



March 3, 2020

**STATEMENT FROM MARK MOSHER, VICE PRESIDENT PULP & PAPER, J.D. IRVING, LIMITED
RE: CUPE PROPERTY TAX PAMPHLET FOR SAINT JOHN**

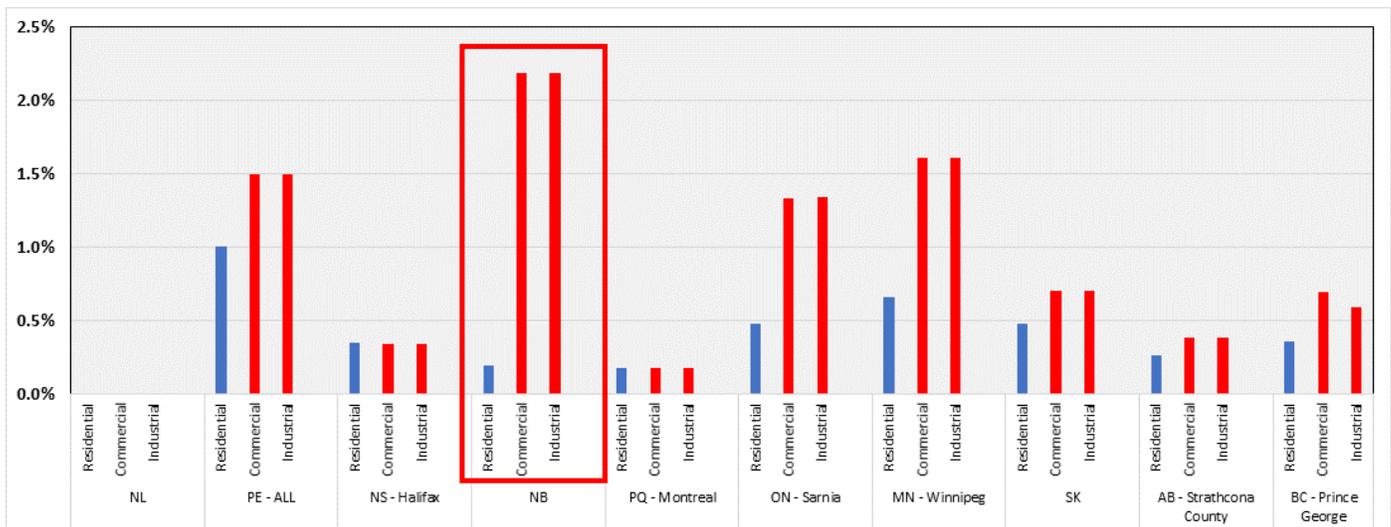
The data cited in the property tax “fact-sheet” that was distributed via paid mail drop to every household in Saint John contains significant factual errors and is misleading. It is unfortunate that there is no named author on the actual pamphlet that takes responsibility for this misinformation. We also understand that at a press conference today, the Canadian Union of Public Employees (CUPE) claimed responsibility for the pamphlet.

Accurate information is important. The citizens of Saint John did not get it in the pamphlet CUPE distributed.

The pamphlet states “It is not fair that residents pay 61% of all the taxes collected and heavy industry pays only 8%!” These numbers have absolutely **NO** basis in fact. The report that represented this incorrect information was later corrected by the authors of the report - Kitchen and Slack - who are respected property tax consultants hired by the City of Saint John. The City also provided data in May 2019 showing the correct residential property portion is **48%** and nonresidential is **52%**. Residents are not subsidizing industry.

The misleading pamphlet only references taxes paid to the City. It is half of the story as it completely ignores the property tax portion that is paid to the Province. An accurate report would talk about the total property tax bill that Saint John citizens and businesses are paying. Unlike residential taxpayers that pay to the municipality virtually all their property tax bill, commercial and industrial entities pay a significant portion of their tax bill to the Province.

The graph below shows the data that the pamphlet completely omits.



Note: Residential Rate shown is the rate applied to owner occupied residential

Compiled by Turner Drake & Partners and AEC Property Tax based on publicly available information.

