



2020-21 Budget Priorities: Finding Strategic Alignment

Discussion Document
Summary of Lobbying Initiatives to Provincial Government

Saint John Region Chamber of Commerce
January 2020

Introduction

The Saint John Region Chamber of Commerce is encouraged by the progress made under the government's current mandate. Top priorities among our organization include; the provincial deficit and debt, WorkSafeNB, municipal reform, red tape reduction as well as economic development. While we do feel the current government is heading in the right direction, it is critical to maintain a strong focus on debt reduction as well as foster economic growth.

In order to facilitate business growth and attract new investment, the provincial debt must be lowered. Rejuvenating New Brunswick's tax system will also be key in municipal reform. Premier Higgs has stated that government can be run more like the private sector. Similar to a business, the government cannot cut its way to success. Debt management, results-oriented decision making and efficiently run departments are among the things that can improve when government decisions are viewed through a business lens.

1. Vibrant and Sustainable Communities

The private sector pays close attention to costs, but it also looks for opportunities to grow. Similar to a business, government cannot cut its way to success. This is why our 2018 election platform was branded as "We Choose Growth".

Vibrant and sustainable communities are more than a priority, it is a shared goal between your government and your Chamber. New Brunswick's communities are diverse and there is a desire to focus on the differences between them, but the economy and a desire for our communities to grow and be vibrant and sustainable should serve as a unifying force.

The ability for governments to deliver essential services and economic development is directly related to the Province's financial position. All levels of government derive revenues from economic and business success thus establishing a strong fiscal position for the Province of New Brunswick is critical.

2. Energized private sector

Government and the business community play distinct roles in growing the economy. Government cannot create jobs, but they can remove barriers to help create conditions for growth. This, in turn, creates a tax base that is required to sustain health, education and social programs in our province

a. Competitiveness

The attempts we've seen to remove machinery and equipment tax exemptions this past year have illustrated what can happen when tax policy is made haphazardly on a piecemeal basis. Further cherry-picking certain parts of the tax code will not lead to a more fair and modern tax policy that encourages economic growth for our province.

At the motion 31 hearings before the Standing Committee on Law Amendments earlier this fall, we learned about the multi-year, multi-departmental review of the province's tax system lead by the Department of Environment and Local Government.

We are particularly pleased to know that economic development is a key consideration in the planned review. We would be keen to participate in any and all consultative processes regarding this year – our

members are interested in seeing the province develop a tax regime that is modern, fair and in line with current best practices – including all fees and taxes in the province.

The Chamber applauds a “made in New Brunswick carbon solution” which will ideally alleviate burdens for businesses. We will undoubtedly adjust our system in the future as we move forward and learn. The Chamber does look forward to seeing a plan that works for businesses, residents and government.

b. Regulatory Reform

Although there have been signs of progress over the past year, over-regulation is still hindering New Brunswick businesses’ ability to compete. The introduction of a government-wide initiative to reduce the regulatory burden on New Brunswick businesses by \$14 million by March 2021 is great progress. We also strongly support the Navigator Program that ONB launched this fall.

We encourage your government to continue this progress and take note of the success seen by Nova Scotia in the past three years. In 2017 the NS government formulated a goal of reducing the unnecessary regulatory burden to Nova Scotia businesses by \$25 million in 2018.

Red tape can be a frustrating issue to tackle since it is widespread and seemingly never-ending. Having clear annual goals to work on and assigning accountability will help operations run smoothly within government.

c. Workforce

It is well understood that given New Brunswick’s population and demographic challenges, the lack of labour in the short-term is a challenge that is growing daily. The province is expected to lose one-third of the current labour pool over the next decade.

We were pleased to see the province commit to welcoming 7,500 newcomers annually by 2024, an initiative highlighted in the new population growth strategy and action plan launched in August. Given estimates, this figure, roughly 1% of the population, will be the absolute minimum amount to maintain the workforce. With 7,500 newcomers annually – even if we are to assume that they can immediately integrate into the workforce – it will still leave NB with more than 45,000 fewer workers than today.

Currently, an increased effort into retaining the newcomers we are currently bringing in, as well as students (international and domestic) can be made by the Province.

New Brunswick has the opportunity to reshape its workforce for competitiveness and economic productivity in the long-term. It should be noted as new positions are vacant and created, a greater variety of skills will be required to fill them – i.e we won’t require the same skills to replace these 120,000 workers.

Newcomers: There are a growing and recurring theme (particularly in relation to the entrepreneurial stream of the Provincial Nominee Program) that we are hearing more and more from newcomers. Namely, that provincial government officials become much more difficult to work with and even contact once newcomers land in New Brunswick. We have anecdotally heard about communication issues between newcomers and the Department of Post-Secondary Education, Training and Labour at both the

policy and communication levels that, if unaddressed, will limit our ability to achieve the government's goal of a one-year retention rate of 85%.

Regarding workforce streams, better coordination between government, the private sector and associations to better prepare newcomers for working in Canada and getting their first job will help grow the available labour pool. Efforts such as ONB's Connector Program are important steps forward and should be maintained, along with funding to groups that are working with newcomers in this space. Efforts to encourage professional associations to accelerate and simplify international credential recognition would enhance our labour force and likely increase our newcomer retention rates. The variety of challenges faced by newcomers are complex and we must do our best to make their transition to life in Canada and a new business culture by not unnecessarily complicating their first two years here.

Post-Secondary Students: NB has an opportunity to do more to retain a greater portion of our post-secondary students in order to alleviate the current skills gap. We have many members of the Chamber who operate small businesses and are unable to hire a recent graduate who does not possess the soft skills required for the role.

Underrepresented Labour Pools: An increased effort can be made to include the unemployed or underemployed New Brunswickers who could join the workforce given the right supports, including indigenous people and persons with mental or physical disabilities. We encourage your government to work with these individuals and groups to pinpoint what supports are needed for them or the groups they represent to enter the workforce.

3. A Bright Energy Future

We have so much to be proud of in our region. But if you have been reading the headlines lately, you would know there's also been plenty of discussion about what the Saint John region and New Brunswick need to do to fuel economic growth. From economists and academics to business leaders and politicians, the general theme is the need for more private industry and more jobs. It's easy to get lost and focus on the work that needs to be done, rather than the work that's already happening. One of our region's best assets is one we don't even think about until we flip a switch or when we open a power bill. However, these days we've been hearing a lot about Saint John Energy. Our little utility on the west side is creating quite the stir with ambitious plans for our energy future.

In recent announcements, we've heard how Saint John Energy has attracted Montreal-based leader in SmartGrid technologies, CaSA, to set up shop in Saint John, as well as partnerships with T4G and OSI, to name a few. We've also heard that wind energy expert Natural Forces is working to build Saint John's first wind energy project and w

Recommendation: With that in mind, we would like to challenge us all to think a little differently. Rather than focusing on the roadblocks, what if we all took a page from Saint John Energy and instead focused on how we can create new paths and opportunities to drive our region forward? Let's support the organizations and businesses that are getting it right. Let's focus on what is working and make it better. Let's stop discussing our challenges for headlines.

4. Affordable and responsive government

Among Chamber members in the greater Saint John region, it is a top priority that government continues to reduce spending and increase efficiencies. Upon reviewing The Chamber's 2019/2020 annual survey, members indicate the top priority for business is economic development strategy and models. It will undoubtedly require more than simply an economic development strategy to ensure that private sector investment begins to outweigh that of public spending. The Chamber does have a sense the New Brunswick government is heading in the right direction and through providing input such as this, we hope to continue to build on this momentum.

In terms of fiscal responsibility, The Chamber congratulates the New Brunswick government on presenting a balanced budget and for beginning the process of provincial debt reduction. Steps to further increase transparency such as reporting quarterly actual results along with annual projections, the recent development and launch of an economic indicator dashboard are all welcome. Such strategic adjustments further increase confidence in doing business in New Brunswick and facilitate the discussion by businesses and individuals within the province.

As indicated in The Chamber's annual member survey, focus is required to improve our economic development efforts and increasing private investment. The Chamber is encouraged by efforts of Opportunities New Brunswick (ONB) over the past year. The province of New Brunswick continues to have a long road ahead, but there has been progress exhibited with regards to economic development and ONB has taken a great lead-in attracting new ideas and investment to this great province.

Last fall, a new, collaborative approach for ONB was presented that encompassed the business community in providing valuable input to help shape ONB's future direction through a review process. The Chamber has lobbied heavily for an economic development model that transcends politics and changes in government. Through this collaborative model, the province can bring stakeholders together in crafting a sustainable model that fits across the province and provide management of ONB at the time to let this strategy come to fruition.

In terms of next steps, The Chamber would like to see a greater focus on harnessing opportunities for better communication and coordination between departments. This may include but is not limited to; immigration services, permit approval processes, business startup processes for newcomers.

5. Provincial Health Care

In the province of New Brunswick, government must identify new efficiencies and increase access to primary health care. In working with Horizon Health and the NB Medical Society it is evident that as a province, we must continue to work in attracting and welcoming physicians to our community while seeking ways to expand easy and efficient access to primary care.

As a Chamber, we were pleased to hear of the phasing out of the physician billing number system, which will better enable health authorities to establish the number of physicians needed for programs and services. Moving forward look forward to learning more details about your government's plan for physicians in the near future.

6. High-performing organization

The government's 8 November 2019 news release states: "The government remains committed to ensuring public sector employees have the tools they need to do their jobs while fostering a work atmosphere that promotes a positive employee experience and increased engagement."

This is a laudable and important goal. Any private-sector employer knows that employees who have the right tools and are immersed in a positive environment will perform to the best of their abilities.

As a province, we also need to apply this thinking outwardly. We need to rehabilitate New Brunswick's image globally as a good place to do business. With some of the highest tax rates in North America, difficulty developing natural resources and a stagnant labour pool, we need to be able to offer something else while we work on those big issues. Building a reputation as a jurisdiction that is responsive, easy to start up a business and government actively fostering economic development is a good start.

Conclusion

In conclusion, The Saint John Region Chamber does applaud governments spending restraint demonstrated over the current government's tenure thus far, however, we do hope to expect a more detailed strategy moving forward in terms of the fiscal situation of our province with clearly articulated targets. Growing high-potential sectors such as cybersecurity, tourism and natural resource development or increasing exporting capacity for small business will bring in 'new' money to the province and grow our wealth – but it might take strategic support from your government to make it happen.

The Saint John Region Chamber of Commerce remains committed to working with government to help foster an environment of business success and fiscal stability. We are happy to provide information on local business conditions and sentiment and to act as a sounding board for new ideas from government that may affect business. Our members look forward to contributing to the province's economic wellbeing and sustainability. We all need to try to find strategic alignment wherever possible, maintain two-way lines of communication, focus on common goals and collectively choose growth.