

APRIL 2008

Energizing sustainable communities

SUMMARY OF PHASE 1 FINDINGS

BENEFITS BLUEPRINT
ENERGIZING SUSTAINABLE COMMUNITIES

Energizing Sustainable Communities

This is a period of real change in the history of New Brunswick. Growth is happening now. It is not just something we are chasing, it is real and it is here. More growth looks likely to happen, billions in investment, enough that it may profoundly alter our province's economy and, potentially, our society.

Major investments in capital projects are underway, including a new potash mine in Sussex, a Liquefied Natural Gas facility and accompanying pipeline in Saint John and the refurbishment of the NB Power Point Lepreau Generating Station. There are other major projects being examined, most notably the potential for a second oil refinery in Saint John and a second nuclear reactor at Point Lepreau. If these projects happen, others are bound to follow.

This growth is a key step on our journey to a self-sufficient New Brunswick. All told, the confirmed and potential direct investment may reach \$19 billion for these six large scale projects. These projects create other positive effects in the economy as well. Adding in this spin-off activity, the total is even larger, estimated at up to \$44 billion rolling through the provincial economy.

This investment will lead to extraordinary job creation, both permanent and temporary. The direct, indirect and induced job creation from the major capital projects amounts to approximately 33,000 new jobs.

This scale of growth represents a once in a lifetime opportunity to create a lasting impact on the lives of all New Brunswickers, bringing with it both significant opportunities and challenges along the way. It is our job to mitigate the risks and distribute the benefits.

When investment of this scale occurs, “good results” can happen with no planning. “Better results” can happen when a plan is in place. “Best outcomes” happen when a plan is fully executed. The unique opportunity before us is a call to action: we can build a legacy of sustainable, managed growth by ensuring we truly capture “best outcomes.” To do so, we must be strategic about our role as a province, as municipalities and as citizens.

There is good news in this regard. This growth will deliver a significant boost to municipal, provincial and federal tax coffers. The estimated tax revenue over a ten-year period, due to construction, housing and operations of these large-scale projects, is up to \$14.2 billion. On an annual basis, the tax revenue resulting from the operation of these large projects is close to \$1 billion.

This increase in revenue for all levels of government will give them additional resources to work with the private sector and communities to implement new programs or improve existing ones, all aimed at providing better services to the people of New Brunswick. We can work at reducing poverty, improving infrastructure and spreading prosperity while simultaneously improving New Brunswick's long-term economic competitiveness.

The ultimate goal is clear: the growth must be about people. We must ensure that everyone, in every part of New Brunswick, benefits.

We can work together to address these opportunities and challenges for the long-term.

A Decade of Transformational Growth Ahead

Forecasted...

- investment directly related to proposed industry projects: up to \$19 billion.
- investment including direct, indirect, and induced expenditures: up to \$44 billion during the construction phase, plus \$3.6 billion during the operational year.
- jobs created directly from proposed industry projects: at peak, close to 8,600.
- total jobs created through direct and spin-off activity related to proposed industry projects: at peak, over 33,000.
- total tax revenue over a ten-year period, due to construction and first year operations as well as associated housing industry impacts of proposed industry projects: up to \$14.2 billion.
- tax revenue annually, based on proposed industry project operations alone: close to \$1 billion.

That means taking immediate action to ensure we build capacity in our labour force and improve the productivity and competitiveness of New Brunswick businesses to ensure the projects have the conditions needed to succeed.

A key to all this is continued cooperation between governments, communities and the private sector. Nothing must be taken for granted. The people of New Brunswick will be supportive of these projects only if it is demonstrated to them that the benefits will reach everyone.

If we do this right by working together, we can fundamentally transform our province, addressing fundamental issues like poverty, population decline and regional economic inequality, issues that have proven almost intractable for decades. The change can be profound.

Other areas in Canada and abroad have experienced rapid growth, not always successfully, and provide valuable lessons. Fortunately, New Brunswick is not facing a boom and bust scenario.

Rather, we are looking at growth similar to the Irish “Celtic Tiger” experience, where education was fundamentally linked to social and economic development; where they built infrastructure and institutions as the economy expanded, and where the community worked to attract more economic development as the initial wave unfolded. Our growth would be similarly steady and planned, setting the stage for generations of opportunity.

This is all within the realm of the possible, but only if we do this right.

