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**Edmonton Chamber of Commerce
Reaction to Federal Budget 2009: Infrastructure Stimulus
Welcome, but Fiscal Support to Key Businesses is Lacking**

Federal Budget 2009, as expected, has something for almost everyone, including some positive measures that we expect will help create the political and economic stability needed for companies to make sound business investment decisions. However, going forward, we need to ensure that these short-term stabilization measures don't come at the expense of the country's prospects for eliminating the deficit, debt repayment and general fiscal prudence.

Key elements related to creating a more stable business environment for small- and medium-sized enterprises include measures to improve access to financing; increases in the amount of small business income eligible for the reduced federal tax; a continuing commitment to reduce corporate taxes; and increased support for workforce training.

Northern Development is a key strategic priority for the Edmonton Chamber of Commerce and we are pleased with the Federal Government's plans to invest \$50 million over the next five years to establish a regional economic development agency for Canada's North. We are also pleased with targeted investments for water treatment projects, roads, harbours, key Arctic research facilities and the recent commitment to the Mackenzie Valley Gas Project in Canada's North. The North is an integral part of Canada's economic future and the trickle down effect of these investments will help stimulate the entire country.

However, the sprinkling of investments from coast to coast to coast may be politically expedient, but misses the mark on key strategic investments which if made now would help address short-term challenges and set the stage for future success by fuelling the engines of Canada's growth. In particular, infrastructure investments in Northern Alberta to support industries such as the oil sands are absent, while Ontario received the lion's share of infrastructure dollars.

"The health of the oil-sands industry is vital to small- and medium-sized business in Edmonton and across the country. The Federal Government can't just assume that it's simply going to take care of itself," says Joanne Beaton, Chair of the Edmonton Chamber of Commerce. "We also remain disappointed that the previously announced phase out of the accelerated Capital Cost Allowance for investments in machinery and equipment in the oil-sands context has not been reversed in this budget."

Investment in both the extraction of bitumen and its processing has been a major source of national growth in recent years. Providing stability and support to these large and long-term investments has positive spinoffs that are essential to Edmonton and all of northern Alberta, but are truly national in their scope and impact. Recent announcements of delays or shelving of major projects demonstrate the fragility of the environment for these investments.

Tax relief to stimulate spending, actions to stimulate housing construction and financial support for key economic sectors (like forestry and agriculture), regions and communities will hopefully provide the template for a quick recovery. However, the Federal Government must remain diligent and realistic about deficit reduction and debt repayment.

“We’re concerned that the Federal Government is overly optimistic about its future revenue projections,” says Beaton. “The government has based its projected end of deficits on revenue growth averaging at least 7 per cent over the next five years, which seems very unlikely – the economy is optimistically forecast to average only 4-5 per cent growth per annum over the next five years. Sooner or later, either spending cuts or tax increases are going to be necessary, and the sooner the government recognizes and plans for this, the sooner business will have the details needed for future planning and investment.”

Given the ongoing uncertainty in the Canadian economy, and in world markets in general, the Edmonton Chamber of Commerce will continue working diligently with all levels of government to ensure that Canadian companies have the stability they need to succeed and grow.

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