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VINCE GREEN: Good morning. My name is Vince Green. I am the Assistant Superintendent of the Gloucester County Institute of Technology, and it is my pleasure today to welcome you to our school. And I extend that invitation on behalf of our Board of Education, our Superintendent, Mr. Vic Morella, our entire staff, and all of our students.

We were first approached and asked if we could be the host site for the Speaker's Business Summit, and we were very flattered because it provides us with an opportunity to showcase our school. In fact, you are sitting in a classroom. This is a classroom for the drama students in our Performing Arts Academy. Schools have changed, and we are very proud of this campus. We are also very proud of the association we have with all of Gloucester County. And I would like to recognize in the back our Freeholder Director, Mr. Steve Sweeney (phonetic spelling).

Mr. Sweeney. (applause) Without the support of the tremendous Freeholder Board we have here, we certainly would not be able to provide the level of programs that we do.

So again thank you very much. We hope you enjoy your stay.

I remind you this is a school, and this is a school day, and we are sharing the facility with a thousand students. Bells may go off. They still do in high schools. I will try to keep all the interruptions to a minimum, and I hope you enjoy your day.

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Thank you very much. (applause)

DR. LEONTIADES (Moderator): Although this is a classroom, there won't be a final exam, so that's the good news.

My name is Milton Leontiades. I'm Dean of the Rutgers University School of Business in Camden. It's my pleasure to be moderator of this conference, which I believe is a first for southern New Jersey. The title pretty much says it all. It's "Exploring Southern Jersey Industrial Sectoral Growth: Legislative and Economic Development Strategies to Build a Strong State Business Climate." I think it's a much needed forum, one where the ones who live by the rules interact with those who make the rules. And a discussion and a debate between those two constituencies, I think, can build a stronger, more progressive Jersey economy. And I'm particularly pleased that it's situated in South Jersey, and we have a chance to showcase some of the business talent and those in the audience who will be participating in this particular forum.

So what I'd like to do without further adieu is introduce the first three speakers. Briefly, they will make some introductory comments, then I'll introduce Speaker Jack Collins, and then from there we'll go into the panel discussions. Dr. Hughes of Rutgers will summate, and then we'll have some opportunity for questions and answers from the audience, and again, some summation from Assemblyman Joseph Azzolina and Speaker Jack Collins.

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The first three speakers are, first, Assemblyman Joseph Azzolina, Chairman of the Assembly Task Force on Business Retention, Expansion, and Export Opportunities and Chairman, Assembly Commerce, Tourism, and Gaming Committee (*sic*). Assemblyman Azzolina will be followed by Assemblyman Ken LeFevre, who is a member of the Chamber of Commerce of Southern New Jersey and Chairman of the Southern Jersey Partnership for Economic Development (*sic*). And then Dr. Richard Klein, who is President and Chief Executive Officer of Sybron Chemicals and a member of the Assembly Task Force on Business Retention, Expansion, and Export Opportunities and also a member of the Board of Directors of the Chamber of Commerce Southern New Jersey.

As I mentioned, after those three gentlemen have their opportunity to make introductory comments, then I'll introduce the Speaker, Jack Collins.

So Assemblyman Joseph Azzolina. (applause)

ASSEMBLYMAN AZZOLINA: Thank you very much.

I would like to thank all of you for joining us today at the Speaker's South Jersey Business Summit. This is one of several summits that we will have. The state's broken up into South Jersey, Central Jersey, and North Jersey. North Jersey is probably a couple of parts. We're going to have two or three more of these in the next year or so, and this is a first. We

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wanted to come south because the Speaker is from South Jersey. He is always boasting South Jersey, pushing South Jersey. And he said, "Joe, when you're Chairman of this committee, I want you to think of the South," and I have been. It's not the first time we've been here with meetings. We've had other kinds of meetings in South Jersey, too.

When the Speaker reconvened the Assembly Task Force on Business Retention, Expansion, and Export Opportunities, he charged its members with a task of taking the pulse of businesses in New Jersey. That is what brings us all here together today. This is an opportunity to bring our state's business leaders from the South together to hear, firsthand, how we can continue our efforts to make New Jersey more business friendly. That's the game plan in New Jersey since Governor Whitman became Governor -- more business-friendly atmosphere.

Before we begin today's program, I'd like to thank the Speaker for sponsoring this event and playing such a pivotal role in shaping New Jersey's success in business and industry. Believe me, he is a professor, he's the Speaker, but he has a keen interest in seeing to it that the small businesses grow and survive and that large businesses stay here and survive, also.

I would also like to thank Dick Klein, a key member of our Business Task Force, who is also a board member of the Chamber of Commerce in Southern New Jersey. Thanks to Deb DiLorenzo, President of

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the Chamber of Commerce Southern New Jersey, and Kathleen Davis. Thank you to Deb Smarth, Special Project Director in the Assembly, for coordinating this event, and the Southern New Jersey Partnership for Economic Development, which is chaired by Assemblyman Ken LeFevre and whose Executive Director is Jay O'Donnell.

I would like to just take a moment to recognize a few Task Force members who are with us today: Leo Beebe, Chairman Emeritus of K-Tron International. He's played a key role on our Task Force for years. Tassos Efstratiades -- I always get that one screwed up -- a partner with the law firm of blah-blah-blah. (laughter) I had to get a laugh somewhere. And Steve Van Campen, President and CEO of Gilbert and Van Campen International. I don't know if he's arrived yet. I know there's a lot of bad traffic on the road.

Without this team, the enthusiastic support of the Assembly Speaker, and all of you participating here today, this program could never have been such a success. Again thank you.

I would now like to introduce Atlantic County's Assemblyman, member of the Assembly Commerce Committee and Chairman of Southern New Jersey Partnership for Economic Development.

Ken LeFevre. (applause)

ASSEMBLYMAN LeFEVRE: Thank you, Assemblyman Azzolina.

Good morning.

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What I thought I'd do this morning is take a few minutes to share with you some of my thoughts concerning the most wonderful part of our state, southern New Jersey. To begin, since 1990, southern New Jersey has really grown up. Conectiv, formerly Atlantic Electric (*sic*), where I also serve as Manager of Economic Development, continues to receive more and more requests for relocation and expansion assistance from regional, national, and even global corporations. T-Fal, Heinz, Alliant Foods, Okidata, Raytheon, to name a few, have expanded or relocated to southern New Jersey in just the past few years.

Also, our county is diversified. The Casino Gaming Industry has continued to mature, warehouse and distribution has expanded rapidly, small manufacturing firms have done well, and now a corporate center to be anchored by Conectiv's 400-employee complex is coming to Salem County. All this progress, while tourism -- the region's traditional mainstay -- continues to expand and remains healthy.

According to a recent business climate survey conducted by Conectiv, which you'll hear more about later on, which was conducted earlier this year, three-quarters of the South Jersey business executives surveyed expect their revenues to increase this year. Close to half expect to increase the number of people they employ, and planned business investments are expected to create a significant 600 new jobs. To continue this prosperity, it's necessary

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to improve regional efforts so that times of slower growth are shorter and less severe than in the past. I've supported two efforts to accomplish this, beginning with sponsoring legislation which created the New Jersey Commerce and Economic Growth Commission, as well as abolishing the New Jersey Department of Commerce. This new Commission gives our state a very unique opportunity to ratchet up its efforts so as to better compete in our attraction-retention of more regional, national, and global firms.

In addition, I, as well as Conectiv, have supported the formation of the Southern New Jersey Partnership for Economic Development as a vehicle to involve the private sector in promoting our region's image. To compete with other regions, the State and public agencies can no longer do it alone. The private sector, which clearly benefits from economic growth, must become involved at the regional level. In the past, economic development has been left to counties, municipalities, utilities, and groups such as the Chamber of Commerce of Southern New Jersey, as well as others, organizations which, frankly, have many other tasks. They will continue to be facilitators in the future, but it's time now for the private sector to become more involved and dedicate more resources to our region's economic development.

In closing, I hope all of you leave here today more aware of the future opportunities that lie here in southern New Jersey and do thank you for your attention. Thank you. (applause)

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I guess at this point, I have to turn the mike over to Dr. Richard Klein.

DR. KLEIN: Thank you. Thanks, Ken.

Good morning everybody, and I'd like to thank Speaker Collins and Assemblyman Azzolina for making this business summit program possible today. I think the timing is particularly appropriate coming right on the heels of the G-7 Economic Summit that was just concluded. And I think the only difference is that we probably have a more impressive cast of characters here, who probably are going to accomplish a lot more than the G-7 Summit did, so stay tuned.

In a forum such as this which bring government closer to the end user, in this case, the business community, send the message that the government is interested in hearing the thoughts and concerns of business, and more importantly, wants to take steps to address these concerns.

Joe has already mentioned that Speaker Collins's connection with southern New Jersey may be one reason why this first summit was held here. I think that it's also a fact, as Ken's mentioned, that South Jersey has much to offer business and makes a significant contribution to the overall state economy, and the fact that we have such an outstanding Chamber of Commerce with vibrant, involved members of the business community, such as 200, or so, of you people who are here today. And for those of you who

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aren't members of the Chamber that are here today, you can sign up outside. I think it's a great organization. But that's also an important factor.

And finally, I'd like to say that Joe Azzolina has been a great friend of and to southern New Jersey, particularly since the inception of the Task Force which I served on.

And, Joe, I'd like to extend a warm welcome from South Jersey to you coming back here. We appreciate your being here.

Let me try to set the stage for today's activities. Over the past few years, the business community has seen a change in the State government's approach to its economic strategy. We've seen a major shift in government's dealings with the business community. Government is welcoming business and making more efforts to treat us like a client. We've also seen an emphasis on partnerships, a strategy that facilitates government and business working together toward the common goal of a healthier, more robust economy in our state.

We're also seeing a new approach to retaining and attracting business in the state. One that recognizes unique economic assets of the different regions of our state and industry-specific clusters within these regions. The theme of today's summit is focused upon industry sectors in our region and what State government can do both to ensure the companies that are here today remain and grow in our state and to help attract new companies within

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these clusters. This change in State government's approach to economic development was a product of several blue-ribbon panels that were created by State government but included private sector members from diverse industries.

One such panel was the Government's Master Plan Commission. The Master Plan 1995 report led to the creation of the Prosperity New Jersey Commission, which Deb DiLorenzo, from the Chamber, and I are proud to be serving on. Prosperity has accomplished a great deal in a short amount of time and continues to drive an economic agenda rooted in the core value that business is the customer. Business and government working together was also the key to the success of Joe Azzolina's Assembly Task Force on Business Retention, Expansion, and Export Opportunities.

The Task Force report, which was issued in August of 1994, paved the way for 13 pieces of legislation, 7 of which were ultimately signed into law by Governor Whitman. This is a significant accomplishment, the fact that half of the report's recommendations are now being implemented, and efforts continue to move the remaining Task Force recommendations through the Legislature.

One of the initiatives that came out of the Task Force was a New Jersey Industry Sector Network Development Act, which called upon the Department of Commerce to foster a policy of outreach to firms within specific clusters of industry to better gauge their specific needs and desired services.

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So instead of providing generic, across-the-board services and assistance to all business regardless of the industry, the emphasis is now on providing industry-specific, customized services to firms in an industry cluster. That initiative, along with the New Jersey Regional Field Offices Act, resulted in the establishment of the Department of Commerce satellite offices, one of which -- thanks to Joe's help -- is located in the South Jersey Chamber's headquarters.

