

rebuilding NEW BRUNSWICK

Strategic Framework
to Support Priority Growth Sectors in New Brunswick
2012-2016

growing together

New Brunswick
Nouveau Brunswick

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Introduction

To ensure targeted and optimal use of resources, the Government of New Brunswick has identified six sectors which will be actively pursued as opportunities for economic growth over the next five years. These sectors have been recognized as candidates for growth for a number of reasons including their linkages with other sectors of the economy, their ability to build on existing resources or capacity, and their potential to create and sustain career opportunities for residents in both rural and urban New Brunswick. The six sectors are:

1. Aerospace and Defence
2. Biosciences
3. Information and Communications Technology
4. Industrial Fabrication
5. Value-Added Food
6. Value-Added Wood

These sectors are at various stages of development. The value-added food and value-added wood sectors are considered to be mature with firmly rooted operations throughout the province. The industrial fabrication and aerospace and defense sectors build on existing strengths, such as metal working and system components, to service new markets. The biosciences and information and communications technology are considered to be emerging industries whose products and services have the potential not only to create export revenues but also to support innovation and productivity improvements in other economic sectors.

In support of growth opportunities in these sectors, strategies containing strategic objectives and initial work plan items have been developed identifying activities for government, industry and other partners. Combined, the six sectors generate approximately 25 per cent of New Brunswick's Gross Domestic Product. When considering their importance to associated resource, transportation, distribution and service industries, the sectors impact well over half the provincial economy. Opportunities for growth in other sectors of the economy will continue to be evaluated upon presentation.

The focus of the strategies is the identification of means to grow the sectors, improve the competitiveness of New Brunswick companies, and to establish a process through which to monitor and report on progress. To reiterate, this initiative will serve to focus how government uses its financial and human resources to maximize economic development as it relates to these sectors.

Approach to Strategy Development

While led by the Department of Economic Development, the six sector strategies have been developed as provincial documents in partnership with relevant departments. A focus was put on integrating and building on the efforts of partner departments in order to promote a seamless approach to development of industries whose range of products, from primary to value-added, may correspond to the responsibilities of multiple agencies. For example, the value-added food strategy builds on the upstream activities of the Department of Agriculture, Aquaculture and Fisheries in developing the primary agriculture, aquaculture and fishing sectors as well as processing and marketing of seafood. Similarly, the value-added wood strategy focuses on adding value to the fibre resources managed through the Department of Natural Resources. The Department of Post - Secondary Education Training and Labour has a critical role in supporting all six sectors with respect to actions related to workforce and skills development. Each of the agencies which participated in the development of the strategies has an important role in implementation of action items over the coming years.

In order to validate the concepts under development, discussions related to priority areas of activity and investment were held with representatives from the Atlantic Canada Opportunities Agency and key industry stakeholders in each of the sectors.

Strategic Framework Structure

The present document has been developed to provide context to the overall strategic initiative and provide a framework for implementation. Each of the sector strategies has been developed using a standard format such that they can be viewed like chapters in a book. The following elements provide the basis for each strategy:

- Sector Definition
- Sector Overview
- Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis
- Pillars
 - People
 - Innovation and Productivity
 - Business Environment and Regional Co-operation
 - Access to Capital and Infrastructure
 - Market Access
- Performance Measurement

Strategic objectives for each sector were developed under five pillars which coincide with the economic development themes which had been identified by Future NB, a committee of business, academic, elected and non-elected government officials. The strategic objectives and related action items flow directly from the SWOT analysis for each sector. The sequence of the five pillars is random

and should not be viewed as prioritized. It is recognized that all are important and the relative priority would vary across the sectors.

People relates to ensuring an adequate workforce; both in terms of worker availability and skills. New Brunswick currently has an unemployment rate that hovers near 10 per cent; however, some sectors have to look outside the province to attract workers. This situation points to a mismatch between workforce and skills which needs to be addressed. Continuing education and skills improvement for existing management and technical workers, recruitment, attraction and retention of highly qualified professionals, corporate succession planning, as well as provision of high quality post-secondary education and training are all elements critical to success in building the talent pool.

Innovation and Productivity speaks to the importance of ensuring New Brunswick companies have information and support to enable targeted investments in acquisition or development of new technologies, and product diversification efforts. A strong network of institutional and corporate research and development is required to support continued industry innovation. Productivity improvements, whether through increasing energy efficiencies or continuous improvement with respect to management and processes, are key to competitiveness in a global economy. The knowledge-intensive industries, bioscience and information and communications technologies, support innovation and productivity improvements in other sectors and are considered to be enablers. Application of biotechnology will be central to innovative bio-product development by companies in the value-added wood and value-added food sectors. Information and communications technology applications will be important to new product development in aerospace and defense as well as to improving productivity in industrial fabrication operations; in fact, information and communications technology applications are expected to play a significant role in improving productivity in all sectors.

Business Environment and Regional Cooperation addresses the important role that governments can play in establishing the right conditions for industry to flourish. Considerations such as tax structure, the regulatory framework and associated cost of compliance, as well as trade matters, are important elements in ensuring a competitive business environment. Strategic business alliances or partnerships may take many forms and can be of benefit to companies in all sectors. Whether related to furthering research, innovation and new product development, production, packing and transportation arrangements, or accessing new markets and advertising, effective partnering can be an important contributor to business competitiveness. Working co-operatively with other provinces presents various opportunities to make the most of scarce resources; therefore, regional cooperation opportunities will be investigated as a means to strengthen New Brunswick's growth sectors. The Council of Atlantic Premiers and the Partnership Agreement on Regulation and the Economy between Nova Scotia and New Brunswick are structures in place to help facilitate collaborative efforts.

Access to Capital is considered a major obstacle to growth for many New Brunswick companies, and can be a particular challenge for sectors with long sales cycles or those whose main assets, such as human resources or intellectual property, are intangible and less appealing as collateral. Targeted financial programming aimed at addressing some of the gaps in private capital markets can be critical to enabling businesses to sustain themselves through difficult stages of the development cycle.

New Brunswick is well served with basic **Infrastructure** to support economic development, including a multimodal transportation system, comprehensive high-speed internet access and research facilities that can partner with industry. Government can continue to play a role in assisting development of industry via strategic investments where regional or sector-wide benefits are anticipated. Such infrastructure improvements can also play a significant role in attracting private investment. Recent examples of major strategic infrastructure investments would include those made towards modernization of the Port of Belledune and expansion of broadband coverage throughout the province.

Market Access focuses on positioning New Brunswick companies to capitalize on foreign opportunities as well as domestic markets in New Brunswick and Canada. Foreign market access will be influenced by the trade agreements that Canada has in place, but export readiness of companies will also be important. The domestic market is a potential strong source of demand for local companies. As the Province continues to deliver health care and education, and to build and support infrastructure, opportunities will be presented for local companies to supply associated goods and services.

Significant business opportunities are also emerging for New Brunswick companies with respect to participation in the supply chain of large capital projects in a number of Canadian markets. Industrial projects related to oil and gas and mining, as well as federal defence and shipbuilding procurement, will provide multibillion-dollar contract opportunities. Relationship building and partnering will be critical to successful market penetration as timelines for the letting of contracts are expected to be relatively long. An area that is increasingly important to ensuring market access for all sectors is certification of products or processes.

The certification needs of companies in the various sectors differ widely; however clients share a common desire for third-party assurances and companies will benefit from assistance towards achieving required certifications or qualifications.

Performance Measurement

Measuring the impacts of government programming and support is challenging given the impact of other factors beyond government's control, such as the global economy. The overall goal of supporting economic development is increasing the wealth of New Brunswick citizens and increasing employment in the population; therefore three key indicators have been selected to measure performance.

- **Gross Domestic Product (GDP)** refers to the market value of all final goods and services produced by the industry in a given period. Provincial GDP per capita can be considered an indicator of the standard of living.
- **Industry employment**, not only in terms of number of jobs but also in terms of income, is an important indicator of the number of people working and of how wealth is being dispersed amongst the population. It is important to work towards having the right number of people working and earning an appropriate income in order to create wealth amongst the population.

- **Productivity** has been described by the Conference Board of Canada as *“the single most important determinant of a country’s per capita income over the longer term.”* Productivity is measured as GDP divided by employment.

In addition to those key indicators, industry exports can be a valuable measure to differentiate money coming in to the province versus domestic sales. Recognizing that external factors can have an enormous impact on the measures above, comparative jurisdictions have been identified for each of the sectors in order to enable monitoring of progress relative to that of similar regions.

Mechanism for Implementation

Identification of objectives and actions to support continued industry development are the first steps in a process towards improvement, however, a solid plan for implementation is critical to the success of any initiative. The strategic actions identified with the six sector strategies are intended for collaborative action by industry and the two senior levels of government as appropriate. Government support towards priority initiatives may come in the form of financial programming, human resource efforts, advocacy efforts or through other means as yet to be identified.

To assist with implementation of the strategies, government-industry development committees will be established for each of the priority sectors. Government representatives will be appointed from provincial agencies, as well as federal development partners such as the Atlantic Canada Opportunities Agency where appropriate. This will provide a mechanism for a coordinated approach to funding of priority initiatives by federal and provincial agencies, avoiding duplication and maximizing leveraging of funds. Industry representatives will be from relevant associations, support or incubator groups, or individuals as appointed by the chair of the New Brunswick Industrial Development Board. The Industrial Development Board consists of deputy ministers from provincial departments and agencies with responsibilities related to economic development.

Each committee would be responsible for recommending priorities and developing an annual work plan to address those priorities. Work plans will then be presented to the Industrial Development Board for general approval and to the individual deputy ministers for approval of actions falling under their respective mandates. Annual submission to the Industrial Development Board will enable government to balance financial pressures and priorities amongst the sectors in addition to providing flexibility to manage workloads within the various supporting departments.

Annual work plans, activities and the results of specific strategic initiatives will be reported publicly within departmental annual reports as a means to ensure accountability and to communicate accomplishments. The framework for implementation builds in engagement of industry and development partners, flexibility to respond to changing industry needs and fiscal situations, as well as accountability with respect to use of public resources.