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Shediac and Cap-Pelé in 2030

The role of immigration to support a sustainable regional economy

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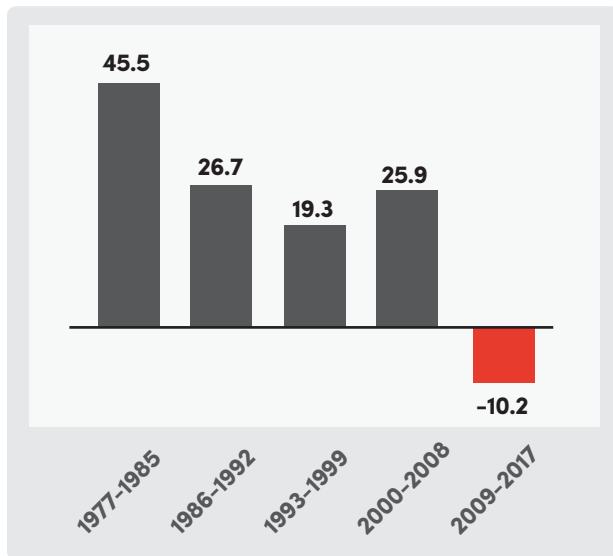
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Introduction: New Brunswick's Biggest Challenge

Arguably the largest barrier to New Brunswick's future economic growth is the currently declining labour force. The number of people in the province working or looking for work is less now than it was a decade ago.

From the 1970s through to the early 2000s, the provincial labour force expanded, on average, by thousands of people every year.¹ Entrepreneurs and businesses were able to use this expanding pool of workers to create new jobs and expand industries across the province. Despite several recessions along the way, the New Brunswick economy could be counted on to grow, on average, by at least two to three percent per year.

FIGURE 1: TOTAL LABOUR FORCE GROWTH/DECLINE (000S) - NEW BRUNSWICK



Something changed around 2007. The provincial workforce stopped growing and started to decline for the first time in history.² There is no doubt this is a main reason why the average annual economic growth rate has dropped to only 0.5 percent over the past decade.

The factors contributing to this decline in the workforce include the fact we are getting older as a province and more of us are retiring from work and we have fewer students in our primary and secondary schools. As a consequence, employers are finding it harder to attract qualified workers. Addressing the challenge of a declining workforce means the difference between a province that is stagnant and struggling to fund high quality public services and one that is growing and adapting to a rapidly changing, global economy.

Shediac and Cap-Pelé: A Unique and Important Role in the New Brunswick Economy

The regional economy in southeastern New Brunswick has done well in recent years. The Town of Shediac's population grew by a robust 10.1 percent between 2011 and 2016, while Cap-Pelé's population increased by 7.5 percent. Even the rural community of Beaubassin East witnessed a 2.8 percent increase. The region has benefited from the fishing and tourism industries and from proximity to the Greater Moncton region. Two out of every five people in the labour force living in Shediac commute to Moncton, Dieppe and Riverview for work.³ Nearly 700 people living in Greater Moncton commute to Shediac every day to work.

Without Shediac and Cap-Pelé, New Brunswick would lose some of its top tourism assets, a large fish processing sector, and a number of important manufacturing companies. In Shediac, Cap-Pelé and Beaubassin East combined there are 600 businesses, including over 40 in manufacturing, over 70 in retail trade, and nearly 60 in the fishing sector.⁴ There are 55 businesses in the accommodation and food services sector in the region. Both Shediac and Cap-Pelé have proportionately twice as many businesses in this sector compared to the country as a whole, pointing to the importance of tourism to the local economy.

But like the rest of the province, the region is aging fast. The median age⁵ is rising, the number of young people is declining, and this is starting to negatively

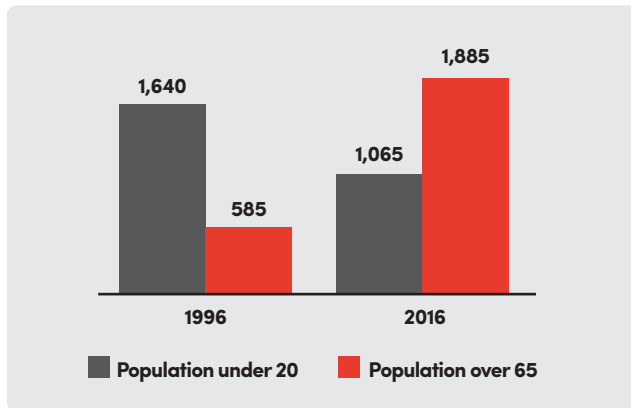
1. Net growth in the labour market - the difference between those joining the workforce and those leaving through migration, retirement, etc.
2. Since accurate labour market data has been collected.
3. Excluding those who work from home.
4. Businesses with employees. Source: Statistics Canada Canadian Business Patterns (Dec. 2016).
5. The age at which one half of the population is younger and the other half is older.