Today the new Commerce Commission's accounts management program continues to reach out to firms and specific industry clusters by assigning State field personnel specializing in these industries who aggressively seek to meet the needs of these cluster companies.

So the legislative and executive branches have accomplished a great deal through implementing this shift in policy by recognizing business as a partner and a client. I hope today's business summit is just a start of the dialogue that will culminate in even more initiatives that will make meaningful progress in our State's economic development agenda.

Once again I'd like to thank Speaker Collins and Assemblyman Azzolina for bringing together members of the South Jersey business community and listening to our concerns and suggestions. I'm looking forward to hearing what our panel of experts and you have to say on how the State can do an even better job of serving the needs of the business community. I urge

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you to participate in the discussion at the end of today's program and continue to make your voice heard with your legislators and through involvements in organizations such as the Chamber.

Thank you. (applause)

DR. LEONTIADES: It's my pleasure at this time to introduce the Assembly Speaker, Jack Collins, who is the sponsor for this program. He is a native of South Jersey and the first Speaker in the General Assembly to hail from Salem County since 1962 -- assumed a top leadership position on January 11, 1996.

As a seven-term Assemblyman from the rural 3rd District representing all of Salem County and parts of Cumberland and Gloucester counties, Mr. Collins has championed open space, farmland preservation, and to the developmentally disabled, senior citizen, tax relief, and job creations initiatives. He was a key player in the effort to reform the State's school funding law and the establishment of core curriculum standards for all students.

Interestingly enough, the tail end of this introduction points to the fact that Mr. Collins understands the problems of small business. He and his wife own and operate a small livestock farm in Pittsgrove Township, so from that perspective, I think, he has an insight that's more than from the legislative side.

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Mr. Collins, Speaker. (applause)

SPEAKER COLLINS: Thank you very much and thank you, Dean, particularly for pointing out my small-business experience. I'm a little devoid of it this morning because my daughter fed those animals in my small business, and to put me in the category of a businessperson is a stretch, but it sounds good in the bio, so I leave it in there all the time. But it's particularly appropriate to, today, have the word business tied to me-- Correction -- maybe not appropriate, but I'm very pleased. And I am very pleased that you are here.

We've already heard previous speakers thank various individuals, and I would like to reserve those thanks until the end, when Chairman Azzolina and I will make concluding remarks, for two reasons: One, I have a few things I'd like to share with you and try and catch up to the schedule that we have. And two, the thank yous will be more sincere after I see how everyone handles this summit today.

But the summit is an interesting term and the Speaker's name in front of it is something that makes me a shade uncomfortable. I appreciate the Chairman and Deb Smarth -- the great efforts they put into this, but this is not the Speaker's Summit, or even more so, the Speaker's Southern New Jersey Summit. This is a summit that brings together people from the southern part of the state for the most part, but people from all over the state, if not by

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where they live or their business's function, but because they are part of this state. And everything that happens in this state with regard to business affects every citizen in this state. So this is truly a summit for the State of New Jersey where those participating at the head table, but even more so those who will -- key phrase who will -- be participating in the audience.

Dr. Klein mentioned that he hopes that at the discussion at the end all will take place. I used the term who will. Because even if you do not enter into discussion, you are being a part of this by your presence, by what you may glean from this, and what you share with each other, even if you do not share it with the group en masse. And that's why this is important.

I smiled when the Dean said, "This is an opportunity for those who live by the rules to hear from those who make the rules." Well, that may be accurate, but I think more so if those who make the rules are the legislators. We make them after listening to you, who live by the rules. Now some are already thinking, "Well, that's not true. We have ideas that the Legislature just shuns. No?" We may not act on them immediately, but I speak for my 119 colleagues in the Legislature: We hear them. We balance those thoughts with other challenges that we have that may be not the most business proficient ideas. They may be so many other things to have impact on us, you, and therefore, businesses. But we hear you, and I can point out, as staff gave me note after note, some of our great accomplishments in the last five years in

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particular. I won't because I'd much rather challenge you and the panel to look to where we are going to go.

Yes, we've had tax cuts. And as I've said, time and time again, I, personally, am very proud of every one of those tax cuts. Though some, in hindsight say, "Well, maybe instead of this tax cut, it should have been that tax cut." Well, it's always easier in the stands than on the field. And it's always easier the day after the game's over than when the game's going on. But that doesn't mean that we can't continue to look at other tax cuts that may help businesses function in a more economical manner.

But on the other hand, tax cuts are politicians' dreams. Why don't we do them every day? Because we sometimes feel with information, literally from people in this room, that maybe this isn't the best thing to do now because of a long-range impact here. They're the challenges that we face, but don't ever think that events like this aren't positive for us.

In the last two weeks, for example, I have spoken to large groups that represent labor unions, design professionals, lead poison symposium, educators, businesspeople, police officers-- And in every one of them, I truly believe that during the experience, whether it's something that I've been a part of sharing or they have told me, we all move forward. So at the end of this Summit, there will be something that each of us will learn. I call it an

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education. Every day I am educated in this position, and nowhere am I a more needy student than when it comes to business.

I'm a teacher and a coach by profession. Oh, I forgot, a small-business owner with some pigs and chickens and cows. But every day I try to learn more. That's what we're going to do here. So those of us who make the rules will clearly learn from those of you who live by the rules. And if you look at the panel that's been put together, wow, we have a cross section of society and business. I say society and business because society, in my judgement, is business, but today we'll separate them. We'll separate them for one reason. We want to hone in on how business can better function in this state. If we do that, I believe, from the bottom of my heart, the society will improve.

When I first came to Trenton 14 years ago, I walked right off a college campus five or six miles from here. And I was shocked to hear one major issue in the Legislature come to the fore continually. And that was that maybe we educators weren't doing as good a job as we should. It was shocking because I spend all my time with educators, and we were patting each other on the back all the time with what a great job we're doing. That shocked me. But what educated me was when I started to understand that after so many issues are shoved to the side, exclusive of personal commitments and values of

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individual people or their groups, is business. Because when business is doing well, people are working.

So many other aspects of what we in the Legislature deal with fall into place, whether it's crime or environment or education. So for 14 years now, I have been listening to businesspeople, trying to understand the nuances of the challenges that are particular to you, and my colleagues are, too. Today is an extension of that. And we think we've done a good job.

The Governor has said she wants to make this state more business friendly. The topic that I am to address in my remarks is: Building a business-friendly state. Well, I want to do that because business friendly is society friendly. Events like this give me the opportunity to learn. I don't have anything I could teach you about business or your companies or where we should be going, but you can teach me. But I can tell you this, the challenges that we face -- the Governor, the legislative branch -- are multifaceted. We want business to expand, but we're in a unique situation in New Jersey. We're New Jersey. We're not Pennsylvania. We're not Florida. We're not Kansas, and we're not California. We're New Jersey. Eight million people put into this small state.

I smiled when the Chairman said to me, "Boy, a lot of people are stuck getting here." I was smiling thinking of just what happened to me Sunday. I spoke in Bergen County. You know that county, and those of you

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who don't, 870,000 people in a county land mass smaller than Gloucester. On the way up, one of the people with me, South Jerseyan-- I commented on the Parkway -- the traffic on the Parkway. I said, "Wow, it's a lot easier here on a Sunday morning than during the week." The person with me said, "Wow, there's still a lot of traffic here," and I smiled having been there at 4:00 in the afternoon. So when I spoke to the Bergen County people, I mentioned what my friend had said. There was more laughter with that comment, "The traffic was bad on a Sunday morning." It was one-twentieth of what's there other days. That's one of the challenges that faces us as a state but the future challenge here in South Jersey.

We have water on three sides. We have environmental challenges that other states don't have to deal with. That means businesses have to deal with them, which makes it tougher for so many of you to compete. Then after you meet that competition, all of the other aspects of our society, whether it's health or education or whatever, is always facing an economic challenge. The positive side is it -- the second-highest median income in the nation comes to New Jersey residents. We have more money than other states. That balances out, unfortunately, some may say, for what we have to pay for things. But that's the reality. And the one thing that I always ask to be brought to discussions, particularly when it comes to business and the challenges of, "Hey, we're having difficulty competing with these other states" -- I want you to be

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able to compete on a level playing field or more. I'm willing to cheat for New Jersey, but we're still New Jersey. We have challenges that we in the Legislature just can't overlook.

So as we go through this, as people who really have something to offer you speak today, I ask that you put it into the perspective of your company, your profession, and this whole state but never forgetting that we are a sector of the state that is somewhat different. And I think most in the southern part of the state are proud of that.

We're starting here with our Speaker Summit because this is where I come from, but also, there are challenges here as we move into the next millennium that are different than every other sector of the state. Growth will be coming, both economic and business, but also population. How do we handle that? It will affect your businesses. It will affect the State of New Jersey.

So as we go through this day, let us please really be a part of it, thinking and, hopefully, speaking at the end but, most importantly, taking from this what I think will be offered to you -- thoughts, ideas, and, yes, expertise from members of this panel. I anticipate that it will be an exciting morning. I know it will be for me because it will just be another extension of my own personal educative process.

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I thank you for coming and look forward to today's summit.
Thank you very much. (applause)

DR. LEONTIADES: Thank you, Speaker Collins.

I hope the audience will accept the Speaker's challenge and absorb some of the comments made by the expert panelists for future questions and answers.

This is a very straightforward panel this morning. We have a number of experts who will talk on different industry sectors. We obviously can't include every sector in South Jersey, that would be impossible on a panel of this nature, but we're starting off with an economic backdrop.

Dr. Richard Perniciaro, a Regional Manager, Economic Development for Conectiv, will set the economic framework for the succeeding speakers, who are going to represent the legislative issues and the outlook for a particular sector represented on the panel.

So, Dr. Perniciaro, if you will begin with your comments.

DR. PERNICIARO: Thank you. (applause)

Like most of you coming down today, I got here just in time. I was coming down the Turnpike actually and had to make a choice at Exit 4, and I thought back and I said, "Well, what would my favorite philosopher do in this spot?" So I thought of my favorite philosopher, who is Yogi Berra, and he said, "When you get to a fork in the road take it." Unfortunately, I took the

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wrong one. I took 295, which was the road more traveled. I just got here in time for a presentation.

What I'm going to do is go quickly through some numbers and sort of set the tables -- the leadoff batter, I guess, for the people behind me -- give an overview of what's going on in South Jersey and what the trends are.

This four parts they're talking-- I'm going over some historical employment trends, what's happened, which clusters have gained employment, which ones have lost. I'm going to talk about current business climate. Why you, the businesspeople, have told us about how they feel about the business climate, which is the result of the business climate survey, as Ken mentioned, that Conectiv did in May of 1998. I'll then talk a little bit about future target industries. We had a target industry study done yesterday at 3:00 by WEFA (phonetic spelling), and it was an update of an older one -- what they think the target industries, the growth industries will be for South Jersey. And I'll share a little bit of that with you. And finally, being an economist sometimes you just give numbers, but there's some editorial and that's the economic development lessons, hopefully, that I think we've garnered from six or seven years of doing that at Conectiv.