First Steps

Different levels of government, community groups and individual citizens have been considering how best to plan to achieve a more prosperous future for New Brunswick. The Province of New Brunswick has set a goal to become self-sufficient by 2026. The Saint John communities, for example, are working together on a Sustainable Communities initiative, and the True Growth initiative. The architecture of growth is being established and tangible actions are already underway. Each is an important part of the overall puzzle, and together they have allowed our blueprint to focus on the areas where gaps exist.

Within these important and progressive planning initiatives, a

group of community leaders came together two years ago with the understanding that a comprehensive planning process was necessary to leverage the large-scale initiatives that were then in their early stages.

Intuition mandated that in order to achieve best outcomes province-wide – to maximize the benefits and minimize any issues – an integrated planning exercise had to occur in order to get out ahead of the coming change and to set a bold agenda.

Three key funding partners came to the table: Irving Oil Limited (proponent of the potential second oil refinery); the federal government, represented by the Atlantic Canada Opportunities Agency (ACOA); and the provincial government, represented by the Department of Energy.

The support from these partners was used to retain the services of a global consulting company with experience managing rapid economic growth associated with large projects. Hardy Stevenson and Associates Limited was selected as the consulting partner to work with a group of leaders and thinkers from key sectors across New Brunswick to put a blueprint in place to maximize growth. A core “Working Group” and a larger Advisory Forum were established.

The name for the initiative came easily – Benefits Blueprint. The outcome would be an action plan, a blueprint, to manage a period of transformative growth and energize sustainable communities province-wide.

“This is an extraordinary group. The leadership, commitment and vision for New Brunswick have been exceptional.”

~ Bob Manning, Chair, Benefits Blueprint

Reaching Best Outcomes

The team behind Benefits Blueprint recognized that their mission was to answer some fundamental questions. How do we make growth happen in a way that benefits the most people across the province? How do we ensure it helps our most vulnerable and disadvantaged citizens? How do we ensure the large projects happen effectively and pave the way for future investment? How do we ensure that host communities are not negatively impacted by rapid economic growth?

Together they began an intensive research, analysis and planning initiative designed to identify “best outcomes.”

Seven key focus areas

Many planning projects fall flat because their recommendations and reports don't create a solid business case that describes who is to do what, when, and at what level of investment.

The Working Group knew their 16 business cases needed to form a solid execution plan that would be a call to action. Many of the business cases focus on ensuring opportunities to benefit from this growth are managed so that they are made available to every New Brunswicker, while some focus on responding to the pressures created on the host communities for the projects. Together they fall into seven key focus areas, each requiring that we overcome significant obstacles and rise to meet substantial challenges.

Business and economy: The consulting team pointed out the opportunity to take steps to ensure that more investment stays in the province. A core goal is ensuring that economic benefits are distributed province-wide. This will involve supply chain development initiatives and other projects designed to improve productivity and minimize economic leakage outside the province.

Workforce expansion: Unemployment is at historic lows in parts of New Brunswick yet there is a persistent issue of too few people participating in the workforce, particularly for people with lower skill and education levels. The major projects underway or proposed require significant numbers of skilled workers and the spin-offs will create additional opportunities. We need to address workforce participation, repatriation, out migration, attract more immigrants and ensure that everyone can take advantage of these opportunities.

Training and education: In New Brunswick, education levels are generally lower than in other provinces. Our training and apprenticeship programs are not

aligned with the upcoming projects. We face challenges related to literacy rates, and many of our university graduates and skilled trades people leave the province for lucrative jobs elsewhere. These challenges require immediate, creative remedies tailored to upcoming employment needs.

Arts and culture: Arts and culture is a key element in attracting and retaining a skilled, diverse workforce. New Brunswick must build on its heritage to create a more vibrant artistic and cultural community.

Housing: In the host communities, housing is already being influenced by economic growth. Rent increases, challenges to find affordable housing, starter homes and executive homes, and an inadequate number of rental properties during peak construction employment all must be addressed.

Infrastructure: Host communities like Saint John need to identify and prioritize infrastructure requirements that will ensure an increase in population does not mean people are stuck in traffic, suffer from inadequate water and sewer services, do not have access to appropriate and timely healthcare services, and do not enjoy recreational facilities that round out their quality of life. These items are key to our success.

