Restigouche Region at a Crossroads

Lessons from the past, solutions for the future

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Introduction and executive summary

The last half-century has not been kind to Restigouche County. At the turn of the 1980s, it hosted a population of approximately 40,000. Forty years later, this number was down to just over 30,000. Of course, Restigouche County is not alone in having seen its population decline over those years; this is in fact a reality shared by the rest of province's North. It nevertheless stands out as having experienced the most significant population loss.

That said, the county's demographic situation has improved in recent years. After stabilizing at the turn of the decade, its population has been growing and getting younger, a first in at least three decades. This newfound momentum could continue in the years to come. For several reasons, though, this is unlikely to happen without a comprehensive strategy from public authorities.

As the saying goes, "you can't really know where you're going until you know where you've been." In the winter of 2025, the Restigouche Regional Service Commission retained my services to examine the county's demographic and economic trajectory since the turn of the 1980s in the hopes of better understanding the opportunities on the horizon and identifying the obstacles that must be overcome to seize them. The objective of this report is to set the stage for better local consensus-building and enable well-informed discussions with government partners.

The report is divided into four sections. The first reviews the demographic trajectory of Restigouche County since the mid-1960s, with an emphasis on trends since the turn of the 1980s. It notably shows that the county's demographic decline is part of a broader dynamic common to all of northern New Brunswick, that of a peripheral economic region which experienced a particularly strong baby boom.

What is more specific to Restigouche County, however, is the extent of the deindustrialization—and its corollary, deurbanization— witnessed over the past four decades, a topic we examine in the second section of this report. The county's severe deindustrialization, which largely explains its greater population loss, is closely linked to its

declining manufacturing sector. While not unique to Restigouche County, the sector's misfortunes were particularly pronounced there.

Economists often put great emphasis on the manufacturing sector because it is part of what is called a region's economic "base." Often geared toward export markets, this sector can be a source of significant "spillover effects," not only because the income earned by its workers boosts spending in the local economy, which in turn creates jobs, but also because companies in the sector do business with local suppliers.

Another sector with significant spillover effects—particularly due to its often-high wages—is the public sector. This sector can act as a lifeline, helping to stabilize the economies of regions facing major economic setbacks. This report compares the evolution of public sector employment in the Restigouche region with that of two of its peers that have also suffered significant economic setbacks: the Bathurst and Miramichi regions. The results show that the public sector exerted a much greater stabilizing force in the economies of the latter two regions, which largely explains why they fared better economically and demographically than Restigouche County. This has been particularly true in recent years, during which employment in this sector grew strong in the Bathurst and Miramichi regions while it dropped in the Campbellton region and Restigouche County as a whole.

The demographic decline and economic setbacks experienced by most Restigouche communities have had significant consequences on municipal financing. The third section of the report examines this issue. The provincial government has seriously stepped back from municipal financing over the years. In 1991, provincial unconditional grants represented 29% of municipal revenues. By 2024, this figure had fallen to less than 5%. This development has hit less affluent municipalities much harder than those with more resources. On an inflation-adjusted basis, the town of Dalhousie saw its municipal tax base drop by more than half between 1991 and 2021. Yet, far from helping offset its tax revenue losses, the provincial government reduced its funding to the town by nearly three-fifths (59%). This is a serious problem, especially considering that many municipal expenses (e.g., road network, water and sewer services, fire protection) are difficult to scale back without

undermining the integrity of services. Although its tax base suffered less than Dalhousie's, the City of Campbellton also saw its provincial funding cut by two-thirds between 1991 and 2021. Campbellton residents face one of the highest municipal burdens in the province.

The fourth and final part of this report looks to the future. Over the next decade, the prosperity and quality of public services offered in Restigouche County will depend on its ability to attract enough newcomers to fill vacant positions and take up the entrepreneurial torch. In this regard, the figures are clear. In 2025, approximately 600 Restigouche residents will reach official retirement age, while fewer than 300 will reach official working age. Although the situation is expected to become somewhat more balanced by the turn of the decade, the gap should persist well beyond that. Currently, the county has approximately 400 people aged 55, compared to only 250 who are five years old. The county will thus have to rely on migration to fill its vacant positions for a long time to come, especially considering that the aging of the baby boomer generation should keep fueling demand for local services such as health care and other services to the elderly.

Restigouche County has recently seen its population grow again. This could not have happened without a large influx of new residents arriving from outside Canada. This development took place in a unique context, that of an international migration boom unprecedented in the country's modern history. Last fall, Ottawa announced a series of measures that will put a stop to this boom. This is likely to have significant consequences for the county's demographic trajectory. Before the pandemic, few immigrants came to settle in Restigouche County despite a tight job market (at least in the final years of the last decade). It was only after the pandemic, when international migration exploded, that immigrants spread more evenly across the province, including to Restigouche County. Although the county can bank on many assets to draw newcomers—including lower housing costs and numerous job openings in the coming years—recent experience suggests that without a concerted plan from federal and provincial authorities, immigration to Restigouche County is bound to slow dramatically over the next two years and remain well below the levels reached in recent years in 2027 and beyond.

As permanent residents, immigrants enjoy a constitutionally guaranteed right to live and earn a living wherever they want in the country. Yet, provincial governments have a say in the number and characteristics of immigrants for whom they wish to become the province of landing. This is particularly the case with programs such as the Atlantic Immigration Program (AIP) and the Provincial Nominee Program (PNP), which target candidates likely to remain in New Brunswick (if they were already in the province under a temporary resident permit) or to settle there.

While the New Brunswick government has played a key role in recent years in determining the number and characteristics of many of its immigrants, this did not apply to non-permanent residents. The federal government is ultimately responsible for issuing temporary residency permits. Until very recently, it did not cap the total number of permits issued annually. This number was primarily determined by demand from international students, as well as from employers who could demonstrate that they were unable to find the workers they needed locally. To implement its plan to reduce the population of non-permanent residents, as well as to control newcomer flows starting in 2027, Ottawa has decided to impose a cap on the issuance of non-permanent resident visas. This will therefore require the establishment of priorities, in consultation with the provinces, hence a first priority for action to promote the growth of Restigouche County in the years to come:

<u>Priority for Action #1</u>: The provincial government, together with its federal counterpart, must do everything possible to ensure a fair distribution international newcomers across New Brunswick, a distribution that takes into account the demographic reality—and therefore the labour needs—of its various regions, including Restigouche County.

To achieve this, governments must not only ensure that their newcomer selection procedures reflect this objective, but also offer financial incentives to promote recruitment and retention in regions like Restigouche County.

Public sector employment is also a critical issue for the future of Restigouche County for two main reasons. First, the county has one of the fastest-aging populations in the province and its ranks of residents aged 75 or over are growing rapidly. To meet this challenge by providing quality, locally available health and elderly care services, public sector employment will need grow. To enable this, Restigouche County will need to secure more workers, and this will inevitably require more newcomers. In turn, the arrival of these newcomers—the vast majority of whom are young adults of childbearing age—will raise demand for certain other public services, particularly in the education sector.

The other reason relates to the role the public sector can play in stabilizing and revitalizing economic regions that have been hit hard by economic setbacks. Over the quarter-century between 1996 and 2021, public sector employment grew rapidly in the Miramichi and Bathurst census agglomerations, despite their declining populations. In the Campbellton agglomeration, as in the Restigouche region as a whole, public sector employment has been declining. This trend is all the more worrying given that the gap has widened in recent years, with public sector employment in Campbellton down by one-sixth between 2016 and 2021, while it was up by a similar amount in Bathurst and Miramichi.

Priority for Action #2 **: *The allocation of public sector employment raises interregional equity issues, both in terms of efforts to support the Restigouche economy and ensuring the viability of public services in the county.***

This matter needs to be investigated by the provincial government, in conjunction with local and federal authorities. This is necessary to establish a remedial plan with concrete objectives and timelines.

Finally, good municipal services at fair tax rates are essential not only to the quality of life of Restigouche residents, but also to the region's attractiveness to potential newcomers. One of the cornerstones of the Louis Robichaud government's Equal Opportunity program was the idea that "basic services must be provided at uniform standards with uniform tax burdens throughout the Province." Over the last several decades, the provincial government has clearly steered away from this fundamental principle of social citizenship at the municipal level. Recent local governance reform has only made matters worse.

Contrary to what many may think, this principle of fairness does not simply mean ensuring equal per capita funding for municipalities. For municipal funding to be fair, not only must tax burdens be comparable across the territory, but the government must also take into account the fact that some municipalities require more funding than others to deliver comparable services. Ideally, municipal taxes should also be progressive.

<u>Priority for Action #3</u> : The provincial government must commit to reviewing the issue of municipal financing in New Brunswick so that it lives up to the ideal of fairness that was at the heart of the Equal Opportunity for All program. For such a reform to be successful, it should ideally be based on the following three basic principles:

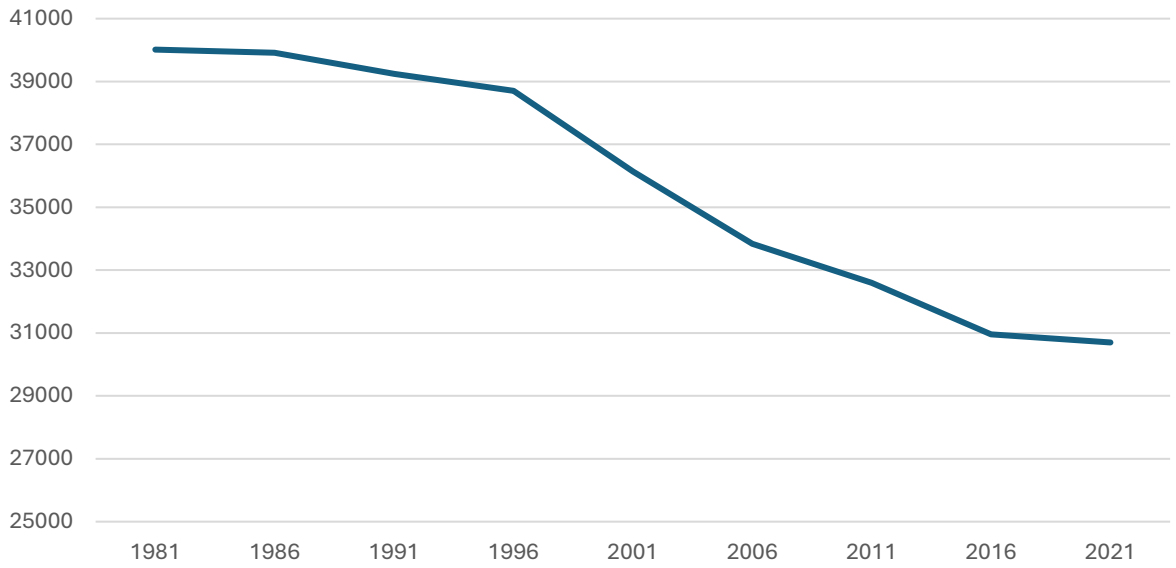
- ***Ensure stable and predictable funding, allowing for rational long-term planning.***
- ***Ensure that municipalities have access to adequate funding to provide reasonably comparable services at reasonably comparable tax levels, while recognizing that municipalities provide services that differ depending on their roles in the regional ecosystem.***
- ***Treat residents fairly, meaning that taxpayers with similar financial circumstances within and between municipalities should bear similar tax burdens.***

1. Restigouche County's demographic trajectory

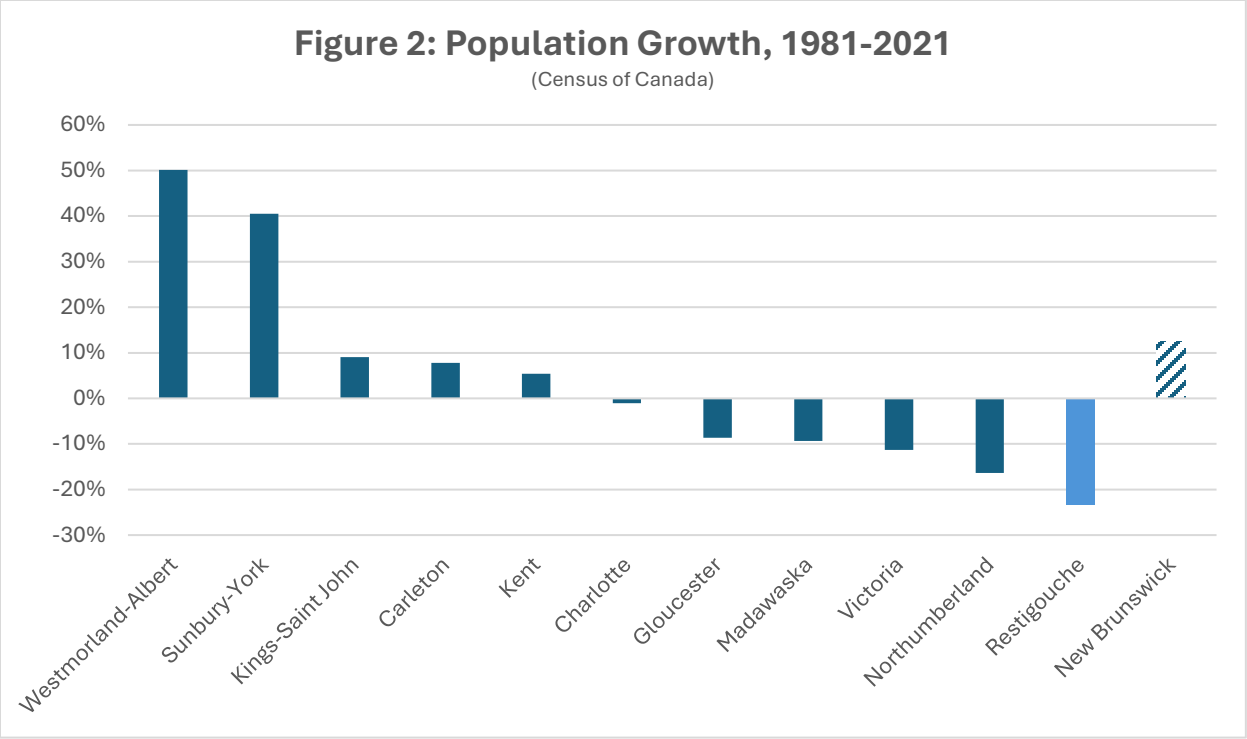
Restigouche County has experienced significant population decline over the past forty years. In 1981, the Canadian Census counted 40,015 people living in the county. Forty years later, in 2021, its population was down to 30,700, a drop of nearly a quarter (23.3%). The decline was particularly pronounced between the 1996 and 2016 censuses.

Figure 1: Population, Restigouche County

(Census of Canada)



Restigouche County has posted the worst performance among New Brunswick counties. Over the four decades between 1981 and 2021, New Brunswick's population rose by one-eighth (12.5%). Growth was concentrated in the Moncton and Fredericton census metropolitan areas (CMAs), which explains why the counties of Westmorland and Albert, as well as those of York and Sunbury, had by far the best population growth records (Figure 2). Outside the three major southern centres, the population declined (-9%). The New Brunswick economy has seen a marked shift towards the service sector (including government services) over that period, and the Moncton and Fredericton CMAs have benefited the most from this shift. The more industrial Saint John CMA, for its part, saw much less growth (Kings and Saint John counties).



Note: Westmorland and Albert, Kings and Saint John, as well as Sunbury and York counties are grouped together because their major communities are either within or near the Moncton, Saint John, and Fredericton CMAs. Queens County is excluded due to its very small size (approximately 11,000 residents in 2021).

Across economically peripheral regions, which are more reliant on natural resource extraction and processing, predominantly English-speaking counties have generally fared better than predominantly French-speaking ones. Northumberland County, in second-to-last place, is a notable exception.

To understand why Restigouche and Northumberland counties came in last in terms of population growth, we must look at two main factors. The first is, of course, the economy, a topic we will examine more closely in the next section of this report. Like its Restigouche counterpart, the economy of Northumberland County has experienced its share of setbacks over the years. The other factor is demographics, and more specifically, the all-important baby boom phenomenon.

1.1 The Baby Boom and Restigouche County's Demographic Decline

The baby boom refers to the spectacular explosion of births that Canada and some other countries experienced after the Second World War. Although it ended in the mid-1960s, this event continues to exert a profound influence on Canadian demographics.

The baby boom, however, did not affect the country uniformly—far from it. In general, it was much stronger in rural and Catholic regions. Table 1 clearly illustrates this dynamic. At the end of the baby boom in 1966, the counties containing the cities of Saint John, Moncton, and Fredericton (Saint John, Westmorland, and York, respectively) were older than the provincial average. In the rest of the province, except for Sunbury County (which has shown a distinct demographic dynamic since the creation of the Gagetown military base in the late 1950s), the counties with a high proportion of Catholics were significantly younger than those with a low proportion. The median age in Charlotte County, where fewer than one in five residents were Catholic, was 29, compared to 18 in Gloucester County, where more than 9 in 10 residents were Catholic. Carleton and Victoria counties, although neighbours with similar economies, also showed marked differences. Carleton County, with the lowest concentration of Catholics in the province (one in eight residents), had a median age of 24.2, compared to 19.9 in Victoria County, where three in five residents were Catholic.

Table 1: Median Age, Rural and Catholic Population, (Census of Canada)

County	Median Age (1966)	Rural Population (1966)	Catholic Population (1981)
Albert	24.2	60.7%	20.8%
Carleton	24.2	76.6%	12.9%
Charlotte	29.8	65.8%	17.6%
Gloucester	18.6	66.7%	92.7%
Kent	19.8	85.9%	90.5%
Kings	26.3	69.2%	25.3%
Madawaska	19.0	53.8%	97.8%
Northumberland	19.7	67.5%	62.4%
Queens	26.5	75.9%	21.4%
Restigouche	19.6	47.5%	82.7%
Saint-Jean	26.0	13.4%	43.4%
Sunbury	19.2	38.7%	31.0%
Victoria	19.9	71.6%	60.0%
Westmorland	24.4	34.6%	57.4%
York	24.6	39.2%	23.6%
Nouveau-Brunswick	22.5	49.3%	53.7%

Notes: Census data present county populations by five-year age groups (0-4, 5-9, 10-14, etc.). Median age is calculated by assuming a linear distribution of the population within the age group of the median resident. The rural population includes all those who lived in communities with fewer than 1,000 residents. Because the 1966 census did not provide county-level data on religion, 1981 data are used here.

