

Two budgets, similar circumstances Which would you choose?

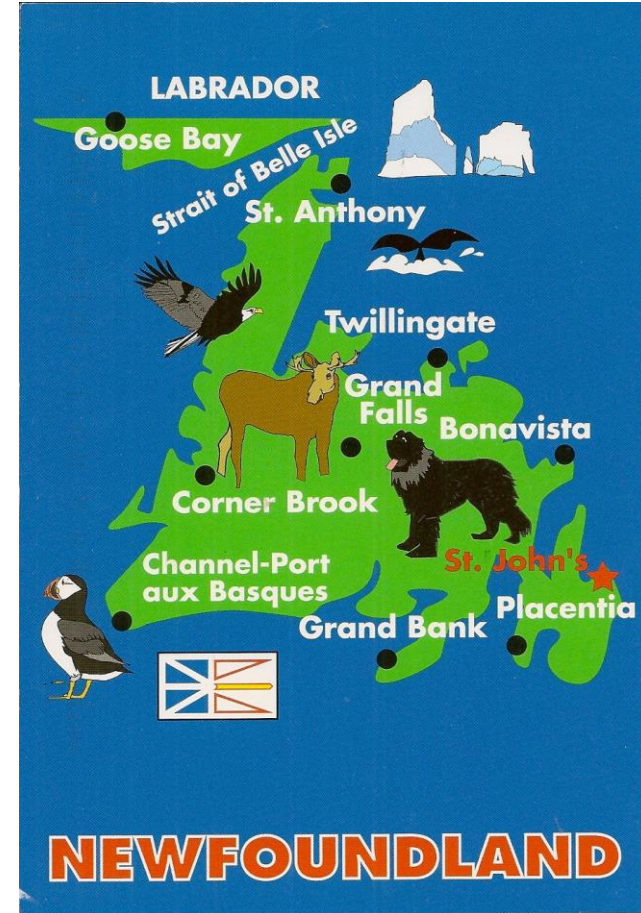
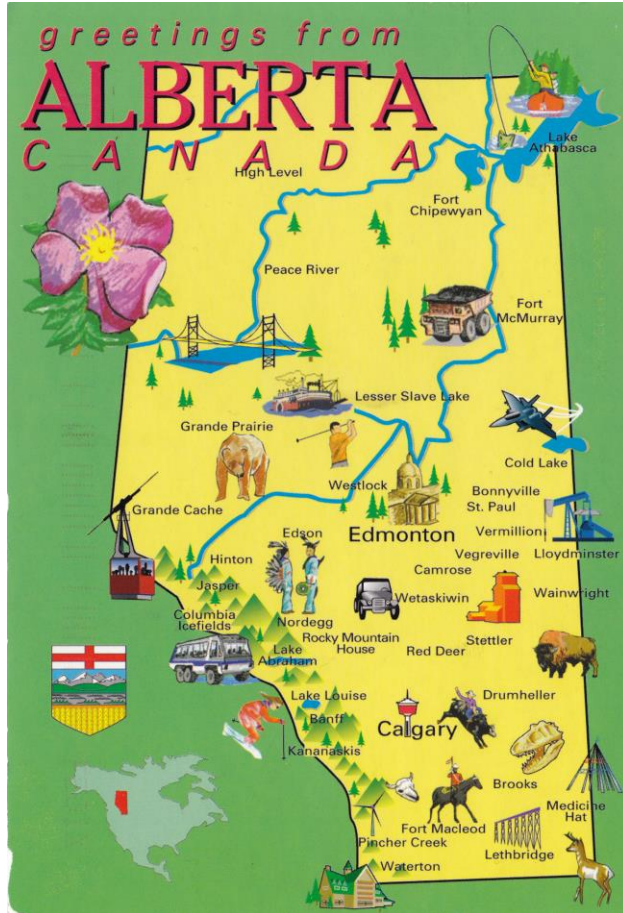
**Town Hall Meeting, We Are NL
Gander, Newfoundland, May 2, 2016**

Toby Sanger, Economist



CUPE / *Canadian Union
of Public Employees*

Alberta and Newfoundland and Labrador share a lot in common.....



