



PEOPLE
INNOVATION
CAPITAL
INFRASTRUCTURE
AGILITY

The New Brunswick Economic Growth Plan

September 2016



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Province of New Brunswick
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Message from the Premier

Our government understands what matters to you and all New Brunswickers.

We know how important creating jobs, growing the economy, and securing health care and education are to New Brunswickers and their families. We are working hard on these priorities and with your support we are getting things done.

New Brunswick is an incredible place. It is our landscape, our culture and our people that make it special. There is a spirit of innovation, inventiveness and entrepreneurship that has thrived here for hundreds of years. We want to build on this proud tradition and provide a strong economic foundation for future generations into the future by supporting our traditional industries and taking advantage of new technologies and new market opportunities.

As well as building on our traditional strengths, we want to develop new industries that make the most of our unique environment. We want to promote new ways of working so that businesses can compete and reach their potential while enjoying everything that is special about living in New Brunswick. We are guided by the principle that New Brunswick must retain and build upon our distinct assets. We must also find our place in the world. People, investment and ideas are more mobile than at any other time in history. We need to ensure that our province is a source and a destination for talent, entrepreneurs and growth capital.

The economic growth plan sets out the framework for driving the New Brunswick economy forward. It is a directional plan outlining how government will mobilize to ensure there is a co-ordinated, complementary effort to improve New Brunswick's economy and realize maximum benefits. Within the framework of this plan, specific policies, programs and projects will be developed and implemented. The plan is also designed to be a guide for both government and the private sector to channel and synergize our efforts for greater success.

The economic growth plan is the outcome of valuable consultation with hundreds of community and business leaders across the province. During our conversation with New Brunswickers, many opportunities for economic and job growth were identified. We will work together to move these opportunities forward. Over the past year government hosted 22 economic opportunity summits to engage and work with youth, entrepreneurs, academia, community, business, and aboriginal leaders to get their ideas and thoughts on the challenges and opportunities before us. Throughout those summits, recurring themes emerged. These themes have become the pillars of our economic growth strategy:

- People – strengthen the provincial workforce
- Innovation – expand our capacity for innovation
- Capital – grow investment from the private sector
- Infrastructure – foster public and private sector investment in strategic infrastructure
- Agility – foster agility and nimbleness in the public sector and across our economy

The plan is ambitious but achievable. It holds the key to creating significant growth across all regions of our province – producing benefits for generations to come. It establishes the conditions for a growing economy and for government to provide strong health care and education to New Brunswickers. Above all, it is a plan that draws on the unique assets we already possess.

To prosper we need to work together to drive growth for a brighter future.



Brian Gallant

Introduction

In New Brunswick, we have made great progress as a province and as a society since 1960. Our standard of living is much better. Our quality of life is higher. We are living longer than ever. And our stewardship of the environment has improved substantially.

Despite the advances we have made, many challenges remain. Our population is aging and too many of our young people are leaving to find work elsewhere. Our health and literacy levels are below average when compared to other provinces. We also have less financial security – savings – than most other parts of Canada.

When the recession hit in 2008, New Brunswick's economic progress stalled. Private investment fizzled. All the while, unsettling demographic and industry trends continued. Other provinces emerged with some growth and net new employment. New Brunswick's employment, however, remained stagnant and so did the economy.

The weak economy has hampered the ability of government to fund necessary public services. The pressure on government to continue providing quality public services and infrastructure at a time of stagnant growth has pushed up public debt to levels not seen in more than 50 years.

While New Brunswick has begun to witness positive economic trends, our quality of life and standard of living are in jeopardy if we cannot return to solid and sustained economic and population growth.

It is time to address our people challenge and reverse the shrinking workforce.

It is time to address the innovation gap and harness the innovative and inventive spirit of our people.

It is time to address our capital gap and ensure there is enough investment capital for growth.

It is time to address the infrastructure challenge and make a long-term commitment to invest in infrastructure that fosters competitiveness and stimulates private-sector growth.

It is time to address the role of government to be more proactive in its focus on economic development and become more nimble in how it works with industry.

It is time to pivot back to economic growth.

It is time to drive growth in our province for a brighter future for all New Brunswickers.

Additional information regarding New Brunswick's economic history is available in the document [Why growth is imperative](#).

What do we want to achieve?

We want New Brunswick to be a place where people who work hard can get ahead.

We want New Brunswick to be a place where entrepreneurial risk is rewarded by new wealth creation.

We want New Brunswick to be a place where people, young and old, can build happy and fulfilled lives; where families can thrive; and where new Canadians can prosper.

We have proven we can compete and win in the global economy. There are examples all over the province of entrepreneurs who have built globally competitive businesses. We have attracted global companies to invest in our natural resource-based and our knowledge-based industries. We must build on these examples. We have the tools for success at our fingertips.

The vision for New Brunswick: 2020

If the *New Brunswick Economic Growth Plan* is successful, what are we hoping to achieve in the short term? What will a growing and vibrant New Brunswick look like in 2020? We need to focus our talent development, economic development, innovation investments and other activities of the provincial government to help

bring New Brunswick back to a strong rate of economic growth. The Government of New Brunswick needs a growing tax base/economic foundation on which to raise enough revenue to fund quality public services and public infrastructure.

People	The workforce is expanding and the province has returned to net employment growth. The economy will expand again, driving new employment in export-oriented and local services-oriented sectors. The population is returning to solid growth – particularly among those 40 and younger. Increasing the number of younger New Brunswickers is critical to supporting long-term growth.
Innovation	Investment in R&D is increasing. Entrepreneurs are building innovative start-ups. New Brunswick companies are investing in competitiveness.
Capital	New Brunswick-based, national and international firms are boosting their investment here. Start-up companies and fast-growing entrepreneurs have access to capital.
Infrastructure	The \$150 million set aside by the provincial government each year for strategic investments is renewing key public- and private-sector infrastructure. New innovation-boosting infrastructure has been built around the province.
Agility	Government has become more agile. Decisions have been made that put the provincial government finances on a firm foundation and ensure that tax rates remain stable and quality public services and infrastructure can be maintained. It is easier to start a business. Red tape has been reduced and the time it takes to get permits and other approvals has gone down. Many regulations that impact business across the Maritimes Provinces have been harmonized. Government decision-making occurs in a more timely fashion.