Restigouche County experienced a significantly stronger baby boom than the provincial average. In 1966, its median age was 19.6 years, compared to 22.5 for New Brunswick as a whole. As the county was slightly more urban the provincial average at the time, the main reason for this discrepancy appears to be its large Catholic population (just over four out of five residents). Its median age was comparable to that of Northumberland County, which had a lower concentration of Catholics but a significantly higher rurality rate. Restigouche County's population was slightly older than that of Gloucester County, which had a higher concentration of Catholics and a higher rurality rate. Madawaska County, which

was slightly more Catholic than Gloucester County but significantly more urban, had a median age between that of Gloucester and Restigouche Counties.

The fact that the baby boom was highly uneven across New Brunswick had a profound influence on the demographic trajectory of its various counties. Figure 3 illustrates this. Statistics Canada has been publishing annual data on population growth and its components (births, deaths, net migration) for New Brunswick counties since the beginning of the last decade (2001-02). The figure focuses on the main rural counties[1], that is, those outside the three major southern centres of the province. It presents the average values for birth rates (annual births as a percentage of the population), net migration rates (annual inflows minus outflows as a percentage of the population), as well as annual population growth.

In rural counties, the economy relies heavily on natural resources extraction and processing, which is why their prospects for economic diversification (and therefore job growth) in the private sector have been limited in recent decades. During the ten years between 2001-02 and 2010-11, all baby boomers were still of working age, meaning that proportionally fewer positions were available for local job seekers in counties with a stronger baby boom than in those with a weaker one. Logically, therefore, one should expect that more residents in counties with a large baby boom would have left to secure employment elsewhere, resulting in greater migration losses. Figure 3 confirms that this is exactly what has happened. Here, the comparison between the neighbouring counties of Carleton and Victoria is particularly instructive. Although both showed losses between 2001-02 and 2010-11, Carleton County lost about three times fewer people than its northern neighbour.

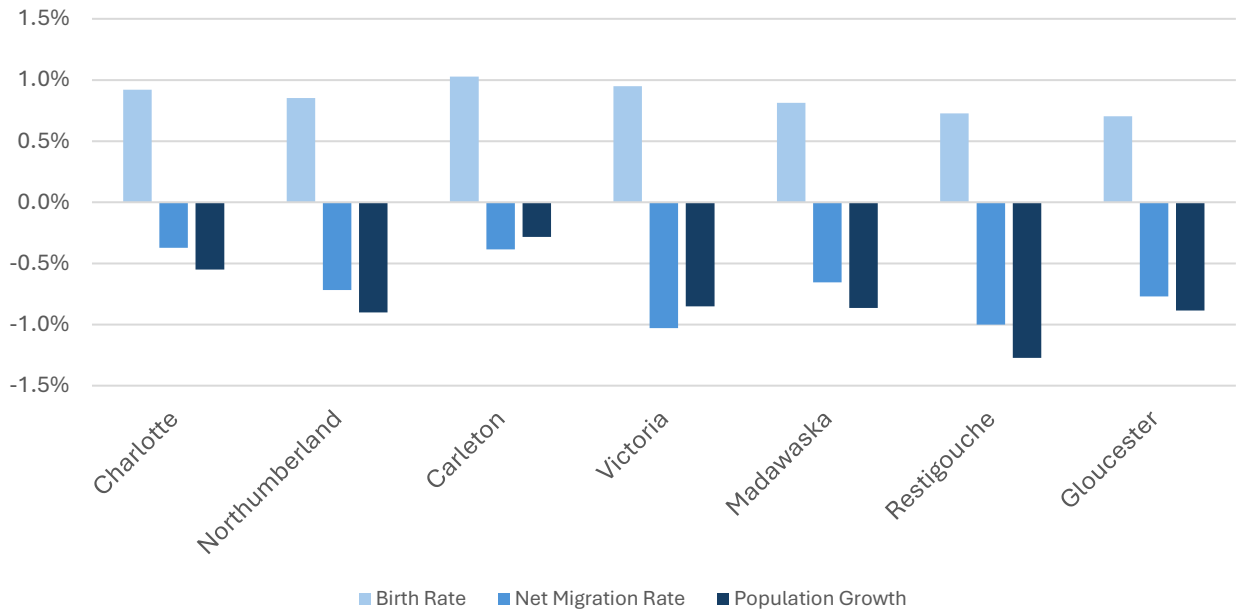
That's not all. Towards the turn of the millennium, the youngest women in the baby boom generation were reaching their mid-forties, an age beyond which very few give birth. One would therefore expect that birth rates (births per thousand population) would have been lower in counties where the baby boom was stronger. Figure 3 also shows that this is

[1] Queens County, which has only about ten thousand inhabitants, is excluded because of its smaller size and the fact that its demographic dynamics are influenced by the presence of the Gagetown military base.

largely what happened between 2001-02 and 2010-11. The county with the highest birth rate, Carleton County, was among those with a smaller baby boom, while the county with the lowest rate, Gloucester, was among those with a bigger baby boom.

Figure 3: Birth Rates, Net Migration Rates and Annual Population Growth, Averages for the 2001-02 to 2010-11 Period

(Statistics Canada, CANSIM tables 17-10-0152-01 and 17-10-0153-01)

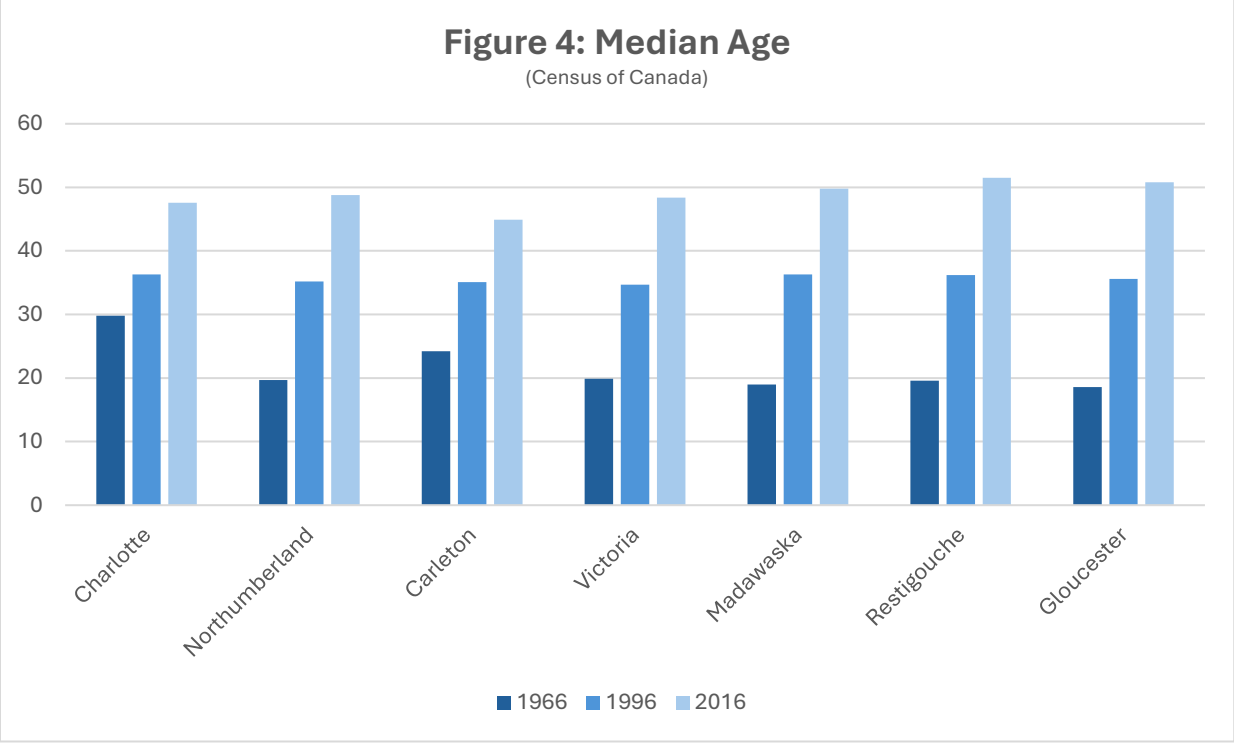


Restigouche County is the county that experienced the greatest population loss between 2001-02 and 2010-11. As we will see in the next section, this is largely explained by an economy that was struggling compared to its counterparts. However, even if its economy had fared better—as did, for example, that of Madawaska County—it would still have been among the counties that experienced a more pronounced population decline due to the scale of its baby boom.

A highly uneven baby boom also largely explains the accelerated population aging of Restigouche County and other northern counties in the province. To understand population aging, the analogy of a warehouse is helpful. The population constitutes the inventory of the

warehouse at a given time. The inventory changes with the inflows and outflows of births, deaths, and net migration. Births rejuvenate the population. Since migrants are overwhelmingly young adults (i.e., in the prime of their reproductive years), they also tend to rejuvenate the population when they move into the county and age it when they leave.[2]

Figure 4 compares the median age in 1966, 1996, and 2016 for the counties shown in Figure 3. In 1966, baby boomers were between the ages of 1 and 20. In the northern part of the province (including Northumberland County), baby boomers represented just over half of the population. In Charlotte and Carleton Counties, it was closer to 40%. Given this starting point, it is hardly surprising that the median age increased more rapidly in the northern part if the province. By the mid-1990s, the median age in northern New Brunswick had caught up with that of Charlotte and Carleton counties. It kept growing faster afterwards.



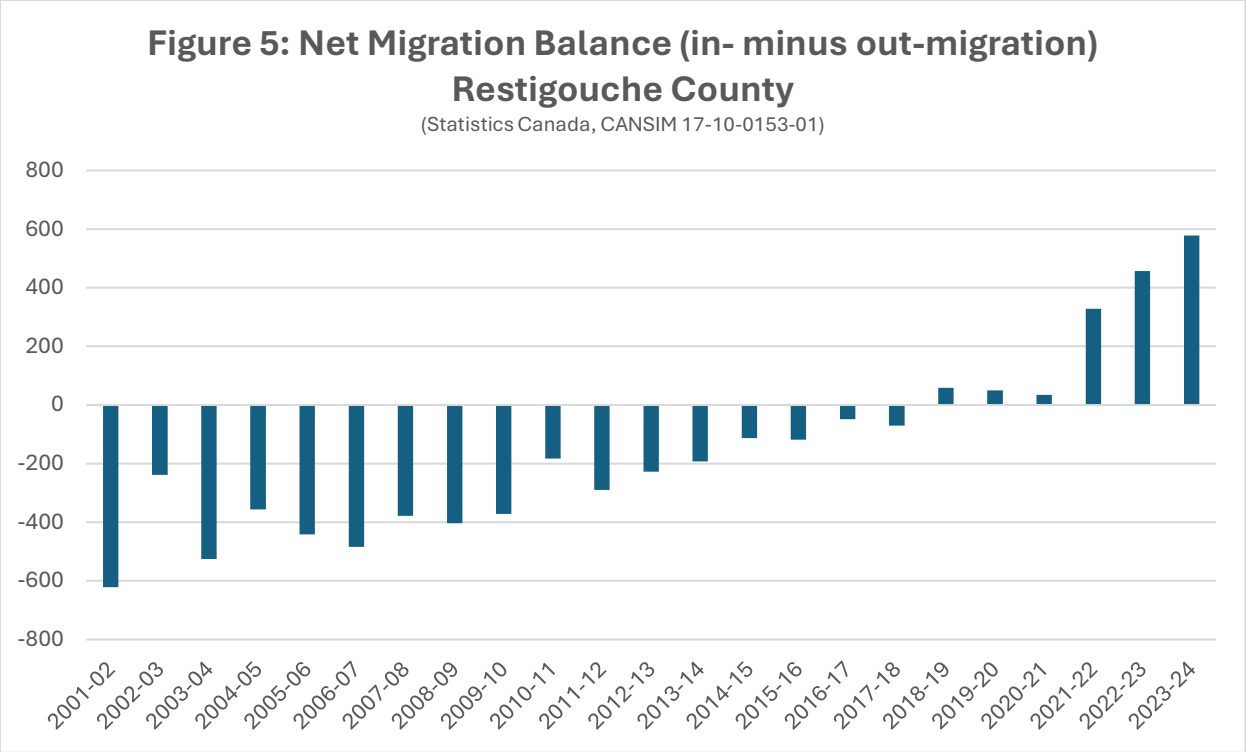
[2] Deaths, which primarily affect the elderly, are also a source of rejuvenation. Until recently, however, mortality was not a material factor explaining the uneven pace of population aging across the province. This is expected to change in the coming years, although improvements in life expectancy could moderate the rise in mortality rates.

1.2 Recent Demographic Developments in Restigouche County

The baby boom generation continues to profoundly shape the demographic trajectory of Restigouche County. However, its influence has changed dramatically in recent years. Rather than fueling depopulation, the aging of the baby boomers is now boosting the county's growth.

The oldest baby boomers reached the official retirement age of 65 at the turn of the last decade. The impact of this event on the working-age population was immediately felt. In 2010, the number of people reaching age 65 (382) was slightly lower than the number of young people reaching age 15 (394), the official working age. Two years later, in 2012, Restigouche County had 508 residents aged 65, compared to only 326 aged 15. In total, over the last decade, 5,126 people reached official retirement age, compared to only 3,142 who reached official working age. In contrast, during the previous decade, these figures were 4,648 and 3,142, respectively.

Migration and the labour market are closely linked. When labour is abundant and few positions are available locally, people tend to leave. During the 2000s, the county lost approximately 4,000 people to migration (number of people who left the county minus those who settled there). Since then, the situation has gradually reversed. Towards the turn of the last decade, despite a very difficult economic situation (New Brunswick was then in the midst of its longest period of economic stagnation since the Great Depression), migration losses began to decline considerably. By the end of that decade, Restigouche County's net migration turned positive. Finally, between 2021 and 2024, net migration inflows grew considerably (Figure 5).



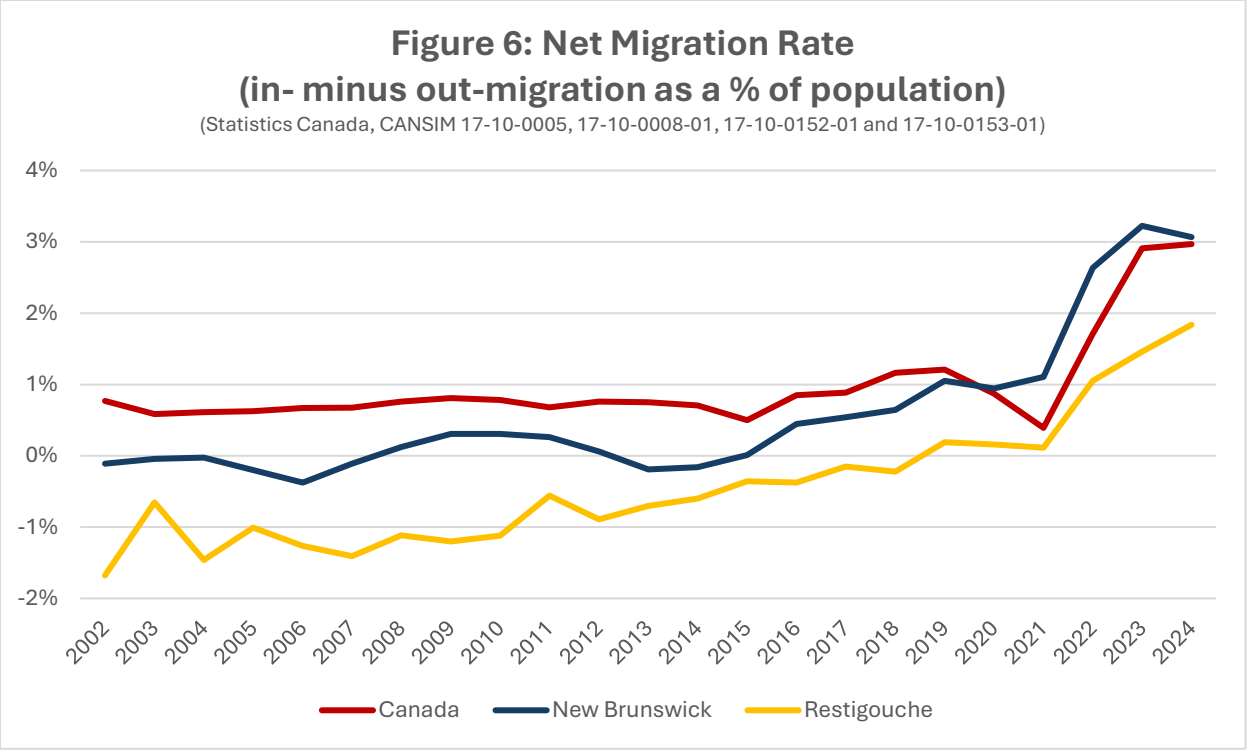
It may seem counterintuitive that net migration to Restigouche County remained negative for much of the last decade, even though the number of people reaching official retirement age was significantly exceeding that of young people reaching official working age. As we will see in more detail in the next section, the explanation lies in the state of the labour market. During the first half of the last decade, the unemployment rate in Restigouche County (as in almost everywhere else in New Brunswick) was very high. It took several years for the labour market to tighten and for the number of job vacancies to increase sufficiently for the county to retain more of its residents and to start attracting newcomers.

The migration surge in Restigouche County between 2021 and 2024 occurred in a unique context. In the years immediately prior to the pandemic, the Canadian labour market had become very tight, with the unemployment rate reaching a historic low and the job vacancy rate rising rapidly. The pandemic exacerbated the situation. For a time, Canada's employment rate was depressed, as many workers stayed home for various reasons, such as health concerns, caring for dependents, or waiting for their employer to call them back.

Moreover, in the first year of the pandemic, the composition of demand shifted toward goods, as Canadians were forced to stay home. Then, as the country reopened and Canadians felt more comfortable going out again, demand shifted toward services. Amid this massive disruption, job vacancies exploded, and employers turned heavily to immigration and temporary foreign workers. The numbers speak for themselves. In the decade leading up to the pandemic, Canada welcomed an average of 300,000 net newcomers per year. Between July 1, 2021, and June 30, 2024, it welcomed an annual average of approximately one million (655,000 in 2021-22, 1.1 million in 2022-23, and 1.2 million in 2023-24).