impact the region. In order to ensure Shediac, Cap-Pelé and the other communities across southeastern New Brunswick continue to thrive, there will need to be a robust “talent pipeline” to support the region’s important industries. Otherwise business investment will slowly leave the region and dampen key sectors such as tourism, seafood processing and manufacturing.

The Shrinking Talent Pipeline

In 1996 there were more than 1,600 young people (under the age of 20) living in the Town of Shediac. By 2016, the number of young people had declined by 35 percent (Figure 2). This was more than offset by the growth in older New Brunswickers. The number aged 65 and older living in the town increased by more than three times over the 20-year period. A similar story has played out in both Cap-Pelé and the Beaubassin East communities.

FIGURE 2: POPULATION TREND IN THE TOWN OF SHEDIAC BY SELECTED AGE GROUP (1996 AND 2016)



The population in the area is not declining as fast as some other rural regions across Canada, but it still represents a challenge when considering the future workforce.

In the 1970s, the median age in Shediac and Cap-Pelé was similar to the national average. Now there is a wide and growing gap. The median age in Shediac was 51.4 in 2016 while it was only 41.2 across the country. In other words, the average resident in the Town of Shediac is now 25 percent older than the average Canadian.

Table 1 shows the recent population trend and median age for Shediac, Cap-Pelé, and Beaubassin East, as well as for New Brunswick and Canada.

TABLE 1: RECENT POPULATION TRENDS – SELECTED SOUTHEASTERN NEW BRUNSWICK MUNICIPALITIES

Jurisdiction:	Population, 2016	% change since 2011	Median age
Shediac	6,664	+10.1%	51.4
Cap-Pelé	2,425	+7.5%	48.0
Beaubassin East	6,376	+2.8%	49.6
New Brunswick	747,101	-0.5%	45.7
Canada	35,151,728	+5.0%	41.2

Source: Statistics Canada 2016 Census.

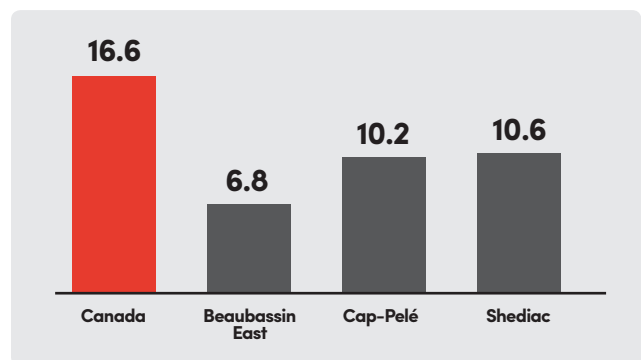
The Opportunity: Refocusing on Growth

The population trend actually represents a great opportunity. Both Shediac and Cap-Pelé are small uncongested communities with a lower cost of living. They benefit from proximity to Greater Moncton and amenities such as an international airport, and a cluster of retail, personal and business services.

Among people who own their home, only a little over 10 percent in Shediac and Cap-Pelé spend 30 percent or more of their income on shelter costs (mortgage, home insurance, etc.) – over 35 percent less than the country as a whole (shown in Figure 3). The average cost of an owned dwelling in Cap-Pelé is 58 percent lower than the average across the country. In the Town of Shediac the average cost of an owned dwelling is less than half the national average.

Attracting people to live and work in Shediac and Cap-Pelé should be a prime goal of the region in the coming years.

FIGURE 3: % OF OWNER HOUSEHOLDS SPENDING 30% OR MORE OF INCOME ON SHELTER COSTS



If the Workforce Starts to Decline in Earnest, What's at Risk?

The workforce in the region is starting to tighten. In early April 2018, there were 50 jobs on offer⁶ in Shediac and Cap-Pelé in sectors including fish processing, nursing homes, information technology, business services, retail and tourism. Employers are increasingly finding it hard to find qualified workers. The “tightening” of the labour market will directly impact the ability of employers to recruit and retain workers who have the interest and skills to work the jobs on offer.

