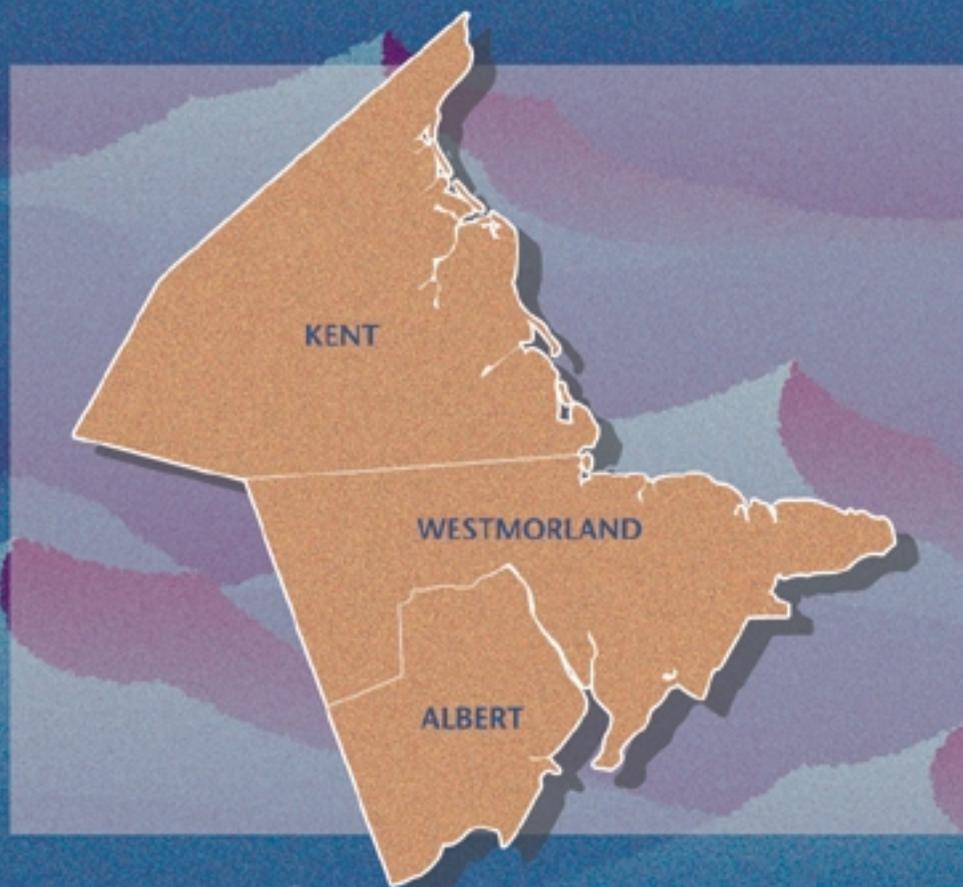




**MARITIMES** Series

THE STATE OF THE REGIONS

# The Economic Region of Southeast New Brunswick



INSTITUT CANADIEN DE RECHERCHE SUR LE DÉVELOPPEMENT RÉGIONAL  
THE CANADIAN INSTITUTE FOR RESEARCH ON REGIONAL DEVELOPMENT



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of Southeast  
New Brunswick**



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**THE CANADIAN INSTITUTE FOR RESEARCH ON REGIONAL DEVELOPMENT**

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with the assistance of Josette Thériault

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## Preface

The Institute's staff has over the years made important scholarly contributions to a greater understanding of regional economic development, government policies and, more generally, to the public policy process. We have successfully studied and compared regional development efforts at the local, regional, national and international levels. Indeed, staff members have won several national and international prizes for their work.

By and large, staff members have been free to choose their research projects and pursue them on an individual basis. Still, the Institute's Board of Directors felt that they should collaborate on one collective project each year, and that it should concentrate on the Maritime provinces. As a result, the board approved a new annual, collective research project dealing with the economy of the three Maritime provinces and drawing on the disciplines, skills and insights of all Institute staff members.

This decision is fitting. The Université de Moncton is located in the heart of the Maritime provinces and it certainly wants to contribute to a greater understanding of the region's economic challenges. In addition, the three Maritime provinces have, in the past, been the recipients of ambitious federal government regional development efforts; however, as these are reduced, it is appropriate for the Institute to focus on areas of the region's activities and needs so that the ongoing redefinition of the federal role can be directed into the most useful channels. No less important is the fact that the three provinces are redefining their role in society, a transition that shapes and is shaped by economic factors. The combined weight and force of this transition will entail far-reaching changes, and the Institute wants to be of help to Maritimers in meeting their new challenges.

Without the participation of practitioners, regional studies of this type would not reflect the real issues. We have been especially fortunate in this regard during our consultations in southeast New Brunswick. The wide range of people and organizations consulted is, we believe, broadly representative of the region. Their names

are listed in Appendix B; the involvement of each attests to their great interest in their region. We thank them all for their collaboration.

In producing this review, the Institute was fortunate to have a skilled, devoted and dynamic research team. I would like to thank all the members of the team for their professionalism and team spirit, which were essential to the success of the project. I would like particularly, however, to thank Maurice Beaudin and Ginette Benoit. Maurice Beaudin assumed full responsibility for this project and acted as coordinator. He consistently pushed contributors to seek more information, to tighten their contributions and to turn in a quality product. He made a substantial contribution to the report and deserves much of the credit for its successful completion. Ginette Benoit looked after all the administrative arrangements. Her professionalism and her ability to get people to turn in their work on time, and her negotiating skills with translators, copy editors, graphic designers and printers are greatly appreciated. She, too, deserves a great deal of credit.

We hope that this review will be of interest to informed observers, the private sector, outside investors, government officials whose tasks are to design policies for the Maritime provinces, outside parties interested in the economy of southeast New Brunswick, students of economics, geography and public policy, the media and the general public. We invite readers to send us any comments they may have on this review and suggestions for future projects.

Donald J. Savoie  
*Executive Director*



## Introduction

We decided to launch this annual project, *Maritimes Series*, by reviewing the economic circumstances and challenges in the Institute's own backyard – southeast New Brunswick. The area includes the counties of Albert, Kent, and Westmorland. It also includes a relatively large urban area – Moncton, Riverview, and Dieppe – small towns, such as Bouctouche and Sackville and a number of very small villages. The area looks to virtually every economic sector to generate activity and jobs, ranging from specialized services to manufacturing, and primary activities.

The report that follows examines a variety of economic forces and data. We begin by presenting the area's main geographical characteristics, its natural assets, and its physical resources. This is followed by a summary of the views of persons in the key economic activities in the region. We then consider the region's population base and its strengths and weaknesses. We also look at the various economic sectors, migration patterns, demographic and employment structure. We review the private sector, its make up and its contribution to employment. Given its importance to the economy of the area and, more generally, to that of the three Maritime provinces, we review the role of government in the local economy. We conclude with some observations on the area's economic circumstances, and offer some suggestions for the future.

This first annual review sets out the kind of economic data that will be integrated in future reports in our series. We have to work with the general data made available to researchers by Statistics Canada and provincial agencies. We believe, however, that the review captures well the economic forces and challenges facing southeast New Brunswick. We also believe this review and its approach will serve as a reference document for whomever is interested in the region's economic future.





## Overview of the Region

The New Brunswick counties of Kent, Westmorland and Albert make up one of the eleven economic regions of the Maritime provinces, as defined by Statistics Canada. The principal economic centre of the Southeast is the urban agglomeration of Greater Moncton, whose population numbers more than 100,000. The southeast region, which straddles the 46<sup>th</sup> parallel, is bordered on the east by the Gulf of Saint Lawrence and on the south by the Bay of Fundy. It is interesting to note that Moncton is as far from Toronto, Ontario, as it is from St. John's, Newfoundland – that is, 1,200 km in a straight line.

Map 1 presents the territorial limits of Southeast economic region; the main urban centres, the road links as well as some geographical elements are also represented. The development of Moncton has been enhanced by its location at the centre of the Maritime provinces' road network, which is shown on Map 2. To reach popular tourist destinations in Prince Edward Island, one must travel via Moncton. As well, the roads linking Nova Scotia and Newfoundland with the rest of Canada and the United States go through Moncton.

### ■ Geography, Habitat, Activities

The geography of the Southeast has many attractive features. First are the warm-water beaches of the Northumberland Strait. Every year these sandy beaches attract sun-worshippers both from the Southeast itself and from much farther afield. Summer tourism is particularly concentrated in the picturesque town of Shediac. The warm waters of the Northumberland Strait contrast starkly with the colder waters of the Bay of Fundy, whose shores are often covered by a dense fog or swept by bracing sea winds; a phenomenon which attracts a number of tourists. Another attraction of the Northumberland Strait's coast is the large number of small fishing ports: the lobster, mackerel and herring harvested by local fishermen account for much of their income.

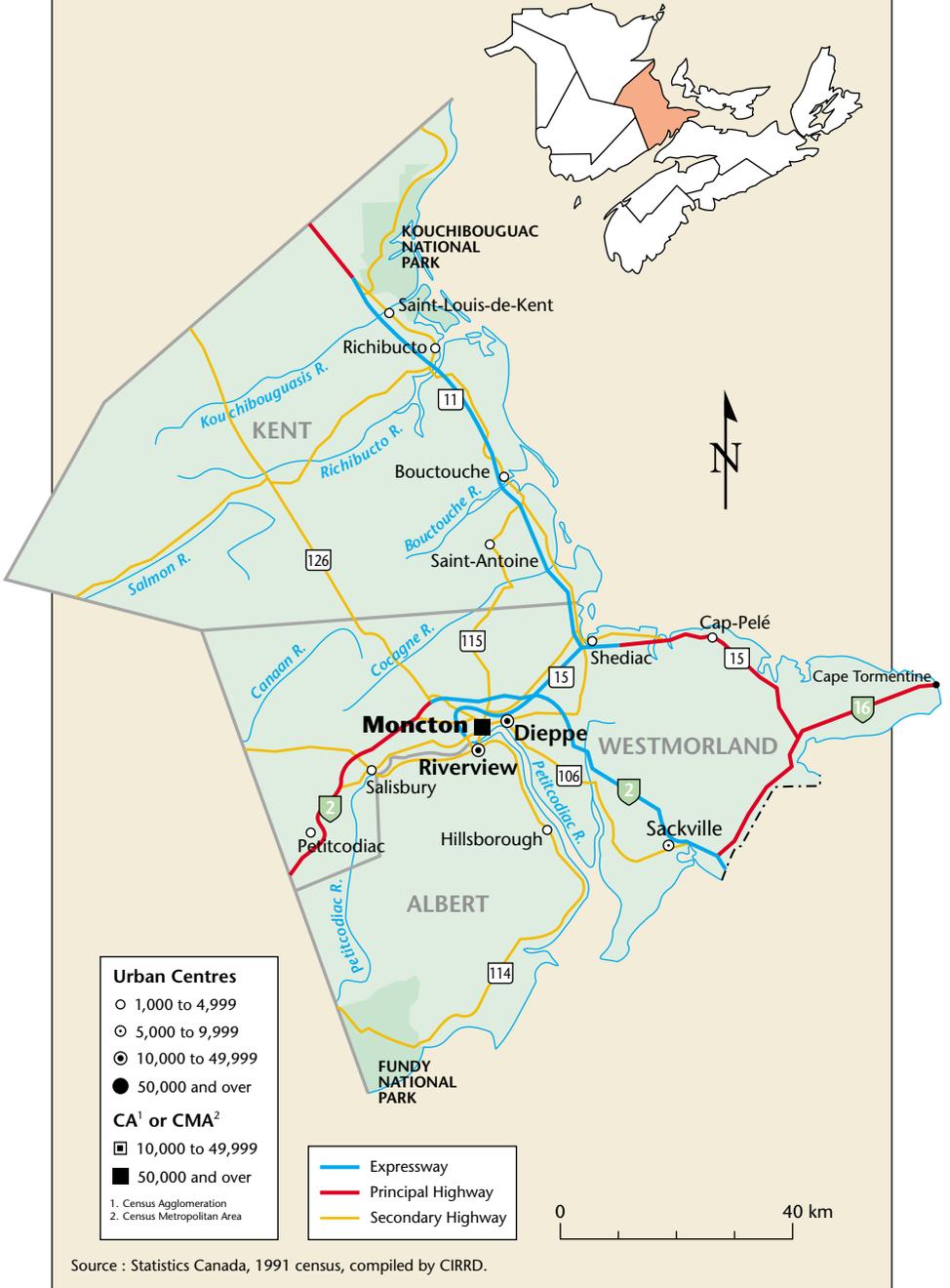
The part of the Southeast that runs along the Bay of Fundy is characterized by large marshes which were created by powerful tides. Not surprisingly, the agricultural lands that border these marshes have been greatly affected by the Bay of Fundy tides, which are among the highest in the world. The three major rivers of the southeast region that are affected by the tides are the Petitcodiac, the Memramcook and the Tantramar rivers. Until the mid-twentieth century, the Petitcodiac was used for maritime transportation, and it was not uncommon to see sailing ships as well as Irving tankers unloading their cargo at the Moncton docks. The Memramcook river is parallel to that of the Petitcodiac. Although the Memramcook is smaller, it nevertheless has great historical importance, since the Acadians who returned to rebuild their communities towards the end of the eighteenth century first settled in the Memramcook Valley.

The climate of the Southeast is greatly influenced by the ocean, which reduces winter's harshness and similarly moderates summer heat. Perhaps more importantly, the region is located on the common trajectories of two big air masses that determine the climactic variations of eastern Canada. An enormous continental air mass from northern and western Canada frequently collides here with a warm air mass that moves up along the east coast of the continent from the Gulf of Mexico. The Southeast is continually influenced by the passage of one or the other of these air masses. This phenomenon explains the considerable variations in temperature in the region, as well as the fact that the autumn is long, while spring is often cold and damp.

The fishery has always been an important resource for the region. From time immemorial, people of the Southeast have been able to harvest large quantities of fish and shellfish from the sea. The depletion of cod stocks, which had such a disastrous effect on Newfoundland coastal communities, affected New Brunswick's east coast villages much less drastically. The value of fish product exports has continuously increased over the years. Although Shediac calls itself the "lobster capital of the world," lobster fishing actually takes place along both coasts, on the shoals of the Northumberland Strait and in the Bay of Fundy. Cap-Pelé is well known for its smoked herring exports to the West Indies. Finally, the region is home to many small and medium-sized businesses that make good use of its abundant forest, sea and agricultural products.

Map 1

**Southeast New Brunswick**



The agricultural industry in the counties of Albert, Kent and Westmorland is important and relatively diversified. Although currently dominated by dairy farms and cattle rearing, it is expected that potato farming will soon achieve first place, since the farms in other parts of the province and in Prince Edward Island are not able to keep pace with the growing demand of potato processing plants in New Brunswick and in Prince Edward Island. The construction of the Confederation bridge between these two provinces will also facilitate the shipping of potatoes from Kent and Westmorland counties to Island processing plants.

The region's two greatest assets are undoubtedly the vitality of its people and the dynamism of its entrepreneurs. In 1991, the southeast region had a population of 172,000. The region includes Greater Moncton, as well as the two mid-sized service centres of Shediac and Sackville. The rest of the population is distributed among the numerous small communities, most of which are sprinkled along the coasts. With the exception of the three larger centres, the population is mostly rural.

Many of the small communities on the Northumberland coast are Acadian, while, except for those in the Memramcook Valley, most of the villages along the Bay of Fundy are of anglophone origin. The Southeast also includes an important Micmac community.

The region offers entrepreneurs a highly educated bilingual labour force, thanks to the presence of two universities, a university college and two community colleges. This, coupled with the fact that the Southeast possesses one of the most advanced telecommunications infrastructures in Canada, explains in large part why a high number of businesses have chosen to locate teleservice operations in the region.

