

NEW BRUNSWICK'S CPAs: An economic impact report

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Updated March 2023

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EXECUTIVE SUMMARY

This report was prepared to show the economic footprint associated with the Chartered Professional Accountant (CPA) workforce in New Brunswick. The work that CPAs do is critical to the economy, and they also generate significant economic activity through business-related spending and the spending of household income in the province.



THE ECONOMIC FOOTPRINT OF NEW BRUNSWICK'S CPAs

In 2021, the business and household spending associated with the 2,253 active CPAs in the province:

- ✓ Boosted provincial GDP by \$418 million.
- ✓ Supported \$317 million in total income.
- ✓ Supported 3,000 full-time equivalent jobs across the province.
- ✓ Generated \$136 million in tax revenue for governments including \$77.5 million for provincial and local governments.
- ✓ The income induced by CPAs led to \$262 million in household spending on goods and services including \$60 million on shelter costs, \$59 million on transportation and \$41 million on food.



THE POTENTIAL BENEFITS FROM GROWING THE CPA WORKFORCE

In 2021, the accounting services sector in New Brunswick generated \$274 million in provincial GDP and supported and supported 3,300 jobs.

- ✓ The sector generates on average \$40 million worth of interprovincial and international export revenue per year.
- ✓ Boosting export revenue to national per capita level would increase provincial GDP annually by \$24 million and provincial and local tax coffers by \$3.9 million.
- ✓ The average CPA*:
 - Boosts provincial GDP by \$186,000/year.
 - Supports \$116,000 in household spending on goods and services.
 - Induces an estimated \$34,000 in tax revenue for provincial and local governments.
 - Based on these multipliers, an additional 500 CPAs in New Brunswick would boost annual GDP by \$93 million, total income by more than \$70 million and provincial/local tax revenue by \$17 million.

**through direct, indirect and induced impacts.*

EXECUTIVE SUMMARY (CONT.)



FOCUSING ON GROWING THE CPA TALENT POOL

The accountant and financial auditor workforce is distributed across the economy with 44% employed in the accounting services sector, 19% in public administration/health care/education, 9% in manufacturing, 5% in finance and insurance and 6% in trade.

The Conference Board of Canada prepared a CPA supply and demand forecast through 2030 and estimated there would be a small surplus of CPAs during the period.

However, the Board's forecast was based on a weak economic outlook. A stronger outlook would lead to more domestic demand for CPAs. Further, as shown in Section 4.1, a 10% annual exports growth rate in the accounting services sector would create a 330+ CPA deficit through 2030.

To ensure a strong talent pipeline, CPA New Brunswick and government should focus on:

- ✓ Boosting the talent pipeline in the province's universities (only 0.9% of the national graduates in 2020).
- ✓ Continuing to encourage young women into the profession.
- ✓ Attracting immigrants coming to Canada with an accounting background (there has been a significant increase in recent years).
- ✓ Work deliberately to attract more visible minorities and Indigenous persons into the CPA workforce (Indigenous currently only 1.7% of accountants and financial auditors).
- ✓ Continue to ensure a bilingual CPA workforce (a NB-specific advantage).
- ✓ Continue to promote self-employment as a career avenue for young people considering the profession.



THE CASE FOR CPAS TO LIVE AND WORK IN NEW BRUNSWICK

There is a strong case for CPAs to build their careers in New Brunswick:

Reason #1: The cost of living is lower here (example: average household spending on shelter is 63% higher in Ontario).

Reason #2: Commuting to work times are much lower here (CPAs can cut their commute times from an hour or more down to a few minutes).

Reason #3: City, country and waterfront living is open to everyone.

Reason #4: New Brunswick has limited crime and strong social cohesion (example: 82% of adults report having limited stress in their lives).

Reason #5: There are a broad range of career opportunities for CPAs.

Reason #6: CPAs can live and work in both English and French.

MARCH 2023 UPDATE: KEY HIGHLIGHTS

THE ACCOUNTING SERVICES GDP CONTRIBUTION REBOUNDED IN 2021

- The real GDP contribution from the New Brunswick accounting, tax preparation, bookkeeping and payroll services sector (accounting services) increased slightly in 2021 (up 3.1%). The real GDP contribution from the sector is still down 15% between 2015 and 2021.

EXPORT REVENUE ROSE IN 2019

- Export revenue from the sector increased to \$43 million in 2019 (up 18% versus 2018) but still off the \$50+ million level in 2012/2013. Most of the export revenue comes from international markets.

THE SECTOR IS MORE PRODUCTIVE

- Labour productivity in the accounting services sector held steady in 2021, and remains slightly higher than the country overall (GDP per hour worked).

THE NEW BRUNSWICK UNIVERSITY TALENT PIPELINE IS DECREASING

- Annual graduates from New Brunswick universities in accounting and related degrees dipped in 2020 to only 111 after a recent high of 147 graduates in 2019. This may or may not have been related to the pandemic, but it is important to note that across the country graduate levels remained about the same. Relative to the size of the accountants workforce, New Brunswick universities are graduating 36% less compared to the country overall.

BUT DEMAND REMAINS STRONG

- According to the 2021 Census, 27% of accountants are 55 and older up slightly from 2016. The share is similar to the country overall.
- 24% of accountants are under the age of 35, slightly less than the national accountants workforce (28%).
- In Q2 2022, there were 70 job vacancies in the financial auditors and accountants occupational group. The number of vacancies has been rising in recent years (only 25 in Q2 2016).

IMMIGRANTS ARE PLAYING A LARGER ROLE IN THE WORKFORCE

- Between 2016 and 2021, New Brunswick more than doubled the number of immigrants in the accountants workforce (from 165 to 335). The share of the accountants and financial auditors workforce in the province who were born in another country, increased from 6% to 12%.
- In 2022, IRCC reported 165 immigrants with an accounting background were granted permanent resident status with New Brunswick as their intended destination. This included 60 as financial auditors and accountants and 100 as accounting technicians and bookkeepers.

OTHER WORKFORCE UPDATES

- The share of accountants and financial auditors who identify as a visible minority rose from only 2% in 2016 to 10% in 2021.
- The share of Indigenous accountants and financial auditors in the New Brunswick workforce rose slightly from 0.7% in 2016 to 1.7% in 2021.
- Females as a share of the accountants workforce dipped to 53% in 2021.
- The self-employment amongst accountants remained at 15% in 2021 but has risen in every other province except one.

1. INTRODUCTION

1.1 Purpose of this report

The purpose of this report is to summarize the economic impact of New Brunswick's Chartered Professional Accountants (CPAs) across the province. New Brunswick's CPAs play a vital role ensuring a well functioning economy. They are engaged in strategy development and important services provision in all sectors of the economy. They provide assurance services, tax planning, forensic accounting, business valuation and succession planning, process improvement services and more. In short, they are critical to the successful functioning of a modern economy.

The report has three main objectives:

1. To establish the economic footprint of CPAs in New Brunswick including GDP, income, employment, household spending and tax impacts.
2. The benefits of recruiting more CPAs to live and work in New Brunswick.
3. The desirability of working as a CPA in New Brunswick.

Note: This report was updated in March 2023 to reflect new Census data.

2. THE ECONOMIC FOOTPRINT OF THE CPA WORKFORCE IN NEW BRUNSWICK

2.1 The economic impact model

The economic impact model used to estimate how the CPA workforce impacts the economy is based on Statistics Canada's Input-Output (I-O) tables which provide a detailed profile of how expenditures in specific sectors flow through the provincial and national economy as well as through international trade. This assessment is based only on the employment income and related spending associated with the workforce itself and not an assessment of the critical economic role CPAs play in a successful economy.

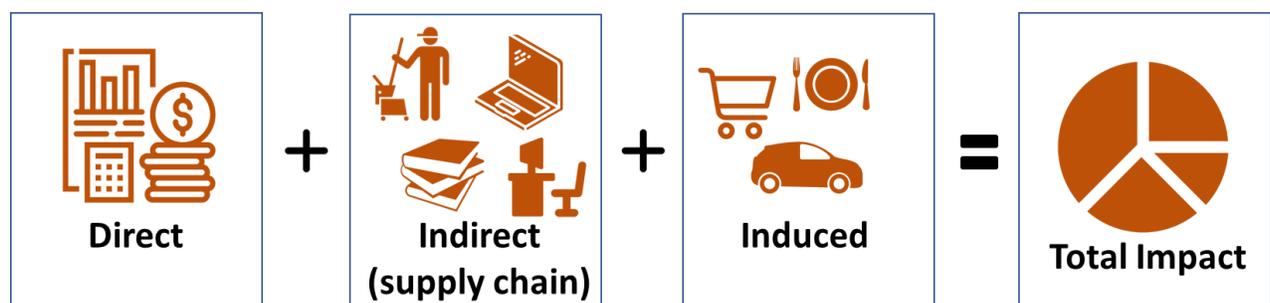
Essentially, most of the work CPAs do in New Brunswick could be accomplished from elsewhere in Canada. Employers prefer to have their CPA workforce in the province and companies that offer accounting services also would prefer to have their workforce live in the same communities as their clients. However, with the rise of remote working, it is possible that an increasing amount of the vital work CPAs do could be handled by the workforce outside the province.

