



MEDIA RELEASE

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Debt payments leave important things undone

The St. John's Board of Trade advocates for fiscal discipline at all levels of government, and encourages governments to generate surpluses to pay off the accumulated debt that all taxpayers are ultimately responsible for. The federal share of public debt is just over \$16,000 for every man, woman and child in Canada – a substantial car payment, for instance.

“It’s not about numbers and clean balance sheets and nice accounting,” said Board Chair Jo Mark Zurel. “It’s about what people can do instead of paying money on the country’s credit card. There are massive opportunities being lost to debt servicing. Imagine the potential and prosperity we could harness if we weren’t constrained by \$33 billion each and every year in public debt charges. \$33 billion would go a long way in doing a lot of positive things in Canada.”

The Board is providing a non-comprehensive sample of what the federal debt servicing expense of \$33 billion per year really costs.

\$33 billion is approximately \$653.6M per week: what could that money do in one week if it weren’t going to paying off interest and other charges?

- Pay approximately one-third of the permanent annual investment of \$2 billion in the Gas Tax Fund to provide predictable, long-term infrastructure funding for municipalities.
- Multiply by more than 13 times the \$50M over two years to support reintegration of older workers into the workforce
- Pay for half of the \$1.2 billion business and workers will save in 2011 by keeping EI premium increases at 5 cents per \$100 of insurable earnings
- Triple the money going to the Guaranteed Income Supplement for seniors (currently \$300 million per year) allowing benefits to move from \$600/single senior to \$1800 per year and from \$840/couples to \$2520 per year
- Forgive more than 16,000 doctors \$40,000 on their Canadian Student Loan or nearly 32,700 nurses \$20,000 for working in under-serviced, remote or rural communities
- Fund about two-thirds of the approximately \$870M over two years earmarked for Canada’s Clean Air Agenda.

It can be examined as a per-day cost as well. \$33 billion is approximately \$90.4M per day: what would that money do in one day if it weren’t going to pay off public debt charges?

- Multiply by 4.5 the \$20 million over two years to help Canadian Youth Business Foundation support young entrepreneurs

- Nearly double the approximately \$100 million over two years for research and development and demonstration on clean energy and efficiency
- More than double the money invested, over three years, for repairs to storm-damaged small craft harbours (\$72 million)
- Go from \$10 million over two years for New Horizons for Seniors Program to support projects that ensure seniors contribute to and benefit from community activities to over \$100 million over two years
- More than double the funds going to CBC/Radio-Canada to produce quality Canadian programming in 2011-12 (currently \$60 million).

“We get asked why debt reduction is important and why we advocate for it,” said Mr. Zurel. “It’s because it will allow us to do more things for Canadians and Canada. It would take years – generations even – to pay off our massive and crippling public debt and lots of tough decisions will have to be made during that time, but it is very easy to see the enormous payoffs that it would have. That’s the future we want but we only get it if we can make the right choices today.”

The St. John’s Board of Trade’s commentary on the March 22, 2011 federal budget is still available online at www.bot.nf.ca/media-communications.asp.

The St. John’s Board of Trade is a non-partisan, business advocacy organization that is the principal voice of business for over 800 members and their 30,000+ employees in the St. John’s area. Its mission is to improve the local business climate, enhancing its members’ ability to do business through advocacy and member services. Twitter: @stjohnsbot

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