## ■ The Administrative Organization

The Southeast has two types of administrative units – urban and rural. In 1995, the region had 19 of the province's 111 incorporated municipalities. Moncton, Dieppe and Riverview, which make up the economic area of Greater Moncton, are the three largest municipalities in the Southeast.

The rural areas of New Brunswick come directly under the jurisdiction of the Department of Municipalities, Culture and Housing.

Map 2

**Natural Areas**

**Southeast New Brunswick**

**Rivers and Forests**

The inland rivers and forests serve as a base for forestry, trapping and fishing. The large forests support fauna and flora that contribute to the collective wealth.

**Gulf and Strait**

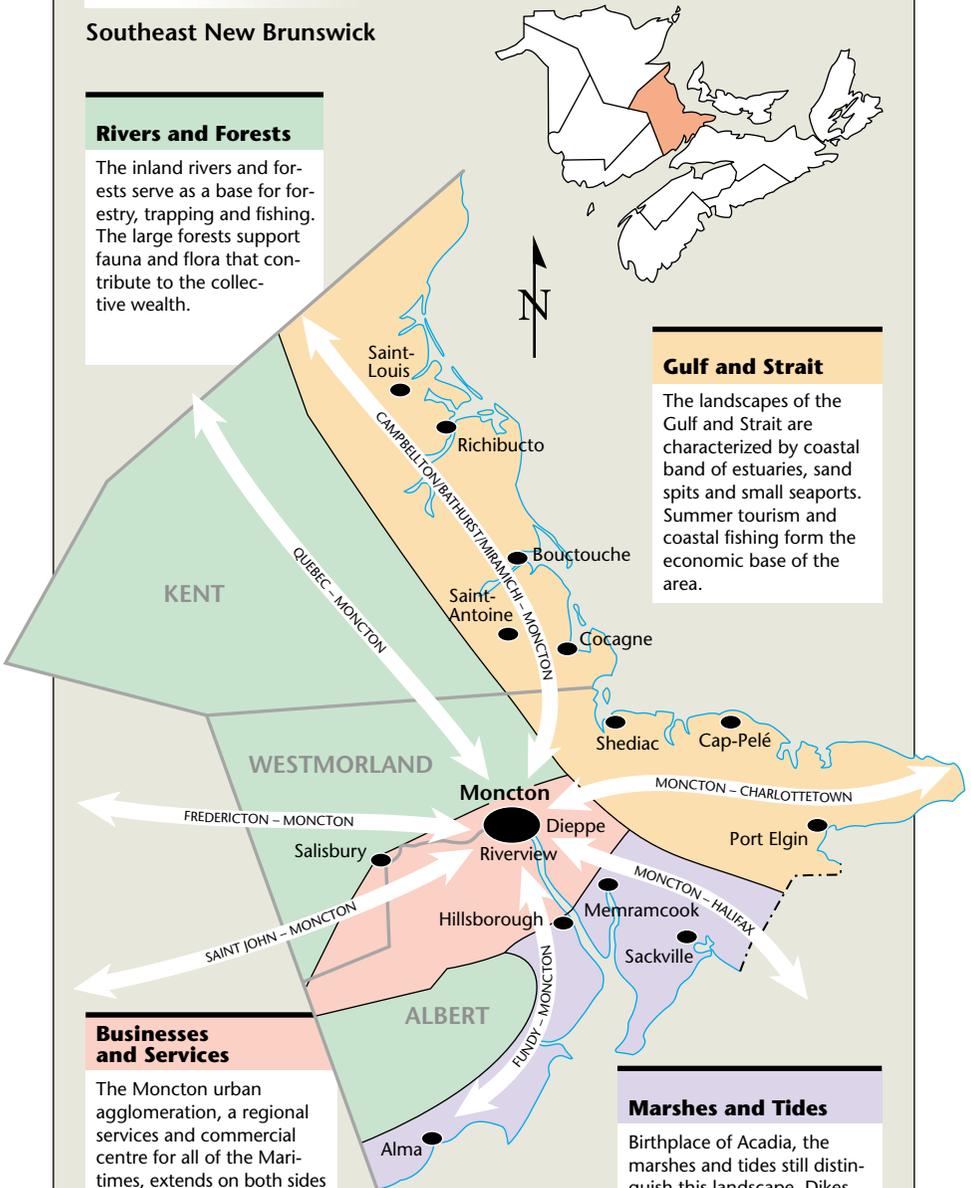
The landscapes of the Gulf and Strait are characterized by coastal band of estuaries, sand spits and small seaports. Summer tourism and coastal fishing form the economic base of the area.

**Businesses and Services**

The Moncton urban agglomeration, a regional services and commercial centre for all of the Maritimes, extends on both sides of the Petitcodiac. The rural fringe offers a complementary pool of workers, as well as many goods, for instance, agro-food products.

**Marshes and Tides**

Birthplace of Acadia, the marshes and tides still distinguish this landscape. Dikes, *aboiteaux*, marine fauna and flora, along with the cliffs and mist, are greatly appreciated by the region's residents.



The department has divided these areas of the province into 274 Local Services Districts (LSDs), 43 of which are in the southeast region.<sup>1</sup> Most of the LSDs have advisory committees, whose main function is to provide advice on the various administrative issues affecting their area.

As could be expected, administrative problems are, by and large, financial in nature. In the Southeast, the total value of the property taxes raised by municipalities reached \$65,043,934 in 1995 and grants totalled \$23,397,630. For the same year, LSDs revenues reached \$4,783,193 in property taxes and \$1,067,442 in grants.<sup>2</sup> The costs of delivering services continues to grow, and any municipal tax increases would be unpopular. Moreover, the province is not in a position to increase its grant support. Thus, the only solution left for the municipalities is to deliver services more efficiently.

The province of New Brunswick has made it clear that in order to solve funding and efficiency problems, municipalities will either have to amalgamate into larger units, or “regionalize” services. In the Southeast, experiments with these two forms of integration are already underway. The three cities that make up Greater Moncton intend to integrate certain services. Conversely, Saint-Joseph and the nine rural districts of the Memramcook Valley chose the full amalgamation route, creating a single new administrative unit serving 5,000 people.

Several development and economic development commissions exist in the Southeast, including the South East Economic Commission, the Beaubassin Development Commission (for the region of Shediac and Cap-Pelé), a commission in Tantramar, and others.<sup>3</sup> These various commissions bring together several municipalities and rural districts for the purpose of planning and development.

- 
1. Province of New Brunswick, Department of Municipalities, Culture and Housing, *Strengthening Municipal Government in New Brunswick's Urban Centres*, December 1992.
  2. Since the cities must provide a wider range of services, their grants were proportionately higher. Province of New Brunswick, Department of Municipalities, Culture and Housing, *Annual Report of Municipal Statistics*, 1995.
  3. It is important to note that the purpose of an economic development commission is to promote economic growth, while the purpose of a development planning commission is to ensure the optimal management of the territory.

## ■ Perspectives From Within the Region

Southeast New Brunswick has witnessed many economic setbacks in the past twenty years. Moncton saw the closures of Eaton's mail order centre, Swift's meat plant, Marven's biscuits, the CN shops, and the Canadian Armed Forces Base; Sackville endured the closures of the Enterprise and Fawcett Foundries, the exodus of the Atlantic Wholesalers headquarters, the RCMP crime laboratory, and Agriculture Canada's pathology laboratory; Hillsborough lost the Canadian Gypsum Company plant. These are but some examples.

These setbacks have over the years sparked considerable community mobilization to try to undo or mitigate the losses, and to identify alternative opportunities for growth. We went to many of the people who have been involved in these efforts, to ask how they view the prospects for the region.

We interviewed several people, including civic leaders, MLAs, officials of various development agencies and industrial commissions, chambers of commerce, and business persons. Accordingly, this section reflects the views of those interviewed: they are people's impressions of events, trends and likelihoods. It was not possible to verify all statements by respondents; and, clearly, we neither could nor did undertake detailed feasibility evaluations. The interviewers made efforts to reconcile seemingly conflicting statements through some follow-up interviews. Nevertheless, how people perceive facts is often as important as, or even more important than, the facts themselves. There is a value in having the perspectives that motivate planning and action.

We found that a good deal of optimism prevails throughout southeast New Brunswick. In the Greater Moncton area, leaders see the momentum of the current growth in the teleservice industry both as being reinforced by new entrants and the further development of the now established industry, and self-feeding in that it augments the capabilities of companies that support its hardware, software, and human resource needs. Respondents commonly affirmed that a decade of cooperation between Greater Moncton's business and political leaders has shown impressive results, and that the economy will continue to diversify, and to concentrate on the export of both services and products.

The City of Moncton is presenting a much more appealing face to the world. Construction is nearly completed for a new city hall complex and Moncton Place, and the National Bank of Canada.

Renovations and expansions for the development of a convention centre in Hotel Beausejour are completed.<sup>4</sup> The new Wheeler Park Power Centre retail complex off Mountain Road is completed. As well, there is the construction associated with the new campus of Atlantic Baptist University, the physical expansion of the Université de Moncton campus, Champlain Place, and the relocation of Atlantic Loto at the site of the former Woolworth's building on Main Street.

Business and civic leaders will be promoting Greater Moncton as a growth centre, especially as a transportation hub and retail centre. They believe the Confederation bridge will reinforce Moncton's role as a distribution and service centre, and integrate the region for purposes of tourism. Also, with the bridge in place, they anticipate more retail trade being diverted from Charlottetown and Summerside to Moncton. Furthermore, they view the tendency to centralize services both in the public and private sectors as a factor favouring Moncton because of its geographic location.

There are expectations in the community that more call centres will locate in the Moncton area, drawn in part by the excellent service and technical capability of NBTel. Existing call centres will likely expand as firms supply more services electronically. The expanded Caledonia Industrial Park will increase capacity in distribution and transportation. With a view to capitalizing on its easy access from the four-lane Trans Canada Highway, firms such as Atlantic Wholesalers and Shoppers Drug Mart are already established in the park and Sears Line Haul (SLH), a division of Sears, has a distribution facility under construction. Beyond a more developed service sector, community leaders foresee growth in a value-added manufacturing sector. Com Dev Atlantic already manufactures products for the telecommunications industry, and Phase Atlantic expects rapid growth as a new generation of mobile telephone service comes on the market. M F M industries is producing containers for the rail industry. Among other industries poised for growth is Spielo Manufacturing, which recently won a \$4 million order from Sweden for gaming machines, and which stands to benefit from the opening of the Ontario market to such machines. A variety of other manufacturers – including Apex Machine Works,

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4. On November 23, 1994, the City of Moncton announced \$43 million worth of development projects for downtown Moncton to be completed in two phases: Moncton Place, \$35 million; Hotel Beausejour, convention centre, room renovations, and expansion of health facilities, \$5.7 million; and renovations to the existing City Hall, \$2 million.

Beltek System Design, Greystone Energy Systems, Caradon Lock-Wood, Telemonitoring Manufacturing, Triangle Kitchen – already rely on markets far beyond the region for much of their sales, and for most, if not all, of their future growth.

To keep up with the increase in population and new activities, expenditures on infrastructure and services may be necessary. Some business leaders maintain that public transportation should be improved and tailored to the city's new industries: call centres are sometimes twenty-four hour operations, and employees need transportation outside traditional normal working hours.

When the Greater Moncton Airport Authority assumes the transfer of the operation of the Moncton airport on lease from the federal government, the airport authority expects to increase the freight capability of the region, to promote Moncton and reinforce its dominance as a distribution centre in the Maritime provinces. The airport is fog-free, has relatively long runways and low landing fees; thus, it has potential as an important link for courier services between the United States and Europe. This would contribute to the growth of the region.

A cluster of small and medium-sized firms in wood and metal products has materialized in Kent County, and it is expected that more will be joining them. The Local Economic Development Agency (L E D A) in Kent County has played an important role in stimulating the many new business starts: 67 percent of all businesses in that area were created after 1981.<sup>5</sup> Business leaders forecast that long-term growth in Kent County will be reinforced by the reduction in the dependency of its residents on unemployment insurance and social assistance, as a result of improvement in the literacy rate, as well as improvements in infrastructure, such as additional tourist accommodations and better highways. However, they expect some adjustment problems in the interim because of the present high degree of dependency on unemployment insurance and other social support programs, all of which are undergoing change.

In Bouctouche, there is a renewed sense of optimism because of a planned development of the Irving Dunes for eco-tourism with a beach and marina, thus capitalizing on some of Kent County's natu-

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5. See Plan de développement économique de la région de Kent, "L'avenir nous appartient: Stratégie de développement économique 1995-2000," Jean-Guy Vienneau Consultants, Inc., undated, table 12, in appendix.

ral assets, and because L G H Kanalfakt recently moved into the building Mitel was to occupy. And in Richibucto, community leaders expect a new commercial tomato growing venture – Allanté Foods – to flourish.

The natural beauty of Albert County – as exemplified by Fundy National Park, The Rocks Provincial Park, and the Bay of Fundy – is seen by residents as a major asset. It is hoped that natural resources like Cape Enrage will be developed. The people we consulted in Albert County stressed time and again that Route 114 should be upgraded. They insist that tourism development can never reach its full potential unless this is done.

The future of the Shediac/Cap-Pelé area lies mainly in the fishery and the tourist sectors. The fishery here, as in all parts of southeast New Brunswick, has recognized strengths in the shellfish industry, and it has a solid management system. Leaders describe the outlook in the fishery sector for southeast New Brunswick as promising because it is not dependent on groundfish: they expect that a greater variety of species, such as rock crab, scallop, clam, quahog, eel, and herring will continue to be developed, with more value-added processing activity. New businesses associated with the fishery and fish smoking in Cap-Pelé will likely emerge.

Respondents in Shediac and Cap-Pelé told us that that area could become a more important holiday base for regional tourism with the completion of the Confederation bridge. Tourists could stay in this area, while taking day tours to Prince Edward Island and to the surrounding communities in Albert, Westmorland, and Kent counties. Civic leaders also believe that the area has an excellent chance of getting one of five proposed provincial Outdoor Centres for recreational facilities, such as boating and horseback riding.

One major strength of the Tantramar region is its location: it lies on the major routes connecting Nova Scotia, Prince Edward Island and Newfoundland to the rest of the continent, and is close to Moncton and the airport. Another strength is the natural biophysical environment, with an ecological reserve that attracts many tourists.

Sackville has been going through a broadly-based community strategic development process. “Renaissance Sackville” holds the promise of improving civic amenities and linkages, and is concentrating on the area’s attraction as a destination for nature-based tourism, as well as its already fertile environment for the develop-

ment of visual, musical and dramatic arts, and its strengths in learning technology and community development. The town will continue to develop its advantage in communications through firms such as Simpson Gilbert Chambers Marketing Communications, Hawk Communications,<sup>6</sup> Chromascan Atlantic, Tribune Printing, the multimedia centre at Mount Allison University, and the several Internet companies: Cybersmith, Internet Software Technology, Cybernetic Control, and Media Net Communications. The presence of a new steel distribution facility, Acier Leroux Steel, restores a small part of the historical industrial base in Sackville. The Dorchester area will focus on eco-tourism and on more home-based micro industries. The planned natural gas pipeline from Sable Island to Boston will pass through the Greater Moncton area, thus making possible the underground explorations for a natural gas storage facility in Dorchester<sup>7</sup>.

With its proximity to the new bridge to Prince Edward Island, people in the Bayfield area expect it to become a service centre for tourists when the bridge opens next summer. The Marine Atlantic terminal at Cape Tormentine could be transformed into a welcome centre. Jourimain Island, a wildlife sanctuary, could be developed as a waterfowl park with trails, much like the Waterfowl park in Sackville or, for that matter, Point Pelée in Ontario. A trail for birders, which would connect to the rails-to-trails pathway in the area, could be developed in the newly-opened Baie Verte Waterfowl Park.

