

## **Fredericton Chamber Cautiously Optimistic Regarding Federal Fall Economic Update**

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(Fredericton, NB) – The Fredericton Chamber of Commerce hosted federal Finance Minister Jim Flaherty for a luncheon at the Fredericton Convention Centre on Tuesday, who was in town to deliver his 2012 Fall Economic and Fiscal Projections Update.

Minister Flaherty characterized Canada’s economic growth as “modest, but positive” and viewed the current state of the economy with “guarded optimism”. He emphasized several times that Canada is still on track to return to balanced budgets in the “medium-term”.

Specifically, the Minister stated that largely due to outside forces such as a volatile commodities market, uncertainty in the Euro zone and the looming so-called U.S. “fiscal cliff”, the deficit would rise above expectations in the short-term. He did go on to state that the Harper Government would not reduce transfer payments to other governments or individuals while continuing to invest in infrastructure and scientific development through the Industrial Research Assistance Program (IRAP).

While the Chamber supports the goal of eliminating the deficit and the resulting economic benefits, it recommends that this be achieved through a comprehensive approach, with an emphasis on diversifying and investing in economic development. Diversification of the Canadian economy, both geographically and industrially will enable us to weather current and future financial downturns in the global economy.

It must also be noted that while Mr. Flaherty emphasized in his forecast that the deficit is still “on track” to be eliminated in the medium-term, the actual fiscal year for this target was moved back one year for the second time since the 2011 election campaign. This highlights the unpredictability of chasing a balanced budget in the perpetual “medium-term”. As he has noted himself, the risks of outside forces alone can materially affect Canada’s economic position, including when budgets are able to be balanced. Remaining focused on supporting and enhancing business conditions within Canada is the most effective way to insulate our economy from negative foreign influences.

“The Fredericton Chamber is cautiously optimistic about Minister Flaherty’s fiscal update,” stated Janice Corey, Chamber President. “We are encouraged that he specifically discussed investing in infrastructure, research funding, and continuing transfer payments to other levels of governments. These are initiatives that are critical to ensuring economic growth throughout the country in the short-, medium- and long-terms.”

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