

TD ECONOMICS

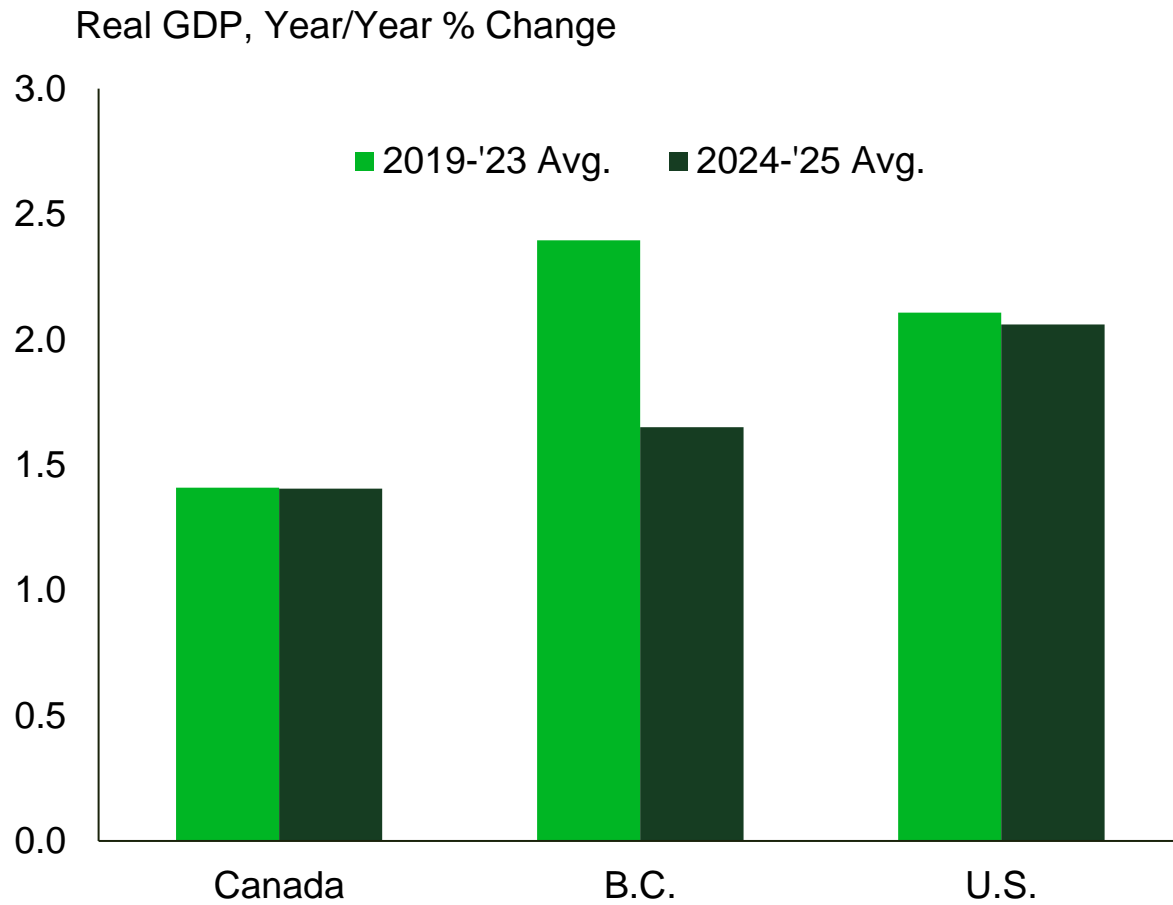
The Silver Tsunami – Economic Impacts and Opportunities