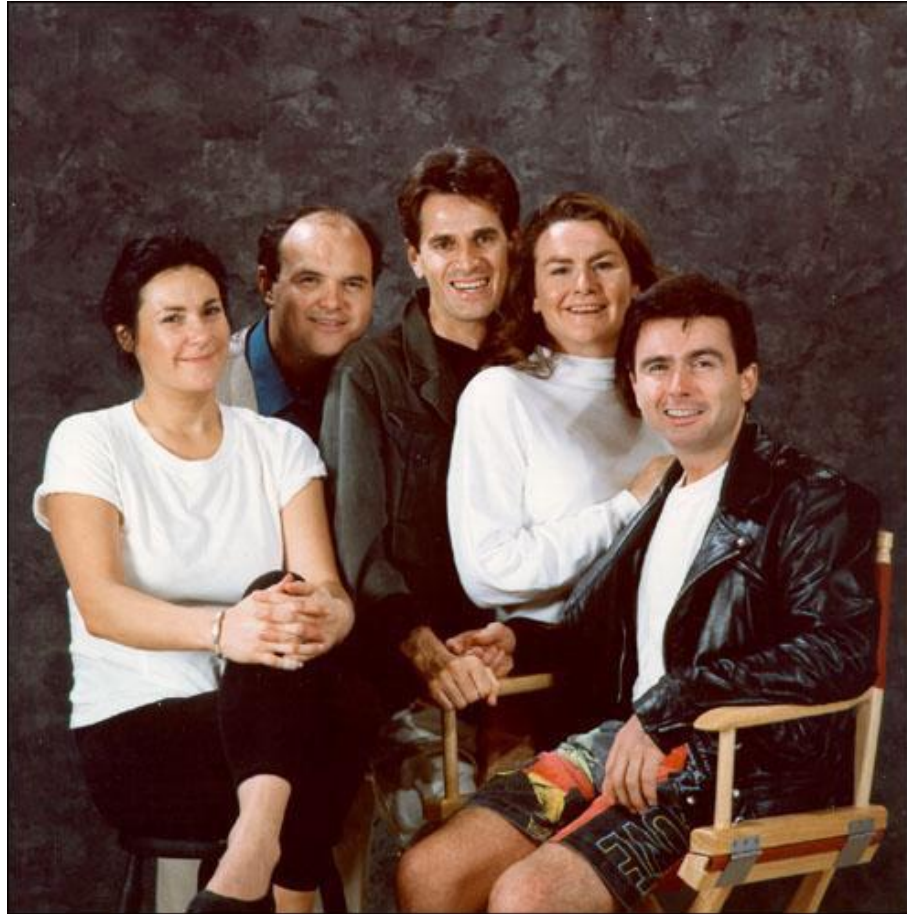
Rugged and majestic landscapes....



Major energy exports....



Notable cultural exports....



Big chunks of moving ice....



Once good hockey teams....



And about the same number of moose.