Although it helped the Canadian economy address a severe labour shortage, this massive influx of newcomers also led to another shortage: housing. With supply unable to meet demand, a national affordability crisis ensued. This, in turn, profoundly impacted migration flows within the country, prompting many people—both international migrants and some longer-term residents—to move to places where housing is less expensive, such as New Brunswick.

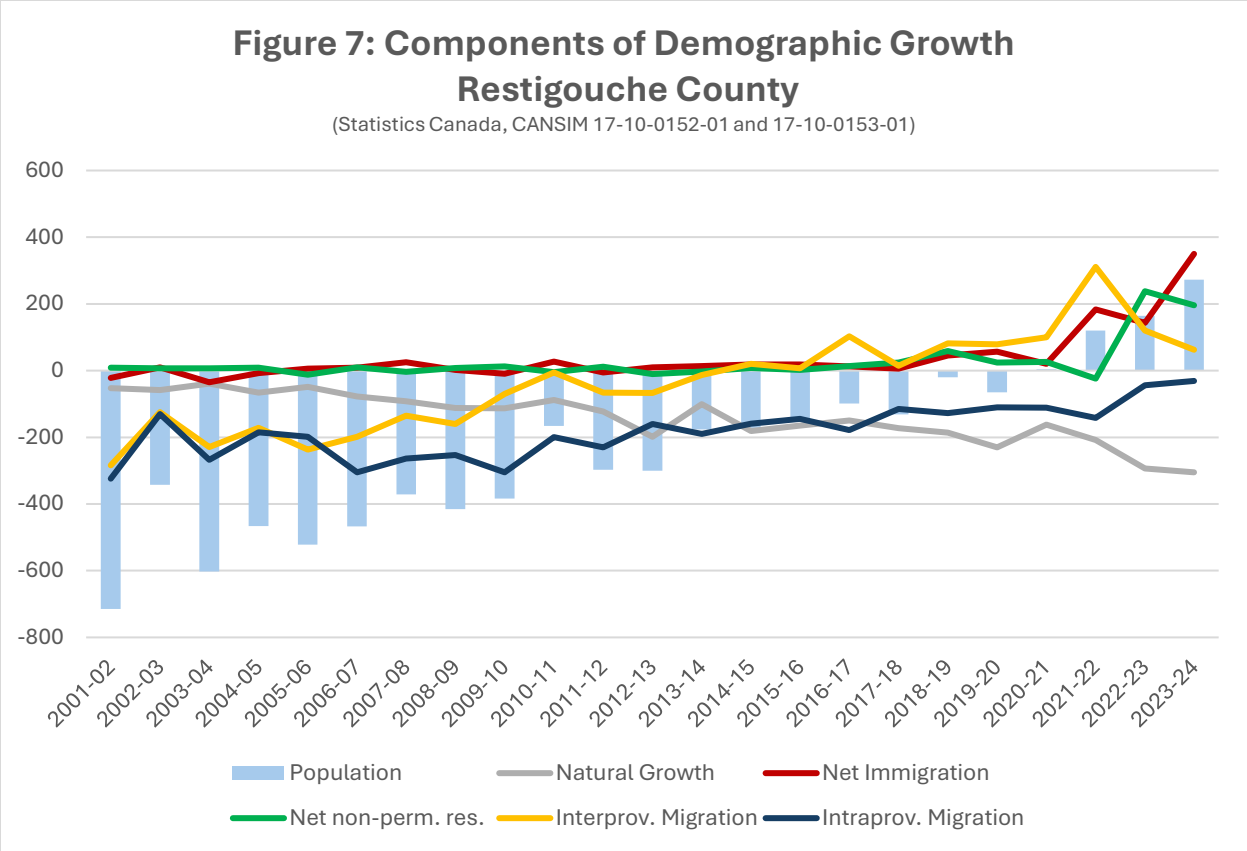
Historically, New Brunswick was not a destination of choice for newcomers. Until the middle of the last decade, its net migration, which hovered around zero, was significantly lower than the national average. During the second half of the decade, with a tighter job market, the province's net migration balance began to improve as more and more people moved here to fill the jobs left vacant by baby boomers. That said, although the gap was narrowing, New Brunswick continued to attract fewer newcomers than the Canadian average. It was only after the pandemic, when housing affordability deteriorated dramatically, that New Brunswick began to welcome more people than Canada as a whole.



Turning to Restigouche County, one can see that during the 2000s, it lost an average of more than one percent of its population to migration per year. In New Brunswick, by contrast, the number of newcomers was roughly comparable to the number of residents leaving the province. Although it came from further behind, Restigouche's net migration has since improved in a manner roughly comparable to that of New Brunswick. Yet, migration made a significantly smaller contribution to Restigouche County's population growth than to that of New Brunswick as a whole. This remains the case today.

1.2.1 Migration and Restigouche County's Recent Demographic Growth

Population growth results from natural growth (births less deaths) and migration. At the county level, migration has four components: immigration (permanent residents), non-permanent residents (temporary foreign workers, international students, asylum seekers), interprovincial migration and intraprovincial migration. Figure 7 shows the annual changes (from July 1 to June 30) for each of these components, as well as the population of Restigouche for the period from 2001-02 to 2023-24.



The term "natural growth" used by demographers is revealing; it implies that births normally exceed deaths. This was historically the case in Restigouche County, but over the past quarter of a century, natural growth has become negative. In New Brunswick, this development dates back about ten years, while across Canada, natural growth remains positive. Behind these differences lies the reality of highly uneven population aging across the province and the country.

The fact that natural growth is highly negative has a profound influence on Restigouche County's demographic trajectory. In 2023-24, there were 305 more deaths than births in the county, meaning that natural growth exerted a downward pressure on population growth: Restigouche County’s net migration rate was around 2%, but its population increased by only about 1%. By contrast, in Moncton and Fredericton, births and deaths were roughly equal. This means that for Restigouche County to achieve the same

population growth as these two cities, its net migration rate (net migration as a percentage of the population) had to exceed theirs by 1%.

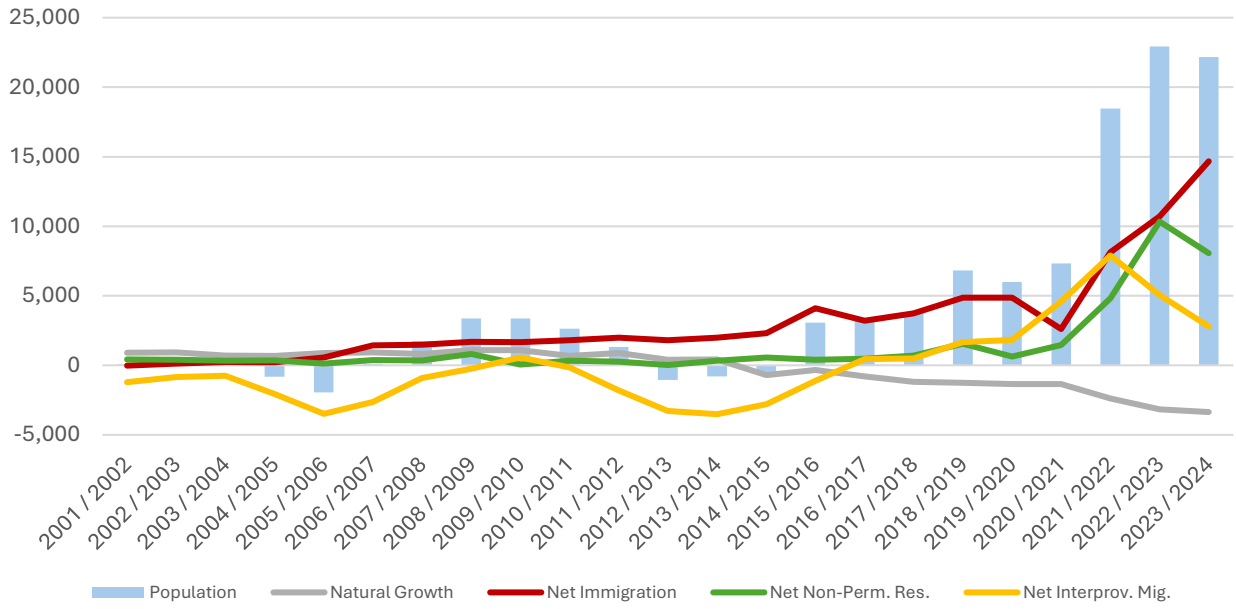
Turning to migration, several observations are relevant. Restigouche County has recently experienced a very large influx of newcomers from outside the country. One might therefore be led to believe that this influx is the main cause of the improvement in the county's net migration. However, taking a step back, we see that things are not so simple. We previously noted that Restigouche County lost approximately 4,000 residents to migration during the 2000s. This loss was exclusively due to the fact the county lost more residents to the rest of the province and the country than it gained. Things have improved steadily since the turn of the last decade. By the middle of the last decade, the county's net interprovincial migration became positive. As for intraprovincial migration, its net migration went from heavily negative (loss of approximately 300 people per year in 2009-10) to almost zero in 2022-23 and 2024-25. Without these significant improvements, Restigouche County would not have been able to return to population growth, especially considering natural growth has kept deteriorating.

Immigration to Restigouche County is a recent phenomenon. Until the middle of the last decade, the county recorded net immigration (immigration minus emigration) of almost zero on average. Toward the end of the decade, immigration showed a modest increase. It was only after the pandemic, in 2021-22, that it saw a marked increase, culminating in a net number of 350 new permanent residents in 2023-24. A similar trend applies to non-permanent residents, except that it wasn't until 2022-23 that their population rose significantly. Unlike immigration, however, the growth in the number of permanent residents slowed in 2023-24.

To complete the picture of Restigouche County’s demographic evolution, it is important to examine the recent trajectory of interprovincial migration. As shown in Figure 7, net interprovincial migration was very strong in 2021-22, adding 311 residents to the county's population. However, it subsequently declined significantly, with net migration reaching 63 in 2023-24. To understand what’s likely behind this decline, we must turn to provincial-level

data (Figure 8), as Statistics Canada does not publish detailed data on the source and destination provinces of interprovincial migrants at the county level.

Figure 8: Components of Demographic Growth
New Brunswick
(Statistics Canada, CANSIM 17-10-0008-01)



We previously noted that in addition to the dramatic increase in international migration Canada has experienced since the pandemic, the improvement in New Brunswick's net migration was linked to the national affordability crisis that has been raging in recent years, which is driving more people to settle in the province than in the past. Interprovincial migration data allows us to see this phenomenon in action. In the 36 months between July 1, 2021, and June 30, 2024, New Brunswick gained some 16,000 new residents through interprovincial migration. While it only contains about 39% of Canada's population, Ontario was the source of almost all of this net influx.[3] This is no coincidence: Ontario has

[3] During this period, New Brunswick gained 15,626 more residents than it lost to Ontario. In contrast, the net migration balance with the rest of the country (in-migration less out-migration with the other eight provinces and three territories) was virtually zero (+125).

some of the least affordable real estate markets in the country, particularly that of the Greater Toronto Area.[4]

In 2021-22, nearly 10,000 Ontario residents moved to New Brunswick, about three times the average over the previous decade. In the following two years, this figure went down but remained very high (8,600 in 2022-23 and 7,200 in 2023-24). Lower in-migration from Ontario explains only about half of the decline in net interprovincial migration between 2021-22 and 2023-24. The remainder is mainly attributable to an increase in annual out-migration (residents leaving for other provinces), which rose from about 10,500 to 12,000. At first glance, such an increase may seem surprising. With Canada's housing affordability crisis, one might expect fewer rather than more people to leave the province, given its lower housing costs. To better understand this seemingly paradoxical outcome, it is important to consider the context in which this crisis occurred, which is that of booming international migration.

As permanent residents, immigrants enjoy a constitutionally guaranteed right to live and earn a living wherever they wish in the country. New Brunswick being a small province, many immigrants who arrive here eventually move to another province. Statistics Canada data on retention rates are available up to 2021. Among immigrants who intended to live in New Brunswick when they received their landing papers between 2014 and 2016, fewer than one in two (49%) were living in the province five years later. The average two-year retention rate was slightly higher, at about 57.6%. In other words, most residents who leave the province seem to do so shortly after arrival.

That said, the crisis has had a significant impact on out-migration, keeping more people—including recent immigrants—in New Brunswick than would otherwise have been

[4] According to a recent report by RBC Economics, in the second quarter of 2024, the cost of owning a typical home (mortgage payments, property taxes, and utilities) in the Greater Toronto Area was 77% of median household income, well above the long-term average of 50%. Still according to RBC Economics, the household income needed to service a 25-year mortgage with a 20% down payment on that home was $226,000. For New Brunswick, the report provides information on Saint John. In that city (where home prices are slightly above the provincial average), the cost of owning a typical home as a percentage of median household income was much more modest, at 33.6%, and the income needed to service a mortgage on that home under the conditions cited above was $75,000.

the case. As Figure 8 illustrates, immigration to New Brunswick has skyrocketed since the start of the pandemic. Based on historical immigrant retention trends, out-migration should have also skyrocketed. This has not been the case, likely because a larger share of recent immigrants have chosen to remain in the province than would have been the case in the past.

1.2.2 Recent Migration in Restigouche County : A Comparative Assessment

Restigouche County has one of the oldest populations in New Brunswick. It is also one of the counties where baby boomers make up the largest share of the population. As of July 1, 2024, they accounted for approximately one-third (33.6%) of the population. In New Brunswick as a whole, this figure was just over one-quarter (26.3%), while in Westmorland and York counties, it was just over one-fifth (21.5% and 22.1% respectively).

This means that Restigouche County's needs to replace retiring baby boomers are much greater than in many other parts of New Brunswick. The question, of course, is whether the county has received its "fair share" of New Brunswick's migration flows, given its significant needs for more workers. At this point in the report, it is too early to answer this question. However, we can compare Restigouche's trajectory with that of other counties in the province, particularly those with similar demographic profiles.

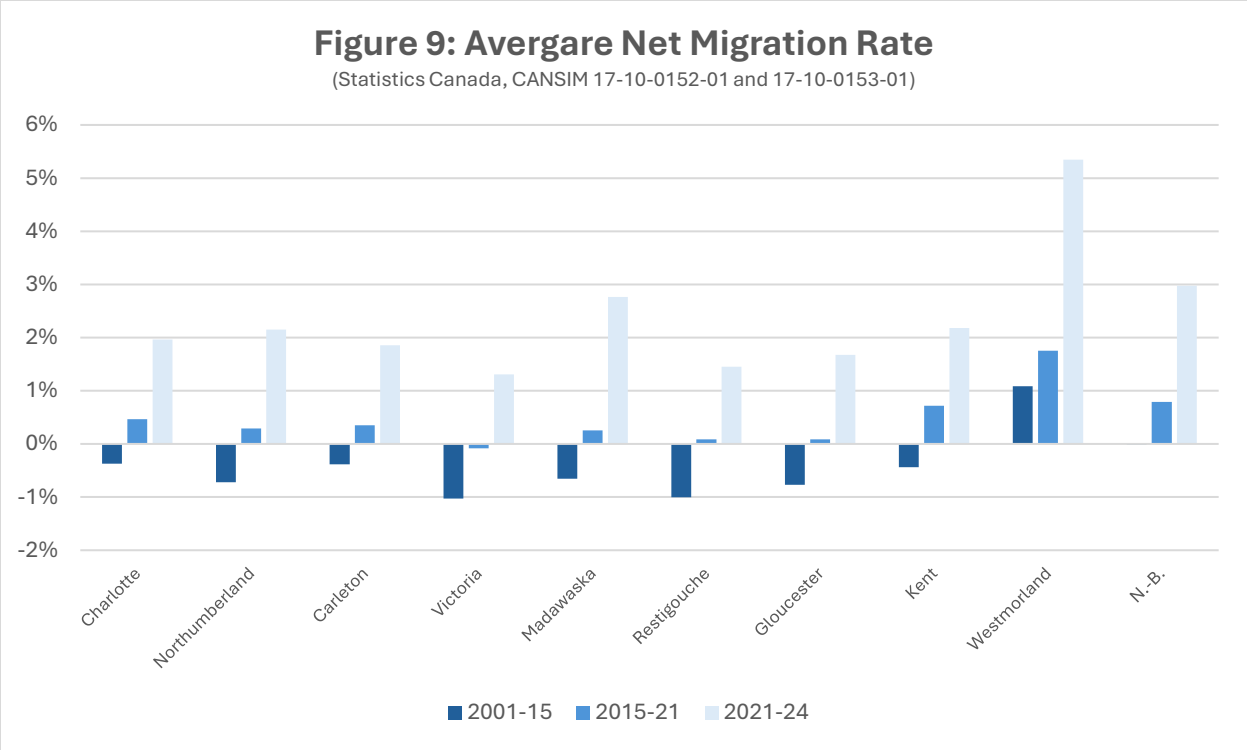


Figure 9 presents the average migration rates for the various rural counties included in Figures 3 and 4, as well as for Westmorland and Kent counties, and for New Brunswick as a whole. It shows that between 2001 and 2015, Carleton and Charlotte counties lost fewer people than their northern counterparts, confirming what we have already discussed about the link between the baby boom and migration. Between 2015 and 2021, a period during which net migration turned positive across the province, net migration balances were slightly better in Carleton and Charlotte counties than in northern New Brunswick. This cannot be explained by the fact that the need to replace retiring baby boomers is greater in the former, since this generation represents a smaller share of the population there than in the latter. Charlotte and Carleton counties, like Kent County, are a relatively short driving distance away from one of the three large southern centers. Finally, over the three years between July 1, 2021, and 2024, all counties, including those in the North, showed a very strong increase in net migration. Their migration rates have also moved closer to the provincial average. For example, in the case of Restigouche County, its net migration rate between 2015 and 2021 was five times lower than the provincial average. Between 2021 and 2024, it was only half as

low. As noted previously, international migration has been booming over the past three years. It therefore appears that when international migration is very high, migrants are more likely to locate more evenly across the territory.

To better understand the reasons for Restigouche County's underperformance in terms of migration over the past decade, we must look at the components of net migration. This is what Figures 10 and 11 do. Figure 10 presents net migration rates for the period from July 1, 2015, to June 30, 2021, during which net migration was positive but relatively moderate. Figure 11 does the same for the three years between July 1, 2021, and June 30, 2024, a period during which migration was booming.