Derek Burleton, Vice President and Deputy Chief Economist

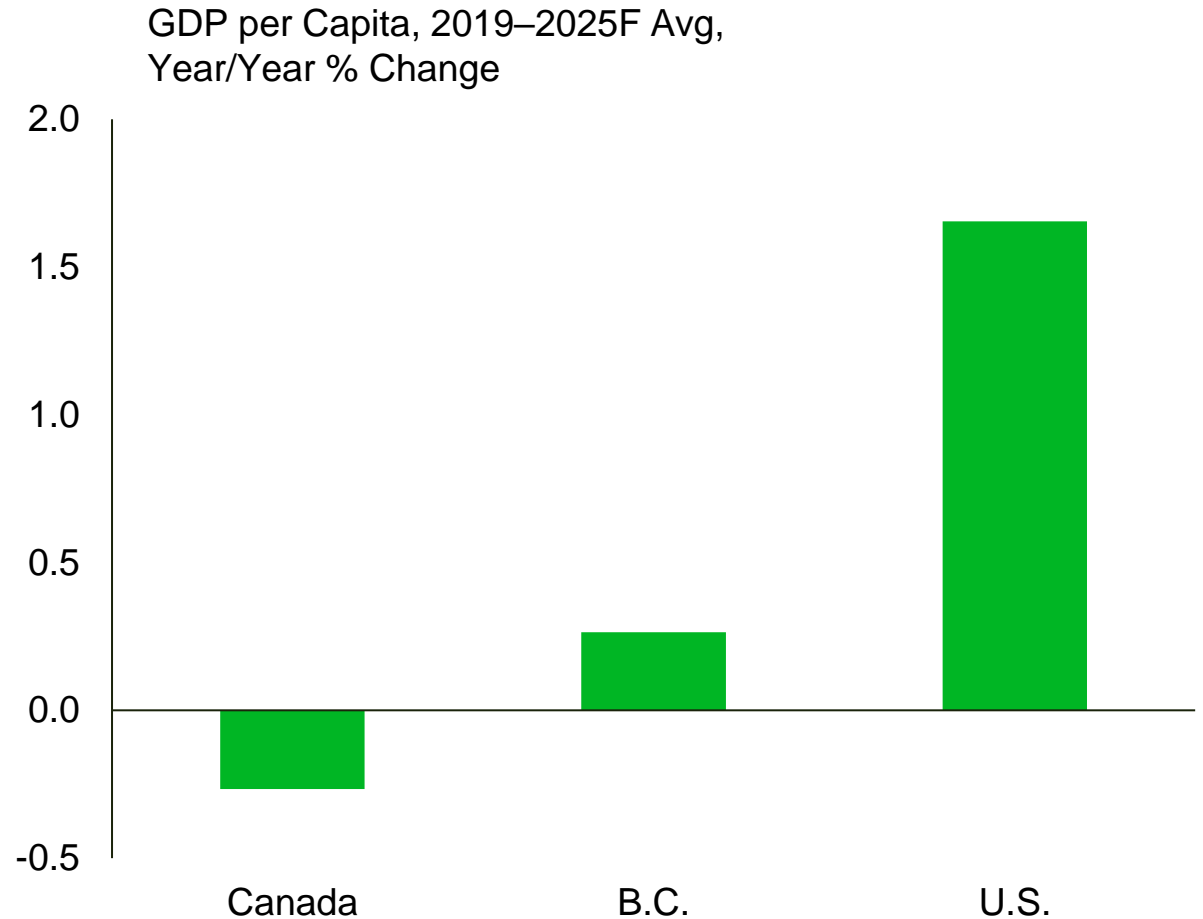
May 2024



B.C. Has Been A Growth Leader Since 2019 But Nearly Stagnant in Per-Capita Terms



Source: Statistics Canada, BEA, TD Economics

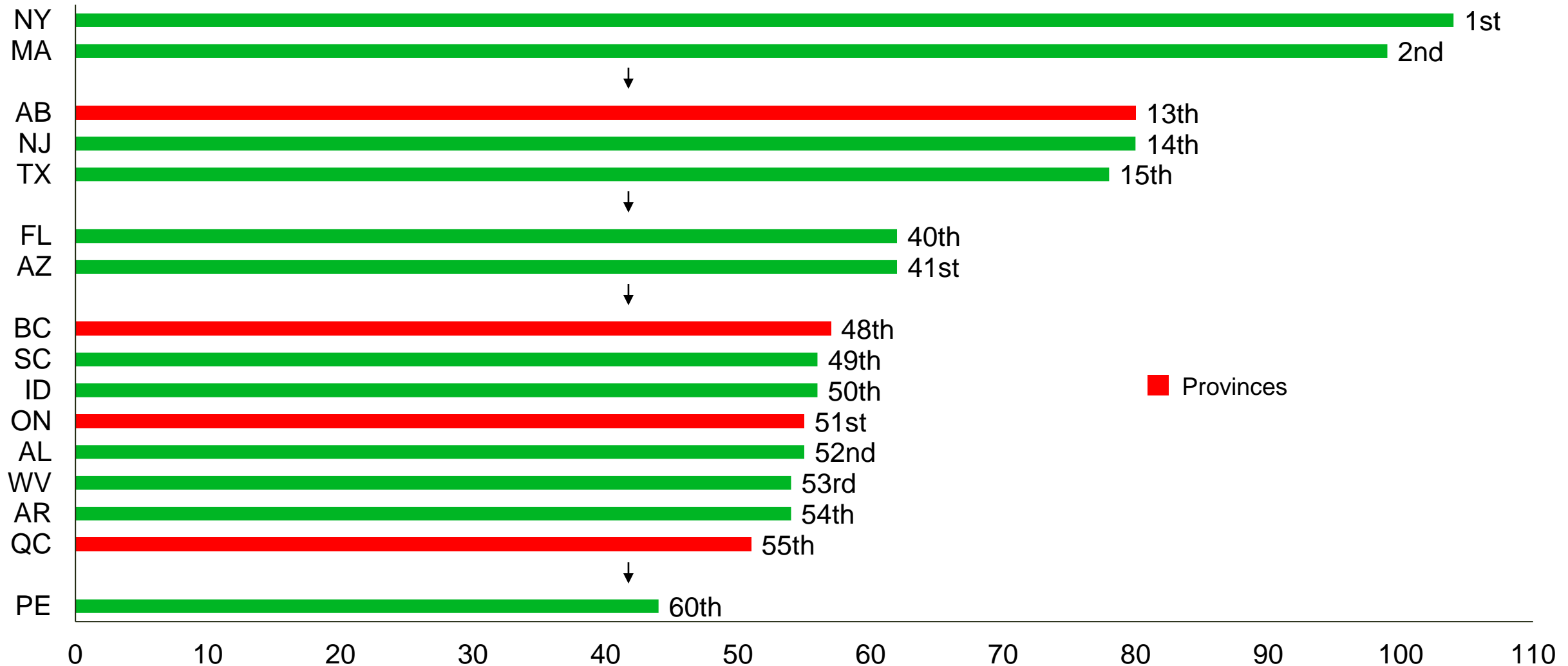


Source: Statistics Canada, BEA, TD Economics.

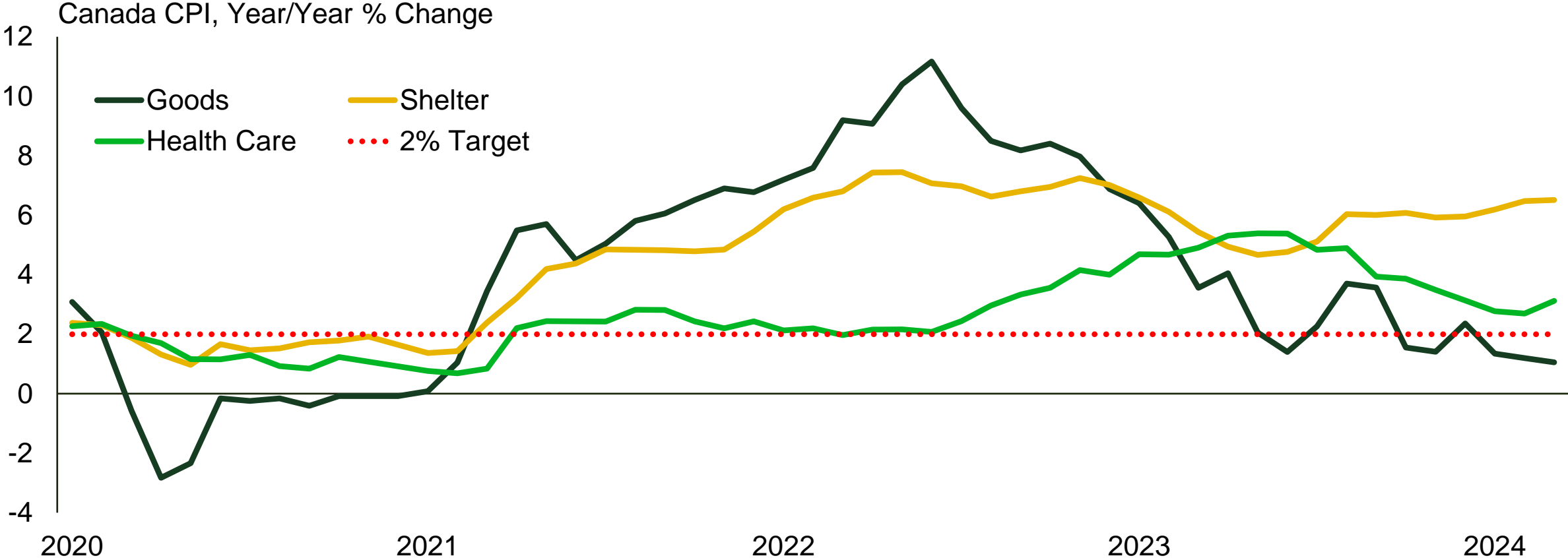
B.C. Ranks 48th In Relative Living Standards Across US & Canada



GDP Per Capita, Thousands (USD)

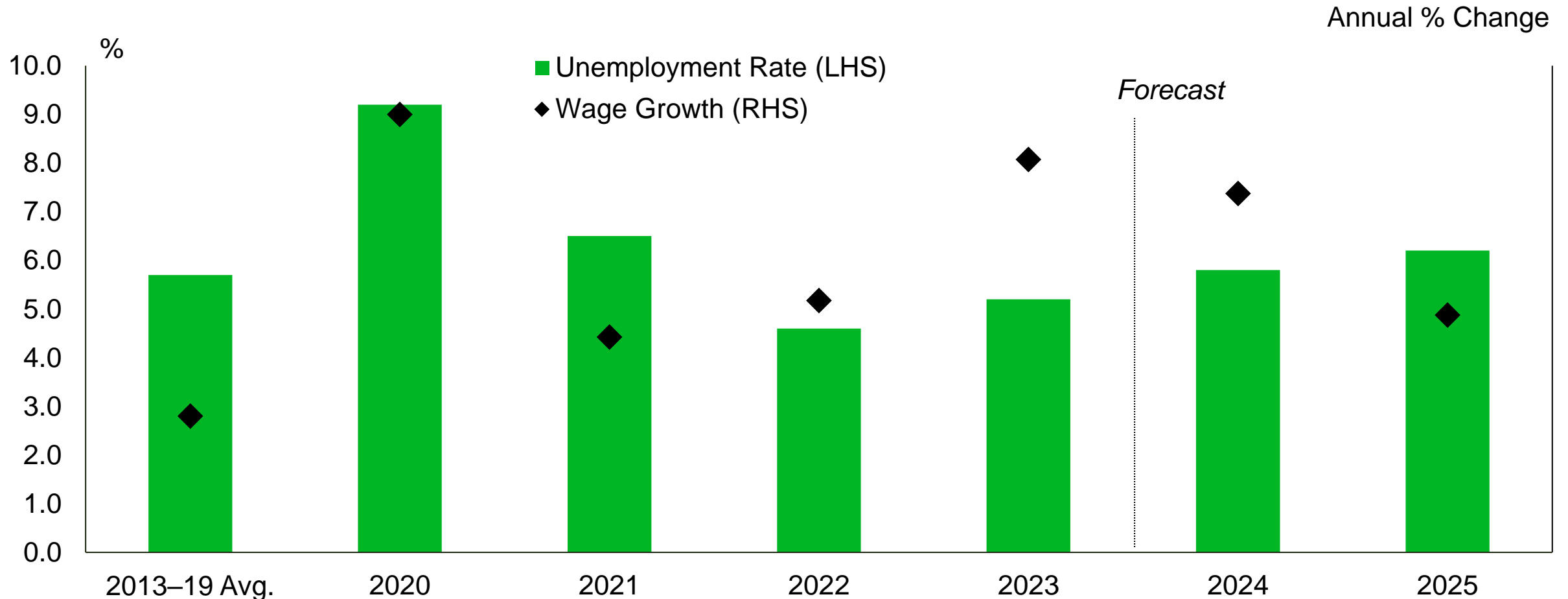


Progress Back to 2% Inflation Continues Despite Stubborn Pressure From Shelter and Health Care



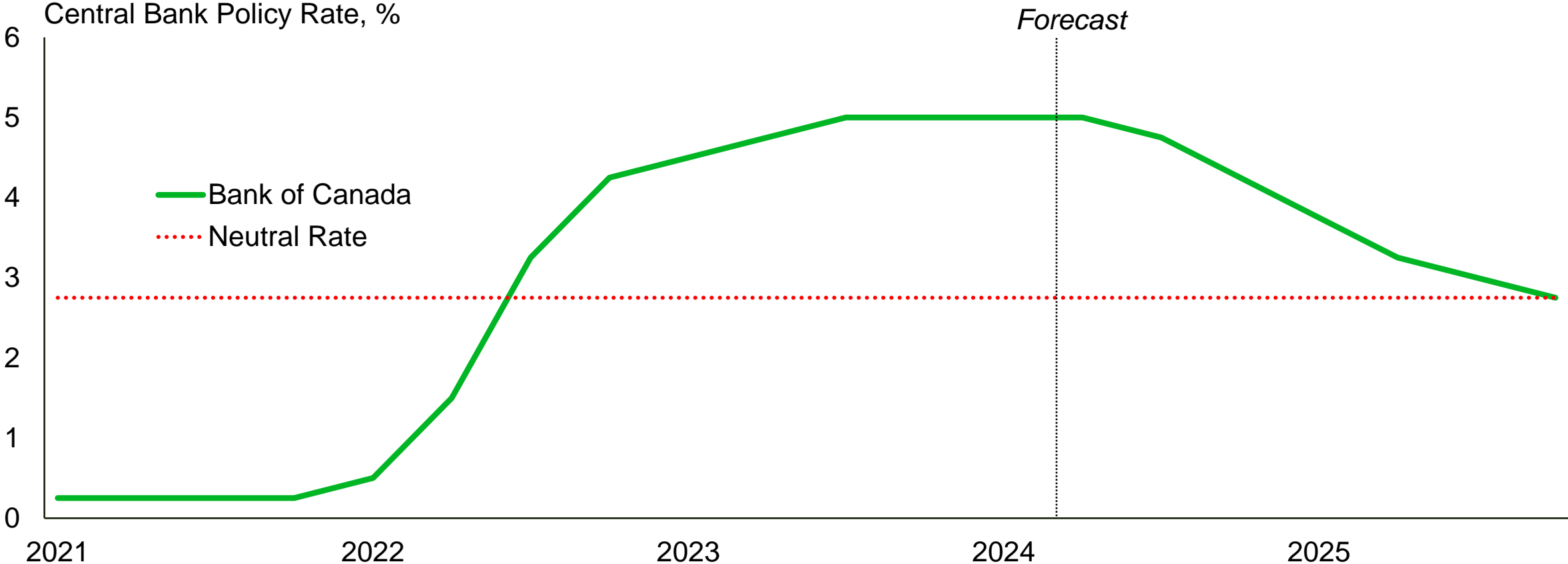
Source: Statistics Canada, TD Economics. Last Observation: March 2024.

