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Economy. Immigration. Communities.

The Greater Saint John Region in 2030

The role of immigration to support a sustainable regional economy

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for the
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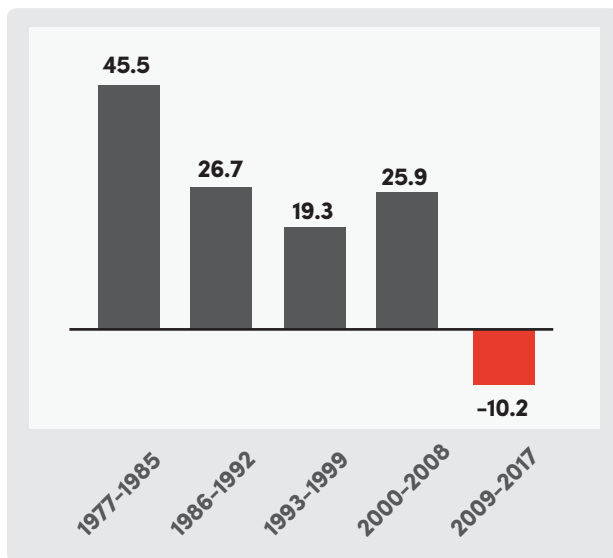
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Introduction: New Brunswick's Biggest Challenge

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 lower 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



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.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 that 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.

The Greater Saint John Region: A Strategically Important Urban Economy

The Saint John Census Metropolitan Area (CMA) extends over 3,500 square kilometers and had a population of 126,202 at the time of the 2016 Census. The Greater Saint John region is strategically important for New Brunswick as it is home to Port Saint John and the firms and industries that account for the bulk of international export revenue. It is also New Brunswick's energy hub and in close proximity to many of the province's top tourism assets. Saint John is also a major health care centre within the Maritime Provinces.

Compared to the national economy, the Saint John CMA has a large share of workers in utilities, trade, administrative and support services, and health care.

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.

Geographic Definitions: The Greater Saint John Region

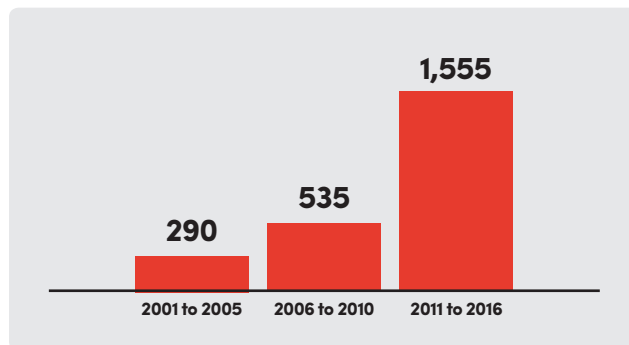
Statistics Canada groups the City of Saint John and the outlying communities of Grand Bay–Westfield (Town), Greenwich (Parish), Hampton (Parish), Hampton (Town), Kingston (Parish), Lepreau (Parish), Musquash (Parish), Norton (Parish), Petersville (Parish), Quispamsis (Town), Rothesay (Parish), Rothesay (Town), Saint John (City), Saint Martins (Parish), Simonds (Parish), St. Martins (Village), Upham (Parish) and Westfield (Parish) into a single Census Metropolitan Area (CMA). Throughout this document three geographic regions will be referenced: 1) selected municipalities in the region, 2) the Saint John CMA and 3) Saint John County. All three are used because Statistics Canada publishes different sets of data based on geographic region. The components of annual population growth, for example, are only available at the county level.

The Sources of Population Growth have Shifted

Just 10 years ago, there were 25 percent more births in the Saint John CMA than deaths. Now, in 2017 the natural population growth rate turned negative for the first time. Before 2012, the urban centre had a positive intraprovincial migration rate, meaning more people moved in from other parts of New Brunswick than moved out. The last few years both the intraprovincial and interprovincial migration rates have been negative.

However, in just the last few years, the number of immigrants settling in Saint John has increased. Figure 2 shows the number of immigrants living in Saint John at the time of the 2016 Census by period of immigration to Canada. The number in the latest five-year period is up three times compared to the previous five years (2006–2010).