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The first one -- if you're numerically challenged, just close your eyes, think of Bermuda. I'll tell you when to open them a couple slides from now. But in any case, the tale is simple. Southern New Jersey versus New Jersey minus Southern New Jersey, so that's the rest of the state. Whether you take from the last decade, '88 to '98, or you take from the end of the last recession, '92 through the growth cycle to '98, it is clear that South Jersey has outgrown New Jersey in terms of employment growth. And that holds up both in all non-ag and private employment.

Next one, please.

The next one -- I hope, because I'm not looking -- is -- gives you industries in decline. And as no surprise to most people, if you look certainly over the last decade, having gone through a recession, manufacturing nondurable goods have taken a real hit in New Jersey. If you go over to the '92-'98 column, you see that we've lost manufacturing at a slower rate, if that's any -- if that consoles you at all, than the state. The minus 1.41, we've done fairly good in durable goods. We've held up in durable goods, unlike the state which lost almost 12 percent of durable good manufacturing employment. That is -- glass is in there, which is a big part of the South Jersey economy, plastics and things like that, machinery. So we've done fairly well. Now, I'll talk a little bit about that later, maybe why we've done well.

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On nondurable goods, we've done a little worse than the state. The one that's surprising is fire -- finance, insurance, and real estate. We've actually done worse than the state there, but that is one of the few categories that that's happened.

Next one, which I hope is growth industries-- What you see is, I think, what we're going to talk about, the clusters that have grown. Services naturally-- We've done very well with construction in the growth period. It is still down compared to where we were in '88. However, we've come back fairly strongly. Services, as you all know, we've done very well. The highlight, I think, of this slide, if you go to wholesale trade, we've outgrown the rest of New Jersey by a fair amount -- 19 percent compared to 6 percent in wholesale trade. If you think of that, the western part along 95 and 295, we have some very, very successful industrial parks that have become -- that have grown quickly with wholesale trade and distribution. That is becoming something that is-- Coming down the Turnpike, as you know, from Exit 8, coming up the Turnpike from Delaware, and so it sort of met in South Jersey. And now with the blue route, we've become really a hub for the Northeast and the Mid-Atlantic region. So I think that's a good one to look at.

The next slide -- business climate survey. This comes from 400 businesses -- tell us how they think things are going in '98. And the surprising part actually is, as you go down from '94, things get better and people get more

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and more optimistic. I don't think that's surprising. The economy in '94 was unstable, just coming out of recession. By '98, things are still going well. By '97, things were going well. The good part of this, I think, is that in '98, and this is mid-'98, people still believed that the economy is strong and is going to remain strong for the next six months, which is what this question asked, through the end of the year. It's interesting that people-- We reached a plateau in '97. A lot of people think we're going to stay on that plateau. We might not grow too quickly anymore, but at least we'll stay on a high plateau.

The next slide is an interesting one. We asked people to rank business problems, and without being too gloomy about it, the next ones going to ask us to tell us good things. So let's do the bad things first. As you can see, the ranking -- all the way in your right-hand column for 1998, the rankings 1, 2, 3, and 4 were labor costs and health insurance, which really go hand in hand. That's a labor -- how much you're going to have to pay workers. All right. And those two have come to the front. They've always been near the top, but now labor costs have come up.

And if you remember what we said before -- what I said before, growth industries as we-- It's almost a cliché now. Service industries are taking over. South Jersey is becoming like the rest of New Jersey, becoming a service-oriented region. In the past, we were goods oriented and natural resource oriented. We had the beach. We had sand. We had glass. We took

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advantage of the natural environment, food processing-- We're now becoming service oriented, and that means that, as you all know, labor becomes even more of an issue because you have to worry about both costs and quality and education with the labor force.

You also notice 3 and 4 really go together, too. It's State regs and environmental permits. People still see getting through the process, getting through the bureaucracy as part of the problem, and it remains with us.

If you go to the next slide of the good things, we ask, "What is great about South Jersey?" Saltwater taffy is not on there, which would be my first, but if you go down, quality of life, which is something Connecticut in our ads, as does the South Jersey Partnership, tries to sell as a desirable part of the Northeast. The rest of the Northeast might not be so nice -- the image. If you're somewhere in the Midwest or the South, you think of the Northeast, you think of crowded. You think of congested. Well, South Jersey is truly a nicer part of the Northeast, the Mid-Atlantic that still has a very desirable quality of life.

Still, if you go down the list to No. 2, if you are very close to markets -- and remember, that was the wholesale and distribution growth thing -- that's going on to be near to Philadelphia, the Boston, the Washington, the Baltimore markets and be on Route 95.

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And No. 3, reasonable land cost is something that we've kept. And that's a very, very important part of the economic development of South Jersey -- is to retain those land costs and low-occupancy costs versus the rest of the Mid-Atlantic region.

Finally, excellent transportation, which again feeds right into wholesale and distribution, also feeds into the part I mentioned before to look for, manufacturing. Manufacturing is doing well in South Jersey. Employment may be going down, but what we're seeing are some very, very good, highly skilled, smaller 75-to-100 employee manufacturers who are doing very, very well in South Jersey, and they're growing and coming here.

The next one is business clusters. These are the ones that-- And no surprises there. These are the ones that our consultant tells us we should look for. They are, in fact, what's growing. Business services are coming out of the Cherry Hill area and moving their way down -- support services that go with that, management, engineering, etc. Financial services, we've gotten a lot of attention from back office. We had our first call from Roger Staubuch's firm that they're looking for space to put offices. And as Ken mentioned, Conectiv and the DRBA have invested in an office park in Salem County. We're going to see how that does. Specialty manufacturers, as we just mentioned -- small, very specialized -- doing very well in South Jersey, and distribution is something that we need to pursue. (end slide presentation)

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Finally, going through the facts -- now a little bit of editorial -- what we've learned from economic development. The interesting part is that we sell New Jersey. The State sells New Jersey. The thing is that competition is regional, and there needs to be some recognition of that fact. South Jersey and North Jersey are different. South Jersey competes with Southeast Pennsylvania, Northern Delaware. We don't compete all the time state to state. So regions are different. Certainly South Jersey, Port Morris, as you know, is not Passaic. So it is a very different world, and sometimes that means economic development issues are very, very different.

The infrastructure is the key as long as we can keep business parks that are growing. It takes forever to do a Green Field, to get the infrastructure. It takes a very long time in New Jersey. When you have a infrastructure that's in place, the permits are granted, everybody's happy, everybody's on the same page. Business parks have done very, very well, and some of those are municipal ones like Vineland and Millville, which have been very successful.

The New Jersey DOL and EDA have the best products. They give away money for training, which is very, very important to firms. They give grants. They give loans. And the EDAs, as you know, are the bankers that do -- not a lot of their business in South Jersey, but a growing portion of their business. Some of the important things, regulation, quality of life, that's my little State Plan thing. The State Plan's coming, and it means a lot of things

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for southern New Jersey -- some of them good and some of them you might not like, but in fact, it's something that needs to be watched. And finally, target industries change, as we saw, so economic development efforts sometimes have to be updated and new industries have to be taken into account. New clusters have to be taken into account, and getting a cluster going is an intensive -- and needs a lot of attention and is an intensive activity. And that's something that the economic development community needs to focus on and be in agreement with and to get the right legislation and the right incentives and all of those in place to do that.

So I hope that gives you-- I think that's it. I hope that gives you a good background, and I'm as anxious as you are to hear about the people who actually represent the clusters.

Thank you. (applause)

DR. LEONTIADES: Thank you, Richard.

The first industry sector to be heard from is a key area, as Richard mentioned, and that's manufacturing, and particularly the high-tech component, which is going to be increasingly important globally but also very relevant to southern New Jersey.

And we're very fortunate to have Erik Halleus, Vice President and General Manager for Siemens Business Communication, located in Cherry Hill, as a very able representative of that sector.

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Erik. (applause)

MR. HALLEUS: We have a couple of logistic issues here. Well, the first technical problem-- (referring to microphone)

Okay, good morning.

My intention was to give you a view of a global company in high tech and some of the issues at hand, specifically the focus of the high-tech industry as far as staying alive in this very, very fast moving time. I represent a company that is a giant: 400,000 employees in 193 countries around the world, a truly global company. A company that spends \$25 million a day in research and development. A company that manufactures a variety of products from nuclear power station, high-speed trains, light-weight vehicles, to hearing aids, MRIs, and the light bulb over the *Mona Lisa* painting. Well represented in New Jersey, although I do not want to sell, as it is a majority in the North Jersey, but I want to point out that I represent the location in Cherry Hill, New Jersey.

In today's environment, making products-- Things have changed. It used to be that -- I have to lift this mike, here -- manufacturing in a specific county you had to meet the county requirements. So in Gloucester County, you made something that could sell in Gloucester County, but things have changed. Export and import, less restriction. If you want to make something

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anyplace, you have to make it world class; otherwise, someone will buy something from another location.

To build and do something as far as an entity -- a business entity -- the focus today is cost, quality, and response. Manufacturing is a tough segment. In the telecommunications industry 15 years ago, 20 percent of the manufacturing costs was labor. Today, it is 3 percent. No wonder our manufacturing has gone down as far as manpower. We do not need the same amount to do the same kind of work.

Quality is very important. We have the revolution with the Japanese. We have to make a world-class quality product, but it is response that's hitting us now. Fast, that's what we have-- We have to be fast. It used to be that a telecommunications unit that would fit a hotel would take six weeks as far as building. Today, we build it in six hours, customized for you, and the delivery time is three days. Speed has become very essential.

1992: A lot of companies -- and it's six years ago -- started to take a very serious look at their operations. It was evident that a change was upcoming. Last year in the United States, I have been told 500,000 positions, jobs, were cut and still unemployment went down. Our company, believing in a continuous improvement, went out to see what is world class because the key is to create goals that you drive for to reach the best performance you can of

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your business unit. In telecommunication, 1992, the Japanese in many segments were the leaders.

The Japanese had come to the United States, 1950, with cameras and tape recorders around their necks. They visited all the industry, and they took pictures of forklifts and the men's restroom, and we didn't know what the hell they were doing. (laughter) They also took and put their best employees in our best schools, and then you know what happened. They came with their Walkman, their hi-fis, their cars, their TVs. The country that we had bombed to a rubble rebuilt their industry on our market. In 1992, we said it is our time to go and visit these Japanese. So we did. And as we came to Japan, we created in our particular case of telecommunications, 10 different points that we thought were the most important ones to rectify and restructure our industry to be globally competitive.

I'm going to drive on the first point -- lifelong learning, education, and training. But others, like existing in cross-functional teams, working in teams-- By working in teams, you have the ability of driving down your management cost. The teams-- Well, if you're-- First and foremost, if you look at management, it is like a liquid. It used to be a lot of large glasses. Today it is like spreading it among all. Going to team, it is the same amount of management. It is just that people that were earlier not management personnel participate in management, and it is a good way of driving down

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your overhead cost. Management by sight is that within your facilities, whatever you do, whatever business you're in, you should show what goes on. No hush. Everything that goes on should be published. Then, you create an environment of management by sight.

Urgency with focus has to come from the top because speed is essential and the hidden factory that is for us a quality environment. When you come into a facility, forget about the old brick chimney. The bathrooms have to be clean. The janitorial service has to be good. The lunchroom has to deliver good food. There has to be good quality to deliver good quality products and good quality services.