In the Village of Port Elgin, we were told that construction of the bridge to Prince Edward Island has already energized the community. The Rotary Club and Ducks Unlimited Canada also plan to create a water park with a boardwalk that would tie in with the rails-to-trails pathway and which would exploit a saltwater marsh and the Gaspereau river for eco-tourism. As well, it is expected that manufacturing activity will increase: Atlantic Windows is expected to continue to expand, and internationally-oriented companies like Rehlau Industries (producers of plastic pipe) and the Southeast

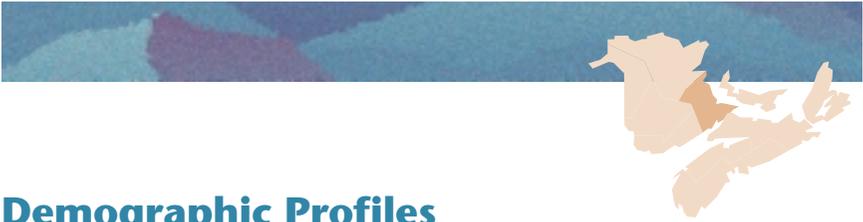
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6. To the surprise of many, Hawk Communications is moving many of its activities to Moncton. The firm was unable to strike a deal with the Town of Sackville about purchasing the former Atlantic Wholesalers' building to consolidate all its operations under one roof. Nevertheless the firm will continue to have a presence in the communications industry in the Town of Sackville, and many employees intend to live in Sackville and commute to Moncton.

7. Environmental impact studies were underway at the time of writing this document. The NB Department of Natural Resources has issued two three-year licences for underground explorations: one is in Point de Bute and the other is in Dorchester.

Trading Company (an exporter of eels to Belgium) are also likely to expand.

Much of this account necessarily reflects a high priority on tourism and community infrastructure development. This is natural, since such concerns are within the powers of local politicians and planners and rely on the close community of citizens and businesses. Decisions on efforts to develop other business and industrial pursuits are decided by a wide variety of actors – including outside investors, lenders, government support agencies, and local entrepreneurs and investors. We consider some of their initiatives in a later section on the private sector.



## Demographic Profiles

### ■ Area Population

In terms of population, southeast New Brunswick is the third largest economic region in the Maritimes. The profile of the population, although relatively homogeneous, is nevertheless characterized by a number of particular features related to origins, spatial distribution and age structure. Sixty percent of the region's residents use English as the language of both workplace and home. Francophones, most of whom are of Acadian stock, make up 38 percent of the region's population. There are 2,800 native Indian people accounting for the balance of the region's population.<sup>8</sup> Although in the Southeast there are only 7,000 non-native-Indian residents whose origins are neither French nor British (4.2 percent of the total population), the contribution of this allophone minority has already greatly benefitted the region. Indeed, this group has made an important contribution to the region's entrepreneurial dynamism and economic vitality.

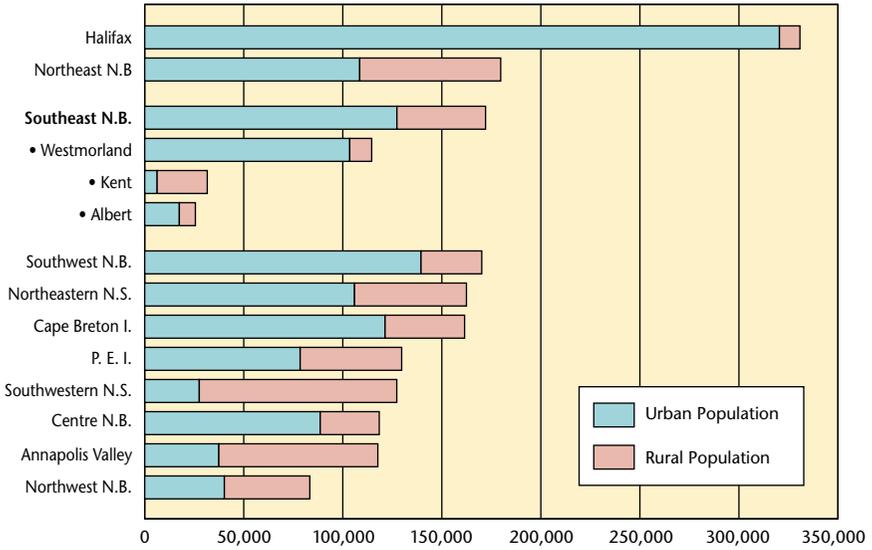
Although most people in the Southeast live in municipalities, the region as a whole should be considered as semi-urban rather than typically urban. Half of the population is concentrated in Greater Moncton, which has 84,000 residents and includes the cities of Moncton, Riverview and Dieppe. However, given that Statistics Canada figures put the population of the *census agglomeration of Moncton*<sup>9</sup> at 106,000 residents, Greater Moncton's sphere of

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8. According to the 1991 census, 1,675 people declared themselves to be of native Indian stock. This number corresponds closely to the list established in accordance with the Indian Act. However, many Indian people – at least 1,200 according to Statistics Canada – do not live on a reserve and thus are not registered on this list. All things considered, the region includes approximately 2,840 people of native Indian origin. The majority (1,555) live in the rural region of Richibucto-Rexton (Big Cove Reserve), while approximately 1,200 are residents of Greater Moncton.

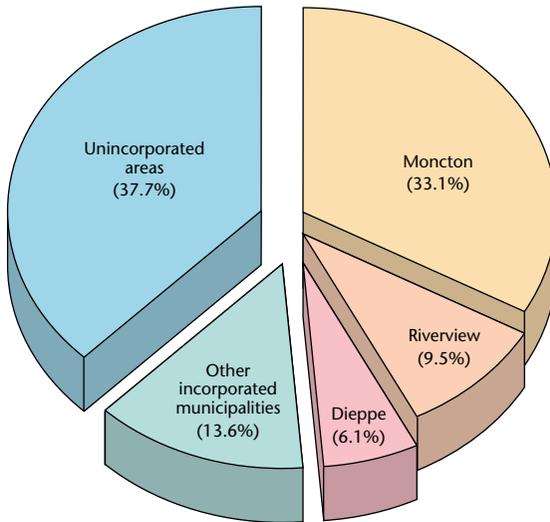
9. *Greater Moncton* includes only the City of Moncton and the towns of Riverview and Dieppe. The *census agglomeration* (CA) of Moncton covers a much larger territory, including the parishes of Dorchester, Hillsborough and Coverdale and the villages of Dorchester, Saint-Joseph, Memramcook, Hillsborough and Salisbury. The concept of a CA presumes that more than a third of the active population of its rural outskirts is economically and socially integrated (daily commuting) with its centre, which would be Moncton in this case (Statistics Canada, Cat. No. 92-320).

**Figure 1**  
**Population of the Eleven Economic Regions**  
**of the Maritimes, 1991**



Source: Statistics Canada, 1991 census, compiled by CIRRD.

**Figure 2**  
**Population Distribution, 1991**

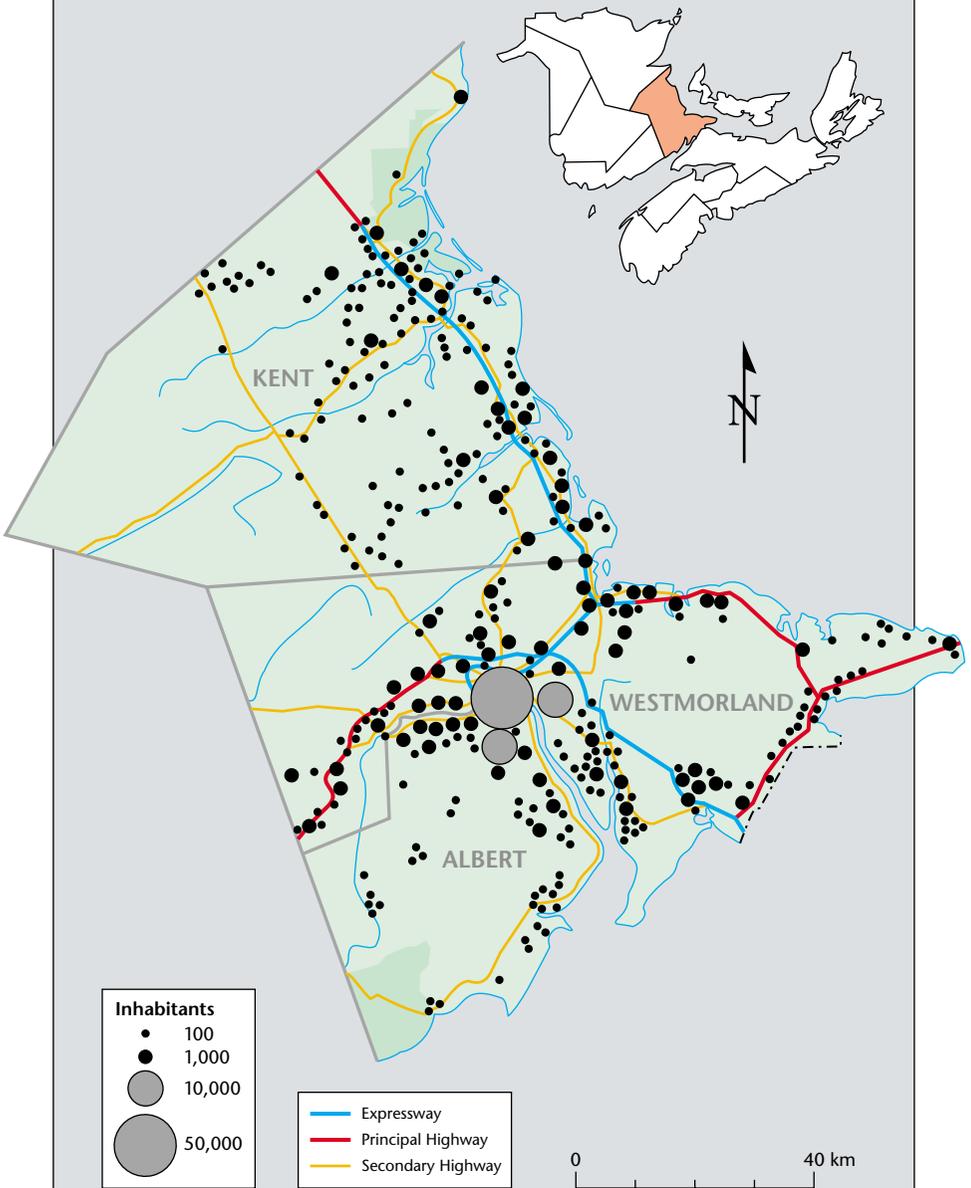


Source: Statistics Canada, 1991 (Cat. 93-304), compiled by CIRRD.

Map 3

### Population distribution

Southeast New Brunswick, 1991



Sources: Statistics Canada, 1991 census; Department of History and Geography, Université de Moncton.

direct influence is clearly more extensive. This regional total barely yields an average-sized city in the Canadian context, but it nevertheless adds up to a strategic centre for the region, and for the whole of the Maritime region.

About half of the residents of southeast New Brunswick live outside the Moncton agglomeration. A substantial part, 14 percent of the population, live in approximately fifteen, relatively small municipalities: Sackville (5,500 residents), Shediac (4,300), Bouctouche (2,400) and Cap-Pelé (2,200) are the largest. The rural population living in unincorporated areas is distributed among more than 300 communities, for the most part located along the Northumberland coast and its inland waterways. These rural residents make up 38 percent of the region's population (see Map 3 on preceding page).

### ■ Demographic Trends

In terms of population growth, the Southeast has performed well in comparison to its neighbouring regions and its growth rate compares favourably with that of the Maritimes (Table 1). In absolute terms, only the economic region of Halifax has done better. Population increases took place in particular from 1966-71 (4.5 percent) and from 1971-76 (12.2 percent), and then held steady at a rate of approximately 3 percent during the ensuing periods. Although the region's rate of population growth is lower than the national average, it is sufficiently high for the region to have increased its demographic importance within the Maritime provinces (from 9.0 to 9.8 percent) between 1966 and 1991.

Intra-regional demographic development varies. First, there has been a modest growth in the urban areas, to the detriment of the surrounding rural areas. The demographic importance of Greater Moncton grew, between 1971 and 1991, from 47 to 49 percent. The incorporated centres have also increased their relative weight, from 13.0 to 13.6 percent of the regional population. This constitutes a modest increase for mid-sized centres. On the other hand, the rural zones have seen their demographic weight weaken significantly during the same period. All in all, the demographic trends observed in the Southeast are not very different from those prevailing in the Maritimes as a whole.

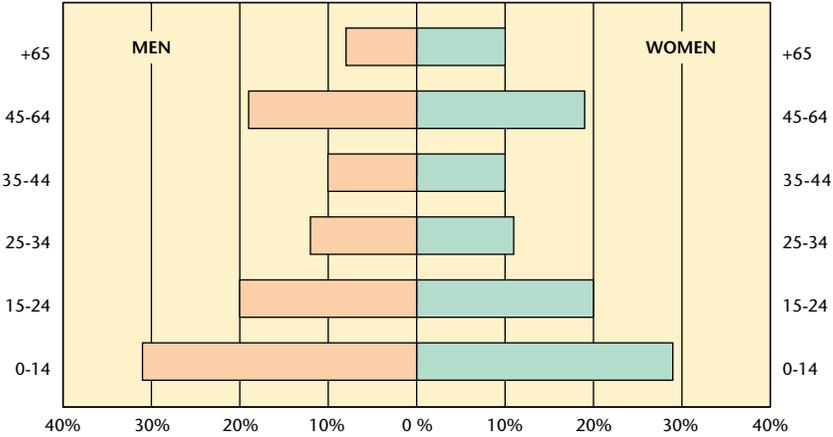
Where the population of the Southeast differs from other regions is with respect to its age structure. Compared to Maritime and national standards, the demographic structure of the South-

Table 1  
 Southeast N.B.: Comparative Population Growth, 1961-91

	1961	1966	1971	1976	1981	1986	1991
Maritimes	1,439,572	1,481,362	1,537,111	1,624,050	1,666,351	1,711,250	1,755,598
N.S.	737,007	756,039	790,926	828,571	847,442	875,162	901,933
N.B.	597,936	616,788	634,545	677,250	696,403	709,442	723,900
P.E.I.	104,629	108,535	111,640	118,229	122,506	126,646	129,765
<b>Southeast N.B.</b>	<b>132,921</b>	<b>133,861</b>	<b>139,870</b>	<b>156,871</b>	<b>162,071</b>	<b>167,297</b>	<b>172,079</b>
Westmorland	93,679	95,181	98,665	105,725	107,640	110,969	114,745
Kent	26,667	24,736	24,900	28,987	30,799	31,496	31,694
Albert	12,485	13,944	16,305	22,159	23,632	24,832	25,640
<b>Five-year Growth Rates (%)</b>							
	<b>1961-66</b>	<b>1966-71</b>	<b>1971-76</b>	<b>1976-81</b>	<b>1981-86</b>	<b>1986-91</b>	
Canada	9.7	7.8	6.6	5.9	4.0	7.9	
Maritimes	2.9	3.8	5.7	2.6	2.7	2.6	
N.S.	2.6	4.6	4.8	2.3	3.3	3.1	
N.B.	3.2	2.9	6.7	2.8	1.9	2.0	
P.E.I.	3.7	2.9	5.9	3.6	3.4	2.5	
<b>Southeast N.B.</b>	<b>0.7</b>	<b>4.5</b>	<b>12.2</b>	<b>3.3</b>	<b>3.2</b>	<b>2.9</b>	
Westmorland	1.6	3.7	7.2	1.8	3.1	3.4	
Kent	-7.2	0.7	16.4	6.3	2.3	0.6	
Albert	11.7	16.9	35.9	6.6	5.1	3.3	

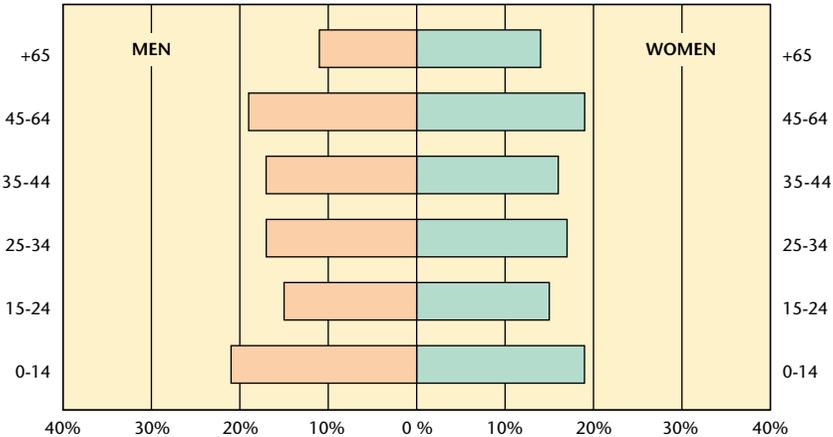
Source: Statistics Canada, census data.