FIGURE 2: IMMIGRANTS LIVING IN SAINT JOHN BY PERIOD OF ARRIVAL IN CANADA



For the City of Saint John.
Source: Statistics Canada 2016 Census.

The reality is that Greater Saint John, and the rest of New Brunswick, is trying to achieve something that is rare in Canada – a dramatic increase in immigration over a very short period of time. Over the past half-century, annual changes to immigration in Canada have generally been moderate. Now, as demonstrated in Table 1, places like Greater Saint John³, Winnipeg and Regina are witnessing substantial increases in immigration rates with relatively immature support infrastructure.

This is likely driving up the negative interprovincial migration rates as some immigrants initially settling in the Saint John region are moving out to other parts of Canada.

If the Saint John CMA is to return to solid population growth in the coming years, it is likely immigration rates will have to increase even further, to upwards of 150 per 10,000 population per year – similar to rates in Toronto, Winnipeg and Regina.

3. The data use here is for the Saint John CMA.

TABLE 1: AVERAGE ANNUAL IMMIGRATION RATE PER 10,000 POPULATION BY FIVE-YEAR INCREMENTS

Selected CMAs

	2002-2006	2007-2011	2012-2016	2012-2016 vs. 2002-2006
Saint John	23	37	57	+143%
Halifax	36	53	61	+68%
Montréal	96	108	109	+14%
Ottawa-Gatineau	61	57	57	-5%
Toronto	206	160	134	-35%
Winnipeg	72	142	168	+133%
Regina	26	82	171	+547%
Edmonton	48	71	113	+138%
Vancouver	161	159	129	-20%

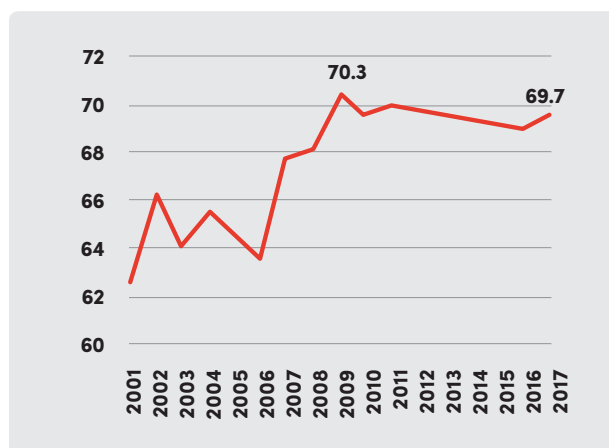
Source: Statistics Canada CANSIM Table 051-0057.

Is the Greater Saint John Region’s Workforce Peaking?

From 2001 to 2009 the labour force⁴ in the Saint John CMA expanded by 6,600 people (Figure 3). These new workers were spread across a number of industries serving local and export markets. Since then, the size of the labour force has stopped growing and it has remained at roughly the same size.

This could be a sign of things to come as more than 14,000 workers over the age of 55 start to transition into retirement. If the Greater Saint John region’s labour force is to grow in the future it will need a larger number of new entrants to make up for those leaving for retirement and to create the talent pool for the expansion of export-based industries.

FIGURE 3: GROWTH/DECLINE IN THE SIZE OF THE LABOUR FORCE (000S) – SAINT JOHN CA



Source: Statistics Canada annual population estimates.

Municipal Perspective

There is some variation in population growth, median age and immigration, depending on the municipality within the Greater Saint John region (Table 2). Quispamsis witnessed modest population growth between 2011 and 2016, while the City of Saint John, Grand Bay–Westfield and Rothesay witnessed modest population decline. Overall, the region is getting older faster than many other urban centres. The City of Saint John has a median age of 44.1. This is similar to other municipalities in the area.

As discussed above, the City of Saint John’s immigrant population rose by more than 1,500 between 2011 and 2016.⁵ Most other municipalities in the region have not attracted many immigrants in recent years. There were 210 immigrants in the Town of Rothesay in 2016 that moved to Canada in the previous five years.