By showing the economic impact of the workforce in New Brunswick and the potential for future growth, this report is making the case that a focused effort should be made to ensure the CPA workforce and talent pipeline continues to thrive in New Brunswick.

The economic impact model evaluates the direct, indirect and induced economic impact, using the following parameters:

- *Direct impact* measures the value-added to the economy attributed directly from the CPA workforce through the wages earned, and the revenues generated from the workforce spending in New Brunswick.
- *Indirect impact* measures the value-added generated within the regional economy through firm and organizational demand for intermediate inputs or other support services (e.g. the supply chain). For the CPA workforce this includes such expenditures as office space, equipment, technology, and other services.
- *Induced impacts* are derived when the CPAs and other related workers in the aforementioned industries spend their earnings. These purchases lead to more employment, higher wages and increased income and tax revenues, and can be felt across a wide range of industries.

Figure 1: Economic multipliers



The I-O tables trace the impact of economic activity (output shock) on the provincial and national economies (including imports and exports). In addition to the GDP and employment impacts, the economic impact model estimates the amount of tax revenue supported by the industry as well as consumer spending impacts.

Most of the data included in this report is published by Statistics Canada. Annual revenue, direct gross domestic product (GDP), economic multipliers and other statistics are primarily based on the industry group *accounting, tax preparation, bookkeeping and payroll services [BS541200]* (referred to in this report as 'accounting services'). As will be shown below, only approximately 44 percent of the accountants and financial auditor workforce is employed in the accounting services sector. However, it is likely the indirect expenditure profile of CPAs in government, manufacturing or other sectors would approximate that in the accounting services sector. Appendix A includes a detailed description of the economic impact model and sources.

2.2 New Brunswick CPAs: GDP and employment impacts

To determine the overall economic impact of CPAs in New Brunswick, an estimate of the direct total compensation paid to them is required. According to CPA New Brunswick, as of 2022, there are 2,253 active CPAs working across the province. To determine the total labour income paid to these CPAs, the CPA Canada Membership Compensation Study was used. In that study, total compensation is defined as follows:

- For employees, compensation includes base salary, bonus and other non-base income (excluding benefits).
- For partners/sole practitioners, compensation includes net income from being a sole practitioner or partner of an accounting practice (including withdrawals, bonuses, salary, dividends, etc.).
- For owners of other businesses, compensation is net income from being an owner of a business or an independent contractor (including withdrawals, bonuses, salary dividends, etc.).

Based on the 2019 edition of the study, the average CPA in Atlantic Canada reported a total compensation of \$126,000 per year. The study only reported New Brunswick CPA average compensation based in Saint John, Fredericton and Moncton. In Saint John, the average total compensation was \$135,000. In Moncton it was \$119,000 and in Fredericton it was \$115,000. Although most CPAs in New Brunswick are located in the three big urban centres, there are others working in the rest of the province.

Cross-referencing with Statistics Canada's Census and other data sources, the average total compensation for a CPA in New Brunswick in 2021 was estimated to be \$115,000. This results in total compensation of \$259 million paid to the CPAs in New Brunswick.

Using the economic multipliers discussed in Section 2.1 above, the total compensation paid to the CPAs combined with indirect and induced economic activity boosted provincial GDP by an estimated \$418 million in 2021 (Table 1). To put this into perspective, this represents nearly 1.4 percent of total provincial GDP and a contribution similar to the total tourism industry in the province¹.

As discussed above, New Brunswick CPAs work in all sectors of the economy, but to put the CPA GDP contribution into context, the accounting, tax preparation, bookkeeping and payroll services sector alone in New Brunswick boosted provincial GDP in 2020 by an estimated \$347 million (direct, indirect and induced effects combined). While there are non-CPAs working in that sector, the vast majority of that GDP is related to the income associated with CPAs. Combine the accounting services CPA workforce with the CPA workforce in other sectors and this results in the total estimated GDP impact of \$418 million.

While the direct compensation of CPAs was an estimated \$259 million in 2021, there are indirect and induced income effects. Combined, New Brunswick’s CPAs boosted employment and related income in the province by an estimated \$316.6 million in 2021.

Including the indirect and induced employment effects, New Brunswick’s CPAs supported just under 3,000 full-time equivalent (FTE) jobs across the province in 2021. This is 2,253 active CPAs + an additional 746 FTE jobs supported from indirect and induced effects.

Table 1: Estimated economic impact of the CPA workforce in New Brunswick, 2021

Active CPAs in New Brunswick	2,253
Average total compensation	\$115,000
Total compensation	\$259,095,000
Impact on provincial GDP*	\$418,378,000
Total income supported*	\$316,614,000
Total employment supported (FTE)*	2,999

*Direct, indirect and induced effects combined. See Appendix A for sources and methodology.

¹ The provincial GDP from total tourism industries such as restaurants, accommodation and transportation. Source: Statistics Canada Table 24-10-0042-01.

2.3 New Brunswick CPAs: Taxation impacts

Because of the education, training and skills required to do the work, CPAs earn well above average employment income. This higher level of income translates into considerable tax revenue for governments. Based on tax multipliers associated with this level of income and the related economic activity, the estimated taxes supported by the CPA workforce in New Brunswick is shown in Table 2.

The household spending induced by the CPA workforce boosted sales tax (HST) by an estimated \$27.4 million in 2021 and personal income tax payments of an estimated \$68.7 million. Income-based property taxes supported in excess of \$6.4 million and that does not include non-residential property taxes which are included in the 'other indirect taxes' estimate. In total, New Brunswick CPAs supported an estimated \$136 million in taxes paid to all levels of government in 2021. The provincial and local governments in New Brunswick received an estimated \$77.5 million of that tax revenue.

To put this into perspective, just the provincial and local tax revenue induced by the CPAs would cover the salaries of over 1,000 teachers in New Brunswick or over half the spending on highway maintenance costs across the province every year².

Assessing the tax implications associated with the CPA workforce is important as it is not guaranteed to continue at this level into the future. The services that CPAs provide to their clients in New Brunswick could be done from other jurisdictions. Ensuring New Brunswick has a strong CPA talent pipeline and remains an attractive location for CPAs to live are key to ensuring this important economic engine continues into the future.

Table 2: Estimated taxes induced by the CPA workforce in New Brunswick, 2021

All levels of government combined:

Property taxes (households)	\$6,428,000
HST	\$27,433,000
Personal income tax	\$68,705,000
Other indirect taxes	\$33,686,000
Total taxes	\$136,252,000

Local and provincial governments only \$77,530,000

*Direct, indirect and induced effects combined. See Appendix A for sources and methodology.

² Sources: Statistics Canada 2016 Census and the New Brunswick government's budget for 2021-2022.

2.4 New Brunswick CPAs: Household spending impacts

The income induced by the CPA workforce in New Brunswick mostly turns into household current spending on goods and services and therefore benefits businesses large and small across the province. As shown in Table 3, New Brunswick's active CPAs boosted household spending in New Brunswick by an estimated \$261.6 million in 2021. Total food expenditures were an estimated \$41.2 million including over \$12 million on restaurants alone. Shelter costs, including mortgage payments/rent and associated costs of operations and maintenance, were an estimated \$59.6 million in 2021.

New Brunswick CPAs were an important driver of revenue to the communications sector, including telephone and Internet services. In 2021, the income supported by CPAs boosted spending in that sector by an estimated \$10.8 million. The veterinarian and pet supplies sector generated an estimated \$3.7 million in sales and the household furnishings and equipment sector received a \$10.5 million boost as a result of the CPAs. Another big winner is the transportation sector as \$58.7 million of the total income induced by the CPAs went to cover the cost of vehicle purchases, gasoline, maintenance, etc. The health and personal care sector received a \$17.8 million boost.

The insurance sector in New Brunswick generated some \$20.7 million in sales as a result of the income associated with the CPA workforce. This included homeowner and tenant insurance, vehicle insurance as well as health and life insurance payments.

