



**NBLA - Canadian Federation of Independent Business  
Policy Survey 2018**

**1. If elected, what is your government's plan to balance the budget and pay down the debt? When will you balance the budget?**

As was confirmed by the Auditor General, financial statements for the fiscal year ending March 31 show a surplus of \$67 million.

For the third year in a row, our economy is growing at a rate faster than predicted by private sector economists. We are seeing our revenues grow while continuing to beat our fiscal targets," said Finance Minister Cathy Rogers. "While we continue to forecast modest deficits over the next few years, these will be on average 1.3 percent of expenditures based on our multi-year plan,

Overall, the surplus is an improvement of \$259 million from the budget. This includes a \$150-million improvements on revenue, largely due to corporate income taxes, and a \$109-million decrease in expenditures, largely due to lower-than-expected expenses in central government, debt servicing costs and economic development. Although economic development expenses were lower than budgeted, they increased year-over-year by more than \$40 million.

The government has now exceeded its deficit-reduction targets for budgets tabled in 2017, 2016 and 2015.

We have turned our economy around while making crucial investments in education, health care, infrastructure and other important public services

"In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of New Brunswick on March 31, 2018," the Auditor General wrote in her report.

Over the last 10 years, with regard to the public debt, after the province's ratio of net debt-to-GDP increased from 25.0 per cent to 41.1 per cent, it finally stabilized and in fact fell marginally in 2017.

We have a multi-year plan that sees a small deficit in this year and the next two years followed by a structural surplus in 2021 and years thereafter. We have no doubt we can achieve this plan and, in fact, if we continue to exceed our targets, we may achieve structural surplus more quickly. However, the way to do this is by fostering an environment of economic growth, not risking creating economic retraction due to deep cuts in public services as we saw from 2010-2014 under Blaine Higgs' watch as finance minister.

## **2. If elected, what measures will your government take to reduce the total tax burden on small businesses?**

When Blaine Higgs was Finance Minister under the Conservative Government, small business taxes in New Brunswick (4.5%) were the second highest in Canada, just behind Quebec (2013: 8%). In 2018, they are the third lowest in the country (NB 2.5%) and are now lower than those in Quebec (7%), Ontario (3.5%) and in all the Atlantic provinces (PEI 4%; NL and NS 3%).

In 2013, Blaine Higgs increased taxes on individuals and businesses. It was New Brunswick's largest increase in 30 years. The Fraser Institute had declared: "Progressive Conservative Finance Minister Blaine Higgs proposed a series of highly damaging tax increases as a way out of New Brunswick's deep fiscal hole. Unfortunately, these tax hikes will cast a dark cloud over New Brunswick's economic prospects and likely bring little revenue in return. What's worse is that Minister Higgs has chosen to increase some of the most economically damaging types of taxes [...]. Combine the personal tax hikes with a 20 per cent increase in the general corporate income tax rate (to 12 per cent from 10 per cent) and New Brunswick's competitiveness takes a crushing blow. In a world where jurisdictions compete for mobile capital, higher corporate taxes mean less investment, lower productivity, weaker economic growth, and ultimately fewer jobs."

Our government has lowered the New Brunswick small business corporate income tax rate to 2.5 per cent effective April 1, 2018. This is the fourth cut to the tax rate since Jan. 1, 2015 at which time it was 4.5 per cent.

**3. If elected, what is your government's plan to restore balance to the benefit costs of the workers compensation system?**

The workers' compensation task force was announced in May 2017 to identify short-term solutions and establish a long-term plan to ensure the system is transparent, accountable, predictable and sustainable. It presented its report to government on July 17, 2018.

The committee was comprised of representatives for employers, workers, representatives of the Canadian Federation of Business and the WorkSafeNB board of directors. Individuals and stakeholder groups participated in public consultations that were held in six regions across the province.

The recommendations in this report will be used to ensure workers' compensation is there for both employers and employees in the long term.

In accordance with the Auditor General Act, we also asked the auditor general to conduct a value-for-money audit of WorkSafeNB to ensure they are administering programs in the most efficient manner possible.

Recommendations from the report would be utilized by a re-elected Liberal government to ensure that our province has a sustainable, responsive and effective worker's compensation system for years to come.

**4. If elected, will your government apply the federal tax changes on passive investment income to the provincial small business corporate tax rate?**

The Liberal Party of New Brunswick recognizes the major growth small businesses contribute to our economy. That is why, in April, the Liberal Government lowered the small business corporate income tax rate to 2.5 percent. This was the fourth cut to the tax rate since Jan. 1, 2015 at which time it was 4.5 per cent

In addition, the government has provided support for businesses by improving access to capital to help create a healthy and sustainable business community in the province. The government has also increased the Small Business Investor Tax Credit for individual investors to 50 per cent from 30 per cent and eligibility has been expanded to include Community Economic Development Funds.