Table 2 shows something called the “location quotients” for Shediac, Cap-Pelé and Beaubassin East combined. A location quotient (LQ) provides a simple representation of the industries for which the area has higher or lower concentrations of workers compared to the national economy. Any number above 1.00 means the area has a higher concentration of workers. For example, the manufacturing sector has an LQ value of 2.33 meaning there are proportionally more than twice as many people working in manufacturing in Shediac/Cap-Pelé/Beaubassin East compared to Canada as a whole. In addition to manufacturing, the area has high LQ values for many sectors including public administration (mainly due to the federal government back office facility in Shediac), health care and construction.⁷

Table 2 also shows, however, that some sectors in the area have been shedding workers the past decade. The manufacturing sector has seen its total employment drop by seven percent and even accommodation and food services employment has dropped by 17 percent.

TABLE 2: EMPLOYMENT BY INDUSTRY AND LOCATION QUOTIENT

Shediac, Cap-Pelé and Beaubassin East combined

	2016 Labour Force	% Change Since 2006	LQ 2016 CAN = 1.00*
All Industries	8,160	+6%	
11 Agriculture, forestry, fishing and hunting	185	-8%	0.94
21 Mining and oil and gas extraction	40	+300%	0.33
22 Utilities	20	-33%	0.33
23 Construction	710	-8%	1.17
31-33 Manufacturing	1,645	-7%	2.33
41 Wholesale trade	260	-25%	0.88
44-45 Retail trade	780	+18%	0.83
48-49 Transportation and warehousing	355	+4%	0.92
51 Information and cultural industries	90	0%	0.48
52 Finance and insurance	325	+12%	0.93
53 Real estate and rental and leasing	80	-30%	0.54
54 Professional, scientific and technical services	295	+55%	0.50
56 Administrative and support**	345	+35%	0.97
61 Educational services	410	+17%	0.69
62 Health care and social assistance	975	+70%	1.03
71 Arts, entertainment and recreation	50	-58%	0.30
72 Accommodation and food services	465	-17%	0.82
81 Other services (except public administration)	300	-2%	0.83
91 Public administration	785	+30%	1.57

*Any number above 1.00 means the region has a larger concentration of workers in this sector compared to Canada as a whole.

**Includes waste management and remediation services.

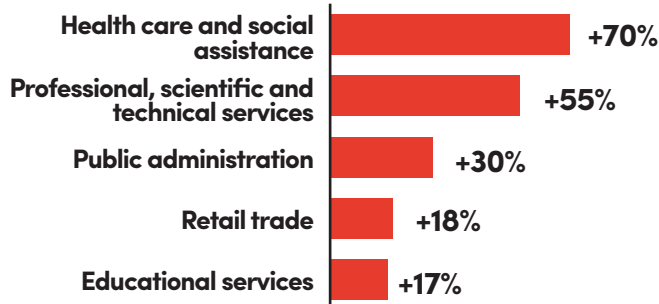
Source: Statistics Canada 2016 Census.

6. Based on a search of www.nbjobs.ca (April 2018).

7. The labour force data is based on where people live, not on where they work. Therefore, the Shediac, Cap-Pelé and Beaubassin East employment by industry figures are also influenced by the Greater Moncton economy.

On a positive note, a number of important industries have added employment in the past decade. Figure 4 shows the fastest growing sectors by employment in the three communities combined, between 2006 and 2016. Overall, total employment in the three communities combined increased by six percent over the 10-year period.

FIGURE 4: INDUSTRIES RISING IN IMPORTANCE IN SHEDIAC, CAP-PELÉ AND BEAUBASSIN EAST – INCREASE IN TOTAL EMPLOYMENT FROM 2006 TO 2016



Source: Statistics Canada 2011, 2016 Censuses.

In the years ahead, the main export-focused industries – fishing, manufacturing, transportation and tourism – will all face increased challenges recruiting qualified staff. Unless solutions are advanced, the region’s economic potential will be held back.

