

# ECONOMIC VIEWPOINT



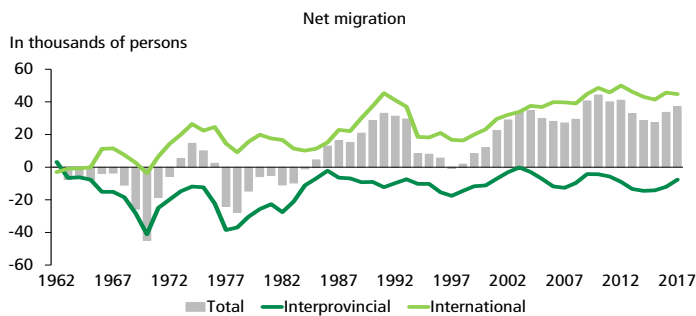
## Quebec's Net Migration With Other Provinces Is Improving

While Quebec relies, to some extent, on international immigration to alleviate its labour shortage in many of the province's sectors and regions, the equation appears to give less consideration to cross-country movements by workers. For many years, net migration between Quebec and the rest of Canada, particularly Ontario, was negative. The situation has improved considerably in the past three years, as the difference between the number of people settling in Quebec and those leaving to other provinces has been nearly halved. Will this positive trend continue? If the jobless rate stays low and wages continue to grow faster than elsewhere in the country, this should foster worker retention while limiting the number of people leaving Quebec. However, it would be surprising for interprovincial net migration to turn positive and stay that way.

### Overview of Net Migration

In a context where labour is increasingly scarce, Quebec's population movements abroad and to other Canadian provinces are becoming more of an issue than in the past. International net migration, that is, the difference between the number of people arriving from outside Canada and those departing to other countries, has been largely positive for the past 15 years (graph 1). In 2017, Quebec posted a net gain of approximately 45,000 people with various countries, as close to 52,500 arrived from abroad and about 7,500 left the country.

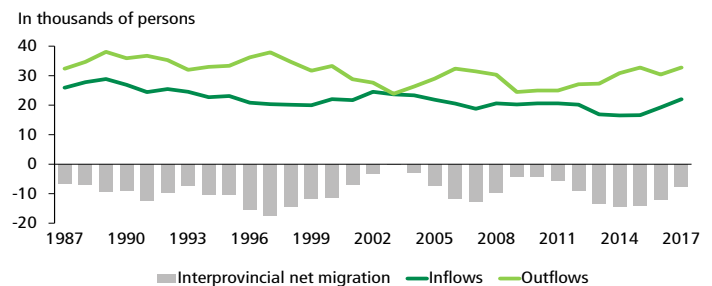
**GRAPH 1**  
Quebec's net migration with other provinces and with other countries



Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

However, provincial movements are less favourable. The difference between Quebec's inflows and outflows has virtually always been on the loss side, except for a few years when net interprovincial migration was nil (as in 2003) or slightly positive (as in 1962). Last year, 33,000 people left Quebec to settle elsewhere in the country, mainly Ontario. During this period, close to 22,000 individuals made the trek in the opposite direction (graph 2). The result was a negative balance with the other provinces of around 11,000 people for Quebec in 2017. Quebec's total net migration in relation to other countries and the rest of Canada was 37,140 last year. Overall, the number of people settling in Quebec every year is higher than the number of people leaving.

**GRAPH 2**  
Quebec's population movements with other provinces



Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

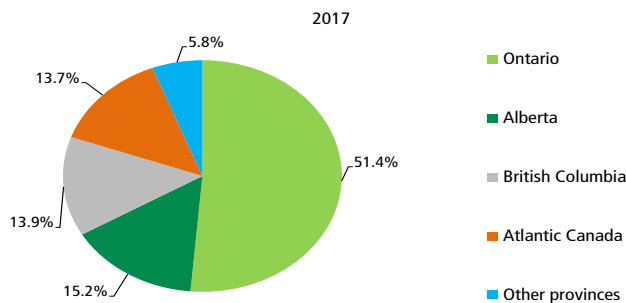
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**Movements With Ontario Dominate**