Table 3: Estimated annual household spending in New Brunswick induced by the CPA workforce, 2021

Total household spending induced by New Brunswick CPAs	\$261,564,000
Food expenditures	\$41,150,000
Food purchased from stores	\$29,123,000
Food purchased from restaurants	\$12,027,000
Shelter	\$59,602,000
Communications	\$10,820,000
Pet expenses	\$3,716,000
Household furnishings and equipment	\$10,517,000
Clothing and accessories	\$11,551,000
Transportation	\$58,660,000
Gas and other fuels (all vehicles and tools)	\$14,650,000
Maintenance and repairs of vehicles	\$2,866,000
Health and personal care	\$17,772,000
Personal care services	\$2,235,000
Hair grooming services	\$1,581,000
Recreation	\$20,080,000
Recreational vehicles and associated services	\$7,484,000
Operation of recreational vehicles	\$1,311,000
Insurance*	\$20,646,000
Gifts of money, support payments and charitable contributions	\$7,015,000
Other	\$35,000

*Includes homeowner and tenant insurance, vehicle insurance as well as health and life insurance payments. Direct, indirect and induced effects combined. See Appendix A for sources and methodology.

3. THE BENEFITS OF RECRUITING MORE CPAS TO LIVE AND WORK IN NEW BRUNSWICK

3.1 Growing the accounting services sector in New Brunswick

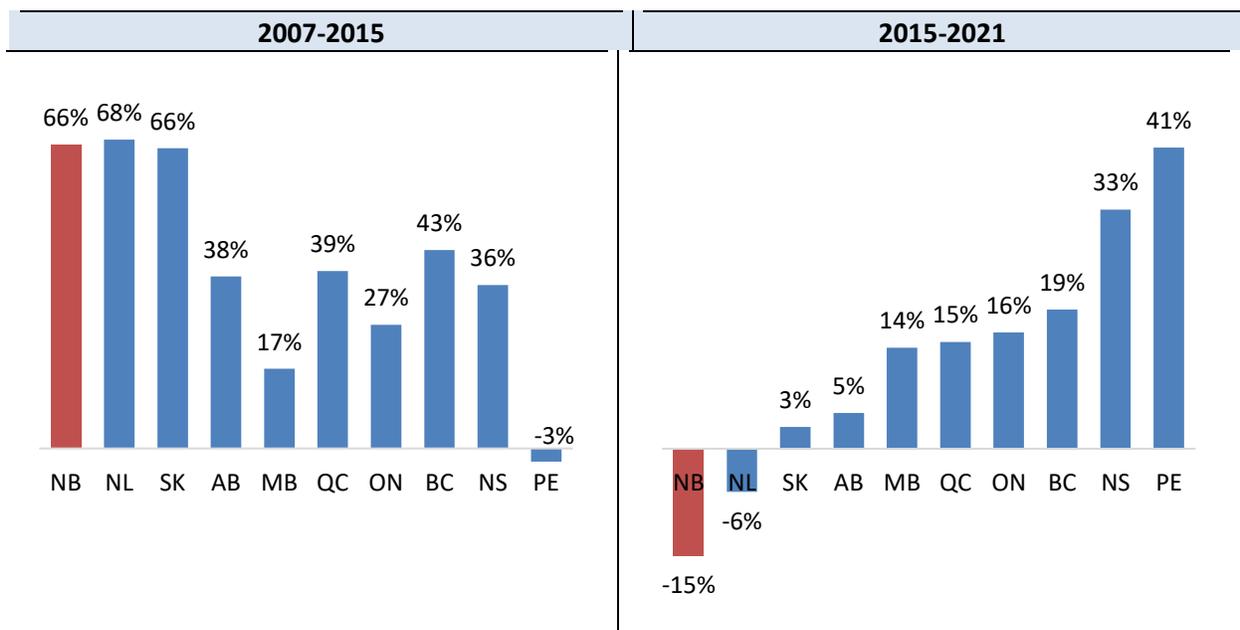
The accounting services sector in New Brunswick contributed an estimated \$274 million to provincial GDP in 2021 and supported an estimated 3,300 jobs across the province from direct, indirect and induced economic activity. Every \$1 million in industry output boosts employment across the province by more than 12 full-time equivalent (FTE) jobs. As discussed in Section 2.3, this has significant tax implications for government.

Differentiating between the economic impacts of CPAs and the accounting services sector

CPAs are employed in all sectors of the economy. Only 44% of them are employed in the accounting services sector which supports \$274 million in provincial GDP and an estimated 3,300 jobs. CPAs account for less than half of the 3,000+ jobs supported by the accounting services sectors in New Brunswick. The other direct jobs include non-CPA roles such as bookkeeping, sales and administrative support services. There are also indirect and induced workers included in the 3,300 jobs.

After a period of strong GDP growth, the accounting services sector’s economic contribution has slipped in recent years. As shown in Figure 2, real GDP growth from the sector increased by a robust 66 percent between 2007 and 2015 but slipped by 15 percent between 2015 and 2021. Newfoundland and Labrador was the only other province to register a decline in real GDP during this timeframe.

Figure 2: Growth in provincial real GDP from the accounting services industry, by timeframe



Accounting, tax preparation, bookkeeping and payroll services [BS541200].

Source: Statistics Canada Table 36-10-0402-01.

Table 4 shows the change in real GDP generated by the accounting services sector between 2015 and 2021 as a share of the total economy. In 2015, New Brunswick's accounting services sector generated 0.72 percent of the province's total GDP that year (expressed in the table as \$71.70 per \$10,000). By 2021, the share had dipped to 0.56 percent of provincial GDP. Prince Edward Island and Nova Scotia generated a lower share of GDP from accounting services in 2015 but by 2021, the Island had nearly reached the same level as New Brunswick and Nova Scotia had moved ahead.

Table 4: Relative change in the provincial real GDP contribution from the accounting services sector, 2015 to 2021

	Real GDP (\$Million)*	Per \$10,000 total provincial GDP		
		2015	2021	% change
Newfoundland and Labrador	\$121	\$41.84	\$39.55	-5%
Prince Edward Island	\$33	\$44.12	\$51.73	+17%
Nova Scotia	\$295	\$63.43	\$75.57	+19%
New Brunswick	\$179	\$71.70	\$56.08	-22%
Quebec	\$2,633	\$67.24	\$69.07	+3%
Ontario	\$5,510	\$70.18	\$73.24	+4%
Manitoba	\$381	\$56.65	\$61.25	+8%
Saskatchewan	\$321	\$39.12	\$41.41	+6%
Alberta	\$1,920	\$56.05	\$59.46	+6%
British Columbia	\$2,085	\$78.16	\$79.42	+2%

*in \$2012 dollars. Accounting, tax preparation, bookkeeping and payroll services [BS541200]

Source: Statistics Canada Table 36-10-0402-01.

3.1.1 Could New Brunswick grow the accounting services sector?

Over the past two decades, services-based export revenue has been an increasingly important contributor to the New Brunswick economy. For example, companies in the architectural, engineering and related services sector exported \$169 million worth of services in 2019 (interprovincial and international combined). The information technology sector exported \$431 million worth of services. The office administration and business support sectors combined resulted in nearly \$1.3 billion in services exports (banking, insurance, hotel reservations, IT help desks, etc.).

In 2019, the most recent year data is available, the sector exported \$43 million worth of services to other provinces and countries³. This does not include intramural accounting-related activities that would be included in head office/back-office services delivered from New Brunswick. Table 5 shows the comparison to other provinces. New Brunswick's accounting services sector ranked 6th among the 10 provinces for accounting services export revenue on a per capita basis. Interestingly, Manitoba has been a leader in this area, generating over \$230 million in export revenue from accounting services in 2019.

³ Accounting services work done in New Brunswick for clients elsewhere in Canada and beyond.

