



PARTNERSHIP FOR GROWTH

A BOLD VISION FOR PRINCE EDWARD ISLAND'S ECONOMY



VISION STATEMENT

P.E.I. is a leader in entrepreneurship and sustainable economic growth—attracting technology, capital, and human resources in an economy designed to help businesses—and all Islanders—succeed. We are the highest performing economy in Canada.

WHO WE ARE

The PEI Partnership for Growth (PFG) is comprised of business organizations and industry associations, who have come together with a shared vision for our economic future. We invite all political parties to support this unprecedented private sector alignment on this vision and **commit to working with the private sector to establish an economic action plan that will help realize this vision and move the Island’s economy forward.**

INTRODUCTION

Collectively, we have outlined an economic vision for our province, and identified specific goals and enabling conditions that are essential to achieve that vision. One of the critical enabling conditions is having public policy that creates and supports the conditions for success. When times are good, there is an opportunity to prepare for the future in a strategic and fiscally responsible manner. That time is now.

While our focus is on sustainable economic growth, our vision also recognizes the importance of social and environmental considerations. Protecting public safety and security, improving the health status of our population, achieving poverty reduction and affordable housing, protecting our natural environment, and preventing the potential devastation of uncontrolled climate change are goals essential to improving the quality of life for all Islanders. Achieving a healthy and sustainable economy is one of the best ways of putting our province in a position to address these challenges.

CURRENT CONDITIONS

For the past five years, P.E.I.’s economy has been on a growth trajectory—leading the Atlantic provinces with positive trends in employment and population growth, exports, and overall economic value. For the second year in a row, P.E.I. has had the highest per capita population growth in Canada and historically low unemployment rates. The Atlantic Provinces Economic Council (APEC) is forecasting economic growth in Prince Edward Island of 2.0% in 2019 (APEC’s Economic Outlook, 2018) and the Conference Board of Canada is expecting P.E.I. to lead the country in economic growth in 2019 (3.2%).

Below outlines some key economic performance indicators for the province over the previous reported three years:

PE.I.’s Economic Performance *	2014	2017	% Change (3 Years)
Gross Domestic Product	\$5.68 billion	\$6.06 billion	+6.7%
Export Sales (International Merchandise)	\$97.3 million	\$115.7 million	+18.4%
Population Growth	144,538 people	151,477 people	+4.8%
Working Age Population	96,712 people	98,780 people	+2.1%
Unemployment Rate	11.6%	9.7%	-1.9%

* Prince Edward Island Economic Dashboard, Sourced December 2018, <https://workpei.ca/economic-dashboard/>

But while there are many areas where our province is showing strong performance, challenges remain. Average wages and labour productivity continue to be the lowest in Canada. And while immigration has fueled impressive population growth, particularly centered in urban areas, provincial retention rates show considerable room for improvement.

A BOLD VISION FOR THE FUTURE

So how do we continue to build on this momentum and address these challenges for the future? For Prince Edward Island’s economy to sustainably grow, a plan is needed to ensure we are putting the priorities and policies in place for success.

Achieving our shared vision for a Prince Edward Island of the future requires collaborative effort from the private sector, governments, and other stakeholders in six key areas:



PEOPLE

- Islanders remain in P.E.I. and other Canadians move to P.E.I. because they have the skills and recognize the opportunities available here.
- P.E.I. is a preferred destination for immigrants—a place where they can prosper and integrate into the community.



INNOVATION, CAPITAL & INVESTMENT

- P.E.I. is generating and attracting entrepreneurs, capital, investment, and new technologies—driving recognition of the quality of its innovation ecosystem.



ALIGNMENT

- There is alignment and coordination among private sector businesses, academic and research agencies, and government partners on economic strategy and priorities.



COMPETITIVENESS

- Businesses want to set up their operations in P.E.I. because of the competitive business environment—P.E.I. is “open for business.”



INFRASTRUCTURE

- Strategic investment in private and public infrastructure supports economic and social objectives.
- High-speed internet is readily available across the province.

