



## One Year Later:

# The Crown Corporation “Invest New Brunswick”

Business people often say that civil servants can't manage the New Brunswick economy and they could do a lot better. To give the business community a chance to demonstrate how much better it could do than civil servants, the Alward government created the Crown Corporation “Invest New Brunswick” (Invest NB) in June 2011.

Ten top business leaders were appointed to manage Invest NB, and the goals they set for themselves are presented in Table 1.

**Table 1: Objectives for Invest New Brunswick  
As Set by Top Business Leaders**

1. Promoting N.B. as an attractive location for business investment.
2. Identifying and pursuing opportunities for strategic and commercially viable investments.
3. Negotiate and providing financial assistance when required and as appropriate to secure investments.
4. Managing portfolios of investments

It would be tragic indeed if the approach to managing Invest NB adopted by the business leaders were applied to all New Brunswick.

Consider:

- 61% of the money invested (\$5.18 million) went to already established businesses in the south, while only 39% (\$3.35 million) went to northern businesses. Thus, Invest NB made the inequalities between north and south worse!
- All of the businesses that received money were already operating in N.B. Thus, the business leaders were unable to start a single brand new business;
- 85% of the money invested was for subsidizing salaries, and only 15% was for modernization and technology for innovative processes.
- In its document *Rebuilding New Brunswick*, the provincial government targets six (6) priority-growth sectors. It is obvious that people at the head of Invest NB decided not to follow the government's plan.

The other side of this page provides a Report Card on Invest NB and, in Table 2, a summary of the investments made by the business leaders running Invest NB from Sept 2011 to September 2012.

### **Promotional approach taken by Invest NB:**

- The cost of manpower is lower in N.B.
- Location and installation costs are cheap
- Tax rates are low
- Energy rates are advantageous for commercial and industrial clients



**Invest NB Report Card: Feb 2011 – Sept 2012**

**1. New Business Creation**

Invest NB failed to create any new businesses. All the funded businesses were already in operation.

**2. Investing in Canadian businesses**

Most of the businesses subsidized were not from Canada. Some have business dealings worth more than the entire budget of N.B.

**3. Job Creation**

Invest NB only talks about job creation promises, not actual job creation numbers. The business leaders have not held themselves accountable or been open about actual job creation.

**4. Handing out money**

In less than one year, Invest NB handed out \$8.5 million of our tax dollars to only eight businesses. The business leaders can dish out money, but show no vision in terms of alternative models of community economic development.

To date, the top ten business leaders ‘managing’ Invest NB have not shown any particular skills in creating new businesses, creating new jobs, or investing in Canadian companies. They were able to hand out money. In summary, the Invest NB’s results to date are an embarrassment.

**Table 2. Tax dollars handed out by Invest NB between February and September 2012**

Company	Place	Payroll Rebate (\$)	Other types of investments (\$)	Number of jobs created	Money given to create one job (\$)
FFG Canada (International Co-Enterprise)	Bathurst	700 000	Loan-Grant:\$300 000 \$500 000 <sup>2</sup>	26	26 923
Genesys Laboratories Canada	Saint John	300 000	0	30	10 000
Xplornet	Saint John	484 000	0	55	8 800
Radian6	Fredericton	3 800 000	0	300 <sup>1</sup>	12 666
Élite (International Co-Enterprise)	Moncton	495 000	0	25	19 800
Thing5	Bathurst	275 000	\$77 000 <sup>2</sup>	51	5 392
Superior Tank Ltd.	St Stephen	0	Forgivable Loan: \$100 000	0	Not applicable
Aditya Birta Minacs	Bathurst	1,200,000	\$300 000 <sup>2</sup>	200	6 000
<b>TOTAL : \$8 531 000</b>		<b>\$7 254 000</b>	<b>\$1 277 000 (\$877 000<sup>2</sup>)</b>	<b>687</b>	Average cost \$12 797per job

<sup>1</sup> The Press Release said that 300 jobs will be created but there are no indications on the number per year..

<sup>2</sup> Northern NB Economic Development and Innovation Fund

