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Why the NDP's Budget Holds Alberta Steady

EDMONTON – The new government's commitment to deliver no big surprises was made firm today as they tabled the second Alberta budget introduced in 2015.

"This government delivered a budget that kept operational spending increases manageable and focused much needed stimulus investments into infrastructure" said Ken Kobly, President and CEO of the Alberta Chambers of Commerce. "They delivered a budget that attempts to absorb the shocks of current economic realities and assists Alberta business to ride out price corrections in oil commodity prices."

Positive highlights of the budget include holding operational budget increases to 2.7%, roughly equivalent to population growth plus inflation, and increased capital expenditures of 15% over five years. These increased capital expenditures will keep Alberta businesses and their employees working.

There are concerns with projecting a balanced budget by 2019-2020 while borrowing \$12 billion for operational spending. Capital investments are widely viewed as stimulus spending, but taking on debt to fund operations once the Contingency Fund is exhausted in 2016 is a serious concern for the business community in Alberta.

Basing debt repayment for operational spending deficits on forecasted increases in global oil prices is doubling down on the commodity price roller coaster. Alberta's business community has long advocated shielding the province's finances from the risks of oil price volatility.

Kobly noted that, while the borrowing fundamentals should get a further review before another budget is introduced, business should be pleased the budget brings no tax increases for small business or any significant spending or taxing surprises. Questions remain around the implementation of the Hiring Tax Credit, slated to become available January 1 of next year, and what it means for small business.

"With the application process unknown, it remains to be seen how this will help small business job creators," says Kobly. "We also were hoping to see more in the area of providing access to capital for small- and medium-sized business through an investor tax credit. Support business growth with access to capital, and diversification and employment will result."

"Most importantly, this budget signals we have a government willing to listen and capable of taking a measured approach to managing the Province's finances. This is what Albertans and business needs right now."

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The Alberta Chambers of Commerce is a federation of 126 Chambers of Commerce representing over 24,000 businesses.

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