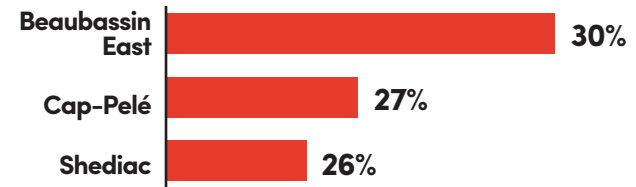
Without advanced solutions, it will also make it harder for the county to take advantage of new economic opportunities. An aging population will create new employment opportunities in many sectors such as home care, assisted living, recreation and other targeted personal services. As shown in Figure 4, professional services, personal services (such as home care workers) and accommodation and food services are all rising in importance relative to the national economy.

A Significant Number of Workers are Heading towards Retirement

Despite the growth in the size of the labour force in the Shediac and Cap-Pelé region in recent years, a

significant share of the workforce is heading towards retirement (Figure 5). In the three communities nearly 2,100 workers are over the age of 55. Over one in four workers in these regions are likely to retire in the coming years.

FIGURE 5: SHARE OF THE WORKFORCE AGED 55 AND OLDER



Source: Statistics Canada 2016 Census.

Why are Young People Still Leaving?

As discussed above, the number of young people in Shediac and Cap-Pelé has been in decline. Each year a number of young people from the region move to other parts of Canada. Why do young people leave, even as employers in many industries, including tourism, manufacturing and retail services are struggling to find workers? Young people leave for a variety of reasons. Some leave to pursue post-secondary education. Others leave for a career opportunity not available in their home town. Some just want to see more of the world and experience other places.

The Opportunity: Focus on Retaining and Attracting Young Workers

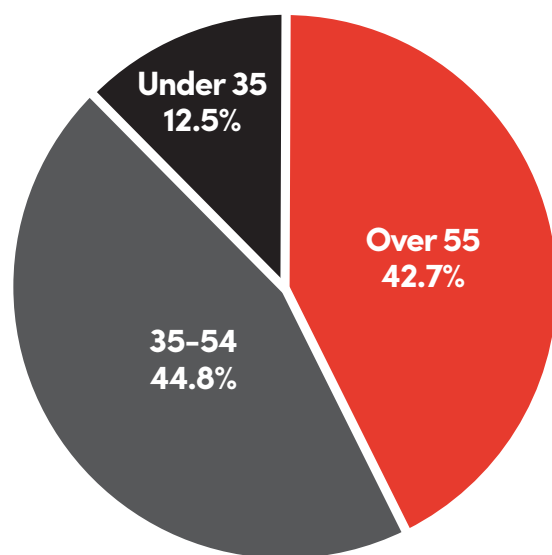
We need to ensure that young people understand the career opportunities on offer at home in Shediac and Cap-Pelé and make informed choices about training and/or post-secondary education. We also need to attract some of them back once they have left to pursue education or other opportunities, as well as attract young workers from other parts of Canada and around the world to fill gaps in the local labour market.

Shediac and Cap-Pelé's Aging Entrepreneurs

New Brunswick's entrepreneurs and small business owners are also getting older. While demographic data on entrepreneurs are not available specifically for Shediac and Cap-Pelé, across rural New Brunswick there are more than 5,500 entrepreneurs aged 55 and older.⁸ Nearly 43 percent of all people who are self-employed in rural New Brunswick are over the age of 55 (Figure 6). There are 650 people who are self-employed in Shediac, Cap-Pelé and Beaubassin East. If the age breakdown is similar to the rest of rural New Brunswick, over 250 of these entrepreneurs are heading towards retirement in the near future.

Of all self-employed people in the manufacturing sector across rural New Brunswick, half are over the age of 55 and heading towards retirement. This proportion is similar across many other categories, from business owners in the retail and the accommodation and food services sectors to self-employed people in the professional services and finance and insurance sectors.

FIGURE 6: SELF-EMPLOYED POPULATION BY AGE GROUP
Non-urban New Brunswick



This is a serious challenge for the rural economy across New Brunswick. As these small business owners look to retire, and if there is no one to take their place, the business could close and the economic value from that business could shift to another jurisdiction. It could also impact the province's export-oriented industries such as agriculture, tourism and natural resources development, where many of these small businesses are active.

The Opportunity: Incubating a New Generation of Entrepreneurs

This challenge represents a very good opportunity. If we can attract young people and newcomers into entrepreneurial ventures, it will provide a new generation of entrepreneurs for the future in Shediac and Cap-Pelé.

Looking Towards the Future: Sustaining 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. In the past decade, provincial government debt has more than doubled and is now more than \$43,000 for every household in New Brunswick.⁹ One of the reasons the debt has grown so fast is the lack of economic growth and the shrinking labour force.

