

April 9th Statement on the 2009 Provincial Budget Joanne Beaton, Chair of the Board of Directors Edmonton Chamber of Commerce

Companies that are fiscally prudent tend to do four things when they are in a positive cash flow situation:

- 1) Pay down debt in order to reduce their risk and exposure to inflation
- 2) they pay dividends to their shareholders
- 3) they invest in their company and
- 4) they save some funds for a rainy day

It is clear based on these criteria that we have a government that has been fiscally prudent in the past:

- a. They have not only paid down but indeed paid off their debt
- b. They have paid dividends to their stakeholders in the form of lower taxes and elimination of the Health Care premiums
- c. They have and continue to invest in our province with over \$23.2B of infrastructure spending planned over the next three years
- d. And finally they saved for a rainy day and a \$17B sustainability fund is quite a big umbrella.

The Edmonton Chamber applauds and approves of that type of fiscal discipline as it really does create the best environment for business. And so as we reviewed the 2009 Alberta Budget on Tuesday we had the principals of fiscal prudence and responsibility in mind.

More than 85 per cent of respondents in a recent survey of Edmonton Chamber of Commerce members expect the Alberta economy will remain stronger than the Canadian economy, further noting that an optimistic look into the future was needed during these uncertain times. And there is no doubt that the Provincial budget that Minister Evans unveiled on Tuesday is an optimistic, stay the course budget. It is a budget that will reinforce consumer and business confidence in the ability of Alberta to weather this period of economic uncertainty.

For instance from a business perspective we are pleased the government is staying the course with previously announced measures that have positive impacts on businesses. We also applaud their continued commitment to infrastructure spending that will create jobs and help buoy consumer confidence.

While we support this optimistic view there are a few things we are concerned about...

- First increased spending in a time of such precipitous decline in revenues is risky business and it will be important for the government to demonstrate that they have made every effort to reduce controllable spending.
- Second we are concerned about the high risk associated with some of the government's sources of revenue including the forecasted price of oil and natural gas and the volatility of the Canadian dollar
- Third if the current recession is prolonged and natural resource prices do not rebound, the Sustainability Fund will be drawn down to the point of exhaustion more quickly than anticipated. The government needs to be nimble and act quickly in the event the turnaround it is expecting does not materialize.
- And finally a projected \$2 billion revenue shortfall for fiscal 2010-11 adds further uncertainty to the business environment. We would like to work with the provincial government to understand where and how to make up that shortfall in the event it is needed.

As I said fiscal prudence and responsibility are good for business. We believe Tuesday's budget demonstrates a fiscally responsible approach to these challenging times but it will be prudent of the government to continue to focus on savings and ensure every opportunity to meet or exceed these budget forecasts is taken.