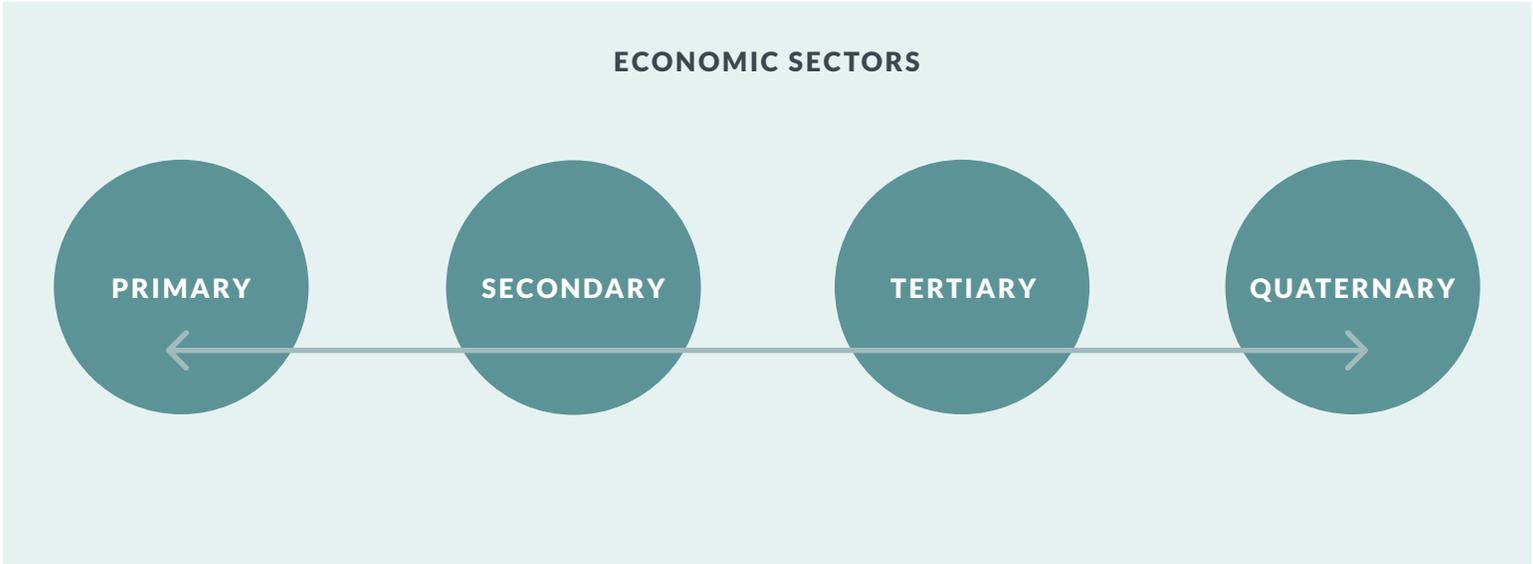


QUALITY OF LIFE

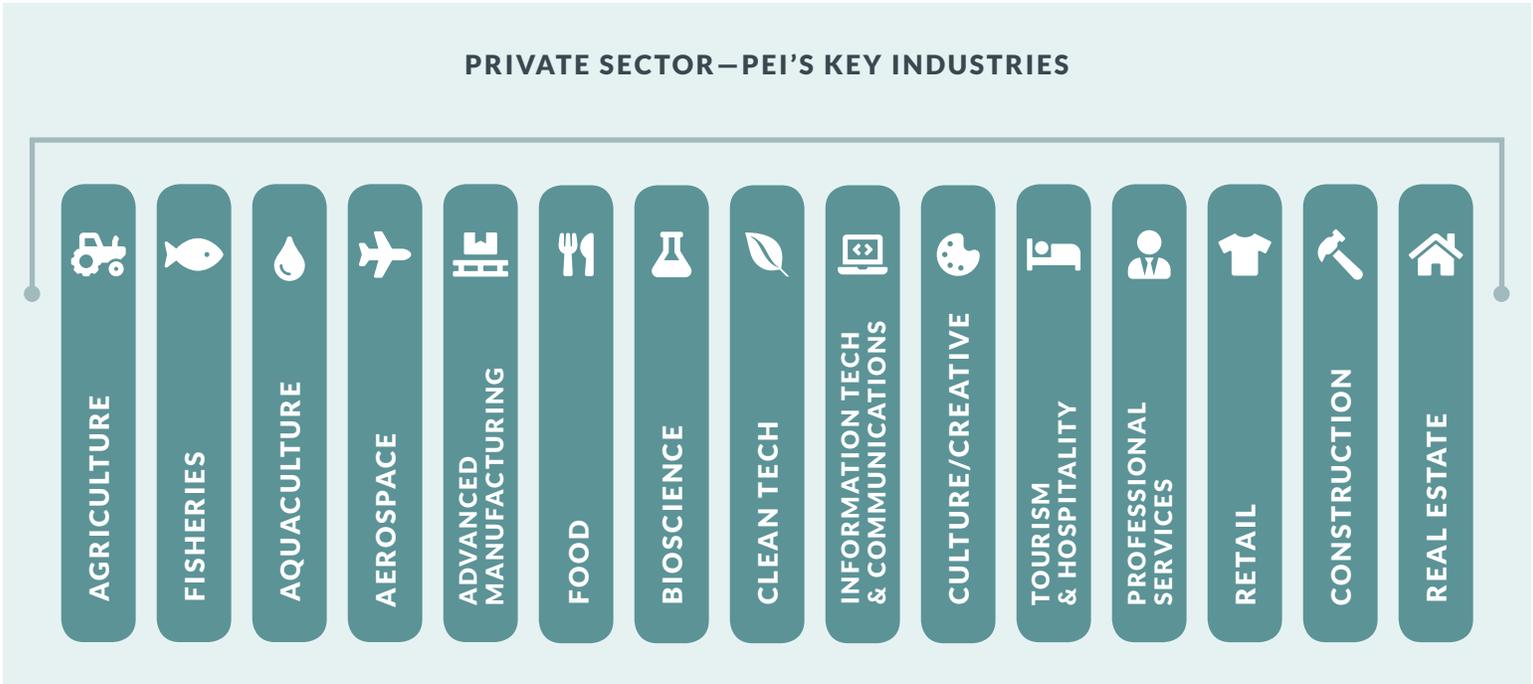
- As a result of superior economic performance, P.E.I. is recognized nationally as a leader in the following: quality of life and place; healthcare; education—early-childhood, elementary, secondary, and post-secondary; and environmental stewardship.