**Figure 3**  
**Age Pyramid, Southeast N.B., 1971**



Source: Statistics Canada, 1971 census, compiled by CIRRD.

**Figure 4**  
**Age Pyramid, Southeast N.B., 1991**



Source: Statistics Canada, 1991 census, compiled by CIRRD.

east is slightly “older” (Figure 4). The region, comparatively speaking, also has a shortage of young adults (25-34 years). The proportion of young people in Westmorland County is particularly low, while that of older people is relatively high.

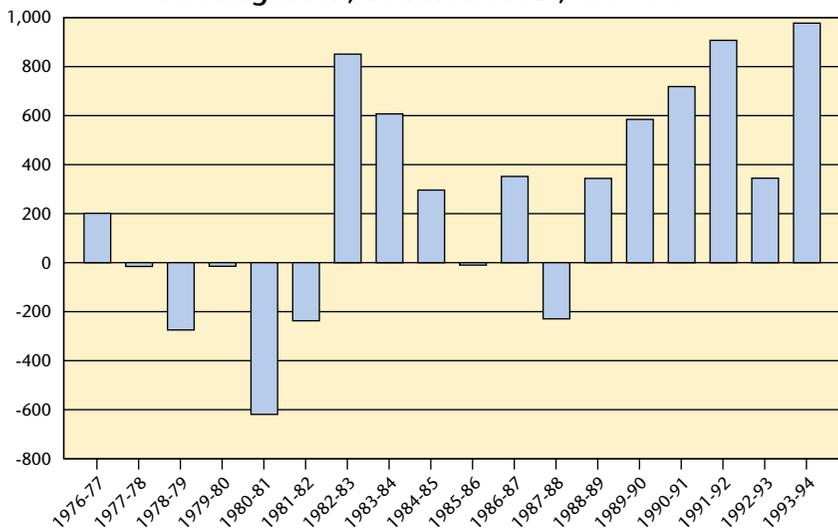
Although the demographic structure of southeast New Brunswick is slightly “older” than elsewhere, the phenomenon is not unique to the region. This trend has been occurring everywhere since the

mid-1960s. In the Southeast, the proportion of people under 25 years of age fell from 50 percent in 1971 to 35 percent twenty years later, which is a decline similar to that observed in the country as a whole. Moving up the age pyramid, we note that the intermediate group (25-44 years), which makes up the bulk of the labour force, increased its relative proportion from 25 to 34 percent during the same period. This rapid increase in the working-age population helps to stimulate the regional labour market, though it has problems absorbing new entrants. Thus, as we will see later, despite a healthy employment picture, it has been difficult to reduce the level of unemployment.

### ■ Population Mobility

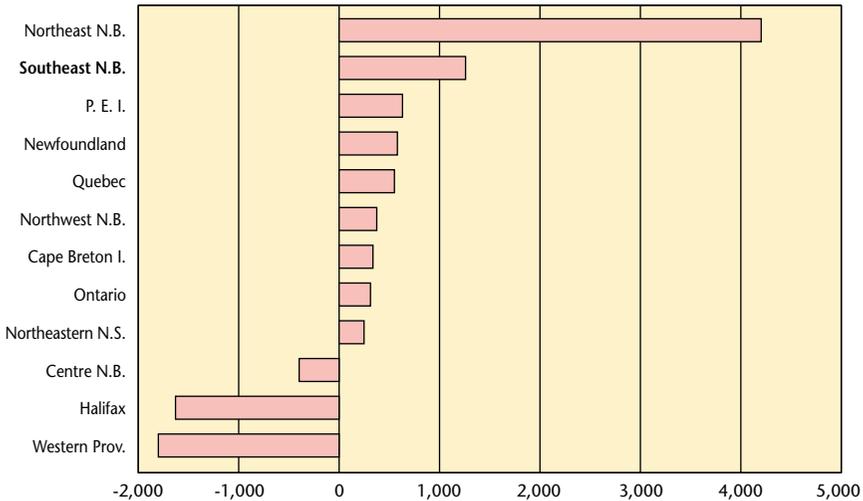
Available statistics on migration show that the region constitutes a strong pole of attraction. Although migration led to a net loss for the Southeast during the late 1970s and early 1980s, following the 1981-82 recession, this movement was reversed and a clearly favourable picture can be seen over the period since. Data on the origin of migrants to the Southeast confirm that the movement is regionalized; that is, the majority of arrivals come from neighbouring regions from within the Maritimes. Indeed, except for a few

**Figure 5**  
**Net Migration, Southeast N.B., 1976-94**



Source: Statistics Canada, regional administrative data, 1976-77 to 1993-94.

**Figure 6**  
**Balance of Migration with Other Regions, Southeast N.B.**  
**1976-94**



Source: Statistics Canada, regional administrative data, 1976-77 to 1993-94.

years, the Maritimes’ share of net migration to the Southeast has remained at approximately 70 percent. The data shows that the southeast region has benefitted in particular from inflows from the province’s north and south (particularly the Saint John region). There are also net inflows from Prince Edward Island, Cape Breton, northern Nova Scotia and Newfoundland (Figure 6).

In general, the Southeast suffers net migration losses to the economic regions of Halifax and central New Brunswick. The record in exchanges with other Canadian regions varies year by year. For the 1976-94 period as a whole, the region experienced a serious deficit in relation to the western provinces, particularly to Alberta during the second half of the 1980s. The economic recovery in Ontario and British Columbia from 1985 to the early 1990s reconfirmed the attraction of central and western Canada. Thus, the Southeast was in a losing position in terms of net migration during those years of economic recovery. However, it should be noted that since the early 1990s, emigration towards the West and Ontario at first eased and now has even been reversed. This can be explained by the depth of the last two recessions, which reduced employment opportunities in the traditional job-entry regions, “holding” people from the Maritimes at home, as it were. At the

same time, the difficult economic conditions in the country seem to have caused many past emigrants to return to their original Maritime communities.

It should be pointed out that net migration only concerns one aspect of population mobility. In fact, depending on the year, 35 to 40 percent of movements (either arrivals in or departures from the Southeast) originated from within the southeast region itself. The internal flow is basically directed towards the urban agglomeration of Moncton, and away from the rural areas. The population growth of Greater Moncton (27 percent between 1971 and 1991) attests to its attraction and its role as a regional centre. At the same time, several small centres on the periphery of Moncton, including the communities of Saint-Antoine, Sackville, Saint-Charles and Salisbury, have experienced significant growth since 1971.





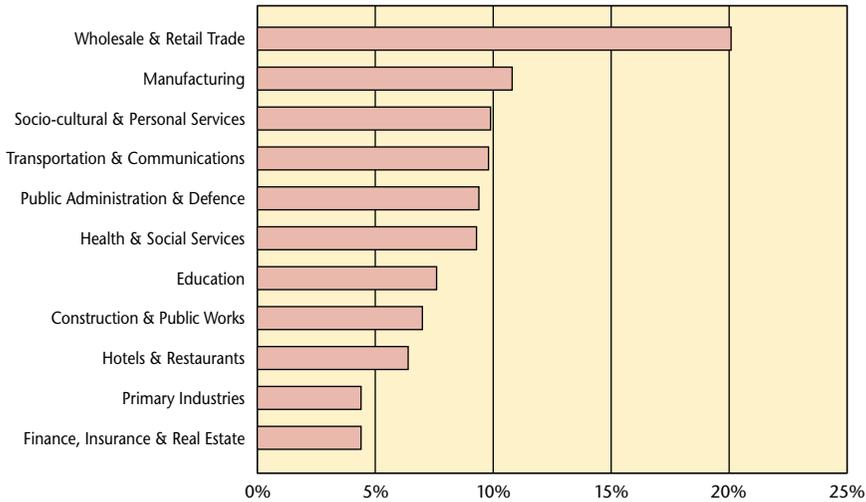
## The Economy of the Southeast: Structure, Vitality and Dependence

### ■ Economic Base

Although the economy of southeast New Brunswick is quite diversified, it is dominated by services. Nearly eight out of ten jobs are linked to the tertiary sector, compared to 73 percent for Canada and the Maritimes. Moreover, during the 1980s, the dominance of tertiary enterprises in the region was reinforced. Wholesale and retail trade has become the major activity, especially in the Greater Moncton region. Indeed, one worker out of five in the Southeast is employed in work which is in some way linked to wholesale or retail trade. It should also be noted that wholesale trade accounts for approximately one third of the total number of jobs in the commercial sector. Still, it is important not to overlook the recent performance of the manufacturing sector, which employs 12 percent of the labour force and is the second largest industry in the region. In addition, more than half of these industrial jobs are in manufacturing of goods and machinery, in which the value added is higher than in processing raw materials. The average annual salary in manufacturing in the Southeast is double that in the processing sector. Socio-cultural and personal services, transportation and communications, public administration and health services each account for 10 percent of employment in the region. Next in importance are education, construction and hotels and restaurants. Primary industries and the financial sector represent less than 5 percent of employment each.

At the regional level, the labour force can be broken down into three main sectors – commercial services, public services and goods-producing activities. Commercial services, which are essentially based in the private sector, offer the most opportunities in the region and employ one worker in two. Apart from trade, the sector includes personal and socio-cultural services, hotels, restaurants, business services, financial and real estate services. The public sector is the second largest employer, representing more than a quarter of total employment. Public sector jobs are mostly concentrated in public administration (federal, provincial and municipal) and

**Figure 7**  
**Percentage Distribution of Employment,**  
**Southeast N.B., by Industry, 1991**



Source: Statistics Canada, 1991 census, compiled by CIRRD.

in health care. The latter sector is all the more important because Moncton serves the two linguistic communities of a territory which extends from the north to the southeast of the province. Education is also of strategic importance to the Southeast, given its two universities, one university college and two community colleges. Goods-producing industries, which employ 23 percent of workers, are the third biggest economic sector in the Southeast. This sector is of fundamental importance to the region, since it includes a large, export-oriented entrepreneurial base, characterized by the dominance of small- and medium-sized businesses.

The economic structure of the Southeast varies greatly from one sub-region to another. For example, 23 percent of workers in Kent County are employed solely in the resource sector (primary and processing activities) where the working time and average salary are markedly lower than the regional average. In contrast, the resource sector employs only between 5 and 7 percent of the labour force in the neighbouring counties of Westmorland and Albert. Nevertheless, the relative importance of the manufacturing sector, which employs proportionately more workers in Kent County, needs to be highlighted. This constitutes a positive sign, since it demonstrates an important diversification of the county's industrial base.

Kent County's industrial dynamism is further underlined by the presence of a growing proportion of small businesses, particularly in the wood and metal processing sectors.

**Table 2**  
**Employment in Selected Industries, Southeast N.B., 1991**  
**(As a percentage of the total labour force)**

	Resource Industry <sup>1</sup>	Selected Commercial Service Sectors <sup>2</sup>			Public Sector
		Trade	Transportation/ Communications	Financial Services	
<b>Southeast N.B.</b>	<b>15.9</b>	<b>20.1</b>	<b>9.9</b>	<b>4.4</b>	<b>26.4</b>
Albert	11.5	23.8	13.4	6.0	23.6
Kent	29.0	16.1	6.5	2.7	22.9
Westmorland	13.7	20.3	9.9	4.4	28.0
Maritimes	20.0	17.2	7.8	4.1	29.1
Canada	20.6	17.2	7.6	5.8	24.0

Source: Statistics Canada, 1991 census, compiled by CIRRD.

1. Primary industries and manufacturing industry (processing/manufacturing).

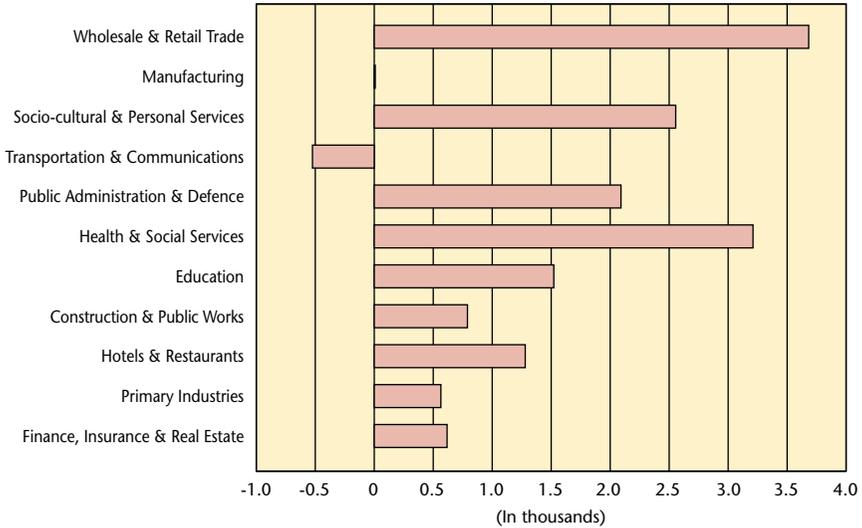
2. In addition to these 3 industries, commercial services include business services, as well as hotels/restaurants.

Construction is another sector which varies by sub-region. Construction accounts for between 5 and 6 percent of jobs in Albert and Westmorland counties, compared to 11 percent in Kent County, which is high both in relation to the region and to the Maritimes as a whole, where the sector employs just 7 percent of workers. It seems likely that a number of the small entrepreneurs/contractors in Kent County work in the Greater Moncton region, which has a high level of construction activities in the commercial, public and private sectors.

As for the public sector, the vast majority of jobs are concentrated in Westmorland County, which is not surprising given the size and role of Greater Moncton as the regional centre. Some 6,000 public sector jobs are shared equally between the counties of Kent and Albert.<sup>10</sup> However, there are well-known differences with regard to the types of public services in each of the regions. The health sector is proportionately larger in Albert and Westmorland counties, where it accounts for 36 percent of public sector jobs, while in

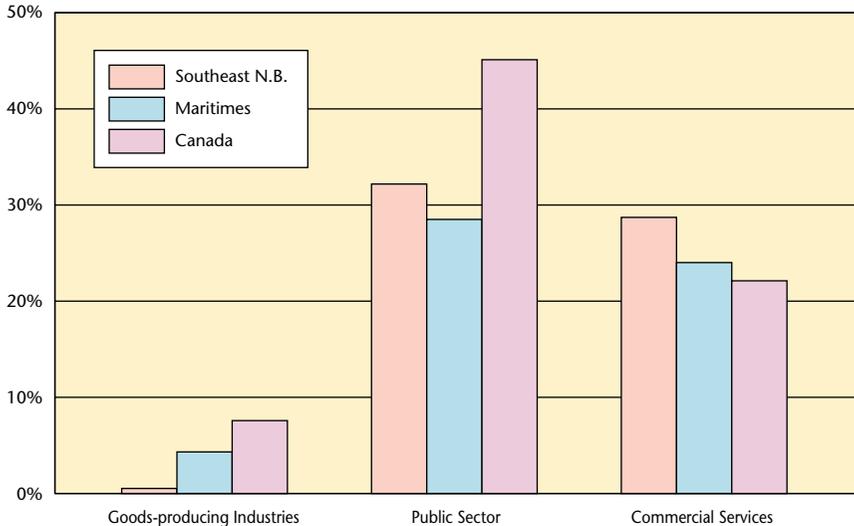
10. These data do not reflect the place of work but the place of residence. Many workers from Kent and Albert counties may commute to the Greater Moncton area for work.