Ontario is the main recipient of Quebec’s migration exchanges with other provinces. Last year, close to half of Canadians who came to settle here did so from the neighbouring province (graph 3). The rest came primarily from Alberta, British Columbia and Atlantic Canada. The movements are similar in the opposite direction. Quebecers moving to the rest of the country head to Ontario for the most part, and then in equal numbers to Alberta, British Columbia and Atlantic Canada (graph 4). Periods of high oil prices make a difference for Alberta; the favourable economic situation and low jobless rate draw workers to this province and make it easier to retain them. British Columbia, whose unemployment rate has been lower than Quebec’s for many years, also generates interest in interprovincial mobility. The situation has, however, changed for New Brunswick over the past 15 years. That province used to rank second for both outflows to and inflows from Quebec, but has gradually slipped to fourth place. The Atlantic region as a whole has also held this position for the past few years.

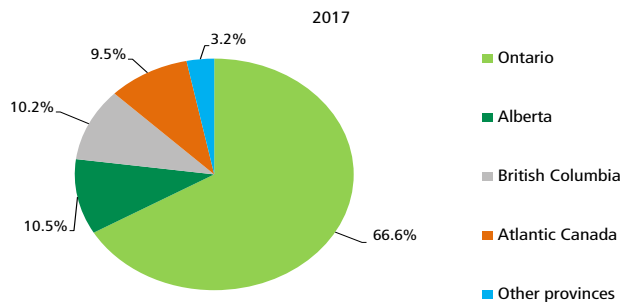
Quebec’s population movements within Canada in both directions are concentrated in Ontario. There are many reasons to explain this. Geographic proximity and bilingualism are factors, particularly for workers in the greater Ottawa–Gatineau area. The presence of the federal capital tends to foster relocation on both sides of the Ottawa River. Last year, the number of people leaving to other provinces was similar to the number of people moving to Quebec in the Gatineau census metropolitan area (CMA). Interprovincial net migration for this CMA has been practically nil for the past few years (graph 5).

**GRAPH 3**  
**Origin of people from the rest of Canada settling in Quebec**



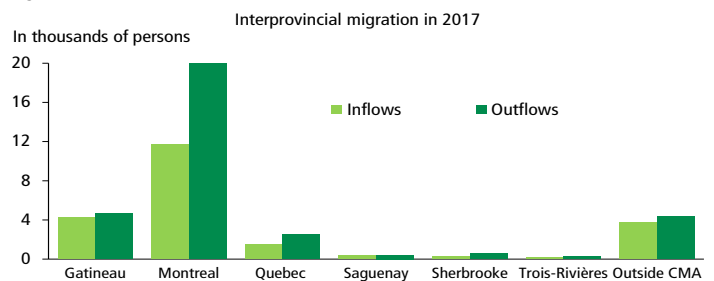
Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

**GRAPH 4**  
**Destination of people from Quebec moving to the rest of Canada**



Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

**GRAPH 5**  
**Population movements between Quebec and other provinces, by CMA\***



\* Census metropolitan area.  
Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

**Montreal Leads CMAs**

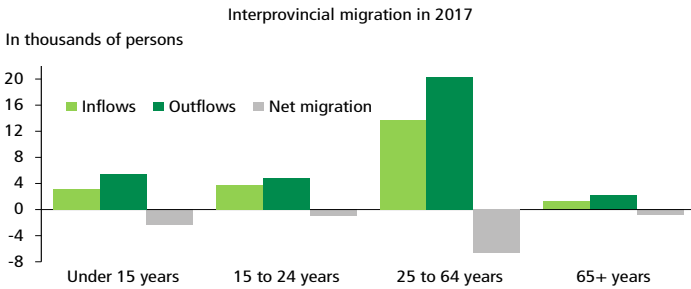
The highest number of movements with other provinces is in the Montreal CMA. Given that approximately half of Quebec’s population lives in this agglomeration and bilingualism there is fairly common, a large number of people relocate compared to anywhere else in the province. As a matter of fact, around 75% of Quebec’s interprovincial migration loss comes from the Greater Montreal area.

