

# Real Choices to Move New Brunswick Forward,

The Provincial Government say they have three (3) priorities:

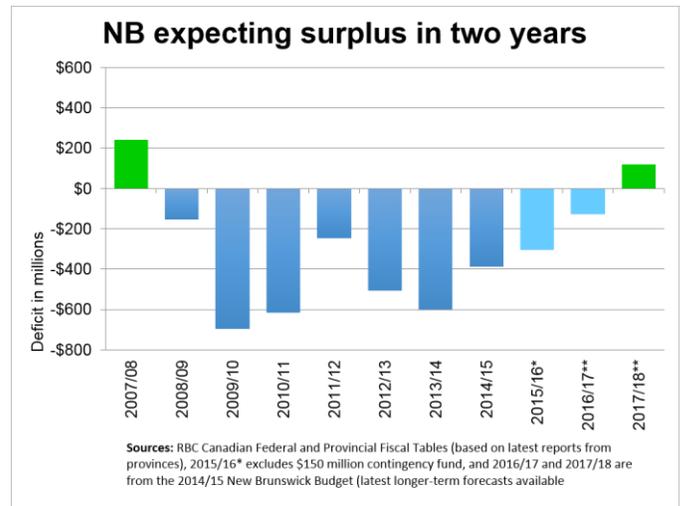
- 1) Job Creation, 2) Getting our finances in order, and 3) Improving services for families.

The **Choices to Move New Brunswick Forward** document unfortunately **narrowly focuses on *just one* of those priorities: getting the province's finances in order**, with ***nothing*** targeted at job creation and improving services. Many of the options proposed would be at the detriment of these other priorities. All the options included in the Choices document involve spending cuts, some form of outsourcing/privatization or generating revenues, with none *whatsoever* targeted on job creation or improving services for families.

Instead of moving New Brunswick forward, creating jobs, growing the economy and improving services for families, most of these would push the province backwards through further austerity.

## Deficit

The reality is New Brunswick isn't in dire fiscal straits. Its deficit is equal to about 1% of the size of the economy or less and is on track to be a surplus in two years. This is considerably lower than Alberta and Newfoundland & Labrador, on par with Ontario and well-below rates following previous recessions. It's true the NB government hasn't recorded a surplus since 2007, [but that's true of a number of other provinces](#) as well.



In its Economic and Fiscal Update, Second Quarter Projections 2015-2016, Roger Melanson, Minister of Finances, says now that the deficit is \$453.1 million but this includes the \$150 million Contingency Reserve. <http://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Publications/2015-2016SecondQuarterReport.pdf>

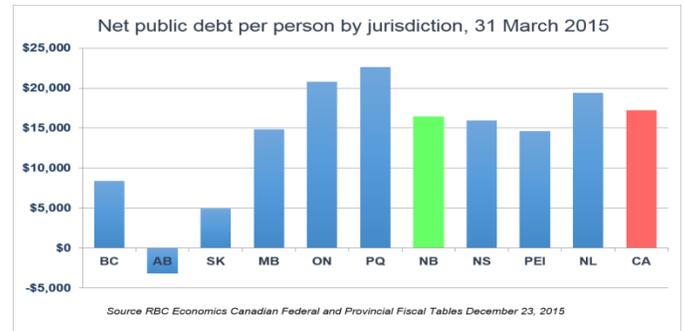
**So the real Deficit is now just \$301 or less.**

The federal government will also give New Brunswick an extra \$83.5 million in Federal Transfer Payments in 2016/17, so the deficit will be considerably lower next year.

## Debt

New Brunswick's debt situation isn't out of line or particularly bad.

As a ratio of the economy and on a per person basis, it's similar to other Atlantic Provinces and lower than Ontario, Quebec or Newfoundland and Labrador (see chart to right).



### Choices:

Some of the proposals highlighted in the Gallant government Choices to Move New Brunswick Forward may be positive, but many others would do more harm than good for the province. There are much more positive and progressive alternatives available that would be better both for the finances and for people of New Brunswick.

### But:

How can we help the economy and provincial finances by putting government employees (Tourism, Teachers, Educational Assistants) out of a job and onto Employment Insurance or social assistance?

How can we help the economy by privatizing custodial services in school, putting in effect 1,000 workers out of a job?

How can we help the economy by selling part of NB Liquor which brings in \$160 million per year in provincial revenues?

How can we help the economy by selling government assets?

How can we help the economy by turning our universities into bean counters?

How can we help the economy by privatizing some of our data registries like Real Property Registry, Motor Vehicle Registry, Personal Property Registry and Corporate Registry? What about the question of security with this personal information?

How can we help the economy if we gut public services out of rural New Brunswick?

