

*Tabbed by the  
Minister of Finance*

**Mundon, Tansy**

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Summary:

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Tuesday, March 26, 2013 05:17PM Item # 08  
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**NDP PERSPECTIVE ON THE BUDGET: NDP Leader "Lorraine Michael" shares her assessment of the provincial budget.**

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**TED BLADES:**Let's put some questions to Lorraine Michael the leader of the NDP. She is on the line now. Ms. Michael, good afternoon.

**LORRAINE MICHAEL:**Good afternoon, Ted. How are you?

**TED BLADES:**Not too bad.

**LORRAINE MICHAEL:**Good.

**TED BLADES:**Earlier in the show I asked the Minister of Finance..I played some tape of me asking the Minister of Finance in the lock-up why he didn't go more along the lines of the Centre for Policy Alternatives? Why didn't he raise taxes? He said for the higher earners we simply don't have enough for

that to make a difference or the corporation who get oil from our offshore, he said a) they have already got agreements in place and they like stability and b) if we tried to raise the amount of money we make them pay then they might go elsewhere. So he couldn't go down that road. He has gone down this road instead. First I want to get your reaction to his decision not to raise taxes in this budget.

**LORRAINE MICHAEL:** I am quite disturbed over the fact that the government is not looking at a revenue stream both in terms of new sources as well as how to better get revenue from the sources that we do use and taxes are one of the sources that we have. And I do think that the government needs to be looking at the taxation issue. I will take the corporate question first. We are the...the oil companies here in Newfoundland and Labrador, they are operating off our offshore, are actually not being taxed high at all when you compare it to some of the other regimes. So for example in Norway, oil companies working off their shores are paying 78 per cent tax. So what ours are paying seems quite miniscule. I think what the CCPA recommended is something that Australia has done and it is a special tax that one puts on the clear profit of an oil company or any corporation. So once all of their liabilities are taken care of you get to a point where there is clear profit that isn't tied to anything and you can put a special tax on that and that is what they have done in Australia.

**TED BLADES:** And that move is not driving mining companies away?

**LORRAINE MICHAEL:** And it is not driving mining companies away and it is certainly not driving mining companies away from...from Norway. And I remember in 2011 when we put into our platform the concept of a surtax which would be similar...the concept would have been similar to what they are doing in Australia and the Tories criticized us for it. I spoke to different individuals in the industry...not people who are the CEO but you know people who know the industry well and I said do you like the surtax will drive the industry away and the answer was of course not because they are paying higher in other places. So I think that's a moot point and it bothers me that the government is not looking at getting higher revenues from companies that are exploiting our natural resources.

**TED BLADES:** Alright. Well if they decided not to do that; they decided instead that we are going to lay people off. They got \$700 million back in some HST adjustments and in increased oil production but a big part of the deficit reduction from the January numbers comes from \$300 million in layoffs. What do you make of the layoffs as you heard them described today?

**LORRAINE MICHAEL:** I was very shocked by the layoffs. I knew it was going to be bad. I didn't expect it to be as bad as it is. The sort of raw numbers without...as the government has presented them is over a thousand and then when you take into consideration a number of various different categorizes of how jobs have been lost over the last year or two it seems like the number is well beyond that. So I am very disturbed but the government hasn't presented to us and I am certainly going to be pushing them on this, they have not given us an analysis or the effect on the economy of over a thousand workers being laid off; no matter how it is they are laid off. That has to have an effect on the economy especially in the smaller communities where layoffs happen. It affects small business, it affects the overall economy. And government has not presented us with that analysis.

**TED BLADES:** Well we got an economy on fire, apparently there are many sectors that are dying for employees. Won't a lot of these laid off people be able to find work in the private sector?

**LORRAINE MICHAEL:** Well it depends on what their skill level is...well not skill level but their skill set is and are we talking about retraining here? Are we talking about people in the health care system who are being laid off? Are they being able to get jobs here in Newfoundland and Labrador if their skill set is

totally within health. You know, I think we are going to see more people moving away depending on the skill set that is involved, they may not be able to get work here. I mean that's a reality. And a lot of them will be in rural Newfoundland and Labrador, the job opportunities aren't going to be there so you are going to see more people moving out of rural Newfoundland and Labrador looking for work as well. So that is part of the impact that I am talking about the government hasn't represent us with.

**TED BLADES:**Alright Ms. Michael, we will leave it for today.

**LORRAINE MICHAEL:**Ted?

**TED BLADES:**Yes?

**LORRAINE MICHAEL:**Can I just say one other thing? It really is important I think. One of the things that we saw today is that there is a shift within government with regards to who is bearing the tax burden and I think it is important that we get this out. The consumption tax, people paying consumption taxes has gone up in the last couple of years from 20 per cent of revenue to 26 per cent; while the corporate tax in 2012/13 was 15.7 and this year it is going to be 10 per cent. The corporate taxes are doing down and consumer taxed are going up.

**TED BLADES:**Alright, we'll leave it there. Thanks.

**LORRAINE MICHAEL:**Thank-you.

**TED BLADES:**That is Lorraine Michael, Leader of the NDP.