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Economy. Immigration. Communities.

## St. George, Grand Manan, Blacks Harbour & Charlotte County in 2030

The role of immigration to support a sustainable regional economy

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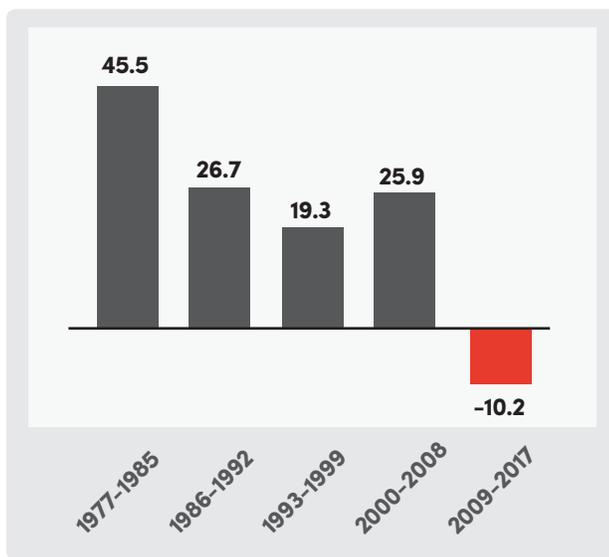
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# Introduction: New Brunswick's Biggest Challenge

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.<sup>1</sup> 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



Source: Statistics Canada CANSIM Tables 282-0002.

Something changed around 2007. The provincial workforce stopped growing and started to decline for the first time in history.<sup>2</sup> 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.

## St. George, Grand Manan, Blacks Harbour & Charlotte County: A Unique and Important Role in the New Brunswick Economy

St. George, Grand Manan, Blacks Harbour and Charlotte County play an important role in the New Brunswick economy. The region features a significant fishing sector. It is the centre of New Brunswick's finfish aquaculture industry. Aquaculture in New Brunswick generated \$274 million worth of international exports in 2017. St. George has a thriving business community with 70 business establishments with employees. There are 17 businesses in retail trade, five in food services, five in professional services and seven in health care. Blacks Harbour and Grand Manan are among the top fishing and fish processing communities in New Brunswick.

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.

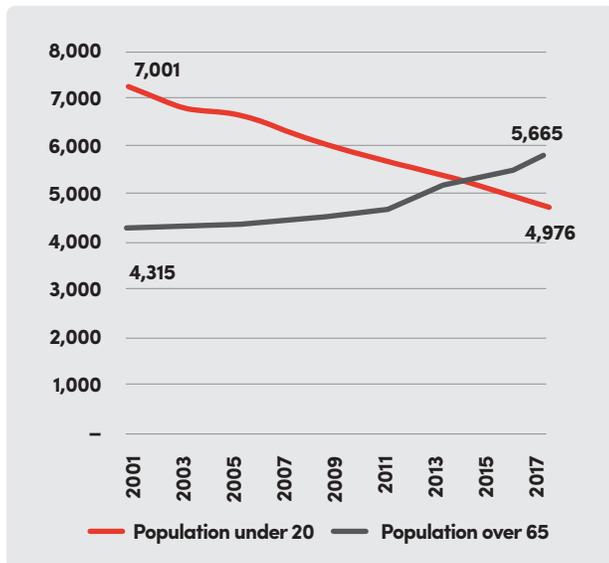
But like the rest of the province, Charlotte County is aging fast. The median age<sup>3</sup> is rising, the number of young people is declining, and this is starting to negatively impact the region. In order to ensure this important part of New Brunswick continues to thrive, there will need to be a robust “talent pipeline” to support the region’s important industries. Otherwise business investment will slowly leave the region and dampen key sectors such as fishing, manufacturing and tourism.

## Charlotte County’s Shrinking Talent Pipeline

In 2001 there were 162 young people (under the age of 20) living in Charlotte County for every 100 people over the age of 65. That year there were over 7,000 people living in Charlotte County under the age of 20. This provided a pool of young talent that businesses could draw upon to grow. Now that number has declined to less than 5,000 (in 2017) – this represents a drop of nearly 30 percent. There are now only 88 young people in the county for every 100 people over the age of 65.