Community Interests: Community interests must be represented at every stage of this period of growth. In Saint John, for example, we need to improve the quality of life for the 25 per cent of citizens who live at, or below, the low-income cut-off. We need to improve and diversify child care options in the province. We need to find better ways to reach out to the vulnerable and disadvantaged. At the end of the day, if the most vulnerable do not see tangible benefits, we have not done our job.

Research and Analysis

The group pulled together a skilled team of consulting professionals from New Brunswick, across Canada and the United States. Research was undertaken to get a full understanding of the upcoming growth, when it was going to occur, what its demands would be, and how it would impact the province as a whole.

A starting point was the identification of seven key focus areas, helping ensure that no areas of society would be overlooked. The consulting team identified research data that delved deeply into questions relating to quality of life, sustainability, poverty levels, education, housing, workforce trends, immigration patterns and expenditure projections. Nine focus groups were held across the province in both official languages to assess the ability of New Brunswick businesses to participate in the projects.

The energy and industrial companies forecasting expansion were extremely cooperative, offering project data related to employment, project schedules, financial models, and more. This data has allowed the development of employment and population forecasts, housing needs forecasts and the development of a tax revenue / expenditure model that helped the Working Group to understand tax revenue potentially flowing to various levels of government from the projects.

The research painted a clear picture of the potential socio-economic benefits and impacts. The next step was using that economic model to brainstorm the actions that needed to be taken to reach best outcomes. A variety of positions were advocated, often passionately, but always collaboratively and collegially with the shared vision of what the outcome needed to be. Soon, a consensus emerged and the multitudes of ideas were narrowed down to the 16 deemed the most important, provided opportunities to be leveraged and were the most achievable. Business cases were then prepared for each.

The final 16 business cases create a powerful vision for the future of this province because they are fully interconnected and interdependent. New immigrants to the province, attracted by workforce expansion initiatives, need high quality healthcare, welcome services and housing options. The health care system needs skilled immigrant workers. Adequate housing is required to attract new health care workers – and so on.

It is important for New Brunswickers to ask: what good is growth if our families do not have the opportunity to benefit, or if it comes with some of the negative characteristics that we have seen elsewhere? Why would we consent to more growth under these terms? These are important questions and are precisely what the Benefits Blueprint is designed to answer.

Research Conducted

Background Memorandum

Large socio-economic studies need a place to start. The first report was a study of existing socio-economic conditions across New Brunswick. The study included an analysis of the data currently available and resources available to manage growth. In addition to gathering technical data, well over 100 interviews were conducted with a wide array of sources, including high school principals, environmental organizations, hospital staff, arts and culture communities, municipal staff and social agencies.

Lessons Learned from Rapid Growth

A review of the techniques and initiatives used by other centres around the world to prepare themselves to manage economic expansion was conducted, exploring key lessons from Alberta and Northern Ireland, including:

- recognizing the benefit of growth that occurs against the backdrop of mature institutions, existing infrastructure, and where leadership is in place.
- link education to social and economic development.
- build infrastructure and institutions as the economy is expanding.
- attract more industry as the current wave is underway.

Global Workforce Trends

An examination of global workforce trends, and an analysis of what it takes to attract workers in the face of national and global competition for skilled labour and reverse trends of population decline and out migration form the basis of this report.

Strengths and Gaps Analysis

The strengths and gaps analysis is comprised of an evaluation of the socio-economic demands that will be generated by the planned projects, compared to current levels of preparedness to manage growth.

Housing Report

The housing report includes a supply and demand analysis, an affordability analysis, projected housing requirements over the next ten years, and a segmentation of the housing market as compared to the workforce needs of the planned projects. Overall, the need for accelerated affordable housing was identified, more temporary housing and a strategy for building the right mix of new housing to serve both new and existing residents.

Technical Memorandum

Detailed technical review of existing conditions in employment, population and housing, and a comparison with forecasted impacts of proposed industrial projects.

Supply Chain Analysis

This report includes an analysis of the capabilities of New Brunswick businesses to successfully bid to provide equipment, goods and services to the new energy and industrial projects. It also includes the results of focus groups conducted around province.

Tax Revenue/Expenditure Model

The expenditure model is a forecast of direct/indirect/induced expenditures related to planned projects, and an estimation of tax revenue generated for all levels of government over a ten year period.

Summary of Recommended Actions

The following recommendations are the product of considerable debate, discussion, research and analysis. Each will lead directly to a better outcome from the growth that has already begun in New Brunswick. Each has a champion to build on the work done to date and continue to advance the recommendation.