B.C. Job Market Has Moved Into Excess Supply, Wage Growth to Moderate Next Year



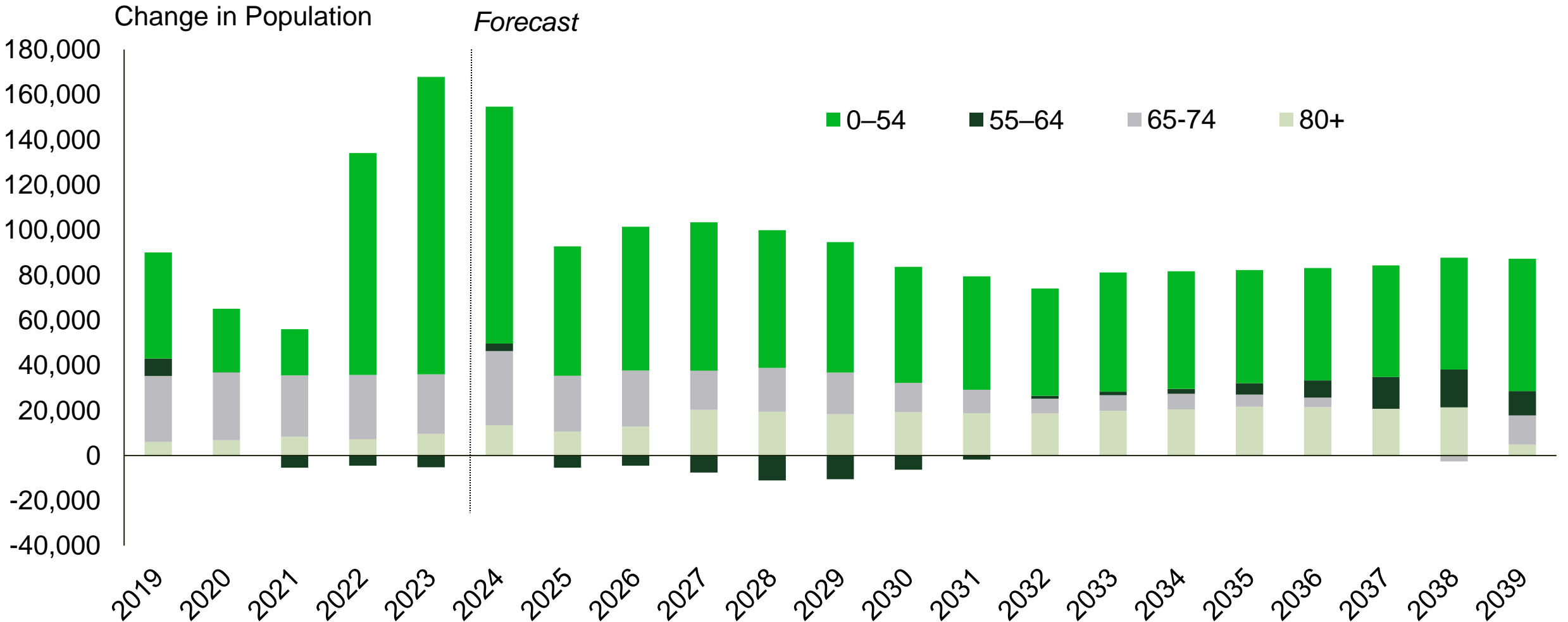
Source: Statistics Canada, TD Economics.

Canadian Interest Rates To Stay Higher For Longer



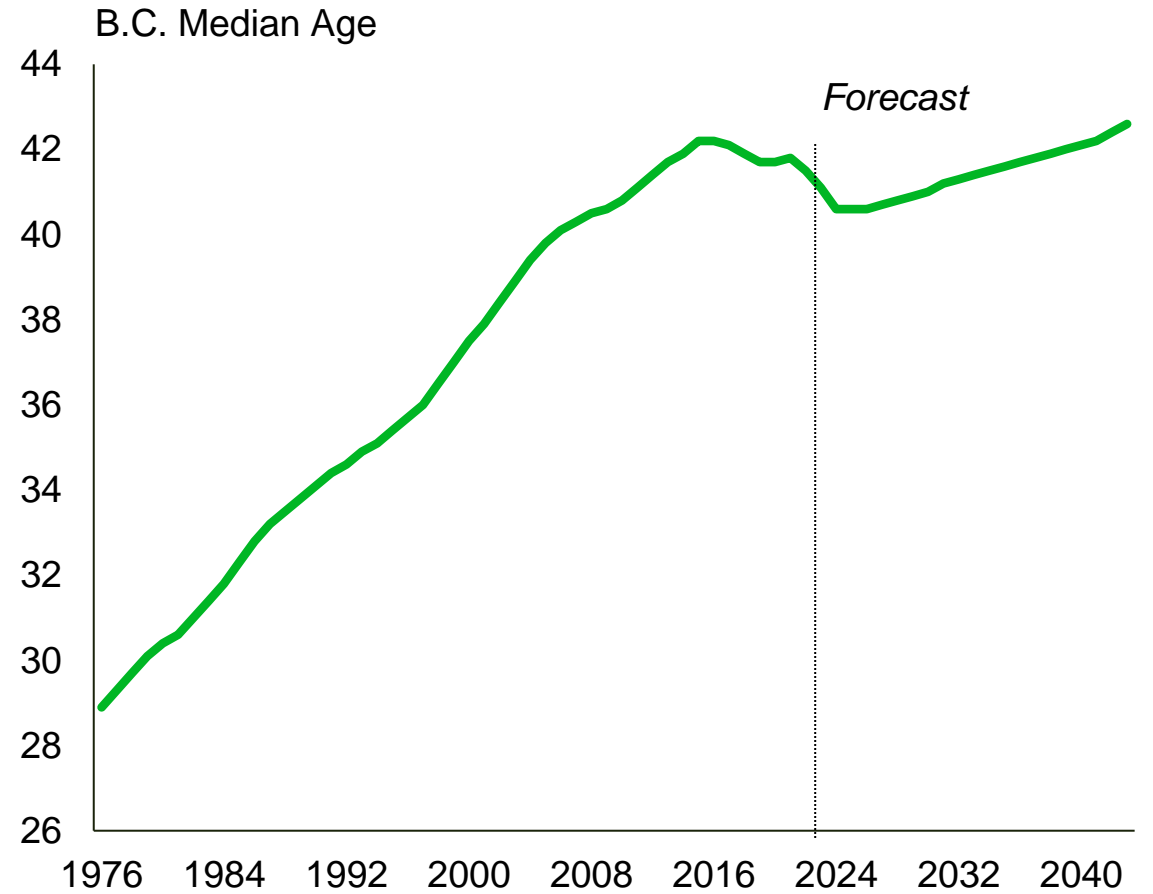
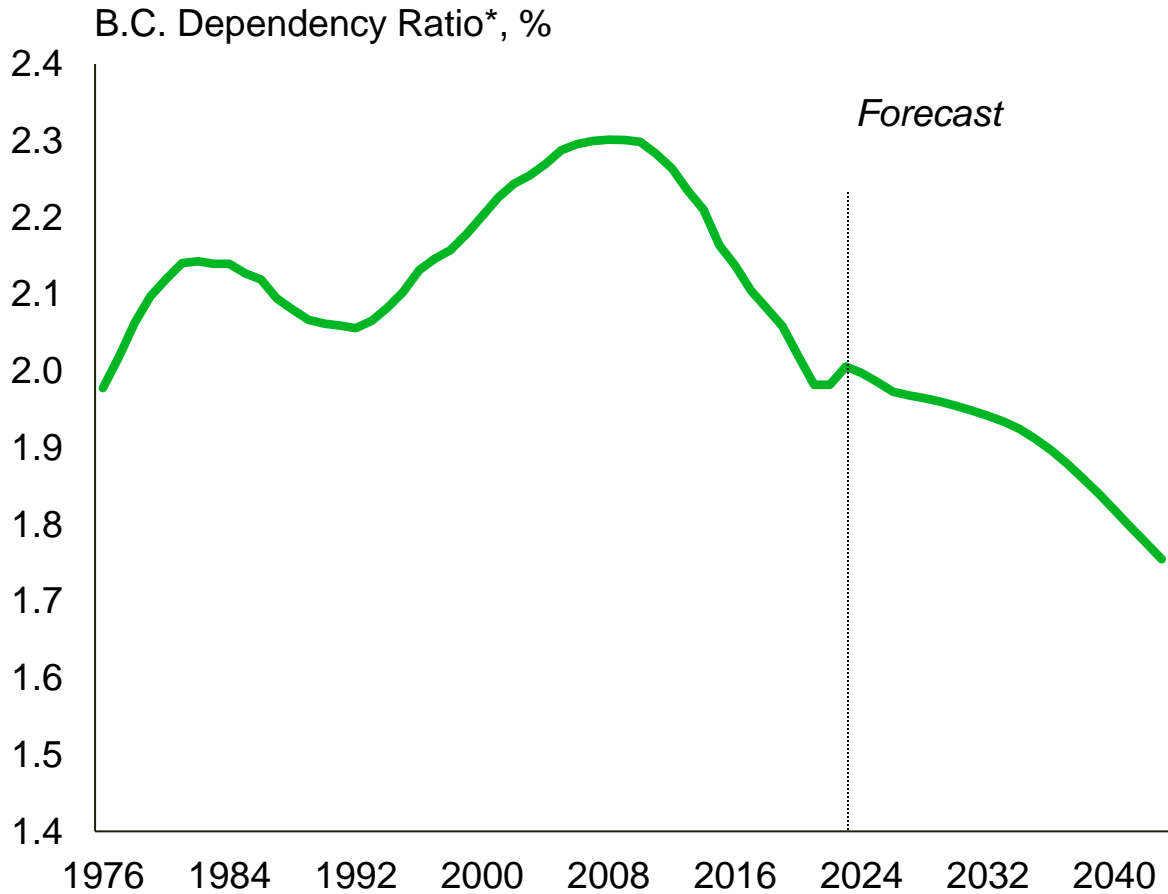
Source: Bank of Canada, Federal Reserve, TD Economics.