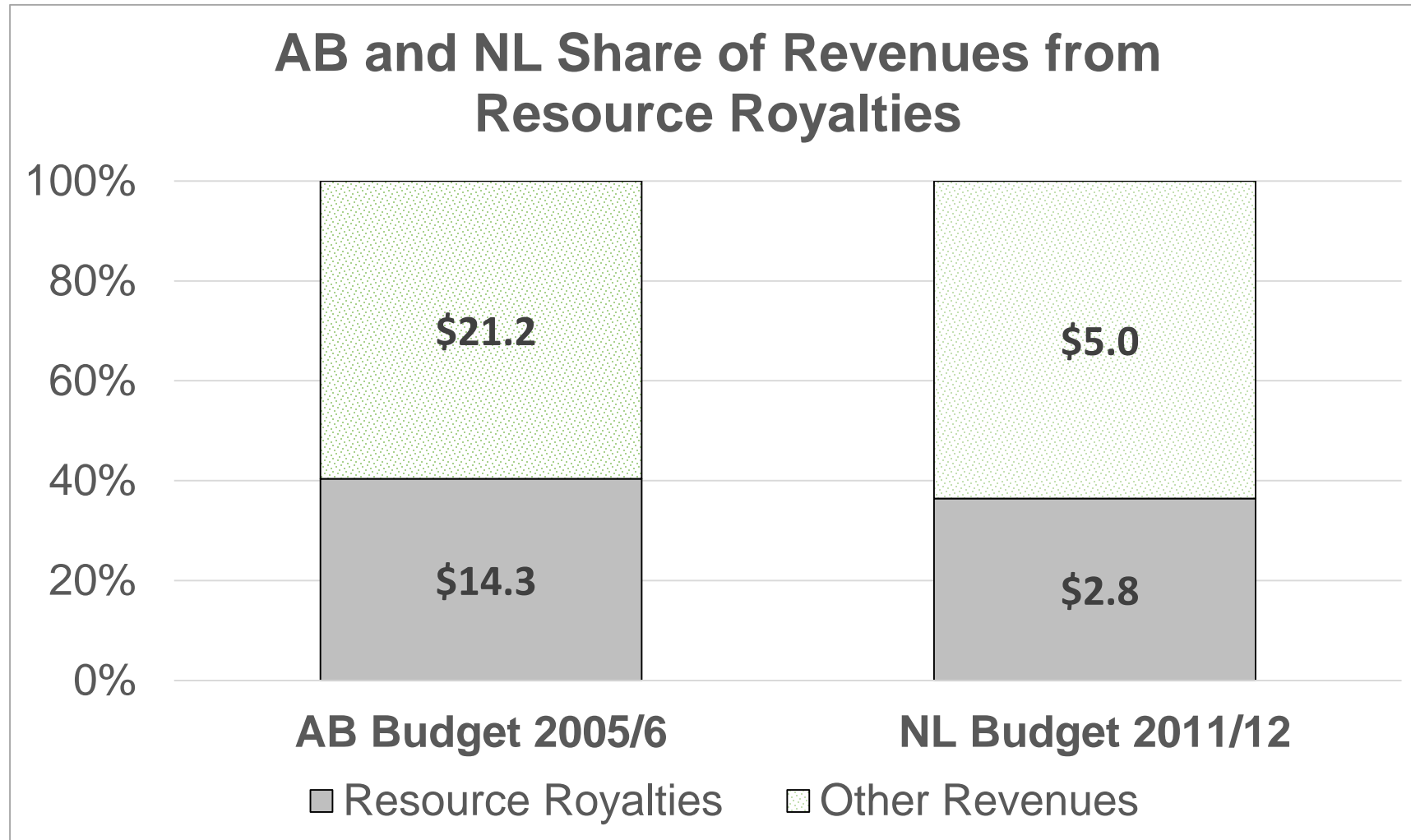


AB moose population = 118,000

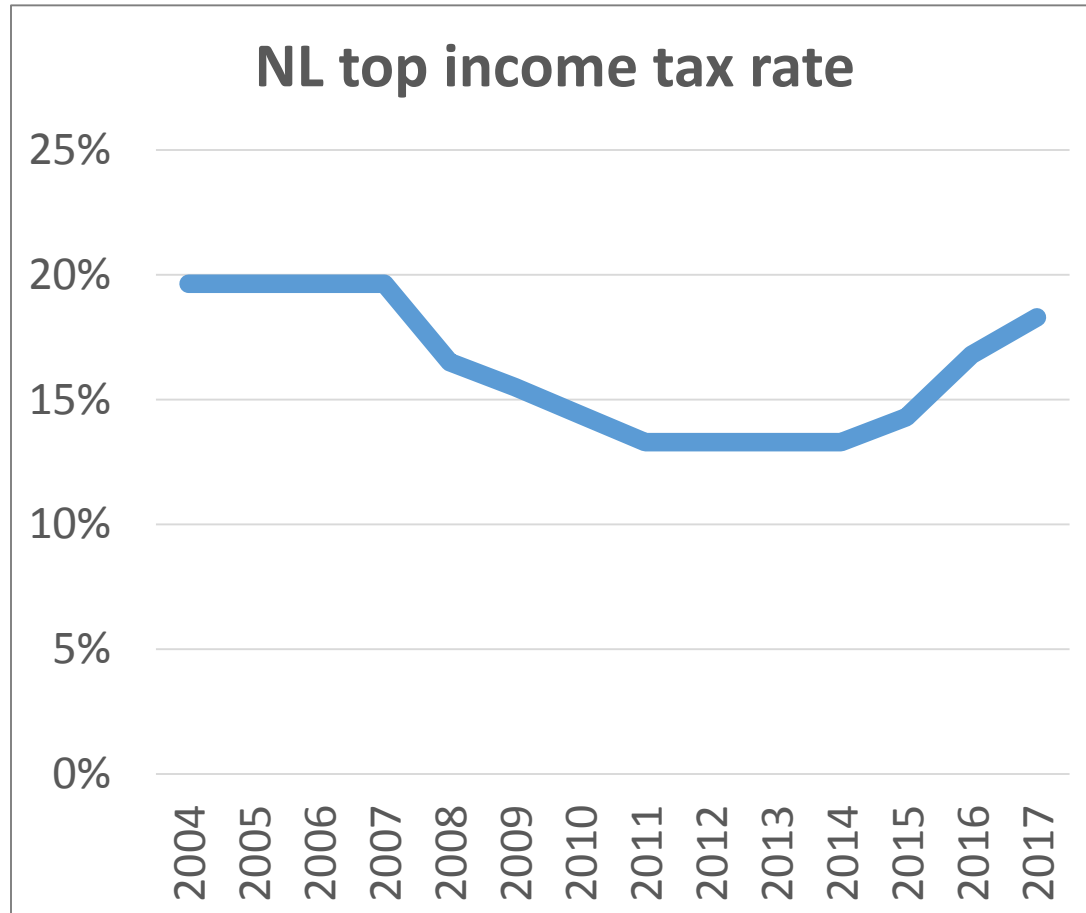


NL moose population = 115,000

