



MEDIA RELEASE

For immediate release

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City Budget 2011 continues disturbing spending trend

The St. John's Board of Trade is disappointed with the outcome of the City of St. John's 2011 budget. The Board has repeatedly warned against the troubling growth in spending by the City and had hoped to see this budget more closely aligned with the residential and business community, whose growth is not as significant as the City's budget.

"The Board acknowledges the difficult circumstances under which this budget was created, but we believe actions could have been taken now in the interests of securing a sustainable future," said Board Chair Derek Sullivan. "The level of spending growth that the City has allowed is not financially sustainable for its tax base. This is further evidenced by new tax increases. Incomes for residents and businesses are not growing at 7 or 9% a year, yet over the past decade the City's budgeted expenditures have grown at this rate."

To understand the seriousness of the issue further, it is important to look at what's happening here and abroad. Over the past decade, for major Atlantic Canadian cities, St. John's was near the bottom in population growth and was last in inflation, but had the highest budget growth rate; St. John's budget grew at 3-4 times that of inflation.

"St. John's is unique, yes, so let's look at our own situation: business occupancies have basically remained the same over the past decade and the City's population has not grown substantially," said Mr. Sullivan. "Taxes nearly doubled – from \$67.5 million in 2000 to \$130.3 million in 2011 – and water tax and sales have more than tripled. The money is coming from all of us but we only have so much capacity to pay."

According to Statistics Canada and City of St. John's data, the population of the capital region (St. John's and environs) grew about 8.5% over the past decade. Additionally, the City of St. John's 2000 annual report indicates that there were 3,609 business occupancies in the city; a February 2010 City Economic Update indicates that St. John's had 3,535 business occupancies.

"Our 800-plus members recognize the changing face of the city and the capital region," said Mr. Sullivan. "Their business survival depends on being responsive and being efficient and effective. With businesses paying tens of millions of dollars in tax – and then paying for things such as garbage collection and snow clearing out of pocket after that – every penny counts. With business employing people, competing for business and customers, and contributing to the

community, each penny saved by government is one re-invested into sustained employment, price stability and community involvement.”

The Board understands the need for quality services, but needs have to be balanced with practicality. Increased property assessments do not mean that businesses and people have more money and are capable of paying more money in taxes; the value is essentially on paper while the costs are out of pocket.

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.

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2006 Community Profiles (St. John’s) <http://www12.statcan.gc.ca/census-recensement/2006/dp-pd/prof/92-591/details/page.cfm?Lang=E&Geo1=CMA&Code1=001&Geo2=PR&Code2=10&Data=Count&SearchText=St.John's&SearchType=Begins&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=001>

2009 City Economic Review <http://www.stjohns.ca/business/pdfs/EconomicReview2009.pdf>

2000 City annual report http://www.stjohns.ca/cityhall/pdfs/2000_AnnualReport.pdf

February 2010 City Economic Update <http://www.stjohns.ca/business/pdfs/Feb10-newsletter.pdf>