



## Chamber urges personal tax cuts in pre-budget meeting with federal minister

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The Chamber advised the federal government to make personal tax relief a major component of the upcoming budget as discussed in a Jan. 8 meeting with the Minister of National Revenue Jean-Pierre Blackburn.

"All regions in Canada have been impacted by the economic downturn," said Geoff Pradella, Vice-President of Public & Government Affairs with the Calgary Chamber of Commerce. "Alberta is not immune. Therefore, any federal initiatives must be strategic, time-limited and focused on creating the maximum benefit for all Canadians."

Canada's personal income tax burden is the highest of the G-7 nations and is above the average of the OECD countries. The Chamber believes personal tax cuts or tax incentives should be a major part of any stimulus package, thus placing more dollars in citizens' wallets to save, spend and invest, providing a much needed boost to the economy.

Personal tax cuts would jeopardize the government's ability to balance its budget, therefore, Chamber recommendations to the minister included adhering to a 'smart spending bandwidth' to limit annual program spending increases (between 2.0 and 2.7 per cent for 2009) and continuing with the current Expenditure Management System to find program savings.

"Our members are concerned about the potential for deficits during this economic downturn and swapping our current problems for larger, longer-term ones," said Pradella. "Calgary's business community does not want a return to the formidable debt levels of the past."

The Chamber's deficit limitation policy attempts to strike the right balance between the urgent need for stimulus and maintaining a manageable debt level.

The proposed deficit limitation policy would allow deficits on rare occasions when GDP growth is forecast to be negative (since 1962, negative GDP growth has occurred only twice, in 1982 and 1990).

The proposed approach would limit the size of the deficit, as a proportion of total government expenditures, to the percentage decrease in GDP. If GDP is forecast to contract by one per cent, the size of the deficit should be a maximum of one per cent of total government expenditures (which would be approximately \$2.5 billion based on 2009 total expenditures of \$250 billion). Government would not be able to run a deficit when positive GDP growth occurs.

"The federal government is aware of and very interested in Calgary businesses' recommendations for the 2009 budget," said Pradella. "We look forward to action in its Jan. 27 budget and will be offering post-budget analysis and commentary on behalf our members."