The vision for New Brunswick: Beyond 2020

In the longer term, a sustained focus on the elements of the *New Brunswick Economic Growth Plan* is meant to create a strong economic foundation and the basis for a high quality of life for all of us. We will have addressed:

- our *PEOPLE* challenge:
 - by growing our workforce,
 - by providing more targeted training and skills alignment efforts, and
 - by significantly growing the number of new and returning New Brunswickers settling here.
- our *INNOVATION* challenge: by fostering an innovative, competitive and entrepreneurial economy, and
 - by investing in Research and Development.
- our *CAPITAL* challenge:
 - by attracting private-sector investment based on the strength of our business climate.
- our *INFRASTRUCTURE* challenge:
 - by making a long-term commitment to investing in infrastructure that will ensure industries continue to invest here and talent from around the world will come to call our province home.
- our *AGILITY* challenge:
 - by increasing the speed at which government responds to economic opportunities, changing global markets and our citizens within a sustainable fiscal framework.

In the longer term, a growing economy and expanding workforce will enable us to continue the progress started in the 1960s.

People	A demographically balanced, growing population and economy creating a sustainable economic foundation for all regions. Multicultural, diverse and thriving communities.
Innovation	An innovative economy and population creating higher-value activity.
Capital	An environment that is attractive to private-sector investment and that encourages us to invest locally.
Infrastructure	World-class infrastructure supports economic and social objectives.
Agility	A government fiscal framework that is sustainable and reduces our dependency on fiscal equalization payments. The focus on agility means that New Brunswick is known across North America as an excellent location in which to invest. We have an economy providing opportunities for all.

Deeper dive: Taking control of our destiny

Sometimes it feels, as individuals, communities and a province, that events outside our control are shaping our destiny. Even though we are buffeted by global and national economic forces, we have to realize that no one else is coming to our rescue. In Paris, Shanghai, Mumbai, New York, Toronto and even Ottawa, our challenges do not show up on the radar. But in Saint John, Beresford, Edmundston, Riverview

and Minto, how we address these challenges will determine our future. To us, they mean everything.

We must take control of our collective destiny. If we are to achieve the vision for our province in the long term, it will be our decisions – as individuals, families, business owners, community leaders and government – that will make it happen.

A new approach to economic development

The competitive landscape facing New Brunswick has fundamentally changed over the past decade. The number of jurisdictions competing with New Brunswick for global investment, talent and ideas has broadened. To better compete and win in this new environment, the economic development model in New Brunswick needs to adapt.

Opportunities NB (ONB) is the province's lead economic development organization mandated to foster growth of local export-oriented industries, attract business investment into growth sectors and support growth of new start-ups. It is led by a private sector board of directors made up of Canadian business leaders including a number from New Brunswick. The government will continue to support ONB as the lead economic development agency.

The New Brunswick Jobs Board has been established to focus and co-ordinate economic development and job creation. The Jobs Board Secretariat is a small team of professionals set up to support the Jobs Board. The Secretariat will manage implementation of the *New Brunswick Economic Growth Plan* and support cross-departmental co-operation on economic development and the fostering of policies and programs to strengthen conditions for growth in the years ahead.

The *New Brunswick Economic Growth Plan* focuses on opening New Brunswick to the world. Government will embrace the increasingly global nature of the economy and seek to attract our share of global investment, talent and new ideas. New Brunswick's entrepreneurs are key: there are thousands of them all around the province, and they are the backbone of economies from Campbellton to Woodstock, from St. George to Saint-Léonard. Using our five pillars, we will ensure government policies and programming creates the conditions for entrepreneurs to build profitable businesses.

Specific areas of focus include:

- **Connecting entrepreneurs to capital**

This continues to be a source of concern for many entrepreneurs. If New Brunswick is to return to growth, it will take substantial new investment capital every year. There are many sources of funding, and government will do a better job of matching entrepreneurs with private sources of capital.

- **Connecting entrepreneurs to community-based support services**

A healthy and vibrant small business sector has access to mentors, expert advice on issues such as productivity and competitiveness as well as other support services. Many of these are already widely available, but there is a role for government to ensure broad use of these services to strengthen local economies.

- **Fostering a positive environment for high-growth potential "Gazelle" start-ups**

Government will build on the success of the New Brunswick Innovation Foundation and the province's start-up incubation and acceleration infrastructure to attract more dynamic entrepreneurs.

- **Supporting business succession planning**

Thousands of business owners are heading into retirement in the coming decade or so. Government will develop a strategy to determine its role in ensuring this generational transition maximizes value for the economy and sets the foundation for a stronger future.

The *New Brunswick Economic Growth Plan* is composed of five pillars. These pillars, however, are not intended to be silos operating in isolation from each other. Each pillar must be supported to reach our goals. Each pillar provides a framework for policies, programs and strategies to be developed and implemented. They are also the lenses through which potential opportunities will be viewed to ensure the greatest success.

Seek sources of growth opportunities

All governments focus on areas of their economies that hold the best potential for private-sector investment. The Ontario and federal governments spend a substantial amount of money and resources to ensure the automobile manufacturing sector can thrive. On Prince Edward Island, a concentrated focus on the aerospace sector has led to the growth of a \$400-million industry. Government's opportunities-based economic development model is based on the same principles – only

it looks for singles and doubles as well as home runs. Collectively, these opportunities will boost growth and build momentum.

Government will start by using the subject-matter experts in government departments to uncover potential opportunities. It will work closely with the private sector to ensure these opportunities have potential and to develop the roadmap for their development.

Define growth opportunities

A growth opportunity is one that will lead to incremental business investment and jobs, leading to a sustained boost in GDP and tax revenue. Opportunities will be assessed based on:

- the scope and scale of the opportunity (we need to boost GDP);
- the time to impact (we need growth in the short term to stimulate the economy);

- a clearly defined and relevant role for government and the resources required (not all opportunities for business investment require government involvement – some may require just a nudge); and
- a defined return on taxpayer investment (we need to show that public investment in opportunities will increase tax revenues).