Kaizen is that everyone within an enterprise participates in continuous improvements and supplier integration, specifically in the manufacturing industry where labor costs are low and over 70 percent in many areas represent material cost. The importance of local suppliers within 250 miles that ship to you not monthly or biweekly, but daily or maybe every two days become more and more essential as you try to drive down your inventory to reduce your inventory costs. Going away from planned, marketing planned, material planning, to replenishment by demand is very important.

Card kanban means-- The name kanban means card in Japanese. Kaizen, of course, represent continuous improvement.

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Quality at the source. We can't afford to have large quality organization. Quality is everyone's task -- the suppliers, the janitor, the guard, the machine operator, the engineer. Defect identification -- whatever you do, service/product -- the key is that you focus in the end on what comes in return and that is not good, try to rectify it -- do corrective action.

But the people have become the capital asset that we have to take care of. When we look at the person we need today, it is a total different person. The American electronic industry was founded on the housewife that came in as an assembler. Today, it is a multifunctional person with a lot of training. In our facility, we spend approximately -- about 2.8 to 4 hours a week in training, something from an old manufacturing guy like me who was a little scary in the beginning when I saw all these people sitting in these rooms studying and equipment kind of hacking along. But you learn very quickly that flexibility and output comes from well-educated people, well trained. And here, I will throw in a pitch from the Department of Labor. The support of the Department of Labor from this state in regards to retraining grant has been absolutely fantastic, and I hope that that continues.

Not only do we have to focus on the people as the capital asset, we have to drive the issue of teams. Because the importance of operating within self-directed team -- whatever you do -- is so important.

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So how do you get there? Well, you get there through educational alliances starting first in the high school. It is key to have connection with the high school. We have connection both with Camden Technical School, in our case, and Cherry Hill high schools. I would like to throw in a pitch for the old vo-tech schools. They used to be something grimy, something not so good. I will tell you there are few schools on a high school level that are as good as the Camden Technical School. They seem to have less class sizes. They have excellent students, good teachers, and very good administrators, and I'm very, very happy to be associated with that segment of the high schools.

Today, we have mentor programs where we invite approximately six to twelve people per semester. We have them circle every Thursday for three hours among 10 different mentors. And then, believe it or not, we have two young ladies from last year that end up in Rutgers University Engineering School. We have graduates that are working in our facility in computer science and in process engineering. Overall, our relationship with the high school is paying off.

Going further, of course, the county college. The local county college, I think, in the future, as we go more and more into distance learning, learning via videoconferencing will be very much an important segment of the community education. They do a lot of the training that we have to do for our employees including team training. As you elevate yourself, you can in our

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facility on Monday night at 6:00 go to work on your master's degree in engineering. We have videoconferencing from New Jersey Institute of Technology.

Rowan University is a school in our area that has had a lot of growth. It has just started an engineering school under Dr. Tracey (phonetic spelling). We have a close association with them. And I will tell you that you will hear about the engineering school at Rowan University because it is a start of a very strong entity with a very futuristic look on education of engineers.

You will hear well-known engineers in the future, in my mind, that will have graduated from Rowan University.

Drexell University supplies us with co-op students for our process engineering segment. We have found that diversifying within the educational sector in our area gives us the width that we want. Many of these people have the ability to go for foreign assignments in different parts of the world. I will go into that a little later.

Now, we have the Dean of Rutgers Business School here, and obviously, I had to have a slide about that, right. No. I am on the Executive Council, and it is our MBA school of choice. It is a very good school and supports us very strongly with a lot of good education. We have approximately 12 -- I think it's a little lower now -- about 8 students that go work on their MBAs at night fully paid by the company.

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Well, I have to hang my own school up there. I am originally from Sweden. I came as an immigrant to the United States in 1965 and ended up in the American space program and then went to work for Siemens, 1981, when I took over the operations in Mexico, which I closed mainly. Boras University, or any other foreign university, gives you this ability of global touch which we need, wherever it is. They eat different. They talk different, and they do things different, but it's getting more and more similar to what we do. They also have things to teach us. Exchanging young people -- my HR guy would have killed me because I said this because that's discrimination, right-- But mainly young people are easier to move. Moving younger people over to foreign assignments gives you growth internally.

We also have a lot of internal training facilities that includes videoconferencing, continuous education on computers, and so on, and so forth. Give you a couple of-- One Chinese proverb-- We need one per day. AWhat I hear, I forget. What I see, I remember. What I do, I understand.@ Focusing on education is not the only thing. Touching things and learning skills are very important. And then the President of our company said something good one day, so we wrote that down. (laughter)

In a global economy, it is education, not location, that determines the standard of living. And then, although our sound effects are all not that good here: (speaker plays tape recorder).

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Thank you. (applause)

DR. LEONTIADES: Thank you, Erik.

The next industry is the health sector. We are fortunate to have Richard Miller, the President and Chief Executive Officer of the West Jersey Health System. Richard knows a lot about change and disruption and transitions, and I'm sure he'd look forward to legislative solutions and, if not solutions, at least sympathy.

So, Richard, you're on. (applause)

MR. MILLER: Thank you, Milton.

First of all, it's very difficult because they only gave me 10 minutes to speak about health care, and that's going to be a little difficult in this environment, but we'll try.

And it's always great to sit between Erik and Audrey because I have high tech on one side and have gaming on the other side and see if we can milk some money out of this for health care. It's really nice.

The first thing I really want to do with you today is talk a little bit about-- We're going to talk a little bit about the industry and what's happening from a revenue perspective in our industry. But the first thing I want to give you is a sense of framework for where we're going as an industry.

It's important to understand that -- obviously, you don't need to be told that health care is changing rapidly in our environment, but there are major

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changes in terms of what the consumer is thinking out there as well. The consumer in the marketplace right now are looking to the health-care industry to be that -- to be the best provider of health care in the communities we serve.

We're taking on, at West Jersey and some of the surrounding providers in South Jersey, that message. We're taking on that information from the consumer to say, "Let's get back to basics, and let's start providing what we do best for to our communities, providing health care and meeting the health-care needs of the community." And that's important because, I think, in the past too many health-care providers and too many health-care organizations have strayed from that mission and that message in their community.

And the definition to me of health care is multifaceted, and I think the one piece of that speaks to what we've been doing very well for a long time in our communities. West Jersey, being over 100 years starting in Camden, is meeting the basic needs of the sick patient in the community that we serve and do that well.

The second piece to that is, and that's where the change is coming from the community at large, is how do we keep the population well. Not just taking care of their needs as a sick population, but how do we look at the root causes of health care and start dealing with people before they get ill and

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before they come into the hospital. And I'm going to give you a couple examples of this. When we talk about issues surrounding health care, those issues involve partnerships and are going to have to involve partnerships to make this happen, to look at the root causes of health care. It's going to take not only the providers of health care, the physicians and the hospitals in the community, but it's also going to have to take some input from our businesses in the community, as well, and some dollars from our business sector in our community. And also government will have to be greatly involved in this process.

A couple of examples of this really point to what we're doing, for example, in Camden, in the inner city, a community that is really in need of an economic boost. We have a 200-bed facility in Camden, West Jersey, and we're looking at developing that Liberty Park section of the town that we're involved with as our community. And what I mean by that is, we're looking at revitalizing that neighborhood. There are a lot of people that live in the inner-city community that need our help. And believe me, those people have not given up on their lives and on their kids and on their community. And they're looking for economic support to help them get out of the mire that they're in right now in the inner city.

So we're looking at partnering with a number of our banking partners in the inner city to rebuild the Liberty Park section of Camden

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house-by-house for that community. And people say, "Well, why is West Jersey involved in that, and where does that meet the health-care needs of the community?" Well, that starts at the root cause of health care. If people don't have good housing and they can't raise their kids properly in the inner city, that leads to health-care problems later in life. And we need to deal with that issue.

So we're partnering with government, the city Camden government, the State, and also the businesses in the community to revitalize that city. And if you want to see a lot of excitement from residents in a community, come down to the Liberty Park section of Camden, and you'll find that.

Another area that we're looking at also in terms of partnership-- We partner with Intel Corporation. Intel has provided close to a million dollars in funding in our tricounty community to look at diabetes care in the community. And this really stems from the president of Intel who had a health-care need over a year ago, had a problem with it, and basically, couldn't really find a good source of information to deal with his problem. And he felt it was time to step up and provide the community with information needs in their home. And what this does is it takes 300 to 600 PCs, puts them in the residences around the tricounty community -- Camden, Burlington, and Gloucester County -- and allows people to really manage their diabetes care

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themselves. These PCs are tied into the physician office. Physicians will be able to monitor their patients more closely. And we want to see, for example, if patients -- if the readmission rates of patients to hospitals are much less and, therefore, much less costly to the community by people helping to manage their own care. That's another example.

A third example might be the superintendent of schools of Evesham Township approached me about a week ago, and that's the Township I live in. And said to me, "Rich, we need your help because we're dealing with problems in our schools -- with our kids in the schools and not only with the kids, but with the parents." And these are issues surrounding drugs and sexuality for our kids in the school systems. And we have kids who are coming home from school or leaving school where parents are not home, both parents may be working, and kids are getting into problems. So we're going to be helping, for example, Evesham Township. And we're looking at Voorhees Township, as well, in supporting those school districts where we can provide information and education to those communities and to those school districts -- not only to the kids, but to the parents -- about wellness and prevention in those areas. So that kind of gives you a framework of some of the things that are going on in the changing world of health care.

Let me talk about some numbers quickly in terms of the revenue side of what's going on in the business side of health care. There's a lot of

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issues, and there's a lot of problems. The Balanced Budget Act that was just implemented in Washington -- we're looking at significant declines in Medicare reimbursement in our industry -- \$200 million statewide. When you look at West Jersey specifically, for example, we see a \$3 million decline in Medicare revenues in West Jersey alone for 1998.

The charity care issue in the state is still an issue. First of all, let me say a thank you to Speaker Collins, who worked diligently and undertook this issue as one of his major lead issues in this state on charity care, helping hospitals statewide to avail themselves of \$320 million in charity care. And I can tell you, Jack and Maury and I -- we were always on Jack's step talking about charity care, and Jack worked very hard to provide hospitals statewide with \$320 million.

And you should be thanked for that, Jack. And the citizens of South Jersey appreciate that, as well.

Now we're looking and we're talking to Jack and a lot of other legislators -- what's the best way to distribute that money around the state so the needy portions of the state, especially in South Jersey, get their fair share of charity care?

Another issue that's affecting us statewide and, especially, more locally here in South Jersey, the number of medical (indiscernible) we're seeing for managed care providers, insurers in South Jersey. This is a major issue.

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This was a \$1.9 million first quarter issue to West Jersey Health System alone in South Jersey. That's a major revenue hit for one provider of care in South Jersey. We need to be thinking about putting health-care decisions back in the hands of physicians and providers around the country. That's going to be important for us in the future. We can't allow health-care decisions to be managed by insurance companies. That's vital to your health care and to the health care of our community.

We have seen over the last two years a drop of 11,000 days -- patient days -- in our hospitals. Some of that good. Some of that-- A lower length of stay for patients is good. Some of it not so good. Because what we're seeing is the result in less-quality care being driven by insurers around the country. Thinking of all this and some of the issues, we can blame on managed care-- We can blame on a lot of issues, but some of it's our problem as providers in health care. What you saw at Allegheny Health System, across the river, should-- Those types of issues and problems should never occur in health care. It's mismanagement of the health-care dollar at the highest point. We need to be able to control our health-care dollar better and to take better care of things for the good of our patients.

