

'Fiscal crisis of perhaps biblical proportions!': Board of Trade wants spending cuts



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NEW | Board of Trade slams decision to scrap fall budget

Business community says government breaking contract by not reducing spending

By Daniel MacEachern, CBC News Posted: Sep 09, 2016 1:59 PM NT | Last Updated: Sep 09, 2016 1:59 PM NT



St. John's Board of Trade chair Des Whelan says the provincial government has broken its side of the bargain by not releasing a fall budget with a plan to cut government spending. (Eddy Kennedy/CBC)

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The St. John's business community came out swinging Friday against the provincial government's decision to scrap a planned fall budget.

Members of the St. John's Board of Trade held a closed-door morning meeting to discuss the province's finances, and emerged with demands that government reduce its spending.

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Board of Trade chair Des Whelan said it was "sombre mood" among members at the meeting.

"They believe, in April when the budget was brought down, that there was a contract of sorts that was formed with the businesses and residents of Newfoundland and Labrador," said Whelan.

"And that contract was, 'OK, you're going to have to take the first hit in this fiscal situation by raising taxes, the levy, all the fee increases' — that we still haven't seen all the effects of — and there would be a second component where government would get its own fiscal house in order and would start to bring costs of government operation in line with their revenues."

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That second part of the contract was broken, said Whelan.

"We want to work with the government," he said. "The business community is responsible for driving the economy of

Newfoundland and Labrador. The government is responsible for keeping its own house in order and creating the environment for us to do what we do well, which is create opportunity, be innovative, and create jobs and drive GDP growth in the province."

'They've got a lot of blowback'

Derek Butler, executive director of the Association of Seafood Producers, said the business community, including members of his association, are disappointed the government scrapped its plans for a fall budget.



Derek Butler, executive director of the Association of Seafood Producers, says the provincial economy is in "a fiscal crisis of perhaps biblical proportions." (Eddy Kennedy/CBC)

"There's no doubt there are challenges we face, and there are some difficult decisions that need to be made, and I suspect they're wrestling with that piece of it," he said.

"They've got a lot of blowback on the initial budget, and I think it was because they focused on revenues and not on the expense side of the ledger."

That criticism, says Butler, is why he suspects the government decided to release a fiscal update instead of the supplemental budget and wait until spring for the next full provincial budget.

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"I think that's too long," he said. "I think the stewardship mandate that government has, not just the management mandate, means they should step up now and reduce expenditures, deal with their expenses as they've asked households to do, as they've asked the business community to do."

Butler said the economy is reeling from higher taxes in the spring budget, and the province needs confidence the government will address the deficit.

"This is a fiscal crisis of perhaps biblical proportions, to use the

'This is a fiscal crisis of perhaps biblical proportions, to use the old language.'

- Derek Butler

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old language," he said. "We need to have confidence in the economy going forward. That means government needs to step up and give us the vision, give us the plan, and we'll work with them."



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