Table 5: Accounting services export revenue by province, 2019

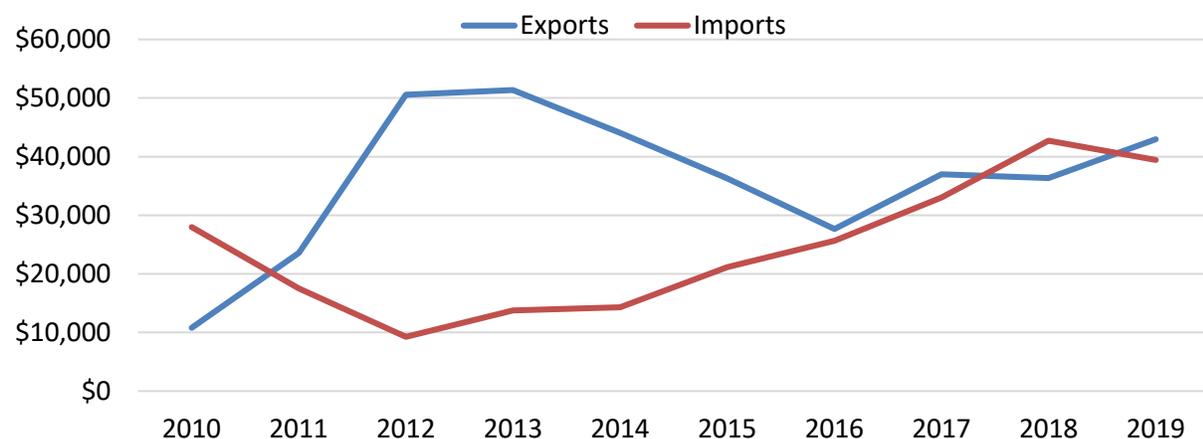
Jurisdiction:	Export revenue (\$M)	Per capita
Canada	\$2,995.3	\$79.66
Newfoundland and Labrador	\$11.9	\$22.76
Prince Edward Island	\$11.2	\$71.46
Nova Scotia	\$9.0	\$9.25
New Brunswick	\$43.0	\$55.29
Quebec	\$379.5	\$44.63
Ontario	\$1,479.8	\$101.74
Manitoba	\$231.3	\$168.82
Saskatchewan	\$67.8	\$57.85
Alberta	\$198.3	\$45.47
British Columbia	\$559.5	\$109.82

Source: Statistics Canada Table 12-10-0101-01.

New Brunswick also imports accounting services from other jurisdictions. This occurs when a New Brunswick company or organization uses the services of an accounting firm elsewhere in the country or in the world. This also includes accounting firms with an office in New Brunswick that complete intramural work for local clients using CPAs based elsewhere in Canada (for example in the Toronto office). Because the CPAs are located elsewhere and therefore the work is being done in the other jurisdiction, it is considered an import (i.e. the money flows out of New Brunswick to pay for the salaries and other costs associated with the work being done in the other jurisdiction). Even though the billing address is in New Brunswick, the GDP, income, taxes and household spending related to the work is occurring in the jurisdiction where the work is being completed.

As shown in Figure 3, for the most part the province has exported more accounting services than imported in recent years. In 2019, the trade balance was slightly positive (\$43 million worth of exports and \$39.4 million worth of imports).

Figure 3: Imports and exports of accounting services by year (\$000s), New Brunswick



Source: Statistics Canada Table 12-10-0101-01.

One of the reasons why the accounting services trade balance narrowed was the decline in export revenue. Figure 4 shows the export revenue generated by the accounting services sector in New Brunswick by year and by market. The value of accounting services exports from the province peaked in 2013 at more than \$51 million but as of 2019 it was down to \$43 million.

Figure 4: Accounting services export revenue by year and source, New Brunswick (\$Million)



Source: Statistics Canada Table 12-10-0101-01.

Again, it is important to reiterate this does not include accounting and related activities in other sectors, such as head offices. It only includes firms operating in the accounting services industry.

Table 6 shows the potential economic impact if New Brunswick attracted more accounting services activity. If the province was able to reach just the national level of accounting services exports relative to population size, it would add another \$20 million to provincial GDP, create another 232 high paying jobs and boost provincial and local government coffers by an estimated \$3.2 million. Over a 10-year period, not including inflation considerations, provincial and local governments would receive an estimated \$32 million. If the province was able to double its accounting services export revenue, it would boost provincial and local tax revenues by an estimated \$73 million over 10 years.

There is a clear case for government to support the growth of the accounting services sector in New Brunswick.

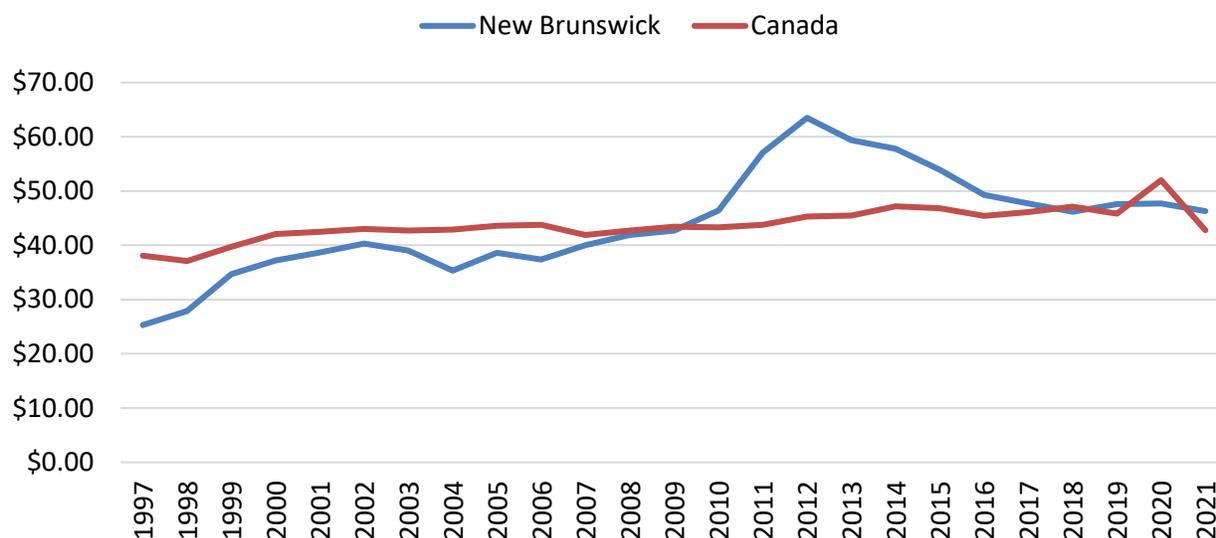
Table 6: Economic impact from increasing export revenue from the New Brunswick accounting services sector

	If New Brunswick reached national per capita exports	If New Brunswick doubled export revenue
Total interprovincial and international export revenue	\$61,905,000	\$85,940,000
Increase over 2019 level	\$18,935,000	\$42,970,000
Provincial GDP boost from new exports	\$19,995,000	\$45,376,000
New labour income	\$14,410,000	\$32,700,000
New jobs (full-time equivalent)	232	526
New provincial and local tax revenue	\$3,230,000	\$7,330,000
10-year incremental provincial and local tax revenue (in \$2021)	\$32,302,000	\$73,303,000

Source: Developed by Jupia Consultants based on Statistics Canada datasets.

New Brunswick’s accounting services sector has a good story to tell. Between 2012-2021, the average annual operating profit margin was over 27 percent. Labour productivity in the accounting services sector has been rising and, since 2011, has mostly been higher than the country overall (Figure 5). The business case is strong but is predicated on having a strong accounting talent pool. Without that strong talent pool and a demonstrated talent pipeline, the sector will not reach its full potential in New Brunswick.

Figure 5: Labour productivity per hour, accounting services sector



Accounting, tax preparation, bookkeeping and payroll services [NAICS 5412].

Source: Statistics Canada Table 36-10-0480-01.

New Brunswick has shown an ability to attract the big accounting and professional services firms. Deloitte Canada recently announced it would be growing its New Brunswick workforce by another 200 positions boosting provincial GDP by over \$52 million over five years⁴. While these jobs are not specifically CPAs, it does show the potential of large professional firm investment in New Brunswick. TD Bank's Corporate Offices for financial operations in Dieppe also includes a significant accounting services function that does not show up in the accounting services industry data (as it is in the financial services sector).

3.1.2 Encouraging head office and back-office activity

There are a number of large firms based in New Brunswick that have head office and back-office activities in the province, including intramural accounting services. JD Irving, McCain Foods, Medavie Blue Cross, TD Bank, Irving Oil and Assumption Life are just a few examples. According to Statistics Canada, the head office activities alone generated \$80 million in export revenue in 2019. A strong CPA talent pool will help ensure these firms do not outsource accounting services to other jurisdictions.

3.2 The economic impact from attracting more CPAs to New Brunswick

As discussed above, the average CPA in the province boosts provincial GDP by an estimated \$186,000, supports another one-third of a full-time equivalent job in other sectors of the economy and boosts provincial and local tax revenues by an estimated \$34,000 (direct, indirect and induced effects combined).

Based on these multipliers, if New Brunswick increased the size of the active CPA workforce by 500, it would boost annual GDP by \$93 million, total income by more than \$70 million and provincial and local tax revenue by over \$17 million.