Few movements with other provinces come originate from the Quebec, Sherbrooke, Trois-Rivières or Saguenay CMAs. However, a fairly high number of inflows into and outflows out of Quebec occur outside the six major metropolitan regions, with roughly 4,000 people moving in both directions in 2017. The extent of movements outside the province’s major cities is even similar to that of the Gatineau CMA.

**Students Part of the Equation**

Academic pursuits are another explanation for movements between provinces. Many students from Ontario, and some from elsewhere in Canada, pursue their university education in Quebec, with Montreal being the main destination as it boasts many institutions of higher learning. Conversely, some Quebec students move to Ontario or other provinces to finish their studies. Population movements by age group confirm that the student population plays a part in this respect (graph 6 on page 3). Once they finish their studies, some students stay where

**GRAPH 6**  
Population movements between Quebec and other provinces by age group



Sources: Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

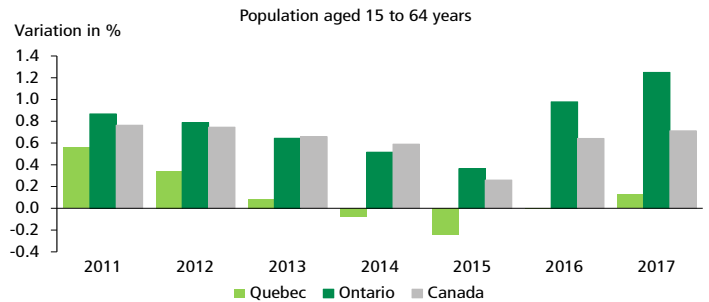
they are to begin their career, while others return to their home province or go elsewhere to practise their trade.

**Labour Mobility**

However, most movements with other provinces can be accounted for by inflows and outflows of people aged 25 to 64 and their children. These are essentially labour market participants and their families. Some specialized workers, mainly in cutting-edge industries, opt to change provinces in order to practise their trade based on the location of centres of excellence, in high tech industries in particular. The economic circumstances specific to each province and the labour market conditions are also factors influencing the decision to settle elsewhere. Aside from employment income, access to certain public services, such as child care and a range of social programs, may also tip the balance, as could taxation. The comparative cost of living, especially rent and home prices (which are much higher in some provinces), is sometimes included among the deciding factors. From a financial perspective, after-tax income and some types of expenses may therefore be considered prior to relocation.

The health of the labour market is certainly one major factor in drawing workers. From the mid-1970s to the end of the 2000s, Quebec’s jobless rate was systematically higher than Ontario’s. The lack of available jobs in some of the province’s sectors drove part of the workforce to move to the neighbouring province. Those days are over; both provinces now have a similar unemployment rate of 5.5%. In light of the rapid ageing of the population in Quebec, the number of retirements is not entirely offset by new incoming workers. The number of people aged 15 to 64 has therefore been dropping in recent years, but is continuing to rise in Ontario. As a result, the potential labour pool in Quebec is shrinking, which is not the case elsewhere (graph 7).

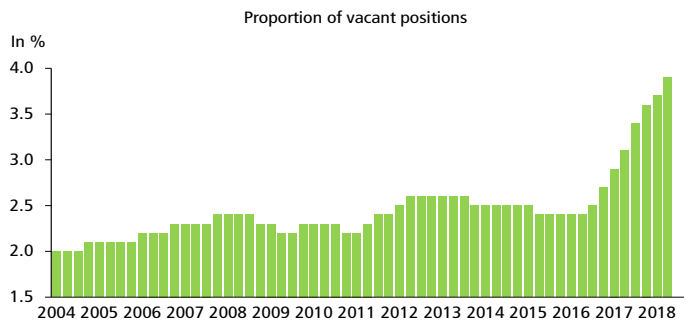
**GRAPH 7**  
Pool of potential workers shrinking in Quebec



Sources: Statistics Canada and Desjardins, Economic Studies

The proportion of vacant positions has consequently soared since last year (graph 8), with Quebec even posting the highest ratio of all Canadian provinces, at 3.9%, representing 109,600 vacancies to be filled. The unemployment rate in most parts of Quebec is now below 6%, a sign that labour shortages are widespread. In theory, this should foster worker retention in the province, especially since wage increases have accelerated to 4% this year, compared to roughly 3% in Ontario. Even though the wage level is still higher in Ontario, the gap with Quebec is tending to narrow. Labour market conditions are not the only ones to influence migration between provinces, but the current context is more conducive to worker retention than before, including the retention of international immigrants who arrived in Quebec a few years ago (box on page 4).