4. The labour force is made up of people who are working or actively looking for work.

5. The number of immigrants living in Saint John in 2016 that came to Canada between 2011 and 2016.

TABLE 2: RECENT POPULATION TRENDS – SELECTED GREATER SAINT JOHN REGION MUNICIPALITIES

Jurisdiction:	Population, 2016	% Change since 2011	Median Age	New Immigrants as % of Population*
Saint John	67,575	-3.6%	44.1	2.4%
Hampton	4,289	-0.1%	44.1	0.0%
Grand Bay-Westfield	4,964	-3.0%	44.3	0.2%
Rothesay	11,659	-2.0%	43.8	1.8%
Quispamsis	18,245	+1.7%	41.2	1.1%
New Brunswick	747,101	-0.5%	45.7	1.2%
Canada	35,151,728	+5.0%	41.2	3.4%

*Those having arrived in Canada between 2011 and 2016. Source: Statistics Canada 2016 Census.

The Opportunity: Continuing Strong Urban Growth

The Greater Saint John region has an opportunity to continue its role as an urban growth centre for New Brunswick and Atlantic Canada. If New Brunswick is to get back to more robust economic growth, it will need Greater Saint John to do some of the heavy lifting.

The Declining Workforce: What's at Risk?

If the Greater Saint John labour force were to continue declining, what would be the impact on the economy? Table 3 shows something called the "location quotients" for the Saint John CMA. A location quotient (LQ) provides a simple representation of the industries for which Greater Saint John region has higher or lower concentrations of workers compared to the national economy. Any number above 1.00 means the urban centre has a higher concentration of workers. For example, Greater Saint John region's utilities sector has an LQ value of 2.45 meaning there are proportionally almost 2.5 times as many people working in this sector in the Saint John CMA compared to Canada as a whole.

Greater Saint John has above-average LQ values for seven major industry groups. NB Power electricity generation facilities and the head office of Saint John Energy drive up employment in the utilities sector. The region has higher than average employment in wholesale and retail trade as well as the

administrative support sector, health care and other services.

TABLE 3: EMPLOYMENT BY INDUSTRY AND LOCATION QUOTIENT

Saint John CMA

	Employed in 2016	% Change Since 2006	LQ 2016 CAN = 1.00*
All Industries	64,945	+1%	
11 Agriculture, forestry, fishing and hunting	625	-8%	0.40
21 Mining and oil and gas extraction	765	+22%	0.81
22 Utilities	1,160	+19%	2.45
23 Construction	5,025	+14%	1.06
31-33 Manufacturing	3,990	-26%	0.72
41 Wholesale trade	2,625	-20%	1.13
44-45 Retail trade	7,865	0%	1.07
48-49 Transportation and warehousing	2,625	-14%	0.86
51 Information and cultural industries	1,390	-27%	0.95
52 Finance and insurance	2,430	+27%	0.88
53 Real estate and rental and leasing	830	+1%	0.72
54 Professional, scientific and technical services	4,195	+17%	0.90
56 Administrative and support**	4,340	-20%	1.56
61 Educational services	4,010	+8%	0.86
62 Health care and social assistance	9,480	+18%	1.27
71 Arts, entertainment and recreation	980	0%	0.74
72 Accommodation and food services	4,360	+10%	0.98
81 Other services (except public administration)	2,985	-4%	1.05
91 Public administration	3,800	+15%	0.97

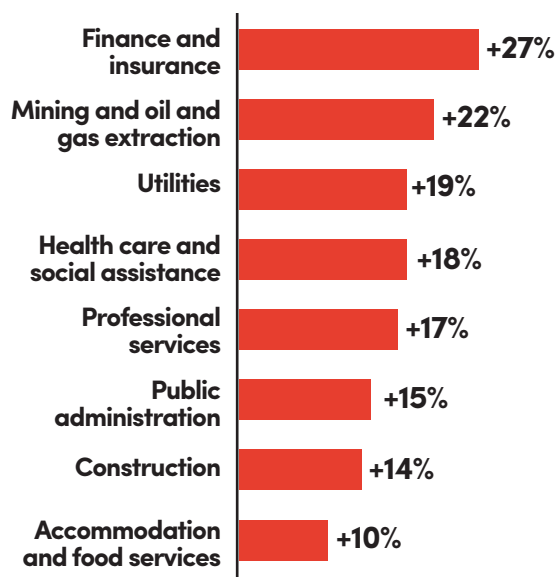
* Any number above 1.00 means the region has a larger concentration of workers in this sector compared to Canada as a whole.
**Includes waste management and remediation services.