The First of the Baby Boomers Poised to Reach 80



Source: Statistics Canada, TD Economics.

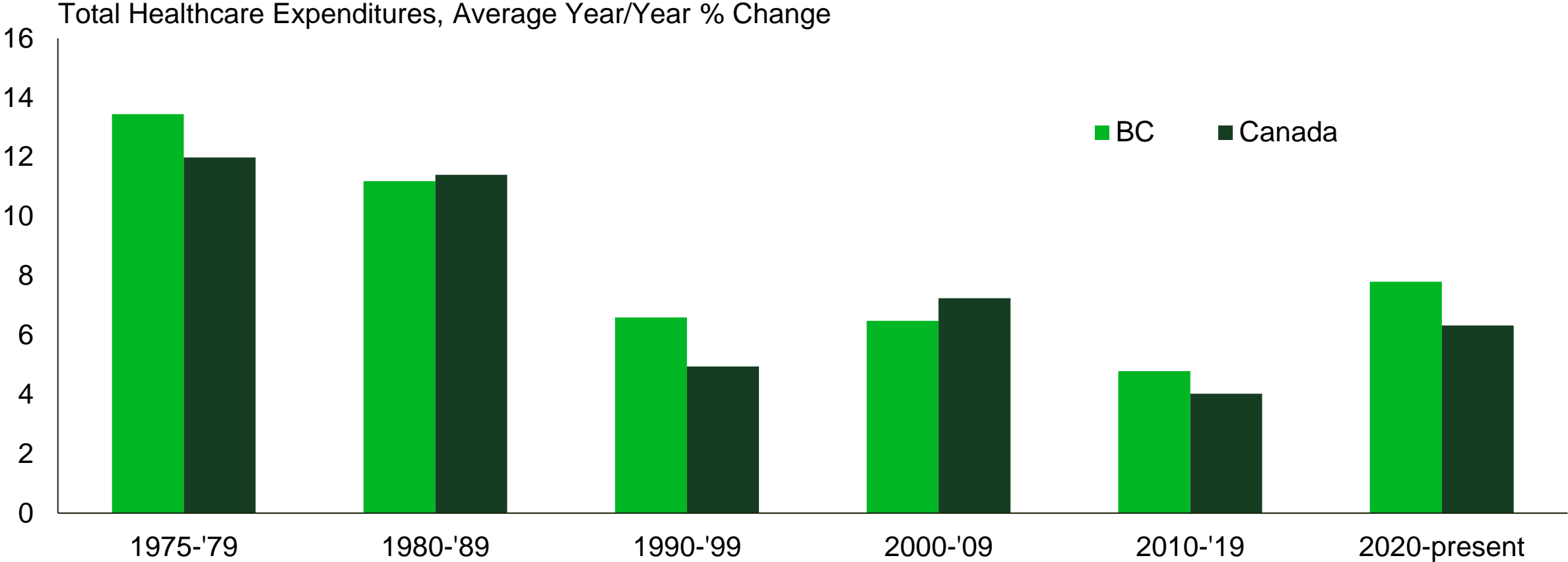
Falling Dependency Ratio Poses Growing Financial Burden



*Calculated as the number of working-age population for everyone over 65 or under 14. Source: Statistics Canada, TD Economics.

Source: BC Stats, TD Economics.

B.C.'s Health Care Spending Growth Has Been Stronger Than Canada's



Source: CIHI, TD Economics.

Status-Quo Projected Spending Growth at Around 6% Per Year

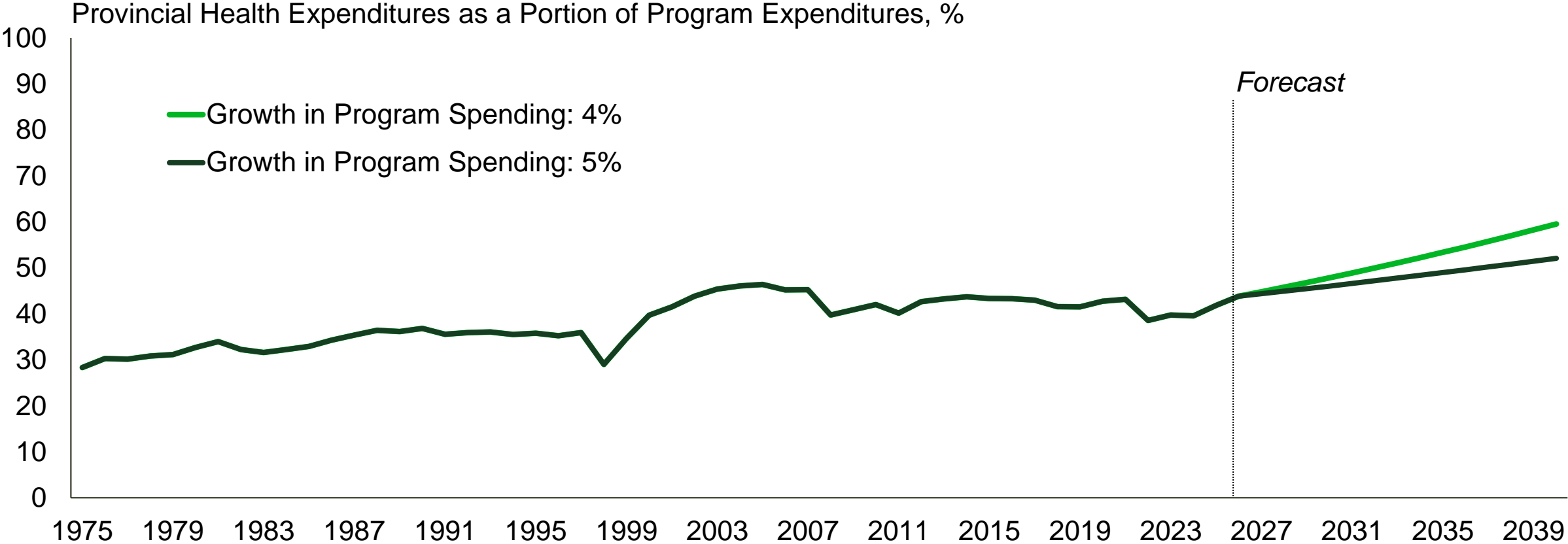


**Contributions of 5 Key Drivers to B.C.'s Health Spending Growth
(Percentage Points - Average Period)**

	Total Health Spending	Demographics		Inflation		Utilization
		Population Growth	Aging	General	Health Premium*	
1980-89	11.2	1.8	0.4	6.1	0.7	2.2
1990-99	6.6	2.3	0.4	2.4	0.1	1.4
2000-09	6.5	1.0	0.6	1.4	1.1	2.5
2010-19	4.8	1.5	0.7	1.3	-0.5	1.8
2020-23	7.8	1.9	0.8	3.1	-0.4	2.3
FORECAST						
2024-2040	6.3	1.1	1.2	2.0	0.0	2.0

