



MEDIA RELEASE

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PM's talk on budget/economy raises questions

The St. John's Board of Trade is raising some questions regarding the federal budget deficit and economic management following Prime Minister Harper's year-end CTV interview *A Conversation with the Prime Minister*.

"The Board of Trade is not entirely convinced that Canada will get out of a \$56 billion hole within the next few years by reducing the growth of public spending," said Bruce Templeton, Chair of the St. John's Board of Trade. "The track record of the federal government when it comes to restrained spending is not comforting."

The federal government's total expenses for 2005-06 were at \$209 billion, while projections for 2009-10 are at \$258.6 billion in Budget 2009. This growth of nearly \$50 billion in total expenses in a short time is expected to continue as Budget 2009 projects total expenses of \$293.7 billion by 2013-14.

"It looks to be quite the challenge to constrain this type of growth," said Mr. Templeton. "In less than 10 years, federal government expenses will have increased by almost a third."

Budget 2009 documents indicate that savings identified via a strategic review total \$1.384 billion for fiscal 2009-10 to 2011-12. The same documents indicate that the federal government reduced the debt by \$37 billion since 2005-06.

"Reducing debt by \$37 billion over the course of three or four years and then running a \$56 billion deficit in one year is not helping Canadian businesses and Canadians in general," said Derek Sullivan, 2010 Chair of the St. John's Board of Trade. "Identifying less than \$2 billion through a strategic review is obviously not going to return Canada's books to the black either. This is a serious issue that requires serious action and attention, not solely resting on a hope that the economy will grow rapidly on the back of volatile resources that we export to the world."

The St. John's Board of Trade is wondering what specific actions will be taken to get back to balanced budgets as soon as possible, how the federal government will support economic diversification as a route to overall economic growth, and what decisions will be made regarding Newfoundland and Labrador's interests at the federal government level.

“It appears that the federal government will have to cut programs and services to balance budgets,” said Mr. Templeton. “We want to know what affect that will have on Newfoundlanders and Labradorians and how we will be part of the decision-making process at the federal level. This is a vital issue that will play out over the course of four or five years; Newfoundlanders and Labradorians have to be engaged in a meaningful way.”

The St. John’s Board of Trade is a non-partisan, business advocacy organization that is the principal voice of business for over 700 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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