### You can't cut your way to prosperity!

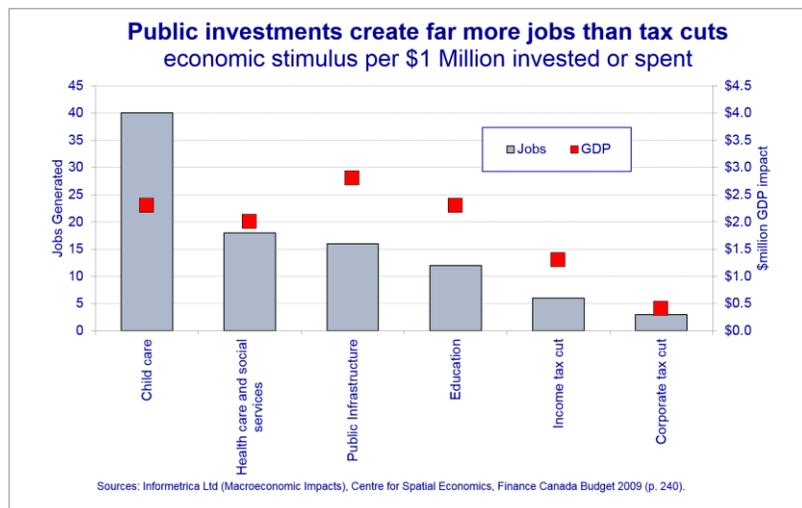
Despite their healthy profits, some businesses are complaining saying they can't pay more, but want the rest of us to do so. Meanwhile they also have their hands wide open to grab government assets through privatization.

**The province of New Brunswick should focus on creating good jobs, growing the economy and improving services for New Brunswickers—like they say they will—and not on cutting jobs and services.**

**Good places to invest:**

- *Investing in childcare and early childhood education.* Quebec’s program has created tens of thousands of jobs and pays for itself through higher revenues and lower spending.
- *Reducing poverty and inequality* with affordable housing and other increased supports. Poverty has a big cost and inequality is bad for the economy.
- *Investing in green infrastructure, better public transit and “social infrastructure” including public long-term care.* The new federal Liberal government is planning to invest \$5 billion more annually in these areas—and the New Brunswick government should get with this program.
- *Diversifying the economy and creating jobs* by adding more value to our natural resources instead of exporting raw and barely processed materials.
- *Creating jobs by producing more goods for the domestic market* and reducing imports. The lower value of the Canadian dollar will help with this and proactive government procurement policies could help as well.
- *Maintain and expand public services and revenue-generating public enterprises.* Selling these makes no economic or financial sense and public-private partnerships (P3s) cost much more over the longer-term.
- *Public job creation programs for young people* so we can retain and provide productive activities for our youth.
- *Immigrant settlement and welcoming programs* to maintain population and attract diverse and dynamic new Canadians.

**Investments in public services create far more jobs and economic growth than tax cuts do—so the government should focus on increasing public services.**



**Focus on fair and progressive taxes.** To provide more revenue to invest in public services and get the province's finances in order, it should focus on progressive taxes because these will also reduce inequality, instead of regressive taxes and user fees.

**A few progressive taxes could easily eliminate NB's remaining deficit.**

- *Restore corporate income tax rate back to 16%: \$60 million.* This is the same rate as PEI and Nova Scotia. New Brunswick's general corporate income tax rate was as high as 17% until the year 2000.
- *Close tax loopholes that primarily benefit higher incomes: \$20 million+.* The stock option deduction tax loophole, which allows CEOs and other executives to pay tax at half the rate that ordinary people pay on their income from working, already costs the province \$20 million a year.
- *Large corporations' capital tax at 0.3%: \$50 million.* Up until 2005, New Brunswick applied a Large Corporations Capital Tax (LCCT) at a rate of 0.3%. At that time it collected over \$40 million a year. It was eliminated over the next four years.
- *Increase royalties on natural resources, including timber and potash both so the province generates more revenues and so smaller private woodlot operators can compete by selling to mills.*
- *Progressive carbon tax at a rate of \$30/ton CO<sub>2</sub>: \$430 million gross, \$200 million net* after compensating majority of New Brunswick households for their increased costs. Canada's five largest provinces representing over 90% of our population have all announced they will have a carbon tax or price. New Brunswick should introduce one that is effective and progressive. At \$30/tonne, the province would generate \$430 million. A \$300 annual green refund cheque for every New Brunswicker would compensate a large majority for their increased costs, leaving a net \$200 million for the province to invest in improving the environment, public services, reducing poverty and other areas.

***New Brunswick Common Front for Social Justice***

**[www.frontnb.ca](http://www.frontnb.ca)**

*(Includes information taken from a document written by Toby Sanger, economist with CUPE)*