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News Release

For immediate publication

Moncton – **“Budgets are about making political decisions that will have a lasting effect on all citizens”** Linda McCaustlin, co-chair of the Common Front for Social Justice Inc.

The present government is going around the province asking citizens for input in the preparation of the upcoming budget. Minister of Finance Blaine Higgs is saying that our deficit is \$800 million dollars and that our province needs more revenues.

“The Common Front for Social Justice has one solution for the Finance Minister: Stop the tax cuts to individuals and businesses introduced by Shawn Graham and re-institute the four levels of income tax brackets for individuals as well as the 13% general corporate income tax rate. If you were to cancel the upcoming two years of cutbacks you would receive \$705.5 million dollars. **Almost all of the entire deficit would disappear.** If you would also bring back the four levels of income tax for individuals and the same level of taxation that businesses were paying in 2008, you would bring in much more money than you are getting right now. ” says Ms. McCaustlin.

Before 2008, the general **corporate** income tax rate was **13%** and we had the four following brackets of **individual income tax rates**:

- The first bracket was **10.12%** (\$0-\$34,836);
- The second bracket was **15.48%** (\$34,836-\$69,673);
- The third bracket was **16.80%** (\$69,673-\$113,273) and
- The fourth bracket was **17.95%** (above \$113,273).

The major cutbacks brought about by Shawn Graham’s government changed all of that. With the *Plan for Lower Taxes in New Brunswick 2009-2012*, they made significant cuts to individual and corporate income taxes. If nothing is changed, we will end up with only two brackets for individual income tax, at **9% and 12%**. As for **the corporation tax level, there will be a decrease bringing it down from 13% to 8%, a 5% decrease.** Our province would then have the lowest rate of corporate taxes in all of Canada.

“The results of these cuts are devastating for our province since we are losing millions of dollars in revenue” says Ms. McCaustlin.

- In 2009-2010, we lost **\$143.5 million dollars**;
- In 2010-2011, we lost **\$257.9 million dollars**;
- In 2011-2012, we stand to lose **\$325.3 million dollars**;
- In 2012-2013 and every year thereafter, we would lose **\$380.2 million dollars.**

“There are over 100,000 New Brunswickers living below the poverty line in our province. These include mainly people working for low wages, social assistance recipients and many seniors. They are poor because they don't have enough revenue” continues Ms. McCaustlin. The Shawn Graham government **did raise the minimum wage** and this decision did help many low-income workers. The Common Front for Social Justice hopes that the present government will continue to do so, even if business community organizations such as the Canadian Federation of Independent Business and the Canadian Restaurant and Food Service Association are pressuring the government to cancel all minimum wage increases.

In 2009 and 2010, the Graham government also denied the 2% annual increase in social assistance rates expected by approximately 40,000 individual on social welfare (a 4% loss in their revenue). Indeed, the government in power cancelled these meagre 2% annual increases in basic rates intended to offset the rate of inflation. “The 2011-2012 provincial budget must include these amounts required to correct the denials of the previous government. The 2011-2012 budget must also contain enough money to bring the social welfare rates up to the Atlantic Provinces’ average.” continues Ms. McCaustlin.

“The Common Front for Social Justice believes that children and families must come first in this budget and not tax cuts and handouts to the business sector” concludes Ms. McCaustlin.

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Note- A more complete document is included with this News Release.

The Common Front for Social Justice is one of the largest democratic and popular organizations in New Brunswick, with close to 75,000 group and individual members. The Common Front brings together individuals as well as local, regional and provincial organizations to work towards the eradication of poverty