



## **MEDIA RELEASE**

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# **Federal Budget 2010: 'We cannot run these deficits'**

The St. John's Board of Trade is characterizing today's federal budget as a critical point in the country's finances, according to Chair Derek Sullivan. With a deficit of \$54 billion and deficits expected for several years, the Board of Trade is speaking out on behalf of taxpayers, both business and personal.

"Our federal government cannot run such high deficits, period," said Mr. Sullivan.

"Deficits contribute to debt. Debt payments take money away from public services, and take money out of the pockets of individuals and businesses. It is that simple."

The Board of Trade is concerned that the federal government views natural growth in the economy as the primary method of returning to surpluses. Additionally, government's intention to slow spending based on a high benchmark is less than ideal. However, government has noted that it will freeze salaries and departmental operating budgets, as well as review administrative services and departmental spending. The Board believes that these are steps in the right direction but these initiatives are primarily longer term and lack specific goals.

"It would seem that the federal government has not recognized the severity of its budget situation," said Mr. Sullivan. "To think that natural growth, frozen spending and non-specific internal reviews will control this year's deficit and tackle the long term debt is difficult for the Board to accept. If a business or an individual were going into debt, they wouldn't just slow the growth in spending or wait on natural growth in revenues, they would cut back. Thinking that saving \$17.6 billion over five years while you have an immediate deficit of \$54 billion is enough is not accurate."

"Government faces difficult choices, but it doesn't appear to have been proactive in recognizing a problem and acting decisively and with leadership to address that problem," said Mr. Sullivan. "We are encouraging government to make tough choices now or we'll end up paying more in the long term. Each day of deficit is a day further away from eliminating the public debt. This directly takes away monies that could be spent on worthwhile government programs and reducing taxes."

On the positive side, the Board is pleased that government is largely holding the line on taxation as this makes Canada more competitive. Specifically, freezing EI premiums is a good move, particularly for small business, that the Board encourages government to repeat, rather than potentially raise these premiums in 2011.

Also welcome is a move toward policies which increase Canada's competitiveness. Specifically, the Board welcomes initiatives such as launching a digital economy strategy, moving toward energy regulatory clarity and putting in place a pan-Canadian method for recognizing foreign credentials. This policy focus on innovation is welcomed by the Board of Trade as sustainable economic advantage will support the country's road back to fiscal health. However, these policies will take time to have the intended benefits and government must take steps to eliminate deficits in the meantime.

"The St. John's Board of Trade will always stand by government decisions which contribute to prosperity, competitiveness and innovation," said Mr. Sullivan. "We are hopeful that the decision to focus on research and development and other innovation strategies put forward in the Budget are successful and contribute to Canada restoring its place on top of the world in commerce."

The St. John's Board of Trade is a non-partisan, business advocacy organization that is the principal voice of business for over 750 members 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.

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