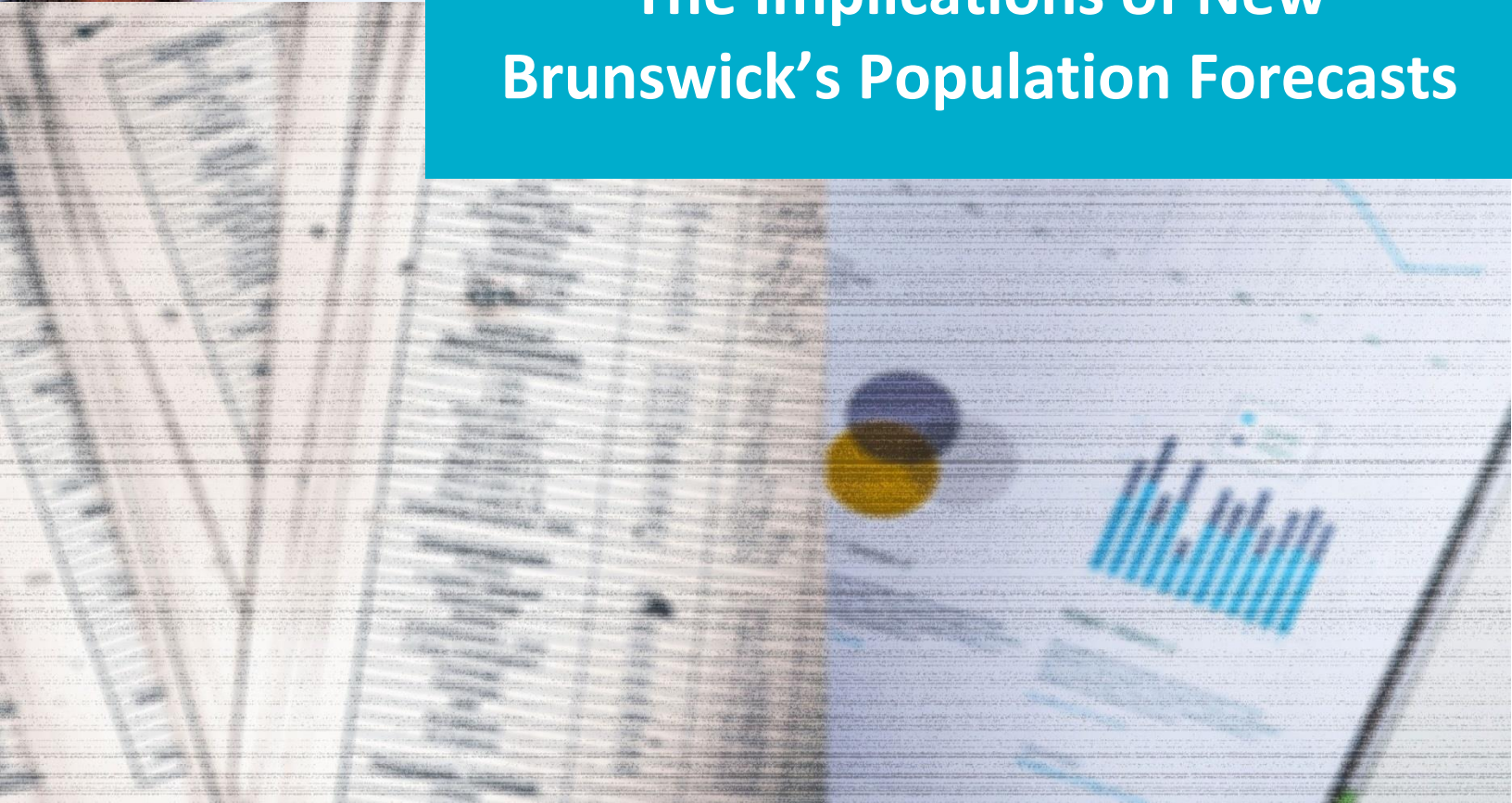


The Implications of New Brunswick's Population Forecasts



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In spring 2017, two papers (i) New Brunswick Population Snapshot and (ii) Small Area Population Forecasts for New Brunswick were released by Dr. Paul Peters of the New Brunswick Institute for Research, Data and Training (NB-IRDT) and the University of New Brunswick. This document details key findings which include the following:

- **Historical New Brunswick population outcomes since 1971, which include:**
 - Declining birth rates and increased life expectancy
 - Net interprovincial migration losses in the province
 - Recently increasing international immigration to New Brunswick (since 2005)
- **Forecasted New Brunswick population change to 2031, which imply:**
 - The potential for major demographic shifts – primarily driven by provincial out-migration given employment opportunities elsewhere.
 - Expected population growth in the three urban centres (Fredericton, Moncton, and potentially Saint John), but population decline for the rest of the province.
 - Without policy initiatives, New Brunswick will likely experience low to negative population growth and will continue to face the concern of an aging population.

Backgroundⁱ

Economic growth has been historically lower in New Brunswick than the rest of the country, and the unemployment rate has been consistently higher than the Canadian average. These issues have created fiscal pressures which are compounded by an aging population (particularly with respect to increased healthcare demands). Increasing the quantity and quality of the province's labour force would help address the above concerns; however, designing effective policies and growth strategies remains a challenge.

| Annual Unemployment Rate % | | |
|----------------------------|------|--------|
| Year | NB | Canada |
| 2010 | 9.2 | 8.1 |
| 2011 | 9.5 | 7.5 |
| 2012 | 10.2 | 7.3 |
| 2013 | 10.3 | 7.1 |
| 2014 | 9.9 | 6.9 |
| 2015 | 9.8 | 6.9 |
| 2016 | 9.5 | 7.0 |



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Over the long-term, there is potential for major demographic shifts - largely driven by an aging population and persistent negative net interprovincial migration. Employment opportunities in other provinces are, in part, motivating these shifts. Increasingly, such transitions which were once temporary are now becoming long-term. New Brunswick has relied on immigration to offset the net losses experienced through interprovincial migration, low fertility rates and increased life expectancy, but recent immigration levels may not be sufficient to offset these factors. Thus, without policy intervention, New Brunswick will likely experience low or negative population growth over the long-term and will continue to face the concern of an aging population.

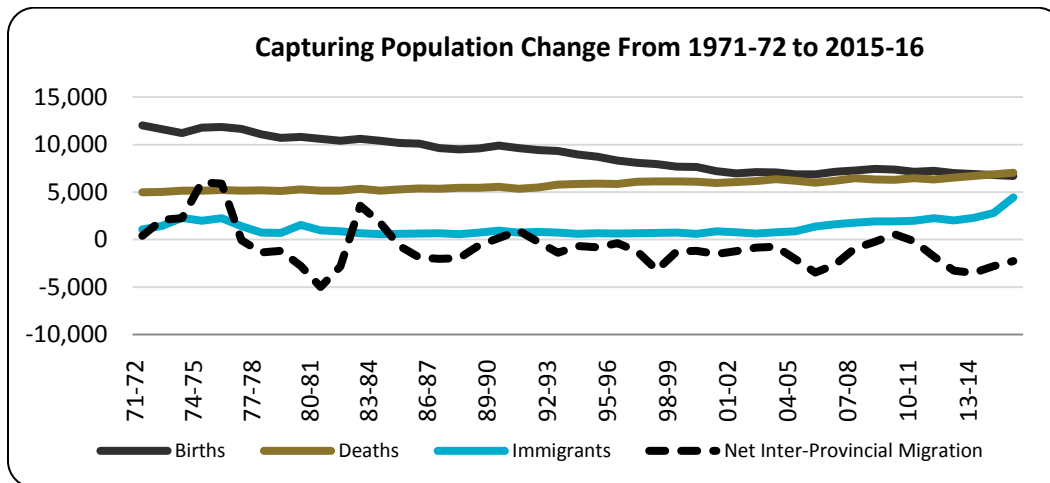
Components of Population Changeⁱⁱ

The first two issues, declining birth rates and increasing life expectancy, are consistent with what is happening in the rest of Canada. However, the trend of declining fertility rates over the past decade has been more pronounced in New Brunswick. From 2001 to 2015, the number of people under the age of 15 and the working-age population (15-64) decreased from 131,463 to 109,058 (-17%) and from 518,251 to 501,669 (-3%) respectively; while those aged 65 and older increased from 100,105 to 143,133 (43%). This implies that a declining labour force must support an increasingly older population. Additionally, issues of economic sustainability arise as a result of a decreasing younger population entering the labour force.