Although net migration rates varied greatly from one period to the next, one consistent pattern is evident. Generally speaking, it is not so much domestic migration (interprovincial and intraprovincial migration) that explains why some counties have had lower net migration rates than others. Rather, we must turn to international migration. Figure 11 illustrates this eloquently. Between 2021 and 2024, the domestic migration rates of Restigouche and Westmorland counties were not significantly different. It is international migration that explains why Westmorland County's net migration rate was a little over three times higher than that of Restigouche County. It is also worth noting that stronger net immigration largely explains the stronger net migration outcomes in Madawaska than in Restigouche and other rural counties in New Brunswick. We will return to this topic in the last part of this report, when we examine the outlook for Restigouche County and possible solutions to promote its prosperity and well-being.

Figure 10: Average Net Migration Rate

2015-21

(Statistics Canada, CANSIM 17-10-0152-01 and 17-10-0153-01)

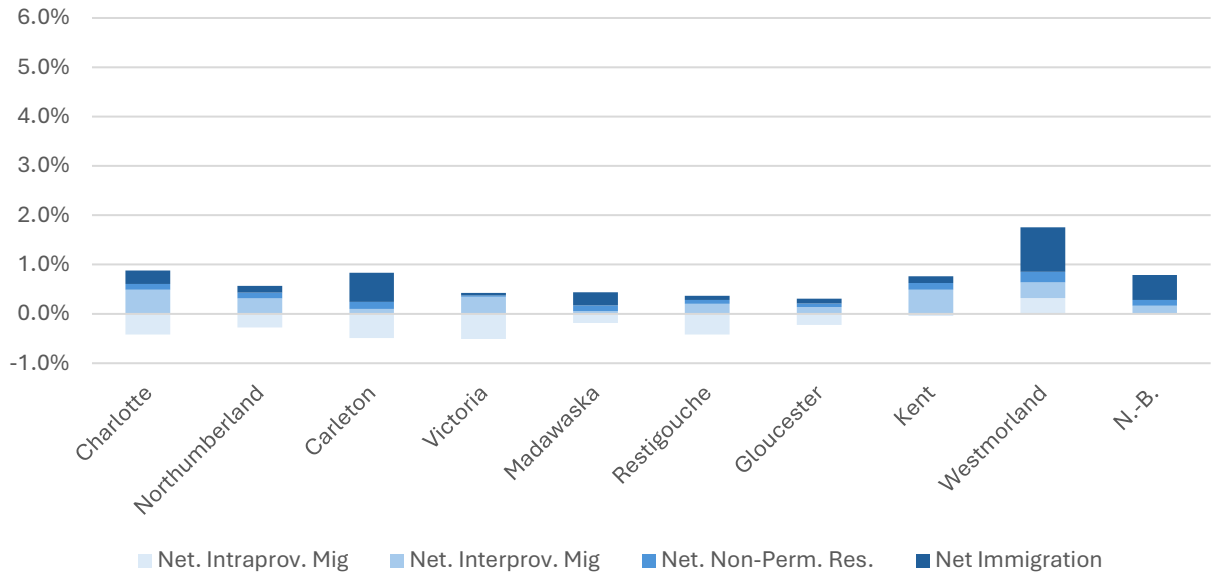
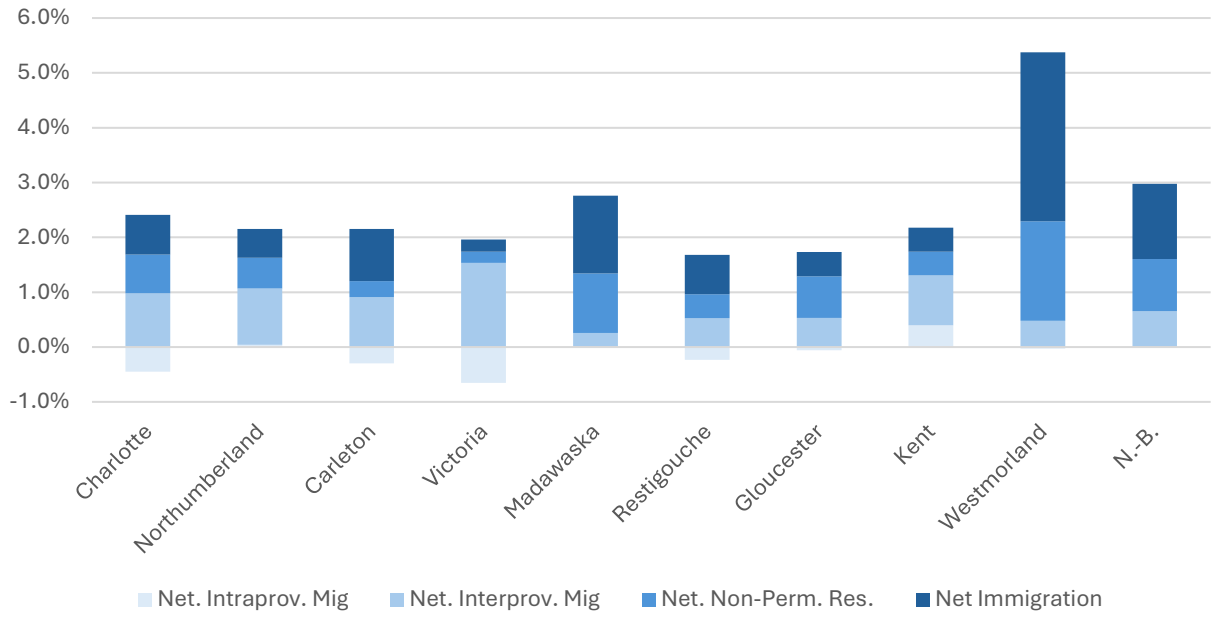


Figure 11: Average Net Migration Rate
2021-24

(Statistique Canada, tableaux CANSIM 17-10-0152-01 et 17-10-0153-01)



1.3 Demographic Trends at the Community Level

Table 2 shows the population growth of the various communities comprising Restigouche County between the 1966 and 2021 censuses. For this purpose, the territory is divided into eight sub-regions from east to west, an approach that provides a reliable overview of regional trends as it reflects changes in municipal mapping over the years.[5]

The table shows that most of Restigouche County's depopulation occurred in its two largest centres. In 1966, the City of Campbellton and the Town of Dalhousie had a combined population of over 16,000; together, they accounted for two-fifths of the county's population. Sixty years later, in 2016, these two municipalities had approximately 10,000 residents, or just under one-third of Restigouche County's population. The Town of Dalhousie was particularly affected, having lost half of its population. Behind this trend lies a development that we will examine in the next section: deindustrialization and its corollary, the deurbanization of the county.

[5] The main changes are as follows. In the 1966 census, the communities that would become the municipalities of Saint-Quentin, Kedgwick, Atholville Tide Head, Balmoral, Eel River Crossing, and Jacquet River were designated as "local improvement districts" (LADs). These became villages of the same name in 1966 (except for Balmoral, which was initially designated by Statistics Canada as the "Village of Colborne," located in the parish of Balmoral). The village of Charlo was not recognized as an LAD before its incorporation in 1966, which explains why its population was included in the parish of Colborne in the 1966 census. The village of Belledune, also created in 1966, was also not designated as an LAD; its population was included in the parish of Beresford (county of Gloucester) in the 1966 census. In 1994, the village of Jacquet River and some adjacent territories were amalgamated with the village of Belledune. In 2011, the rural community of Kedgwick was created by joining the parish of Grimmer to the village of Kedgwick. Finally, in 2015, the boundaries of the Village of Atholville were expanded to include what Statistics Canada refers to as the St. Arthur and Val-d'Amour Local Service Districts (LSDs) (Parts A, B and C). The Village of Eel River Crossing also saw its boundaries expand by adding territories that were formerly in the parish of Dalhousie.

Table 2 : Population Change at the Community Level, Restigouche County (Census of Canada)

	Census Year						Change, 1986 to 2021	
Region	**1966**	**1986**	**1996**	**2006**	**2016**	**2021**	**n**	**%**
Durham								
Belledune (VL)		575	2060	1711	1417	1325		
Durham (P)	2997	2465	1622	1303	1076	950		
Jacquet River (VL)	683	954						
	n.a	*3994*	*3682*	*3014*	*2493*	*2275*	*-1719*	*-43.0%*
Colborne								
Colborne (P)	1585	339	295	234	227	266		
Charlo (VL)		1602	1610	1376	1310	1323		
	1585	*1941*	*1905*	*1610*	*1537*	*1589*	*-352*	*-18.1%*
Dalhousie								
Dalhousie (P)	3494	2601	2826	2323	1067	1090		
Dalhousie (T)	6107	5363	4500	3676	3126	3223		
Eel River Crossing (VL)	773	1479	1446	1168	1953	1844		
Eel River 3	131	207	281	312	329	342		
	10505	*9650*	*9053*	*7479*	*6475*	*6499*	*-3151*	*-32.7%*
Balmoral								
Balmoral (P)	2202	745	780	619	278	309		
Balmoral (VL)		1969	1975	1706	1674	1603		
	2202	*2714*	*2755*	*2325*	*1952*	*1912*	*-802*	*-29.6%*
Campbellton								
Campbellton (C)	10175	9073	8404	7384	6883	7047		
Addington (P)	2653	3208	3014	2727	656	698		
Atholville (T)	2291	1501	1376	1317	3570	3290		
Tide Head (VL)	737	1085	1170	1075	938	951		
	15856	*14867*	*13964*	*12503*	*12047*	*11986*	*-2881*	*-19.4%*
Eldon (P)	*1467*	*1260*	*1005*	*779*	*657*	*674*	*-586*	*-46.5%*
Kedgwick								
Grimmer (P)	1014	1122	1138	1105	981	n.d.		
Kedgwick (VL)	1054	1129	1221	1146	993	953		
MR Kedgwick (RC)					1979	1986		
	2068	*2251*	*2359*	*2251*	*1979*	*1986*	*-265*	*-11.8%*
Saint-Quentin								
Saint-Quentin (T)	1793	2264	2424	2250	2194	2141		
Saint-Quentin (P)	1967	1559	1554	1578	1532	1504		
	3760	*3823*	*3978*	*3828*	*3726*	*3645*	*-178*	*-4.7%*
Restigouche	**41121**	**39921**	**38701**	**33834**	**30955**	**30700**	***-9221***	***-23.1%***

Note : (C) = City; (T) = Town; RC = Rural Community; (VL) = village; (P) = Parish. Data for 1966 for the Durham Region is not available because the population of Belledune (which was part of Gloucester County until the early 1990s, was not reported separately.

The depopulation of the Campbellton and Dalhousie regions is a phenomenon that dates back at least half a century and is closely linked to technological transformations and the decline of the forest products processing sector (particularly the pulp and paper industry). Further east, the depopulation is more recent and, in the Durham Region, is likely more attributable to setbacks in the mining sector.

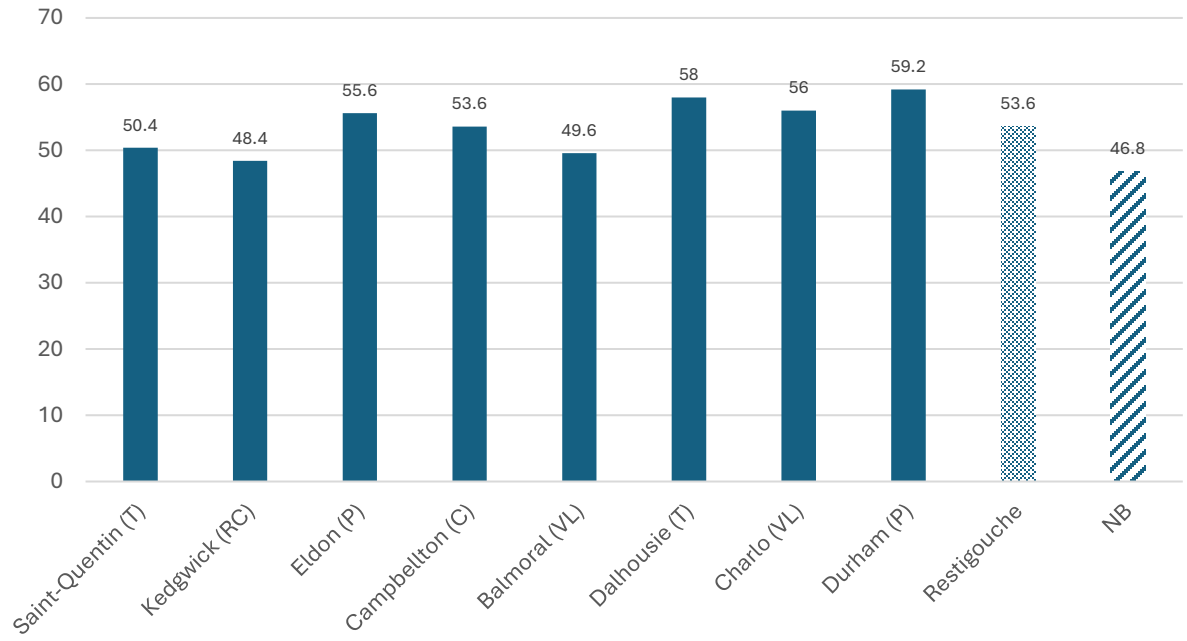
In the western part of Restigouche County, population losses have been much less pronounced. The Kedgwick and Saint-Quentin regions are largely dependent on forestry (including maple syrup production) but have not suffered the same setbacks as the Campbellton and Dalhousie regions, which were hit hard by the decline of the pulp and paper industry. In fact, in the Saint-Quentin region, the population has remained relatively stable, showing a much smaller decline than in northern New Brunswick as a whole.

As was to be expected, population aging has been much more pronounced in communities where depopulation has been most severe. As previously noted, migrants are typically young adults. When they leave a community, the community loses not only those who leave, but also their future children and grandchildren.

Figure 12 presents the median age of various communities and census units for each of the eight regions identified in Table 2. We have seen previously that, across the province, the role played by a highly uneven baby boom in the aging of its various regions should not be underestimated. Within Restigouche County, however, it is more the local economic performance that explains the differences among communities. To see this, we need only look at the communities in the west of the county, namely Saint-Quentin and Kedgwick. As these are rural communities with a very high concentration of Catholics, one could expect them to have aged more quickly than Restigouche County as a whole. This has not been the case. Their median ages in 2021 were, in fact, significantly lower than the county average and about ten years younger than in the town of Dalhousie and Durham Region.

Figure 12: Median Age, 2021

(Census of Canada)

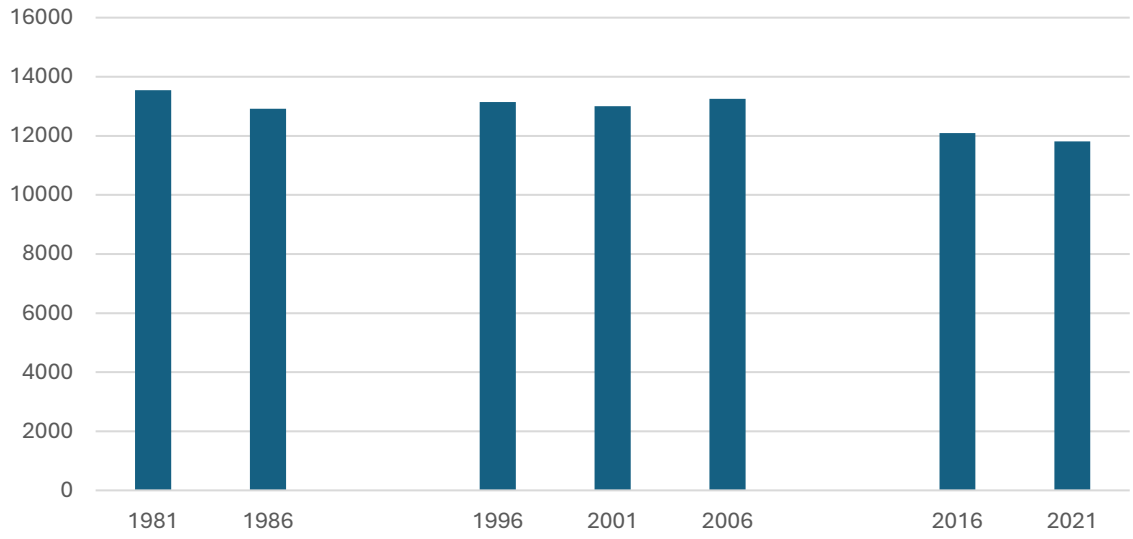


2. Restigouche County's Economic Trajectory

Looking solely at overall employment trends, one might be led to believe that Restigouche County's economy has not suffered all that much over the past four decades. In the 1981 census, approximately 13,500 county residents were employed, a figure that remained relatively stable over the next 25 years. In 2016 and 2021, employment in Restigouche County was lower, at around 12,000 (Figure 13).