**Figure 8**  
**Change in Employment, Southeast N.B., 1981-91**



Source: Statistics Canada, 1981 and 1991 census, compiled by CIRRD.

**Figure 9**  
**Evolution of Employment by Major Industry Groups, 1981-91 (percentage change)**



Source: Statistics Canada, 1981 and 1991 census, compiled by CIRRD.

Kent County the proportion is only 30 percent. However, Kent County is strong in the field of education, a sector which employs 32 percent of public workers, which is a much higher level than in Albert County, for example, where only 26 percent of public jobs are linked to education. Finally, as regards government administration, employment is distributed fairly evenly across all of the sub-regions.

How did employment in the Southeast's industries evolve during the 1980s? In absolute terms, between 1981 and 1991, the regional labour force grew by 13,300 workers, an increase of 19 percent. This was a solid performance considering the significant job losses which occurred in traditional sectors (e.g., CN, Swift's, Eaton's, Marven's, Enterprise and Fawcett Foundries and the Canadian Armed Forces Base). The Southeast's economic performance also compares quite favourably to regional (i.e., Maritime) and national trends, where total employment increased by 16 percent at most. An examination of the economic sectors in which jobs were created reveals that wholesale and retail trade, where the number of workers increased by 3,700, or 28 percent, was at the head of the list. Next in importance were health and social services, with 3,200 additional jobs (an increase of 70 percent in 10 years!), socio-cultural and personal services with 2,600 jobs (an increase of 45 percent), and public administration with 2,100 additional jobs (an increase of 36 percent). Together, these four sectors accounted for 86 percent of net job creation in the Southeast during the 1980s.

The public sector alone accounted for 55 percent of net job creation in the southeast region between 1981 and 1991. Commercial services contributed 39 percent of the new jobs while goods-producing industries made only a very modest contribution. It is interesting to note that industrial employment in the region held steady, although it decreased in the Maritimes and Canada. On the other hand, the strong performance of the Southeast in commercial (or non-public) services should be emphasized (Figure 9). The growth of jobs linked to the commercial services sector attests to the entrepreneurial dynamism in the regional economy.

## ■ The Regional Labour Market

The labour market participation of southeast New Brunswick's adult population is slightly lower than the national rate, but roughly equivalent to the Maritime rate. However, significant differences within the southeast region can be observed. For example, the labour

market participation rate is much higher in Albert County (68.1 percent) than in Kent County (60.5 percent). This results from a higher proportion of seasonal workers in Kent County, compared to the region as a whole.

**Table 3**  
**Selected Labour Market Indicators, 1991**

	Participation Rate	Unemployment Rate	Working Time (%)			U.I./emp. income (%)	Labour Force (%)	
			Part-time	Seasonal <sup>1</sup>	Full-time <sup>2</sup>		Education < grade 13	University
<b>Southeast N.B.</b>	<b>64.3</b>	<b>14.3</b>	<b>17.8</b>	<b>18.7</b>	<b>62.9</b>	<b>10.8</b>	<b>31.2</b>	<b>24.0</b>
Albert	68.1	11.7	19.4	12.6	67.3	4.8	23.3	21.1
Kent	60.5	24.8	15.0	37.5	46.5	34.5	47.9	12.7
Westmor.	64.4	12.2	18.0	15.5	65.9	7.4	29.0	26.3
Maritimes	63.6	13.8	17.5	16.7	65.0	10.1	29.8	26.5
Canada	67.9	10.2	17.6	10.2	71.3	5.0	26.6	26.3

Source: Statistics Canada, 1991 census; Revenue Canada, 1992 tax data (unemployment).

1. Worked less than 27 weeks full-time.

2. Worked from 27 to 52 weeks on a full-time basis.

The high proportion of seasonal jobs in the Kent region is a result of its economic structure, which is largely oriented towards the resource and construction sectors (29 and 11 percent of the labour force respectively). Tourism strengthens the county's economic base, but jobs in this sector, too, are seasonal. Similarly, the construction sector, which accounts for a disproportionately high share of employment, is also highly seasonal. The firms that are active in the resource and construction sectors in Kent County are relatively small; indeed, there are few large businesses in the county. Given this type of economic structure, Kent County has a markedly higher level of unemployment than neighbouring counties, which themselves have higher unemployment rates than the Canadian average. Regional disparities are even more apparent when the effect of unemployment is measured in terms of income support of the labour force. Income from unemployment insurance is equivalent to 10.8 percent of labour income in the Southeast as a whole, which is double the national average. However, here too, intra-regional differences reveal that the economy of Kent County is highly dependent, with income from unemployment insurance representing more than one third of employment income. All these indicators are clearly interrelated. A more highly educated labour

force generally has more employment opportunities, works for a longer period of the year, and generates higher income. These indicators vary by region, as well as by the phase of the business cycles, but they nevertheless clearly apply to the present case. To appreciate this, one only needs to refer to Table 4, which shows three key variables of the regional labour market in relation to level of education.

**Table 4**  
**Employment and Income Indicators of the Labour Force**  
**by Level of Education, 1991**

Level of Education	Participation Rate		Unemployment Rate		Avg. Emp. Income	
	Southeast	Canada	Southeast	Canada	Southeast	Canada
Less than Grade 13	46.1	49.2	19.1	13.9	\$15,491	\$19,883
Secondary School Certificate	77.0	71.8	12.7	9.4	\$19,987	\$23,589
Non-univ. Degree	71.8	76.8	13.1	9.5	\$21,090	\$25,215
University Degree	80.2	82.4	11.7	8.4	\$28,696	\$34,046
All Education Levels	64.3	67.9	14.3	10.2	\$20,958	\$25,804

Source: Statistics Canada 1991, special compilation by CIRRD.

Like large businesses, small- and medium-sized businesses in southeast New Brunswick need specialized staff in the area of production as well as in accounting, management, marketing and sales. Clearly, there is still a need to improve the general level of education of the labour force, especially in Kent County, where 48 per cent of the labour force does not have a secondary school certificate. New jobs, even in low-technology areas like tourism, some financial services, transportation and retail, still require a strong basic education so that employees can understand the diverse demands related to their jobs. As for jobs in manufacturing and assembly, communications, health and social services, education and business services, it is precisely these sectors that account for the majority of new jobs, and they too need a well-educated labour force. Thus, it is vital that a pool of labour able to meet the particular requirements of these jobs exists. Again, this is particularly true of small- and medium-sized businesses, which have limited staff and thus require workers with more than one skill.

## ■ Income and Economic Dependence

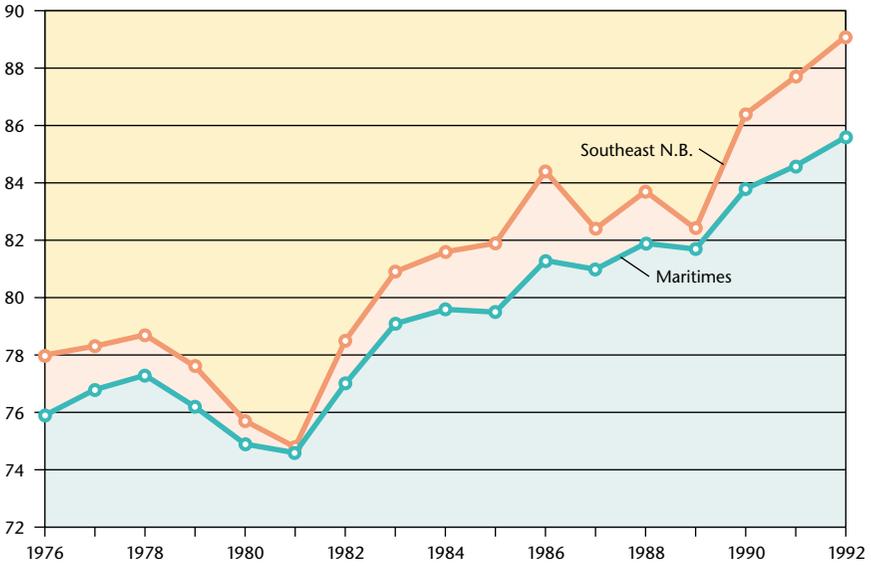
The ability of a region to attract or create jobs will obviously boost its capacity to generate incomes. However, the level of income is determined not only by the level of employment, but also by the structure of economic activities. In the Southeast, as elsewhere, this structure plays a crucial role for the standard of living. Our analysis of the economic fabric of the region has allowed us to see its potential for generating income. How, then, does the region compare with the Maritimes and the rest of the country in this regard? Two complementary measures of income can be used to analyze the performance of the Southeast. “Total income per resident,” which is often used in conjunction with the unemployment rate, indicates the standard of living of residents. On the other hand, “income from employment” reflects the quality of jobs. The latter measure allows us to evaluate the regional tendency to generate income more accurately.

Personal income per resident, which includes income both from employment and from other sources (i.e., transfer payments and investment income), is higher in the Southeast than in the Maritimes as a whole (Figure 10). Further, the relative difference between the two has held steady since the early 1980s, even increasing slightly in the Southeast’s favour. Personal income increased from 76 to nearly 86 percent of the national average, indicating a relative increase in the standard of living in the region. However, a good part of this increase was due to growing transfer payments in the region, which is confirmed by the following figures.

It appears that average employment income in the region, which is a more accurate measure of economic vitality, has not followed the same trend as personal income. Average employment income remained steady at approximately 80 percent of the national average, a little less than what was generally observed in the Maritimes (Figure 11). In this regard, southern and central New Brunswick, at 90 percent of the national average, clearly do better. This is also the case for the economic region of Halifax, which nevertheless has a strong urban infrastructure and is supported economically by a large federal government presence. Thus, the Southeast ranks fourth among the eleven economic regions of the Maritimes in terms of income earned per worker.

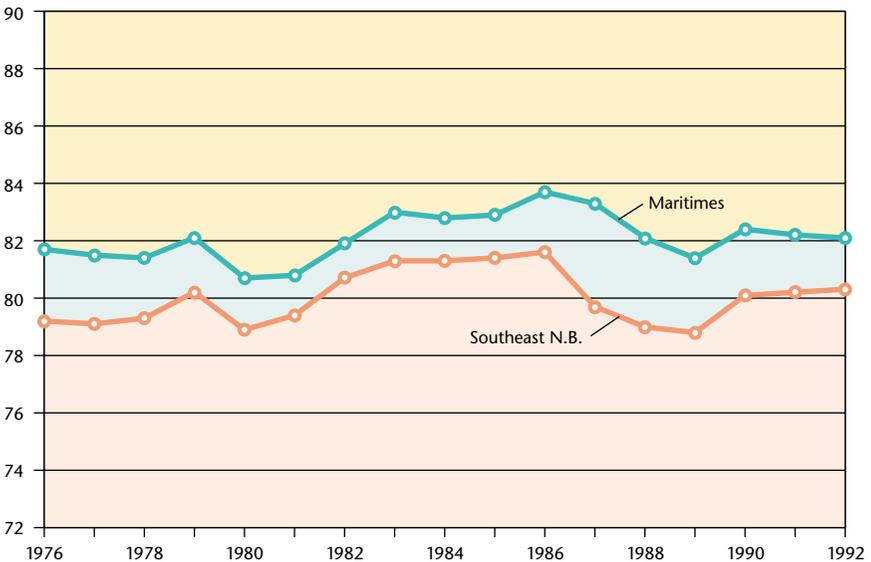
It is important to determine which sectors contribute to maintaining or increasing the regional average in employment income,

**Figure 10**  
**Average Total Income, 1976-92**  
**(Canada = 100)**



Source: Revenue Canada, tax data 1976-92.

**Figure 11**  
**Average Employment Income, 1976-92**  
**(Canada = 100)**



Source: Revenue Canada, tax data 1976-92.

and which sectors tend to decrease it. Intra-regional differences in earned income also need to be examined. The least remunerative jobs – those which tend to lower regional average income – are found mainly in hotels and restaurants, processing and primary activities, as well as in various “other services.” In these four sectors, average employment income varies between 45 and 72 percent of the average for the Southeast as a whole. To this we need to add trade (wholesale and retail), which is a large employer with one worker out of five but where incomes are 12 percent lower than the regional average. However, it should also be noted that incomes also vary enormously within this vast sector. Incomes in processing are quite low (57 percent of the regional average), which can be explained by the predominance of the food sector (i.e., fish, meats, bakeries) in which value added is generally low.

The public sector, where incomes are 24 percent higher than the regional average, is one of the economic sectors considered “positive” in terms of earned income. Based on average employment income, administrative jobs in the public sector are the highest-paying ones, followed by education and health services. In fact, the public sector accounts for 26 percent of the regional labour force, but contributes 33 percent of employment income. In the Maritimes as a whole, public sector jobs account for 29 percent of total employment, but generate 36 percent of employment income. In this respect, therefore, southeast New Brunswick compares with the Maritime average.

In Canada as a whole, the public sector employs proportionately fewer workers and also generates a lower proportion of income than in southeast New Brunswick. Public sector jobs nevertheless yield relatively better wages than those paid to public servants in the Maritimes; and the Maritimes’ public sector pay average is higher than that found in the Southeast. Therefore, although public sector jobs contribute a high share of income to the southeast region, this is because the region’s economic structure is less robust than other regions’ structures, and not because its public sector jobs are more lucrative than the public sector’s norm.

The contribution of commercial services, which provide 47 percent of earned income in the Southeast (compared to 39 percent in the Maritimes as a whole), should also be noted. Three sub-sectors contribute a larger proportion of income than their share of jobs: transportation and communications, financial services and business services. Together, these three industries provide 17 percent of

**Table 5**  
**Employment and Income Structure, 1991**

	Southeast N.B.			Maritimes		
	Percentage Share		Avg. Emp. Income Southeast = 100	Percentage Share		Avg. Emp. Income Maritimes = 100
	Income	Employment		Income	Employment	
Primary	3.1	4.3	71.7	6.9	7.6	90.6
Manufacturing	10.2	12.0	85.6	11.1	11.4	96.7
• Processing	3.0	5.3	57.0	3.4	4.6	74.8
• Manufacturing	7.2	6.7	108.4	7.6	6.8	112.7
Construction	6.6	6.9	95.7	6.6	6.9	96.0
<b>Goods-producing Industries</b>	<b>19.9</b>	<b>23.1</b>	<b>86.0</b>	<b>24.6</b>	<b>25.9</b>	<b>94.7</b>
Transportation & Communications	13.7	9.8	139.1	10.0	7.9	126.7
Trade	17.6	20.0	87.7	13.8	17.4	79.1
Finance, Insurance & Real Estate	5.2	4.4	119.3	4.9	4.1	117.6
Business Services	3.8	3.3	114.4	4.1	3.3	121.9
Hotels & Restaurants	2.9	6.5	45.1	2.9	6.1	46.8
Other Business & Personal Services	4.1	6.4	63.2	3.7	6.2	60.5
<b>Non-public Service Sector</b>	<b>47.3</b>	<b>50.5</b>	<b>93.7</b>	<b>39.3</b>	<b>45.0</b>	<b>87.2</b>
Public Administration	12.6	9.4	133.9	15.6	11.7	132.8
Education	10.1	7.6	131.9	9.9	7.5	133.2
Health & Social Services	10.1	9.3	108.6	10.6	9.9	107.3
<b>Public Sector</b>	<b>32.8</b>	<b>26.4</b>	<b>124.4</b>	<b>36.1</b>	<b>29.1</b>	<b>124.2</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>\$20,859</b>	<b>100.0</b>	<b>100.0</b>	<b>\$21,340</b>

Source: Statistics Canada 1991, compiled by CIRRD.

jobs in the region and they generate almost 23 percent of earned income. Finally, the contribution of wholesale and retail trade to income should be highlighted, not because of the average salary level, but because of its size in relation to the regional economy: 18 percent of income earned in the region comes from this sector, whereas in the Maritimes generally it generates just 14 percent of earned income. Among the goods-producing industries, only manufacturing contributes a higher share of income than its share of jobs.