Each will be assessed using the five pillars:



Does the opportunity require workers with specific skill-sets? Would it benefit from linking into the innovation network? Are there gaps in financing? Is there a specific investment in infrastructure that would strengthen the

value proposition for investment? Are there elements of the business climate that have to improve to encourage companies to invest? These are some of the questions that will be asked based on the five pillars.

Determine the first round of growth opportunities

The Jobs Board Secretariat is working with the private sector, community leaders, Opportunities New Brunswick and departments to identify potential growth opportunities. Each department will then develop an economic opportunities plan based on these growth opportunities. These plans will have incremental GDP, jobs and tax revenue targets and will be used to develop government-wide targets for growth.

As the New Brunswick Growth Opportunities model develops, industry groups, local community groups, etc. will be encouraged to bring forward growth opportunities. They will need to be vetted and meet the same criteria as opportunities championed from within government.

Selected opportunities being pursued

Smart grid	<p>Global leader Siemens established a smart grid development centre in Fredericton several years ago as part of a partnership with NB Power. A “smart grid” is an electricity supply network that integrates digital technology to detect and react to local changes in electricity demand. Based on this foundation, New Brunswick is working to become a hub for smart grid development by attracting start-ups and national and international firms to do their testing and development work in New Brunswick.</p>
Boosting new farmers	<p>The attraction of farmers from abroad has a long history in New Brunswick. Many of New Brunswick’s current farmers are close to retirement and do not have a proper succession plan. Some are retiring on their farms and letting the farmland go fallow. Others would like to sell but there is not a ready pool of new farmers ready to take over. In addition to helping young farmers, this opportunity involves attracting a new round of farmers from abroad (local people can also access the new entrant program). Hundreds of new farmers would boost economic activity and strengthen our important agriculture sector.</p>
Cybersecurity	<p>Cybersecurity has the potential to create hundreds of new, high value jobs in New Brunswick. The global cybersecurity market is estimated at \$75 billion and is expected to grow to \$170 billion by 2020. New Brunswick is home to several world class cybersecurity firms, including IBM which is boosting its significant cyber-related activity in Fredericton. We have the opportunity to take advantage of the emerging cybersecurity talent shortage expected to reach 1.5 million people by 2019.</p>
Blueberry development	<p>There are areas in New Brunswick that are ideal microclimates for the production of blueberries. In the past decade, total blueberry production has more than tripled and become far more productive. With the large Oxford investment and the allocation of additional Crown land to other players, the industry is expected to grow even larger. New Brunswick will soon be the largest producer of blueberries in the world. This opportunity requires a strong eco-system which includes smaller local producers being given opportunity to fully participate.</p>
Home-based work	<p>More firms in diverse industries - from information technology support to financial services and graphic design - are building distributed workforces. This opportunity involves the provincial government developing an inventory of people interested in this type of work, along with the skills and home work environment (home office, broadband, etc.) and matching them with potential employers in New Brunswick and across North America. If there are gaps in skills or home-work environment, existing training programs could be used. This is a great opportunity for more employment in rural New Brunswick.</p>
Business support services	<p>The business support services industry (a.k.a. contact or call centres) had its beginnings in New Brunswick more than 25 years ago when an available, skilled and bilingual workforce was leveraged by the provincial government to attract global companies such as IBM, Xerox, ExxonMobil, Purolator, Federal Express and the Royal Bank of Canada. The sector generates more than \$1 billion in annual export revenue for New Brunswick. This opportunity involves finding ways to help the sector grow. Other initiatives such as home-based work and the new immigration pilot project will boost the number of available workers for the industry. We need to assess new opportunities such as social media interaction and the development of technologies to support the industry. This was also identified as a priority through the opportunities summit process.</p>

Marijuana	New Brunswick has struck a committee of key stakeholders to study the public safety challenges. This committee will also explore economic development opportunities stemming from marijuana. The legalization and control of marijuana will significantly expand the industry across Canada. Some provinces will take advantage of this opportunity to foster the creation of new production activity and value-added, specialized product development. In addition, there are numerous supply chain opportunities such as testing, R&D and other services. New Brunswick already has one marijuana production facility, another in the development phase, and other potential opportunities. Fredericton-based RPC is the country's leading tester of medical marijuana and has additional testing capacity. Federal/provincial research facilities in New Brunswick have capabilities that could be leveraged to maximize the potential of this new industry.
Local food and beverage strategy	New Brunswick households spend \$2.6 billion on food each year. Much of that food is produced elsewhere (the total GDP contribution from food – wholesale/retail/restaurants – is about \$1 billion per year). Promoting consumption of locally produced food and beverage consumption can contribute to GDP growth due to import substitution.
Tourism	<p>A successful tourism industry requires attractions, service providers and promotion. Investments in tourism infrastructure will help boost the number of tourists and their satisfaction rates. The Bay of Fundy and its surrounding parks, trails and attractions is New Brunswick's most sought after tourism offering. Fundy National Park already attracts 230,000 visitors per year. With strategic infrastructure investments, industry collaboration and a comprehensive development strategy, we plan to co-create a unified Fundy Coast experience that will increase visitor traffic and tourism revenues.</p> <p>A significant number of tourism service providers around New Brunswick (inns, cottages, motels, tours, outfitters, guides, campgrounds, artisans, gift shops and stores) are small, often family operated, independent businesses with succession challenges that must be addressed. The ROI in promoting New Brunswick is significant and must be increased, creating a need for better signage throughout the province and more promotion to bring tourists to New Brunswick year-round.</p>
Maple syrup and maple syrup tourism	The provincial government is focused on developing complementary economic opportunities from its vast forests. A good example is maple syrup. Revenues from this sector rose from \$3 million in 2000 to nearly \$32 million in 2015, and they are poised for additional growth as a result of an expansion of Crown land for maple syrup production. The Department of Energy and Resource Development allotted an additional 4,400 hectares (ha) for maple sugar production last fall bringing the total Crown land allocation to 13,500 ha. New Brunswick is the third-largest producer of maple syrup in the world, after Quebec and Vermont. The industry creates about 2,300 seasonal and part-time jobs each year and that number is set to rise significantly. Plus, there are lessons to be learned on how to turn this industry into a tourism draw as it is in Vermont.
Energy East	Energy East is a large scale oil pipeline transmission project that would bring western Canadian oil for export through Port Saint John. It also involves investment in a new marine shipping terminal and oil storage facility. It could also enable other secondary processing opportunities. Government is pursuing multiple opportunities to ensure maximum economic benefit should the pipeline pass all regulatory hurdles. These include helping determine supply chain opportunities for New Brunswick firms, maximizing the benefits to New Brunswick's existing trades and heavy construction workforce, training young and First Nations workers on the skills needed to work in the heavy construction sector, and seeking other opportunities such as monitoring and dispatch activities.