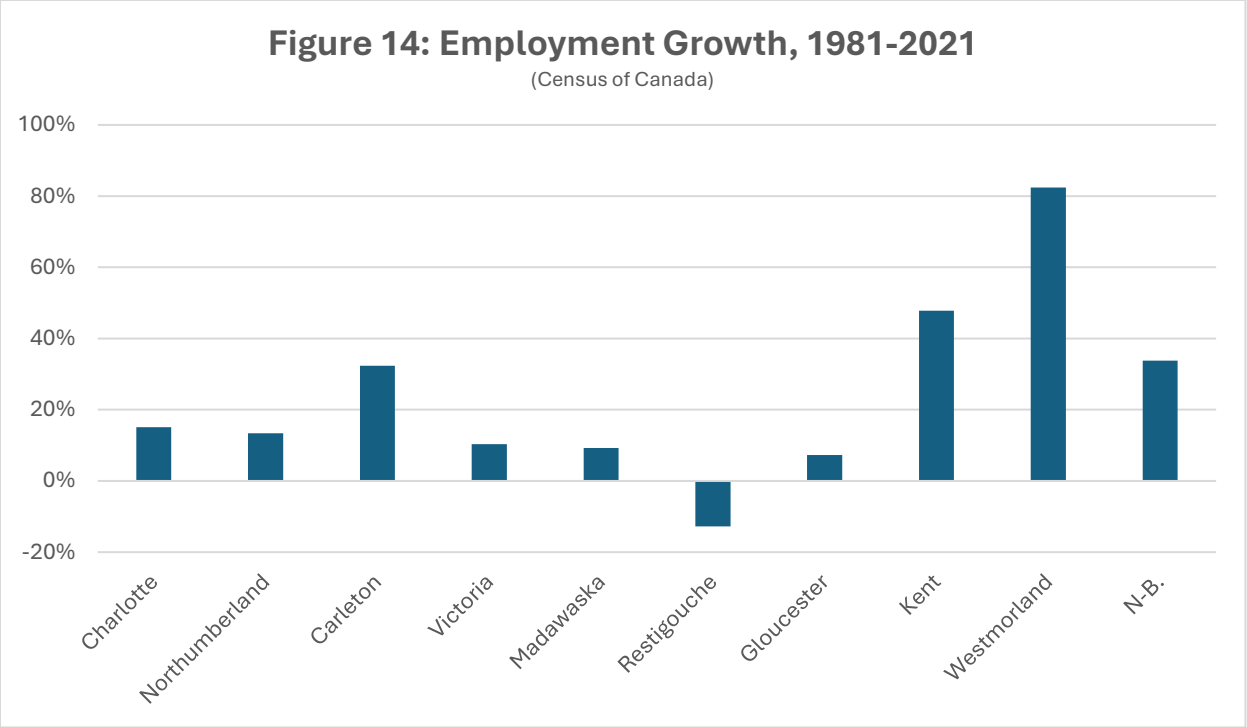
Figure 13: Employment, Restigouche County

(Census of Canada)



Note : Data not available for 1991 and 2011 censuses.

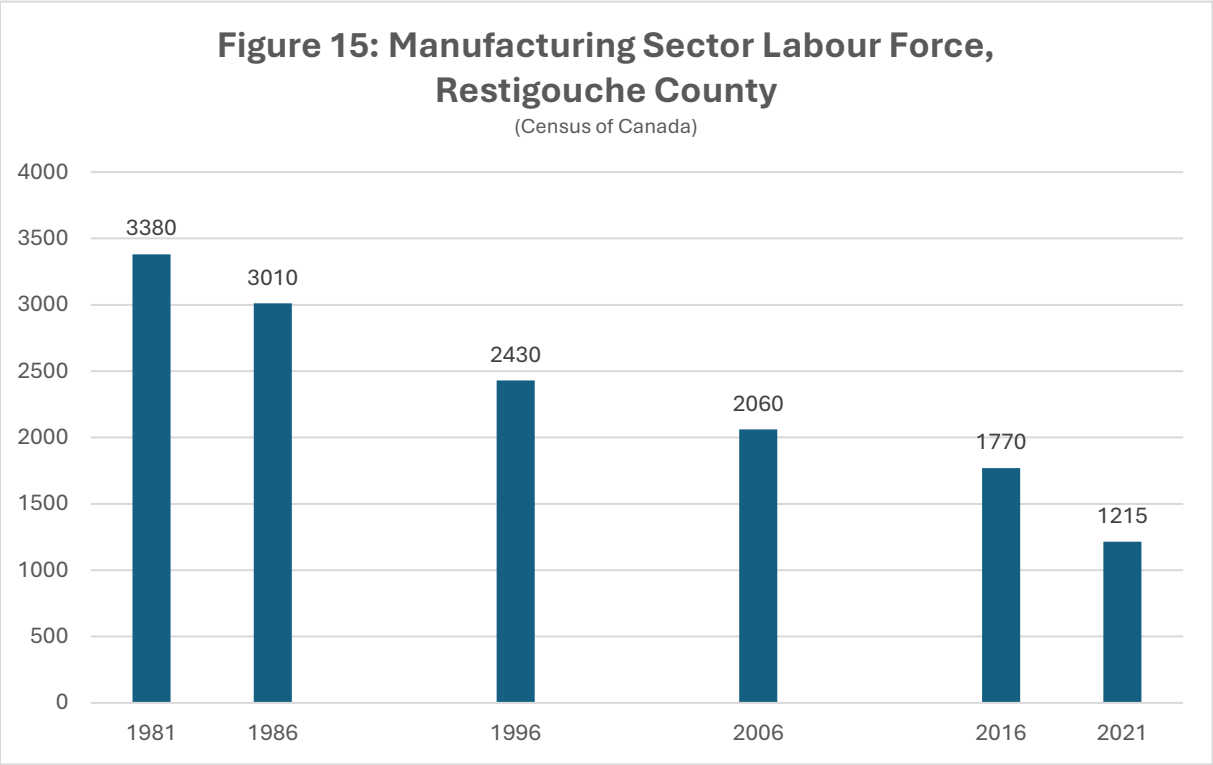
Comparing Restigouche County to the rest of New Brunswick, however, the picture that emerges is quite different. Across New Brunswick, employment increased by more than one-third (34%) between the 1981 and 2021 censuses (Figure 14). In the northern part of the province, all counties except Restigouche saw employment increase. In Restigouche County, employment was down by about one-eighth (13%).



2.1. The Manufacturing Sector's Decline

To better understand the evolution of employment in the Restigouche region, we must first and foremost look at the manufacturing sector. Like many other industrialized countries, employment in the manufacturing sector in Canada has declined sharply over the years. In 1981, some 2.3 million Canadians worked in this sector, or nearly one in five workers (19%). Forty years later, this figure had declined to approximately 1.5 million, or around one in twelve workers (8%). Several factors contributed to this decline, including technological change (notably automation) and globalization (facilitated by the digital revolution and advances in transportation).

In New Brunswick, a similar trend was at work. In 1981, 49,000 people out of a total labour force of approximately 300,000 worked in this sector, or about one in six (16%). In 2021, this sector accounted for approximately 31,000 people, or 8% of the total workforce. In Restigouche County, the decline of the manufacturing sector is even more striking (Figure 16). In 1981, 3,388 people worked in this sector, compared to only 1,215 forty years later, a loss of nearly two-thirds (64%).



Note : Data not available for 1991, 2001 and 2011 censuses.

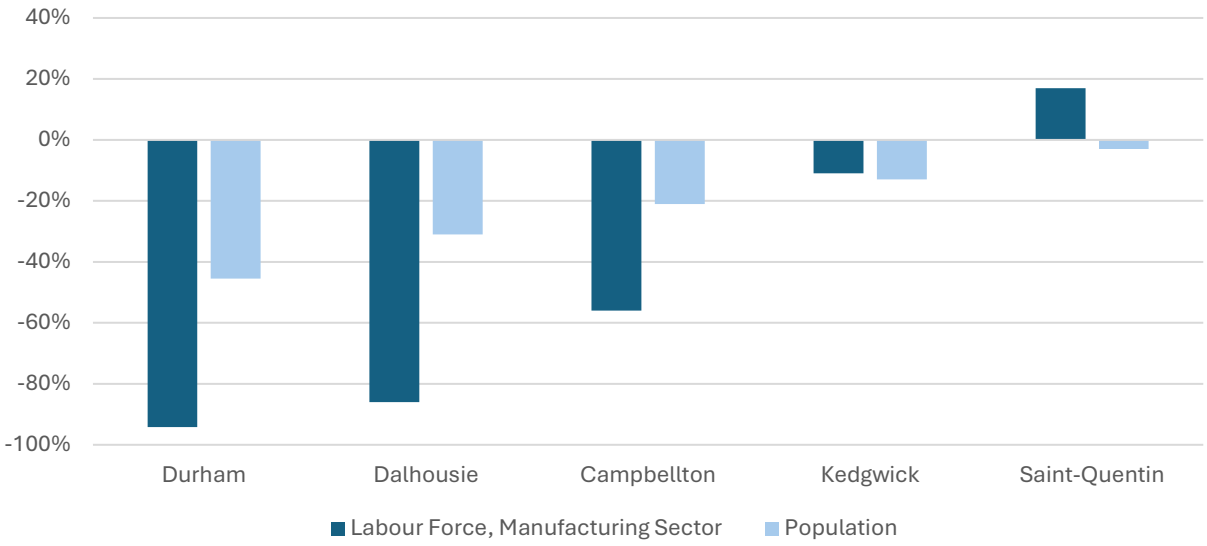
The link between the decline of the manufacturing sector in Restigouche County and depopulation is easily visible in Figure 16. It shows the evolution of manufacturing employment and population in five parts of the county: Durham, Dalhousie (Dalhousie and Colborne regions), Campbellton (Campbellton and Balmoral regions), Kedgwick, and Saint-Quentin.[6] It can be seen that the places that experienced the greatest population losses, namely Durham and Dalhousie (over 30%), are those where the manufacturing sector was almost completely decimated. The Campbellton region, which lost 21% of its population, also experienced a very sharp decline in its manufacturing sector. In contrast, the Saint-

[6] The Statistics Canada census applies to individuals, not businesses. This means that employment in the manufacturing sector (or any other sector) in a given community does not reflect the number of jobs in the community itself, but rather the number of people who live in the community and are employed in that sector. For this reason, we have grouped the Balmoral and Campbellton regions, as defined in Table 2, into a single region, and we have done the same for the Dalhousie and Colborne regions.

Quentin region, which was the only one to see its manufacturing workforce increase, saw almost no population loss.

Figure 16: Manufacturing Labour Force and Population Growth between 1981 and 2021

(Census of Canada)



2.2. Public Sector Labour Force Trends

Economists often place great emphasis on the manufacturing sector because it is part of what is called the economic base of a region. Typically oriented toward export markets, this sector can be a source of significant "spillover effects," not only because the income earned by those who work in it translates into spending in the local economy, which in turn creates jobs, but also because companies in the sector do business with local suppliers. In the case of an industry such as pulp and paper, historically very present in the Restigouche region, these effects were particularly significant, notably because it was a source of well-paying jobs. In the economic literature, it is common to read that for every job in this industry, another job is created elsewhere in the regional economy. Of course, such figures are not

unique to the manufacturing sector. It is easy to imagine, for example, that jobs in the railway industry in the Campbellton region were a source of induced effects of a similar magnitude.

Another sector with significant induced effects—particularly due to its often high wages—is the public sector, which we define here as jobs in public administration itself, as well as those in education and health and social services (which notably include nursing homes). To highlight the role played by this sector in the economic development of Restigouche County, it is useful to compare the county to other regions that have suffered significant economic setbacks, particularly in the manufacturing sector. We have chosen here Northumberland County and the Bathurst region. Furthermore, since the public sector tends to be concentrated in urban centers, we have chosen, to better illustrate its influence, to focus our analysis on the census agglomerations of Campbellton, Miramichi, and Bathurst.[7]

Public sector workforce figures are only available in comparable form starting in 1996. Table 3 presents population data, as well as data on the manufacturing and public sector workforce in the census agglomerations of Miramichi, Bathurst, and Campbellton in 1996 and 2021. It shows that the manufacturing workforce in the Miramichi and Bathurst agglomerations declined much more sharply (twice as rapidly) than in Campbellton. Given such setbacks, one might have expected the Miramichi and Bathurst agglomerations to see their populations decline more rapidly than Campbellton's.[8] Yet, this is not what happened. To explain this turn of events, we must look primarily to the evolution of public sector employment.

[7] Maps of these census agglomerations can be viewed by clicking the following links: Campbellton, Bathurst and Miramichi. The boundaries of these census agglomerations have changed over the years. The data presented in Table 3 have been compiled to make them comparable between censuses.

[8] . The decline of the manufacturing sector in the Miramichi region is more recent than in the Campbellton and Bathurst regions. The UPM-Kymmene mill closed in the mid-2000s. Both the Campbellton and Bathurst regions have experienced significant job losses in the manufacturing sector over the past four decades, but the Bathurst region had retained more jobs as of 1996. The latter has since suffered significant job losses following the closure of its pulp and paper mill and the cessation of mining activities.

Table 3 : Growth in Population and Employment in the Manufacturing and Public Sectors By Census Agglomeration, 1996 to 2021 (Census of Canada)

	1996	2021	Change %
Miramichi			
Population	30196	27593	-8.6%
Manufacturing Sector	2075	845	-59.3%
Public Sector	4030	5385	33.6%
Public Administration	*1120*	*1930*	*72.3%*
Education	*1120*	*1150*	*2.7%*
Health and Social Services	*1790*	*2305*	*28.8%*
Bathurst	**1996**	**2021**	**Change %**
Population	35355	31387	-11.2%
Manufacturing Sector	1640	685	-58.2%
Public Sector	4650	5625	21.0%
Public Administration	*1375*	*1775*	*29.1%*
Education	*1410*	*915*	*-35.1%*
Health and Social Services	*1865*	*2935*	*57.4%*
Campbellton	**1996**	**2021**	**Change**
Population	13964	11986	-14.2%
Manufacturing Sector	530	370	-30.2%
Public Sector	2195	2010	-8.4%
Public Administration	415	350	*-15.7%*
Education	580	370	*-36.2%*
Health and Social Services	1200	1290	*7.5%*

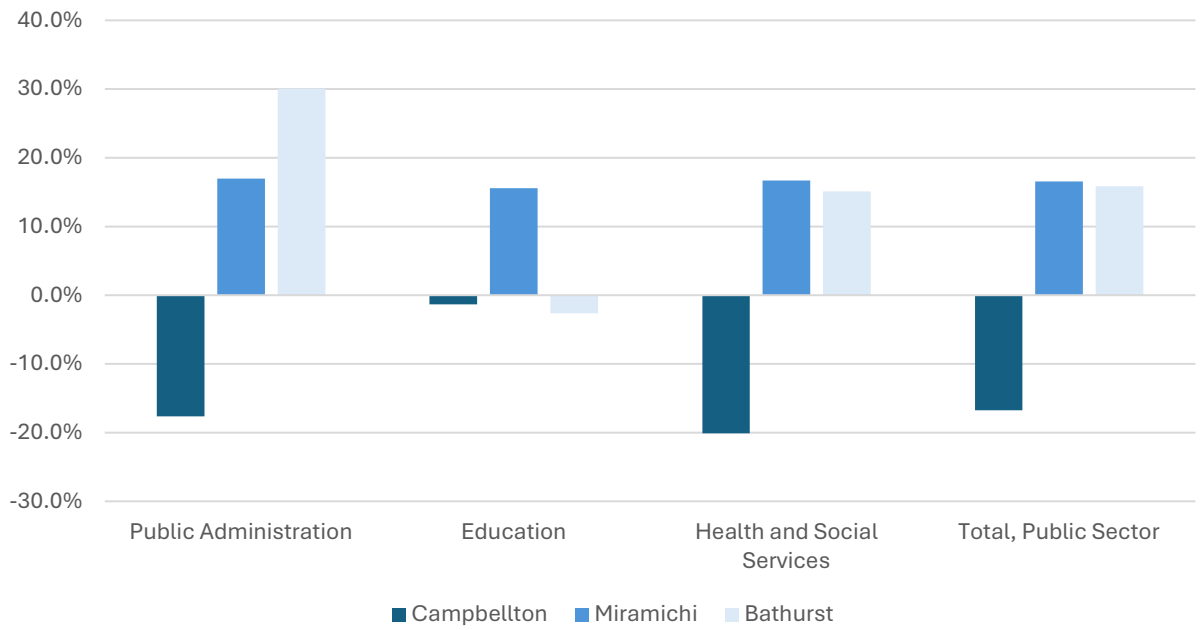
In the Miramichi census agglomeration, the public administration workforce increased by nearly three-quarters, primarily due to the Government of Canada's decision to relocate its Phoenix payroll administration centre there. The health and social services workforce also saw a significant increase (over a quarter). In the Bathurst metropolitan area, public administration also saw a notable increase (+29.1%), but the bulk of the public sector workforce growth was concentrated in the health and social services sector (+57.4%). In

contrast, in the Campbellton metropolitan area, public sector employment was down by nearly one-tenth (-8.4%).

The contrast in the trajectory of the public sector workforce between the Campbellton census agglomeration and its counterparts in Miramichi and Bathurst is even more striking if we focus solely on the five-year period between the 2016 and 2021 censuses (Figure 17). Overall, the public sector workforce was down about one-sixth (-16.8%) in Campbellton while it was up nearly one-sixth in Bathurst and Miramichi (15.9% and 16.6% respectively). Even the health and social services sector was down in Campbellton while it grew strongly in Miramichi and Bathurst.

Figure 17: Labour Force Growth Between 1996 and 2021

(Census Canada)



Within Restigouche County, all regions except Saint-Quentin experienced a decline in the public sector workforce over the quarter-century between 1996 and 2021 (Table 4). Of note, the decline in the public sector workforce was concentrated in the Campbellton region, in the fields of public administration and education. In the health and social services

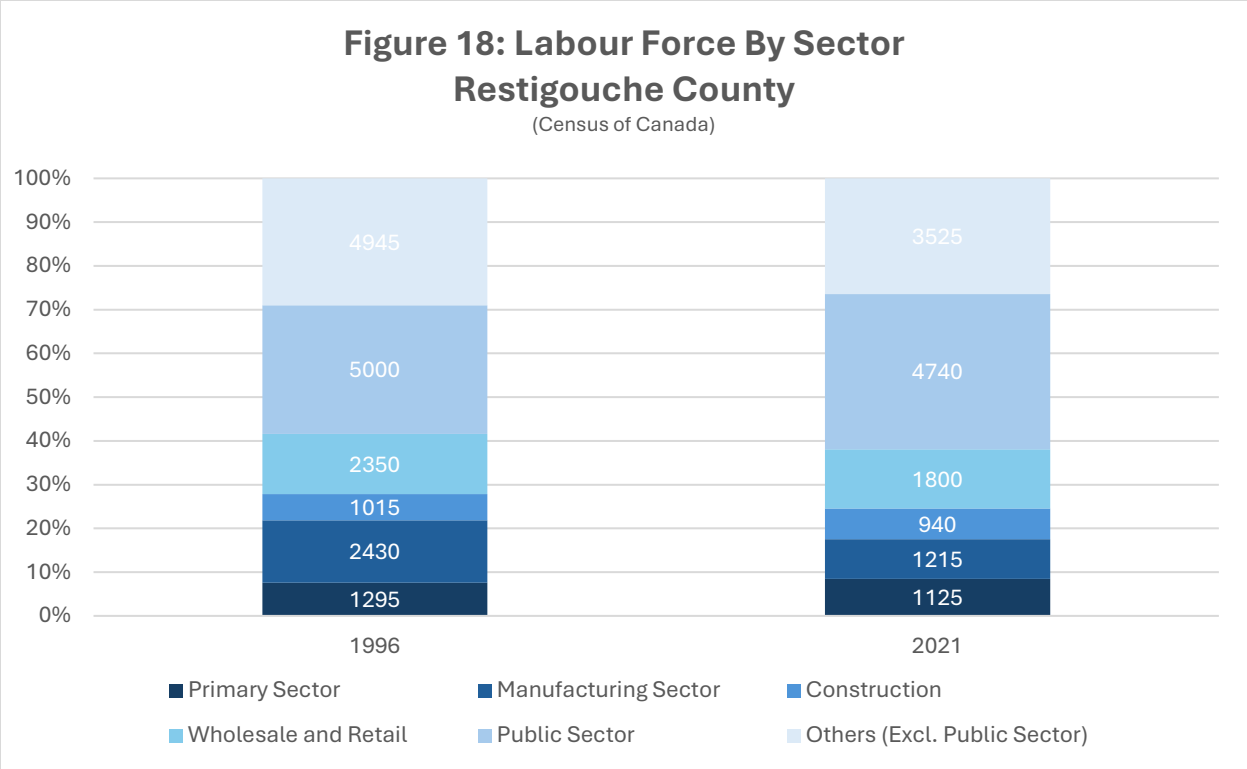
sector, the workforce in the Campbellton region increased slightly, but this increase was relatively small (+5%, compared to 13.2% in the rest of the county and 29.1% in New Brunswick as a whole).