There is a clear case to treat the CPA workforce like any other economic development sector and work to attract more to the province. Section 4 discusses the accountants and financial auditors workforce in more detail and the case for attracting CPAs to the province.

⁴ <https://onbcanda.ca/press-releases/deloitte-chooses-new-brunswick>

4. THE CASE FOR FOCUSING ON THE CPA TALENT PIPELINE

4.1 The CPA workforce in New Brunswick: Summary profile

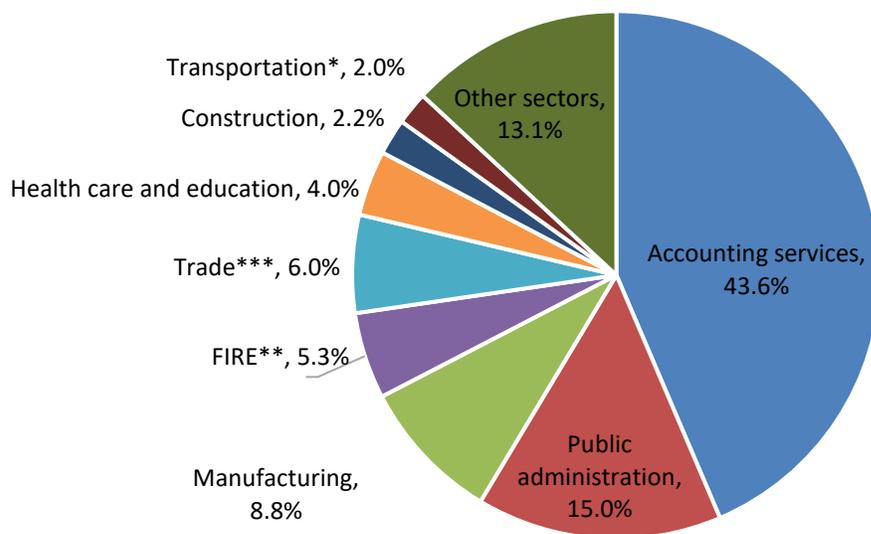
Except where noted, the information in this section is based mostly on Statistics Canada’s 2021 Census. It is meant to provide a general view of the profile of the workforce. Also, the information in this section is mostly based on the occupational group Accountants and Financial Auditors (NOC 1111) and not specifically CPAs – although the vast majority of people working as accountants and financial auditors are CPAs.

4.1.1 Accountants and financial auditors: Employment by industry

The 2016 Census provided a detailed analysis of the industries in which New Brunswick’s accountants and financial auditors were employed⁵. The largest sector was the accounting services sector which employs nearly 44 percent of the total. This means that over half of the workforce was employed in other sectors of the economy (Figure 6). The public sector is a major employer as 15 percent of the province’s accountants and financial auditors in 2016 were employed in public administration and another four percent in health care and education.

The manufacturing sector employed nearly nine percent of accountants and financial auditors and the finance, insurance and real estate sector another 5.3 percent.

Figure 6: Employment by industry in New Brunswick, accountants and financial auditors



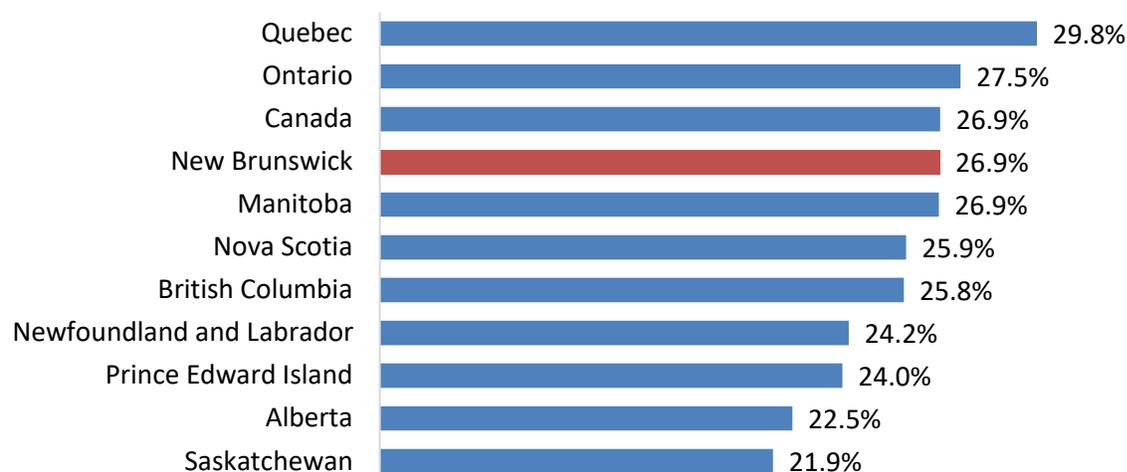
*Transportation and warehousing. **Finance, insurance and real estate. ***Retail and wholesale trade.
Source: Statistics Canada 2016 Census.

⁵ This breakdown has not been made available by Statistics Canada from the 2021 Census.

4.1.2 Accountants and financial auditors: Age profile

As of the 2016 Census, 26 percent of accountants and financial auditors in New Brunswick were over the age of 55, the highest share among the 10 provinces across the country. The variation between provinces wasn't overly significant. By the 2021 Census the share of accountants and financial auditors over the age of 55 had increased to 26.9 percent but the increase was less than other provinces and, as of 2021, New Brunswick ranks third highest. Quebec saw the fastest increase with the share over 55 rising from 25.3 percent in 2016 to 29.8 percent in 2021.

Figure 7: Share of the accountants and financial auditors workforce over the age of 55, 2021



Source: Statistics Canada 2021 Census.

In a recent report, the Conference Board of Canada estimated that 437 CPAs would retire between 2022 and 2030, an amount roughly equivalent to one in five of the active CPA workforce in New Brunswick.

In the 2021 Census, 24 percent of the province's accountants and financial auditors were under the age of 35, slightly lower than the share over the age of 55. Across Canada, the workforce had a slightly younger profile with 28 percent under the age of 35 as of 2021.

Table 7: Breakdown of the accountants and financial auditors workforce by age group

	<u>New Brunswick</u>	<u>Canada</u>
Under 25	4%	4%
25 to 34 years	20%	24%
35 to 44 years	27%	23%
45 to 54 years	22%	22%
55 to 64 years	19%	18%
65+	8%	9%

Source: Statistics Canada 2021 Census.

4.1.3 Estimating CPA workforce demand in the years ahead

The Conference Board of Canada recently completed a CPA supply and demand forecast through 2030 and concluded New Brunswick would have an oversupply of CPAs through the forecast period. This section looks at some additional considerations that might alter that outlook.

Current job vacancies

Statistics Canada publishes quarterly data on job vacancies by occupation by province across the country. There has been a steady increase in the number of vacant jobs in the occupational group *financial auditors and accountants* [NOC 1111] across New Brunswick in recent years. In the second quarter of 2016 there were only 25 job vacancies respectively in this occupational group. By the second quarter of 2022, there were 70 job vacancies in the financial auditors and accountants occupational group.

The Conference Board of Canada's study of CPA supply and demand was implicitly based on two broad assumptions: 1) that the New Brunswick economy would remain weak through 2030 and 2) that no consideration was given to growing the accounting services sector in New Brunswick.

In its forecast, on the supply side, the Board concluded the province would have 587 'newly minted' CPAs from the current population and would attract another 233 immigrants into the CPA workforce between 2022 and 2030. Over the same period, the province would lose 249 through emigration and another 437 through retirement. Further, the Board estimates there will only be a demand for 50 more CPAs from expansion demand. Therefore, the new CPAs required will be 736 whereas the total new supply (domestic and through immigration) will be 820, resulting in a surplus of CPAs of 84 through 2030.

The first consideration is that an oversupply forecast of 10 percent is not a particularly significant margin for error. What if emigration is higher? What if the province is not able to attract 233 immigrants into the CPA workforce? What if expansion demand is larger?

Consider the following scenarios (Table 8). As of 2021, there is one CPA per \$13 million of provincial real GDP. If real GDP in the province increases by 1.5 percent per year, and the ratio of CPAs to GDP continues at the same level, it would require the number of CPAs to rise from the Conference Board projected demand of 2,425 by 2030 to an estimated 2,715 by 2030 (increasing the demand by 290 CPAs). That would put the province in a significant deficit position by 2030.

The second scenario assumes the accounting services sector can boost annual revenue by 10 percent per year through 2030. That would lead to an increase in replacement demand of 470 CPAs through 2030 and, assuming all other supply and demand elements remain the same, a very large deficit of 336 CPAs by 2030. In fact, this scenario would likely be impossible because accounting services firms in New Brunswick would not have the CPA workforce to grow the sector to this level of revenue.