An Action Plan for Progress

Our Blueprint consists of 16 action plans, each of which make detailed recommendations that will generate outcomes to help us address anticipated pressure points to prevent stress on our existing resources, and allow us to plan for the future, building resources to improve the standard of living for all.

Each of these action plans is now ready for execution. Several are already moving forward. Each has an identified champion, responsible for implementation. Their progress will be supported by a Project Management Office that is accountable to all New Brunswickers. It will continue to assess the impacts of growth while facilitating the activities required to implement the Benefits Blueprint recommendations. This Project Management Office will also report to the public annually during its initial three year mandate. It is anticipated it will be funded by both the private sector and government.

While the recommendations are ambitious, they are well within our anticipated means. The major projects underway or proposed will yield new tax revenue, significantly more than what will be needed to manage the anticipated growth in population. Implementing our Blueprint will require an investment roughly equal to less than one year's tax revenue from the operation and spin-offs related to these projects.

It is smart planning and a shrewd investment, one that will deliver a return to each and every New Brunswicker.

“Missing this great opportunity and doing nothing will be more expensive than investing now for the future,”

~ Dave Hardy, Principal, Hardy Stevenson and Associates Limited

Ensuring Opportunities throughout New Brunswick

1. Supply Chain Development Program

A Supply Chain Development Program designed to improve New Brunswick businesses' ability to sell products and services to major industrial companies and government infrastructure projects will reduce the flow of money to out-of-province businesses. This initiative will, among other things, identify and publicize purchasing specifications related to the major industrial projects, and better link smaller and medium sized businesses across the province into the supply chains of the large national and international firms.

2. Business Productivity Enhancement Program

A Business Productivity Enhancement Program will help local businesses increase their productivity so that they will be able to compete for, and win, the contracts that economic development will bring. This program will help participants analyze their current level of productivity, develop new programs and procedures, and identify the innovative approaches that will help them become more competitive.

3. Workforce Expansion Initiative

A Workforce Expansion Initiative will support the attraction and retention of skilled workers and their families through immigration, repatriation, and increased workforce participation for current residents. A key element of this initiative will be the establishment of a resource centre that will help in welcoming and settling newcomers to Saint John. This initiative supports and enhances the province's population growth efforts.

Matching Training to Opportunities for New Brunswickers

4. Energy Skills Centre of Excellence

An Energy Skills Centre of Excellence will develop an appropriately skilled workforce by crafting a degree, diploma/certificate and licence granting academic program located at UNB Saint John and the New Brunswick Community College (NBCC). The Centre will offer curricula to high school graduates with one year of general level college or university courses, and industry clients looking to upgrade the skills of specific employees. The Centre will also conduct sector-related research, incubate and spin-off new businesses, attract entrepreneurs, showcase new technology, and develop and test new applications.

5. Construction Skills Training Program

A Construction Skills Training Program will extend and strengthen the technical training offered by New Brunswick Community College (NBCC) Saint John Campus, and improve capacity – tripling the current number of graduates and attracting more women into the construction trades. The program will upgrade NBCC infrastructure, retrain and hire instructors, and establish apprenticeship incentive grants and scholarships.

Helping Priority Groups

6. Child Care Expansion and Upgrading

A pilot initiative to increase the capacity and quality of existing Saint John child care services will result in 3,750 regulated childcare spaces at the end of two years. It will support early years training and provide the family support that existing and new residents require. The initiative will result in new caregiver positions, training incentives, physical improvements to facilities, and a pilot project to launch an extended hours day care facility.

7. Education for Tomorrow: Support for Secondary School Students

By adopting successful approaches being used elsewhere in Canada, the multi-faceted Education for Tomorrow Program is designed to strengthen educational supports for at risk secondary school students. It will reach out to youth in host communities beginning in September 2009. Many youth, even if they finish secondary school, are currently at risk of unemployment or underemployment, representing an ‘untapped resource’ in the community. This initiative includes mentoring and tutoring programs, co-op programs, introduction to career choices and post-secondary bridging workshops, computer training, and financial support.

8. Priority Neighbourhood Capacity Building

A Neighbourhood Capacity Building Program will give an important boost to programs aimed at decreasing poverty. It will begin in key Saint John neighbourhoods by initiating a wide variety of projects including community safety, skills upgrading, literacy, poverty reduction, and civic engagement. The pilot program will focus on Crescent Valley, the Lower and Deep South End, Waterloo Village, the old North End and the Lower West Side. This initiative has a target of reducing poverty to below the Canadian statistical average over a 10 year period.