Figure 2 shows the population trend for those under the age of 20 and those over the age of 65 across Charlotte County.

**FIGURE 2: POPULATION TREND IN CHARLOTTE COUNTY BY SELECTED AGE GROUP (2001 TO 2017)**



Source: Statistics Canada annual population estimates.

3. The age at which one half of the population is younger and the other half is older.

## Municipal Perspective

As shown in Table 1, St. George, Grand Manan and Blacks Harbour have shed population in recent years. Overall, Charlotte County saw a 4.2 percent decline in its population between 2011 and 2016. In addition, the region is aging rapidly. In the 1970s, the median age in Charlotte County was similar to the national average. Now there is a wide and growing gap. The median age in the county was 47.9 in 2016 while it was only 41.2 across the country. In other words, the average Charlotte County resident is 16 percent older than the average Canadian.

**TABLE 1: RECENT POPULATION TRENDS – ST. GEORGE, GRAND MANAN, BLACKS HARBOUR AND CHARLOTTE COUNTY**

Jurisdiction:	2016 Labour Force	% Change Since 2011	Median Age
Blacks Harbour	894	-9.0%	45.8
St. George	1,517	-1.7%	45.3
Grand Manan	2,360	-0.7%	44.9
Charlotte	25,428	-4.2%	47.9
New Brunswick	747,101	-0.5%	45.7
Canada	35,151,728	+5.0%	41.2

Source: Statistics Canada 2016 Census.

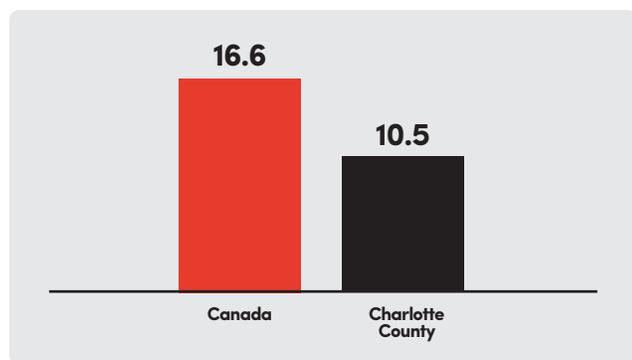
## The Opportunity: Refocusing on Growth

The population trend actually represents a great opportunity. Charlotte County features small, uncongested communities, with a lower cost of living. They benefit from being a short commute from the City of Saint John and its cluster of retail, recreation, personal and business services and from close proximity to the United States.

Among people who own their home, only 10.5 percent across Charlotte County spend 30 percent or more of their income on shelter costs (mortgage, home insurance, etc.) – more than one-third less than the country as a whole (shown in Figure 3). The average cost of an owned dwelling in St. George is 70 percent lower than the average across the country.

Attracting people to live and work in St. George, Grand Manan, Blacks Harbour and Charlotte County should be an important focus in the coming years.

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



Source: Statistics Canada 2016 Census.

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

The workforce in the region is starting to tighten. Based on the 2016 and 2006 Censuses, there was a six percent decline in the labour force across Charlotte County over that 10-year period. A number of employers are increasingly finding it difficult 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 Charlotte County. 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 in Charlotte County has an LQ value of 1.94 meaning there are proportionally 94 percent more people working in manufacturing in the county compared to Canada as a whole. Charlotte County has a higher concentration of workers in utilities, manufacturing, and transportation and warehousing.

Over the past decade, the county has witnessed employment decline in multiple sectors including manufacturing, utilities, trade, transportation and warehousing, finance and insurance, accommodation and food services, and other services.