## ■ Dependence on Transfer Payments

It was pointed out earlier that there is a substantial gap between personal income and employment income in the southeast region. The gap can be explained by a significant inflow of transfer payments into the region, which raises the average income per resident. In fact, data compiled on this point reveal a high economic dependence in terms of income; 24 percent of total income in the region comes from transfer payments to persons, as in the Maritimes as a whole. The southeast region is largely dependent on unemployment insurance payments, which alone represent 10.8 percent of total employment income. This proportion varies enormously from one sub-region to the other: 4.8 percent in Westmorland County, 7.5 percent in Albert County, and 34.5 percent in Kent County. In fact, dependence on unemployment insurance increases considerably in rural areas dominated by resource-based activity, such as Kent County.

The heavy dependence of rural areas in the Southeast on unemployment insurance payments is explained by the highly seasonal nature of work and by the nature of the jobs in these areas. The combination of working for only part of the year, and the low-paid nature of the work results in less employment income, which in turn naturally leads to a greater reliance on income in the form of transfer payments. In 1992, more than half the workers in rural communities in the Southeast received unemployment insurance payments. The more diversified economy of Greater Moncton provides it with a better income structure. Given that the urban environment attracts highly-paid employees in the public, parapublic and private sectors, it is not surprising that the average earned income is higher there than the regional and Maritime averages.

What impact do unemployment insurance payments have on the regional economy of southeast New Brunswick? In 1992, the region's unemployed received \$191 million in unemployment insurance payments. In Greater Moncton, payments totalled \$53 million. Mid-sized centres received \$105 million, while the rural communities (less than 1,500 inhabitants) received \$33 million. It goes without saying that the planned reform of social programs, including significant changes to the unemployment insurance system, is likely to have major consequences for the economy of the region. This impact will be greater in rural resource-based communities, but the economy of Greater Moncton could also suffer, given its regional role as a centre of retail and other consumer services.

**Table 6**  
**Dependence on Transfer Payments, 1992**  
**(As a percentage of total income)**

	Transfer Payments to Persons			TOTAL
	Unemployment Insurance	Pensions <sup>1</sup>	Other Transfers <sup>2</sup>	
<b>Southeast N.B.</b>	<b>7.0</b>	<b>11.8</b>	<b>5.6</b>	<b>24.4</b>
Albert	3.6	11.1	3.7	18.4
Kent	19.3	9.7	9.2	38.2
Westmorland	5.2	12.1	5.5	22.8
Maritimes	6.9	11.7	5.9	24.5
Canada	3.6	9.6	5.4	18.6

Source: Revenue Canada, 1992 tax data, compiled by CIRRD.

1. Includes Old Age Security, Canada and Quebec Pension Plans and other pensions.
2. Family Allowances, GST and non-taxable income credits, provincial tax credits.

**Table 7**  
**Selected Unemployment Insurance Indicators,**  
**Southeast N.B., 1992**

	Total Pop.	Unemployment Insurance		
		Proportion of Unemployed <sup>1</sup>	Total Benefits (\$'000)	UIC Income./ Empl. Income
<b>Southeast N.B.</b>	<b>176,250</b>	<b>36.9</b>	<b>\$191,467</b>	<b>10.8</b>
Greater Moncton	91,180	26.0	\$53,252	4.8
Centers with 1,500 +	66,290	49.9	\$105,397	19.6
Rural Communities	18,780	53.4	\$32,818	23.7
Maritimes	1,772,820	35.9	\$1,815,129	10.1
Canada	27,533,910	24.1	\$17,540,574	5.0

Source: Revenue Canada, 1992 tax data, compiled by CIRRD.

1. Excludes Greater Moncton, but includes 20 postal regions.
2. Number of persons filing tax returns with Revenue Canada who received UIC benefits.

To sum up, the region performs well compared to the Maritimes as a whole. This comparatively solid performance is largely a result of Greater Moncton's dynamism and its role as a regional centre. In the years to come, this agglomeration will be a pole of attraction relative to other parts of the province, its sphere of influence encompassing both northern Nova Scotia and Prince Edward Island. The region should also be able to capitalize on the recent development of several promising segments of the new economy. It remains

to be seen whether the new jobs will compensate, in terms of income, for jobs already lost, or for the ones which will be eliminated as part of government cutbacks. It is also clear that reforms in social programs, in particular in the unemployment insurance program, will have a negative short- and medium-term impact on income levels in the region. It is to be hoped, however, that southeast New Brunswick will at the very least maintain its share of public sector jobs, in particular those at the federal level, which provide considerable stability to the average income. Although the economic region of the Southeast is not the most favoured in this regard – Halifax, Fredericton and Charlottetown appear to be relatively greater beneficiaries of public sector jobs – public sector employment still has an important stabilizing impact. This remains true notwithstanding recent economic diversification efforts precisely because the new jobs are so fragile. In this context, even a modest decline in governmental activities could cause a negative multiplier effect, thus compromising the work that had to be done to mitigate the painful economic losses which hit the area in the mid-1980s.



## The Private Sector

Southeast New Brunswick has managed to achieve a good degree of growth and prosperity in uncertain times over the last decade. And, at this point, it appears clear that the private sector is leading the way.

Nonetheless, we must not forget that a good deal of the private sector gains achieved over the period have benefitted from strong support from the public sector, in financial and strategic assistance. At a time when these supports are rapidly being withdrawn, the mobilization of private capital and credit, together with effective teamwork within and among private industrial sectors, needs urgent attention, if indigenous industry is to maintain or increase its record of growth and job creation.

It is clear as well that, whatever changes the region's economy has gone through, the root of its prosperity and potential lies in the field of export and trade. This is not strictly a matter of selling lobster to France, heat pump technology to Ohio, or windows to Argentina. The "back offices" of the tele-service industry, whether at Federal Express Canada, Interlink Freight Systems, Purolator Courier, United Parcel Service Canada – or the federal Superannuation Branch in Shediac – are exporting administrative services from this region.

The region does possess a number of companies that fit the more traditional conception of exporters. A significant number of them concentrate on resource-based processing and manufacture, much of it based on the fishery, and there is considerable rural employment based on intra-regional export, like wood fiber to Saint John and Miramichi. This is highly seasonal employment, and given changes in Canada's employment insurance system, these particular sectors face significant challenges to find ways to extend employment or, failing that, to face the eventual loss of a workforce.

There is as well a significant sector generally classified as secondary wood manufacturers; firms that make windows, doors, air handling systems and supplies, furniture and display cases. This work is also seasonal, but to a lesser degree, since most of its product

goes to the interior of buildings and can be installed at any time of the year. While most are geared to relatively local markets, a number of companies are developing export markets, and virtually all of those markets have longer construction seasons.

Table 8 shows two major features. First, many of the biggest employment peaks are achieved by companies in fish processing, highly seasonal lines of business; and second, less-seasonal light manufacturing has become a major activity, particularly in Kent and Westmorland counties.

**Table 8**  
**Major Manufacturing Companies, Southeast N.B.**

Company	Number of Employees	
	Minimum	Maximum
Paturel Seafood (Shediac)	600	650
Cape Bald Packers/Beauséjour Seafood (comb.) (Cap-Pelé)	150	480
Westmorland Fisheries (Cap-Pelé)	275	400
Imperial Group (Richibucto)	275	290
Consumers Glass (Scoudouc)	241	241
Pêcheries Cap-Lumière (Richibucto Village)	6	225
Caradon Lock-Wood (Scoudouc)	120	200
Kent Homes (Bouctouche)	66	157
Edmond Gagnon Queen Crab (Robichaud)	125	150
Leslie Leger & Fils (Cap-Pelé)	35	150
Shediac Lobster Shop (Shediac)	1	150
Atlantic Refreshments (Scoudouc)	50	120
B.A. Richard Ltd. (Ste-Anne de Kent)	3	115
Springwall Sleep Products (Scoudouc)	Not specified	110
T.P. Downey & Sons (Hillsborough)	40	110
Atlantic Windows (Port Elgin)	50	100
Mills Seafood (Bouctouche)	10	90
Goguen Lumber (Cocagne)	5	80
Delco Forest Products (Rexton)	40	75
Atlantic Industries (Dorchester Cape)	40	60
Environment Air (Cocagne) <sup>1</sup>	30	60
Laurentide Atlantic Ltd. (Richibucto)	54	54

Source: Information obtained from the companies representatives.

1. Company has since been sold to L G H Kanafflakt, opening up soon in the Mitel building in Bouctouche, with anticipated employment of 130.

A look at Table 9, which lists the major private sector employers in Greater Moncton, is revealing. One thing to note is that CN now ranks third in the number of employees, where once it was pre-eminent. Another noteworthy development is the appearance of three call centre/tele-administration companies in the top ten.

**Table 9**  
**Greater Moncton Major Employers (private sector only,  
excluding retail and hospitality)**

<b>Company</b>	<b>Employees</b>
Hub Meat Packers	850
UPS	683
CN	600
Co-op Atlantic	542
Purolator Courier	450
Blue Cross of Atlantic Canada	429
Midland Transport	396
NBTel	371
Armour Transport	350
Royal Bank (call centre only)	300
Modern Construction (83)	250
M F M Industries	215
Apex Machine Works	183
Eastern Bakeries	160
Irving Tissue	160
Interlink Freight Systems	152
Atlantic Wholesalers	150
Datacor/ISM	146
Co-Operators	144
Allsco	130
Tandem Fabrics	115
Assumption Mutual Life (including Louisbourg Investments)	114
Moncton Publishing	100
Spielo Manufacturing	88
Federal Express Canada	80
Lane's Bakery (Ben's Ltd.)	80

Source: Information obtained from the companies representatives.

Within this strong and accelerating movement to the private sector as the source of employment, teleservice or call centre development has been the most notable and noticed factor, with a gain of more than 2,300 jobs in a few years and more on their way.<sup>11</sup> Though many people associate teleservice jobs with annoying phone calls offering steaks, tickets and household services, the fact is that this kind of out-bound call centre activity is not representative of the vast bulk of work in the sector, nor is it the activity that is targeted by teleservice recruiters in the public and private sectors. Much of the work done in the teleservice sector is in fact administrative, with accounting and billing data, rather than voices, transmitted through telecommunications circuits; and the great bulk of the voice work is in fact in-bound calling from consumers, dealers, and clients.

Beyond the direct in-house employment at call centres, this activity has stimulated growth in supporting industries, among telecommunications carriers, suppliers, software customizers, and several actors in the training field, both community colleges and private training schools. The development of systems, software and content as call centres adopt digital communications interfaces is also getting a good deal of attention in the training and software industries.

Over the past decade, the presence of Irving-owned companies has also made significant impact on employment in the Greater Moncton area – in particular in the growth of Midland Transport, the creation of a tissue mill, the establishment of the headquarters of Cavendish Farms and of Lexi-tech, a translation company that relies on computer technology to automate text entry and to do raw terminological translation for technical documents. The Irvings are also active in other areas of the Moncton economy, with companies such as Universal Sales (truck sales and service), and a pre-eminent presence in fuel supply for road and home. Kent Building Supplies has undergone a significant business expansion with the opening of a super-store in the city's north end.

The co-operative movement is also proving to be one of the bedrocks of the economy in the Greater Moncton area, accounting for nearly 1,000 jobs in total. This trend is led by the 540 employees

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11. Witness the announcement in April 1996 that Dun & Bradstreet Canada would employ 110 people here; news in May that the Royal Bank would soon add another 300 jobs, well in advance of earlier expectations.

working at Co-op Atlantic, the regional administrative and distribution centre for co-op stores throughout Atlantic Canada. As well, The Co-operators Insurance Company (140) does business throughout the region; the credit union central and various English-language credit unions in the area account for some 90 employees; and the various co-op stores, housing developments and specialized services add another 90 full-time jobs, as well as considerable part-time employment in retailing. In addition, the Fédération des Caisses Populaires Acadiennes (FCPA) also has a significant presence in the southeast region, with 29 caisses employing 284 people and serving more than 67,000 members. Co-op Atlantic, with the collaboration of the FCPA, has also recently launched a co-operative business development initiative, which is targeting small enterprise development throughout the Atlantic region. Among its early goals is to ensure that people who now provide services to the public through jobs at Parks Canada at Fundy and Kouchibouguac national parks are able to maintain their jobs through co-operative ownership of bike rental, campsite service and such functions, of which Parks Canada wants to divest itself.

Also worth considering in the same vein is Assumption Mutual Life, which is owned by its policyholders. It has been a major actor in the revitalization of the downtown area, through investment particularly in the City Hall/Convention Centre complex. Its partnership with Bolton Tremblay in Louisbourg Investments has also created a small base of employment skilled in the examination of publicly-traded bonds and stocks, a skill set that may prove very useful if and as indigenous business moves toward public ownership.

The region has also been the home of large business activities generated by out-of-town firms with key decision makers located in Toronto, Montreal and elsewhere. There has further been an important two-way movement on this front. Although firms such as Swift's, Eaton's and CN have shut down, others, such as Purolator Courier, Federal Express Canada, and the Royal Bank have launched new activities in the Moncton area.

All in all, gains among "migrant" businesses and endeavors with national or international target markets have tended to keep up with losses, in raw numbers at least, over time. The job skills, however, have largely been mismatched, as the most significant growth has been in white collar jobs (largely entry-level), replacing blue-collar jobs (many at journeyman trade rates). There has in

consequence been erosion of relative job payroll value. Most significant among the gains has been the creation of about 2,300 call-centre/back-office jobs. Not as significant in terms of raw numbers, but perhaps with better long-term per-capita income prospects, has been the recruitment of high-tech manufacturers (Com Dev Atlantic, Phase Atlantic, 3-D Micro).

There has also been parallel development of indigenous industries and services to meet the demands of the “immigrant” companies. For example, B K M’s rapid growth in training of potential staff for call centre/telemarketing; Apex Machine Works close supplier relationship for fine-tolerance machine parts for Com Dev Atlantic and Phase Atlantic; and NBTel’s creation of a disaster recovery site and system available at need to the many users of complex computer/telephony networks.

The role of local investment by major outside retailing operations (Price Club, Future Shop, etc.) has also been significant; not so much for its direct effect on retail sales volumes (although clearly price reductions help, and the expanded trading range of the community has a locally-positive effect), but for its incidental effect of making the community appear more urban and cosmopolite.

