



**NEWS RELEASE  
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**Calgary's business community concerned with increased spending and risk to balanced budget plans**

(Calgary, AB) – The Calgary Chamber of Commerce offered tentative support for elements of the provincial budget released today. Delivering on a commitment not to increase taxes, curtail spending in some departments, maintain Alberta's competitiveness, and a plan to return to balanced budgets by 2012, were key themes in the Chamber's pre-budget submission.

"This budget makes tentative steps toward prioritized spending and balanced budgets," said Heather Douglas, President & CEO of the Calgary Chamber of Commerce. "Businesses across Alberta are looking at their own balance sheets, and making tough decisions. They expect governments to do the same. Frankly, we were expecting more fiscal restraint."

The 2010 spending increase of 5.6 per cent is well above the Chamber's recommended limit of 3.5 per cent based on key economic measures of population and inflation growth, which were referenced in the budget speech.

"Another round of spending increases is cause for concern given the need for greater fiscal responsibility," remarked Douglas. "The plan to return to surpluses by 2012 is welcome, but another significant spending increase in 2010, which has been the pattern for the past several years, makes the business community nervous."

Smarter spending and maintaining tax competitiveness are key issues, which support productivity and enterprise, stated Douglas.

"It's the broad foundation of Alberta's success, and while we hoped to see longer strides in this direction, we're cautiously encouraged that the government continues to promise a return to this philosophy," said Douglas.

"Alberta is still a good place to live and do business," stated Douglas. "Other provinces, however, recognize that competitive personal and corporate income tax rates lead to job creation and attract a skilled and talented workforce. British Columbia, Ontario and New Brunswick are working hard at closing the competitiveness gap with Alberta, and we need to stay a step ahead."

The Chamber is strongly concerned with the \$2.4 billion increase in health care spending, an 18 per cent rise over last year. Health spending now makes up about 41 per cent of the budget. Managing health care spending was a top provincial pre-budget priority in a survey of membership. Alberta spends the most per capita of any province.

"We're worried that putting more money into the system will not result in better health care outcomes," said Douglas. "The system needs renewal if not reinvention. We've recommended, for example, a larger role for private industry as competitive providers of services into the publicly



funded system – to encourage efficiencies, enhance productivity and foster innovation. The government’s direction at this point is uncertain.”

The continued commitment to municipalities through the Municipal Sustainability Initiative, albeit at a lower level is applauded.

“Infrastructure investment is a key component of productivity, which leads to increases in earnings and a higher standard of living,” said Douglas.

On the revenue side, the province’s ongoing dependency on non-renewable resource revenues for program and operating requirements remains a serious concern.

“Last year’s budget and the fiscal challenges we face going forward showcase the difficulties of relying so heavily on non-renewable resource revenues,” remarked Douglas. “We have lingering questions as to how the province is planning to address the issue of reducing our reliance, from a current ratio of one in five dollars or close to twenty per cent of money taken into government coffers.”

As part of this formula, the Chamber supported the creation of the Sustainability Fund, which has proven its worth in the current downturn, reducing the impact of volatile commodity prices and markets. Moving forward, it will be important to top up the fund after the budget is back in the black, and institute a resource revenues savings framework to create a permanent income stream.

“Overall, this budget is a moderate step towards improving Alberta’s competitiveness,” stated Douglas.

The Chamber’s provincial pre-budget submission is available at the Chamber’s website: [www.calgarychamber.com](http://www.calgarychamber.com)

### **About the Chamber**

The Calgary Chamber of Commerce is a member-driven, sustainable organization whose mission is to connect, serve and champion the Calgary business community in its quest to excel.

The Public & Government Affairs Department measurably contributes to the Chamber's profile and effectiveness. We are the leading edge business advocate and forum for debate, and a credible source for policy analysis and issue commentary. We advocate new and innovative solutions to improve the business climate on behalf of our members.

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