**TABLE 2: EMPLOYMENT BY INDUSTRY AND LOCATION QUOTIENT**

Charlotte County

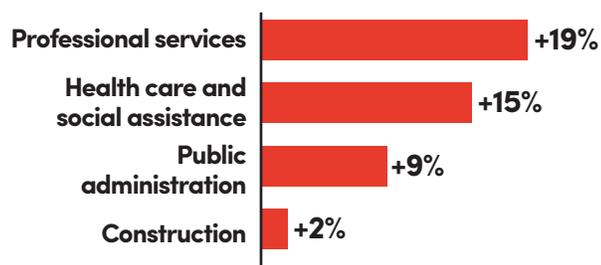
	Employed in 2016	% Change Since 2006	LQ 2016 CAN = 1.00*
<b>All Industries</b>	<b>12,815</b>	<b>-6%</b>	
11 Agriculture, forestry, fishing and hunting	1,645	-6%	5.39
21 Mining and oil and gas extraction	60	-8%	0.32
22 Utilities	155	-38%	1.66
23 Construction	860	+2%	0.92
31-33 Manufacturing	2,125	-12%	1.94
41 Wholesale trade	210	-16%	0.46
44-45 Retail trade	1,220	-2%	0.84
48-49 Transportation and warehousing	685	-6%	1.14
51 Information and cultural industries	100	-20%	0.35
52 Finance and insurance	175	-39%	0.32
53 Real estate and rental and leasing	115	+35%	0.50
54 Professional, scientific and technical services	340	+19%	0.37
56 Administrative and support**	445	-9%	0.81
61 Educational services	745	-6%	0.81
62 Health care and social assistance	1,445	+15%	0.98
71 Arts, entertainment and recreation	155	-18%	0.59
72 Accommodation and food services	780	-22%	0.89
81 Other services (except public administration)	555	-14%	0.99
91 Public administration	725	+9%	0.94

\* 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.

Charlotte County added net jobs between 2006 and 2016 in several sectors, including construction, professional services, health care and public administration. Health care had the largest increase by the number of new jobs added, as nearly 200 more people are working in that sector now compared to 2006. Figure 4 shows the percentage change in total employment, by growth sector over the decade.

**FIGURE 4: INDUSTRIES RISING IN IMPORTANCE IN CHARLOTTE COUNTY – INCREASE IN TOTAL EMPLOYMENT FROM 2006 TO 2016**



Source: Statistics Canada 2011, 2016 Censuses.

### St. George: Manufacturing and Services

There are over 1,000 people who work in St. George on an average day. The local labour force has a high concentration of workers in fishing, fish processing (manufacturing), utilities, and other services. Table 3 shows the four industries with the highest concentration of workers relative to the Canadian labour market.

**TABLE 3: INDUSTRIES WITH ABOVE-AVERAGE LOCATION QUOTIENT VALUES: TOWN OF ST. GEORGE**

Industry:	LQ 2016 CAN = 1.00
11 Agriculture, forestry, fishing and hunting	5.79
22 Utilities	4.50
31-33 Manufacturing	2.69
81 Other services (except public administration)	1.20

Source: Statistics Canada 2016 Census.

### Grand Manan:

The Village of Grand Manan has a workforce of nearly 1,300 people. There is a very high concentration of workers in fishing, as there are 400 workers in this sector. There are also 190 people working in the health care sector, 115 in manufacturing, 95 in retail trade and 85 in transportation and warehousing. Table 4 shows the four industries with the highest concentration of workers relative to the Canadian labour market.

**TABLE 4: INDUSTRIES WITH ABOVE-AVERAGE LOCATION QUOTIENT VALUES: VILLAGE OF GRAND MANAN**

Industry:	LQ 2016 CAN = 1.00
11 Agriculture, forestry, fishing and hunting	9.45
62 Health care and social assistance	1.33
48-49 Transportation and warehousing	1.19
41 Wholesale trade	1.10

Source: Statistics Canada 2016 Census.

In the years ahead, the main export-focused industries – fishing, aquaculture, manufacturing and tourism – will all face increased challenges recruiting qualified staff. Unless solutions are advanced, the region’s economic potential will be held back. A tightening labour market will also make it harder for St. George, Grand Manan, Blacks Harbour and Charlotte 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.

### 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 people here temporarily under the program, representing only 1.6 percent of the Canada-wide total. The fish processing industry in New Brunswick and in Charlotte County does use the TFW program. Some TFW workers eventually apply and receive their permanent residency, but the overall numbers are quite low.