The major precursor to the wave of teleservice jobs that came to the region in the 1990s was that of the then Supply and Services pension administration office, which came to Shediac in 1980. It was justified on the basis of regional equity in allocation of federal payroll, and in part on economic grounds (especially real estate costs, ease of bilingual recruitment, incentives for workforce stability and its corollary of easier organizational skills retention – all rationales that have become familiar with time). Also prior to the more recent wave of government decentralization and privatization was the establishment of Datacor/ISM Atlantic, about 1986. In 1991, Camco (GE Canada) opened a centralized national customer and sales support centre in Moncton. In the same year, Federal Express Canada and Interlink Freight Systems (formerly CP Express & Transport) established national administrative and data processing centres here. They were followed by Purolator Courier (1992: service, data, billing); Royal Bank (1994: telephone, remote banking); United Parcel Service (1994: customer calls); Red Cross (1994: client service); Canadian Pacific Hotels (1995: inquiries and reservations); Sun Life (1995: inquiries, claims filing, billing); Pepsi-Cola Canada (1995: tele-sales, dispatch and distribution); and Dun

& Bradstreet Canada (1996: corporate research centre).<sup>12</sup> A number of these operations have made subsequent announcements of one or more expansions. During the summer of 1996, the Bureau of Broadcast Measurement located in Moncton, bringing 165 jobs and Clinidata of Montreal created 190 jobs, following upon its take-over of province's TeleCare emergency health care service.

Similarly, the synergy of telecommunications capacity and the region's historic role as a distribution centre led to the establishment of new distribution undertakings – or the expansion of existing ones. Among these were Baxter Corporation (1991: administrative, distribution staff for health care products); Livingston International (1992: processing centre for customs brokerage); Michelin Uniroyal Goodrich (1992: tire warehouse); D T Atlantic (1993: pharmaceutical distribution); Shoppers Drug Mart (1995: warehouse and administration); Atlantic Wholesalers (1995: freezer, meat distribution) and K D N Distribution and Warehousing (1996: packaging centre).

The capacity to use telecommunications systems has even managed to mitigate the effects of the rapid and steady reduction in blue-collar employment at CN, specifically with the establishment of a Crew Management Centre (1994: operations east of Thunder Bay) and an Administrative Service Centre (1995: time-keeping, invoices, etc.) in the city. The total employment of both is 180, and represents a significant fraction of the expected CN presence in the local economy in future.<sup>13</sup>

The question of whether the call centre industry is deeply rooted in the community is a contentious one. Many suspect that the roots are shallow, and that companies that were induced to establish operations here in the past few years could just as easily make yet another move under similar inducement by other provinces or states. There may also be a danger that among competitive operations, a possible shake-out involving such companies as Federal Express Canada, Purolator Courier and United Parcel Service could lead to the closing of support offices, at least insofar as they would have had overlapping functions.

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12. GMEC document, "Business Development in Greater Moncton," April 1996.

13. In Moncton, CN employment stood at 1,128 as of 25 January 1996, of whom 172 were workers on call through employment security provisions of their collective agreements. By September 1996, once further cuts at the Gordon yards and shops are completed, CN's Moncton workforce is expected to be just 600.

The argument to the contrary holds that the call-centre operations attracted here are almost exclusively among companies that have a stable market and clientele (established customer base, dealers, internal client bureaucracies) and for whom stability of competent support staff is the prime value. Another argument is that insofar as the teleservice market is driven by voice telephone contact, that it is in fact a declining technology, given that people are increasing their use of computer contacts, and that over time, reliance on voice telephone contact is likely to decline sharply. Development of future jobs – and quite possibly, much better-paying jobs – is seen as coming through the development of network-based information technology.<sup>14</sup>

One of the things that people in Moncton have become very good at is the creation of teams that involve leaders both from diverse pursuits (such as the public sector, business, and academia) and within business sectors, wherein normal competitive priorities are put aside in the interests of collaboration. This decade-long habit has given the Greater Moncton community the power and the self-confidence to act. A central element in the development of this collaborative culture has been the series of community strategic processes engaged in over the last several years, including the 1990 Symposium 2000 and the 1994-95 community review of development strategies and options.

The creation and development of formal and informal business networks continue. One example is the formation within the last year of Gnosis, a Greater Moncton knowledge industry association, with some 50 members and a brief to support small companies that are hard-pressed to seek out the broad range of expert opinion, and the advice they need to grow on their own. The relatively strong local cluster of secondary wood manufacturers has been a driving force in the creation of what has become a Maritime wood products group, which has worked with Industry Canada and non-member companies in the industry to win a \$5.3 million contract to build prefabricated homes (and internal components) for Kobe, Japan.

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14. The anticipated release by Christmas 1996 of the first generation of NC's (Network Computers, \$500 set-top computers capable of high-speed Internet access through telephone and cable lines), is also taken as likely to be a major driving force in development of this market. This sector has drawn significant local interest, from B K M Research & Development (Dieppe) and Cybersmith (Sackville), as well as support from NBTel's New North Media and New Brunswick Interactive, with related support potential from the nascent Mount Allison University multimedia centre, and the community colleges (especially Miramichi).

People from various sectors also get together through other busy business support groups, including the Greater Moncton Chamber of Commerce, the Business Round Table, a mutual support group for more than 100 local company presidents, and the Conseil économique du Nouveau-Brunswick, which represents and gives frequent networking opportunities for Acadian business people. This trend continues with the recent formation of the Greater Moncton Home-Based Business Network.

There have been many efforts to create an infrastructure of intellectual supports that would be attractive to industry. It includes the development of strategic research and development support of the kind envisaged for the proposed Université de Moncton scientific park, and previously envisaged for the language technologies centre, as well as the development of the Mount Allison University multimedia centre. The development of a marketing and public relations sector, both in Sackville and Moncton, also contributes. The past decade has seen numerous shared initiatives involving the Université de Moncton and the business community.<sup>15</sup>

There are significant sectors of indigenous growth whose members have pursued and are pursuing a clear goal of winning national and international markets, particularly in the manufacture of metal, electronics and wood products, as well as in processed food. There is also significant local activity in service sectors including technological support, training, environmental consulting, and translation. Some major players in these sectors are owned by companies controlled elsewhere, but they are by no means alone.

Many of the manufacturing enterprises in the region, and particularly Greater Moncton, have low prospects for growth in local markets, but they have significant potential elsewhere. Examples abound: recent announcements of a \$4 million sale of gaming machines to Sweden by Spielo Manufacturing of Moncton; of an expansion of a plant manufacturing air ventilation systems (creating

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15. Most visible recently was the collaboration of the University's thin films research group with Com Dev Atlantic and Apex Machine Works, to put an experimental package on a flight of the NASA space shuttle. There is also the continuing support that companies in the fishery and food processing industries obtain through the University's Food Research Centre. Other initiatives in the area of composting technology, forest and marine environment management have also helped build communications and spread expertise to the community. The recent decision to base at the Université de Moncton a \$25-million research initiative into the effect of low-level flights on the ecosystem of Labrador underlines and underpins the university's position of strength in the eastern Canadian network of environmental knowledge.

67 new jobs) by Imperial Registers of Richibucto; of a \$2.25 million sale of hotel fittings to ITT Sheraton in Arizona (with another \$5 million contract pending) by Leby Interiors of Moncton; and an anticipated \$4 million in sales for remanufactured engines and parts for Chrysler Canada by Atlantic Reman of Dieppe. These are not isolated examples: they are, rather, indicative of the strong impetus among regional manufacturers to look far beyond immediate markets or frontiers for their sales growth, a practical determination to sell as well as to buy in a global market. And this determination is to be found among small companies as much as among big ones. Without attempting an exhaustive survey of such firms, we offer some instructive examples:

- Maritime Geothermal, a Petitcodiac manufacturer of water-source heat pumps. It sells more than 100 units a year in Canada, and receives royalties for the manufacture under license of its technology from a company in Ohio. It is looking at the European market. It has three employees, counting the owner.
- Apex Machine Works. Its traditional work has been in custom steel projects, including waste handling equipment and steel work for the bridge to Prince Edward Island. But it also has a division doing fine-tolerance machining for Phase Atlantic and Bell Helicopter. It makes portal cranes through a marketing arrangement with an American company, is developing North American markets for airport passenger tunnels under a licence arrangement with a Swedish company, and is developing an international market for high-security doors and windows. The company has about 300 employees.
- Greystone Energy Systems, a specialized manufacturer almost wholly dependent on exports. It manufactures electronic controls for large buildings' air handling and thermal regulation systems for Honeywell and Johnson Controls, and it has been active since 1989 in seeking Asian markets for its technology. It has an employee working the wee hours, to support customers in Japan, Hong Kong, etc., and now the company is making an aggressive push to expand sales in the United States market. It has 55 employees.

Various other companies similarly make high-tech products for a continental or global market. They include Beltek System Design, which has developed hand-held technology used in delivery dispatch and inventory control; Telemonitoring Manufacturing, which has made 13,000 remote-read water meters for the Greater Moncton area, and has started to sell them internationally; Caradon Lock-Wood of Scoudouc (wood and vinyl windows and doors, with a strong focus on the up-scale US market); Kent Homes of Bouctouche (prefabricated homes); Allsco Windows, Doors and Siding of Moncton (vinyl windows); Atlantic Mini-Fridge of Dieppe (mini-bar fridges for hotels); Air-tech of Moncton (humidity control equipment); Shorewood Furniture of Dieppe (hardwood furniture); Triangle Kitchen of Dieppe (wood cabinets, strongly focused on Caribbean and southeast Asian markets). Environment Air of Cocagne is also worth mentioning. This local SME, a maker of heat exchange and air quality systems employing 45-60 people (by its June estimate), was sold to L G H Kanalflakt of Sweden. It also bought the never-used factory built in Bouctouche for Ottawa-based Mitel some 15 years ago, and expects to create 130 new jobs over the next two years, clearly strengthening development in a sector that is far less susceptible to seasonal variability than traditional processing work in the area.

Some of the companies named above are strongly focused on development of export markets; they are overwhelmingly in private hands, usually those of a single owner/president. They operate and grow on the basis of bank credit, sometimes assisted or guaranteed by government, and through the reinvestment of profit. Their principals, however, often argue that their potential for growth is constrained by this reliance on credit and retained earnings. The lack of local diversity in financial equity supports exposes their business expansion initiatives to a higher aggregate risk than is faced by industrial sectors elsewhere which have ready access to equity markets. The creation of the Atlantic Canada Opportunities Agency and implementation of its Action Program in 1987-88 had a considerable benefit in reseeding the ground of enterprise in the region. But this program has been dramatically reduced, thus limiting access to local enterprises for equity financing. The need for a complete and systematic approach to managing the transition in business development supports toward the private sector is an urgent issue throughout the Maritime region.





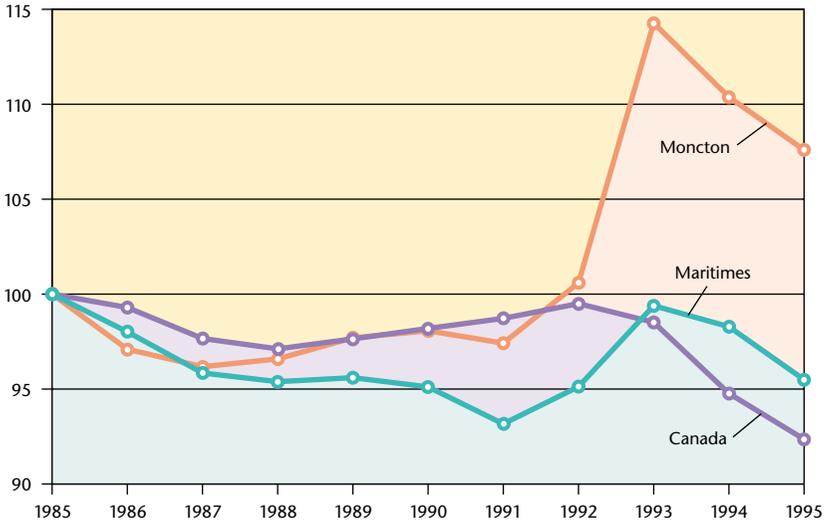
## The Public Sector

The economy of southeast New Brunswick, as well as that of Atlantic Canada, is very dependent on the public sector. In light of this fact, the Maritime region must adapt to a new economic order which will impose a new discipline from different government levels. Some regions in Canada will welcome these forces and hope that they will indeed shape or reshape the public policy environment. Rich provinces like Alberta, British Columbia and Ontario will applaud Ottawa's efforts to repair its balance sheet and welcome all attempts to attenuate both its policy role and its presence in the economy.

The same is not true for the Maritime provinces or southeast New Brunswick. What is less clear is how far the adjustment has actually progressed, and how well southeast New Brunswick is adjusting to the new economic order. The interviews we conducted with important decision makers in the area reveal that economic adjustment is taking place or is on the way. We were told that the southeast region was too dependent on government, that the unemployment insurance program was in need of a fundamental overhaul, and that every effort should be made for the region to become more self-reliant.

The unemployment insurance program is currently being reformed and it is, of course, much too early to report on its impact. But we do know a number of things. First, the program has transferred a great deal of financial resources to the region, and has strengthened the region's purchasing power considerably. We know that unemployment insurance transfers to individuals represent 7 percent of total income in southeast New Brunswick. This compares with 3.6 percent at the national level and 6.9 percent in the Maritime provinces. In 1992 nearly \$191 million was transferred to individuals collecting unemployment insurance in the Southeast. While we do not know precisely how the reforms will reshape these numbers, we do know that less money will flow to the region under the program. The impact on the local economy, in particular on the retail sector, will be considerable.

**Figure 12**  
**Evolution of Employment, Federal Public Service, 1985-95**  
**(Indice 1985 = 100)**



Source: Treasury Board of Canada, *Employment Statistics for the Federal Public Service, 1994-95*.

Federal transfer payments to the provinces are also being reduced, and we are now starting to see some impact in terms of actual spending cuts to the region’s health care facilities, education system and other provincial public services. Here too, however, it is still too early to assess the full impact on the local economy. But, again, we know a number of things. The federal government is cutting back and the province of New Brunswick will have less money to spend for education, health care and municipalities. These developments are important for the economy of southeast New Brunswick, given that it is home to a number of large public institutions, notably regional hospitals, universities and community colleges.

What about the federal and provincial presence? On the federal side, we have obtained data which we find both surprising and revealing. We find it surprising because federal government employment actually increased in southeast New Brunswick (Moncton) in 1992 over 1985, and further growth was evident during the 1986-88 period (one automatically thinks of the establishment of ACOA in 1987). We find it revealing in that the most recent data demonstrate that the trend line is showing a sharp downward shift, starting in 1993. Revealing also because Moncton is home to more federal

public servants than is the case for Fredericton and Saint John combined. That said, however, Halifax is home to more federal public servants (9,477 in 1995) than *all* of New Brunswick (7,711 in 1995).

**Table 10**  
**Employment, Federal Public Service**

	Number of Employees				Variation 1985-95	
	1985	1989	1992	1995	Absolute	Relative
New Brunswick	7,467	7,337	7,434	7,711	244	3 %
Fredericton	920	815	828	806	(114)	-12 %
Saint John	914	884	949	955	41	4 %
Moncton	2,723	2,660	2,738	2,930	207	8 %
Other towns	2,910	2,978	2,919	3,020	110	4 %
Halifax	10,516	9,943	10,069	9,477	(1,039)	-10 %
Maritimes	23,840	22,798	22,660	22,761	(1,079)	-5 %

Source: Treasury Board of Canada, *Employment Statistics for the Federal Public Service, 1994-95*.

There is no doubt that the presence of the government of New Brunswick contributes a substantial part of employment for southeast New Brunswick. However, for a variety of reasons, it is not possible to present a comparative perspective of its importance relative to other regions. For one thing, regions, as defined by Statistics Canada, do not square with the regions as defined by the government of New Brunswick. As a result, government of New Brunswick employment figures for, say, southeast New Brunswick or Saint John, do not correspond with the regions presented by Statistics Canada. For another, some provincial government entities, such as school boards, are not clearly defined by geographical designations. We do know, however, that the government of New Brunswick – like governments in other jurisdictions – has launched a policy to downsize its operations and that it will continue to reduce its employment levels throughout the province. We also know that the government of New Brunswick employed at least 4,390 people in fiscal year 1995-96 in southeast New Brunswick.