Both Shediac and Cap-Pelé have been growing in recent years. A growing economy and population leads to a virtuous cycle of public investment in services and infrastructure. A declining economy can lead to a reduction in public spending and exacerbate an already weak situation.

Retirement Communities: A Viable Economic Development Strategy?

The community of Elliot Lake in Ontario provides a warning for those who believe that transforming their

8. Here the definition of "rural" New Brunswick is everyone living outside the province's Census Metropolitan Areas and Census Agglomeration Areas.

For the purpose of this section, "entrepreneur" and "self-employed" are used interchangeably.

9. Source: RBC Economics Provincial Fiscal Tables (November 2017).

municipality into essentially a retirement community is a viable economic development strategy. Elliot Lake is located in northern Ontario between the cities of Sudbury and Sault Ste. Marie. The community was established in the 1950s to support uranium mining. In the 1990s, the last mine in the area closed and the local government decided its new economic development strategy would be to promote the area as a great place to retire. Elliot Lake is facing one of the most uncertain futures among municipalities across Canada. Its population has declined from a high of more than 25,000 to just over 10,000 in 2016. From 2011 to 2016 it suffered the steepest population decline of any municipality in Ontario.

The median age in Elliot Lake is 59 and it has the lowest median income of any municipality in the province.¹⁰ It is struggling to attract workers into its mostly service industries. These economic challenges are spilling over into the quality and sustainability of government services.

Older New Brunswickers are Not the Problem!

New Brunswickers of all ages contribute to the wellbeing of their communities and their province by working hard, paying taxes and giving back through volunteer and charitable activities.

As New Brunswickers retire and move into a new stage in life it creates economic opportunities in health care, personal services, recreation, food services and tourism industries. But these industries should not be considered a replacement for core economic activity in agriculture, natural resources development, manufacturing and other export-oriented industries.

The Role of Immigration

What will be the role of economic immigration to support Shediac and Cap-Pelé in the years ahead? The region has not attracted many immigrants in recent years. In 2016, there were 10 people living in the Village of Cap-Pelé who lived outside of Canada five years earlier. In Shediac, the number was a little higher, as 95 people residing in the town lived outside of Canada five years earlier. Periodically, some firms use the Temporary Foreign Worker program, but these individuals are not considered immigrants.

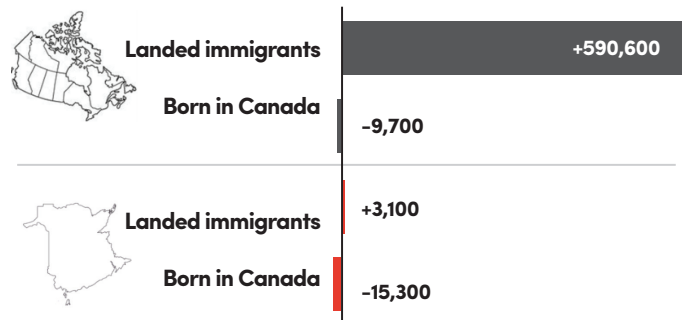
Boosting the number of immigrants to the region will: 1) ensure important industries have the workers they need; 2) help rebuild the K-12 student population in the region; and 3) boost the local economy through increased household spending.

Ensuring Important Industries have the Workers They Need

Immigrants have become the primary source of new workers for the Canadian economy. As shown in Figure 7, the number of people across Canada that were born in this country and are active in the labour force declined between 2013 and 2017 (by 9,700). This means more Canadian-born people exited the workforce (mostly through retirement) than joined it. At the same time, the national labour force expanded by 590,600 immigrants.

Canada’s labour force and economic growth over the past five years has been a story of immigration. New Brunswick has yet to benefit from this story in any significant way (as shown in Figure 8), but there has been growth in the last few years. The province needs to grow its labour force and boosting immigration will be a key way to accomplish this goal.

FIGURE 7: GROWTH IN THE CANADIAN AND NEW BRUNSWICK LABOUR FORCE BY SOURCE (2013 TO 2017)



Source: Statistics Canada CANSIM Table 282-0102.

Using Census data we can estimate how immigration has impacted national, provincial and local labour markets. Figure 7 above shows that immigrants account for all net labour market growth since 2013. Table 3 below shows this trend extends back to the mid 2000s. Census data also demonstrates that between 2006 and 2016, new immigrants accounted for 88 percent of net labour force growth across Canada.