Both became dependent on resource royalties



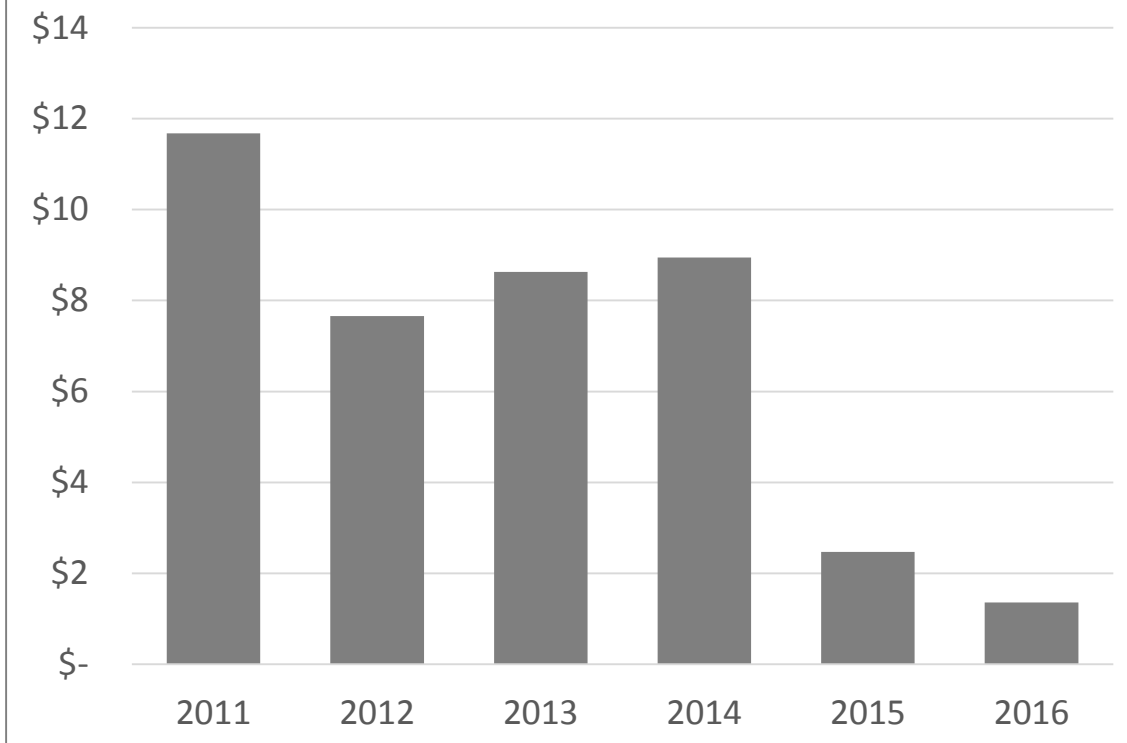
Newfoundland & Labrador cut income tax rates, especially for top incomes