<p>Sisson Molybdenum/Tungsten Mine</p>	<p>Mining is a high-value industry offering high wage jobs and royalty revenues to government. The Sisson Molybdenum/Tungsten Mine would be a large-scale investment in New Brunswick. It is one of the largest deposits of tungsten in North America. The mine would involve a \$600-million initial investment and create 300 ongoing jobs at the mine plus several hundred more in the supply chain and through induced impacts.</p>
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Economic mandates within government departments

A key part of the *New Brunswick Economic Growth Plan* involves implementation of an economic development mandate within each government department. Each will help determine potential growth opportunities and build a plan to ensure it is developed in a timely and effective manner.

Beyond the departments with an obvious impact on the economy – the Department of Agriculture, Aquaculture and Fisheries, the Department of Energy and Resource Development, etc. – virtually every department has some direct influence on economic growth and job creation. For example, the Department of Education and Early Childhood Development has been working to export New Brunswick’s secondary school curriculum and to bring international students here to study. There is significant potential to expand this model to

develop a new export industry while creating jobs and economic activity. The departments of Health and Social Development (which is responsible for Families and Children and Seniors and Long-term Care) are grappling with the issue of ensuring as many New Brunswickers as possible can live out their years in their own homes. This represents a significant opportunity for the private sector to develop innovative services in a cost-effective way for government and the public.

Departments will identify opportunities, and Opportunities New Brunswick, along with other departments as necessary, will foster economic growth and job creation. As with other economic development efforts, we will determine the role for departments using our five pillars:



Opportunities-based regional development

It has been estimated that more than 80 per cent of the decisions relating to where an entrepreneur will set up a business are related to the local community, not provincial or national factors. These decisions include the quality and availability of the labour pool, real estate issues, access to suppliers and transportation infrastructure, etc. It is important to have strong economic development resources in communities as advocates and champions to help entrepreneurs make this decision. This can be challenging, however, in a small province with a dispersed population. The ability of small communities to organize effective economic development teams has been a challenge for decades.

taken in one area may not be the same as in another, but the outcome will be that each region of New Brunswick has empowered and engaged local economic development teams.

We do not want to return to a centralized economic development model directed and funded by government. We will work with our local partners, including First Nations, to establish a new model. The approach

The elements of a successful regional economic development model include:

- local leadership – it is important for each region to have strong local leadership supporting development. This should include business, community and local government stakeholders. It should also include both volunteer time and financial support;
- a regional economic development plan focused on developing specific attributes and opportunities in each region of the province;
- a robust start-up support system to support entrepreneurs;
- local market intelligence – deep knowledge of the state of the local economy, labour market and key assets;
- infrastructure development – ensuring the region has the economic infrastructure it needs to support long-term economic growth, and
- active and focused support from the Government of New Brunswick via ONB.

Government will work with our partners to ensure all regions of New Brunswick have a strong economic development infrastructure.

All areas of the province have specific attributes, assets and industrial clusters which could be developed for further private sector investment. Charlotte County has the highest concentration of aquaculture workers in Canada adjusted for population size. Nearly one in 10 workers in Carleton County is employed in the agriculture sector – five times more than the overall Canadian economy. Restigouche County has the highest concentration of forest products employment among all regions, with more than nine per cent of the working population employed in related activities. Greater Moncton has the highest concentration of tourism-related employment of any region. The Acadian Peninsula has one of the best microclimates for blueberry development in the world. Fredericton has one of the highest concentrations of engineering talent of any urban centre in Canada. Saint John is home to a year-round, deep water port that handles an average of 28 million tonnes of diverse cargo annually with global connections to more than 350 ports around the world. Government will look to partners from around the province to define and develop opportunities in their respective regions.

First Nations economic development

Government will work with the First Nations to identify and develop opportunities. First Nations have relatively high unemployment and relatively low rates of entrepreneurship. Government will continue to have a robust consultation and accommodation process around large-scale development projects to ensure First Nations communities benefit from them.

Working with aboriginal leaders and entities such as the Joint Economic Development Initiative (JEDI) will do the following:

- encourage Aboriginal entrepreneurship;
- look at ways to expand the Aboriginal workforce and address emerging shortages in the overall labour market; and
- work with First Nations to develop and support growth opportunities.

Large-scale projects

Large-scale projects were a main driver of investment from 2000 to 2010, with more than \$8 billion invested in major projects. There are a number of new large-scale projects on the horizon including the Energy East pipeline and several mining and manufacturing projects, among others. These projects tend to involve multiple departments of the provincial government along with other government, industry and community stakeholders.

Government wants to ensure environmental impact assessments, permits, zoning and other decisions are made in a thorough but timely fashion. The Jobs Board Secretariat must ensure that there is strong coordination among the government departments and other stakeholders involved in the decision making process.

Positive return on the taxpayers' investments in economic development

One of the key elements of the *New Brunswick Economic Growth Plan* is a commitment to accountability for how government spends tax dollars to support economic development. Strategic taxpayer investment should lead to a positive environment for growth. Government must have ways to measure the effectiveness of the investment. Among the various levels of government, hundreds of people are involved in efforts to grow the economy. Are we getting value for that investment?

