



December 9, 2011

Honourable Blaine Higgs  
Minister of Finance  
Centennial Building  
P.O. Box 6000  
Fredericton, N.B. E3B 5H1

Dear Minister Higgs,

On behalf of the members of the Saint John Board of Trade we respectfully submit this letter outlining our views and recommendations for the 2012 pre-budget process. The fiscal outlook for the Province of New Brunswick in 2012 as stated by the Conference Board of Canada is for relatively weak growth in our economy. Recognizing this, the Saint John Board of Trade's Government Affairs Committee has provided our Board of Directors several recommendations. Following discussion on the recommendations, our Board of Directors agrees that these recommendations should be considered during the deliberations of the 2012-2013 Provincial Budget.

We commend the Provincial government's attempts in the 2011-2012 Budget to reduce spending and encourage efficiencies. The steps taken thus far have significantly slowed the rapidly increasing provincial deficit and debt. The 2012-2013 Budget should build upon this momentum and encourage even further savings and efficiencies. The Saint John Board of Trade recognizes the need for a balanced, holistic, long-term approach to fiscal management in New Brunswick.

The Saint John Board of Trade believes that where New Brunswick faces an increasing deficit and debt, actions must be taken now to reverse this trend and that a long-term plan be established to make New Brunswick a sustainable province. The following are a number of recommendations the Province should examine in preparation of the 2012-2013 Budget. Our recommendations are a combination of revenue enhancement opportunities, efficiency opportunities, and cost-saving opportunities for your consideration.

- Strategic Investments – Growth in our Provincial economy will mean less pressure on the tax system and help mitigate some of the impending decreases in services. Through strategic investments particularly ones that will generate capital formation to increase employment, the Province of New Brunswick can ensure the return on their investment is high. An example of this is the investment in Radian 6 by the Province and the subsequent return on investment that the success of the company provided. Increasing business start-ups from within NB and inviting others to set up shop here must remain high priority and an area of focus; more jobs and greater tax revenue. There is another component to strategic investments that is not just a monetary investment, but strategic investment in services like education (primary, secondary, and post-secondary) which would have a strong return on investment. The future development of our economy will rely on access to a highly skilled workforce. Ensuring that we provide students today with the skills they will need tomorrow not only develops our local workforce, but makes us more attractive to individuals and businesses considering moving to New Brunswick.
- Enhanced Innovation – The government has indicated an interest in supporting enhanced innovation, which would contribute to bridging the productivity gap that exists in New Brunswick and Canada. Certainly, such an approach would require movement on the part of business as well as government. It would be a departure from NB's prevailing economic development paradigm. NB needs to create wealth as cost-control (or tax) will not be enough. A means to increase this wealth is through innovation, but not just in the science and technology sectors.

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There is a need to engage some of the underlying social issues which could be a specific agenda for innovation. An example is the work being done with University of New Brunswick Saint John students and the students of Hazen White-St. Francis in Saint John. Each elementary student from the priority neighbourhood is paired with a university student mentor.

