

News release
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Moncton- Provincial budget puts nothing in the plates of the poor.

“All of them are already in the last notch of their belt, so how much more can they tighten it; right now their stomach is already touching their backbone.” stated Ms McCaustlin.

“We are very disappointed with this first budget coming from the newly elected Alward government” says Linda McCaustlin, co-chair of the Common Front for Social Justice.

The Social Development Department will only have a 1.3% increase in the “Income Security” section of next year’s budget, barely enough to keep up with the inflation rate.

“The reality is that there is no new money in this budget to increase the basic welfare rates of over 40,000 New Brunswickers who have to rely on this to survive” continue Ms. McCaustlin. We have to remember that these individuals and families did not receive any rate increase in 2009 or in 2010 and now, they will have none in 2011. “A real shame” says Ms. McCaustlin.

In 2010, a single employable individual receiving a basic rate of \$6,444 had to survive for a year. For a person certified as disabled, the welfare rate was \$7,416 per year. Last year, a lone parent with one child was receiving \$9,708 annually as its basic welfare rate and a couple with two children was receiving \$10,896.

Since people depending on social assistance have not received any rate increase since 2008, their purchasing power has gone down considerably. In the meantime, food cost has gone up, food banks usage has increased by 18% in the last two year and now, the tax on gasoline is also going up.

“The gasoline price increase will have a disproportionate impact on low income workers and citizens on fixed income living in rural areas. Thousands of workers are travelling to work each day. A lot of them are working at minimum wage or low wages. This tax increase will mean that going to work will cost them more money. For citizens in rural areas depending on social assistance who need to go to a doctor, to do their groceries, this will be an added cost coming out of their pocketbook.” says Ms McCaustlin.

In his budget speech, Finance Minister Higgs said that last year, there was a higher social assistance and long term care caseloads and, as a result, there was a \$23.8 million dollars expenditure increase in the Department of Social Development. His statement confirms what the Common Front for Social Justice already knew, namely that:

- In 2008-09, there were 38,742 citizens on social welfare in New Brunswick;
- In 2009-10, there 39,026, an increase of **784** compared to the previous year;
- In 2010-11, there were 40,363 individuals, an increase of **1,337**, compared to the previous year.

In spite of these increases, Finance Minister Higgs did not see fit to put more money in the 2011-2012 budget to cover for the additional number of social welfare recipients that we can predict.

On the other hand, this budget is generous to the small and medium-size businesses, large corporations and to rich individuals.

Small and medium-size businesses will see a decrease in their tax rate, which will siphon away from government \$1 million dollars this year and \$4 million dollars next year. This government is even going to reduce their entire tax rate by half by the end of their mandate.

For the corporate sector, they will bring in \$14.2 million less this year in government coffer. Their General Income Tax rate, which was 12% in 2009, is now down to 10%. On top of that, Shawn Graham's government had cancelled the large Corporation Capital Tax in 2008, thus reducing government revenues by millions of dollars. This government did not reinstate this tax.

For the 11,000 New Brunswickers earning more than \$120,796 a year, they will pay 12.7% in income tax this year, but in 2008, they were paying almost 18%. So again they are the winners.

"The money that this two groups and individuals are not paying to the provincial government could have been used to help those really in needs in this province" concludes Ms. McCaustlin.

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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