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## GMCC Reviews Provincial Budget For Its Members

**MONCTON (NEW BRUNSWICK) – March 27th 2012** – The Greater Moncton Chamber of Commerce (GMCC) witnessed the unveiling of the provincial 2012-2013 budget today. We are pleased that the government is staying committed to the goal of presenting a balanced budget by 2014-2015. The minister of finance stated that the government wants to reduce costs, become more efficient, increase revenue and focus on the needs of New Brunswickers. The government is focused on making sure that our province lives within its means.

However, GMCC is concerned with the numbers and premises the government is building this budget on. The government depends on economic growth, increased revenue, a cap on health care spending, and public-government efficiency to make the numbers add up. With an aging population and an insecure economic forecast one can wonder if this will be achieved. The provincial debt is forecasted to increase by \$738.9 M to reach \$10.84 B at the end of 2013. This represents a ratio of Net Debt to GDP in excess of 34 %.

The Province has identified **six growth sectors** to target its resources the goal of which is to sustain and grow the economy. However, it is expected that most of this growth will have limited consequences for the Greater Moncton business community.

The government also announced that there will not be any increases to personal or corporate income taxes. They have however identified that additional revenue will be provided through; 1) an increase in **Real Property Transfer Tax** from 0.25% to 0.5% effective June 1, 2012; 2) an increase of 1% as of April 1, 2012 on **Financial Corporation Capital Tax**; and 3) a review of the **Divided Tax Credit**.

Further, the first phase of a four-year **property tax reform plan** starting beginning of 2013 was announced. Included is a gradual reduction of the provincial residential property tax rate on apartments, second homes and cottages. As well as a gradual reduction in the provincial business property tax rate, currently among the highest in Canada, hoping to make the property tax system fairer and more effective. Details of these initiatives will be released in the next few months in the "White Paper".

During a survey our members indicated that the shortage of skilled workers was still a top concern for them. To address this, the budget introduces new priority and strategic commitment investments which include **immigration funding** for \$2.5 M and \$1.2 M towards 231 new seats at the **New Brunswick Community Colleges**.



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A reduction of 2% to the **unconditional grant funding to municipalities** was announced for 2012. This should have minimal effect as most municipalities had been advised prior to the budget and had taken such reduction into account during their budget preparation.

We are happy to see that the government does not seem to be in a rush to explore the potential opportunities for a viable commercial industry of extracting natural gas from shale. They have stressed that development of a commercial industry, if one indeed exists, would be several years away. This is in line with the GMCC position as stated in our press release of March 12<sup>th</sup>, located at <http://gmcc.nb.ca/en-us/advocacy/hotissues.aspx>.

GMCC is pleased to see that the government is still actively looking at ways of becoming more efficient and effective in remaining aligned with the public's expectations. Procedures have been put in place by each department and agency to scrutinize, prioritize, optimize and improve service delivery.

Since 1891, the Greater Moncton Chamber of Commerce has been the voice of the business community. The Chamber provides its members with opportunities to connect, grow their business, and prosper. Learn more by visiting our website at [www.gmcc.nb.ca](http://www.gmcc.nb.ca).

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