



**NEWS RELEASE
FOR IMMEDIATE RELEASE
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**Prudent spending and capital investment in cautious provincial budget will aid
Alberta's economic recovery**

(Calgary, AB) – The Calgary Chamber of Commerce was relieved to see the provincial government's commitment to limit spending increases and invest in productivity enhancing infrastructure.

“Setting a fiscal target to limit spending increases within a range delimited by population and inflation growth, and real GDP and inflation growth will encourage program efficiencies and lead to a quicker return to balanced budgets,” says Heather Douglas, President & CEO of the Calgary Chamber of Commerce. “We are pleased to see the provincial government adopt our recommendation which we have referred to as a ‘smart spending bandwidth’.”

The Chamber recognizes the need to transfer revenues from the Sustainability Fund, as the purpose of this ‘rainy day’ fund is to maintain core programs and capital funding during revenue declines. However, this business organization will closely monitor the plan to return to balanced budgets.

The new initiative introduced in the budget to borrow to build strategic infrastructure will also place the province in a more competitive position in the long run. In doing so, the Chamber urges the province to use ‘smart debt’ to finance strategic infrastructure projects, which requires that:

- The projects selected are large one-time expenditures with long asset lives and have minimal operating costs (e.g. water pipelines, sewer, roads; not hospitals or educational institutions).
- Servicing costs for all debt are capped at 0.5 per cent of total provincial revenues.
- There are clear guidelines regarding debt structure and amortization.
- A comprehensive repayment plan is provided.

The major concern of Calgary's business community is that the budget still doesn't include a commitment to a long-term savings framework or a plan to reduce Alberta's reliance on non-renewable resource revenues as the economy improves. Non-renewable resource revenues are forecast to drop approximately 45 per cent from last year.

“The recent collapse in oil & gas prices and turbulence in global financial markets has once again illustrated the risky proposition of relying too heavily on non-renewable resource revenues for budgeting purposes,” states Douglas. “The government's short-term savings framework needs to be complimented with a long-term savings strategy once the economy rebounds.”

The Chamber's *Vision 2050* strategy, released last year, recommends adopting a step-by-step schedule that gradually decreases budgeted resource revenues as a proportion of total budgeted revenues. In the last six years, resource revenues have underwritten 19 per cent of the province's budgeted expenses.



According to the Alberta Financial Investment and Planning Advisory Commission report released in November 2008, the province faces a fiscal gap that will require substantial spending cuts or tax increases if savings does not commence.

The Chamber's recommendations are based on a pre-budget survey of membership.

The full pre-budget submission is available at the Chamber's website: www.calgarychamber.com

About the Chamber

The Calgary Chamber of Commerce is a volunteer driven, not-for-profit, and non-partisan advocacy group whose mission is to lead and serve the Calgary business community, valuing its diversity.

On critical and emerging issues in public policy, the Chamber acts as the leading forum for debate, and advocates public policy solutions that improve the business climate on behalf of our members.

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