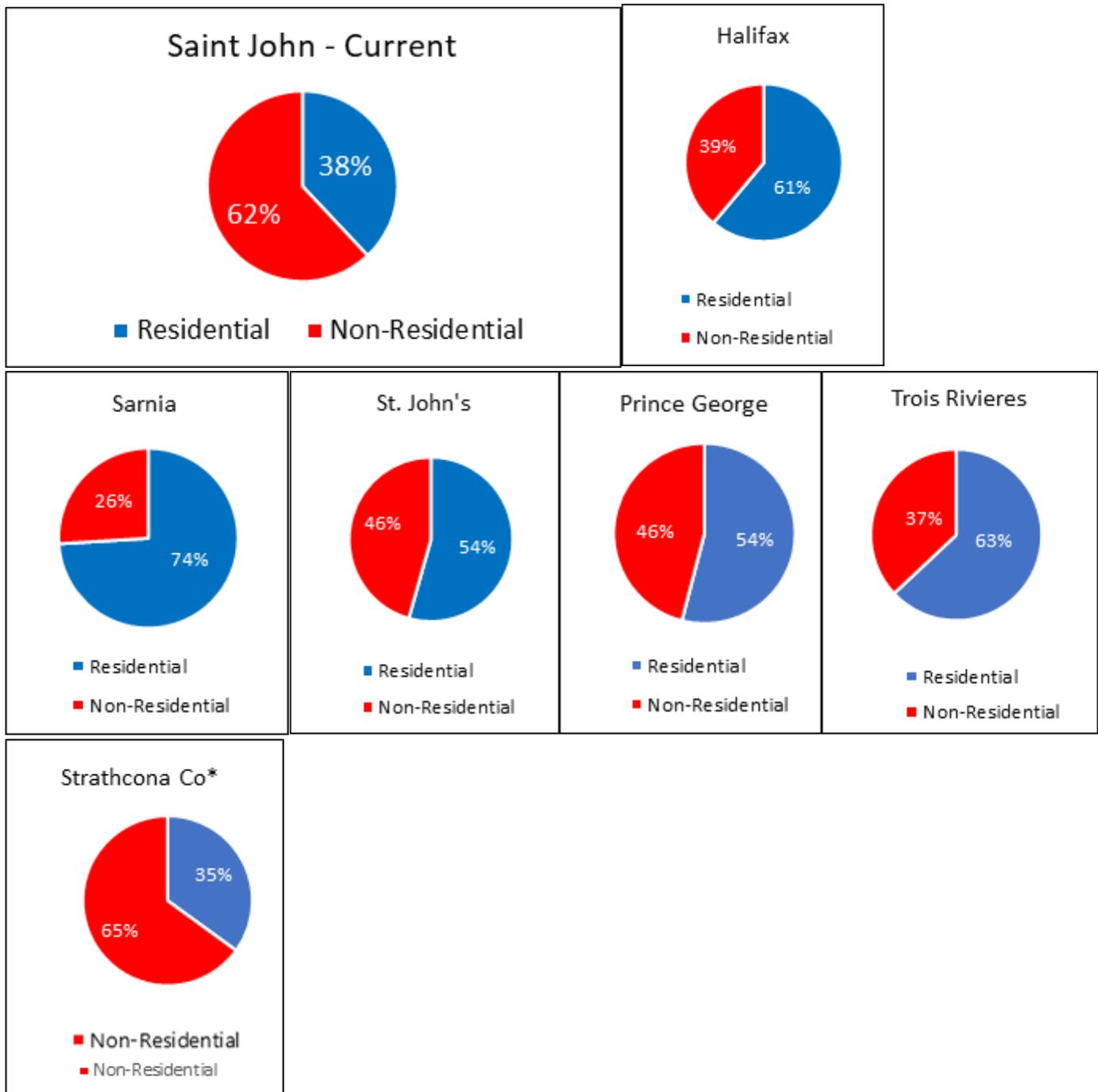
New Brunswick, and Saint John in particular, are not low-cost property tax jurisdictions. Non-residential rates in Saint John today are more than two- and one-half times (2.71x) that of residential rates. New Brunswick businesses are



subject to the highest Provincial/Education Property tax rate in Canada while residents are subject to some of the lowest provincial property tax rates per the chart below. The taxes paid in the above chart are completely ignored in the pamphlet distributed by CUPE.

When municipal and provincial property taxes are combined, residents of Saint John already shoulder a lower share of the property tax burden compared to many other cities in Canada as per the chart below.