Table 4 : Public Sector Labour Force 1996 and 2021(Census of Canda)

	Public Administration		Education		Health and Social Services		Total, Public Sector	
	1996	**2021**	**1996**	**2021**	**1996**	**2021**	**1996**	**2021**
Durham	90	25	75	55	115	135	280	215
Dalhousie	310	325	350	330	740	745	1400	1400
Campbellton	480	405	705	425	1445	1520	2630	2350
Kedgwick	50	50	105	40	65	130	220	220
Saint-Quentin	70	75	135	130	120	225	325	430
Restigouche	1040	920	1380	1015	2580	2805	5000	4740
N.B.	29475	35260	26145	28650	37680	56515	93300	120425

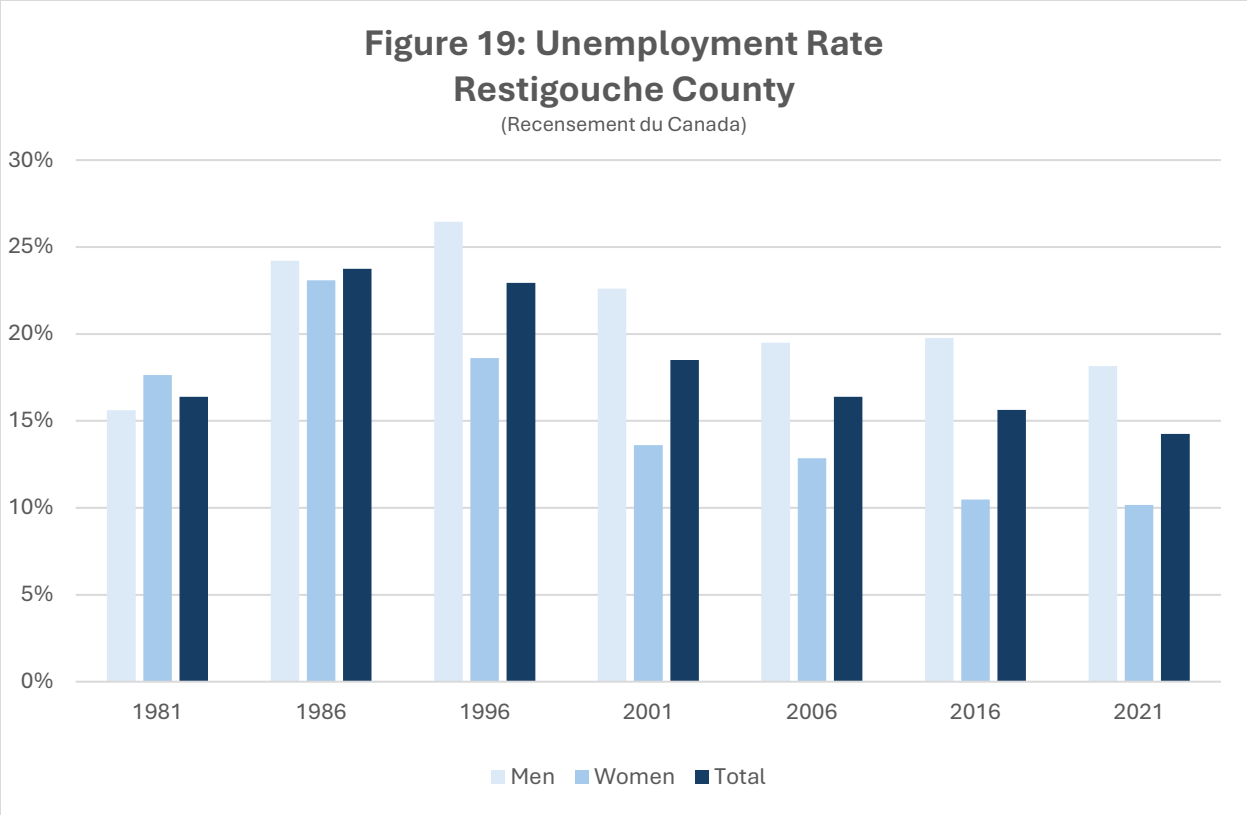
2.3. Other Sectors

Given the industrial classification used by Statistics Canada has changed over the years, it is not possible to paint a complete picture of the evolution of the industrial composition of Restigouche County. However, several components have remained stable since the 1996 census, allowing us to make some comparisons. Figure 18 presents the breakdown of the workforce by sector for Restigouche County in the 1996 and 2021 censuses. It shows that, with the exception of the manufacturing and public sectors, the industrial composition of the workforce has changed little in the quarter-century between the two censuses. The primary sector (dominated by forestry) continues to employ nearly one in ten people. What has changed, however, is the size of the labour force. In 1996, 17,000 people were part of the Restigouche County workforce. In 2021, this figure stood at just under 13,500. To understand what lies behind this sharp decline, we need to turn to unemployment data.



2.4 Unemployment and Participation Rates

It may seem surprising that Restigouche County lost about 3,500 workers between 1996 and 2021, while its employment declined by only about 1,300 (see Figure 13). This is because the labour force includes both individuals who have a job and those who do not have a job but are actively looking for one (the unemployed). The number of unemployed people declined much faster than the number of workers during this period.



Notes : Data not available for 1991 and 2011 censuses.

Figure 19 shows the evolution of unemployment rates between the 1981 and 2021 censuses. Several observations are striking. First, the overall unemployment rate (men and women) was higher in 1986 than in 1981. This is partly explained by a decline in employment, particularly in the manufacturing sector. The other reason, however, was that the youngest baby boomers were still entering the labour market during this period. As the Restigouche economy was unable to absorb all of these new workers, unemployment shot up. It is worth noting that unemployment was very high among both women and men.

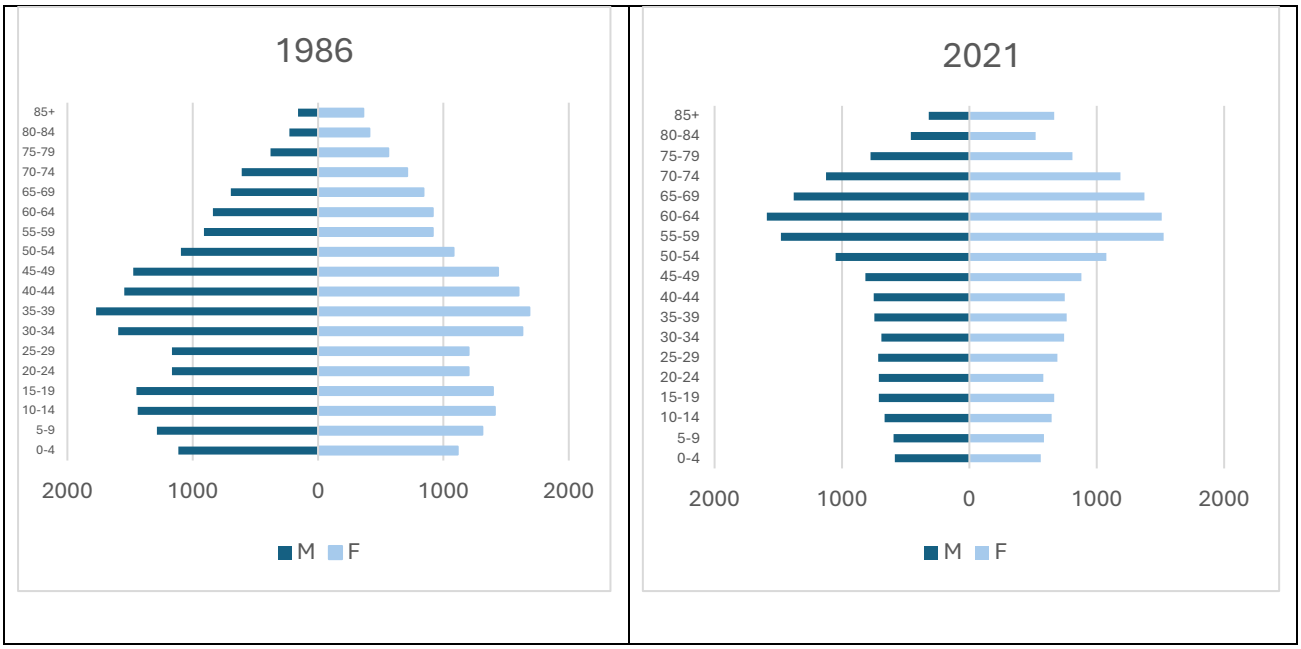
In 1996, when all baby boomers were in their prime working life, the overall unemployment rate in Restigouche County remained well above 20%. That said, a significant gap between men and women had emerged. While the rate for women had decreased significantly, that for men had continued to increase. To gain a clearer picture, we must once again focus primarily on the manufacturing sector, where the workforce continued to decline

at roughly the same rate as during the five years between 1981 and 1986. This sector, dominated by the forest products processing industry, employed primarily men.

The gap in unemployment rates between men and women has since widened somewhat, once again reflecting the continued decline of the manufacturing industry and the fact that the types of jobs that have fared best, particularly the healthcare sector, are primarily held by women (more than four employees of the Vitalité health network are women). This means that the Restigouche County workforce has become more feminized over the past four decades, a phenomenon that reflects both the changing industrial composition of the county (see Figure 18) and the strong trend toward increased female participation in the labour market. In 1981, approximately two in five working-age women (41.1%) were active in the labour market, compared to two-thirds (67.6%) of men. In 2021, the labour force participation rate for women (51.3%) was almost equal to that of men (54.8%).

Despite the significant increase in the female labour force participation rate, the total labour force participation rate (men and women) was slightly lower in 2021 than in 1981. This is attributable to the aging of the county's population. In 1981, 11.8% of the working-age population was aged 65 and over. In 2021, it was 31.9%. Figure 20, which shows the population pyramid of Restigouche County in 1986 and 2021, reflects the decline and aging of its population over the county (we selected the 1986 census rather than the 1981 census because the way the 1986 data was compiled by Statistics Canada allows for a better comparison with the 2021 census).

Figure 20 : Age Pyramid, Restigouche County



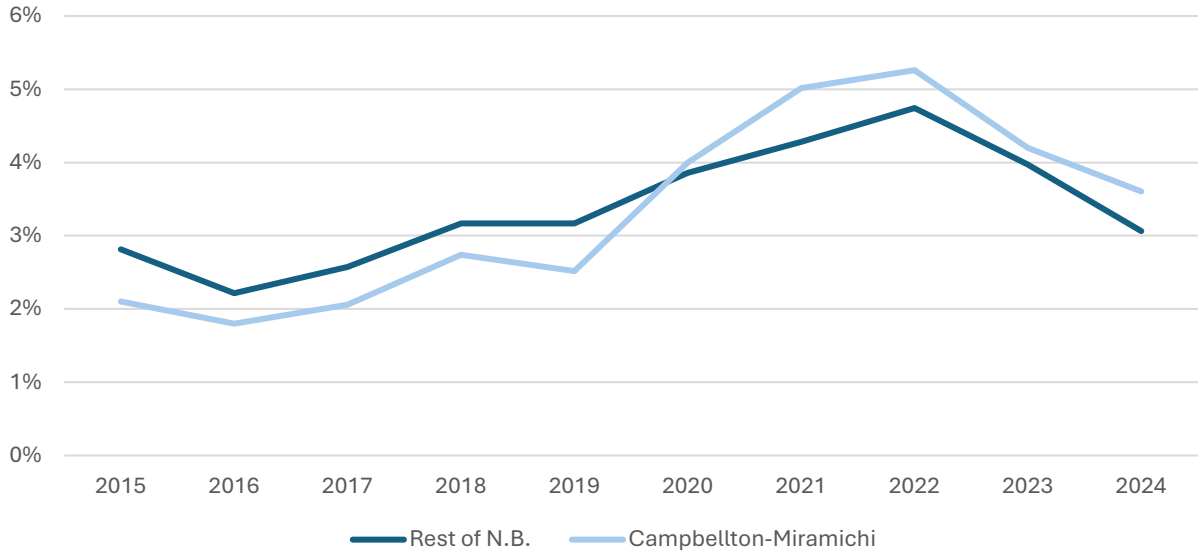
2.5 The Paradox of Labour Shortage Amid High Unemployment

It may seem paradoxical that Restigouche County is facing labour shortages while its unemployment rate remains very high. Yet, this is exactly what is happening. In fact, based on available data, it would appear that the job market in the county is even tighter than in New Brunswick as a whole. This, at least, is what Statistics Canada's figures on vacancy rates suggest. Data on this topic are not available at the county level. To get an idea of what is happening in Restigouche County, we must turn to what Statistics Canada refers to as the Campbellton-Miramichi economic region, which covers the counties of Restigouche County, Gloucester, and Northumberland. Based on the available information, it seems that the data for the Campbellton-Miramichi economic region provides a fairly accurate picture of the situation in Restigouche County. It is in fact because of the relative territorial uniformity of its labour force data that the region was delineated, primarily for the purpose of administering the Employment Insurance Program.

Figure 21 shows the evolution of job vacancy rates in the Campbellton-Miramichi economic region and the rest of New Brunswick. It shows that rates were on the rise starting in 2016 and went up sharply after the pandemic. This reflects the gradual tightening of the labour market that took place in the second half of the last decade, followed by the dislocations that occurred in the post-pandemic period. In 2023 and 2024, job vacancy rates declined, reflecting the cumulative impact of the massive influx of newcomers to New Brunswick. The fact that the vacancy rate remains above pre-pandemic levels in the Campbellton-Miramichi region illustrates the extent of its labour needs. It also suggests that the labour market in the region may now be tighter than in the rest of the province.

Figure 21: Job Vacancy Rate

(Statistics Canada, CANSIM 17-10-0398-01)



The coexistence of labour shortages and high unemployment rates in the Restigouche region, and more broadly in the Campbellton-Miramichi economic region, is primarily due to the operation of the Canadian Employment Insurance program. Despite measures taken by the federal government to reduce its use (notably, ineligibility due to voluntary separation), this program remains more accessible in some regions than in others.

In the Campbellton-Miramichi economic region, only 420 hours of work per year are required to be eligible for benefits, compared to 700 hours in a region like Richibucto-Moncton. For many people with relatively low incomes, combining work and employment insurance, when available, can be a rational choice. However, by definition, since he or she must declare that he or she is actively looking for work to obtain benefits, any regular employment insurance recipient is counted as unemployed, whether he or she is actually looking for work or not.

2.6 Incomes

The economic and demographic challenges in Restigouche County are reflected in income data. People in Restigouche County earn less and are more dependent on government transfers (e.g., employment insurance, social assistance, and old age security) than their New Brunswick counterparts.

The census, which is carried out every five years, provides data on incomes earned in the year preceding each census. Since the 2021 census took place at a time the labour market was affected by the pandemic and the various support benefits offered by government authorities, Statistics Canada collected information not only on income earned in 2020, but also in 2019, before the pandemic. For our purposes, we use 2019 data. That year, workers in Restigouche County received an average employment income of $35,360, compared to $42,210 for New Brunswick as a whole.

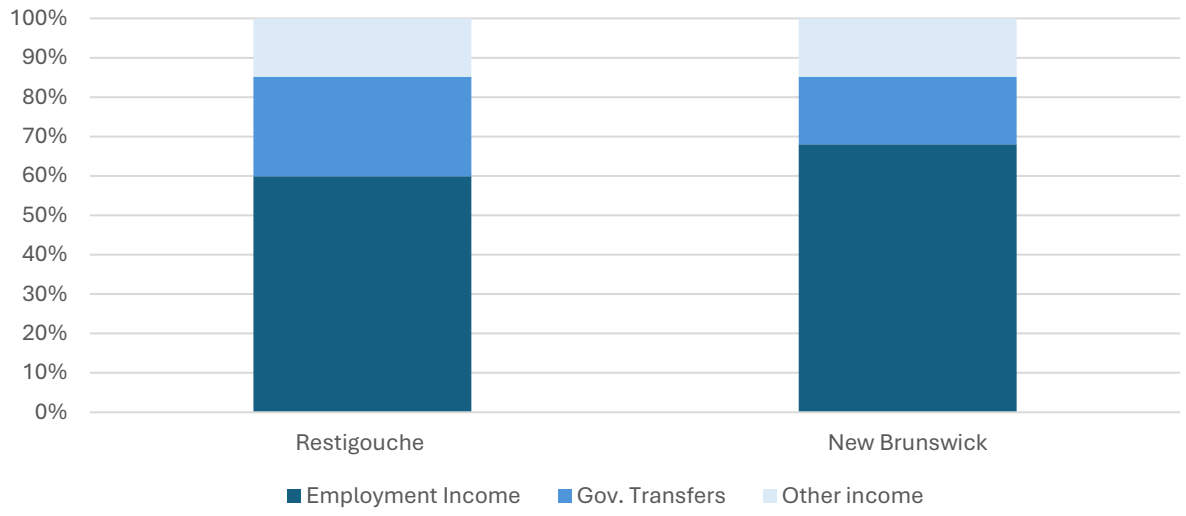
Although telling, these two figures do not tell us everything about the income gap between Restigouche County and New Brunswick. To better understand the situation, we must look at total income, which is the sum of all income received by individuals aged 15 and over divided by the number of these individuals who received income. Total income is composed of three sources: employment income, government transfers, and other sources (a category that includes income from investments or private pension plans).