Calculating the return on taxpayer investment into economic development:

1. At the firm-level: If government is providing direct financial support to firms, government will ensure that a multiple of that investment comes back in the form of incremental tax revenue and government maximize the protection of taxpayers money through incentives that only materialize if the jobs are in fact created and the investments are made.
2. At the opportunity-level: If government is investing tax dollars into specific initiatives meant to foster growth in certain sectors of the economy, government will ensure that a multiple of that investment comes back in the form of incremental tax revenue.
3. At the policy or program level: If government is initiating new programs or policies to support economic development, government will find ways to assess if those investments are driving incremental tax revenue. This includes many investments in community-based organizations.
4. At the infrastructure level: If government is investing in public or private sector economic infrastructure, government will look to achieve a payback from that investment in the form of incremental tax revenue above the amount of the investment over a reasonable timeframe.

Five pillars of the *New Brunswick Economic Growth Plan*



PEOPLE

Strengthen our workforce



INNOVATION

Expand our capacity for innovation



CAPITAL

Grow investment from the private sector



INFRASTRUCTURE

Foster public and private sector investment in strategic infrastructure



AGILITY

Foster agility and nimbleness in the public sector and across the economy

Government will be able to achieve sustainable economic growth by focusing on key initiatives, programs and policies within each of the five pillars.

1. People: Strengthen our workforce

The primary focus of the *People* pillar is to ensure New Brunswickers have jobs and career opportunities at home. All of us who want to work should have the chance to stay in our communities. At the same time, government must focus on attracting talent:

- by keeping New Brunswickers here;
- by bringing back expatriate New Brunswickers; and
- by attracting new Canadians to the province.

This focus is important to support our workforce needs and to foster a strong demographic foundation. Businesses will not invest and grow here unless they can recruit and retain talent.

The *People* pillar has elements that focus on the short-term and others that establish a long-term foundation to develop and attract talent. Government has challenges to address now. Many companies are struggling to find workers; they are putting off investments that would create jobs because of this.

In the long run, access to a workforce which matches available jobs will be crucial to the vibrancy and growth of the economy. Our tightening labour market is not well appreciated, but it is likely one of the main causes of our recent economic weakness. In the 1970s through the 1990s, the labour market expanded by nearly 6,000 people on average per year. Between 1991 and 2008, it increased on average by more than 2,900 per year.

Deeper dive:

Bring the workforce back into balance

Between 2000 and 2014, the number of people in the New Brunswick workforce over the age of 55 swelled by more than 150 per cent. Over the same period, the number of people under the age of 45 declined by 16 per cent. The number of New Brunswickers collecting income from the Canada Pension Plan rose by 60 per cent while those earning employment income increased only marginally. In the near future, an estimated 80,000 more of us will retire. If we don't expand the base of young people working in the province, we could end up in a couple of decades with as many people retired as working. We need to build a strong base of younger workers to ensure the economy has the capacity for growth in the years ahead.

Between 2009 and 2014, the labour market started to decline. Based on current trends, the New Brunswick workforce will decline steeply in the coming years. There is overwhelming evidence that a declining workforce weakens an economy. If not addressed, the problem will get worse.

Building talent

Strategic Focus	Action Items
Improving literacy	Addressing potential barriers to literacy at a young age.
Targeting early childhood education	Bolster our focus on the early detection potential barriers to learning.
Improving k-12 education	Implement the 10-year education plan. Expand the secondary school focus on career readiness.
Strengthening post-secondary education	Significantly expand the number of post-secondary students that gain relevant career experience while attending school.
Focusing on the underemployed to improve basic skills	Help New Brunswickers who are lacking skills to get the training they need to join the workforce.
Aligning people-skills-jobs	Develop comprehensive, accessible, relevant and timely labour market information.
Improving opportunities for women	Ensure that more women are taking on leadership roles in government and in the private sector. Increase accessibility and affordability of childcare services. Achieve greater pay equity.
Expanding the Aboriginal workforce	Work with the Joint Economic Development Initiative (JEDI) to expand employment opportunities for our aboriginal population.
Supporting people with disabilities	Implement outstanding commitments from the 2012-2017 Employment Action Plan for Persons with a Disability.
Encouraging youth entrepreneurship	Expose more young people to entrepreneurship as a viable career option
Bringing jobs to people	Develop a province wide “home-work” strategy.
Expanding the 60+ workforce	Support older New Brunswickers who need training to get back into the labour market.
Building on the seasonal workforce	Encourage the student workforce to fill seasonal jobs (when not in school).

Deeper dive: ‘At risk’ export-based industries

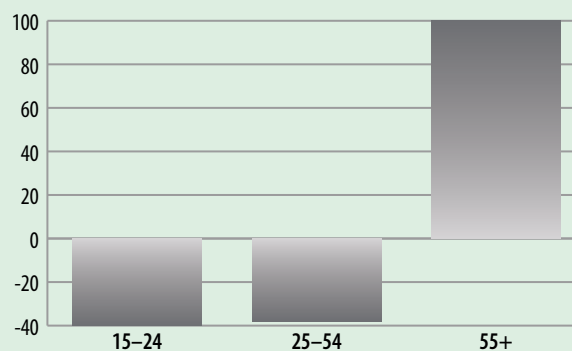
Many of the jobs in New Brunswick most at risk of disappearing are those paying at or less than the median provincial wage (\$20/hour) and that are “mobile” – meaning jobs that are here now but that could be done elsewhere. The recent challenges with fish plant workers represent the tip of the iceberg. At risk are many of our 20,000+ customer contact centre jobs, thousands of manufacturing and processing jobs, and warehousing and transportation jobs that could be based elsewhere. About 40,000 to 50,000

of us work in jobs that fit this profile. The inability to find workers in these sectors is becoming a drag on the economy. Every 1,000 jobs lost directly in these sectors translates into a loss of more than \$50 million in income (direct, indirect and induced effects). This leads to indirect and induced jobs lost as well as more than \$10 million in lost tax revenue annually. We need more jobs and growth. We must ensure our export industries can get the workers they need.

Deeper dive: The aging workforce and export-based industries

The aging of the workforce is particularly pronounced in many of our export-based industries. Manufacturing has lost nearly 11,000 jobs since 2000. The number of persons working in manufacturing that are younger than 55 has declined significantly during the past 15 years, while the number of persons 55 and older has more than doubled.

New Brunswick's manufacturing workforce by age group (per cent change, 2000 to 2015)



Source: Statistics Canada CANSIM Table 282-0008.

