows the growth/decline by age group.) This imbalance will need to be addressed if the community is to continue its growth.

The aging workforce: a risk for the economy

Drummondville's labour market has been growing in recent years. The number of people working increased by a robust 16% between 2008 and 2016, and the number of self-employed people expanded by 30% (Table 1).

But there are indications that the aging population is starting to impact the workforce. Between 2008 and 2016, the number of residents who collect Quebec Pension Plan income rose by more than 50% and, as indicated above, there is another wave of older workers heading towards retirement in the near future.

In addition, according to Statistics Canada's Job Vacancy Survey, the number of vacant jobs in the Centre-du-Québec region, of which Drummondville is a main urban centre, rose by 92% in 2018 compared to 2016². The job vacancy rate now ranks fourth highest out of 16 economic regions across Quebec.

Table 1: Changing labour market indicators: Drummondville*

Source of income	2008	2016	Change
Employment income	45,610	52,850	+16%
Wages, salaries and commissions	42,950	49,490	+15%
Self-employment income	4,990	6,510	+30%
Quebec Pension Plan (QPP) income	16,310	24,820	+52%
Job vacancies	1,753	3,368	+92%

*All statistics are for the Drummondville census agglomeration area except job vacancies, which are for the Centre-du-Québec region. Job vacancy figures are based on the average for the first 3 quarters of each year.
Source: Statistics Canada, Tables 11-10-0007-01 and 14-10-0325-01.

¹ Annual population estimates are only available for Drummond (Municipalité régionale de comté).

² Average quarterly job vacancies for the first 3 quarters of 2018 compared to the same period in 2016.

There has been very little immigration

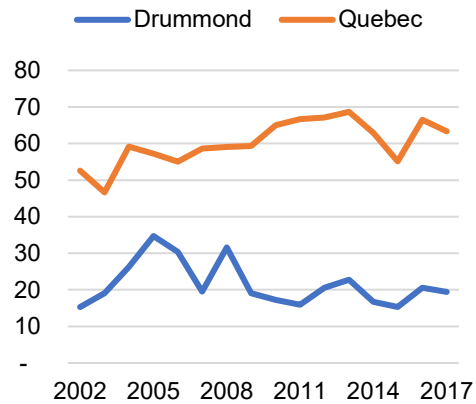
Unlike many small and mid-sized urban centres across Canada, the Drummondville region has not benefitted from an increase in immigration to help offset this substantial demographic shift. According to Statistics Canada, for more than a decade the region has attracted fewer than 200 immigrants per year, or an immigration rate of less than 20 newcomers per 10,000 population. As shown in Figure 3, the immigration rate was actually higher back in the middle of the previous decade.

What are the impacts of increased retirement on the Drummondville economy?

Predicting future labour market demand is not easy, but the community clearly understands the need for population growth. The Drummondville City Council has said it [wants to continue](#) to grow its strong manufacturing sector, as well as the services sector of the economy. In general, the city is focused on strengthening its role as the capital of the Centre-du-Québec region.









What industries are at risk if labour market needs can't be addressed? Table 2 reveals some of the industries for which Drummondville has a much higher concentration of workers compared to the rest of the country. Clearly the community has a very important manufacturing sector, but it also has a relatively high concentration of workers in trade and truck transportation, as well as in the farming sector.

Figure 3: Immigration rate per 10,000 population*



*Drummond (Municipalité régionale de comté).
Source: Statistics Canada, Table 17-10-0084-01.

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

 Food manufacturing – nearly twice as many	 Farming – 58% more
 Paper manufacturing – nearly 5 times as many	 Retail trade – 12% more
 Wood product manufacturing – 76% more	 Wholesale trade – 36% more
 Fabricated metal product manufacturing – 3 times as many	 Truck transportation – 94% more

*For example, adjusted for size, Drummondville has nearly twice as many people employed in truck transportation compared to the national economy. Source: Statistics Canada 2016 Census.

Drummondville's aging entrepreneurs

The community's entrepreneurs and small business owners are getting closer to retirement, which is an additional challenge for the local economy. Across all industries, one-third of persons who are self-employed are over the age of 55. Drummondville could benefit from a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as trade, professional services and tourism.