Source: Statistics Canada 2016 Census.

Importantly, a number of key export-focused sectors have been in growth mode, including finance and insurance, professional services and accommodation and food services (Figure 4).⁶ There is an important distinction between industries that service local markets and those that service export markets bringing in revenue that grows the provincial economy. If export-focused industries cannot find workers or if wage costs rise to a point where the city is uncompetitive, most of these firms have the ability to move their operations to other jurisdictions.

The manufacturing, transportation, back office/contact centres and telecommunications sectors in Saint John all shed employment over the decade between 2006 and 2016. If the workforce continues to tighten, it will constrain these export-based industries' ability to grow in the future, which will have a ripple effect over the entire economy.

FIGURE 4: GROWTH/DECLINE IN THE SIZE OF THE LABOUR FORCE (000S) – SAINT JOHN CMA



Source: Statistics Canada 2006, 2016 Censuses.

A Significant Number of Workers are Heading towards Retirement

The pace of workers heading into retirement is quickening. Across the Saint John CMA there are more than 14,000 workers over the age of 55. More than one out of every five workers are over the age of 55 (Figure 5). The increasing number of people moving into retirement points to an even tighter labour market in the coming years.

FIGURE 5: SHARE OF THE WORKFORCE AGED 55 AND OLDER



Source: Statistics Canada 2016 Census.

Table 4 shows the share of the workforce that is 55 and older by selected occupations. There are nearly 3,200 people in sales and service occupations over the age of 55 and nearly 2,700 in trades and transportation occupations.

TABLE 4: SHARE OF THE WORKFORCE THAT IS AGED 55 AND OLDER – SAINT JOHN CMA

	# Aged 55+	% of Total
Total Workforce	14,135	22%
0 Management occupations	1,385	23%
1 Business, finance and administration occupations	2,575	26%
3 Health occupations	1,270	22%
4 Occupations in education, law and social, community and government services	1,440	19%
6 Sales and service occupations	3,180	19%
7 Trades, transport and equipment operators and related occupations	2,665	28%

Source: Statistics Canada 2016 Census.

6. The mining sector posted a 22 percent gain in employment between 2006 and 2016, but that number is before the impact of the potash mine closure in the Sussex region.

Greater Saint John Region’s Aging Entrepreneurs

Greater Saint John region’s entrepreneurs and small business owners are also getting older. Across all industries, nearly 40 percent of persons who are self-employed are over the age of 55 (Table 5). In total, there are over 1,600 business owners who will be heading into retirement in the coming years. Nearly 50 percent of self-employed individuals in the professional, scientific and technical services industry (lawyers, accountants, etc.) are over 55. Half of those self-employed in the transportation and warehousing sector are heading towards retirement in the near future.

This is a challenge for the Greater Saint John region economy. We need a new generation of entrepreneurs to step up to replace those who retire and to help drive growth in important industries such as information technology, professional services and tourism.

TABLE 5: SHARE OF THE SELF-EMPLOYED WORKFORCE THAT ARE AGED 55 AND OLDER – SAINT JOHN CMA

All Industries	39%
23 Construction	41%
48-49 Transportation and warehousing	53%
54 Professional, scientific and technical services	49%
56 Administrative and support services	49%
81 Other services (except public administration)	31%

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 to drive economic growth in the years ahead.

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.⁷ One of the reasons the debt has grown so fast is the lack of economic growth and the shrinking labour force.

The Greater Saint John region can be an important part of the solution. 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.

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 Greater Saint John region’s important export-oriented industries. In the years ahead, the community can and should benefit from the economic opportunities arising from more retirees, as well as the opportunities arising from attracting and growing the younger workforce.