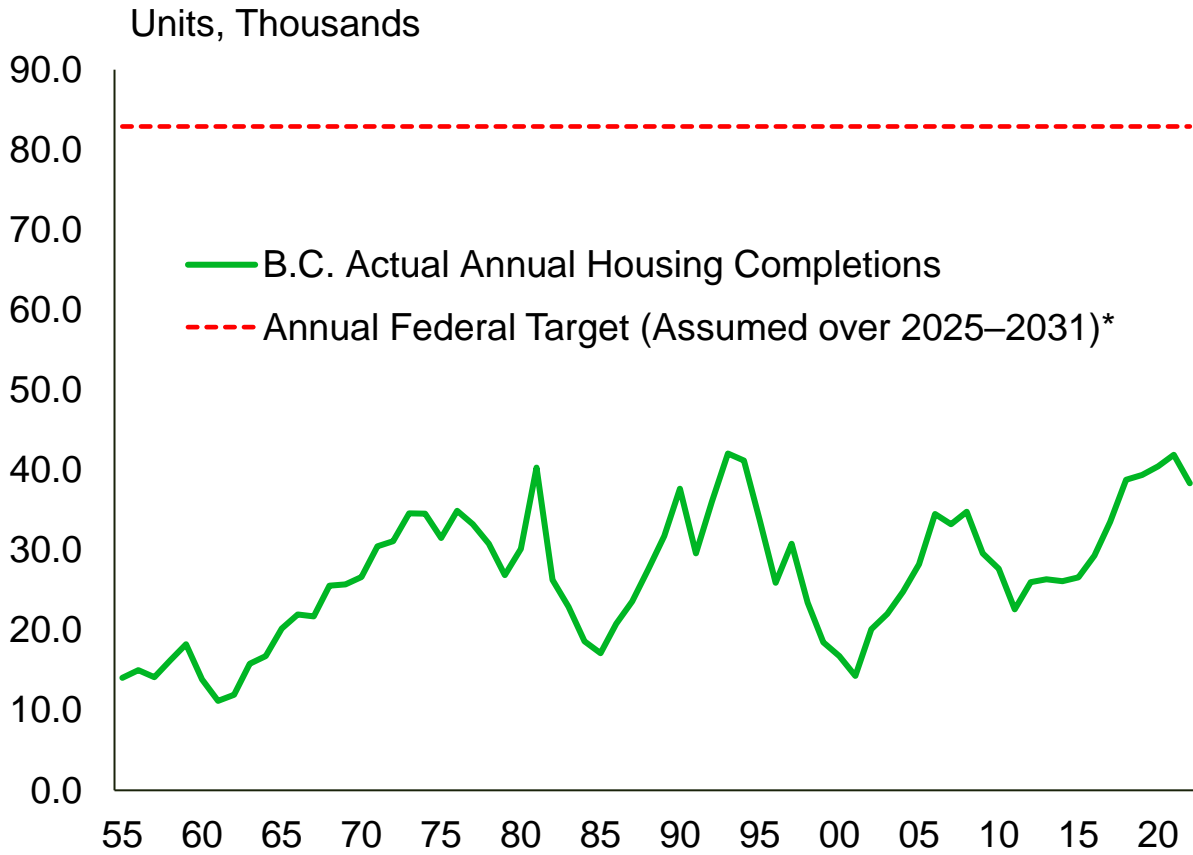
*Health Care Premium is calculated as the difference between reported total inflation for health care services and core consumer price inflation in British Columbia.

Health Care Will Gobble a Higher Share of Program Expenditures



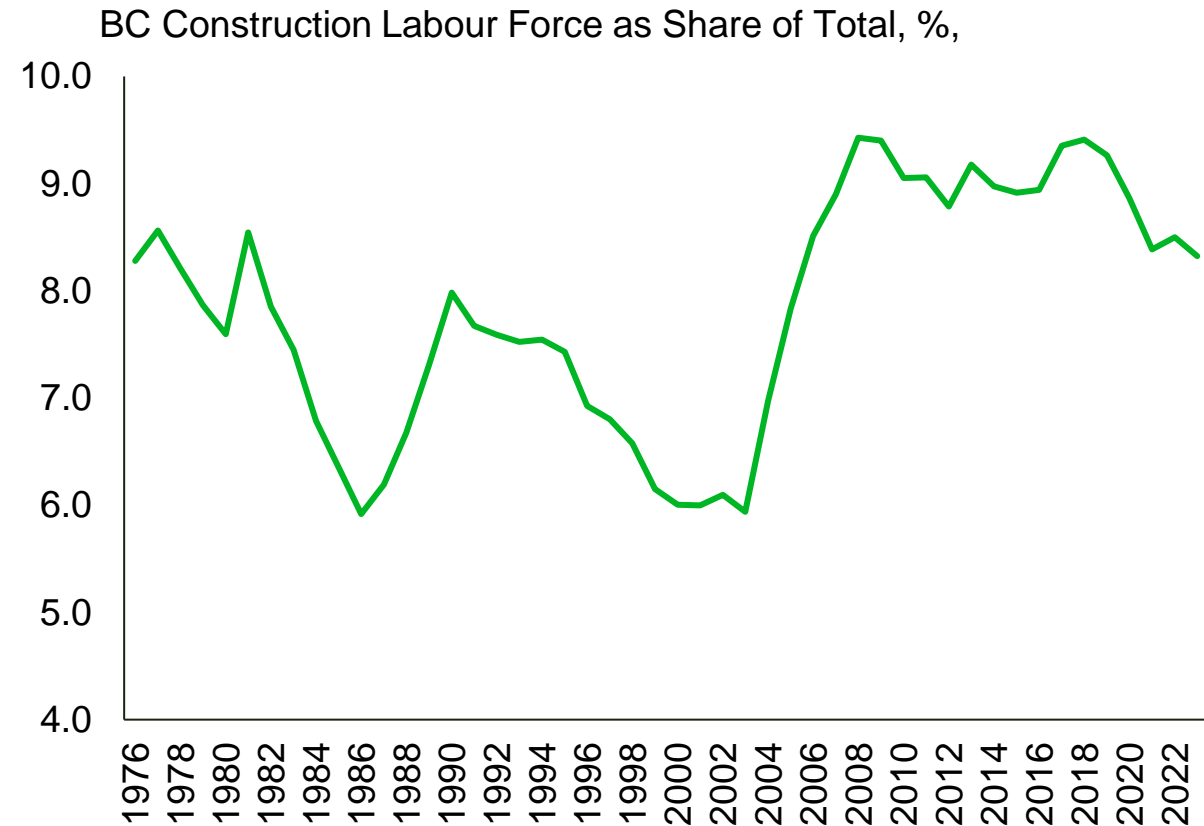
Source: CIHI, TD Economics.

Health Care Being Outdone? Housing Crisis Surges Up Governments' Priority List



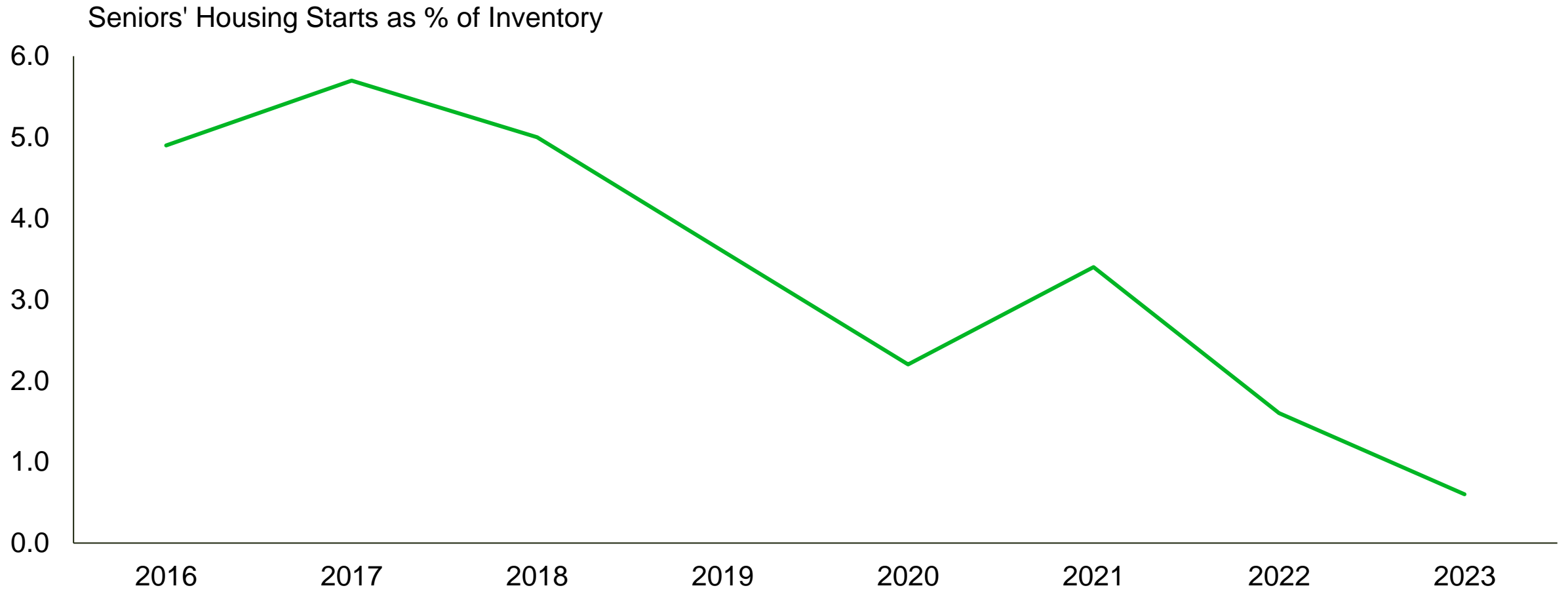
*Calculated by scaling federal target to the share of B.C.'s housing completions relative to Canada.