## The Charlotte County Tourism Workforce

A recent human resources summit hosted by the Charlotte Coastal Region Tourism Association highlights the risk of a declining workforce in the region. The report coming out of the summit discussed the shortage of workers with specialized skills, the challenge of staffing jobs in the shoulder seasons, the high level of turnover because workers have more options than in past years. The summit report states “[T]he available labour market has been shrinking. Businesses are struggling to find and retain quality staff for the entire season. The business community is restricted in its growth and struggles to provide quality customer services due to staff shortages, cultural attitudes to tourism work, and lack of skills in the workforce.” Clearly the lack of a tourism workforce in Charlotte County is a risk to the industry moving forward.

## A Significant Number of Workers are Heading towards Retirement

The pace of workers heading into retirement in Charlotte County is quickening. Across the county there are nearly 3,600 workers over the age of 55. In Blacks Harbour, 33 percent of workers are over the age of 55 (Figure 5). This wave of potential retirees points to an even tighter labour market in the coming years.

FIGURE 4: 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 Charlotte County 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 Charlotte County 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.

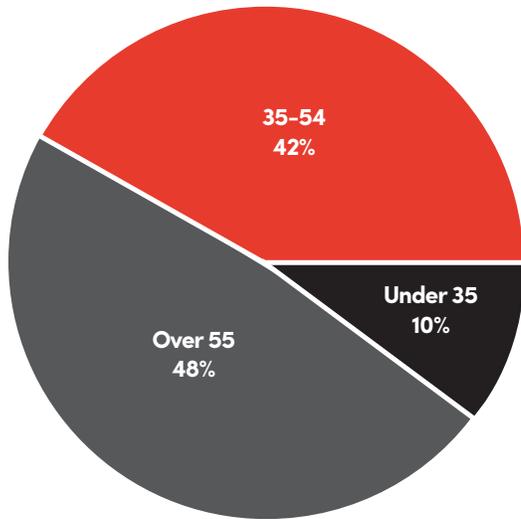
## Charlotte County's Aging Entrepreneurs

New Brunswick's entrepreneurs and small business owners are also getting older. In Charlotte County, 48 percent of everyone self-employed is over the age of 55 (Figure 6). This means within a few years over 600 entrepreneurs are likely to be retiring.

This could be a serious challenge for the Charlotte County economy. 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 fishing, aquaculture, tourism and other natural resources development, where many of these small businesses are active.

**FIGURE 5: SELF-EMPLOYED BY AGE GROUP**

Kings County



Source: Statistics Canada 2016 Census.

### **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 the region.

## **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.<sup>4</sup> One of the reasons the debt has grown so fast is the lack of economic growth and the shrinking labour force.

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.

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

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

## **Retirement Communities: A Viable Economic Development Strategy?**

The community of Elliot Lake in Ontario provides a warning for those who believe that transforming their 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<sup>5</sup>. 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 the region's 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 St. George, Grand Manan, Blacks Harbour and Charlotte County in the years ahead? The region has not attracted a lot of immigrants in recent years. In 2016, there were 345 people living in Charlotte County who lived outside of Canada five years earlier.<sup>6</sup>

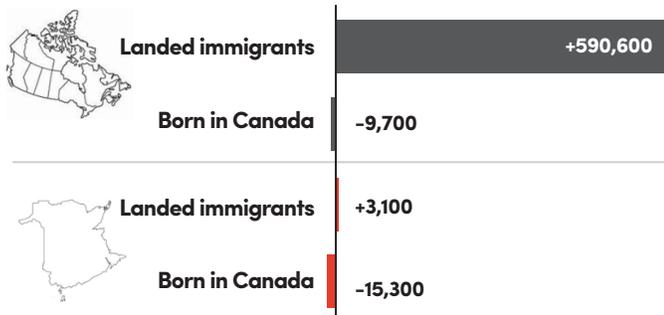
Boosting the number of immigrants to the region will: 1) ensure important industries have the workers they need; 2) help rebuild the K-12 student population in the region; and 3) boost the local economy through increased household spending.

## 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 (Figure 7), 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.

