

2015 Budget:

How does it score?

The first budget released by a new government in over four decades is bound to have a different look and feel to what business in Alberta has experienced in the past.

This past summer the Alberta Chambers of Commerce presented a budget roadmap for the new government to consider when crafting their inaugural roadmap for the Province's finances. Here, we've scored the budget against our recommendations to see if and how this government listens to their business constituents.

AREA #1 TAKE A BALANCED APPROACH TO OPERATIONAL SPENDING

 Continue to implement results-based budgeting practices
Minister Ceci has indicated the Province will continue its results-based budgeting reviews of ministry practices.

 Consider new, innovative procurement practices
Alternative procurement practices, such as the Qualifications Based Selection Model, have yet to be implemented by the government.

 Utilize public-private partnerships to improve capital efficiency and sustainability of infrastructure
Increase support and improved administration of P3's has yet to be seen from the provincial government.

 Consolidate the provincial and federal corporate income tax administrations
The province is investigating the potential of consolidating its corporate tax administration with the Canada Revenue Agency.

 Maintain operational spending growth to the growth of population plus inflation
The province's operational expenditure growth of 2.7% coincides with the projected population growth (1.8%) and inflation (0.9%) in the province.

 Ensure all borrowing is done responsibly
While the province did undertake consultations ahead of the development of its budget, not all options for avoiding its current operational deficit were considered or adopted. The projections for running operational deficit and the risks of accumulating debt for operational spending is cause for serious concern.

 Establish performance measures
The province has not defined key performance indicators and measures for the allocation of funds, and expressly for the Heritage Trust Fund.

AREA #2 MAKE STRATEGIC CAPITAL INVESTMENTS TO POSITION ALBERTA FOR CONTINUED GROWTH

 Ensure a lack of strategic planning does not hinder sustainable growth and development.
The Dodge Report speaks to public-use infrastructure in the area of transportation but does not give consideration for utilities and communications infrastructure in general or Transportation and Utility Corridors (TUCs) in particular.

 Encourage economic diversification
Alberta Enterprise Corporation (AEC) received \$50 million to support venture capital for entrepreneurs. The Alberta Treasury Branch (ATB) received \$1.5 billion to encourage additional lending for small and medium sized businesses. The province established a new Ministry of Economic Development and Trade.

 Provide predictable funding for municipal infrastructure needs
Capital grants to municipalities for their capital works have remained consistent with prior years. Minister Bilous has indicated a new Municipal Government Act will be introduced during the spring sitting of the legislature and will contain changes to municipal funding.

 Provide stable, predictable, capital budgets
The budget increased funding for capital projects by 15%

AREA #3 TARGET SPENDING AND INVESTMENTS IN AREAS TO IMPROVE ECONOMIC OUTCOMES

  Invest in our Workforce
The Government has indicated that it will restore the STEP program. No changes to the province's education and training programs have been announced.

  Reduce taxation when fiscally prudent to do so
The Small Business Tax rate was maintained at 3%. Corporate business taxes were increased this summer from 10% to 12%.

 Support business sustainability and growth by leveraging private capital through an Investor Tax Credit.
Private capital currently sitting on the sidelines could be mobilized through an incentivizing tax credit, and would provide a higher ROI for government funds dedicated to supporting business growth.

The Alberta Chambers of Commerce is a federation of 126 chambers who, in turn, represent 24,000 businesses.