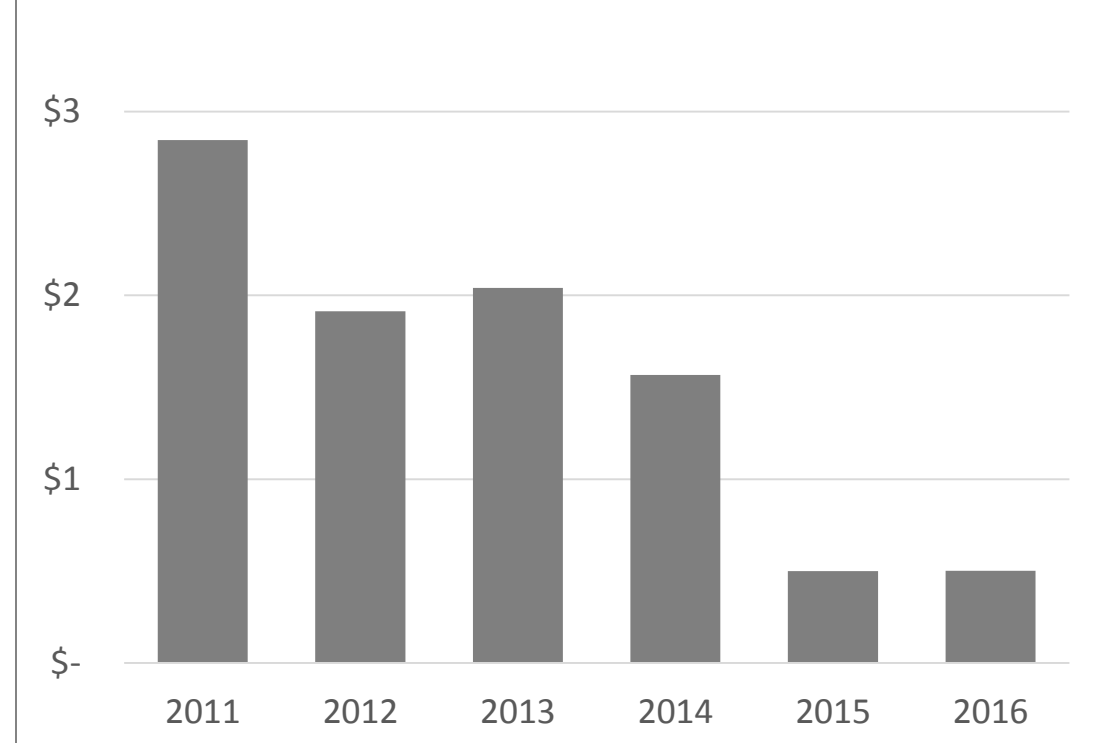
But even with recent increases, top rate is still below the rates that were effective up until 2007