**GRAPH 8**  
Proportion of vacancies to fill in the private sector soared in Quebec



Sources: Canadian Federation of Independent Business and Desjardins, Economic Studies

**What Does the Future Hold?**

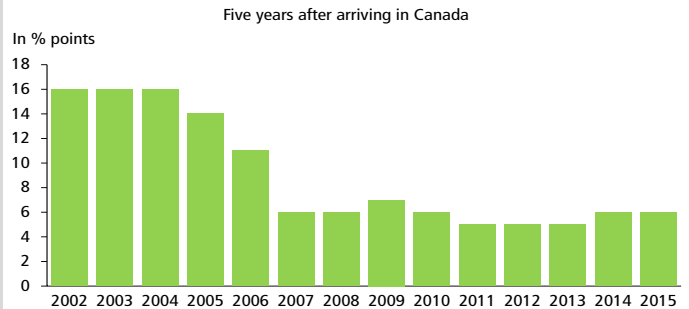
The fact that Quebec’s migration loss with other provinces is fading is excellent news. This positive trend is not attributable to just an improvement in the labour market as a result of favourable economic conditions. A demographic factor, that is, the rapid ageing of the Quebec population due to a different age structure than Ontario’s, is contributing to the sharp decline in Quebec’s jobless rate and to wage growth. This improvement

## BOX Immigrant Movements Between Provinces

The fact that some international immigrants leave the province after a few years to settle elsewhere in the country undoubtedly contributes to higher outflows, which is unfavourable to Quebec's net migration. However, a relatively small share is attributable to this phenomenon. Approximately 15% of the people who move from the province to somewhere else in Canada every year are apparently international immigrants who had been living in Quebec for five years. According to a recent research paper from the Institut du Québec (IdC),<sup>1</sup> the immigrant retention rate in Quebec was 84.3% from 2010 to 2015, a marked improvement over the past 15 years. In addition, the gap with Ontario narrowed substantially during that time (graph 9).

Even though progress has been made over the past few years and the jobless rate gap between international immigrants and the rest of the population has narrowed, some newcomers prefer to settle elsewhere in the country after a few years. According to the IdC, the employment rate among immigrants aged 25 to 54, that is, the proportion of immigrants in this age group who work in Quebec, rose from 72.1% to 77.8% between 2007 and 2017, nearly catching up to Ontario (78.4% in 2017). There is little doubt that the significant improvement in labour market conditions will encourage more international immigrants to stay in Quebec and that future retention rate statistics will be higher. Net migration with other provinces should continue to improve partly for this reason.

**GRAPH 9**  
Gap in international immigrant retention rate between Quebec and Ontario



Sources: Statistics Canada, Institut du Québec and Desjardins, Economic Studies

<sup>1</sup> *Immigration and the Labour Market: The Situation Is Improving, but Some Challenges Remain*, Institut du Québec, September 2018, 24 p.

should foster worker retention in Quebec while limiting the number of people leaving to other provinces, particularly Ontario. Even though the interprovincial migration loss of approximately 10,000 people will subside over the years, this will be insufficient to fill the some 100,000 positions currently vacant in the private sector. It could be part of the solution to remedy the labour shortage, but other avenues will have to be explored. More encouragement is needed for retention of older workers through financial incentives, flexible work hours and work schedules better suited to their needs. At the same time, unemployed workers should be trained so that they can join sectors that are short of staff in order to limit outflows from the province. Greater participation by people on the fringes of the labour market who are suitable candidates would also be of benefit. In short, movements by people between Quebec and other provinces are playing a marginal role in the lack of employees in many companies. Gains in this respect would be a step in the right direction.

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