So it's important to understand that it's not all the problem of everybody else. It's providers to take better care of the health-care dollar that we control in the marketplace. One of the issues-- A lot of health-care

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providers went out and bought a lot of physician practices in the marketplace -- primary care practices -- thinking that they're going to control the future referrals of physicians in the marketplace. Let me tell you, physicians are not people you control. They will not allow you to control where they send their patients. Physicians will look for the best route for patient care for their patients -- will always do that. And buying practices was not a solution and a failed business strategy on many providers' behalf around the state and a bad business decision by many. Fortunately, it's not something three years ago, when everybody got into that, that we decided to get into. And it's resulted positively for us.

What do we need to do to change? What are the changes that we're going to face in health care? We're going to look at continuing cost-cutting measures in health care. The concern that I have is we're starting to get to the bone. We're starting to look at changes in clinical practice in service inside our provider community. We've got to be careful of this. We provide the best health care around the world. We want to maintain that standard. It is important that we maintain that standard. We will continue to find ways to look at reducing our cost, especially on the supply side.

Physician practices now are being returned to physicians, which is a real positive thing for both the physician community and the hospital community.

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The number of affiliations and mergers are growing. I can tell you, you will be hearing of an affiliation that's been completed this week in South Jersey. Memorial Health Alliance, in Burlington County, and West Jersey Health System will be coming together in an alliance that will be announced to the public Wednesday. So you heard it first. This is wonderful.

Then there are partnerships/relationships, as I mentioned, with Intel. We have partnerships with SMS, which is Shared Medical Systems, which is our IS provider, who will invest money into the community health.

NEC -- we have partnership with NEC that looks at investing money into community health, and there's benefits on both sides. There's a win-win for both of us moving forward.

And the final message, I guess, that I will leave with you is, it's about getting back to basics, about health-care providers doing what we do best for the communities we serve, which is take care of the communities we serve both for sick patients and in wellness and prevention. And I know Speaker Collins just supported a bill, and actually cosigned a bill, on arthritis for our communities that will set up arthritis centers in both South Jersey and the northern part of the state -- was cosponsored by Jack and Joe Doria of the northern part of the state, which provides the dollars necessary for education and research into a major disease state, which is arthritis, which affects millions and millions of Americans around the country. And again, that's the kind of

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proactive legislation we really need to develop in this state. And Jack has been in the forefront of that, and again, I want to thank him for that.

So again I think the picture painted for the future for health-care providers around the country are going to be get back to basics and do what you do well, keeping the populations well and taking care of our sick, as well.

Thank you, Milton. (applause)

DR. LEONTIADES: Thank you, Richard.

The next area to be represented is entertainment. This scenario, particularly the Atlantic City area, represented by the casinos -- it's easy to overlook. It doesn't show up specifically in the statistics, ones that Dr. Perniciaro showed, but it throws off a tremendous amount of money -- hundreds of millions of dollars that go up to Trenton to be used for a variety of good purposes. I'm very happy that that's included in our forum and ably represented by Audrey Oswell, Executive Vice President-General Manager of Caesars in Atlantic City.

Audrey. (applause)

MS. OSWELL: Thank you. I'm not going to let anybody forget about gaming today. Good morning. Thank you everybody for joining us here today.

By all measures, hospitality, gaming, and tourism is thriving in South Jersey. For the third consecutive year, tourism is recording increases in

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the number of visitors in the amount of expenditures throughout the state. In Atlantic City and the surrounding region, recent hotel and casino expansions boosted construction, employment, the use of business services, and retail growth. In spite of flat revenue growth predictions for Atlantic City's 12 gaming halls, the gaming industry is expected to keep the regional economy strong. In fact, according to Rutgers, Atlantic and surrounding counties are predicted to be one of the faster growing areas in the state through the year 2002. Entertainment, which includes tourism and gaming, will lead this growth.

I'm going to start out by focusing on the travel and tourism industry. Travel and tourism plays a major role throughout the state and makes significant contributions to the New Jersey economy. It's one of the top three industries in the state. In 1997, tourists to New Jersey accounted for 161 million visits to the state and spent \$25.5 billion. These figures are up from 1996, 4 percent and 6 percent respectively. One-quarter of these visits were overnight visits, which have also increased from prior years. The importance of overnight visits versus day trip visits can be put in perspective when you consider that the average overnight visitor spends up to one-third more than a day trip visitor. The overnight visitor expenditures are more likely to impact multiple businesses.

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According to the State Department of Travel and Tourism, half of the \$25.5 billion spent by tourists were spent in South Jersey with Atlantic and Cape May counties leading the state. Travel and tourism creates more than 600,000 direct and indirect jobs throughout the state. In 1997, close to a quarter of a million of these jobs were in the seven counties comprising South Jersey. Travel- and tourism-related payroll for South Jersey was a staggering \$5.4 billion generating close to a billion dollars in state and local taxes.

Much of the tourism boom in South Jersey has been fueled by the multibillion dollar redevelopment renaissance of Atlantic City. However, it should be noted that on a county-by-county basis, five of the seven South Jersey counties reported increases in tourists visits and expenditures during 1997. The continuing development of the Camden waterfront has helped to increase tourism in Camden County. Proposed development on the Philadelphia side should further increase tourism there. Wildwood is anticipating funding approval for its new convention facility in the next 30 days. This new facility at four times the size of the existing one is expected to help diversify their economy from its traditional tourism base.

As Atlantic City works to reposition itself as a resort and convention destination, the entire southeastern portion of the state should benefit. The various local and State tour and travel departments are now working together to regionalize their efforts. The Atlantic City Convention

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and Visitors Authority is working with the Southern Shores Regional Tourism Council, comprised of Cumberland and Cape May counties, to ensure that they work in tandem. Their strategy is to entice tourists to fan out over the area by increasing visitors awareness to the region's historic, cultural, and scenic attractions. They also intend, by promoting spring and fall attractions, to expand the length of the typical tourism season.

In their continuing effort to promote tourism, the consortium participates in trade shows, travel shows, hosts familiarization tours for travel agents and writers, and cooperative advertising. The expansion of the Atlantic City Airport, the new Atlantic City Convention Center, the bus station, and the Carter (phonetic spelling) Project have also contributed to these efforts. The new Atlantic City Convention Center, which opened in May of 1997, has already booked over 300 conventions, trade shows, and meetings through the year 2007. These will generate an estimated impact of \$877 million bringing 4 million attendees. These trends in travel and tourism should continue to grow as these new projects unfold and develop.

And now for my favorite subject. Casino gaming, which also thrives in South Jersey, is the second most popular form of entertainment in the United States, second only to major spectator sports. And that's all of them combined. Atlantic City gaming has been and remains a proven generator of jobs, taxes, and capital expenditures for South Jersey. It has

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sparked year-round employment in retail trade, construction, and business services, in addition to the 50,000 individuals employed directly by New Jersey casinos.

Quite frequently, you'll hear individuals complain that the industry has not done much to improve Atlantic City. I'm here to tell you today that those individuals who criticize the casino industry for its contributions to the local economy were not familiar with Atlantic City prior to 1978. Atlantic City casinos pay over a billion dollars a year in wages. This money is fed back into the South Jersey economy where 95 percent of the industry's employees reside. State withholding tax for these employees exceeds \$22 million annually. Casinos spend \$1.6 billion annually on the purchase of goods and services for more than 3400 New Jersey-based companies, 2550 of these companies are located in South Jersey. Many are minority or female owned.

Atlantic City casinos have generated more than \$7 billion in taxes over the past 20 years. In addition to payroll, property, and gaming taxes, each Atlantic City casino is obligated by statute to reinvest 1.25 percent of their gross revenues for their first 30 years of operation. Through 1997, this money, accumulating over \$700 million, has been reinvested into South Jersey to help fund numerous low- and middle-income housing projects in Atlantic City, the new Atlantic City Convention Center, the Woodbury Child

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Development Center, the Hamilton YMCA, the Tuckerton Seaport, a new supermarket and shopping center complex in Atlantic City, and many other community recreational facilities throughout South Jersey. With the continued development spurred by an expanding casino industry, the outlook for Atlantic City, the surrounding region, and those who live and work there is assured.

Atlantic City's gaming industry is about to begin another phase of growth. The industry is expected to add at least 10,000 jobs by the year 2002. Perhaps the greatest challenge associated with this growth will be procuring and maintaining a job-ready workforce. Obtaining qualified applicants has been an issue for the past several years in South Jersey. All casinos report problems trying to fill entry-level positions. On any given day, casinos average 25 to 50 open positions. In the summer months, this average jumps up to 105 open positions. This continuous shortage creates both financial and operational burdens. This labor shortage spills over into other businesses located throughout South Jersey.

With unemployment in Atlantic City and many South Jersey counties higher than the State average, you might ask yourself, "How can this be?" Atlantic City's unemployed are the chronically unemployed. A recent survey of job applicants at a job fair at Harrahs in Atlantic City illustrates the problem. Of the 241 applicants surveyed, 30 percent lacked a high school

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diploma, 27 percent were terminated from their last job, 50 percent were unemployed for more than six months, and 25 percent had criminal records.

This is the profile of a population that is not conducive to success in the service industry. Nevertheless, it is a recurring profile of the applicant pool for Atlantic City. These individuals are unprepared to succeed.

Although every casino offers training for most entry-level positions, it is not technical training that they require. They lack basic job readiness skills and many are just not interested in long-term, steady employment. Much of it is our welfare population. Through a collaborate effort, Atlantic First, a welfare-to-work program, will attempt to train the special needs population and ready them for work in the service sector. Atlantic City First creates a strategic alliance between the public and private sectors. They will focus on improving employees= attitude and commitment, and upgrading the entry-level skills of applicants. Initially, the program will focus on heads of households of single-parent families and the chronically unemployed in Atlantic County. Recruitment efforts will then expand to Cape May, Cumberland, and other South Jersey counties. This program will be funded in part by a grant from the Department of Labor along with a consortium of public and private sector interest.

Programs such as Atlantic City First and Local 54's Atlantic City Futures are only two of several programs committed to developing a

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community model which will foster success for a population of chronically unemployed individuals. These initiatives, which link labor and government and business and labor, signal change. This is a community issue being addressed collectively by a community. It applies innovative thinking which has been seeded by a changing climate throughout the state. A friendlier legislative and regulatory environment over the past few years has contributed to the economic growth enabling gaming hospitality and tourism to flourish in South Jersey. We must work together to continue to maintain this environment so that South Jersey, along with the rest of the state, continues to prosper.

Thank you. (applause)

DR. LEONTIADES: Thank you, Audrey.

The next section is distribution, also a critical area for South Jersey and one that is often overlooked. And to represent the distribution area is Judith Juzaitis. She's with John-Jeffrey Corporation, Vice President of Administration.

Judith. (applause)

MS. JUZAITIS: Thank you very much. It's a pleasure to be able to come here and speak with you about our industry, which is third-party logistics. Most people don't know what that's about, so it's nice to have an opportunity to let you know.