The third issue, interprovincial migration, has been the most variable and a major determinant of recent low population growth. Net interprovincial migration losses in New Brunswick have been very high, especially since 2011-12, which is primarily driven by the 20-29 age group. When opportunities lacked in New Brunswick and options elsewhere were lucrative (e.g. recent opportunities in both Ontario and Alberta), people tended to leave. These people were generally working-age adults who would otherwise have been paying income tax to New Brunswick had they stayed. This result negatively affects New Brunswick in two ways:

- (i) The working-age population declines, which affects output (i.e. GDP); and
- (ii) Tax revenues used to fund such activities as education and health are reduced - notably at a time when there are proportionately more seniors residing in the province than previously.

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A potential offsetting outcome to New Brunswick's population decline is the recent increase in immigration to New Brunswick (since 2005). However, it is too early to predict if this trend will continue and/or what the effects will be. By attracting more immigrants and maintaining a large proportion within the province, New Brunswick could potentially counter-balance the problem of persistent net interprovincial migration losses.

In 2000-01, a relatively higher proportion of immigrants were young professionals. However, in 2015-16, families with children represented the majority of immigrants to the province.

While there has been a recent increase in the overall number of immigrants arriving in New Brunswick compared to prior decades, the rates of immigrant arrival are not unprecedented. The proportion of Canadian immigrants landing in New Brunswick fluctuated between 0.8% and 1.3% in the latter part of the 1970s. This proportion steadily declined through the 1980s and 1990s, to a low of 0.3% in 1994. However, since 2005 there has been an increase in the proportion of immigrants to Canada landing in New Brunswick. It is estimated that New Brunswick accepted approximately 1.4% of all immigrants to Canada in 2016. Annual immigration remained below 1,000 people per year from 1980-81 to 2004-05. The numbers have recently increased from 1,386 in 2005-06 to about 4,435 in 2015-16.

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Forecasts for the Futureⁱⁱⁱ

The above issues have resulted in low or negative population growth, an increasing proportion of people over 65 years of age and high population mobility, particularly among young adults. New Brunswick is unique in Canada, where the patterns of migration are more pronounced and the population is aging faster than other provinces. These issues have significant implications for the labour force, healthcare, social support, the tax base and the broader economy. The question then becomes: Is this demographic shift expected to continue and, if so, what can be done?

It is predicted that there will be continued decline in fertility rates and increased life expectancy, leading to an aging population with fewer youth as a result of continued net interprovincial migration losses. Population growth will likely continue to be low or potentially negative across the projection period of 2011-2031.^{iv}

| Population Change 2011-2031 vs. 2011 Unemployment Rate | | | |
|--|---|---------------|----------------------------------|
| | Forecasted Population Change: 2011-2031 | | 2011 Unemployment Rate by County |
| | Low | High | |
| Saint John | -1,235 | 877 | 9.7 |
| Charlotte | -2,036 | -1,299 | 12.3 |
| Sunbury | 32 | 1,319 | 6.4 |
| Queens | -1,352 | -711 | 17.5 |
| Kings | 1,612 | 6,672 | 7.0 |
| Albert | 1,459 | 4,462 | 8.5 |
| Westmorland | 10,401 | 28,974 | 8.4 |
| Kent | -1,878 | -1,348 | 16.6 |
| Northumberland | -4,855 | -2,750 | 20.8 |
| York | 4,605 | 14,368 | 8.2 |
| Carleton | -1,249 | -1,051 | 12.6 |
| Victoria | -2,269 | -1,224 | 13.1 |
| Madawaska | -3,908 | -2,088 | 10.6 |
| Restigouche | -5,313 | -2,556 | 17.7 |
| Gloucester | -9,144 | -4,876 | 15.3 |
| New Brunswick | -15,130 | 38,770 | 9.5 |