A MULTI-SECTOR APPROACH

P.E.I.'s economic performance has been driven by strength in the primary sector (agriculture, fishing, aquaculture, and tourism), secondary sector (manufacturing and processing), tertiary sector (retail, and services) and a strong emerging quaternary sector (technology-driven industries). An action plan for the future will fully consider the interdependencies and mutual benefits of all sectors represented in the Island economy.



The challenge is to maintain momentum and growth in all sectors. There are significant risks in the primary sector (global commodity prices, impact of climate change and trade barriers) and the secondary sector (an increasingly competitive global business environment). The retail and service sector has been thriving and will continue to grow within a strong economy. The quaternary sector is primarily technology-focused and has enormous potential in developing high-growth companies; retaining and attracting talent for high-wage jobs; as well as driving innovation, productivity, and competitiveness across the primary, secondary, and tertiary sectors.



Each industry sector has its own dynamics in the global economy, and the relative importance of factors such as skills and labour force, infrastructure needs, access to capital, innovation drivers, market access, and public policy are specific to each sector. The development or renewal of industry-led sector strategies will be crucial to informing the specific conditions for success by sector (Figure 2).

GOALS & TARGETS FOR P.E.I.'S ECONOMY

We have selected five goals and targets for an economic action plan in order to support the achievement of this vision by 2024.

01

Increased GDP Growth

04

Innovation & Productivity Growth

02

Increased Export Sales

05

Increased Entrepreneurship & Number of High-Growth Companies

03

Increased Population, Employment, & Wage Growth/Take Home Pay

GOAL 1: Increased Gross Domestic Product (GDP) Growth

GDP is one of the primary indicators used to gauge the health of a province's economy, and it has a direct impact on all citizens of the province. For the past 10 years, P.E.I. has seen cumulative double-digit GDP growth, outperforming all other Atlantic provinces. The Conference Board of Canada forecasts that our province will lead the nation in economic growth over the next two years.

TARGET 2024: P.E.I. will have average annual GDP growth of 3%.

GOAL 2: Increased Export Sales

Increasing exports means increased growth in investment, in facilities, capital, technology, and people in Prince Edward Island. Exports also contribute to business opportunities and demand in the service and retail sectors, as well as increased tax revenue to pay for government services. With Canadian domestic markets shrinking, it is critical that government and the private sector look at increasing and diversifying what we export and where.

TARGET 2024: P.E.I. will have an annual increase of 6% in international export sales.

GOAL 3: Increased Population, Employment, & Take-home pay

Our current workforce is aging, particularly in more rural areas of the province, and this has a direct impact on the labour market and our local economy. As a result, Prince Edward Island is experiencing historically low unemployment levels, averaging below 10% in 2018. Attracting new talent through immigration, repatriation, and retention of our youth (including international students) and ensuring that employers have access to the right talent is critical for businesses to address current and future labour needs.