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

The Drummondville 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**

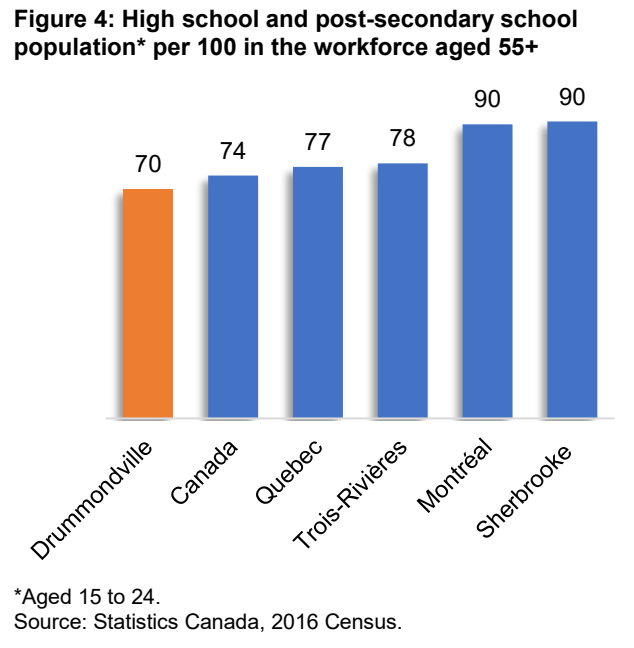
The community is home to the CÉGEP de Drummondville, which provides a pool of post-secondary graduates for the local workforce. However, compared to many other small and larger urban centres, the community is at a relative disadvantage. In 2016, there were 70 young people aged 15 to 24 in school for every 100 people in the workforce over the age of 55. This compares to more than 90 in Montréal and Sherbrooke (Figure 4). If the community is able to attract more students (Canadian and international) it may help to build a larger young talent pipeline for local industry 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. 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. In addition, 23% of all wage and salary earners in Drummondville also collected Employment Insurance income during the year (2016). Some of the people who are currently working seasonally may be attracted into full-time, full year employment.

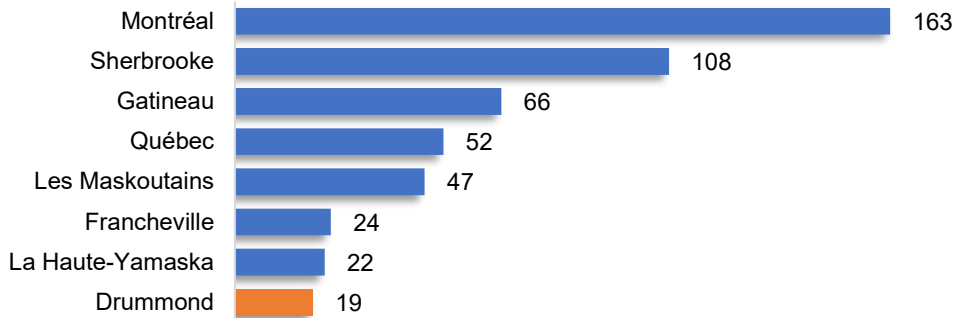
- **Attract people from outside the region**

One way to grow the talent pipeline will be to attract young people and families to Drummondville. Since 2013, all net growth in the labour market across Canada has come from immigrants³. 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. Immigration into Drummondville is well below average for urban centres across Canada and is considerably below the faster growing regions in Quebec (Figure 5).



³ The number of people born in Canada exiting the workforce is greater than the number of people born in Canada joining each year.

Figure 5: Annual immigration rate for selected census divisions in Quebec (2017) – number of immigrants per 10,000 population



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

Immigration: boosting the Drummondville talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in Drummondville would be a strategic move to 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.

Helping to grow local economy

Attracting more immigrants in the coming years would create new demand for local products and services. Every 1,000 new immigrant families with an average household income directly generate more than \$73 million worth of new household expenditures, much of this spending in the local community⁴.

Statistics show that these 1,000 immigrant families would spend:

- \$14 million per year on housing costs, such as mortgage payments, electricity and property taxes
- \$12 million each year on transportation costs, such as vehicle purchases and maintenance, and
- \$7.5 million on food expenditures at local grocery stores and restaurants.

These 1,000 new families would also generate some \$22 million worth of taxes per year for local, provincial and federal governments.

Other positive effects

Attracting more immigrants to Drummondville 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 does not have much recent history with immigration. Nearly 94% of Drummondville residents are at least third-generation Canadians, meaning they were born in Canada, as were their parents and their grandparents. This has created a strong social cohesion that contributes to the high quality of life in the region.

It is important that newcomers are welcomed into our social life and quickly develop that strong sense of Canadian identity and social cohesion. There are efforts underway to ensure newcomers are

⁴ Assumes the new household spending conforms to the current spending pattern in Quebec.

welcomed into the community, such as the [Regroupement interculturel de Drummondville](#) (link opens in French only).

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

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

Drummondville in 2035

So, what will Drummondville look like in 2035? Will it continue to be a major manufacturing hub in the Centre-du-Québec region? Will it have the workers needed to support the farming, trade and tourism sectors? Will the workforce be there to ensure the region can take advantage of new opportunities?

By significantly increasing immigration, Drummondville will be better positioned to achieve the vision it has set out for itself.

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