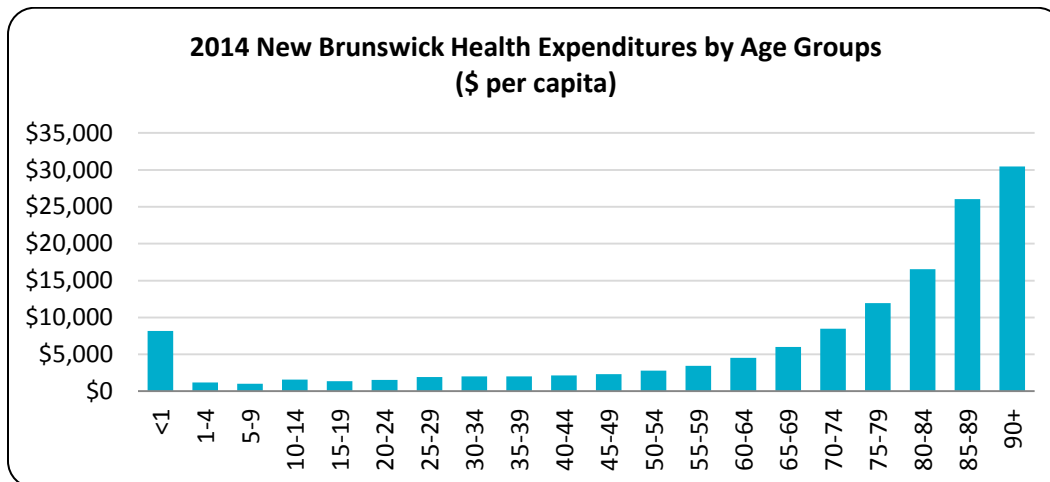
The above table presents the forecasted population change by county based on Dr. Peters' methodologies of both a low and high projection. Most counties, particularly in rural areas of the province, are expected to experience a decrease in population given low or negative rates of net

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interprovincial migration. Population growth will be concentrated in the Fredericton (York and Sunbury County) and Moncton (Westmorland and Albert County) areas, with Saint John and surrounding areas (Kings County) having the potential for growth (only under the high growth projection is Saint John expected to grow).

These findings highlight the importance of the urban centres within the province, as they have been the primary locations of population growth in the past and are predicted to fulfill this role into the future. Comparing these findings with the 2011 unemployment rates by county, suggests that the counties which are expected to grow are also those with the lowest rates of unemployment.

The population forecasts have clear implications for healthcare expenditures. Based on the New Brunswick Labour Market Outlook 2017-2026 report, the ratio of working-age people per senior is expected to fall from 5 in 2005 to 2.4 in 2026. Lack of working-age population growth negatively affects provincial tax revenue. Additionally, healthcare costs rise exponentially with age as illustrated in the figure below.^v Given lower fertility rates, a shrinking working-age population and a rise in those 65 years and over, it is evident that New Brunswick will be greatly challenged in meeting the future healthcare needs of the province.





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Discussion

Are there targeted social, economic, and fiscal policies that can prevent the recent population trends from continuing in New Brunswick? According to Dr. Peters, policies targeting migration may be most effective. Therefore, in order to address long-term population stability, policy must focus on reversing the trend of net interprovincial migration losses while maintaining recent immigration rates.

