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Alberta Budget 2012

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Background

With many fiscal challenges from the recession having somewhat stabilized, and despite Alberta weathering the recent economic storm better than most other jurisdictions, effects of the 2008 recession, coupled with other major economic and geo-political challenges have significantly shifted the global economic and political climate. Although most of these shifts are external to Alberta, the province is not immune to them and because we are heavily dependent on trade, they will have a sizable impact on our economy.

In the U.S. the continued housing challenges, the lack of job growth and major volatility in the political environment are of major concern. Across the Atlantic, the Euro zone is facing major fiscal challenges threatening to collapse the European economy which inevitably would affect not only the European Union but also have a major global impact. In the Middle East, 2011 saw major political change, lack of cooperation and public unrest in countries like Egypt, Syria, Libya and Iran, which have also created tension amongst western countries and have and will continue to have a significant impact on global trading patterns. Despite Alberta's relatively strong competitive tax position, forward momentum related to energy exports and positive climate for investments, global economic volatility abroad can not be ignored. On a local level recent changes in Premiership and a looming provincial general election scheduled for 2012 add to the uncertainty in Alberta's political and economic environment.

Considering global and local factors influencing Alberta in the upcoming year, the Edmonton Chamber of Commerce on behalf of nearly 3,000 members believes it is imperative that the provincial government, now more than ever, deliver a stable and predictable budget in 2012. Alberta's 2012 budget should be free of any major cost cutting or revenue generating initiatives or new unplanned spending programs. It should be a budget that maintains certainty in the fiscal environment and allows time for the provincial government to strategically plan for the future.

It is imperative that the province take some time to strategically influence our provinces' position in the global economy and take some time to research, plan and consult and in due course make strong, informed decisions on fiscal issues related to health care, education, municipal funding and infrastructure investments.

Areas that the Edmonton Chamber of Commerce sees as important considerations for the upcoming budget are as follows:

Recommendations

1. Continue to focus on controlled spending by reviewing existing government priorities and limiting new spending to those priorities identified within the three-year business plans. Ensure spending decisions deliver the highest quality infrastructure and services, through the most effective use of taxpayer's dollars;
2. Continue to target for balanced budgets by 2013 by limiting operational expenditure growth to population growth plus inflation growth, and by using realistic revenue forecasts based on robust industry supported estimates of commodity prices and economic growth;
3. Strategically avoid "real" deficits requiring borrowing by limiting withdrawals from the provincial Sustainability Fund. Do this in accordance with a plan that will achieve a balanced budget prior to full depletion of the fund and thereafter to, at a minimum, fully replenish the fund with planned transfers from revenues;
4. Pursue a new overall funding formula for municipalities, and ensure that infrastructure funding is based on a three-year funding framework, which is predictable, transparent and aligned with a provincial strategic funding plan.
5. Continue to develop Alberta's north, in areas of targeted transportation, utilities and communications investments, to facilitate the efficient, responsible and unencumbered development of our northern resources;
6. Target education and training expenditures to better meet the realities of Alberta's impending labour shortage. Education policy should encourage a stronger match between training received and employment opportunities available, in order to get students ready for the workforce as soon as possible. Concerted effort toward developing education, training and upgrading programs to accelerate the development of competencies in underutilized labour pools should be made a priority;
7. Strategically focus capital expenditures on areas that will encourage economic diversification, enhance industry competitiveness and productivity, improve environmental stewardship and support value-added activity in Alberta; and
8. Develop and implement a strategy focused on creating an overall business environment that will facilitate economic activity and open new markets, thus generating increased provincial revenues through real economic growth.