Of course, any workforce projection is subject to considerable variability. If the province does return to a strong level of population and GDP growth, there may still be significant productivity gains leading to a widening ratio of GDP per CPA. Another issue could be the changing nature of accounting services demand in the province or technological change. It could be that the province’s accounting firms could take on more national or international work increasing the demand for CPAs.

All of this points to a strong case for focusing on boosting the size of the talent pipeline in the years ahead.

Table 8: New Brunswick CPA workforce demand scenarios through 2030

	Conference Board estimate	Assuming 1.5% real GDP growth and the same CPA:GDP ratio in 2030	Assuming a 10% increase in annual accounting services export revenue through 2030
Expansion demand	50	290	470
Retirement and related	437	437	437
Emigration	249	249	249
Total job openings/demand	736	976	1,156
Newly minted CPAs	587	587	587
Immigration	233	233	233
Total supply	820	820	820
Surplus/deficit	84	-156	-336

Source: Conference Board estimates. Other scenarios developed by Jupia Consultants Inc.

4.1.4 Expanding the talent pipeline for New Brunswick’s CPA workforce

New Brunswick university pipeline

Annual graduates from New Brunswick universities in accounting and related degrees dipped in 2020 to only 111 after a recent high of 147 graduates in 2019. This may or may not have been related to the pandemic, but it is important to note that across the country graduate levels remained about the same. As shown in Figure 8, university graduates with accounting degrees has averaged around 120 per year over the 2011-2020 timeframe. This was only 0.9 percent of the national graduate totals. Figure 9 shows how the graduate level compared to the rest of the country, relative to the size of the accountant workforce. New Brunswick’s ratio of graduates to workforce size was better than five other provinces but still well below the national average because of the large numbers being graduated in Quebec, Nova Scotia and Ontario. New Brunswick universities turned out 36 percent fewer graduates relative to workforce size compared to all universities combined across Canada.

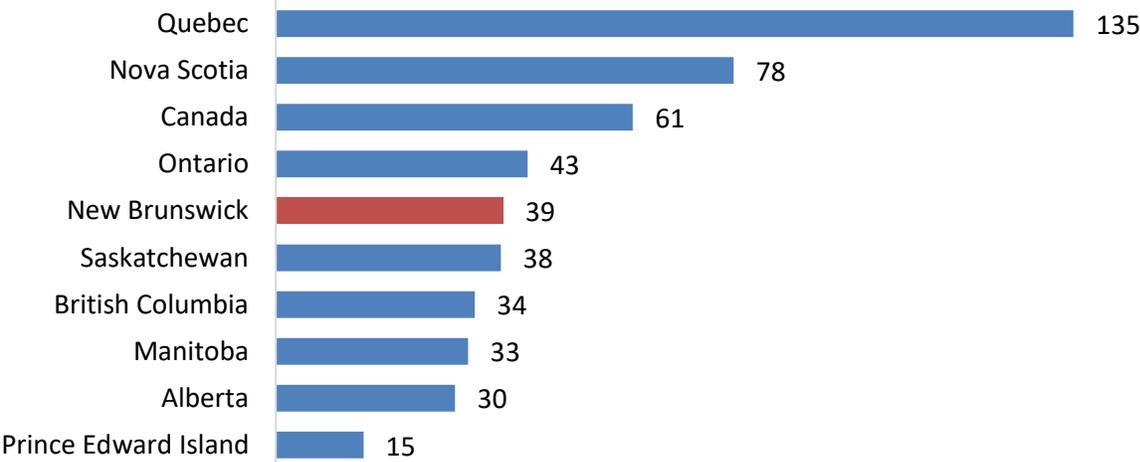
The questions are whether or not these graduates will stay and whether or not the increase is sufficient to support demand. To support a growing CPA workforce, the university sector may need to graduate considerably more in the coming years. It is important to point out that CPAs require a university degree but also require additional study, passing the Common Final Exam (CFE), and months of on-the-job training before a student/candidate is awarded the CPA designation.

Figure 8: Annual university graduates with accounting and related services degrees, New Brunswick



Source: Statistics Canada Table: 37-10-0183-01.

Figure 9: University graduates with accounting and related services degrees, per 1,000 in the accountant workforce (2020)



Source: Statistics Canada Table: 37-10-0183-01.

Immigrants and the CPA workforce

Between 2016 and 2021, New Brunswick more than doubled the number of immigrants in the accounting and financial auditors workforce (from 165 to 335). As shown in Table 9, the share of the accountants and financial auditors workforce in the province who were born in another country, increased from six percent to 12 percent of the total in just a single Census period. Despite this the immigrant share is still the second lowest share among the 10 provinces. Half of the accountants and financial auditors in Ontario and British Columbia were not born in Canada. Nova Scotia saw the largest relative increase as the share of immigrants in its workforce rose from only eight percent to 19 percent between 2016 and 2021.

Table 9: Immigrants as a share of the accountants and financial auditors workforce

	<u>2021</u>	<u>2016</u>	<u>Percentage point change</u>
Ontario	50%	46%	4
British Columbia	49%	45%	4
Alberta	36%	33%	3
Manitoba	28%	24%	4
Quebec	24%	18%	6
Saskatchewan	20%	13%	7
Nova Scotia	19%	8%	11
Prince Edward Island	14%	13%	1
New Brunswick	12%	6%	6
Newfoundland and Labrador	5%	2%	3

Source: Statistics Canada 2021 Census.

Based on recent permanent resident admission data from the Department of Immigration, Refugees and Citizenship Canada (IRCC), New Brunswick has been attracting an increasing number of immigrants with an accounting background (Table 10). In 2022, there were 165 admitted to the province in related occupations.

Table 10: Permanent residents admitted to New Brunswick under accounting-related occupations

<u>Occupation</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
1111 - Financial auditors and accountants	20	35	20	10	25	60
1311 - Accounting technicians and bookkeepers	30	40	35	15	35	100
1431 - Accounting and related clerks*	--	--	--	--	--	5
Total admitted	50	75	55	25	60	165

*IRCC rounds to the nearest 5 for data privacy reasons. There could have been one or two admitted in this NOC code. Source: IRCC.

Visible minorities in the CPA workforce

New Brunswick also has a relatively small share of visible minorities in the accountants and financial auditors workforce but there has been a significant increase in the past few years. As of the 2016 Census, only two percent of the workforce was classified as a visible minority, the lowest share among the 10 provinces in Canada. By 2021, the share had increased to 10 percent (still ninth among the 10 provinces).

Table 11: Visible minority population as a share of the accountants and financial auditors workforce

	2016		2021	
	All occupations	Financial auditors and accountants	All occupations	Financial auditors and accountants
Canada	21%	32%	31%	43%
Newfoundland and Labrador	2%	3%	4%	5%
Prince Edward Island	4%	7%	10%	12%
Nova Scotia	5%	6%	10%	16%
New Brunswick	3%	2%	6%	10%
Quebec	12%	13%	16%	18%
Ontario	27%	43%	34%	49%
Manitoba	18%	21%	25%	26%
Saskatchewan	11%	11%	15%	18%
Alberta	22%	33%	27%	38%
British Columbia	29%	47%	35%	53%

Source: Statistics Canada 2016 Census.

Indigenous population in the CPA workforce

Compared to many other provinces, New Brunswick has a relatively small Indigenous population. In the 2021 Census, Indigenous workers made up 4.0 percent of the total workforce. The share is even lower in the accountants and financial auditors workforce. Only 1.7 percent identified as Indigenous in the 2021 Census.

Among the 10 provinces, Nova Scotia has the highest concentration of Indigenous working as accountants and financial auditors relative to the population share (5.1% of the overall workforce and 5.2% of the Indigenous workforce).

Table 12: Indigenous workers as a share of the accountants and financial auditors workforce

	2021		2016
	All occupations	Accountants and financial auditors	Accountants and financial auditors
Canada	4.0%	1.4%	1.5%
Newfoundland and Labrador	9.3%	6.2%	3.9%
Prince Edward Island	2.1%	1.7%	0.0%
Nova Scotia	5.1%	2.1%	5.2%
New Brunswick	4.0%	1.7%	0.7%
Quebec	2.2%	0.9%	0.8%
Ontario	2.6%	0.8%	0.7%
Manitoba	13.5%	5.3%	5.7%
Saskatchewan	11.9%	4.4%	4.2%
Alberta	5.5%	2.2%	2.0%
British Columbia	5.2%	1.6%	1.4%

Source: Statistics Canada 2016 Census.