Source: CMHC, TD Economics



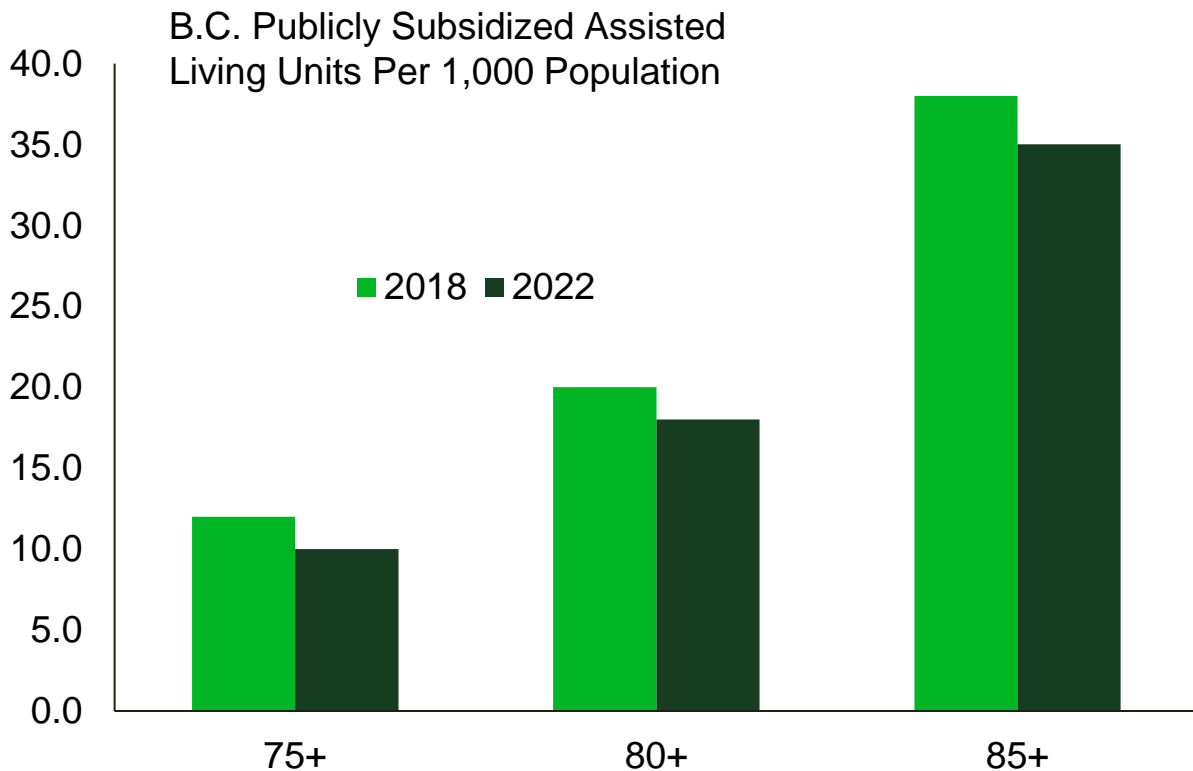
Source: Statistics Canada, TD Economics.

Investment in Retirement Residences in Structural Decline

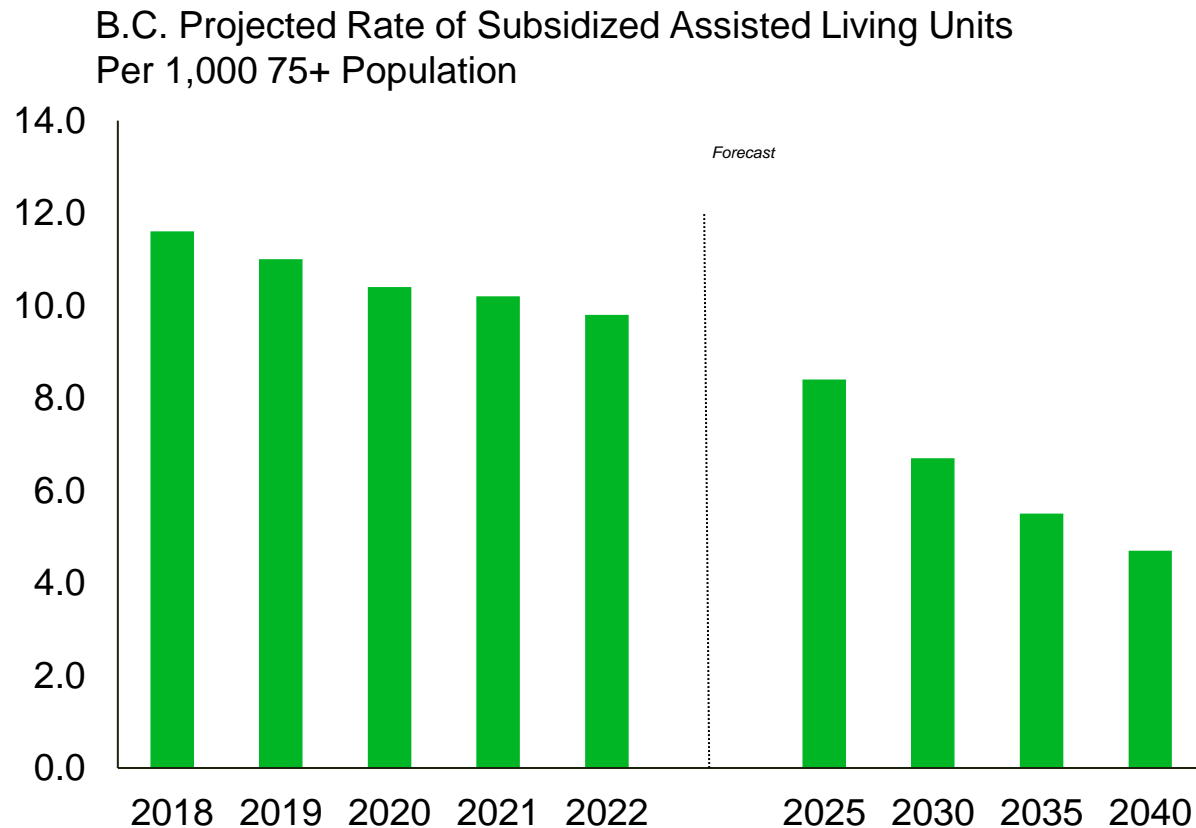


Source: Cushman and Wakefield' Canadian Senior Housing Survey 2024, TD Economics.

Without Investment, Subsidized Assisted Living Capacity Will Slump to a Fraction of Pre-Pandemic Levels By 2040