The Role of Immigration

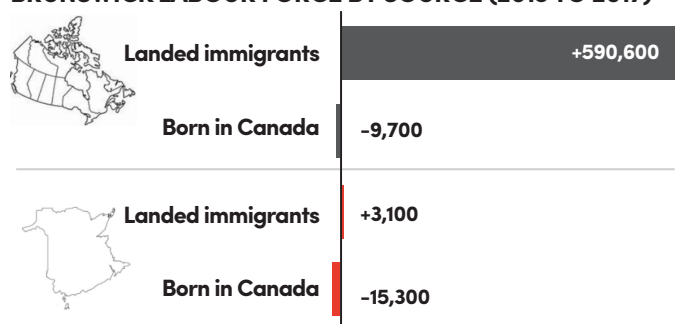
What will be the role of economic immigration to support the Greater Saint John economy in the years ahead? As discussed above, the community is already benefiting from an increase in newcomers. They are coming as students, as workers and as entrepreneurs filling important roles in the economy and boosting demand for local goods and services.

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

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 6, 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.

FIGURE 6: GROWTH IN THE CANADIAN AND NEW BRUNSWICK LABOUR FORCE BY SOURCE (2013 TO 2017)



Source: Statistics Canada CANSIM Table 282-0102.

The impact is starting to be felt in New Brunswick and in the Greater Saint John region. Over the decade, nearly 7,200 immigrants were added to the New Brunswick labour force⁸ even as the overall labour force across the province declined by 1,170 (Table 6).

In the Saint John CMA, there were 1,260 immigrants added to the labour force between 2006 and 2016. Without these immigrant workers, the Saint John labour force would have declined over the 10-year period. In the years ahead, immigrants will have to make up an even greater share of the workforce growth.

TABLE 6: 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

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

Sources: Statistics Canada.

Boosting Local Economies

Attracting more immigrants in the coming years will create new demand for local products and services. Every 1,000 new 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.⁹ These 1,000 immigrant families will spend \$12.7 million per year on housing costs, such as mortgage payments, electricity and property taxes (Figure 7).

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.

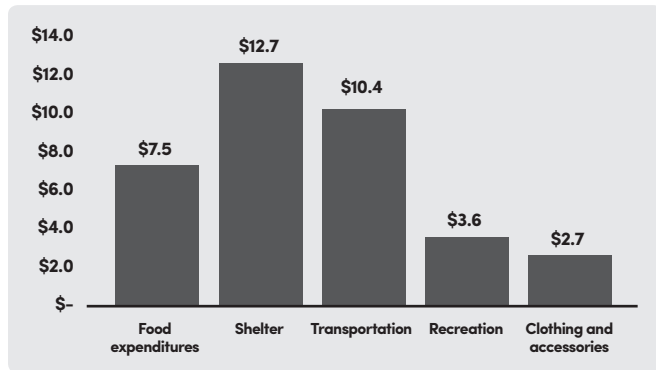
These 1,000 new families will also generate approximately \$20 million worth of taxes per year for local, provincial and federal governments. Figure 6 shows the expected spending from the new families for a few specific categories.

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

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

FIGURE 7: ANNUAL HOUSEHOLD SPENDING IMPACT IN NEW BRUNSWICK FROM 1,000 NEW FAMILIES (\$MILLIONS)*

Selected Spending Categories



Source: 2016 Census. Statistics Canada.

Other Positive Effects

Attracting more immigrants to Greater Saint John 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.

The Greater Saint John Region in 2030

So, what will the Greater Saint John region look like in 2030? Will the region continue to be an energy hub, a thriving port and a manufacturing centre? Will it continue to be a factory for technology-based startup companies? Will new industries emerge related to health care, information technology and professional services? Will the workforce be there to ensure the region and its communities can take advantage of new opportunities?

Greater Saint John has the potential to continue its important economic role within New Brunswick. It 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 Greater Saint John 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 a smaller urban centre 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.

If we are to attract more immigrants to Greater Saint John region we need to figure out how to better infuse them into our social and community life. Retention rates are not as strong as they should be to ensure long term success. In addition, the local population in the region does not have a lot of history with immigration. Nearly 86 percent of Saint John 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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