10. Among municipalities with a minimum of 5,000 residents.

The impact is starting to be felt in New Brunswick. Over the decade, nearly 7,200 immigrants were added to the New Brunswick labour force¹¹ even as the overall labour force across the province declined by 1,170. In Moncton and Fredericton, immigrants accounted for 27 percent of net labour force growth between 2006 and 2016. The Edmundston region's labour force increased only modestly over the decade, but immigrants were an important contributor to the growth.

TABLE 3: CONTRIBUTION OF IMMIGRATION TO LABOUR FORCE GROWTH – 2006 TO 2016

Jurisdiction:*	# Change in Labour Force (2006 to 2016)	# Immigrants added to the Labour Force (2006 to 2016)	% Share of Net Growth
Canada	+1,526,340	1,340,010	88%
New Brunswick	-1,170	7,195	n/a
Moncton	+8,275	2,270	27%
Saint John	+770	1,260	n/a
Fredericton	+6,365	1,740	27%
Bathurst	-1,370	175	n/a
Miramichi	+1,085	100	n/a
Campbellton (N.B. part)	-1,200	65	n/a
Edmundston	+290	170	59%

*CMA and CA areas. Source: 2006, 2016 Census. Statistics Canada.

Economic immigration will be an important way that we can bring people that have the skills, education, language capacity and interest to permanently work the job opportunities in Shediac and Cap-Pelé. This will boost the regional economy and create even more demand for high value services and the careers in health care, business and professional services that are of interest to many young people in the county.

What about Temporary Foreign Workers?

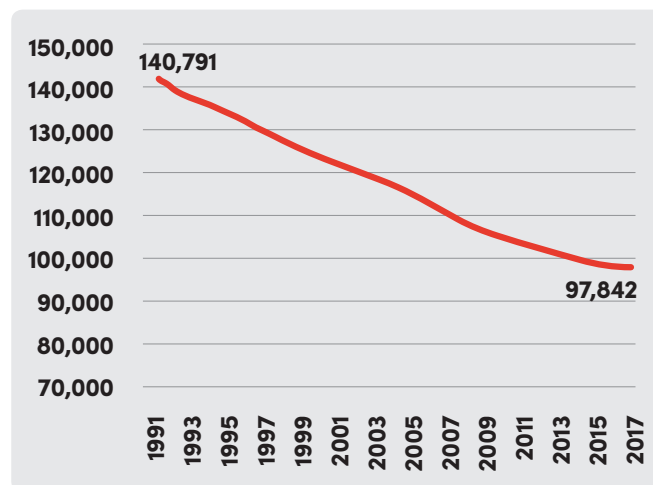
The Temporary Foreign Worker Program (TFWP) allows Canadian employers to hire foreign nationals to fill temporary labour and skill shortages when qualified Canadian citizens or permanent residents are not available. Employers often require a labour market opinion (LMO) from HRSDC to hire a foreign worker. A positive LMO means that the employer has tried but

has been unable to find a Canadian or permanent resident for the job, that the job offer is genuine, and that the employer has met job offer commitments to temporary foreign workers they have hired in the past. New Brunswick firms overall are not significant users of the TFW program. In 2016 there were 1,472 TFWs in the province or only 1.6 percent of the Canada-wide total. The fish processing industry does rely on the program. In 2017, there were over 500 TFWs in the Shediac-Cap-pelé area. Some TFW workers apply and receive their permanent residency but the numbers are quite low.

Rebuilding Regional Student Populations

Since 1991, the number of students enrolled in K-12 education in New Brunswick has declined by 31 percent (Figure 8).

FIGURE 8: K-12 STUDENT ENROLMENT IN NEW BRUNSWICK



New immigrants to New Brunswick and international students are already boosting primary education enrolment across the province. According to information provided by the Department of Education and Early Childhood Learning, in the current student year there are nearly 3,500 students enrolled in kindergarten, primary and secondary schools around the province who are the children of recent immigrants or current international/exchange students.

As we look to the future, young immigrant families will help repopulate many of our primary and secondary schools around the province.

11. Immigrants who settled in Canada between 2006 and 2016 and were counted in the New Brunswick labour force in 2016.

This is also a challenge for the province’s colleges and universities. The number of students attending New Brunswick post-secondary colleges and universities who were born in Canada peaked in 2004 and has declined by 20 percent since then. An increase in younger immigrant families will mean more students to feed into the post-secondary education system in the coming years.