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Our company, John-Jeffrey Corporation, was founded by my father-in-law about 35 years ago. He started in Camden in a small warehouse, and now we're located in Belmar, New Jersey, Gloucester City, New Jersey, and in Baltimore, Maryland, and we operate approximately 450,000 square feet of space. What we do, what our industry does, and what we define ourselves as is sort of an interim home for goods in transit, but many of our customers call us by lots of other names, and most of them are good. They refer to us as a mixing center. They refer to us as a distribution center, as a cross-dock operation. Warehousing distribution is not what it used to be. We must learn to bend and be very flexible for our customers.

What we do in our industry is take the burden off of the manufacturer, the producer of the product. That person gets the product made but needs to get it to the customer. That's what our industry does. We do whatever it takes, whether it's relabeling, repackaging-- We're really product transformation centers any more (*sic*), and we need to do it -- as Erik talked about speed, there's no difference in our industry. We must be speedy. We have to be reliable. We have to be creative. We have to use the latest and greatest in technology for information systems. We're a relatively small company, but we have a full-time information systems person on staff. And we also are in distribution.

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One thing that we're sort of proud of is that my father-in-law, 31 years ago, went to Washington and asked for, or requested, a license so that we could do our own distribution from our own warehouse. That was not legal in those days. After four days of testimony, a two-to-one vote in front of the ICC, we were granted the very first license to be able to have our own trucking company from our distribution center. So we still have that first license.

So what I wanted to get across to everybody who's here that's what we do, but why did we choose South Jersey? Why didn't my father-in-law, instead of Philadelphia, choose South Jersey? Well, he chose it because it's an excellent location. It enables us to service people both south and north. It has good bridges. It has good ports. It's railed served. All of our buildings are rail served. We have to be able to adjust to whatever our customers want in the way of shipping. And so with that in mind -- and I had a little bit more to say, I hope I haven't forgotten anything, but I would like to talk about what we see as a threat to us and how we might correct that through legislation.

It's difficult for an entrepreneurial firm to work with the government. We like to feel that we're the kinds of people that need to-- We decided to start this business, and we should be able to make it successful on our own, but a lot of our competitors get the government involved, and so we do have a little suggestion here today. We lose a lot of business to people, like the people in Harrisburg, Pennsylvania, and we don't think that's a good thing.

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We feel that we have room in South Jersey. It's a growing population. We're able to get good employees. It's a business-friendly atmosphere, and so we do have a few suggestions.

So I'm going to put my glasses on, so I can get this sort of right.

SPEAKER COLLINS: I'll get my pen out.

MS. JUZAITIS: Actually, this was a little family project. We did talk about it a bit.

What we'd like to see is-- We'd like to see South Jersey become a distribution hub for the northeastern part of the country. It makes a lot of sense. We have a good infrastructure. We have good roads, as I say, bridges, ports. To accomplish this end, any South Jersey-based public or contract warehousing company's location providing third-party distribution services to firms outside of the state would be considered an economic enterprise zone and would be exempt from property and highway use taxes. This action would encourage distribution and growth in this part of the state. Additionally, it would provide more employment opportunities and attract major companies outside the state to look at working with distribution companies in South Jersey to act as their regional distribution centers covering customers from New England to the Carolinas and even further south and west.

Furthermore, to demonstrate commitment to their employees, companies taking advantage of this economic enterprise zone program must

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provide health and dental benefits to those already not covered, have in place a retirement plan in the form of a company-sponsored pension or 401K plan, and pay a wage rate at a minimum of 20 percent higher than the present minimum wage. We feel that this would be a win-win piece of legislation, and we encourage those in government who are committed to South Jersey's growth to consider this proposal.

Distribution's future is bright. Why shouldn't its light be focused on South Jersey.

Thank you. (applause)

DR. LEONTIADES: Thank you, Judith, for those very thoughtful, specific comments. That's a danger of these summits. You might get what you asked for as recommendations. (laughter)

The other area that concludes the panel part of the discussion is temporary services. This is also an area that often gets overlooked but is critically important to meeting the employment needs, particularly when you have an economy that's growing fast for seven or eight years, you tend to have labor critical shortages. I know listening to Doris for a number of years and occasions that this is an industry in great transition. So I think you'll enjoy listening to the comments of Doris Damm, President and CEO of ACCU Staffing Services.

Doris.

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MS. DAMM: Thank you, Milton, and good morning.

I have to tell you, Audrey, I can mirror exactly what you said before regarding Atlantic City. We do have an office in Atlantic City, and I know that we must have hundreds of open orders in that area that we cannot fill and is a major problem down at the shore.

However, it is a fact of life that the temporary help industry is here to stay on a grand scale. In 1997, the staffing industry reached unprecedented levels. Receipts grew 15.4 percent to \$50.3 billion. Employment, when defined as an average daily employment, rose 9.7 percent to 2.5 million employees, and payroll expanded by 19 percent to \$37.4 billion in 1997 from the previous year. We alone at ACCU sent out in 1997 in excess of 15,000 W-2s. These startling figures clearly show that more and more businesses are relying on an alternate workforce to meet their staffing demands. When I started ACCU in 1979, most of the customers required clerical-type staffing people -- secretaries, receptionists, and typists.

With fewer than half a million temporaries employed nationally, the trend today has obviously changed. Today staffing companies place employees in all fields from lawyers to accountants to medical personnel, engineers, and assembly workers. Today the growth in the temporary help in staffing services industry is attributable to several factors.

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1. The tight labor market is the most important factor in the staffing industry's prominence. In this environment of business growth, companies face increased challenges in bringing on enough workers with the right skills. In response to this challenge, more and more businesses turn to our industry to meet the growing demands for workers.

2. Changing the workers' attitude is also a major factor. Today's rapid changes in the economy are changing the workers' way that they view employment. Workers increasingly believe that traditional, long-term job security with a single company is less certain and that employment security lies in having the right skills and knowing where to get these skills. Staffing services are meeting these needs.

3. Expansion of staffing services beyond traditional temporary help is another key factor in the staffing firms providing a far broader range of services than in the past. Staffing services are adding a new dimension to the labor market, that of providing complete service solutions, while at the same time continuing to build on traditional temporary help to meet the fluctuating demand for staff. For example, at ACCU, we now provide risk management services, free employment loss seminars, efficiency analysis, and a host of other services beyond the traditional staffing.

Also, growing rapidly is managed-care services, also known as outsourcing -- arrangements in which a business contract with the staffing

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company not just to supplement its own workforce, but to take full operational responsibility for a specific function such as operating a data processing center, a mail room, or other discreet function.

We can, therefore, understand why successful companies in South Jersey and throughout the country for that matter are turning to the temporary industry for special assistance in staffing, which leads us to the point at hand.

The industry as a whole and temporary staff in South Jersey is undergoing unprecedented and critical shortages in qualified personnel.

From personal experience in 20 years I've been in this business, I have never seen as many unfilled job orders as we have at this time. Right now, in our eight offices, we have a total of 600 open orders. Although we are experiencing labor shortages in all segments of our business, there is a critical need for qualified unskilled labor. You may be thinking, "What is qualified unskilled labor?" I define this seeming oxymoron as simply unskilled labor with a good strong work ethic. Many of my light industrial clients seek personnel whom they could train. They may start out as unskilled workers, but with specialized training and a good work ethic, they could easily ascend the corporate ladder to supervisory positions and others.

But finding this type worker in South Jersey has become an extremely difficult Herculean task. My staffing coordinators spend countless hours attempting to recruit personnel with a minimum work ethic, arrive to

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work on time, possess good hygiene, have a good attitude and with a willingness to succeed in the workplace, and most important, go to work every day. Instead, we are more than ever meeting applicants whom we could never send on a work assignment.

The irony of this economy is that the low unemployment the country is currently experiencing is usually an indication of prosperity in the workplace. However, in our industry, it is yielding terrible problems in labor shortages. Despite our concerted effort to find more and more employees through expansive advertising, recruits, job fairs, and referrals, we still find ourselves unable to fill the customer's needs. Moreover, if staffing companies are plagued with labor shortages, it stands to reason that South Jersey's industry as a whole is experiencing the same difficulties. In developing legislative and economic development strategies to build a strong business climate, we must, therefore, focus on the labor market.

Today the economy is yielding incredible business growth. It seems that most industry in this area is prospering. But what good is increased sales and growth without having the manpower to meet the demand. ACCU is currently partnering with several Work First New Jersey offices to acquire personnel. To date, the employment services have assisted us in obtaining unskilled labor. The liaison between our company and the employment service departments has put many South Jerseyans to work, most of which were

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previously receiving some form of State aid. This is just one example of initiatives that we must develop to supply business with qualified personnel. The success of ACCUs partnership with Work First New Jersey has been that many Work First employees have received training by the New Jersey Department of Labor on basic interviewing and other job skills necessary to succeed in today's labor market.

I truly believe that the answer to the critical labor shortage comes in the form of skills training and job development services through State and local programs. Individuals who may have been on welfare for extended periods could be transitioned into the labor market with proper skills training. I only offer one answer to a complex problem. Nevertheless, the importance here is that we understand the labor market is undergoing the worst shortages in recent memory. This major problem is affecting my business and certainly our clients= businesses in southern New Jersey.

Thank you. (applause)

DR. LEONTIADES: Rather ironic, if this economy gets any better, we're going to put Doris out of business.

MS. DAMM: Yes, that's right.

DR. LEONTIADES: We've got a rich load of materials that was presented and information conveyed by the panelists, and we need someone to interpret and make sense of the findings and the interaction between the

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State and the various business sectors. And I'm very pleased to have a colleague, Dr. James Hughes, do that role for us here today.

Jim is Dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University. This is the one concession on the panel to the North. Jim is from New Brunswick and found his way here relatively early -- earlier than myself.

Jim. (applause)

DR. HUGHES: Thank you, Milton.

First, I should warn everybody that I am going to approach this summary as a typical academic. And unfortunately, South Jerseyans generally have two opinions of academics. First, they consider us the kind of people who if granted a substantial delegation of authority could bankrupt any well-functioning small business in about six weeks. Second, alternatively, they think of us as solid citizens whose feet are planted firmly three feet above the ground. (laughter) So with this limitation in mind, let me take the academic liberty to, first, provide some basic caveats and a slightly broader perspective to some of the comments here this morning.

First, the fundamentals of the South Jersey economy are probably better than at any time in the past 30 years. The fundamentals of the New Jersey economy are better than at any time in the past 30 years. Compared to the 1980s, there are no internal State imbalances or excesses that would tend

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to derail our expansion. So our upside potential and our downside risk are really tied to the fate of the American economy. To a large degree, we are now prisoner to external national events. Similarly, the U.S. fundamentals are excellent.

The economic problems of the moment are related to international events, the dark side of globalization. The worst global economic conditions in more than a generation -- that is going to be our major risk as that filters down through the national and regional levels. Nonetheless, we are right now in the 91st month of national economic expansion. This is an extraordinarily long up cycle now approaching record territory.

Point of reference one, the average postwar up cycle in America has been 50 months long. So the current national expansion is 3.5 years beyond that long-term average. However, right now, despite its advanced age, the business cycle is not yet quite ready for the economic nursing home. So it might not be too unreasonable to suggest that we are really in one of the historic long record expansion periods.