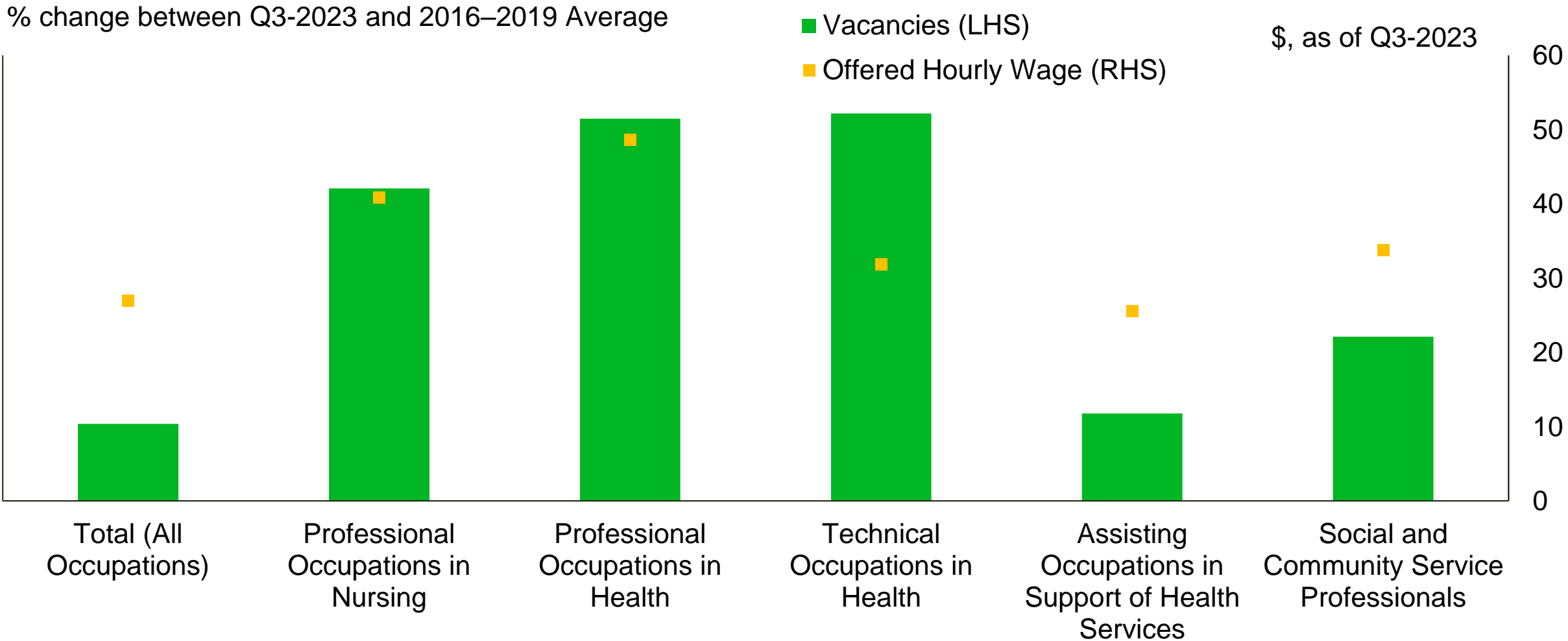


Source: Office of the Seniors Advocate B.C., TD Economics.



Source: Office of the Seniors Advocate, B.C., TD Economics.

Despite Record Immigration, Shortages of Care Workers Worsen



Source: Statistics Canada, TD Economics.

Pillars to Optimizing B.C.'s Health Care System*



1. Retain

- Foster Healthy, Safe, and Inspired Workplaces



2. Redesign

- Optimize and Innovate



3. Recruit

- Attract and Onboard



4. Train

- Create Accessible Career Pathways

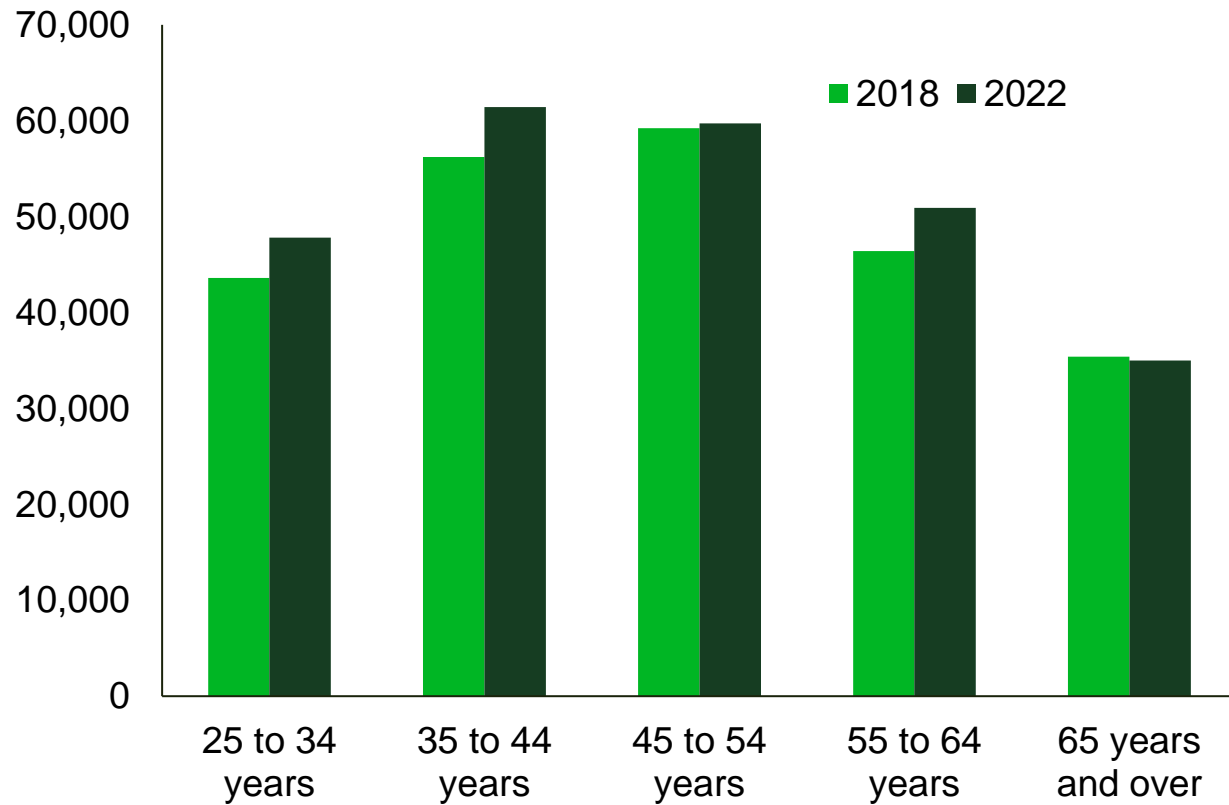


*B.C.'s Health and Human Resources Strategy

Raising Seniors' Labour Force Participation Rates A 'Win Win'

