



Fredericton Chamber of Commerce Concerned with Increased Costs of Expanded Canada Pension Plan

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The Fredericton Chamber of Commerce is concerned that the significant expansion of the Canada Pension Plan announced on June 20, 2016 will further inhibit Canadian businesses' ability to compete. The problem is particularly acute for New Brunswick businesses, which have seen a number of taxes and fees increase over the past two years. In an increasingly competitive global marketplace, every cost burden placed on employers has a negative effect on the country's bottom line.

"We support the Canadian Chamber of Commerce's position that the Canadian Pension Plan would be best enhanced by allowing employees to voluntarily contribute more to the plan - from the current 4.95% to 6.85%," said Krista Ross, Fredericton Chamber CEO. "This would add little administration cost to government and allow future retirees to more effectively plan for their retirement."

The current state of the economy makes now a particularly bad time to add another payroll tax to employers.

"We see the decision that the changes will not be fully implemented until 2025 as acknowledgement by our governments that increasing these costs to employers will have a detrimental effect on their ability to expand, create jobs and grow the economy," added Paul Simmonds, Fredericton Chamber President. "Neither our federal nor provincial governments are planning to balance their budgets this decade, which further shows how weak the economy is - particularly in New Brunswick."

The chamber is also concerned with the lack of key details provided in the announcement, particularly the rate at which CPP will be charged to both business and employee.

"Finance Minister Morneau has promised substantial benefits to recipients, but did not disclose how much the program will cost or how contributions will be distributed - nor did they engage in serious consultations, like they have for many of the other files they are moving forward in the first year of their mandate," Ross added. "One detail that has been released is increasing the upper salary limit for contributions to \$82,700, which means that even without a rate increase, a person making that amount will pay in excess of an additional \$1000 per year - and so will their employer."

The chamber believes that the only sustainable way to maintain the social and financial programs like CPP that Canadians expect and deserve is through economic growth.



**FREDERICTON
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“Arguing over how we should divide the financial pie is not a model that works in the long-term,” added Ross. “The only way to truly protect financial security for retirees, along with providing quality healthcare and education, is to focus on growing the economy - baking a bigger pie. This means creating conditions that business can grow and succeed which provides citizens with jobs and government with revenue. It’s why our motto is ‘Community Prosperity Through Business’ - when business succeeds, we all succeed.”

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*With more than 950 members, the **Fredericton Chamber of Commerce** is one of Atlantic Canada’s largest chambers of commerce. A dynamic business organization, the Fredericton Chamber of Commerce is actively engaged in policy development that affects the competitiveness of our members and of the Canadian business environment. The Chamber’s vision is ‘Community Prosperity Through Business’.*

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