CHART: Comparison of Combined Municipal and Provincial/Education Tax Distribution





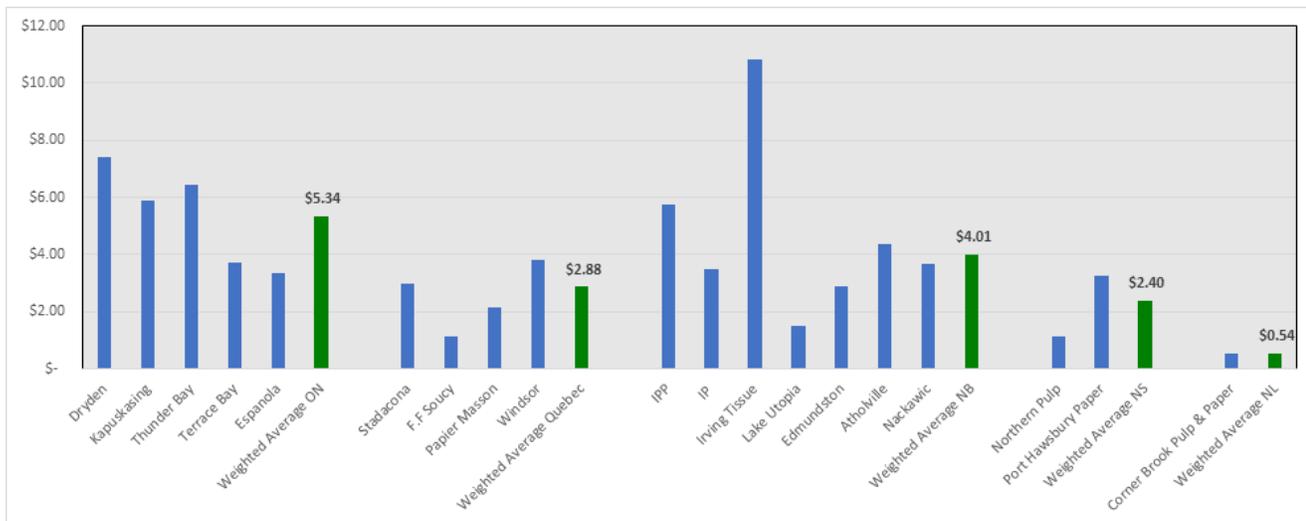
Notes:

- (1) Data for Trois Rivières calculated by multiplying the published roll values by the prevailing rates, used industrial as proxy for overall non-residential rates.
- (2) Strathcona County AB included as it was chosen as a comparable by the City of Saint John.
- (3) Compiled by Turner Drake & Partners and AEC Property Tax based on publicly available information.

There is a reference to the Finance Minister of the day reducing assessments on the city’s pulp and paper mills in 2014. This is untrue. All property in the Province is required to be assessed by professional assessors and taxed at its market value. The New Brunswick assessment office, like those in the rest of the country, reviewed the assessed values in order to ensure that they reflected market value. The values were adjusted because they did not reflect the real market value. Mills in New Brunswick, Nova Scotia, and Ontario saw reductions in their assessments because of this and for no other reason. The Minister of Finance had nothing to do with this.

The chart below shows 2017 tax rates for pulp and paper mills in Canada and even with the current rates, NB Pulp & Paper Mills have the second highest property tax per metric tonne in eastern Canada.

CHART: Combined Municipal and Provincial/Education Property Tax per metric tonne comparison (2017) for Eastern Canadian Pulp & Paper Mills



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Saint John has been home to our mill operations for generations. We don’t want to be at odds with the City or the Province. We understand the Saint John region contributes between \$40 and \$45M in property taxes to the province each year and receives back approximately \$17M in an unconditional grant. We believe the real question is “Does the City of Saint John receive its fair share of property tax revenue from the Province?”



EXAMPLE: Our office building here in Saint John paid \$1.1 Million in property taxes last year. The City received \$600k, the Province received \$500k Cabot Place in St. John's, N.L., and 1801 Hollis St. in Halifax both paid property tax bills of \$1.1 million in 2019. The City of Halifax got 90 per cent of the revenue from its building with the province of NS receiving 10%. The City of St. John's received 100 per cent of the property tax with zero going to the province.

CUPE and those who have signed the press release issued March 3, 2020 have a responsibility to share the facts. The pamphlet and the press release didn't do this. The citizens of Saint John deserve better.