Attracting talent

Strategic Focus	Action Items
Expanding opportunities for young people to stay and build careers at home	Reduce the average student loan debt for New Brunswick graduates living here.
Attracting expatriate New Brunswickers	Expose New Brunswickers living across Canada to the job opportunities here at home.
Expanding the post-secondary student population with out-of-province and foreign students	Work with our universities and colleges to significantly expand the number of foreign and out-of-province students attending our post-secondary institutions.
Attracting immigrants	<p>Develop a highly targeted approach including:</p> <ul style="list-style-type: none"> • Development of firm-specific immigration plans for larger businesses that need a significant number of workers. • Immigrants as home-care workers to support the Home First seniors' strategy. • Immigrants as investors in our aging rural tourism infrastructure. • Immigrants to renew agriculture investment in rural New Brunswick. • Immigrant entrepreneurs to start up export-oriented companies and to invest in and support high-growth entrepreneurs who are already here. • A significant expansion of post-secondary foreign students to build the pool of future workers.
Attracting high-growth potential entrepreneurs	Promote New Brunswick opportunities and support services to high-growth entrepreneurs across Canada and beyond.

Deeper Dive: Immigration – a fundamental driver of economic and population growth

We must view immigration (economic migrants and refugees) as a source of workers for short-term job opportunities and as a driver of long-term economic and employment growth. This has been a major failure of immigration policy in the past. In the Toronto area, first-generation immigrants account for more than one-half of the total workers in the manufacturing and administrative services sectors. In New Brunswick, first-generation immigrants make up only three per cent of the workers in these industries.

New immigrant families increase demand for local products and services. Sixty-to-70 per cent of total economic growth is tied to household spending. More immigrant families will increase household spending, which will boost growth. Do we need available jobs to attract immigrants or will more immigrants create more jobs? This runs both ways. Jobs will attract more immigrants, but more immigrants will create the demand for more jobs.

Deeper dive: Co-operation within Atlantic Canada

The Atlantic provinces share many geographic, economic and demographic elements and face many of the same challenges holding back growth. We will work closely with our neighbours on issues such

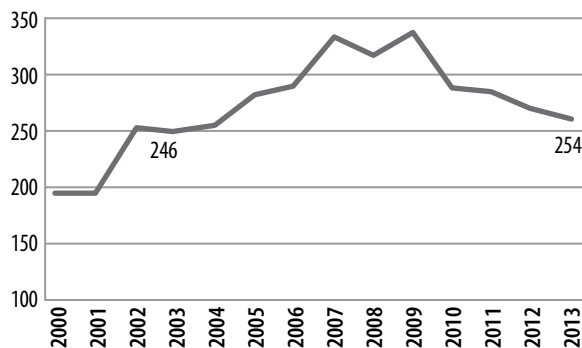
as immigration, interprovincial and international trade, red tape reduction, and other opportunities for growth.

2. Innovation: Expand our capacity for innovation and competitiveness

After a period of sustained growth between 2001 and 2009, gross domestic expenditures on research and development in New Brunswick started to decline. As of 2013, inflation-adjusted annual investment into R&D (public and private sectors) had fallen back to the expenditure level of the early 2000s. The business enterprise sector has witnessed the sharpest decline in R&D spending dropping by 56 percent between 2007 and 2013.

Gross domestic expenditures on research and development (\$Millions) – New Brunswick

Natural sciences and engineering, social sciences and humanities 2007 constant prices



Source: Statistics Canada CANSIM Table 358-0001.

The focus needs to be on encouraging the private sector to invest in research and innovation.

The subject of innovation has been part of the economic development lexicon in New Brunswick for nearly two decades. There have been multiple plans and initiatives meant to boost our innovative capacity as a province and increase competitiveness. These have resulted in modest progress yet the Conference Board of Canada recently gave New Brunswick an overall D- for its innovation capacity. Of particular concern, the province was given a 'D' in labour productivity. According to Statistics Canada, labour productivity in the business sector rose by seven percent across Canada between 2007 and 2014 which is not a particularly good performance. New Brunswick witnessed a decline of two per cent in labour productivity over the same period.

This represents a serious challenge. The economy of the province faces greater global competition than at any time in its history. Investment, talent and ideas flow across borders like never before. Our firms, institutions and the public sector must take innovation and competitiveness more seriously; otherwise our economy and, ultimately, quality of life will suffer.

Government needs to be innovative and has an important role to play both as a source of innovation and an enabler of new ideas and creativity across the economy. But what is the right role for government to foster innovation and competitiveness and thus create a positive environment for long term economic growth?

Government has a role to play in stimulating early stage research and creativity. It should foster an environment where entrepreneurs with innovative ideas can thrive and it should use government itself as a platform for innovation. Government needs to foster entrepreneurship

and start-ups and accelerate their growth across sectors of our economy, both social and economic.

However, government also needs to ensure that business-driven innovation is a core component of its strategy moving forward. Tom Jenkins, founding CEO of Open Text, a hugely successful Canadian technology company, has often been quoted as saying “Canada is so busy inventing, we forgot about innovation”. Invention converts money into ideas and innovation converts ideas into money. Government must continue to focus on the latter part of the formula while also encouraging the former.

Growing innovators

Strategic Focus	Action Items
Ensuring students are graduating grade 12 with innovation skills	Ensure students graduate grade 12 with innovation skills
Growing a culture of innovation in New Brunswick	Expand Innovation Week celebrations to increase New Brunswickers’ awareness of and confidence in our history and future as innovators

Boosting R&D

Strategic Focus	Action Items
Developing R&D and innovation support mechanisms	Work together with the major players to explore consolidation of our R&D and innovation support mechanisms
Boosting post-secondary led research and graduate students	Use targeted investments by government in post-secondary institutions to grow and scale graduate programs.
Boosting industrial and federal government R&D expenditures	Use targeted R&D investment by government to leverage private sector research and creation of commercialization ideas.
Developing a productivity and competitiveness agenda	Partner with industry and academia to explore ways to boost productivity and enhance technology adoption by New Brunswick businesses

Fostering commercialization, start-ups and growth

Strategic Focus	Action Items
Fostering more commercialization	Increase the number of researchers and entrepreneurs accessing funding, mentoring and market development services.
Supporting and advancing the start-up ecosystem	Ensure that our support for the start-up ecosystem is leading to more globally focused entrepreneurs.
Growing and attracting high-potential entrepreneurs	Boost our efforts to attract and grow potential high-growth entrepreneurs.

