



News release

For immediate publication

Food Price Report 2016 by the University of Guelph

December 10, 2015

Increase in the price of food: Bad news for everybody, even more for three categories of citizens

1- Low-income individuals and families

Between 2012 and 2017 (5 years), the minimum wage in NB only increased once (in 2014). The government promised to increase it to \$11.00 in 2017, but there is no guarantee and it will probably only be effective at the end of December 2017. In 2012 and 2013, it was \$10.00, it increased to \$10.30 in 2014 but **there were no increases in 2015 and 2016.**

Therefore, the **purchasing power** of low-income workers has remained the same in 2015 while the price of food increased by 4.1%. It will remain the same in 2016 when it is estimated that food prices will rise by 2 to 4 %. According to the University of Guelph's report, the increase in 2015 is \$325 and will be \$345 in 2016.

Two years of significant increase in food prices and no increase of minimum wage

Yes, it will hurt low-income workers.

According to our latest study (see attached document, p. 4), individuals and families already face a situation of annual deficit. The annual cost for food varies between \$3,705 for an individual to \$9,726 for a family with one child or \$12,350 for a couple with two children.

It is clear that everyone cannot afford an increase in food prices. They will need to cut something else, to manage without even more, and use the food banks.

One of the solutions is, certainly, increasing minimum wage as called for by the Common Front and 33 other organisations (attached document). Actually, the minimum wage in NB is the lowest among all the provinces.

Welfare recipients and seniors

Two other groups of citizens are hit hard by the increase of the price of food: welfare recipients and seniors receiving the Guaranteed Income Supplement.

2- Welfare recipients did not see any basic income increase in 2015 and no increase is planned for 2016.

In 2014, 63.2% of people using food banks in NB were on welfare.

In 2015, that number increased to 67.1%.

It is obvious that almost 40 000 men, women and children will suffer because of the increases in the price of food which is a basic need.

3- Seniors who receive the Guaranteed Income Supplement live in poverty.

The proportion of seniors using food banks also increased. It went from 6.0% in 2014 to 6.4% in 2015.

For them too, the increase in food prices will have an important impact on their budget and on what they will be able to put on the table.

For information

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The Common Front for Social Justice is one of the largest democratic and popular organizations in New Brunswick, with close to 75,000 group and individual members. The Common Front brings together individuals as well as local, regional and provincial organizations to work towards the eradication of poverty.

Attachment

Table 5. Estimated Revenue Effect of Changes to Key Tax Rates

(Table 5 was adapted from the document from the New Brunswick Department of Finance, *Pre-Election Economic and Fiscal Outlook, 2014-15 to 2017-18*)

Revenue source	2014 Taxation Year *	2015 Taxation year	
<i>(All values refer to a 1 percentage point change except: tobacco tax is 1 cent per cigarette/stick/gram changes; gasoline tax and diesel tax are 1 cent per litre change)</i>	Current rates	Increase 1%	Approximate value ⁽¹⁾ (\$ million)
Personal Income Tax			
1 st Bracket (up to \$39,305)	9.68%	10.68%	64.0
2 nd Bracket (\$39,305 up to \$78,609)	14.82%	15.82%	38.9
3 rd Bracket(\$78,609 up to \$127,802)	16.52%	17.52%	10.5
4 th Bracket (above \$127,802)	17.84%	18.84%	6.2
Total (1 percentage point on all brackets)			119.6
Two new income tax brackets. (21% -\$150,000 up to \$250,00 and 25.75% for above \$250,000) Liberal Electoral Platform- Note 1			30
Total			149.6
General Corporate Income Tax	12%	13%	17.0
Small Business Corporate Income Tax ⁽²⁾	4.5%	5.5%	9.0
Financial Corporate Capital Tax	4%	5.0%	7.0
Insurance Premium Tax 3% for property and casualty; 2% for life insurance premiums)	3%/2%	4%/3%	19.0
Harmonized Sales Tax ⁽³⁾	8%	9%	140.0
Tobacco Tax (cent per cigarette/stick/gram)	19 cents	20 cents	8.0

<i>Gasoline Tax (cent per litre)</i>	<i>13.6 cents</i>	<i>14.6 cent</i>	<i>10.0</i>
<i>Diesel Tax (cent per litre)</i>	<i>19.2 cents</i>	<i>20.2 cents</i>	<i>5.0</i>
<i>Grand Total</i>			<i>224.6</i>

* The above estimates are based on information available as of May 1, 2014 and are subject to further revisions.

[1] The estimated revenue impacts do not include the resulting economic impacts.

[2] The small business corporate income tax rate applies to the first \$500,000 of active business income of Canadian Controlled Private Corporations (CCPCs).

[3] Provincial portion of the HST.

Note1: In the 2014 Liberal Electoral Platform, there is a promise of two new income tax brackets for citizens making over \$150,000.