Self-employment and the CPA workforce

The self-employment rate among accountants and financial auditors is higher than the average across all occupational groups in the province but lower than the rate across the country. In New Brunswick, 15 percent of accountants and financial auditors were classified as self-employed in the 2021 Census. In most other provinces, the self-employment rate has increased from the 2016 Census.

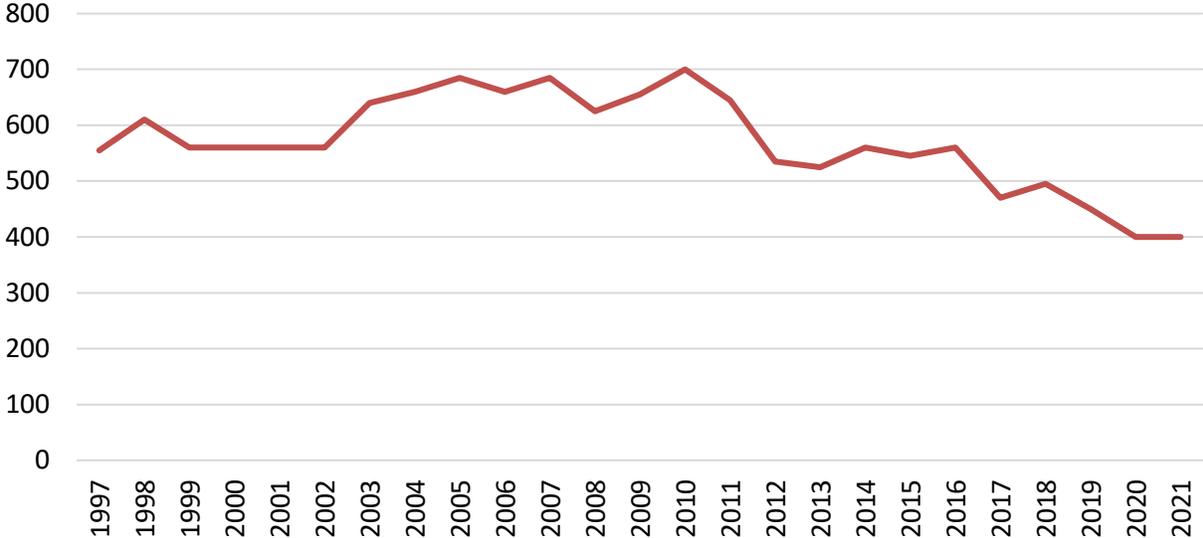
Table 13: Self-employment rate, accountants and financial auditors

	<u>2016</u>	<u>2021</u>
Canada	17%	18%
Newfoundland and Labrador	9%	12%
Prince Edward Island	14%	16%
Nova Scotia	10%	14%
New Brunswick	15%	15%
Quebec	19%	20%
Ontario	16%	17%
Manitoba	15%	16%
Saskatchewan	14%	17%
Alberta	15%	16%
British Columbia	18%	18%

Source: Statistics Canada 2021 Census.

Most of the self-employed have businesses involved in the provision of accounting services. Self-employment in the accounting services sector has been dropping in recent years. In 2010 there were 700 self-employed persons in the accounting services sector across New Brunswick. By 2021, the number had declined to only 400 (Figure 10). Self-employment has been an important career path for CPAs.

Figure 10: Number of self-employed by year, accounting services sector, New Brunswick



Accounting, tax preparation, bookkeeping and payroll services [NAICS 5412].
 Source: Statistics Canada Table 36-10-0489-01.

Other workforce considerations

Females account for 53 percent of New Brunswick’s accountants and financial auditors as of the 2021 Census, similar to the national share of 55 percent. It is important to be encouraging young women into the profession.

New Brunswick has another relatively unique consideration and that is related to language. Twenty-seven percent of the province’s accountants and financial auditors indicated French was their mother tongue in the 2016 Census. The share of the workforce that is bilingual (French and English) was not published in the Census data. It is also important to ensure that the CPA workforce can service customers in both English and French.

Implications for CPA workforce development

In conclusion, as CPA New Brunswick and government look to grow the talent pipeline, there are a number of important considerations:

- Boost the talent pipeline in the province's universities (domestic and international students).
- Continue to encourage young women into the profession.
- Continue to attract immigrants coming to Canada with an accounting background.
- Work deliberately to attract more visible minorities and Indigenous persons into the CPA workforce.
- Continue to ensure a bilingual CPA workforce.
- Continue to promote self-employment as a career avenue for young people considering the profession.

THE CASE FOR CPAs TO LIVE IN NEW BRUNSWICK

A main reason New Brunswick is attracting talent from across Canada and around the world is the quality of life offered to residents. The province offers reasonable living costs. Housing costs are among the most competitive in Canada. Many people own a house in the city and a cottage on the water for far less than they would pay for a modest house in the large urban centres. Other costs such as commuting to work, parking and entertainment are all highly competitive compared to other provinces. The province also offers a wide range of recreational opportunities with thousands of kilometres of hiking and biking trails and excellent winter indoor and outdoor activities, such as ice fishing and skiing. There is limited crime, and the province has strong social cohesion.

There are good reasons the province's urban centres are rated as top locations to live. Maclean's magazine ranked Fredericton and Moncton in the top 10 best communities to live in Canada among 400+ cities in 2021. Saint John ranked 12th.

Reason #1: The cost of living is lower here

The overall cost of living in New Brunswick is lower than other provinces, particularly the larger provinces and the biggest cities in Canada. According to Statistics Canada, shelter costs can be much higher in other provinces compared to New Brunswick. Shelter costs include the cost of owning or renting a dwelling along with other costs such as utilities, property taxes and insurance. As shown in Table 14, the average household in Ontario spends 63 percent more on shelter than the average in New Brunswick and the average household in British Columbia spends 74 percent more. Even at the higher income quintiles, the cost of shelter is much lower in New Brunswick compared to the larger provinces.

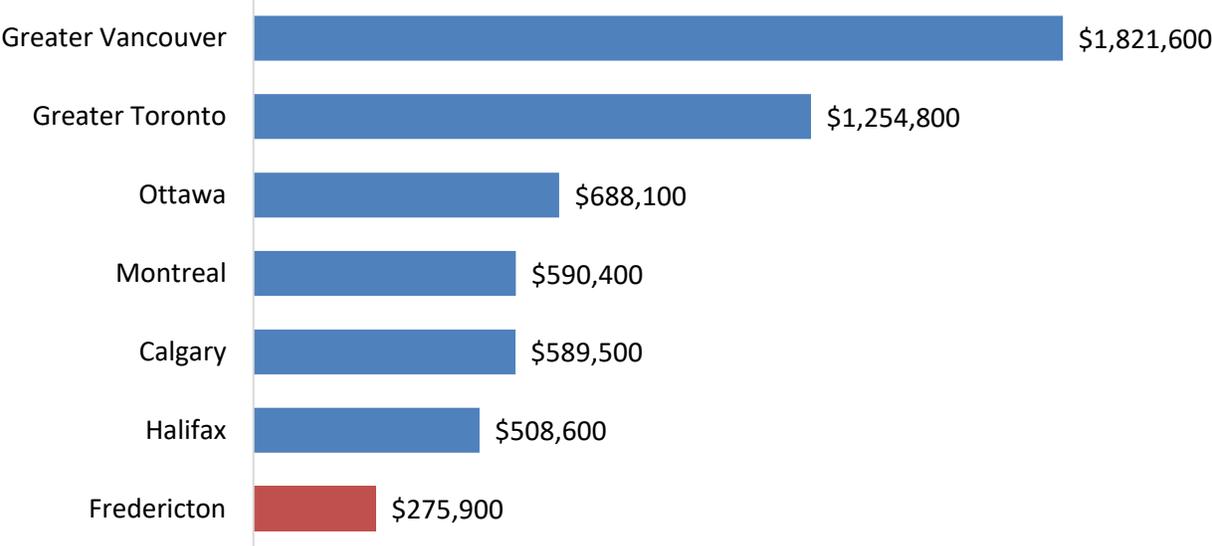
Table 14: Average household expenditures on shelter by province, 2019

<u>Province</u>	<u>Shelter costs:</u>	<u>% higher than New Brunswick</u>
New Brunswick	\$13,696	
Prince Edward Island	\$14,048	+3%
Newfoundland and Labrador	\$14,417	+5%
Quebec	\$15,821	+16%
Nova Scotia	\$16,028	+17%
Manitoba	\$17,411	+27%
Saskatchewan	\$19,436	+42%
Ontario	\$22,364	+63%
Alberta	\$22,591	+65%
British Columbia	\$23,874	+74%

Source: Statistics Canada. Table 11-10-0223-01

Although housing prices in general have been rising across the country in the past couple of years, the price advantage in New Brunswick compared to Canada’s larger urban centres is still very significant. As shown in Figure 11, the average price for a single family dwelling in Fredericton is a fraction of the price in Vancouver, Toronto and Ottawa and 46 percent less than in Halifax.