Automation, although important, will create new workforce challenges and widening skills gaps that could be very costly if we do not adapt and train for this new reality. If P.E.I. is to successfully tackle its skills gap and ensure its economic growth, we have to give special attention to the largest cohort of new labour force entrants each year—young people.

Additionally, take-home pay continues to be cited as a barrier to recruitment, retention, and repatriation of talent to our province. Competitive wages are possible when businesses and the economy are growing but taxes are also a significant factor in impacting a workers' take-home pay.

TARGET 2024:

- *P.E.I.'s median age is comparable to the Canadian average.*
- *Achieve working population growth that will maintain P.E.I.'s dependency ratio.*
- *P.E.I. sees continuous improvements in K-12 education assessment outcomes to support foundational and fundamental skills (i.e., math and literacy) required for graduates' success.*
- *P.E.I. hosts the most competitive personal income tax system in Atlantic Canada in support of recruiting and retaining labour.*

GOAL 4: Innovation & Productivity Growth

Although Prince Edward Island has seen significant growth in some of our innovation sectors, our innovation ecosystem is not as robust as other jurisdictions in Canada. In the Conference Board of Canada's 2018 "How Canada Performs - Provincial and Territorial Ranking on Innovation", P.E.I. was given a grade of D-, tied with a number of other provinces at the bottom of the Canadian assessments. The report card measured a number of indicators of innovation performance, including public and business research and development, entrepreneurial ambition, venture capital and ICT investment, patents, and labour productivity.

Labour productivity (measured as real economic output (GDP) per labour hour) has been a persistent challenge in P.E.I. with the lowest rates in Canada. Given challenges with labour shortages and demographic projections, it is vital that we have a strong focus on increasing our output from what labour is available. Improving labour productivity is also a key factor for increasing wages.

Firms that innovate successfully enhance their competitiveness and position themselves for growth. Economies with robust and successful innovation activity tend to cluster; see improvements in labour productivity, economic growth, and job creation and wage growth; and have more resources available to support spending in education, health, infrastructure, and other areas.

TARGET 2024:

- *P.E.I.'s overall innovation rating by the Conference Board of Canada is B.*
- *P.E.I.'s annual labour productivity growth meets or exceeds the Canadian average.*
- *P.E.I. is recognized on the national stage for its transformative strategy to facilitate the growth of its innovation economy. Innovation is becoming part of our culture across all sectors, and it is achieving increased competitiveness, labour productivity, and economic growth.*

GOAL 5: Increased Entrepreneurship & Number of High-Growth Companies

Over the past decade, Prince Edward Island's entrepreneurial ecosystem has been gaining traction. It now includes a growing base of technology-rich companies, key institutions leading R&D, and a strong post-secondary education sector, with advances in cluster development, momentum, and maturity.

Stimulating the development of high-growth firms has become an accepted driver of much of the world's economic development agenda. The time is right for P.E.I. to understand the conditions for success in this area of opportunity and invest accordingly. Within this new economic paradigm, entrepreneurs are broadly recognized as key drivers of economic and social progress. Rapidly growing entrepreneurial enterprises are viewed as important sources of innovation, productivity growth, and employment.

TARGET 2024:

- *P.E.I. has the highest number of entrepreneurial entrants per capita in Canada.*
- *The quality of the P.E.I. start-up ecosystem is driving above-average creation of high-growth firms, when compared with other Atlantic provinces.*
- *P.E.I. high-growth companies have more than doubled their rate of access to risk capital.*
- *P.E.I.-based companies have increased commercialization of value-added products and services.*

CALL TO ACTION

P.E.I. has an unprecedented opportunity to continue the strong economic performance it has enjoyed over the past few years. Continued growth has the potential to transform and support further significant investment in the economic and social infrastructure of the Island to the benefit of all Islanders.

This vision is possible. The key to realizing this opportunity is a strong partnership between the public and private sectors, along with the community sector and other stakeholders, with the joint goal of improving the lives of Islanders and creating a sustainable economic platform for the long term. We have outlined an economic vision for our province, and identified specific goals and enabling conditions that are essential to achieve to our success.

We are calling on all parties to commit to working with the private sector to establish an economic action plan that will help realize this vision and move the Island's economy forward.

This plan should:

- **be developed in partnership with the private sector**
- **address each of the key vision priorities as identified by the Partnership**
- **work with industry sectors as they create specific plans for their future**
- **be completed within the first 6 months of being in government**
- **set clear targets that are monitored and reported on annually**

Supported and respectfully submitted by the following organizations who work every day to grow Prince Edward Island's economy:

