



# Saint John Board of Trade

Making It Happen For Business



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## **Presentation to New Brunswick Energy Commission**

**Thursday, February 17, 2011  
4:00 p.m. Fort Howe Hotel  
Saint John, New Brunswick**

### **Speaking Notes for Michael Murphy, Chairman**

*<<Check Against Delivery>>*

Mr. Volpe and Mr. Thompson,

Thank you for the opportunity to present to the New Brunswick Energy Commission this afternoon regarding the long term energy plan for our province.

My name is Michael Murphy and I am here as the Chair of the Saint John Board of Trade. The Saint John Board of Trade is a nationally accredited business organization dedicated to fostering an economic climate that enhances growth, prosperity, and an improved quality of life in the community.

We are pleased that you are taking the opportunity to fully consult with the Province on this vital issue and are working to develop a long-term energy policy that will guide future growth and development. You have a great opportunity to move our businesses, economy and Province forward in developing a comprehensive energy policy.

In an increasingly global market, New Brunswick finds itself in competition for business, jobs and workforce. A comprehensive energy policy will be part of the package that makes our Province attractive to companies, investors and workers. Likewise, however, it could also be part of the package that makes us less attractive.

Manufacturing industries, especially, have felt the impact of having some of the highest energy prices in North America. The result is New Brunswick companies become less competitive and lose business. The consequences of which are plant closures and job losses in our communities followed by emigration of our citizens which leads to lower tax revenue. This is a vicious cycle that has appeared and we have an opportunity before us to break the cycle and reverse it!

We would like to focus our comments on three key areas:

1. Energy competitiveness and jobs
2. Energy efficiency
3. Building on our existing energy assets

1. Energy competitiveness and jobs

The greater Saint John area has over 1300 employees directly employed in the forest industry. These jobs pay much higher wages than average jobs in NB (118% more). These jobs are important to our community in local spending as well as to the Province given the income taxes paid by these high wage earners. Equally important, however, are the 100's of small and medium size businesses, including Board of Trade members, that feed into these mills by way of the provision of goods and/or services.

Since energy costs can amount to up to 30% of a mill's operating cost, it is important that these costs be as low as possible. Without competitive energy rates our existing manufacturing base will shrink further still. Competitive energy is one of the most important criteria in attracting and retaining business. Immediate action is required to ensure remaining industries survive and long term solutions must be implemented to promote future investment.

2. Energy Efficiency

Energy efficiency is a critical component in our goal to reduce energy costs. Indeed, many businesses have significantly improved their energy efficiency, especially in the manufacturing sectors, however this has not made them more competitive over companies who are based in jurisdictions that have lower energy rates. We have an award winning program with Efficiency NB and should look to further capitalize on the expertise and knowledge this department has. The innovative ideas that have and can be developed in trying to find efficiencies can make us more competitive and environmental.

3. Building on our existing energy assets

We should recognize that New Brunswick does have great energy assets that we must leverage as we move forward. Southwestern New Brunswick, for example, has the largest refinery in Canada, recently expanded Potash mine, Canada's first Liquefied Natural Gas terminal and pipeline, and the Atlantic Canada's only Nuclear Power Plant. Combining the current physical energy assets with the people assets that we have will help create exciting new solutions and opportunities. We have the opportunity to develop shale gas exploration and mining in our Province. The investment from the private sector and the economic spinoffs of this are great. We need to have clear regulations surrounding the development of this sector to ensure the businesses and citizens are both protected in this venture.

We need to have a review of our assets and keep in mind that nothing is sacred!  
If Power Purchase Agreements or the sale of assets will ensure a more competitive and comprehensive energy strategy in our province then we should consider them. Our Province needs to have a reliable supply and reliable price of energy to make our province and the businesses that reside here more competitive.

A comprehensive energy policy should not only maintain existing industries but also encourage the expansion of these industries and foster the development and growth of new sectors in our economy, throughout the Province. Having stable, competitive rates with a professional regulator will make our province a more attractive place to invest and make our current businesses more competitive nationally and globally.

We wish you the best of luck in your deliberations following today's presentations which conclude your public consultations. We look forward to hearing your recommendations on the future of the Energy sector in New Brunswick.

Thank you.