



## News Release

### **AGREEING ON SOCIAL CONTRACT KEY TO ADVANCING NB ECONOMY Industry, governments and citizens need to reach understanding**

**SAINT JOHN, NB – FEBRUARY 1, 2012** – New Brunswick’s abundant natural resources hold the answer to the province’s economic problems. But, according to The Atlantica Centre for Energy, the solution will remain out of reach unless industry, governments and citizens reach agreement on a “social contract” that satisfies the concerns of all groups.

In a discussion paper released today, The Centre concludes that a social license to operate is equally important as the physical permits required from governments and the capital investments from industry. “Seeking and earning a social license to operate is vital to the success of a jurisdiction’s resource sector,” notes John Herron, the Centre’s President in the report. “Industry and community partners need to develop this social contract together to ensure sustainable progress.”

Herron described the social contract as an agreement from all New Brunswickers to support the three objectives of ecological integrity, economic progress, and social development. “There are specific roles for the various stakeholders. From industry, we need good corporate citizenship. From government, we need robust, timely, and predictable regulations as well as effective enforcement of those regulations. And from citizens we need a willingness to grant a license to operate as long as the previously mentioned conditions exist.”

Herron explained the paper was developed to help advance dialogue in New Brunswick on how and under what conditions we can responsibly develop our natural resources. “Our province and our economy are facing significant challenges. Our government’s short falls in annual revenues, reliance on federal support, and our looming demographic crisis combine for a very daunting forward outlook,” said Herron. “Energy and natural resource investments continue to represent an opportunity for New Brunswickers to address a component of this challenge.”

Herron said his organization hopes New Brunswickers will consider the question: is there a satisfactory way to develop our natural resources to attract investment and generate wealth to contribute to our province’s essential social programs. The interconnection between our natural resources and our economy is explored. “The Centre firmly believes we can have both the economic development we need to sustain our economy, while at the same time protecting our environment and the concerns of our citizens,” he said.

The Centre's paper points out that over the last decade, Saskatchewan witnessed an economic renaissance largely driven by its natural resource sectors of oil and gas as well as other mining — notably potash. In the 1990s, the province was suffering from a declining population and a weak economy, in the years following, substantial investments in oil and gas development and potash mining turned around the economy. From a province that required equalization payments from the federal government in the early 2000s, by the latter part of the decade Saskatchewan had among the strongest economic performance in Canada and had eliminated its need for equalization<sup>1</sup>.

Herron notes that today just 62 per cent (\$4.5 billion) of the provincial government's budget of \$7.3 billion is generated from revenue sources (taxes and fees) in New Brunswick. The Province relies on Federal Equalization and Canada Health and Social Transfers for the balance. "New Brunswick's tax base cannot support our basic health, education, and social programming. Our situation becomes even more precarious given that the Federal Government is now beginning to wrestle with its own fiscal challenges. We need to find new sources of stable and long term economic activity," he said.

"There is also an important and mature role for community and environmental groups as partners in the development of our natural resources. We need to change the engagement paradigm between industry, government and these non-governmental organizations from one characterized by polarity to one that is focused on optimal outcomes for the residents of New Brunswick.

"Fundamentally, the public needs to have faith that their government will protect the province's natural environment — and their own personal property — while using our natural resources to build strong communities — economically, environmentally and socially," he concludes.

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**Complete text of the report can be found at [www.atlanticaenergy.org/publications](http://www.atlanticaenergy.org/publications).**

**The Atlantica Centre for Energy is an association dedicated to the sustainable growth and economic development of the regional energy sector. Serving as a bridge between corporations and the community, it provides a meeting ground for government, the education and research sectors, and the community at large to foster partnerships and engagement in energy-related issues and policy development.**

**For more information:**

**John Herron, President**

Direct (506) 674-9439 | Mobile (506) 650-1372

[john.herron@atlanticaenergy.org](mailto:john.herron@atlanticaenergy.org) | [www.atlanticaenergy.org](http://www.atlanticaenergy.org)

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