



2018-2019 NB Budget Continues to Discount Economic Realities

Chamber Urges Government of New Brunswick to Focus on Managing Debt and Creating a Positive Economic Environment for all Businesses in New Brunswick.

Windsor, NS (January 30, 2018) – The Atlantic Chamber of Commerce recognizes today's budget contains several positive announcements that warrant acknowledgement. Commitments to invest in improving education and job opportunities for our youth are important steps in improving our workforce and youth retention. A significant and appropriate measure is the government's commitment to ease the burden on low-income families by committing to provide subsidized childcare spaces for students and the working poor. This initiative represents a targeted benefit that will provide far more financial benefit to New Brunswickers than the alternative of accelerated increases to the minimum wage and associated inflationary impacts.

The ACC further recognizes the achievement of the current government in reducing the provincial budget deficit year over year but is concerned the government continues to ignore harsh economic realities. This budget will increase the burden of the current \$2M a day in interest payments on the provincial debt. By not submitting a balanced budget before 2021-22, the government proposes to increase the public debt to approach \$15B before they begin to pay back what New Brunswickers owe.

"At the outset of their mandate, the Government of New Brunswick undertook a consultation called the Strategic Program review," noted ACC Chair Richie Mann. "However, they stopped short of full implementation of spending reductions after imposing most of the revenue generating measures and exempting health and education from spending controls."

The government's commitment of \$25M to expand economic growth is positive, but appears to only benefit a limited number of early stage companies, and ignores the negative impact that increased payroll, property, fuel, sales taxes imposed on businesses will have on investment decisions. The government's emphasis on small business and start-ups is positive taken in isolation but there is little encouragement in this budget for established companies who are considering opportunities for growth.

"The government's decision to table the 11th straight deficit budget following significant increases in payroll, property, fuel, sales, and worker's compensation rates demonstrates a willingness to ignore basic principles of competitiveness and financial management," said CEO Sheri Somerville. "Certainly we need to invest in improved educational outcomes and growth in job opportunities, but it is unwise to continue to let the deficit grow and maintain our current status as one of the most indebted provinces in the country."

Chambers of Commerce and Boards of Trade across New Brunswick continue to advocate for a private-sector led economy and population renewal, which depends on government to create a positive economic and fiscal climate for all businesses. Currently the province's business community is labouring under the weight of high personal and corporate taxes, and concern regarding further burdens WorkSafe premiums increases and the costs of carbon. New Brunswick can only attract investment and

jobs if our taxes are fair and equitable. It is clear that the province has reached the limits of its ability to tax its way to prosperity. A report by StatsCan showed that government tax receipts decreased following 2015 increase in the tax rate on the wealthiest taxpayers.

New Brunswick's government needs to review the entire tax and regulatory regime in order to decrease the cost of doing business and provide predictability to businesses who are considering investing in the province. It is incumbent upon our leaders to pay more than lip service and actively engage on regulatory and political issues that are delaying approvals of major projects like the Sisson Mine and other potential natural resource development opportunities.

The potential for growth and prosperity does exist in New Brunswick. Our economy has been growing but very slowly in comparison to the national average. We need to plan our future by fully evaluating the economic impact of decisions made today to avoid mortgaging our future.

About the Atlantic Chamber of Commerce

As the strong, credible and unified voice for business influences an environment where business in Atlantic Canada succeeds, the Atlantic Chamber of Commerce (ACC) represents more than 16,000 businesses through its network of 93 chambers of commerce and boards of trade in the four Atlantic provinces. ACC is a catalyst to influence, educate and advocate on policy related issues to support business, deliver high-value services and opportunities to our members, and to support and promote initiatives that contribute to sustainable economic growth in the region.

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