

Overspending, not oil volatility, responsible for ballooning deficit NL Employers' Council calls on government to think long term about the province's finances

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December 16th, 2014, St. John's, NL – Based on the fall fiscal update provided by Finance Minister Ross Wiseman today, the NL Employers' Council (NLEC) is imploring the provincial government to change the way they manage our province's finances. Instead of budgeting at the maximum price of oil as this government has been doing, it is time for government to budget spending based on a more modest estimate. Any resulting surplus should be used to pay down debt and save for the future – as many other jurisdictions with non-renewable resource based economies have been doing for years.

Taxpayers should demand that our province save for the future, instead of spending every cent of oil revenues that come into this province. According to the Auditor General, government spent \$15,000 per person in 2013-14, that's 45 percent higher than the average of all other provinces. While government asserts this money has been spent on infrastructure the Conference Board of Canada, in research commissioned by the NLEC, found that Newfoundland and Labrador ranks 8th out of the 10 provinces on investment in fixed capital as a share of GDP. As of 2012, Newfoundland and Labrador's average age of its public infrastructure is 16.7 years, second oldest of any province in the country. The province does, however, have the highest per-capita expenditures on programs in the country, at \$13,200 per person in 2014-15. This is not surprising given the province has the highest provincial and local government employment as a percentage of all jobs in Canada, at 25.2 per cent in 2013 compared to the national average of 16.3 percent, as reported by the Atlantic Institute for Market Studies.

“Newfoundland & Labrador has a long history of wanting government to provide jobs, services, and programs to address every need in the province. But it is the private sector, not the public sector that creates wealth. We need to take a long hard look at what we are demanding from government and determine if this is sustainable,” says NL Employers' Council Executive Director, Richard Alexander. “Before even thinking about raising taxes on the hardworking people, and businesses, of Newfoundland & Labrador, government must ensure that every tax dollar is being spent in the most prudent and efficient manner possible. Do we want to spend every cent now, or do we want to put some money away for our children's generation?”

The Employers' Council is calling on government to take a serious proactive, long term look at expense levels that are sustainable for the taxpayers of Newfoundland & Labrador and develop a long term plan to not only live within our means, but save for the future.

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Interview opportunities available.

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