Then the price of oil plunged and resource royalties plummeted in both provinces

AB's resource royalties down by 88% from 2011 to 2016



NL's resource royalties down by 82% from 2011 to 2016

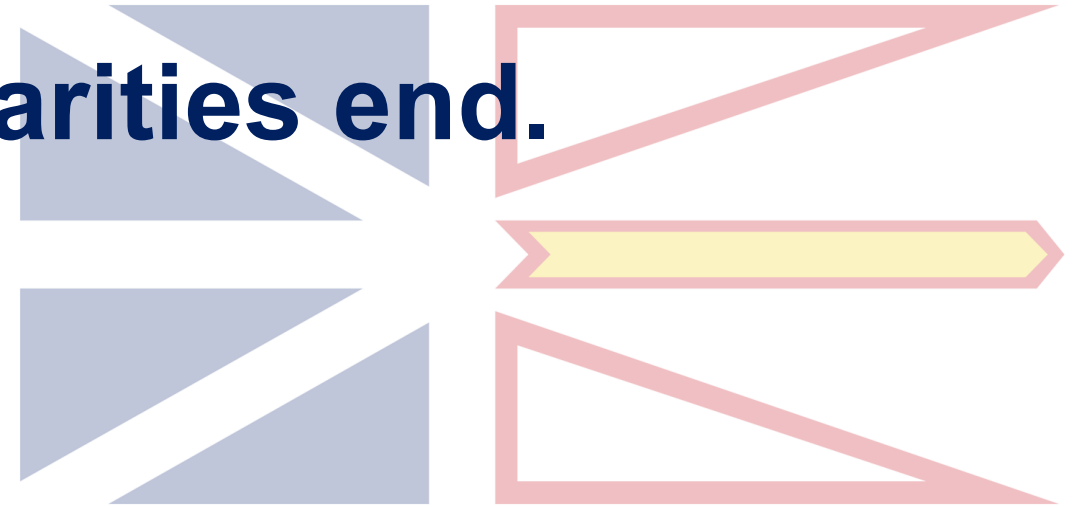


Both elected new governments in 2015: **NDP** in Alberta, **Liberal** in NL and both tabled their budgets on the same day: April 14, 2016.



That's where the similarities end.

Public Spending:



Alberta

- 2% increase in overall operating spending
- Stable funding for education, health
- Increase in infrastructure funding by 23% this year and by another 13% next year

Newfoundland & Labrador

- \$260 million in cuts
- Overall cuts except put another \$1.3 billion into Nalcor
- \$100 million cut to planned capital and repair projects

Education:

Alberta

- Stable funding for K-12 to fully fund enrollment growth
- Capital funding for 200 new school and modernization projects
- Stable funding to PSE; funding for tuition freeze

Newfoundland & Labrador

- Increase in class sizes for grade 4-12 and cuts to teachers
- \$34 million cut to advanced education & skills, with \$25 million cut to MUNS
- 18% cut to to student financial assistance, no tuition freeze

Learning:

Alberta

- No tax on books
- \$37 million for community public libraries
- Increased funding for adult learning

Newfoundland & Labrador

- Only province to impose tax to books.
- Closure of 54 community libraries
- Closure of 8 advanced education and skills offices

Health care:

Alberta

- Stable funding for health care, including mental health
- 2.5% annual increase health care spending next 3 years
- Investments in hospitals and health care facilities: \$3.5 billion over five years

Newfoundland & Labrador

- \$50 million cut to health care and over 100 job cuts
- Cuts to mental health, closure of clinics
- \$7.9 million cut to home support
- Removal of OTC drug subsidy

Environment and climate change:

Alberta

- Includes climate leadership plan to end coal, cap oil sands
- Introduces a carbon levy with progressive refund
- Invests \$6.2 billion/5 yrs in renewable energy, energy efficiency & transit

Newfoundland & Labrador

- Not one mention of word “environment” in entire speech
- No plan to address climate change or to put a price on carbon
- Increases gas tax by 16.5 cents/litre

On Jobs:

Alberta

- No public sector job cuts.
- \$250 million/2 yrs for job creation.
- Forecasts employment to increase by 5% by 2019
- Expects jobless rate to ***decline*** from 8% to 5.8% by 2019

Newfoundland & Labrador

- Cuts 650 public sector jobs
- Expects 2,500-3,000 other job losses in private and public
- Forecasts employment to decline by -15% by 2021
- Expects jobless rate ***to increase*** from 13% to 19.8% in 2019

Wages:

Alberta

- Alberta minimum wage at \$11.20, 2nd highest provinces
- NDP gov't commitment to increase to \$15/hr by 2018

Newfoundland & Labrador

- NL minimum wage of \$10.50 is the 2nd lowest in Canada
- Budget expects real wages/compensation of employees to decline by -22% over next five years.