Supporting innovation labs

Strategic Focus	Action Items
Fostering new economic and social innovation models	Provide support to social innovation labs and social entrepreneurs to allow them to build capacity and implement solutions.
Investing in innovation-enabling infrastructure	Increase investments in strategic innovation infrastructure.

Becoming a smart province

Strategic Focus	Action Items
Embracing open data	Establish a shared Open Data portal and release data sets rapidly and regularly.
Using IT to better connect residents to their government	Establish a single, secure digital ID for residents.
Expanding the number of online government services	Support the growth of participation in the nb+ digital lab.

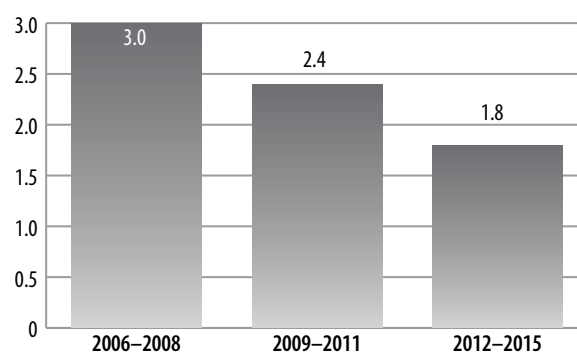
3. Capital: Grow investment from the private sector

Private-sector capital investment is critically important as an enabler of long-term growth. Company-level investment in forest products mills, other natural resources, manufacturing, back offices, research centres and other activities show confidence in the economy. It also shows a long-term commitment, as those expenditures need to be amortized based on the success of the firm in the province.

To make those long-term commitments and deploy capital, companies must view New Brunswick as a good place in which to invest and make profits.

Annual private-sector capital expenditures between 2012 and 2015 were down by \$1.2 billion per year compared to 2006-08 (a 40 per cent decline). This is one of the main reasons for the recent weakness in our economy.

Average annual private sector capital investment in New Brunswick (\$ billions)



Source: Statistics Canada CANSIM, Table 029-0048.

The *New Brunswick Economic Growth Plan* focuses government efforts on strategic areas that will foster the conditions to increase private-sector investment.

Deeper dive: Capital investment and the momentum effect

Companies that rely primarily on local markets base their investment decisions on the perceived health of the local economy. If the population is growing, if other industries are expanding and if there is a

positive momentum in the economy, they are more likely to invest, creating a cycle of investment and fostering growth. After seven years of stagnation, we must build momentum in our economy.

Ensuring fluid capital markets

Strategic Focus	Action Items
Ensuring companies large and small have access to a range of growth-financing options	Better promote New Brunswick firms to national and international venture capital firms.
Developing a measure to assess the quality of access to capital	Work with the Financial and Consumer Services Commission to broaden the data in their annual report on access to capital.

Implementing a new model for government investments at the company level

Strategic Focus	Action Items
Establishing a more strategic role for government to encourage company-level investment	Foster more private growth capital over government grants and loans for financial support to industry.
Ensuring that the provincial government's investments in companies provides a solid return on investment (ROI) for the taxpayer	Ensure a tax-based return on investment when public dollars are invested at the company-level.
Encourage more private investment at the firm level	Ensure a tax and regulatory environment that encourages investment between companies here and those in international markets.

Fostering competitive government-controlled business costs

The government is committed to ensuring the business input costs it influences or controls remain competitive to encourage private-sector investment. This includes business taxes. Government is committed to provide

stability and predictability in tax policy. Government has already made several important business tax policy decisions that will help grow the economy.

Strategic Focus	Action Items
Working to ensure competitive government influenced or controlled business costs such as energy, taxes, fees, public land, royalties, etc.	Benchmark our government-influenced or -controlled cost environment with peer jurisdictions.
Ensuring New Brunswick has a competitive business tax environment.	Review all tax credit programs to ensure they have a positive effect on growth.

4. Infrastructure: Invest in strategic economic infrastructure

The government established a \$150-million infrastructure support fund (\$900 million over six years) to support the *New Brunswick Economic Growth Plan*. This investment is above the normal capital spending of government each year. The Strategic Infrastructure Initiative (SII) supports infrastructure that fosters growth and incremental job creation or helps make us more competitive. In this context, “strategic” includes infrastructure that directly enables incremental GDP, employment and tax revenue or that is foundational for long-term growth. This can include government-owned infrastructure such as strategic corridors for the forestry sector or infrastructure not owned by government but which drives growth.

When investing in the public sector, government will focus on infrastructure that supports growth or increases competitiveness. When investing in the private sector, government will focus on investments that provide a demonstrated, sustained boost in activity or that are critically important to long-term growth. It is more important than ever to ensure we have a growing economy generating new tax revenue that allows government to fund public services.

Government will also invest in externally owned and managed economic infrastructure that leads to a direct boost to GDP and job creation and provides an ROI in the form of incremental tax revenue. Government will also invest in projects that boost competitiveness.

Government will seek projects where there is a strong public interest and need for the investment. Examples could include infrastructure for R&D, infrastructure to support high-growth potential industries, ports, airports, rail, broadband infrastructure as well as tourism facilities. Brownfield redevelopment (i.e., the renewal of an older industrial or commercial area) that directly leads to economic revitalization, ongoing GDP growth, employment growth, etc. will also be eligible.

SII is already being used to support growth. The projects announced from internal SII projects created more than 900 jobs in 2015-16. External SII-funded investments announced in 2015-16 will create 3,100 person-years of employment and more than 1,200 ongoing full-time equivalent jobs after construction.

A main objective of SII is to make us more competitive in the long term. Investments that help our key industries and entrepreneurs compete in the global economy are a good investment for the taxpayer.

SII investments will support growth and provide a significant return on the taxpayers’ investment during the next decade. The focus will be on investing in projects that will return incremental tax revenue. This need for a strong direct ROI may be waived if the investment is shown to significantly boost an industry’s (or industries’) competitiveness.

