

## Canada's Horizons

A look into the Canada of 2040

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1 in 3 people will be born outside Canada

choices about how to respond to disruptive technology, economic inequality and societal change. We can recognize the seeds of some of these changes in our current reality. Reconciliation with Indigenous communities has become a significant national priority, but there are still substantial barriers to improving quality of life on and off reserves. The aging population and increased income inequality will put more pressure on Canada's social safety net. New Canadians, including refugees, will continue to arrive in larger numbers. Climate change and its impacts will touch every community in Canada in new ways.

This is a snapshot of what we heard from our interviews with a diverse group of thought leaders across the country, as well as an analysis of dozens of research studies, projections, and commentaries. This report summarizes what we heard and learned through this process. It is not a comprehensive set of predictions about the future, but a signal of trends that will affect us in significant ways. This report serves as a starting point for a meaningful conversation about the challenges and opportunities Canada will face in the next two decades. It's critical for all of us to work together as early as possible, to confront those challenges and capitalize on those opportunities with clear and reliable information, informed ideas and productive dialogue. The Federation of Canadian Municipalities is doing this by engaging citizens and leaders across Canada to embrace and respond to the changing world together. This report aims to do the same.

So let's start the discussion.

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## People

Canada is already one of the most diverse countries in the world, but in the next two decades the rate of change in our population will be the most dramatic in four centuries. Projections suggest that by 2040, all of Canada's growth will come from immigration – a level not matched since European settlement of the 1600s. The change will be enormous, permanently altering Canada demographically, culturally and socially.

If anti-immigration sentiments in other countries continue, Canada will be in even greater demand as a safe haven for immigrants and refugees. In addition to political and economic migrants, some may arrive as climate change refugees, from countries ravaged by environmental disasters. There are projections that anywhere from 25 million to one billion humans could be displaced by climate change by 2040, their homes and habitats destroyed by weather events and rising sea levels.

Among new Canadians, Statistics Canada forecasts that 50 per cent will arrive from Asia. Others will come from the Caribbean and Eastern Europe. Nearly all of these newcomers will settle in larger cities, particularly Toronto, Montreal and Vancouver. Within a few decades, just under one-third of Canadians will be members of a visible minority and about half will be either foreign-born or have at least one parent who immigrated to Canada.

"Increased immigration is not only a positive, it is a necessity," says Alan Broadbent, Founder, Chair and CEO of Haskin. "With a larger population we would have more resilience."

# ANNUAL REPORT FCM - FEDERATION OF CANADIAN MUNICIPALITIES REPORT OF CANADIAN MUNICIPALITIES, VIEWING TRENDS AND THOUGHTS ON WHAT 2040 COULD BE

Indigenous youth could be a big part of bridging the skills gap of the new economy.

While this transformation is taking place, many Canadians will be aging. The final segment of baby boomers will be entering long-term care facilities and seniors' homes; the youngest of the boomers will be 80 in 2040. Health care spending will rise dramatically as new treatments are developed and there is a greater demand for geriatric services. Today, there are approximately 700,000 Canadians aged 85 and older. In 2040, the number will more than triple to approximately 2,200,000. How we manage this demographic shift must be a critical part of our public policy debate over the next 20 years.

Beyond sharp demographic shifts, inequality can quickly grow if left unchecked. Despite all the social progress achieved in the past few generations, inequality will very likely become more pronounced in the years ahead. The "gig economy," the term used for transient employment or project-related opportunities, will continue to replace permanent full-time employment, putting downward pressure on wages. Already, part-time employment growth has surpassed full-time, increasing on average 2 per cent faster and accounting for more than 60 per cent of new jobs in 2016. Today, 30 per cent of the workforce is made up of freelance or term-position

workers. Some that as early as 2015, the use of contract workers was growing. In addition, gig technology will work to help employees in need of debt to incur risk, particularly continues to its have seen over. Across the employment market, the pressure on the produce people skills and skills knowledge. The regular retraining of experienced with change in programming, a specialized one to be taught on for the next gen.

One of the young growing could be Indigenous First Nations in 20 cent of the and with 4.4 per cent child being born if reconciliation next few years' improvements, that young man or woman could have much greater quality of life and access to clean water, health care, education and employment opportunities.

Our energy sources will be more sustainable and clean



67%

67% of Canada's power will be renewable energy

on carbon, which will stimulate a transition to renewable energy. But for Canada and other countries to meet their targets, significant improvements are required in traditional renewables like wind and solar power so they can assume a greater share of the generating burden. Even if capacity increases, the cost of producing renewable energy could be significantly higher than other sources, with the initial capital costs being a leading driver. Governments will face big decisions about whether to invest in much costlier sources of renewable energy or fall short of their commitments to reduce emissions.

As we increase our reliance on electrical energy, we could reduce the resiliency of our energy supply. Any disruptions in service would have much broader implications than they do today. Transportation and other infrastructure would be at risk as well. As the energy mix changes over the next few decades, governments will need to consider not just the capacity, but the security of the system.

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Canadians are their modes of transportation.

Canadians



Despite pressure on public finances, dual-purpose infrastructure built for both climate and commerce will need to become standard practice. "We need to rethink how infrastructure is built," says Muratza Haider, professor at Ryerson University. "We know that our old infrastructure is wearing and is unable to cope with future demands. We need strategic investment in projects that have an economic case and are built to sustainably enhance economic activity and individual wellbeing."

Significant investments in communications networks are required to fulfill the demands of the next generation.

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