

April 22, 2008

## Lack of savings plan a major deficit in Budget 2008

### Chamber members:

*Alberta Chambers of Commerce (ACC) President and CEO Ken Kobly was at the Legislature Tuesday for the unveiling of Budget 2008.*

*The following is a synopsis of his reaction to the announcements in the budget:*

Operating expenditures are estimated at \$37 billion, a 13-per-cent increase over Budget 2007, and a jump of 10 per cent over last year's actuals.

The increase in government spending is almost double the combined effects of Alberta's population increase plus the rise in inflation, which totals five per cent.

Once again, this government has not developed a plan to save a portion of Alberta's non-renewable resources. In fact, it will continue to suck money out of the Heritage Fund to subsidize operating expenses, rather than create a blueprint to build up the fund for future generations of Albertans.

Although the capital budget is increasing 22 per cent because of 10 years infrastructure neglect, ACC concedes this investment is needed.

The announcement of an accelerated elimination of health premiums by January 2009 is positive news on the business front. This move should reduce operating costs for businesses that pay a portion of their employees' premiums.

ACC is also pleased with the government's plan to introduce a provincial tax credit to encourage scientific research and experimental development. We look forward to further details.

Unfortunately, there are no meaningful corporate or personal income tax reductions in this budget. The government is planning to review personal exemptions with the intention of annual inflation indexing of personal income taxes, and readjusting exemptions to federal changes to personal and corporate incomes taxes. There is also a slight increase in the small business income threshold to \$460,000 from \$430,000.

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If you would like to discuss the budget with Ken, please call him at 780.975.1659.