

## ***A Plan for Prosperity in Newfoundland and Labrador: Key points and Highlights:***

“The transition of Newfoundland and Labrador to the status of a “have” province is a remarkable achievement. Indeed, it is clear that over the last decade and across a broad range of economic metrics—from real GDP growth to public investment, to declining public indebtedness, for example - a page has been turned in the history of the province’s economic development.”

- With regards to the primary distribution of income (primary income referring to the distribution of profit and wages), Newfoundland and Labrador now leads Canada and the other resource intensive provinces in the degree of inequality in the primary distribution of income;
- Corporate profits as a percentage of overall GDP in Newfoundland and Labrador have far exceeded the Canadian average over the past decade. From 2000 to 2009, corporate profits in Newfoundland and Labrador averaged in excess of 25% of GDP, peaking in 2008 at 38%. The Canadian national average for the same period was 13%, an all time High;
- During the period 2000 to 2009, the Canadian average of wages as a share of GDP was 51%. During the same period, wages in Newfoundland and Labrador averaged 38% of GDP, 25% less than the average for the rest of the country.
- Profits as a percent of wages in NL over the last decade have averaged over 70%. The national average for the same time period was around 25%. Just prior to the recession of 2009, that peaked in at 125% in NL while in the rest of Canada the average was 27%. That is nearly **5 times** the national average;
- There is a growing recognition among economists that income inequality is in fact bad for business;
- For the years 2000-2009 (despite a reduction in persons living with low incomes) Newfoundland and Labrador had the highest percent of low income individuals in Canada;
- Presently Newfoundland and Labrador’s debt to GDP ratio for 2011 is estimated at around 27%. This puts Newfoundland and Labrador in the lower range of provincial debt to GDP ratios: in line with British Columbia and Manitoba and well below Quebec and Ontario. Since 2006, provincial debt has been reduced by over one-third and by over half as a share of provincial GDP;
- In terms of the primary and secondary distribution of income between wages and profits, areas for improvement include equitable taxation, stronger labour laws, and proactive policies related to education and training.