## Conclusion

A good deal of optimism prevails in southeast New Brunswick, despite the economic setbacks of the last twenty years. This optimism is well-founded. The significant growth in the labour force since 1981, especially in the service sector, the diversification of economic activity, the net in-migration of population, the influx of firms from outside the province, the rise in entrepreneurship, especially among Acadians, and the prospects for further growth all contribute to this optimism. People are committed to the goal of self-sufficiency, and indications are that the region, with Moncton as its centre, will become an important hub for small- and medium-sized business. There is no doubt that the southeast region is already increasingly diversified.

In the Greater Moncton area, a decade of cooperation between its business and political leaders has shown impressive results. The economy will continue to diversify, and to concentrate on the export of both services and products. The momentum of the current growth in the teleservice industry is being reinforced by new entrants and the now established industry will be further developed as it augments the capabilities of companies that support its hardware, software, and human resource needs. Southeast New Brunswick also has strengths in the fields of manufacturing, distribution, retail trade, and a broad range of business supports, all of which have potential for further growth.

Although the Greater Moncton area is the growth centre in southeast New Brunswick, the surrounding rural areas also have good economic prospects. In Kent County, more viable, diversified, and dynamic communities should emerge because of the marked increase in entrepreneurship. In the Shediac/Cap-Pelé area, a stable fishery has strong prospects of being supplemented by tourism development, which should be accelerated with the opening of the bridge to Prince Edward Island. Similar tourism benefits can be foreseen for the Port Elgin and Sackville areas, the latter particularly in eco-tourism and cultural areas. Eco-tourism initiatives in Albert and Kent counties also hold considerable promise.

## ■ Looking Ahead

What southeast New Brunswick needs to do is to plan how it can best adjust to the new economic order. If past employment trends – using 1981 and 1991 census data – are any indication, the region will see future growth in the retail, service and tourism sectors. Indeed, we know that all three sectors showed healthy growth between 1981 and 1991. In addition, the manufacturing sector displayed a great deal of stability, when compared with other regions. That stability is even more remarkable considering that 1991, the census year, was a difficult year economically for southeast New Brunswick and, more generally, the Maritime provinces and Canada. It is also important to note that many significant developments in the establishment of new “call centres” in Moncton had yet to be announced, let alone implemented when data for the 1991 census was taken.

The above holds important messages on how best to plan the adjustment process. But there are other important elements to consider:

- We believe that “government bashing” should go no further. To be sure, all orders of government must repair their balance sheet. That said, in an economy like that of southeast New Brunswick and the Maritime provinces, the public sector needs to play an important role in economic development. In that sense, we are deeply concerned with the rationalization process being undertaken by the federal government which consists of reducing both employment and federal expenses in the region. We are also concerned by Ottawa’s attitude, in its 1996 budget, concerning the eventual abolition of ACOA. Although we believe that ACOA’s role should be fundamentally overhauled, it should not be disbanded or subjected to a slow death. Indeed, given the economic adjustment in the months and years ahead, the region now needs an economic development agency capable of promoting an “Atlantic” or “Maritime” perspective more than it ever did. The Institute is planning to produce, in the near future, a document on the future role and mandate of ACOA.
- Southeast New Brunswick should urge all three levels of governments to coordinate their efforts in reducing their spending plans so that several government departments do not leave the same community at the same time. Experience tells us

that the left hand of the federal government does not always know what the right hand of the same government is doing, let alone the right hand of another government. While we recognize the need to cut back government spending, we urge that this be done in an orderly fashion to minimize the impact on the economy of the region. The Southeast has already paid its dues on this front – witness the closure of the CN shops and of CFB Moncton.

- Community leaders should ensure that the strengths that initially drew new industries to the area are maintained and reinforced. The bilingual capacity of the Greater Moncton area should be increased and promoted to sustain the growth in call centres and in other new activities. The development of customized operating systems and content-based software for this sector is one clear area of opportunity for support industry, and the development of bilingual supportware, courseware, and multimedia generally deserves encouragement and financial support.
- The Greater Moncton area, like the rest of southeast New Brunswick, promotes its quality of life to outsiders. As was previously mentioned, expenditures on infrastructure and services may be necessary to keep up with the increase in population and new activities.
- With the completion of the Confederation bridge, southeast New Brunswick could become even more important as a tourist destination. It is expected that vacation trips to the Island will in future be shorter. Consequently, tourists would be less likely to bypass communities in southeast New Brunswick, and more likely to use the New Brunswick side of the Northumberland Strait as a regional vacation base. Given the growth potential in this sector, the provincial government should make some infrastructure improvements as well as encouraging the cultural sector, which is a strategic element in the tourism industry.

There is no denying that it is the private sector that will, in future, take the lead in southeast New Brunswick. With decreased public spending, federal and provincial financial support for the business community will diminish. Southeast New Brunswick, like the Atlantic region as a whole, has suffered from a lag in the development of locally-controlled sources of financing. The

development of entrepreneurial culture and networks – and the consequent financial assistance that accompanies corporate growth – has become one of the hallmarks of the Greater Moncton area. In this context, the growing reliance of business people on direction and advice from their local organizations is auspicious. But there is still more to be accomplished.

We have seen that the private sector in southeast New Brunswick is very dynamic. Nevertheless, it faces many challenges, especially if it is to serve as the engine of growth in the region's development efforts. The dynamism and entrepreneurship already present in the Greater Moncton economy require nurturing and the tools of growth. Much that has been achieved to date is because of individual entrepreneurial leadership. It cannot remain exclusively so, if the growth is to continue. Entrepreneurs do retire, and some businesses will need to graduate from the culture of individual ownership to achieve their full potential.

Southeast New Brunswick clearly faces many challenges, and, just as clearly, many of its citizens have identified goals that they are pursuing with energy and determination. The region must continue to create employment, especially in non-seasonal activities. And exporting – whether it is office and customer relations skills through call centres, or physical products of the manufacturing process, or the “soft” products of the mind – will be key to the area's success in that effort.

It is probably a measure of the nature of the “Moncton Miracle” that southeast New Brunswick can talk about a broad range of opportunity in what often seems a pessimistic age. The region is well poised for future prosperity. The challenge is to ensure that the region as a whole, and not just its leadership, commits itself fully to seizing its opportunities.

If we have learned anything in recent years in economic development, it is that economic prosperity is never assured. Global economic forces, intense competition in the market place and between regions, the ever changing nature of the economy and cuts in government spending all make it clear that Moncton and the southeast region should not become complacent.

More than ever, the region will now have to turn to its strengths to ensure future economic prosperity. More specifically, every effort should be made to strengthen its workforce:

- The region's bilingual workforce has been a strong asset in recent years and, given the nature of the services, economy and globalization, there is every reason to believe that it will continue to be a valued asset in future. But more can be done to ensure that the region's workforce has the skills, and the knowledge required to meet the requirements of the new economy. We applaud the efforts made by community colleges thus far to respond to this challenge, thus meeting the needs of national and international firms setting up new activities in the region. We urge them to intensify their efforts.
- The region is home to two first-class universities – Université de Moncton and Mount Allison University. In many other places, such as New England and the Carolinas, universities have been the driving force in promoting economic development. We are convinced that southeast New Brunswick could similarly benefit from its two universities. We urge local economic development groups, community leaders and university representatives to sit down to compare notes and to see how the universities can play a greater role in promoting economic growth in the region.
- While we applaud the efforts of both senior levels of government to repair their balance sheet, we urge them to coordinate their efforts and to plan future spending cuts jointly. As this document demonstrates, the Maritime provinces and southeast New Brunswick are still heavily dependent on government spending. The regional economy is fragile and uncoordinated spending cuts could hurt the region and inhibit future development efforts.
- Acadian entrepreneurship is making a solid contribution to the local economy. By and large, however, it is a first generation class of entrepreneurs. Many of these people will soon be looking at retirement or reeling back their activities. We urge local economic development groups, in particular Le Conseil économique du Nouveau-Brunswick, to organize seminars and conferences to offer suggestions on how these Acadian firms can reach their full potential on the retirement of individual owners.

- The tourism sector offers strong potential for future growth in light of the aging of baby boomers, the completion of the Confederation bridge and a growing international tourism market. We urge all economic actors in the region, from individual entrepreneurs to local economic development groups and all levels of governments to identify new measures to strengthen the region's tourism infrastructure.

## **Appendixes**

**Appendix A: Synoptic Table, Southeast New Brunswick, 1991**

	Canada	Maritimes	Southeast (Region)	Albert	Kent	Westmorland
<b>Demography</b>						
Population (1991)	26,994,040	1,735,545	170,020	25,540	31,415	113,065
Level of urbanisation (%) (Centres 1,500 +)	76.0	43.6	58.1	63.5	7.5	70.8
Population growth (%), 1986-91	7.9	2.6	2.9	3.3	0.6	3.4
<b>Labour Market/Incomes</b>						
Participation rate (%)	67.9	63.6	64.3	68.1	60.5	64.4
Unemployment rate (%)	10.2	13.8	14.3	11.7	24.8	12.2
Share of women in the labour force (%)	44.5	43.6	44.6	44.2	45.1	43.0
Share of self-employed (%)	14.3	11.6	10.0	10.2	12.4	9.4
Average income from employment per worker (Can = 100)	100.0	82.1	80.3	94.4	53.6	84.6
Ratio of income from unemployment to income from employment (%)	5.0	10.1	10.2	4.8	34.5	7.4
Index of economic dependence (Can = 1.00) <sup>1</sup>	1.00	2.02	2.04	0.96	6.90	1.48
<b>Education (Adult Population)</b>						
Less than 13 <sup>th</sup> year (%)	38.2	43.9	44.8	35.2	61.3	42.4
High school certificate (%)	18.7	15.5	16.4	19.4	13.1	16.6
Non-university Degree (%)	22.3	20.9	20.9	24.9	16.6	21.1
University Degree (%)	20.8	19.7	17.9	20.5	9.0	19.8

<b>Economic Structure</b>									
Share of the labour force in (%)									
• Primary activities	5.8	7.5	4.3	3.3	11.2	2.8			
• Manufacturing and Construction	21.4	19.3	18.6	12.8	29.2	17.3			
• Non-public services <sup>2</sup>	48.8	44.5	50.7	60.3	36.6	51.9			
• Public sector <sup>3</sup>	24.0	28.7	26.5	23.6	22.9	28.0			
Average income per worker generated by									
• Primary activities	23,152	19,330	14,957	17,647	13,465	15,669			
• Manufacturing and Construction	20,014	14,842	11,382	17,590	6,818	12,192			
• Non-public services	19,418	15,498	16,652	19,589	12,870	16,508			
• Public sector	29,092	26,506	25,946	26,874	20,548	26,845			

Source: Statistics Canada, 1991 census; Catalogue 93-304; Regional and Administrative Data for 1992, special compilation by CIRRD.

1. Income from unemployment insurance divided by income from employment, in the region, in relation to the Canadian average.
2. Transport and communications services, commerce, financial services, services to business, and restaurants and accommodation.
3. Government services (public administration and defense, education, health and social services).

## ■ Appendix B: People Consulted

**Ms. Wendy Baird**, Manager  
NBTel call centre applications

**Mr. Gérard Belliveau**, Director  
Land Use Planning  
Department of Municipalities, Culture and Housing  
Province of New Brunswick

**Ms. Barbara Campbell**, Economic Development Officer  
Renaissance Sackville

**Mr. William Campbell**, Mayor  
Town of Sackville

**Ms. Annette Comeau**, Executive Director  
NB Training Industry Association

**Mr. Ron Corbett**, Director  
Tantramar Planning District Commission

**Mr. Ted Corbett**, Marketing and Technical Sales  
Apex Machine Works

**Mr. André Daigle**, Town Planner  
Land Use Planning  
Department of Municipalities, Culture and Housing  
Province of New Brunswick

**Mr. Pat Darby**, Manager  
Royal Bank Call Centre

**Mr. Gunter Debertain**, Past president  
NB Multicultural Council Inc.

**Mr. Léandre Desjardins**  
Academic Vice-President  
Université de Moncton

**Mr. Tom Doneghy**, General Manager  
Acier Leroux Steel

**Ms. Lorraine Dunn**, Manager  
Customer Service and Operations  
Royal Bank Call Centre

**Mr. Roger Fournier**, President  
Triangle Kitchen

**Mr. Claude Gagnon**, President  
Telemonitoring Manufacturing Corp.

**Mr. Ron Gaudet**, President  
Greater Moncton Economic Commission

**Mr. Robert Hall**, Mayor  
Port Elgin

**Mr. David Hawkins**, President  
Hawk Communications Inc.

**Mr. David Hoare**, President  
Phase Atlantic

**Ms. Wendy Hudson**  
Broadleaf Guest Ranch

**Mr. Jim Jarvis**, President  
Datacor/ISM Atlantic Corp.

**Mr. Glenn Kaye**, President  
Maritime Geothermal

**Mr. Ron Kelly**, Divisional Manager  
Apex Machine Works

**Mr. Fred Knott**, Executive Director  
(Secondary) Wood Products Group Ltd.

**Mr. Bernard Landry**, General Manager  
A D E L(L E D A)-Kent

**Mr. Pierre Landry**, Public Affairs  
Tiru (New Brunswick) Inc.

**Ms. Dianne Fitzgerald-Large**, Manager  
Regional Co-operative Development Centre

**Mr. Richard Larin**, Executive Director  
South East LEAD Corporation

**Mr. Raymond LeBlanc**, Mayor  
Town of Shediac

**Mr. Guy Léger**, Executive Director  
Kent Economic Commission

**Mr. Roger Léger**, Senior Trade Commissioner  
Industry Canada

**Mr. Leonard H. Lockhart**, President  
Leaf Holdings Inc.

**Mr. Denis Losier**, President  
Board of Directors, Scientific Park Corporation  
Université de Moncton

**Mr. Mike MacBride**  
NB ED&T official with a brief for investment  
prospecting and export development

**Ms. Beverley Keating McIntyre**, President  
B K M Research & Development

**Mr. Victorin Mallet**, Dean  
Faculty of Sciences  
Université de Moncton

**Mr. Benoit Michaud**, President  
Bouctouche Chamber of Commerce and commercial farmer

**Mr. Jim Morris**, President  
Greater Moncton Chamber of Commerce

**Mr. John Murphy**, Executive Director  
New Brunswick Federation of Labour

**Mr. Jean Nadeau**, Executive Director  
Conseil économique du Nouveau-Brunswick

**Mr. Victor Nowicki**  
NB Environment Industry Association

**Mr. Ron Percy**  
SHL and former president of Datacor

**Ms. Sharon A. Pollock**  
Hopewell Rocks Motel  
and Secretary of Steering Committee  
Albert County Tourist Association

**Mr. Tom Pollock**  
Environment Canada

**Ms. Nicole Richard**  
Enviro-Access

**Mr. Bill Robblee**, President  
Greystone Energy Systems

**Mr. Robert Smith**, Executive Director  
South East Economic Commission

**Mr. Chris Stratton**, Divisional Manager  
Apex Machine Works

**Mr. Ken Tanner**, Director of Marketing  
Phase Atlantic

**Hon. Camille Thériault**, Minister  
Department of Economic Development and Tourism  
Province of New Brunswick

**Mr. Gilles Thériault**, President  
GTA Consultants

**The Hon. Dr. Marilyn Trenholme**, MLA, Tantramar  
and Minister of State for Family and Community Services  
Province of New Brunswick

**Mr. Rob Wagner**, Vice-president  
Gnosis, Greater Moncton KBI Association,  
Manager, RBC business centre

**Mr. Bill Whalen**, Chairman  
Greater Moncton Airport Authority