Figure 22 shows the composition of average total income in 2019 for Restigouche County and New Brunswick by source of income. That year, the average total income in the county ($37,960) was 14% lower than in New Brunswick as a whole ($44,040). The composition of total income was also significantly different. Because fewer people in

Restigouche County were working and had lower incomes than people in New Brunswick as a whole, employment income represented a significantly smaller portion of total income in the county (60%) than in the province as a whole (68%). Government transfers, for their part, occupied a much larger proportion, representing a quarter of total income (25.2%) in the county, compared to about a sixth in New Brunswick as a whole (17.2%). About a third of the eight-percentage point difference was attributable to the fact that a larger proportion of people in Restigouche County received unemployment insurance benefits.[9] The remaining gap was likely primarily due to the fact that there was a larger proportion of people aged 65 and over in Restigouche County, and that a higher proportion of them receive Guaranteed Income Supplement benefits. On average, in 2019, households in Restigouche County received higher income in the form of government transfers ($11,680 per recipient) than in the province as a whole ($10,200).

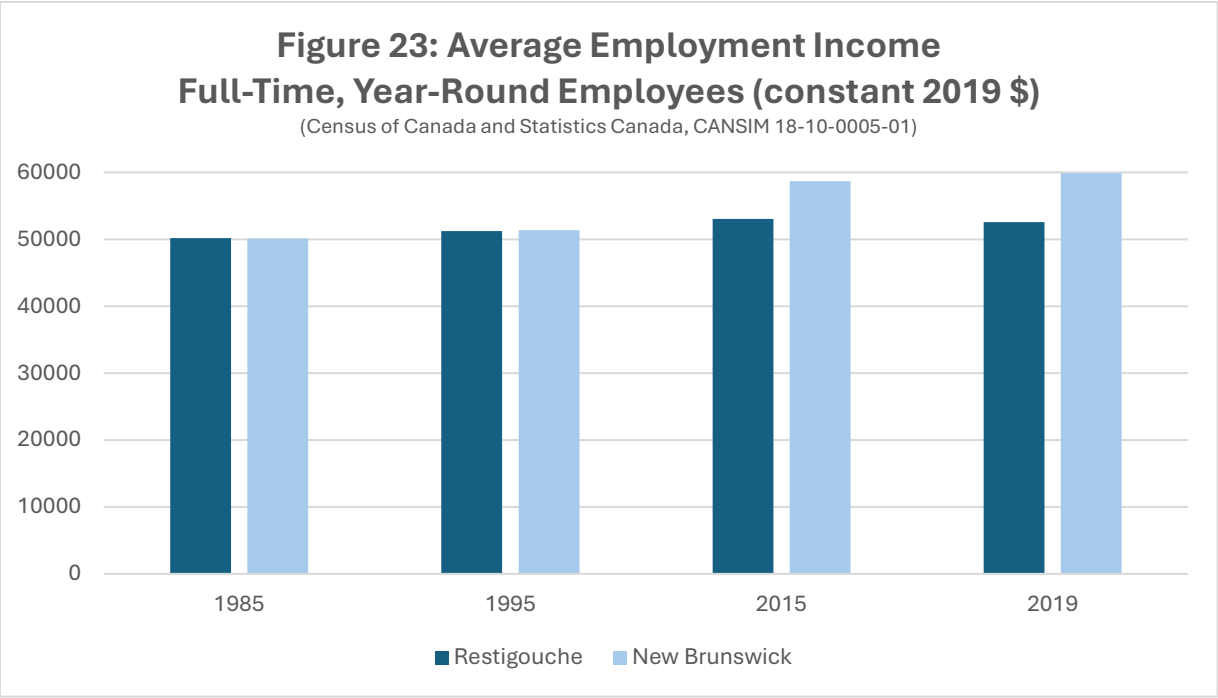
Figure 22: Composition of Average Total Income 2019

(Census of Canada)



[9] In 2019, Employment Insurance benefits accounted for 5.8% of total income in Restigouche, compared to 3.3% in New Brunswick as a whole. Of note, the average Employment Insurance income was similar in both jurisdictions, meaning the difference was due to the fact that Restigouche had a significantly higher proportion of recipients.

Turning to historical trends, we examine two key indicators. The first is the employment income of people employed full-time, year-round, adjusted for inflation using the Consumer Price Index. Figure 23 shows the evolution of this indicator in 2019 dollars for the county and for New Brunswick as a whole for the years 1985, 1995, 2015 and 2019. It shows that the average employment income in Restigouche County was similar to that of New Brunswick until at least the mid-1990s, after which the gap between the two widened considerably. In 2019, the average income in Restigouche County was only slightly higher than in 1995 (+2.6%), while in New Brunswick as a whole it was up by one-sixth (16.6%). Many factors explain this gap, including the more pronounced decline in the manufacturing sector (down 41% in Restigouche County, compared to 33% in New Brunswick as a whole), as well as weaker employment growth in the public sector (+8.7% in Restigouche County compared to 29.1% in the province as a whole).



The second key indicator is average total income. As was the case for employment income, the average total household income in Restigouche County was roughly

comparable to that of all New Brunswick households in 1985. Between 1985 and 2019, the average real income increased by 22% in Restigouche County. This is good news in itself. The less good news, however, is that it grew only about half as fast as in New Brunswick as a whole (+41%).

Two main factors explain this gowth gap. The first relates to the trajectory of employment income. As we saw earlier, the average employment income grew less rapidly in Restigouche County than in New Brunswick. Employment figures also followed divergent trajectories. Between the 1986 and 2021 censuses, employment decreased by nearly one-tenth in Restigouche County (-9.4%), while in New Brunswick as a whole, it increased by nearly three-tenths (+28.1%). In both Restigouche County and New Brunswick, the share of employment income in total income has declined over the years due to the aging of the population. However, the decline has been much more pronounced in Restigouche County than in New Brunswick as a whole. In 1985, employment income represented 72.7% of household income in Restigouche County, a proportion similar to that for New Brunswick as a whole (73.2%). By 2019, this share had fallen to 59.9% in Restigouche County, compared to 68.0% in New Brunswick as a whole.

The second reason why the average total income grew less than half as quickly in Restigouche County as in New Brunswick as a whole is closely related to the first. Reliance on sources of income other than employment, particularly government transfers, grew much more rapidly in Restigouche County than in New Brunswick as a whole. Much of this is explained by the fact that the percentage of retirees grew more rapidly in Restigouche County. On average, retirees have lower incomes than people in the labour market.

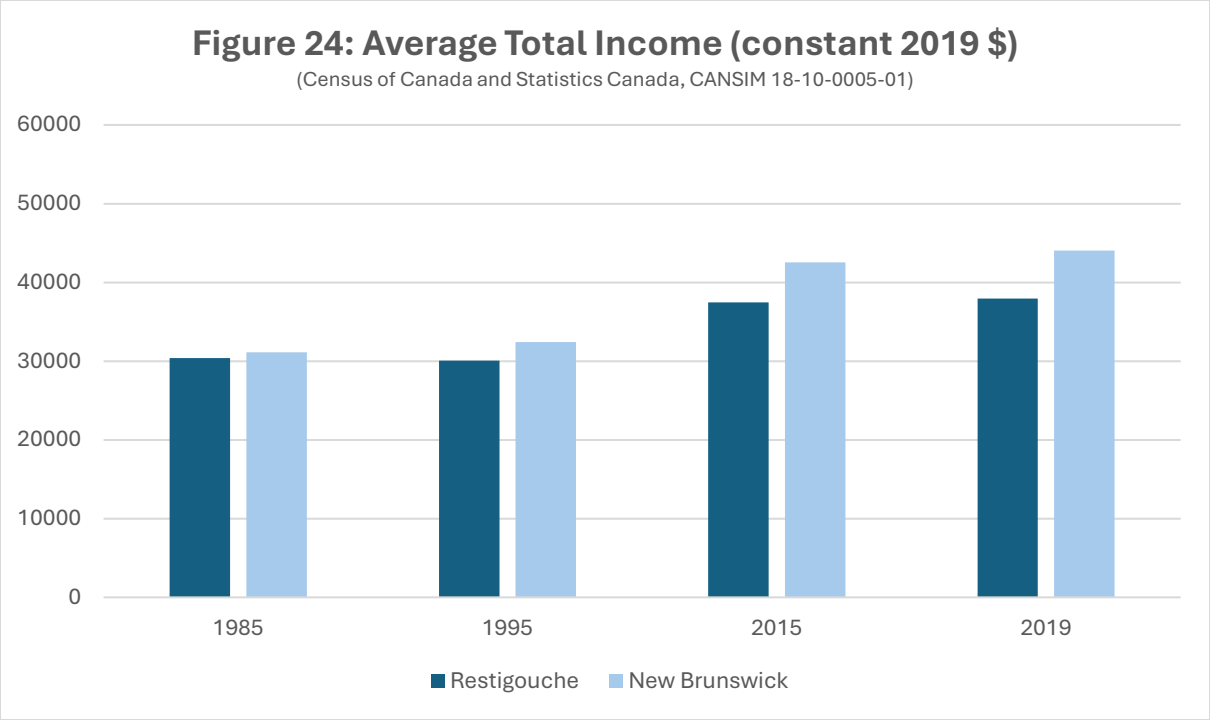


Figure 24: Average Total Income (constant 2019 $)
(Census of Canada and Statistics Canada, CANSIM 18-10-0005-01)
60000
50000
40000
30000
20000
10000
0
1985
1995
2015
2019
Restigouche
New Brunswick

3. Restigouche County's decline and municipal financing

The demographic decline and economic setbacks experienced by most Restigouche communities have had significant but uneven consequences on municipal financing across the county.

Property taxes are the primary source of municipal financing in New Brunswick and in Canada. At the outset, it is worth noting that property taxes do not have intrinsic virtues that make them the most logical and appropriate source of municipal financing.[10] Rather, they are a historical relic. Before Confederation, the colonial government of New Brunswick financed itself through indirect taxes, primarily excise and customs duties (an indirect tax is a tax collected from an intermediary, typically a business, rather than the end user of a product). The only direct tax acceptable to residents at the time was the property tax levied by municipalities, of which there were few.

The *British North America Act* granted indirect taxes to the federal government. Since then, provinces have succeeded in considerably diversifying their tax bases, thanks in part to a generous interpretation of the concept of "indirect taxation" by the courts. Almost all of the taxes levied by the New Brunswick government today (see Figure 25) did not exist at the time of Confederation. Municipalities, for their part, continue to depend almost entirely on property taxes for their own-source revenue (i.e., revenue other than transfers from other

[10] Several arguments are commonly used to support the idea that the quasi-exclusive reliance of municipalities on property taxes is appropriate. One is that property taxes are a stable source of funding. The recent surge in real estate prices shows that this is not always the case. Moreover, some other potential sources of revenue are also relatively stable, such as personal income taxes and sales taxes. This has been clearly illustrated recently: personal incomes, for example, have certainly not increased at the same rate as residential property values.

Another commonly used argument, notably in the Finn Report, is that property taxes ensure accountability between elected officials and residents, presumably because they are levied on assets located within the municipality's boundaries. This characteristic, however, is not unique to property taxes: the same can be said of personal income taxes. Income tax is a local tax in that it is levied on individuals who live in a particular locality. There is nothing to prevent provincial governments from levying personal income tax on behalf of municipalities, as Ottawa does for the New Brunswick government. Residents of that municipality could then hold their municipal government accountable for the taxes paid to it, similar to property taxes levied by the provincial government and transferred to municipalities. Some would argue that residents might want to move to another neighboring community to avoid high taxes in some municipalities. This is precisely one of the arguments that motivated recent municipal reform in New Brunswick.

levels of government), as was the case before Confederation. Municipalities have not been able to diversify their tax bases because they are under provincial jurisdiction, and the New Brunswick government has not allowed them to do so.

Figure 25: Own-Source Revenues Government of New Brunswick

(New Brunswick Public Accounts)

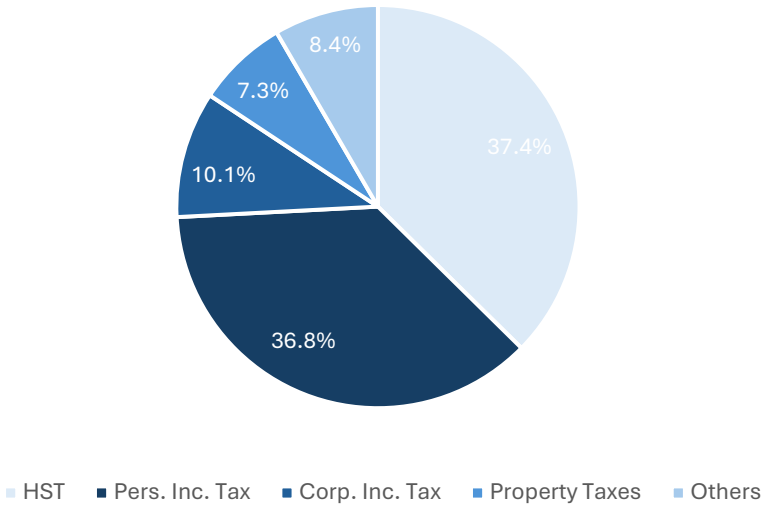


Table 5 shows the evolution of the inflation-adjusted[11] tax bases of former municipalities (cities, towns and villages) in Restigouche County and the total value for all New Brunswick municipal entities. Since the Department of Environment and Local Governance continues to publish tax base information for the former municipalities following the recent local governance reform, the period covered extends from 1986 to 2024. That said, we do not present the tax base for all New Brunswick municipal entities for the year 2024 because it would provide a misleading overview of historical trends since the

[11] . The index used to reflect inflation is the implicit price index for general government final consumption expenditure for New Brunswick (Statistics Canada, CANSIM table 36-10-0223-01). Since data for this series were only available up to 2023, we used the Consumer Price Index for New Brunswick (Statistics Canada, CANSIM table 18-10-0005-01) to reflect price changes in 2024.

recent reform led to a greater municipalization of the territory. Also of note, the Department has continued to publish information on the territory of the former village of Kedgwick following the creation of the rural community. The same applies to the former territories of the villages of Atholville and Eel River Crossing before the annexation of certain bordering territories. To ensure comparability over time, the data presented in Table 5 apply to the former territories of these four municipalities.[12]

Table 5: Municipal Tax Base, Former municipalities of Restigouche Counties and All Former Municipalities of New Brunswick

	Municipal tax base* (in millions of 2024 dollars)					
	1986	1996	2006	2016	2021	2024
Charlo VL	73.3	83.4	83.3	95.0	99.3	102.7
Dalhousie T	501.0	556.8	495.5	269.3	256.7	249.4
Eel River Crossing VL	39.2	61.0	60.8	54.2	53.8	55.3
Balmoral VL	71.0	87.3	85.6	112.0	116.8	115.1
Campbellton C	578.3	638.9	577.2	699.1	684.2	669.6
Atholville T	177.7	135.5	236.6	153.6	156.1	117.3
Tide Head T	51.6	65.3	66.1	71.8	70.7	75.5
Kedgwick VL	51.5	58.1	61.2	60.6	64.1	65.0
Saint-Quentin T	121.9	143.8	152.0	155.3	153.6	153.1
Total, All NB Municipalities	32,284.3	39,484.7	46,135.3	55,419.0	59,204.4	--

Source: Ministry of the Environment and Local Governance, Annual Report of Municipal Statistics, various years. *The data extracted from the various reports are as follows: "tax rate denominator" (1986), "total municipal tax base" (2006), "municipal tax base for rate" (2016, 2021), "assessment" (sum of amounts for the residential, non-residential, and heavy industrial sectors, 2024).

Across New Brunswick, the tax base of municipal entities increased by 83% between 1986 and 2021, with growth remaining relatively stable over time. In Restigouche County, no former municipality experienced growth of this magnitude. The village of Balmoral saw the largest increase, at 64.4%. This was followed by Eel River Crossing (+37.2%), Tide Head (+37.1%), Charlo (+35.4%), Saint-Quentin (+26%), Kedgwick (+26%), and Campbellton (+18.3%). Atholville (-12.1%) and Dalhousie (-48.2%) saw their tax bases decline.

[12] This is not the case, however, for Jacquet River, which is why this ancient village is not shown in Table 5.

Many factors explain the slower growth, or even decline, of the tax bases of Restigouche communities, including, of course, widespread population decline and, in some cases, significant deindustrialization. Another factor is the slower growth in residential real estate prices, which have been held back by demographic decline. According to census data, the average home value in Restigouche County in 1986 was $44,136, roughly comparable to that of the province as a whole ($50,004). Thirty-five years later, in 2021, the average home in Restigouche County was worth $135,000, about a third less than in New Brunswick as a whole ($207,800).

In turn, the evolution of housing prices likely largely explains why municipal tax bases have increased despite declining populations across most of Restigouche County. Between 1986 and 2021, the average home value more than tripled (+205%). For its part, the price index used to estimate the increase in costs faced by municipalities (see note 11) increased by a smaller percentage (+166.8%).

The issue of horizontal equity (i.e., between different governments of the same level, whether provincial or municipal) is complex. It cannot be concluded that one municipality's financial position has improved simply because its tax base expanded more rapidly than another. An increase in the tax base in real terms (i.e., after taking into account rising price levels) can result from population growth, and this, in turn, leads to additional costs. What can easily be concluded, however, is that a marked decline in a municipal entity's tax base is very bad news. Most of a municipality's expenses—e.g. its road network, its water and sewer system, its fire protection service, or the costs associated with other existing infrastructure—are difficult to scale back without jeopardizing the quality and integrity of services. For a town like Dalhousie, which saw its tax base almost halved in the space of 15 years (from 2006 to 2021), very difficult choices had to be made, which inevitably had significant impacts on the services offered to its citizens and the taxes they must pay.