- Strategic Cuts in Services – The province’s attempt to institute across the board cuts to services is commendable. However, moving forward strategic cuts to services needs to be considered. Encouraging government departments to continue to find efficiencies needs to be an overarching theme, but this may not be enough to stop or reverse the increasing deficit and debt. Moving forward cuts to services which are not essential to the operation and growth of our Province may be required.
- Curb government spending, waste and duplication of services- One of the government’s tools to address the growing deficit should be to curb government spending, waste and duplication of services and encourage efficiencies within the governmental departments. We acknowledge and congratulate the Department of Finance on already requiring all government departments to find savings and efficiencies within each department. However, we feel more can and must be done in order to fully address the magnitude of the deficit.
  - We have seen most private businesses cut spending and tighten their belts during this recent downturn and the government needs to do the same. Continue to develop and implement better processes to avoid wasting money on potentially bad investments or bailouts.
  - Possibly implement a reporting mechanism for the departments to identify the efficiencies they have located on a departmental basis.
  - Having a separate ombudsman or commission established to review and approve any changes to MLA expenses, salaries and pensions would provide the needed transparency and a layer of accountability to help control cost as well as help prevent an expense scandal similar to the one unveiled in Nova Scotia. By taking a lead on this the government will show the public they are connected and are taking concrete steps to share in the belt tightening.
- Increase the HST – having a tax on consumption is in our opinion preferable to having a tax on income as a consumption tax permits people to keep more of their disposable income. It is also suggested that the increase in the HST should only be used to deal with the deficit – not election promises or new spending. This would potentially make the increase in the HST more bearable for consumers.
- Pension reform - We recommend examining the option of moving from a defined benefit plan for public sector employees to a defined contribution plan which is the norm in the private sector. Many municipalities and the provincial government are experiencing a short fall with the current defined benefit plan provided for employees. As people continue to retire early and live longer the strain on the defined benefit plans increases. This is placing an increase strain on the provincial and municipal budgets.
- Innovation in Healthcare- With the rapidly increasing deficit and cost of providing healthcare, in conjunction with an aging population, new innovative ideas are required to lower the cost of the health care system while maintaining levels of patient care. Identifying and reporting on the efficiencies that resulted from the decrease in the number of health regions would be a starting point to help find new efficiencies in patient care delivery which will be a crucial component to ensuring sustainability in the provision of healthcare in New Brunswick. For example, supporting research efforts currently underway at the University of New Brunswick in partnership with Horizon Health to move toward electronic records. This would help increase the efficiency of patient care through reducing the time required to share paper files and the administrative

burden associated with the sharing. Similarly, expanding the province's network of collaborative care centres will not only have a measurable impact on how physicians, nurse practitioners, and other support staff work together to deliver excellent primary care, but will also reduce the funds directed to setting up sole practitioner offices.

We strongly encourage the Province to work with the medical community to identify efficiencies within the system, so health care dollars follow the patient. The Saint John Board of Trade generally agrees with the concepts and goals outlined in *Improving Access and Delivery of Primary Health Care Services in New Brunswick* discussion paper released in November 2010 and encourage the government to further implement its recommendations.

In Addition, the Province could work more closely with community-based organizations and volunteer groups to mitigate and manage chronic illnesses, similar to the partnerships that have been developed in the education sectors. Chronic illness places the greatest strain on our health system and funding preventative care and health education programs delivered through partner organizations like the YM-YWCA, the NB Lung Association, the UNBSJ/Horizon Health Mentor Program, and the Heart and Stroke Foundation has the potential to alleviate that strain.

We believe these recommendations should be taken into consideration and implemented. The budget created for the 2012-2013 year should help sustain new business and remove roadblocks to further economic development in our region and our province. Our province needs more than just tax increases and service cuts to address and reverse the growing deficit and debt. We need wealth creation, investment in our Province and a long-term plan to ensure the sustainability of our Province. We need to set the building blocks in place now to build a strong economy for the future. To achieve this we require our Provincial Government to make the Province of New Brunswick an attractive place for business to develop, grow and invest now and in the future.

The Saint John Board of Trade is a nationally accredited business organization dedicated to fostering an economic climate that enhances growth, prosperity, and an improved quality of life in the community. With more than 1,000 members, representing 600 small, medium, and large businesses and organizations and therefore, the interests of more than 30,000 citizens, the Board is a dynamic advocate and the principal voice for the business community of Greater Saint John. The elected Board of Directors is representative of the diversity of the membership and their concerns.

The Board of Trade commends the Provincial government on its commitment to implementing a balanced scorecard which should increase the level of transparency through quantifying and measuring the work done by each department. Scorecards are reporting mechanisms that have been instituted by many businesses and we look forward to seeing the initial scorecard of the government in the New Year.

We would welcome the opportunity to discuss this with you further.

Sincerely,



John Warrington  
Chairman



Imelda Gilman  
President



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member of the canadian chamber of commerce network