Point of reference two, two great growth cycles in the economic history of America. Both of these took place in the postwar period in the 20th century, and virtually, everybody here has lived through these either as a young adult or a real adult: the record 106-month expansion of 1961 to 1969 and the 92-month expansion of 1982 to 1990, which was the longest peacetime up

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cycle in the nation's history. Thus, we are currently one month shy of tying the second-longest expansion in history, and that's history only going back to the Civil War because that's as far back as our data reaches. So if we make it to November, we will tie the record. If we make it to December, we will break it, and then we will be in the longest peacetime expansion ever -- record territory.

How long can it go? Well, I'm going to go way out on a limb and assert that the current expansion will continue until the next recession hits. (laughter) We should remember that expansions don't really have any natural life span even though we have long-term averages. The Federal Reserve usually murders them. And the Fed right now is moving in the opposite direction.

Okay, outlook: Low probability: major recession in 1999. High probability: a distinct slowing of growth next year, perhaps the equivalent of the soft landing that we had in 1995, except for different reasons. So 1999 will start either a postcrash up cycle, which is our low-probability scenario, unfortunately, or a post-soft landing up cycle, an outcome of much, much higher probability. However, either case is going to yield what I am now calling corporate restructuring reinvented or downsizing, too. Now, a lean, efficient American economy, New Jersey economy, South Jersey economy that was achieved through all the harsh adjustments we had to make during the 1990s is not going to sit by idly while global parameters change.

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Profit pressures is going to spawn a corporate backlash to become ever more globally efficient and competitive. Right now, we have deflation, intense cost pressures, and furious international competition, and that's going to define 1999 and the new millennium. So we are starting to see a sequel to that famous story, reinventing the economy. Again this is the aftereffect of all the global turmoil that we are going through. And what we're going to see is a second generation of ever higher standards of technological and economic efficiency, and that is definitely going to filter down into the South Jersey arena. And that adds even more importance to all of the key issues that were raised in the excellent presentations this morning.

Government role in policy: Bottom line, I think that has been made abundantly clear in the discussions today -- is that government should not be in the happiness business. It should be in the economy-building business. And the presentations have highlighted three basic governmental roles in promoting economic development, workforce training and education, infrastructure development, and the broad business climate. And all of these were touched on today in greater or lesser fashion.

First, workforce and education: Clearly, a 21st century South Jersey economy requires a 21st century workforce. Erik Halleus has made this abundantly clear in regard to high-technology manufacturing. In an increasingly competitive national and international environment, the South

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Jersey economy is going to have to move up market if it is to thrive, so a skilled and educated labor force is increasingly key to the southern New Jersey economy. And this is evident in all the sectors of the South Jersey economy that were reviewed here this morning.

Now, if we go back 100 years, America became the world's foremost industrial power in no small part because we clearly had the best educated and trained labor force on the planet. Now, unfortunately, that is no longer the case. Two possible scenarios for the South Jersey future: An increasingly skilled, increasingly savvy, increasingly productive, and increasingly competitive South Jersey workforce as a result of retraining an increased workforce maturity; or a noncompetitive workforce dominated by a tired, bloated, unproductive, badly aging baby boom, which neglected to upgrade its skills for the new economy, as well as new entry-level workers totally unprepared for the 21st century workplace. I think the appropriate choice is clear. New, more sophisticated job profiles will continue to emerge, and we will have a sustained reinvention of existing jobs.

As Erik pointed out, lifelong learning, continuous education and training, basic work and practical technological skills and cross-training are several of the imperatives. And this places even more pressure and dependence on alternative staffing services, as detailed by Doris Damm, particularly as labor force shortages become more and more pervasive.

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The second broad area is infrastructure. A 21st century South Jersey economy requires a 21st century public infrastructure. A competitive South Jersey economy needs a competitive world-class infrastructure, not a Third World infrastructure. Criteria for infrastructure investment: Improved long-term economic efficiency for the region's business community. Those investments that don't improve the efficiency of the economic system and don't saddle us with onerous future operating costs are the elements that should receive priority.

Certainly the elements of warehousing and distribution, as Judith Juzaitis has described, are infrastructure dependent and infrastructure dependent to the degree we don't have adequate transportation facilities, we are not going to have a warehousing distribution sector in the economy. Now, South Jersey's proximity to markets is excellent. It is a low-cost location within a high-cost state and region, but optimization of proximity and cost advantage is infrastructure dependent.

Furthermore, we should not think of infrastructure solely in terms of roads, transit, ports, and communication systems. It also includes other areas such as health-care infrastructure. And I think as Rich Miller has really intimated, you are not going to have an effective 21st century economy without an effective cost-efficient 21st century health-care system. And health

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care is also a critical element to the third area of government responsibility -- business climate.

Now that's a broad umbrella term sheltering a number of elements, taxation, regulation, sensitivity to business needs, and the like. So it's a phrase that encompasses a multitude of sins and virtues. Suffice it to say, South Jersey must optimize its competitive business environment for the emerging firms that will define the economy of tomorrow, while at the same time it must provide a very hospitable milieu for the firms of today, as they confront global forces in an ever-changing information age economy.

Government must not only minimize the cost of doing business in the region. It also must provide the environment that the key economic actors and entrepreneurs want to live in -- where they will want to raise their families. And many of the elements that the key players of the new economy desire, essentially a whole range of quality-of-life issues, are also key elements in the tourism industry effectively reviewed by Audrey Oswell. Moreover, Richard Perniciaro's survey showed that quality of life is the No. 1 advantage of doing business in South Jersey. So I think that the priority there should be clear.

Now, overall in all of these areas, there aren't any quick and easy answers, but certainly the issues can't be relegated to the back burner either. I was given firm warning by Milton to remember that at this stage of the day's

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events that the brain can only absorb what the seat can endure (laughter), and I sense I'm starting to stress your endurance, so let me pass this back to Milton.

Thank you. (applause)

DR. LEONTIADES: That's why I keep bouncing up and down, so my seat doesn't get tired.

I'd like you to join me in thanking the panelists, the Assemblymen, the Speaker, Dr. Klein. I think it's been an excellent presentation and an excellent forum. And I'd like to thank each of the panelists and the other distinguished guests and Assemblymen and Speaker. (applause)

Now, this is the part of the program where the audience can participate, and you're free to address questions to any or all of the individuals on the table in front of me, as well as Jim Hughes in back of me.

So who would like to start the discussion from the audience?

We have to wait a second until we get the low-tech equipment here back to you. (indicating relocating microphone)

UNIDENTIFIED SPEAKER FROM AUDIENCE: Thank you.

One thing that I don't think we've really touched on here was what impact local government is subjected to sometimes and what goes on in Trenton. I see we have two other people here involved in local government,

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Mayor Metzner and Councilman Dunn from Winslow Township. I'm sure they can attest to that-- Oftentimes what happens is there-- For every action there is a reaction. On the local government level, we're on the reaction side. We have to react to what goes on in our town, what causes those certain detractions, shall we call them.

But in any event, one thing that we mentioned here today and is in all of our handouts -- we talked about the Business Retention Act. That was a great thing, but again, there was a little bit of a downside to it. It opened the door for certain businesses to cause tax appeals, sometimes frivolous, and in many cases, these tax courts went above and beyond legislative intent of what the Business Retention Act was all about. And certain things that local assessors felt should be assessed and the town should be receiving revenue from, lo and behold, when tax court finished it, it was not a taxable item. So perhaps the Legislature might want to strengthen those weak points and Title 54 so that we aren't subjected to those (indiscernible) tax appeals on the local level.

One of the things that--

DR. LEONTIADES: Do you want to address a question towards a particular panelist or guest here on the panel? Do you have a question?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Do I have a question?

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DR. LEONTIADES: Yes. This was a question-and-answer session.

UNIDENTIFIED SPEAKER FROM AUDIENCE: More of a statement. I think--

DR. LEONTIADES: We have the panelists for the statements. Do you have a question?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Okay. How would the Legislature tend to strengthen Title 54 and strengthen municipal position on those frivolous tax appeals?

If you want a question, that's a good one.

DR. LEONTIADES: Okay, thank you.
Assemblyman.

SPEAKER COLLINS: Well, the question from the Councilman is one that is difficult to answer by the very nature of the way the question was phrased. First off, with regard to frivolous tax appeals, I don't think anyone supports those. The question is, though, what is frivolous, and that's why we have appeals and judicial decisions, etc. To balance out, though, and this is what I alluded to, at least in my mind, in my opening comments, that there are so many things that impact the economy of this State's businesses and, of course, citizens.

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The Business Retention Act, which was signed into law by Governor Florio, I believe, in 1992, is one that had a great deal of support on a personal sense because it had an impact on some of my communities. I was not supportive of it. However, that does not mean that I felt it was totally wrong or that it shouldn't be in effect.

These are the challenges that are continual to you, as business entities, to Councilman Jack and the mayors and, very honestly, the freeholders who are here and let alone the State Legislature. There's nothing in particular that we're ready to move on now, Councilman. But, as I've said earlier, say continually, continual review is something that the Legislature does, should do, and will do, and we'll be responsive to any suggestions you make.

DR. LEONTIADES: Thank you, Speaker.

Any other questions in the audience? Anyone?

UNIDENTIFIED SPEAKER FROM AUDIENCE: I think I would direct this question to Doris Damm and Audrey Oswell, as you discussed the chronically unemployed in the southeastern part of New Jersey.

Doris, you mentioned that there was one solution, and that is by obtaining or tapping into the resources of the Medicaid rolls in helping to identify people who are trainable and who are potentially available for jobs.

I'm wondering if there are any other solutions that you know that are on the burner and whether or not there's been an evaluation or assessment on the

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wage scale and the availability of affordable housing for entry-level-position-type employees.

MS. DAMM: I can't answer the question regarding the housing because that I'm not familiar with, but I can answer the question insofar -- can you hear me? -- as the hourly wage. At no time do we use the current wages that most companies have been using for the last couple of years. We are now having unskilled people go to work. In some areas, that's \$7.50 to \$8.00 an hour, which we never had before. It was always the minimum wage or a little bit more, but even at \$7.50 to \$8.00 an hour, it's almost impossible to get the person who's going to go to work every day. To get the person to come in and fill out an application, that's not difficult because we'll go there, wherever it may be, to get them to fill out the application. However, it's to get them to return to accept the position and return to work. That's the training that's needed.

I don't know that the training has to be sophisticated training. I think it has to be a work ethic. We have been teaching in our light industrial offices that you must take a shower before you go to work in the morning. Do not turn the television on. You must brush your teeth, and you must pack your lunch. Those are the basics that we have tried to instill in people, so they would get accustomed to getting up in the morning and going to work. But in tapping other resources, the only other resources that we have attempted to tap

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are the seniors, and that's working well for us, but I don't know where else we can go.

DR. LEONTIADES: Audrey.

MS. OSWELL: Yes--

UNIDENTIFIED SPEAKER FROM AUDIENCE: I understand that you're saying that you're basically-- You're at the bottom of the pot, which is not-- These words may seem kind of harsh, but in reality, that's where you are in terms of the workforce. With that in mind, are you looking-- Now you tapped into the Medicaid rolls. You're tapping into the senior rolls, and I'm wondering if there's always going to be a certain amount that aren't employable. And since you're at that level, are you looking at ways of pulling people who are employable from other areas into the region? Because it seems that's what going to be required with the other casinos coming in and more demand for a larger workforce.