Fair taxes:

Alberta

- No new taxes or fees in this budget, except carbon levy
- Progressive carbon levy rebate of \$300/adult
- Increased top income tax rate from 10% to 15% and corp. tax rate from 10% to 12% in 2015

Newfoundland & Labrador

- Regressive tax measures of \$629 million including HST, gas tax, RST, deficit levy and fees.
- Estimated to increase household tax bill by \$3,000 annually
- Income tax and corp. tax increases to raise \$254 million

Deficit Reduction Levy Regressive

Taxable Income	Levy	%
Up to \$20,000	\$0	0%
\$25,000+	\$300	1.2%
\$50,000	\$600	1.2%
\$75,000	\$750	1.0%
\$100,000	\$750	0.75%
\$150,000	\$750	0.50%
\$202,500+	\$900	0.44%
\$500,000	\$900	0.18%
\$1,000,000	\$900	0.09%

NL top income tax rate below neighbours



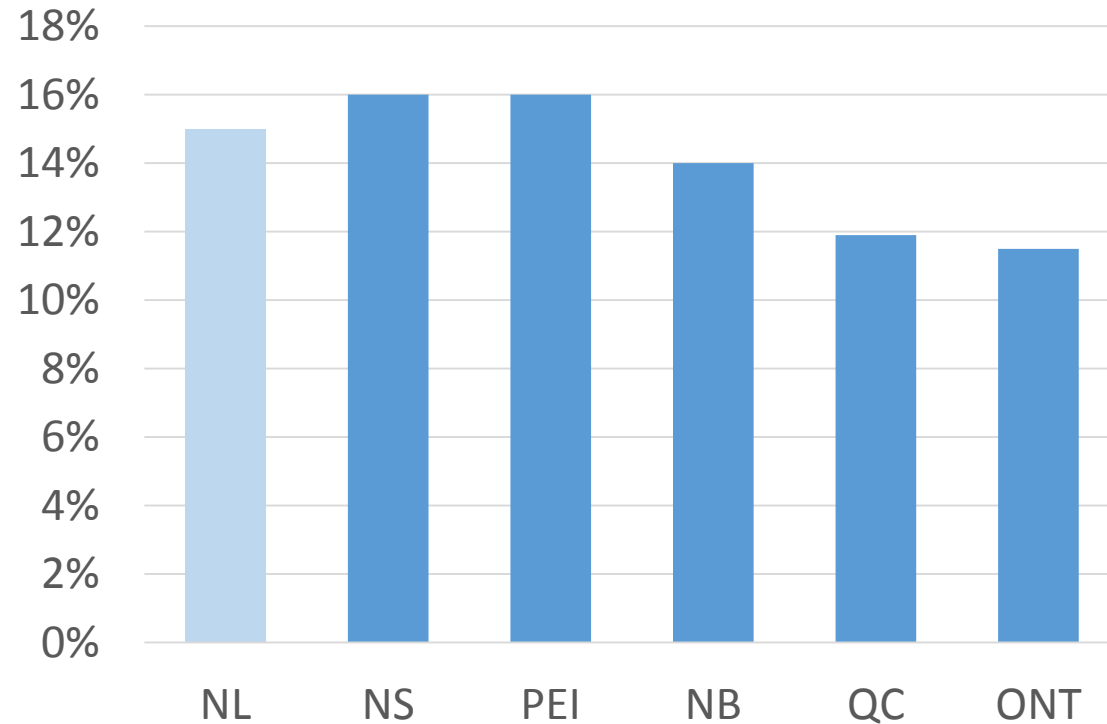
NL's top rate kicks in at a higher rate than all others: for income over \$175,700.

PEI's top rate applies to income over \$64,000.

NL's rate for income of \$100,000 is 14.55%, a full two percentage points below any neighbours.