The Liberal Party understands how hard businesses in New Brunswick work to serve their customers and provide jobs for their employees, which is why we are also tackling red tape to help small business be more efficient and competitive. Going forward, we are working hard at creating conditions that will allow businesses to thrive and succeed. We have a dedicated resource at the Executive Council that works on Atlantic harmonization. We intend to continue our efforts in this direction.

We do not yet know the implications financially or legislatively from the federal government if we do not allow the automatic harmonization of the federal and provincial corporate tax systems to continue, nor the impact on other corporate tax filers.

#### **5. If elected, will your government add new costs to the payroll of small businesses?**

A re-elected Liberal Government will raise the minimum wage to \$14 gradually over the next four years. We believe this strikes the right balance between paying a fair wage to workers while providing small business with predictability for their cost.

#### **6. If elected, will your government bring changes to employment standards?**

The Liberal Party of New Brunswick is committed to supporting small business and growing the economy. A re-elected Liberal government will continue to listen to stakeholders on ways to improve statutes such as the Employment Standards Act to ensure they ensure protection of the rights of workers while creating an environment for businesses to grow and prosper.

#### **7. If elected, what is your government's plan to ensure New Brunswick small business owners are competitive?**

Since 2014, our government has for its part undertaken a number of measures to help grow small businesses including:

- Cutting the small business income tax rate by 44%, putting \$18 million back into the pockets of small business owners to grow their business.
- Expanding the small business investor tax credit to 50% from 30%, allowing businesses better access to capital.
- Reducing red tape by partnering with other Atlantic provinces to harmonize regulations and processes that impact small businesses.

Going forward, a re-elected Liberal Government will remain focused on helping small businesses with a plan that includes:

- Appointing a minister responsible for small businesses and red-tape reduction to work directly with stakeholders to improve the economic climate for small businesses throughout New Brunswick.
- Reducing red tape for business owners, including removing red tape from the Investor Tax Credit.
- Launching, in partnership with credit unions, a small business loan program for entrepreneurs who are having difficulty accessing capital.
- Modernizing the Mechanics' Liens Act to ensure small business contractors are paid for their work in a fair and timely fashion.
- Working with our Atlantic neighbours on reducing and harmonizing regulations for business.
- Creating business navigators to help entrepreneurs navigate regulations and other requirements;
- Providing subsidized training to small business owners on ways to increase gender diversification and equity.
- Insure the implementation of a program that supports small businesses that deal in exports.

## **8. If elected, what is your government's plan to address the labour shortage?**

We understand that growing the economy and creating jobs are important so we can keep our young people here and bring New Brunswickers who have left for work back to our province. That is why we are investing to create opportunities so that businesses can grow, our youth can work here in New Brunswick and people who have left our province return and work here in their home province.

The 2018 update shows movement in this area as the government launched programs to support New Brunswickers in achieving their education and employment goals. This includes two programs the government anticipates will have far-reaching effects on the province's labour force and skill levels, the Free Tuition and Tuition Relief for the Middle Class programs for post-secondary education students, and the New Brunswick Early Learning Centre programs, offering free and subsidized child care for most parents.

If re-elected, we will continue to invest to restore trades in every high school in New Brunswick, which will give youth opportunities to learn these important skills to strengthen our workforce. These investments will be made through the Strategic Infrastructure Initiative.

Our government worked with the other Atlantic Provinces to develop the Atlantic Immigration Pilot Project, a three-year, employer-driven immigration program that attracts and retains talented immigrants while supporting population growth and addressing labour shortages. As of 2017, New Brunswick has the largest population in its history.

**9. If elected, how will your government address the regulatory burden on small businesses?**

Over the past four years, the Gallant Government has worked to address and take action on burdens on small businesses, including lowering the small business corporate income tax rate multiple times and the creating a new *Pooled Registered Pension Plans Act* aiming to reduce the administrative burden of operating a pension plan and make offering a pension plan more attractive and affordable for small and medium-sized businesses.

Furthermore, as mentioned before, we are tackling red tape to help small business be more efficient and competitive. While continuing to reduce red tape, we are working hard at creating conditions that will allow businesses to thrive and succeed. We have a dedicated resource at the Executive Council that works on Atlantic harmonization. We intend to continue our efforts in this direction.

**10. If elected, how will your government cooperate with other Atlantic Provinces to lower cost of government and improve the efficiency of government services?**

Priority Delivery Units have been established to drive performance improvements with respect to New Brunswick's priorities and reduce red tape. These units support innovation and provide a mechanism for enhanced coordination and collaboration across government departments. We will continue to identify and eliminate red tape that arises in interactions between government bodies and businesses and to collaborate with our Atlantic neighbours in the harmonization of our regulations and operations.