Deeper dive: Strategic Infrastructure Initiative (SII)

Strategic infrastructure is defined as infrastructure that supports competitiveness and growth as well as incremental job creation. This can include internal (government-owned) infrastructure such as strategic corridors for the forestry sector or external infrastructure not owned by government but which drives growth. Examples could include infrastructure for R&D, infrastructure to support high-growth potential industries, ports, airports, rail, research, tourism, etc. The government is focused on investments that provide a demonstrated, sustained boost in activity or that are critically important to long-term growth. At a time of fiscal austerity, it is more important than ever to ensure we have a growing economy

generating new tax revenue that allows government to fund public services.

Not all infrastructure requires government investment. We should be careful not to use taxpayer dollars as a replacement for private-sector investment. If there are projects that can and should be fully funded by the private sector (i.e., the initial project investment is forecast to yield a solid return for private investors), the government should support them in other ways. However, there is a strategic need for government investment in projects with a strong public interest but with a limited private sector-based payback model for the initial infrastructure investment.

Supporting public-sector strategic infrastructure

Strategic Focus	Action Items
Managing government-owned strategic infrastructure	Include incremental economic activity as criteria for SII investments in government-owned infrastructure.
Developing strategic municipal infrastructure	Use SII investments in municipal infrastructure to build greater density.
Investing to foster more competitiveness	Use SII investments in public infrastructure to improve competitiveness.
Investing to drive efficiencies in government	Use SII investments to provide efficiencies in service delivery.

Supporting private-sector strategic infrastructure

Strategic Focus	Action Items
Improving transportation infrastructure to foster more competitiveness	Use SII investments in non-provincial government owned transportation infrastructure to improve competitiveness.
Developing strategic infrastructure to enhance innovation	Use SII investments to boost innovation capacity.
Investing in industry-specific infrastructure to foster competitiveness and growth	Invest in industry-specific infrastructure that improves competitiveness.

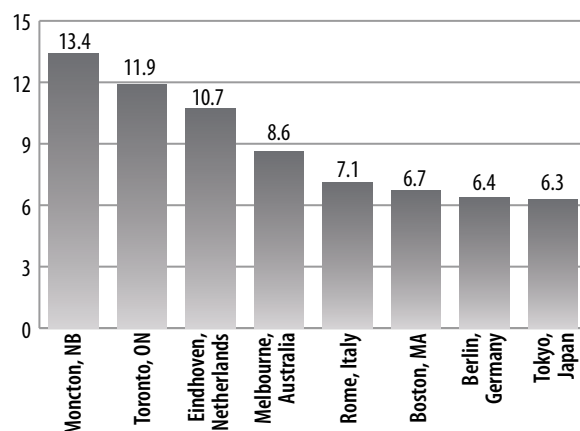
5. Agility: Foster agility and nimbleness in the public sector and across the economy

If we are to return to solid economic growth, New Brunswick must be a place where entrepreneurs believe they can make a reasonable return on their investment of time and money. In other words, we must be a profitable place in which to do business. There must also be opportunities for investment and the talent to support business expansion across the province.

In 2014, KPMG completed a review of the profit potential of 17 industries in more than 100 jurisdictions across the developed world. It looked at all operating and capital costs associated with these manufacturing and services industries, including raw materials, labour, transportation and taxes.

KPMG's review found New Brunswick compares favourably to the rest of the developed world. No U.S. jurisdiction offered a greater profit potential than we do, and only a handful of other jurisdictions could make the claim.

Profit margin (percentage of sales) for the average of all 17 manufacturing and service industries



Source: KPMG *Competitive Alternatives* (2014).

The KPMG report is just a snapshot, but it points to an advantage that we need to promote – for good companies with strong business models, we can be a good place in which to invest.

In addition to a competitive cost environment, there are other ways government can foster an environment conducive to investment. The *New Brunswick Economic Growth Plan* will work to address these issues.

Modernizing government regulation and process

Strategic Focus	Action Items
Leveraging procurement	Implement improved procurement tactics
Cutting red tape	Modernize regulations to reduce complexity, over-reach, obscurity and inflexibility.
Harmonizing regulations with other provinces	Continue to partner with Nova Scotia and Prince Edward Island to harmonize more regulations to benefit businesses working across jurisdictions
Ensuring timely decision making	Streamline processes to allow for timely decision making
Buying local and investing local	Build a buy-local bias into procurement processes. Continue to offer and improve tools for New Brunswickers to invest in local companies

Enhancing strategic trade policies

We will ensure our entrepreneurs can get their goods and services to customers, wherever they may be, under trade agreements that promote fairness, competitiveness, access and transparency. We will work to reduce

tariffs and trade barriers in partnership with the federal government and our provincial counterparts to open up as many global markets as possible.

Strategic Focus	Action Items
Fostering stronger interprovincial trade	Work with other provinces to ensure that our companies face limited barriers when accessing external markets.
Opening up new international markets	Develop specific export opportunities in global markets.
Ensuring international trade agreements reflect New Brunswick's priorities	Ensuring entrepreneurs are aware of the advantages of current and new trade agreements.

Conclusion: A strong economic foundation

A strong and sustainable economic foundation is the platform which government can use to invest in services like education and health care. The *New Brunswick Economic Growth Plan* is the roadmap government will use to coordinate the resources of government and address the five pillars. In summary government aims to:

- Strengthen the provincial workforce by developing and attracting PEOPLE;
- Expand our capacity for INNOVATION;
- Encourage more CAPITAL investment from the private sector;
- Foster public and private sector investment in strategic INFRASTRUCTURE; and
- Foster AGILITY and nimbleness in the public sector and across our economy.

The success of this ambitious strategy requires alignment of goals and funding priorities across all government departments, at the community level and with the private sector. Government will collaborate with public and private sector partners across the province to carry out the actions recommended by the economic growth plan.

This strategy lays the foundation for higher levels of sustainable and equitable economic development to drive growth for a brighter future for all New Brunswickers. Government is committed to implementing it and taking New Brunswick further along the path of progress, development and prosperity.

Through a coordinated effort, government will overcome the challenges currently facing the province, capitalize on opportunities and succeed together.

Spem reduxit — Hope Restored