Figure 11: Average selling price, single family benchmark, January 2023



Seasonally adjusted. Source: CREA

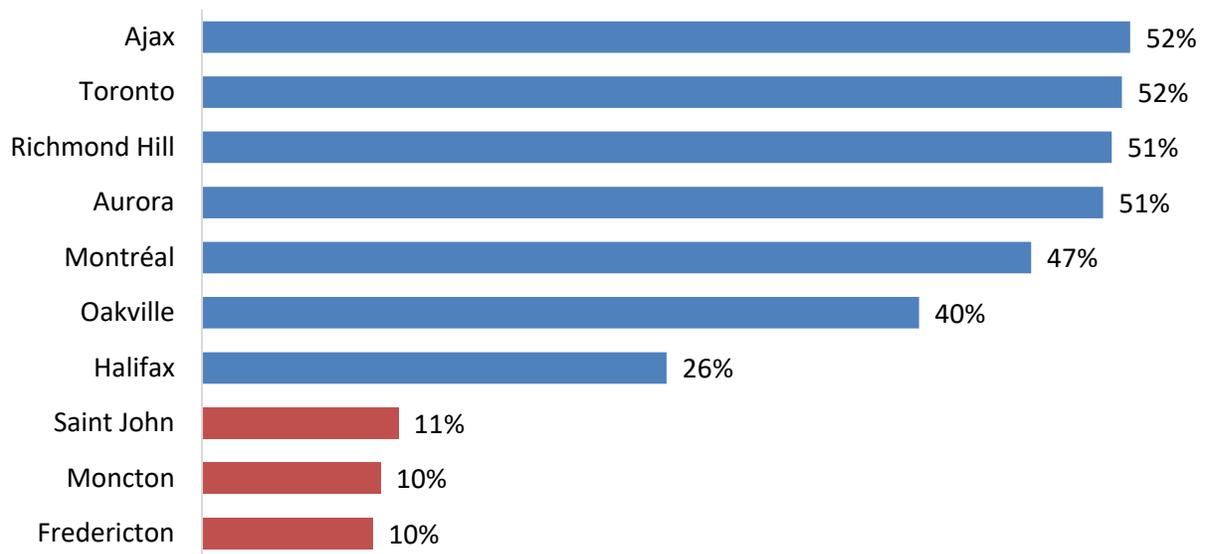
Reason #2: Commuting to work times are much lower here

If a CPA chooses to live in one of New Brunswick’s seven urban centres, they can expect to spend far less time commuting to work, shop or eat out for that matter. Among those living in the City of Moncton, 56 percent spend less than 15 minutes getting to work each day. Compared with Canada’s largest cities and the municipalities surrounding them, commute times can be 70-80% less in New Brunswick’s cities.

Figure 13 shows selected cities in Canada and the share of workers who spend at least an hour commuting to work each day (to and from work). Over 50 percent of all commuters living in Ajax, Aurora, Richmond Hill and Toronto spend at least an hour commuting each day. Contrast that with Moncton, where only 10 percent spend this much time on the daily commute.

For CPAs looking to cut their commute times from an hour to 1.5 hours a day down to a few minutes, New Brunswick provides a great alternative.

Figure 12: Two-way daily commute to work of at least one hour



Source: Statistics Canada 2021 Census.

Reason #3: City, country and waterfront living is open to everyone

In New Brunswick, people can live in a city, in the country or even on a waterfront property and still be in close proximity to their place of work. A CPA could also do what many people do and own a house in the city and a cottage in the country or on the water.

Residents in the Saint John region are either living on the water or within minutes of the Bay of Fundy. People living in Moncton are a short commute from both the Bay of Fundy and the Northumberland Strait. People living in Fredericton are close to the majestic St. John River and numerous lakes and other rivers.

Reason #4: New Brunswick has limited crime and strong social cohesion

Canada as a country has a strong sense of social cohesion. In Statistics Canada’s community health survey, people are asked if they have a strong or very strong sense of belonging to the local community. Among the 10 provinces, New Brunswick ranks third for the share of the population with a strong or very strong sense of belonging. Only 18 percent of New Brunswickers say their lives are quite a bit or extremely stressful, again near the lowest in Canada among the 10 provinces⁶.

Canada also has very low crime compared to many other countries around the world and New Brunswick features relatively little crime. For example, the province’s homicide rate of only 1.79 per 100,000 is nearly 70 percent lower than the rate across the United States.

⁶ Source: Statistics Canada Table 13-10-0096-01.

Reason #5: There are a broad range of career options

Even though New Brunswick is a small province, there are many potential career options for CPAs. They can choose to work for small, exciting start up firms of which there is a growing number across the province, or they can work for a large, established firm. The public sector has a high demand for CPAs and many work in their own practice or are owners in a larger accounting firm. With the rise of remote work, CPAs that can choose where they want to live in Canada should take a long hard look at New Brunswick.

Reason #6: Live and work in both English and French

Canada is a bilingual country. New Brunswick is the only officially bilingual province in Canada. CPAs can live and work in both official languages. They can raise their children to be bilingual, opening up more doors for them in their future careers.

APPENDIX A: THE ECONOMIC IMPACT MODEL AND SOURCES

The data sources used in the preparation of this report include:

<u>Statistic:</u>	<u>Source/Description:</u>
CPA supply and demand report	CPA Labour Market Forecast of Supply and Demand in the Atlantic Region. Source: Conference Board of Canada.
CPA total compensation estimates	2019 CPA Profession Compensation Study: Atlantic Region Report Extract
Various industry and occupational statistics	Statistics Canada Table: 14-10-0202-01.
Direct, indirect and induced GDP, employment and income estimates	Uses Statistics Canada Input-Output multiplier and impact estimates at the M industry level. Provincial Input-Output Multipliers, 2018. Catalogue no. 15F0046XDB. Industry Accounts Division. Statistics Canada. Includes multipliers for: output, gross domestic product (GDP) at market prices, taxes on products, labour income, wages and salaries, employers' social contributions, labour income of unincorporated sector, taxes on production and employment.
HST paid	Based on the ratio of HST collected to total provincial personal income in 2020 (Source: provincial budget documents and Statistic Canada).
Personal income taxes paid	Derived using several sources including Statistics Canada personal tax-related tables and its Survey of household spending (SHS) for 2019.
Property taxes paid (from employment income)	Derived using Statistics Canada's Survey of household spending (SHS) for 2019.
Indirect taxes	Source: Statistics Canada Input-Output tables. These indirect taxes are levied on the business activity (not employment income) and include such tax areas as: business property taxes, fuel taxes, vehicle license fees, land transfer taxes, and any sales taxes arising out of the corporate activity.
Household spending impacts	Derived using Statistics Canada's Survey of household spending (SHS) for 2019.
Interprovincial and international exports	Source: Statistics Canada Table 12-10-0101-01.
Various labour market characteristics	Statistics Canada 2021 Census.
Community Health Survey data	Statistics Canada Table 13-10-0096-01
Crime statistics	Source: Statistics Canada Table 35-10-0177-01.

APPENDIX B: ABOUT JUPIA CONSULTANTS INC.

New Brunswick, Canada-based Jupia Consultants Inc. is a full-service research and planning support consultancy specializing in the area of economic development. The firm has more than 20 years' experience working with companies, communities, industry associations, economic development agencies and government departments.

This report was prepared by David Campbell. David is the President of Jupia Consultants Inc. and has more than 25 years' experience as a consultant working with industry, not-for-profit organizations and governments across Canada. His focus areas include economic development strategy, economic impact analysis, population growth, cluster development and investment attraction. David was formerly Chief Economist with the Government of New Brunswick. In that role, he led the development of economic policy and economic development strategy for the provincial government.

David is a columnist with Brunswick News, a published author, and writes weekly for the It's the Economy, Stupid blog as well as co-presenting the weekly podcast Insights with Don Mills and David Campbell. In recent years, he has had the opportunity to collaborate with multiple think tanks and policy research organizations including the Conference Board of Canada, Public Policy Forum and the Donald J. Savoie Institute at the Université de Moncton.

For more information visit www.jupia.ca.