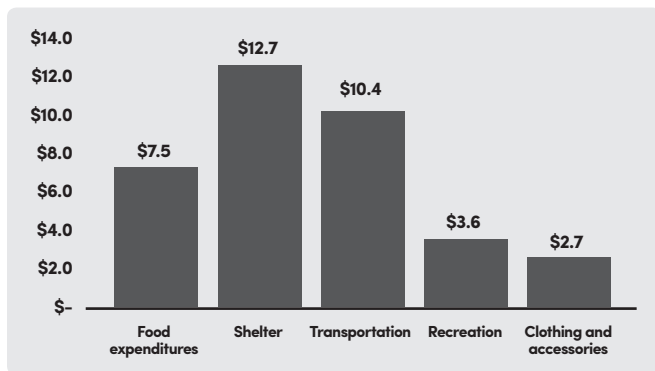
Boosting Local Economies

Attracting more immigrants will create new demand for local products and services. Adding 1,000 immigrant families with an average household income profile will directly generate \$68 million worth of new household expenditures – much of this spending in the local community.¹² These 1,000 immigrant families will spend \$12.7 million per year on housing costs such as mortgage payments, electricity and property taxes. They will also spend \$10.4 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 will also generate approximately \$20 million worth of taxes per year for local, provincial and federal governments. Figure 9 shows the expected spending from the new families for a few specific categories.

FIGURE 9: ANNUAL HOUSEHOLD SPENDING IMPACT IN NEW BRUNSWICK FROM 1,000 NEW FAMILIES (\$MILLIONS)*

Selected Spending Categories



Source: Derived using Statistics Canada CANSIM Table 203-0021.

Other Positive Effects

Attracting more immigrants to Shediac and Cap-Pelé will help support a vibrant economic and social life in many other ways. There are already stories around the province of immigrants boosting church attendance and allowing local churches to remain open. Civic and business groups, such as Rotary International, are looking to new immigrants to help support their activities in New Brunswick. Chambers of Commerce are welcoming new immigrant entrepreneurs as a source of growth. Youth sports clubs and leagues around the province will benefit from an increasing population of young New Brunswickers.

Shediac and Cap-Pelé in 2030

So, what will Shediac, Cap-Pelé and the rest of southeastern New Brunswick look like in 2030? Will Shediac continue to be a hub for tourism, retail, accommodation and food services? Cap-Pelé has four times as many people working in manufacturing compared to the national economy, adjusted for the size of the labour market. Will it continue to have a dominant manufacturing sector in the years ahead? Will new industries emerge related to agriculture, tourism and personal services? Will the workforce be there to ensure the region and its communities can take advantage?

Shediac and Cap-Pelé both have the potential to continue their important economic role within New Brunswick. The region can expand its role as a destination for national and international tourists and it can attract and develop a new generation of entrepreneurs and small businesses. But it will need to attract and retain more young families and workers to ensure its future prosperity.

And yes, the region will continue to be a great place to retire. The vision of the area as a vibrant economy that is attracting people from around the world is complementary to the vision of attracting and retaining people who want to retire in appealing rural communities with a low cost of living. The strength of the core economy will support the region’s ability to be a great place to live into old age.

12. Assumes the new household spending conforms to the current spending pattern in New Brunswick.

Decline is not inevitable. Let's work together to find solutions. We can identify businesses succession needs. We can determine growing gaps in the labour market and we can find workers here and abroad who want to do the jobs. We can also do a better job of promoting our industries and the opportunities to young people in Shediac, Cap-Pelé and across New Brunswick.

If we are to attract more immigrants to Shediac and Cap-Pelé, we need to figure out how to better infuse them into our social and community life. Ninety percent of Shediac and Cap-Pelé 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. We need to ensure that newcomers will be welcomed into our social life and can become a productive part of our future.

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promotion économique
du Canada atlantique

Canada

New Brunswick
CANADA



CAFi

Centre d'accueil et d'accompagnement
francophone des immigrants
du Sud-Est du Nouveau-Brunswick

CHAMBRE DE COMMERCE DU GRAND SHEDIAC
GREATER SHEDIAC CHAMBER OF COMMERCE
CCGS • GSCC



CHAMBRE DE COMMERCE
Cap-Pelé/Beaubassin -est-
CHAMBER OF COMMERCE