MS. OSWELL: Sharon, if I could add to what Doris said, and I'll speak for the casino industry. We are reaching into other resources. We're going into our special services schools and bringing in some of those people which were traditionally -- found it difficult to find employment, especially in a public area sector. We're bringing in a lot of those students into our workforce, and we've had a lot of success with it at Caesars. And I know there's a couple of other casinos, based on our experience, that are joining the

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bandwagon. We're starting to subsidize transportation for the New Jersey Transit, the train, the bus, to bring people from the outer areas of South Jersey.

But one thing that you have to keep in mind, in an industry that already spends millions of dollars training their employees on the technical skills that are required, to ask us to bear the burden of teaching people -- adults -- how to take a shower every day, how to show up for work every day and--

Mimicking what Doris said, it's not even a matter of having them show up on time. It's just a matter of having them show up. And I see people out there chuckling and laughing, but you cannot imagine. We experience it firsthand every day. Individuals who did not even understand basic hygiene, do not understand why it's important to show up for work every day. People that disappear for three days and then come back -- come into work for the regularly scheduled duty and don't understand why they don't have a job just because they disappeared for three days. So to bear the burden of that additional training is astronomical. In addition to, how do you even begin to train adults on those basic skills if they haven't learned them and they've developed those poor habits through their early years of adulthood. So that's what we're struggling with.

We're looking at different ways to approach that problem. The only way to solve the problem in South Jersey, short of bringing people in from all over the state and other states, is to address this problem and to attempt to

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train them -- and I think some of the programs that I mentioned that you see with grants from the Department of Labor and marrying the local unions that are also dealing with the issues and all the businesses in South Jersey to attempt to train these people and make the chronically unemployed employable.

DR. LEONTIADES: Thank you, Audrey.

MS. DAMM: The one thing I wanted to add to that, Sharon, is we had a special project over in Bensalem, Pennsylvania, where unskilled labor was paid \$7.00 an hour, overtime after eight hours, to work seven days a week. Most of the people could earn a gross earning of about \$700 to \$800 after they got done with all the overtime. We leased vans to pick them up and bring them to the work site -- 40 people. We have an 80 percent turnover.

DR. LEONTIADES: Thank you, again.

Any other questions?

UNIDENTIFIED SPEAKER FROM AUDIENCE: You brought up the question of unemployment or employment. Is the labor force problem a local problem or a national problem?

DR. LEONTIADES: Doris.

MS. DAMM: I can tell you that it is a national problem, belonging to the National Association of Staffing Services. It is national.

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UNIDENTIFIED SPEAKER FROM AUDIENCE: Has anybody thought about going to what provided this country with labor in the past, which is immigration and lobbying Congress to give a limited -- restrict immigration policies that allows unskilled labor to come in?

MS. DAMM: We would very much like to keep the Mexican population that's here right now in finishing up the farming for South Jersey and keep them here and let them work for us for a while. However, that's not going to happen, but I agree with you 100 percent, and we can't seem to get anywhere on that part.

DR. LEONTIADES: Any other questions?

MR. HALLEUS: I have a quick comment. In regards to -- some of you might be aware of -- computer science. There we have right now some support from government. Computer science is a wonderful area right now if you graduate. You can go out and get a job for 50K just about the first day you show your face. There is such demand as we all go into this area of mix of voice and data communication. So the government is currently supporting a lot of nice visas, and it is easier to get computer science people in. So there is need as a sector right now, but that's a sector that we really shouldn't fill with foreigners. This is a sector with growth, with technology, with education, totally based. We should have everyone of those jobs filled, but it's easier right now to do it that way to help out on the visa side.

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DR. LEONTIADES: Thank you, Erik.

Speaking of work, I assume most of us have it, so I'd like to conclude relatively quickly with the comments from the Assemblyman. Let's take one last question.

UNIDENTIFIED SPEAKER FROM AUDIENCE: I always like being in Erik's presence because he -- at least four times in every speech he always mentions Cherry Hill. (laughter)

One of the things that I think about and I hear that-- We didn't talk about the DEP regulations, and we didn't talk about a lot of the things that you normally hear about at these types of meetings, but it was also just on labor, people showing up to work and things like that. And I guess for the legislators here, the one group that I don't see at the table at this meeting and at a lot of our workforce, investment board meetings, and things like that, is the Department of Education. That's the first place. (applause) Thank you. That's the first training. We always deal with the second chance systems, but there's the first chance system in teaching those things.

So, Audrey, yes, you shouldn't have to teach people just showing up. And I would like to see the Department of Education be more involved and really having career and education and tying those things together with business at an earlier age.

Thank you.

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DR. LEONTIADES: Okay. The concluding part of our program are final comments by Assemblyman Joseph Azzolina and the Assembly Speaker, Jack Collins. And then we will wrap up the very fruitful session we had today.

ASSEMBLYMAN AZZOLINA: Yes. I think we've learned a lot of valuable things here today. I agree with the labor market. I'm in the supermarket business. I have 1300 employees, in which 500 are full-time and the rest are part-time because of flexible hours. And we have that revolving door. We have a turnover of 1000 employees a year. They come in for a few days and they're gone. That's a tremendous problem. But the key there again there are a lot of possible future employees out there, but they need to be trained. The work ethic is the important item, and they have to be trained in the early years. The Department of Education has to get that job done somehow through the school systems. In other countries -- some of them -- work ethic is tremendous. But I hate to say it in this country, they're terrible.

Myself and Steve Corodemus, Assemblyman, and from five other states -- were 10 of us -- we had the privilege through the National Legislative Conference to visit Germany, Austria, and Switzerland a few years ago to learn about the school-to-work program in these other countries. We did this at Siemens. We did this at BMW in Germany, and the others I don't remember. But there were universities and a number of training programs that we did

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visit. Again it's training. They have an apprentice system. They start very early, either in grade school or high school. They work right at the plants, and so forth.

But what we did learn was that we can't do that in this country. We have a different system. But they did state that they thought we had an excellent community college system in this country. And through the vocational system we have in the high schools, I think that's where our potential is, and the community colleges are doing a tremendous job. We need more vocational schools at the high school level because-- I visit many vocational schools. I've been to some of the community colleges, and we need to expand that area. I think the training particularly in the high schools is a great program. I wish we could grab most of it. Everybody goes after the individuals being trained there. And in the high school-vocational setting, they're being trained in almost every area, and it's very important.

So in conclusion, I think we have a lot to do in this country to improve our educational system and get more and learn more and teach more about work ethics. With that, I'll turn it over to the Speaker.

SPEAKER COLLINS: Thank you, Mr. Chairman.

I'd like to just take a final few moments to make some comments and break them into three areas: to thank some people, to point out some of

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the impact that this get-together/summit has had on me, and then maybe just say something that I'm glad I'll be the last to speak.

First, the thank yous. Of course, I want to thank the panelists not just for being here and giving us a wealth of information, but on a personal note is -- I'll comment in a second. Again, a step forward in my personal educative process. Of course, to Chairman Azzolina, Deb Smarth, and others from the Assembly Majority, the Chamber of Commerce that once again has proven by their efforts here that the information we've gotten from the good doctors who have told us with regard to the expansion of the economy in South Jersey directly tied to the great efforts of the South Jersey Chamber.

And I would particularly like to point out, has already been mentioned by Councilman Jack, some of the municipal elected officials here, but we do have two freeholders here both from my home county of Salem, the Deputy Director Mike Facemeyer (phonetic spelling) and Freeholder Herb Strong. We thank them.

And two of-- Assemblyman LeFevre and Assemblyman Azzolina and myself's colleagues, one was the Vice Chairman of our Economic Development Committee in the Assembly, Assemblyman Nick Asselta, who was here earlier, had told me he was going to have to go to another commitment, but particularly an Assemblyman very involved with the tourism aspects of this state, and we've heard the great impact that that has had on the

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economy of the state. And then the Chairman of our Labor Committee, Assemblyman George Geist, who is here.

And as I said earlier, we in the Legislature -- we really do care what people think. That's why this is so important to us. I've learned today, as I've tried to learn in all events, from the idea that in particular that Erik first mentioned and we've heard before. And it just jumped right up and grabbed me because it's something that I can directly relate to and have some impact on, and that is our Department of Labor and the continual education that they offer and should offer. And I can guarantee you after today will offer through the budget next year and other opportunities. And then just so many others that -- areas that were touched on by the panelists.

And, Judy, I heard exactly the piece of legislation you want, and that will be put into the mix of discussion and evaluation.

But if there's anything I heard that I was excited about, as I think all of us are when we go and hear people talk or exchange ideas-- Yes, we want to learn. Yes, we want to improve our thought process, but it's really exciting when somebody says something that you really believe and sometimes feel that you're just shouting out as a -- in a wilderness that no one is listening. And that was, Doris, when you were talking about the 600 jobs that are open, so to speak, and I want to use my own terminology because it is one of my pet peeves.

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I will change those jobs to the general assertion -- hamburger-flipper jobs or dead-end jobs. And what I took from that is, there are jobs continually out there that are quickly derided in the current terminology-- I always point out, and my brother happens to be here, that our mother was a candy packer at Whitman's Chocolates 60 years ago. That was the hamburger-flipper job of that day. But when you talk to my mother, she loved her job. She had a professional ethic to that job, and we just deride that-- As I often say to young people, who will say to me -- I say, "The vice presidency at IBM is filled right now. You might have to start over here." (laughter) So that was my own personal excitement like, golly-gee, I can go out and beat up the hamburger-flipper comments in the future.

So I think that all -- if you are anywhere near Assembly Speaker Jack Collins's mind-set -- that this was a great experience. But I'd like to close and, before I do, mention how sessions in the Assembly close. That when the day is over or when the Speaker is tired, all the Speaker has to do, not just this one, but all those before me and those after, takes the gavel and says, "Routine business." And that's it. It's done.

Well, I won't do that today, but I will end it with this comment because it's going to fly in the face of my colleague and even where we ended up. I'm an educator, so right away you can say, "Well, no wonder he was defensive of the comments about where is the Department of Education and

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there where we went. I heard very clearly what was stated about employees and the challenges to get individuals develop hygiene or work ethics or whatever. But, ladies and gentlemen, one man's opinion -- and remember, I have the gavel which will end it -- I don't know that that's the schools responsibility. I get so tired -- He doth protesth too much -- that every time we have a problem, whether it's sexuality, drugs, driving, alcohol, we have to improve our schools.

In this man's opinion, we have to improve ourselves. We have to improve our family structure, and I will accept it has changed in my lifetime. Then, let's move it to the community structure, whatever you call that, church, organization, or whatever. It's not the teacher's job. It's our job, our neighbors, our children, our family. I want teachers to teach, so they can do those high-tech things. And every time I turn around, and I'm a part of it in the Legislature, let's have sex education, let's have Holocaust education, let's have alcohol education, let's have environmental education. They're all important, but there's only so many hours in the day. And just as my esteemed mentor, when it comes to economics, Professor Hughes said, "The mind and the seat when they work together or don't work together," that happens to students, too.

So, no offense, we should do a better job in education, but I don't know that the physics teacher at a particular high school should be spending

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a whole lot of time telling people to brush their teeth. I don't know that this thing called work ethic, which is the key there, is the responsibility of the mathematics teacher. It's all our responsibilities.

Routine business. Thank you very much. (applause)

(MEETING CONCLUDED)