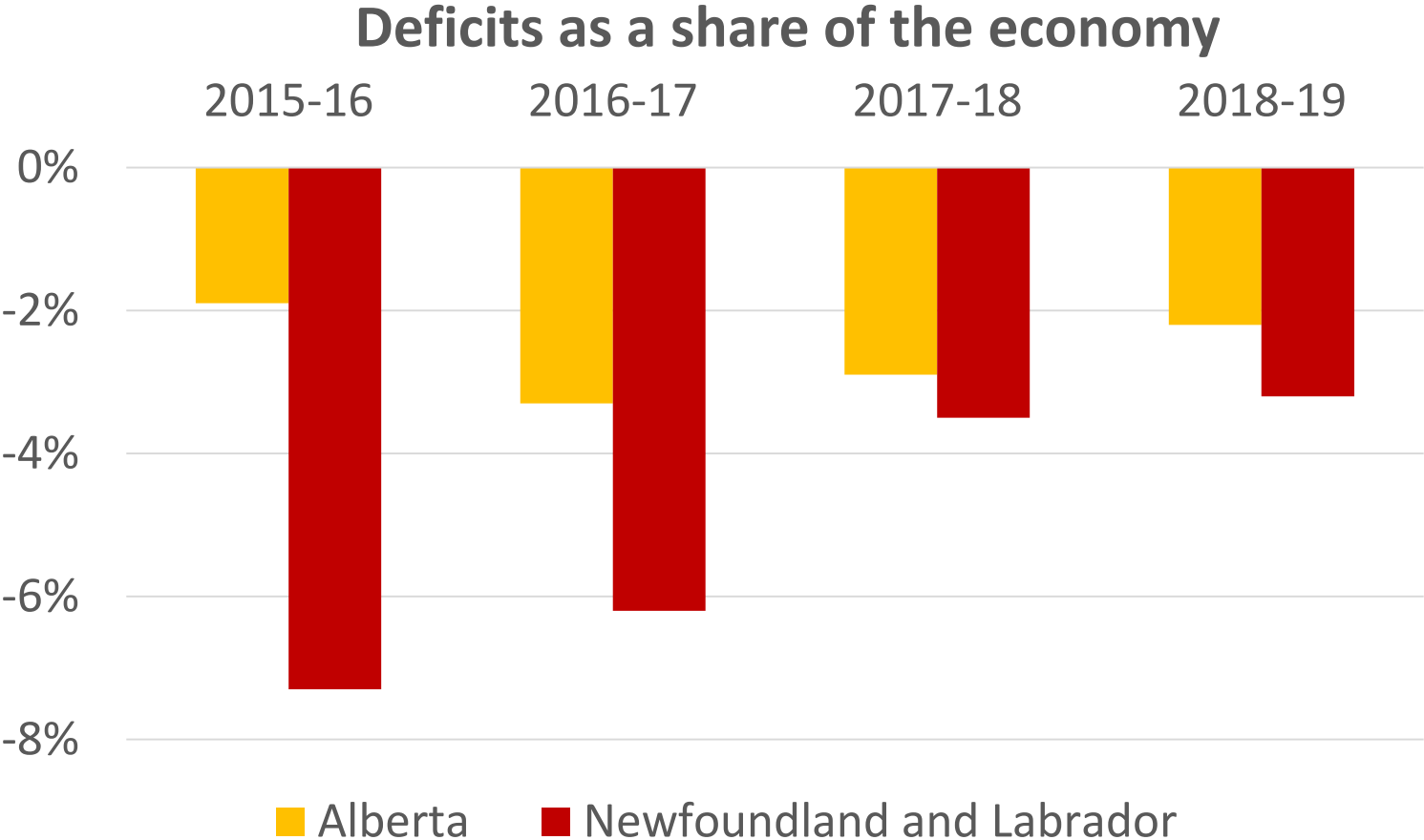
NL corporate tax rate below NS and PEI

General corporate tax rates 2016



NL's small business tax rate applying to business profit up to \$500,000 of 3% is also below most provinces.

NL deficit situation still worse than AB



Economic growth

Alberta

- Stimulus, capital & business support to boost growth & create jobs
- Plan to diversify & strengthen economy, including through renewable energy
- Economy to grow by 7.7% by 2019

Newfoundland & Labrador

- Cut in funding for R&D, business, tourism, culture & rural development, forestry and agrifoods
- No plan or vision for economic growth & diversification
- Expects economy to shrink by over 8% by 2020

Budget sets NL on miserable economic path

