

Don't punish industry with more taxes

JIM QUINN & DAVID DUPLISEA COMMENTARY



Guest writers Jim Quinn and David Duplisea argue it would be a mistake for the province to remove the exemption on machinery and equipment in property tax assessments. PHOTO: MIKE LANDRY/TELEGRAPH-JOURNAL

Greater Saint John and other regions of New Brunswick are facing financial challenges as the cost of providing needed services continues to increase. Finding the balance between these services and a constant tax rate is difficult at best. Our region's mayors and councils need our help and our understanding.

Business of all sizes, across all areas of our province are the foundation of our economy. An economy that provides work for local contractors, material suppliers, professionals and employment for the people who shop in our stores and restaurants.

However, in our efforts to solve funding challenges, we must be careful not to create an economic environment that does not support the growth of existing business and the attraction of new opportunities.

Companies face many new costs including higher WorkSafeNB rates, federal tax changes, carbon taxes and the declining availability of a skilled workforce. We cannot continue to add financial burdens on companies as they work hard to compete with low-cost producers south of our border, others in the global economy, online sellers or neighbouring provinces.

Cities are important economic engines of the province and provide the quality of life entrepreneurs, new Canadians and our youth are looking for – qualities that serve business well in their efforts to attract talent, invest and grow.

Saint John has more large industry than any other city in Atlantic Canada; let's work to keep them competitive.

The Saint John region does not have as strong a government employment base or strong service economy as do other cities. A tax on machinery and equipment for business would certainly be a disincentive for investment. This is what Nova Scotia discovered when it imposed a similar tax, then cancelled it due to the drop in investment. It recognized industry was going elsewhere.

No province east of Manitoba applies property tax to machinery and equipment and only select areas of the Prairies do. There needs to be a balance between total taxes paid by companies; we cannot simply layer one on top of another.

We must avoid the tendency to cherry-pick different taxes applied in other jurisdictions without recognizing what all costs are here in our jurisdiction. The total cost of doing business must be competitive to attract and hold investment. Tax changes must be part of a larger discussion on municipal reform. Band-aid approaches will not lead to sustainability.

No matter what happens to the distribution of tax from the province, two things are for sure: First, we do not have a revenue problem in Saint John and in the province, we have an expense problem; and second, we need to work together to fix the balance sheet and budget to reflect current realities regardless of municipal reform.

As we collectively work to grow our population and our economy, the Saint John Region Chamber of Commerce encourages our political leaders to recognize the need to take balanced approaches. Municipal reform is critical for our region and our province, so we need to consider all the factors and how they affect one another.

We face challenging times. We need to ensure that solving one problem does not create a multitude of problems in other areas.

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