



METROPOLITAN HALIFAX
CHAMBER OF COMMERCE

'The Voice of Business'

Policy Update

February 24, 1998

The Metropolitan Halifax Chamber of Commerce is pleased that the government has introduced the first balanced budget in 28 years. However, where is the fiscal dividend? Can we not continue to make positive gains and begin to pay down in a real way our accumulated debt? What happens after the first two years? The continued use of only a two-year planning horizon leaves the business community with uncertainty over taxation levels and the costs of doing business in Canada.

"We are disappointed with the failure of Finance Minister Paul Martin to take advantage of this opportunity to reduce the staggering \$580 billion national debt which Canadians now face," said Chamber President Mark Richardson. "This is almost \$19,000 for every man, woman and child."

The good news in this budget relies heavily on economic development and growth in the national economy. Yet the budget does little to ensure such growth. The impact of the measures introduced tonight is uncertain. The limited focus on payroll taxes does not address an existing disincentive to job creation.

On the other hand there are measures which will promote some increased economic activity. The reductions in basic taxation and the elimination of the three per cent surtax for those earning less than \$50,000 should encourage new consumer spending. This is consistent with the views of our members as expressed in a recent poll.

The government focus on education and the needs of students is welcome. "This budget truly is an "education budget," says General Manager Valerie Payn. "This is good news for Metro." Chamber members have clearly identified their need for a pool of highly skilled workers. The focus on providing incentives for post-secondary education and job skills training is certainly a positive step.

This budget sees reductions to the cost of securing an education and a focus on personal tax deductions, changes which Chamber members were looking for. It has few measures to promote economic development and does little to reduce payroll taxes. Finally, this budget receives poor marks for the lack of debt reduction measures - the single most important issue identified by Chamber members.

Thank you to Chamber members who responded to our recent pre-budget questionnaire. Your participation allowed Chamber representatives to make timely and informed comment to several electronic and print media - truly the "voice" of business.