

Province of New Brunswick Strategic Program Review

Public consultations



Our suggestions

New Brunswick Common Front for Social Justice Inc.

January 2015

Public meetings- Strategic Program Review

Executive Summary

The Budget **Deficit** is the difference between what the government receive in revenue each year and the amount of money it spend in that year. A **Structural Deficit** is when you have budget deficit for a number of years. The **Debt** is the accumulated amount of money the government has to borrow each year to pay the deficits.

New Brunswick deficit for this year is estimated to be close to \$500 millions and the accumulated debt close to \$12 Billion. Ontario, Quebec, Nova Scotia, Newfoundland-Labrador and Canada have a debt per capita similar or worse than us.

Public Consultations

What are three things that you think government could stop doing to save money?

This is impossible to answer because we don't have all the facts in hand. That is why we are asking for a "White Paper" document which would explain what are the services, programs, jobs that are proposed to be reduced, downgraded or cut and what would be the impact on citizens, workers and communities.

It is not very helpful to ask citizens to make choices that will affect them and their families if we don't have all the information in place to make educated choices.

And above all, how are citizens living in poverty going to be directly affected by the proposed changes.

One place we could reduce is in the amount of money the Department of Economic Development is giving to businesses as forgivable loans, subsidies, payroll rebates, grants for infrastructure, etc. We have seen too often our tax dollars been misused. (ATCOM, Oxford Frozen Foods, etc.)

What three things do you think government could do to raise money?

- ✓ **Raise income tax and taxes.** Not popular but raising income tax will bring revenue but will have less of a negative impact on low-income citizens. Raise tax on the business sector and on specific items like gas and cigarettes. It could bring in \$225 million a year.
- ✓ **Increase the amount of royalties** from our natural resources (forest, potash, mines, etc.) and **reduce** the amount the government invest to

manage our Crown Lands (silviculture, seedlings, reforestation, herbicide, pest control, fish habitat, etc.); have companies pay for it.

- ✓ **Don't privatize** Crown corporations or public services because they are making money (NB Liquor) provide us with secure and quality services that the private sector can't do.
- ✓ **Pay Equity legislation** that could bring \$226 millions in revenues.
- ✓ **Others**



Table 5. Estimated Revenue Effect of Changes to Key Tax Rates

(Table 5 was adapted from: Department of Finance, *Pre-Election Economic and Fiscal Outlook, 2014-15 to 2017-18*)

Revenue source	2014 Taxation Year *	2015 Taxation year	
(All values refer to a 1 percentage point change except: tobacco tax is 1 cent per cigarette/stick/gram changes; gasoline tax and diesel tax are 1 cent per litre change)	Current rates	Increase 1%	Approximate value ⁽¹⁾ (\$ million)
Personal Income Tax			
1 st Bracket (up to \$39,305)	9.68%	10.68%	64.0
2 nd Bracket (\$39,305 up to \$78,609)	14.82%	15.82%	38.9
3 rd Bracket(\$78,609 up to \$127,802)	16.52%	17.52%	10.5
4 th Bracket (above \$127,802)	17.84%	18.84%	6.2
Total (1 percentage point on all brackets)			119.6
Note: In 2015, there is supposed to be two new taxation brackets. (21% -\$150,000 up to \$250,00 and 25.75% for above \$250,000)			30
General Corporate Income Tax	12%	13%	17.0
Small Business Corporate Income Tax ⁽²⁾	4.5%	5.5%	9.0
Financial Corporate Capital Tax	4%	5.0%	7.0
Insurance Premium Tax 3% for property and casualty; 2% for life insurance premiums)	3%/2%	4%/3%	19.0
Harmonized Sales Tax ⁽³⁾	8%	9%	140.0
Tobacco Tax (cent per cigarette/stick/gram)	19 cents	20 cents	8.0
Gasoline Tax (cent per litre)	13.6 cents	14.6 cent	10.0
Diesel Tax (cent per litre)	19.2 cents	20.2 cents	5.0
Grand Total			224.6

* The above estimates are based on information available as of May 1, 2014 and are subject to further revisions.

[1] The estimated revenue impacts do not include the resulting economic impacts.

[2] The small business corporate income tax rate applies to the first \$500,000 of active business income of Canadian Controlled Private Corporations (CCPCs).

[3] Provincial portion of the HST.