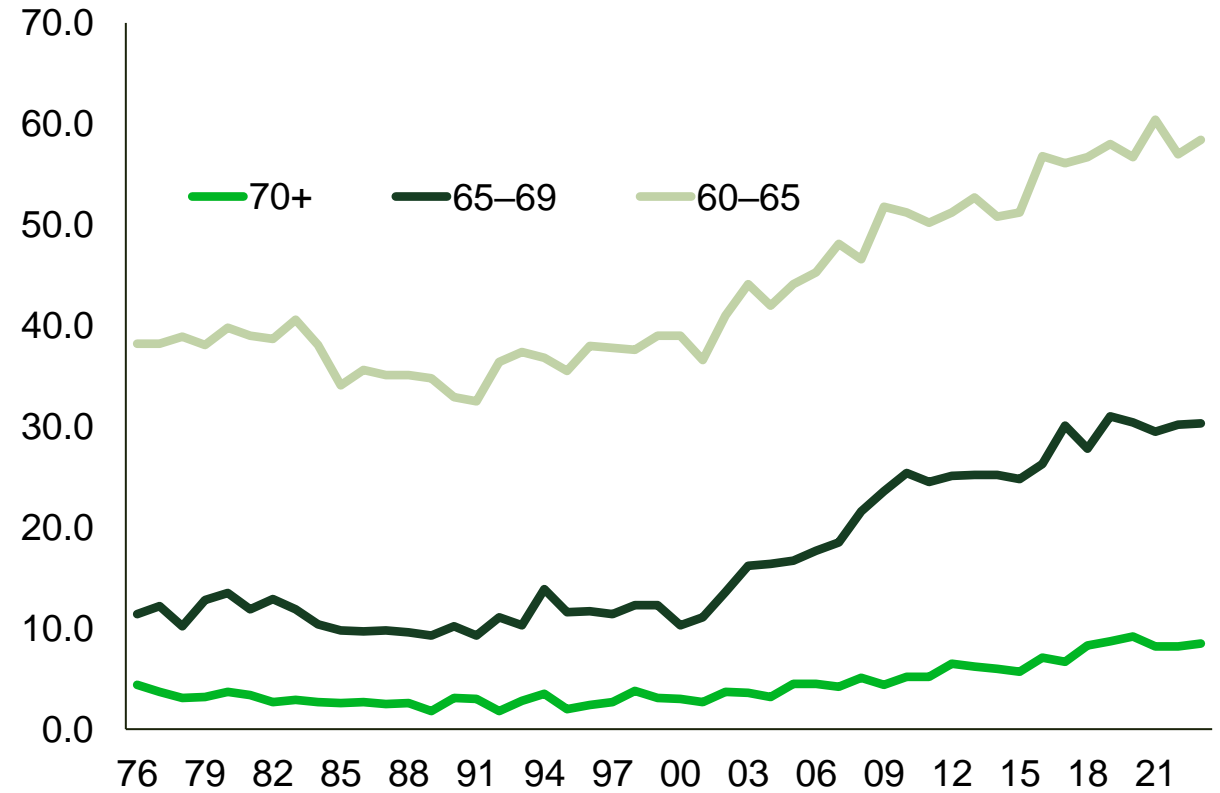


Median Income, \$



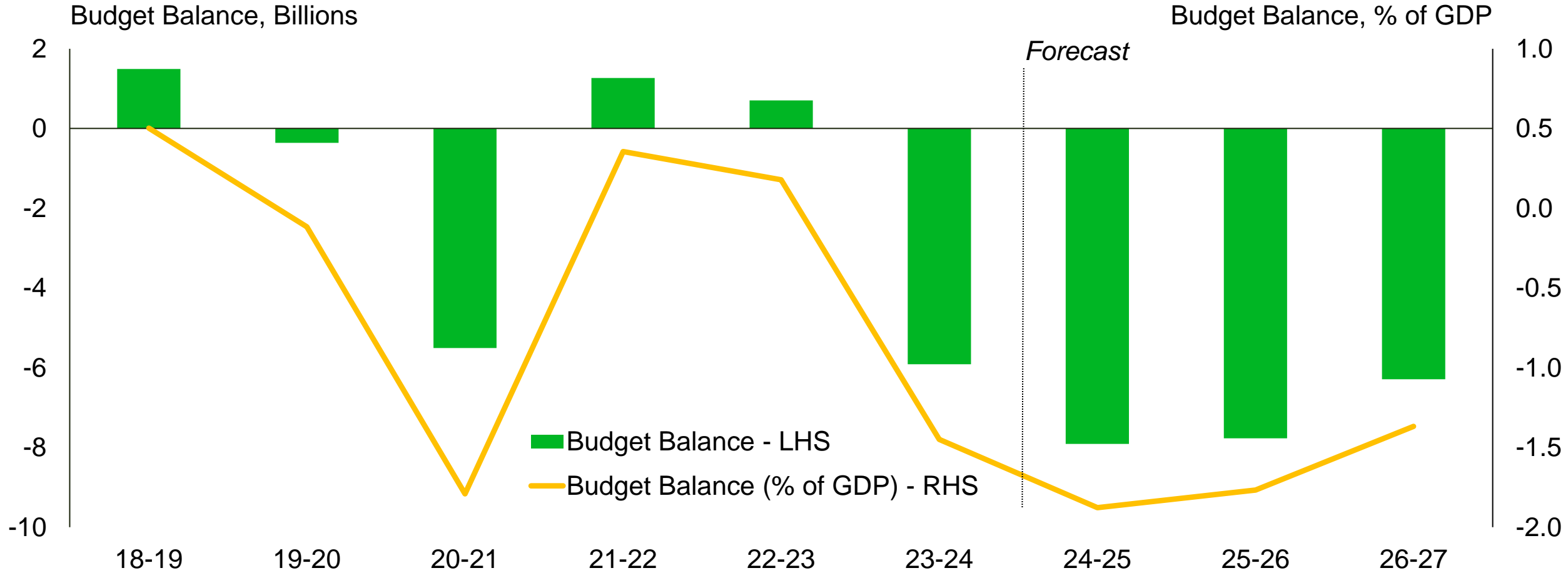
Source: Statistics Canada, TD Economics.

B.C. Participation Rates, %



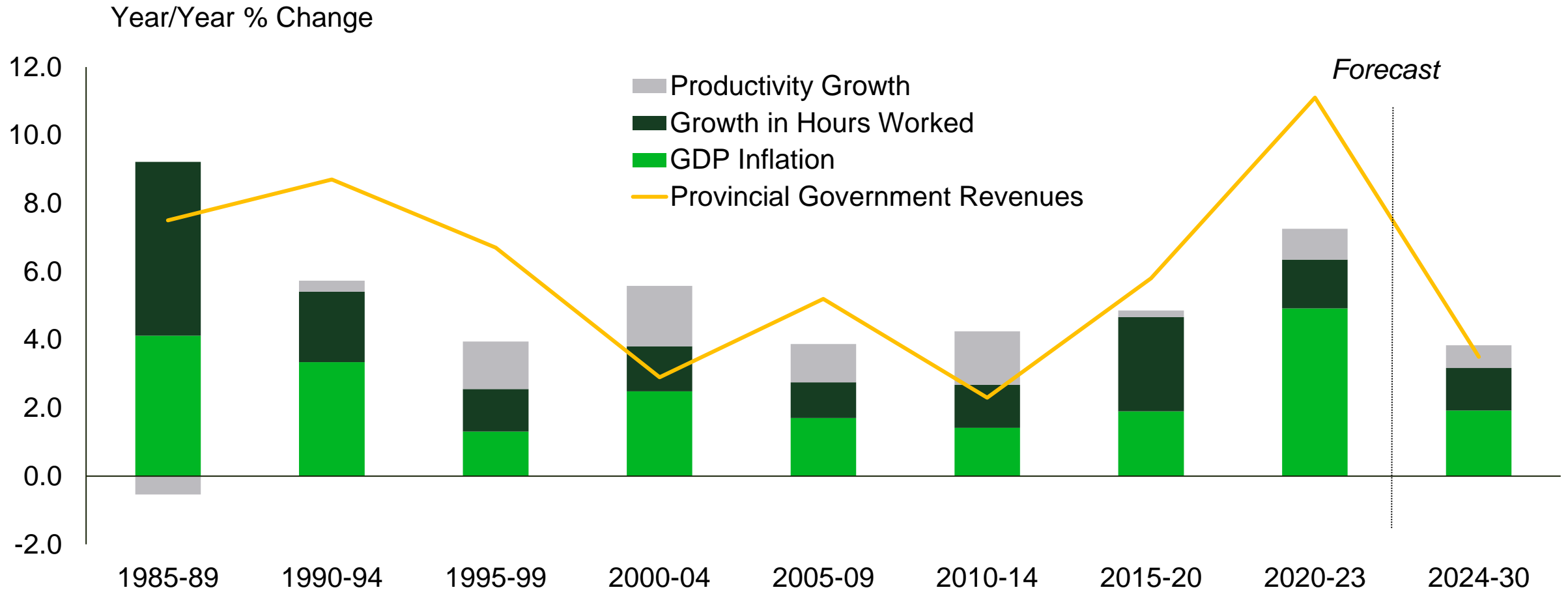
Source: Statistics Canada, TD Economics.

Making Matters Even More Challenging, B.C. Government Starting From a Position of Deficit



Source: Government of British Columbia, TD Economics.

Governments Need to Refocus Attention on Boosting Productivity, Both Economy-Wide and in Health Care

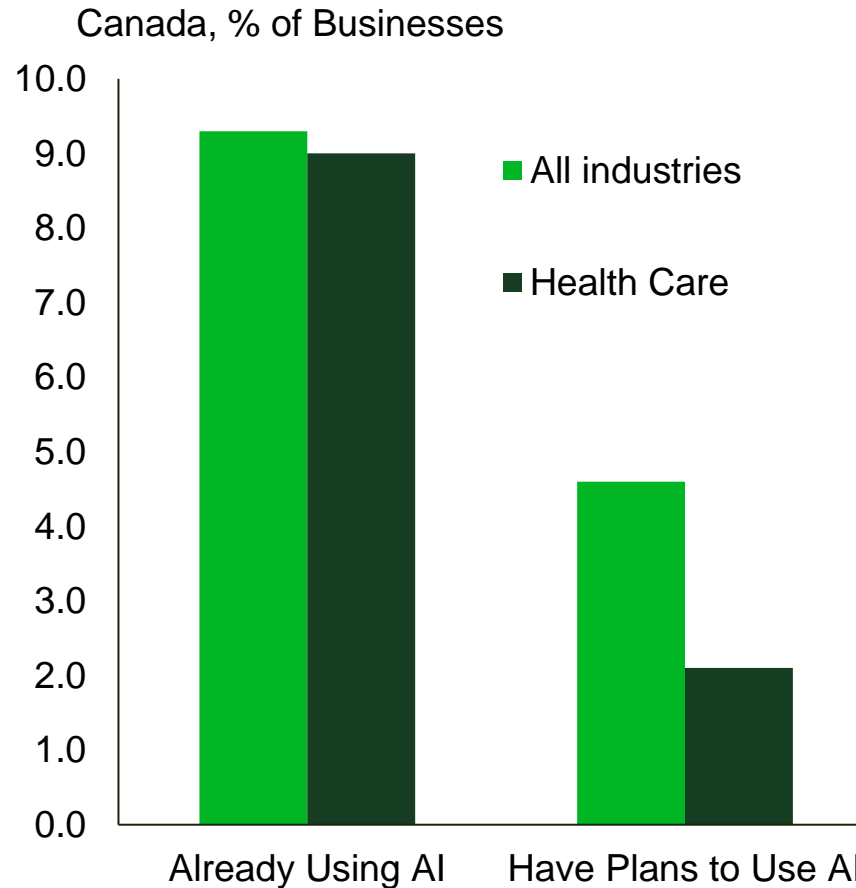


Source: Statistics Canada, TD Economics.

AI Will Help, Not Hurt, B.C.'s Health Care Sector



Source: IBM Global AI Adoption Index, TD Economics



Source: Statistics Canada, TD Economics.

In B.C.'s healthcare sector....

- Less than 10% of businesses believe AI will be very likely or somewhat likely to reduce hiring.
- Almost 70% of businesses believe it is very unlikely for AI to affect hiring.

Statistics Canada Table: 33-10-0554-01

- B.C. has navigated the high interest-rate environment with surprising resilience.
 - TD Economics anticipates modest-to-moderate growth in the province over the next few years.
- With post-pandemic recession worries dissipating, the focus of policymakers needs to be re-cast on key longer-run challenges...
 - ... notably, the **silver tsunami** and its broad implications for B.C.'s economy and fiscal position.
- Some key implications of the aging population that will only worsen.
 - Unsustainable health care pressures (so-called "Pacman" of provincial budgets);
 - Swelling waiting lists for subsidized seniors housing;
 - Shortages of care workers despite immigration boom;
- Raising productivity (both economy-wide and within health delivery) offers perhaps the most potential for addressing these pressing issues.



Website: economics.td.com

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