3.1 Evolution of Municipal Revenues

As previously noted, in New Brunswick, municipal entities are financed almost entirely through property taxes. In 2024, property taxes represented 84.5% of local government

revenues. The sale of services (in most municipalities, this primarily refers to water and sewer services) accounted for 5.4%, the provincial unconditional grant known as community funding (formerly known primarily as equalization) accounted for 4.6%, and other revenues and transfers the remaining 5.5%.

The provincial government has significantly pulled back from municipal financing over the years. In 1991, provincial unconditional grants represented 29.0% of municipal revenues. Thirty years later, in 2021, this proportion had declined by more than three-quarters, to 7.2%. In 2024, following the local governance reform which reduced funding to municipalities, it was 4.6%, as we just saw.

Table 6 shows the evolution of municipal revenues adjusted for inflation using the same price index used for Table 6 (see note 11). It illustrates the provincial pullback from municipal financing and its corollary, an increased reliance on property taxes (warrant). Over the years, the provincial government has continued to provide more funding to less affluent municipalities than to more affluent ones. The main problem lies in its dramatically weaker commitment to municipal financing.

This pullback has hit less affluent municipalities much harder than more affluent ones. We saw earlier that the Town of Dalhousie has seen its municipal revenue base decline significantly over the past few decades, resulting in a very significant drop in property tax revenue. However, far from helping to offset the effects of its revenue losses, provincial funding for the city plummeted, declining by three-fifths (59.2%). As for the City of Campbellton, its tax base remained more stable and its tax revenue increased (due to a tax increase, as we will see later). However, the share of its revenues accounted for by the unconditional grant fell from 34.2% to 12.8%. In Restigouche County, the village of Charlo saw the largest decline in the share occupied by the grant, falling from 43.2% in 1991 to 5.6% in 2021.

Table 6: Municipal Revenues and Share Occupied by the Provincial Unconditional Subsidy (dollars of 2024)

	1991			2021			Uncond. Subsidy as % of Revenues	
	Warrant	Uncond. Subsidy	Total	Warrant	Uncond. Subsidy	Total	1991	2021
Charlo	923,262	725,778	1,678,489	1,460,638	102,001	1,830,698	43.2%	5.6%
Dalhousie	7,429,142	3,769,688	12,056,181	4,500,667	1,536,536	6,481,759	31.3%	23.7%
Eel River Crossing	600,633	550,585	1,254,682	1,218,129	441,894	1,804,847	43.9%	24.5%
Balmoral	904,041	770,356	2,048,059	1,680,677	116,355	2,278,245	37.6%	5.1%
Campbellton	10,284,168	6,108,997	17,849,190	12,153,821	2,070,607	16,207,374	34.2%	12.8%
Atholville	1,839,030	588,222	2,489,895	3,715,886	325,983	4,393,428	23.6%	7.4%
Tide Head	522,138	292,270	816,661	1,063,674	37,236	1,120,597	35.8%	3.3%
Kedgwick	646,728	520,693	1,470,462	1,664,778	305,219	2,130,030	35.4%	14.3%
Saint-Quentin	1,239,845	641,524	2,141,524	2,227,902	468,813	3,412,169	30.0%	13.7%
Total, N.B.	509,911,690	241,951,478	834,850,102	886,079,623	77,337,200	1,078,206,766	29.0%	7.2%

Source: Ministry of the Environment and Local Governance, Annual Report of Municipal Statistics, various years, and Census of Canada.

Of note, if one looked at municipal revenues on a per capita basis, one would notice that the gaps between less- and more-affluent municipalities are much smaller. This however, is of little consolation when one considers that a large part of municipal spending is difficult to revise downwards without seriously harming the quality of services.

3.2. Evolution of Tax Burdens

The provincial government's pullback from municipal funding has pushed municipalities to raise their tax burdens considerably across the province. In 2021, the residential tax rate for all municipalities (cities, towns, and villages) in New Brunswick was $1.5486 per $100 of property assessment. In the 1990s, the Department of Environment and Local Governance did not publish similar data for all municipalities. However, data was available for four different groups of municipalities. The average rate for Group "B," which included Campbellton and Dalhousie, was $1.3637. The average rate for Group "C," which included Atholville, was $1.1030. Finally, the average rate for Group "D," which included the other municipalities in Restigouche County (the villages), was $0.9601. In 2021, the department's municipal classification included three rather than four groups: cities, towns, and villages.[13] Cities had an average rate of $1.6327, while towns and villages had an average rate of $1.4158 and $1.3536, respectively.

Table 7 presents data on the tax burden in 1996 and 2021 in various communities in Restigouche County. It also inludes data for three other New Brunswick municipalities: Richibucto, Bouctouche, and Quispamsis. Richibucto and Bouctouche were selected because their population remained relatively stable between 1996 and 2021 and their size is similar to that of most municipalities in Restigouche County, with the exception of Campbellton. As for Quispamsis, whose population in 1996 was comparable to that of Campbellton, it was selected due to its strong population growth and its level of prosperity well above the provincial average.[14]

[13] Data on rural communities and the regional municipality of Tracadie were published separately.
[14] The population of Richibucto was 1,414 in 1996 and 1,411 in 2021, that of Bouctouche was 2,459 in 1996 and 2,513 in 2021. The population of Quispamsis more than doubled, from 8,839 to 18,768. None of these three municipalities has experienced a significant change in its boundaries.

Table 7 shows that in all but one Restigouche municipality (Eel River Crossing), residential tax rates were higher than the average for their respective groups, both in 1996 and 2021. The highest tax rate in Restigouche County was found in the City of Campbellton. In fact, this municipality had the highest rate in all of New Brunswick after the financially struggling municipality of Saint John, both in 1996 and 2021. The Town of Dalhousie, with a rate of $1.7536 in 2021, was not far behind. Overall, the rates in 2021 were higher in most Restigouche municipalities than in Richibucto and Bouctouche. While many variables are likely behind this gap, it is worth noting that all Restigouche communities experienced significant population loss, which was not the case for the two Kent municipalities.

Table 7: Residential Tax Rate, Residential Tax as a Percentage of Household Income and Average Household Income

	Residential Tax Rate		Residential Taxes as a % of Household Income		Average Household Income
	1996	2021	1996	2021	2021
Charlo	1.2915	1.4706	1.7%	1.9%	95,600
Dalhousie	1.3765	1.7536	2.2%	2.9%	64,200
Eel River Crossing	1.18	1.32	n.d.	n.d.	n.d.
Balmoral	1.36	1.4391	1.7%	2.4%	80,600
Campbellton	1.4875	1.7763	2.9%	4.4%	64,400
Atholville	1.0863	1.5044	n.d.	n.d.	n.d.
Tide Head	1.0103	1.5053	1.5%	2.1%	97,600
Kedgwick	1.1997	1.5669	n.d.	n.d.	n.d.
Saint-Quentin	1.02	1.4984	2.0%	2.6%	69,600
Richibucto	1.2297	1.4525	2.5%	2.3%	61,400
Bouctouche	0.9677	1.35	2.0%	2.7%	76,600
Quispamsis	1.0791	1.3428	1.8%	2.6%	133,000

Source : Government of New Brunswick, Annual Reports of Municipal Statistics, various years.

The residential tax rate is often used to measure the extent of the tax burden borne by households. Despite its widespread use, this indicator can be misleading. A much better indicator is municipal property tax revenue (warrant) as a percentage of household income—

after all, it's with their income, not their home, that residents pay their taxes. Focusing on this, one notices that Campbellton has by far the highest tax burden, at 4.4%. Dalhousie ranks second (2.9%), but the gap between it and Campbellton is significant. One reason behind this is that the provincial unconditional grant represents a larger share of revenue in Dalhousie (24%) than in Campbellton (13%). The calculations used to determine the conditional grant include multiple variables; however, taxpayers' ability to pay is not one of them.

Table 7 also shows that the tax burden gap between Dalhousie and Quispamsis is not very large. Yet, one of the basic principles of taxation is the progressivity of taxation, a principle that is generally violated when it comes to property taxes. The gap between Dalhousie and Quispamsis in terms of the percentage of income taken up by property taxes may not be large, but what this indicator does not capture is that Quispamsis taxpayers are twice as rich as those in Dalhousie (and many other municipalities in Restigouche, including Campbellton).

4. Prospects and Priorities for Action

Restigouche County has faced its share of challenges over the past half-century. Some of these challenges are not unique to the region. The accelerated aging of its population, for example, is closely linked to the magnitude of its baby boom, which was particularly strong throughout northern New Brunswick. Similarly, deindustrialization has affected the entire province. Almost nowhere, however, has this phenomenon been as significant as in Restigouche County. Moreover, the county has not been able to rely on growing public sector employment to counter the effects of its deindustrialization as other parts of New Brunswick, such as the Bathurst region or Northumberland County. Unsurprisingly, some municipalities in Restigouche County have had to deal with stagnant or even sharply declining budgets, a situation amplified by the provincial government's pullback from municipal funding.

In recent years, however, the county's situation has changed for the better. For the first time in at least forty years, its population has increased. Long a region from which many residents left in search of employment, the county is now gaining more people than it is losing to the rest of the world. Immigration, once of marginal importance, has risen sharply.

Behind this significant economic and demographic transformation are numerous factors that have been examined in this report, including an unprecedented modern-day migration boom across the country and the resulting national housing affordability crisis. Of critical importance are its new labour market dynamics. For many decades, the county could not provide sufficient jobs for its local workforce, a situation that forced many residents to leave. In recent years, the opposite is taking place, with the county now struggling to find the workers it needs. Behind this reversal lies a phenomenon that is not new: the gradual retirement of the baby boom generation. Its effects, it must be said, took time to be felt because its labour market needed to tighten before labour shortages could become evident. This happened shortly before the pandemic. The job vacancy rate in the Campbellton-Miramichi region is now higher than that of the rest of New Brunswick.

In the years to come, the prosperity and quality of public services offered in the Restigouche County will depend on its ability to attract enough newcomers to fill vacant positions and ensure the entrepreneurial succession in the county. In this regard, the figures are clear. By 2025, approximately 600 Restigouche residents will reach official retirement age, while fewer than 300 will reach official working age. While the situation is expected to balance out somewhat by the turn of the decade, the gap is expected to persist well beyond that. Currently, the county has approximately 400 people aged 55, compared to only 250 who are five. This means that the county will have to rely on migration to fill its vacant positions for a long time to come, especially considering that the aging of the baby boomer generation is expected to continue to fuel demand for local services such as health care and other senior services.

4.1 Migration and Restigouche County's Future

As this report has illustrated, neither the population nor the workforce of Restigouche County could have returned to growth in recent years without a massive influx of newcomers from outside the country.

In the fall of 2024, Ottawa announced a major shift in international migration. On October 24, the federal government unveiled its three-year immigration plan, covering the period from 2025 to 2027. In previous versions of its immigration plan, Ottawa planned to welcome approximately 500,000 immigrants by 2025 and intended to maintain this level in subsequent years. The October announcement included cuts to immigration targets, reducing the number of new permanent residents from approximately 465,000 in the twelve months ending June 30, 2024, to 395,000 in 2025, 385,000 in 2026, and 380,000 in 2027. In addition, Ottawa confirmed its goal of lowering the share of non-permanent residents to 5% of the Canadian population within two years. To do so, the government aims to reduce the number of non-permanent residents by nearly one million (445,901 in 2025 and 445,662 in 2026). After welcoming an average of more than one million newcomers per year over the past three years, Ottawa estimates that more people will leave than enter the country in 2025

and 2026. For 2027, the government projects that Canada will welcome a net total of 382,439 newcomers, about three times fewer than in the past two years.

The consequences of Ottawa's new plan for New Brunswick are starting to be felt. The province relies primarily on two programs to recruit immigrants: the Provincial Nominee Program (PNP) and the Atlantic Immigration Program. Together, these two programs accounted for seven out of 10 admissions in 2024, or about 11,000 out of a total of just over 15,000. Earlier this year, Ottawa announced that New Brunswick's allocation under these two programs would be cut in half. Taking into account the other changes announced by Ottawa—including the increase in targets for Francophone immigration—we can conclude that immigration to New Brunswick could be reduced by at least one-third in 2025 and 2026. Added to this is the reduction in the non-permanent resident population. As of July 1, 2024, New Brunswick had 36,591 non-permanent residents, or 1.2% of the Canadian total. Assuming the reductions announced by Ottawa are distributed evenly across the country, this would result in a net loss of approximately 10,000 of them. Overall, it is reasonable to expect the number of international newcomers to New Brunswick to be at least 75% lower in 2025 and 2026 than in 2024.

Ottawa has not specified its intentions beyond 2027. Two factors are likely to pull it in opposite directions. The federal government's objective with its latest international migration plan is to halt international migration for the first two years to allow housing supply to catch up with the exceptionally strong growth in demand observed in recent years and thus improve housing affordability. It is unlikely that Ottawa will increase international migration beyond 2027 to levels that would cause growth in housing demand to again significantly outstrip supply. On the other hand, after three years of very low international migration flows, workers are likely to become very scarce as the number of seniors in Canada continues to rise (Ottawa's previous plans to increase immigration to 500,000 people by 2025 and beyond were specifically aimed at addressing these potential labour market challenges). In such a context, it is possible that Ottawa will decide to increase international migration flows again. If this happens, however, we should expect modest increases and levels that are nothing like what we have seen in recent years.

Therefore, all indications are that the booming international migration we have seen in the post-pandemic era is over. This will likely have significant consequences for the demographic trajectory of Restigouche County. Before the pandemic, few immigrants settled in Restigouche County, despite a tighter labour market (see Figure 21). It was only after the pandemic, as international migration exploded, that immigrants spread more evenly across the province, including to Restigouche County. While the country can bank on many assets to attract newcomers—including lower housing costs and many job openings in the coming years—recent experience suggests that without a concerted plan from federal and provincial authorities, immigration to Restigouche County is destined to slow dramatically over the next two years and remain well below the levels reached in recent years in 2027 and beyond.

As permanent residents, immigrants enjoy a constitutionally guaranteed right to live and earn a living wherever they choose in the country. That said, provincial governments have a say in the number and characteristics of immigrants for whom they wish to become the province of landing. This is particularly the case with programs such as the Atlantic Immigration Program (AIP) and the Provincial Nominee Program (PNP), which target candidates likely to remain in New Brunswick (if they were already in the province under a temporary residence permit) or to settle there.

While the New Brunswick government has played a key role in recent years in determining the number and characteristics of many of its immigrants, this did not apply to non-permanent residents. The federal government is ultimately responsible for issuing temporary residency permits. Until very recently, it did not cap the total number of permits issued annually. This number was primarily determined by demand from international students, as well as from employers who could demonstrate that they were unable to find the workers they needed locally. To implement its plan to reduce the population of non-permanent residents, as well as to control newcomer flows starting in 2027, Ottawa has decided to impose a cap on the issuance of non-permanent resident visas. This will therefore require the establishment of priorities, in consultation with the provinces, hence a first priority for action to promote the growth of Restigouche County in the years to come:

<u>Priority for Action #1</u>: The provincial government, together with its federal counterpart, must do everything possible to ensure a fair distribution international newcomers across New Brunswick, a distribution that takes into account the demographic reality—and therefore the labour needs—of its various regions, including Restigouche County.

To achieve this, governments must not only ensure that their newcomer selection procedures reflect this objective, but also offer financial incentives to promote recruitment and retention in regions like Restigouche County.

4.2 Public Sector Employment and the Future of Restigouche County

Public sector employment is also a critical issue for the future of Restigouche County for two main reasons. First, the county has one of the fastest-aging populations in the province and its ranks of residents aged 75 or over are growing rapidly. To meet the challenge by providing quality, locally available health and elderly care services, public sector employment will need grow. To enable this, Restigouche County will need to secure more workers, and this will inevitably require more newcomers. In turn, the arrival of these newcomers—the vast majority of whom are young adults of childbearing age—will raise demand for certain other public services, particularly in the education sector.

The other reason relates to the role the public sector can play in stabilizing and revitalizing economic regions that have been hit hard by economic setbacks. Over the quarter-century between 1996 and 2021, public sector employment grew rapidly in the Miramichi and Bathurst census agglomerations, despite their declining populations. In the Campbellton agglomeration, as in the Restigouche region as a whole, public sector employment has been declining. This trend is all the more worrying given that the gap has widened in recent years, with public sector employment in Campbellton down by one-sixth between 2016 and 2021, while it was up by one-sixth in Bathurst and Miramichi.

Priority for Action #2 **: *The allocation of public sector employment raises interregional equity issues, both in terms of efforts to support the Restigouche economy and ensuring the viability of public services in the county.***

This matter needs to be investigated by the provincial government, in conjunction with local and federal authorities. This is necessary to establish a remedial plan with concrete objectives and timelines.

4.3 Municipal Financing and the Future of Restigouche County

Finally, good municipal services at fair tax rates are essential not only to the quality of life of Restigouche residents, but also to the region's attractiveness to potential newcomers. One of the cornerstones of the Louis Robichaud government's Equal Opportunity program was the idea that "basic services must be provided at uniform standards with uniform tax burdens throughout the Province." In recent decades, the provincial government has clearly moved away from this fundamental principle of social citizenship at the municipal level. Recent local governance reform has only made matters worse.

Contrary to what many may think, this principle of fairness does not simply mean ensuring that municipalities have access to equal per capita funding and are able to adopt roughly similar property tax rates to provide comparable services. For municipal funding to be fair, not only must tax burdens be comparable across the territory, but the government must also take into account the fact that some municipalities require more funding than others to deliver comparable services. Ideally, municipal taxes should also be progressive.

<u>Priority for Action #3</u> : The provincial government must commit to reviewing the issue of municipal financing in New Brunswick so that it lives up to the ideal of fairness that was at the heart of the Equal Opportunity for All program. For such a reform to be successful, it should ideally be based on the following three basic principles:

- ***Ensure stable and predictable funding, allowing for rational long-term planning.***
- ***Ensure that municipalities have access to adequate funding to provide reasonably comparable services at reasonably comparable tax levels, while recognizing that municipalities provide services that differ depending on their roles in the regional ecosystem.***
- ***Treat residents fairly, meaning that taxpayers with similar financial circumstances within and between municipalities should bear similar tax burdens.***