9. Develop and Integrate Social Enterprises

An initiative to develop and integrate social enterprises – those businesses who hire individuals with disabilities, a criminal history, or other barriers to employment – across New Brunswick (with a particular focus on host communities) will result in the creation of 200 new jobs for the “hard to employ” over the first five years. A Social Purchasing Portal will be developed to integrate these businesses and connect them with mainstream companies, with the goal of providing products and services at a competitive rate.

Protecting the Environment

10. Environmental Capital Committee

An Environmental Capital Strategy will be developed for the region that builds on the existing efforts to protect and enhance the natural environment of the host communities. It will result in adopting the very best environmental sustainability practices, increased recreational opportunities for residents and visitors, and an increased level of biodiversity and natural beauty. The main focus of this project will be to establish an Environmental Capital task force to develop a far reaching strategy for significantly strengthening sustainable development throughout the region. The outcome will be a variety of projects, such as a plan for a regional trail system.

Attracting and Retaining Talented People

11. Signature Maritime Destination

The world renowned architect Frank Gehry designed the Guggenheim Museum in Bilbao, Spain. Once opened, the small regional centre became a global destination. This might be a grand example, but the identification, selection and development of an iconic cultural landmark for the southwestern region that has both provincial and national significance will attract families and workers to the area. A landmark of this stature will also clearly generate increased business for the area surrounding the development, spin-off revenues from tourism traffic, and improved quality of life for citizens.

12. Cultural Strategy

We see New Brunswick as a vibrant and creative centre, attracting young entrepreneurs, artists and inventors. The development of a cultural strategy for the host communities will result in increased capacity to deliver cultural content to citizens and tourists alike. The cultural strategy will develop a Creative Convergence Centre for arts and culture in Uptown Saint John, craft a planning and governance model to support cultural development in the area, and increase tourism through the establishment of a flagship festival.

13. Healthcare Capacity Expansion Project

Like the arts, a strong healthcare system helps attract and retain in-demand workers. A Healthcare Capacity Expansion Project will upgrade the physical plant at the Saint John Regional Hospital, expand UNB Saint John's medical and health education program in coordination with Dalhousie Medical School, expand research and development programming, and implement a health care delivery model that will allow Health Authority B to meet the changing needs of a growing population at the community level. All services and physical facilities administered by Health Authority B will need to be re-focused based on a new understanding of future population, demographic and cultural changes.

Responding to New Opportunities

14. Industrial Land Readiness

A second wave of energy and industrial businesses are already evaluating development opportunities in New Brunswick. An Industrial Land Development Strategy will develop “shovel ready” industrial lands that are fully serviced and readily accessible, ensuring an expedited process of industrial development. It will create a phased approach to land development that will attract additional industries and facilitate economic spin-offs, redirecting revenue back into the community over the long-term.

15. Supportive Infrastructure

The creation of a consolidated, prioritized list of supportive infrastructure initiatives for the host communities will advance the selection, engineering design and financing of required capital projects. These include the upgrade of water and wastewater facilities, the streamlining of transportation infrastructure, and the provision of world-class recreational facilities.

Permanent and Temporary Housing

16. Immediate and Appropriate Housing Strategy

Whether our families, friends and neighbours continue to have suitable and affordable housing in a growing economy will be a measure of success of the Benefits Blueprint. Ensuring the provision of a wide range of housing options is a key component of planning in advance of economic growth in a region. This initiative delivers a variety of action-oriented housing initiatives to accommodate short-term and permanent workers. It not only expands accommodation options for low and moderate income households facing shortages of rental housing and escalating rent levels, but also provides for higher-end housing options to attract and retain senior executives and professionals.

Going forward

Many would argue the future has never looked brighter for New Brunswick. We have emerged through the crucible of our sometimes difficult history to stand at this point in time, with prosperity and opportunity before us.

But that prosperity is not assured. Nor is the way of life we cherish.

Benefits Blueprint is both a call-to-action and a plan, a thoughtful and strategic way to help ensure and maximize the coming growth to make certain that each New Brunswicker benefits.

It is not, admittedly, a cure-all. Think of it rather as a beginning, a foundation for the steps that must follow, each leading us closer to our shared goal of self-sufficiency and a more prosperous, progressive New Brunswick.