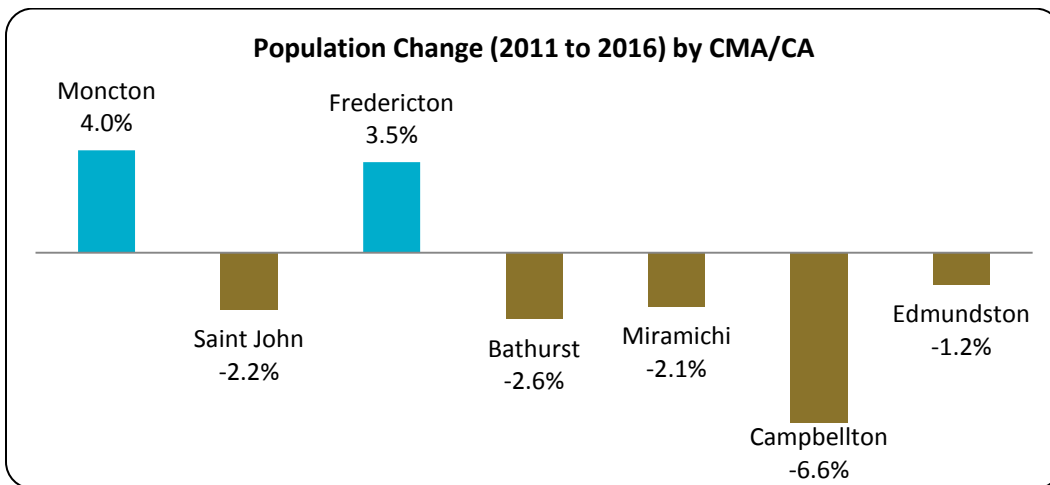
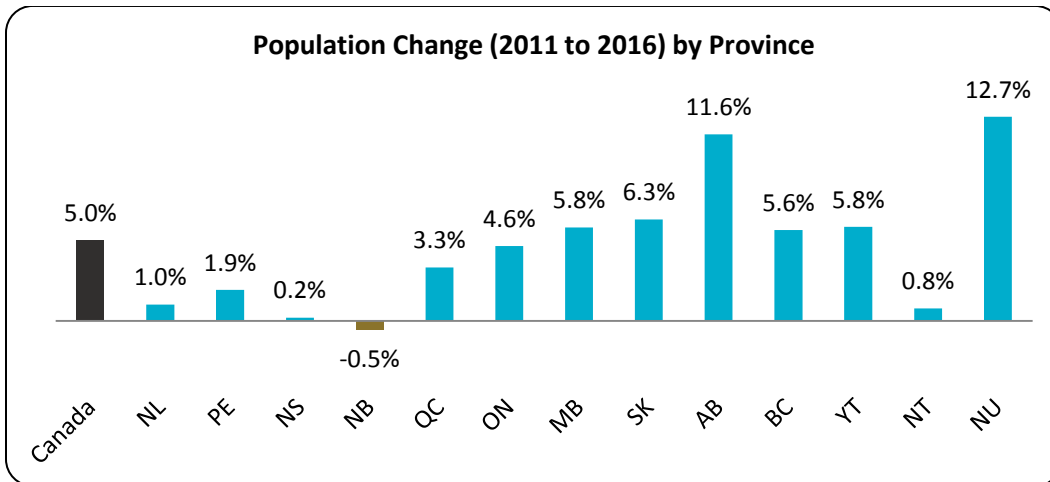
Findings also indicate that the clear motivation for much of the current out-migration is employment. As Dr. Peters notes, approximately half of net migration rates can be explained by unemployment. However, only 50% of this can be influenced by policy within New Brunswick, with the remaining outside the control of provincial policy. Therefore, New Brunswick needs long-term creative policies that act as incentive mechanisms for working-age New Brunswick adults to stay, as well as, to attract outsiders.

There is strong potential for focusing population growth strategies on key urban areas, which also tend to have the province's lowest levels of unemployment. Policies should account for the reality that while population is expected to fall in most regions, there is expected growth in New Brunswick's three urban centres (Fredericton, Moncton and potentially Saint John). However, in designing such strategies, caution must be taken in minimizing (or eliminating) further reductions to an already thin labour supply available to resource-based industries in rural areas of the province.

Other Considerations

The 2016 Census shows that New Brunswick was the only province to experience a decline in population from 2011 to 2016 (-0.5 percent) with Moncton and Fredericton being the only metropolitan areas which grew.^{vi} These findings suggest the low growth projections discussed above may be New Brunswick's current reality. As a result, we must continue to update these models to better reflect the ongoing state of population change in the province.

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ⁱ All data in this report is based on Statistics Canada, unless otherwise indicated, and comes from two reports produced by the New Brunswick Institute for Research, Data and Training: 'New Brunswick Population Snapshot' and 'Small Area Population Forecasts for New Brunswick'.

ⁱⁱ Historical analysis was based upon data available as of November 2016.

ⁱⁱⁱ The sub-provincial population projections were constrained to the provincial totals from Statistics Canada's Population Projections released in September 2014.

^{iv} The base year used in the projection model is 2011.

^v Canadian Institute for Health Information. *National Health Expenditure Trends, 1975 to 2016*. Ottawa, ON: CIHI; 2016. Table E.1.17.2.

^{vi} The 2016 Census data will be adjusted for certain factors and provided to the general public in 2018.