Figure 7 above shows that immigrants account for all net labour market growth since 2013. Table 5 below shows this trend extends back to the mid 2000s. Between 2006 and 2016, new immigrants accounted for 88 percent of net labour force growth across Canada.

The impact is starting to be felt in New Brunswick. Over the decade, nearly 7,200 immigrants were added to the New Brunswick labour force<sup>7</sup> 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 CA's labour force increased slightly between 2006 and 2016 (although according to the annual Labour Force Survey it has been declining since 2010). The 170 immigrants added to Edmundston's labour force was equivalent to 59 percent of net growth over the decade.

**TABLE 5: 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 Charlotte County. 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 region.

6. Periodically, some firms use the Temporary Foreign Worker program, but these individuals are not considered immigrants.

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

## Rebuilding Regional Student Populations

Since 1991, the number of students enrolled in K-12 education in New Brunswick has been in decline. This has particularly been a challenge in rural areas of the province. There are 43,000 fewer young people in K-12 education in 2017 compared to 1991 (Figure 8).

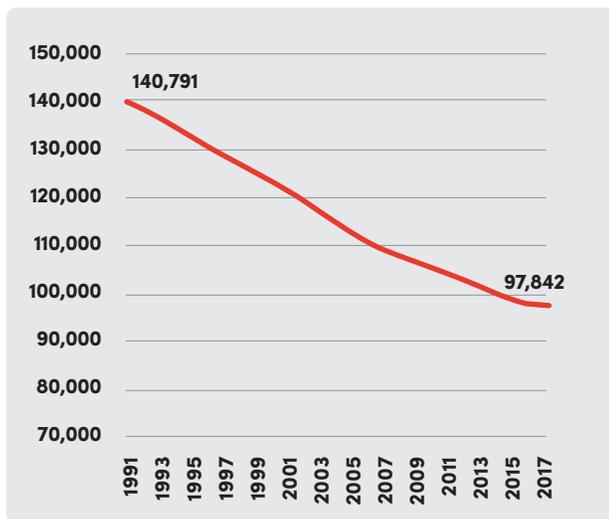
New immigrants to New Brunswick and international students are already boosting primary education enrolment across the province. According to information provided by the Department of Education and Early Childhood Learning, in the current student year there are nearly 3,500 students enrolled in kindergarten,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

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. This can be a particular challenge for smaller urban centres.

An increase in younger immigrant families will mean more students to feed into the education system in Charlotte County in the coming years.

**FIGURE 7: K-12 STUDENT ENROLMENT IN NEW BRUNSWICK**



Source: NB Dept. of Education and Early Childhood Learning.

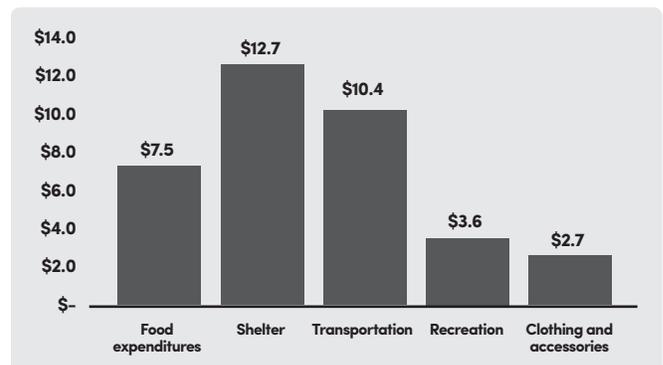
## Boosting Local Economies

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.<sup>8</sup> 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 Charlotte County 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.

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

# St. George, Grand Manan, Blacks Harbour & Charlotte County in 2030

So, what will St. George, Grand Manan, Blacks Harbour and Charlotte County look like in 2030? Will St. George continue to be a manufacturing and services hub? Will Grand Manan continue to have a significant fishing sector? Will Charlotte County overall continue to have a large tourism industry? 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?

Charlotte County has the potential to continue its important economic role within the province. The region can grow its economy and it can 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.

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 across the county.

If we are to attract more immigrants, we need to figure out how to better infuse them into our social and community life. In Charlotte County, 83 percent of all 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.

# new conversations

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