

Supporting a Strong Economic Recovery – Recommendations for Alberta Budget 2020/2021

Issue

The Alberta economy is reeling from the impacts of the COVID-19 pandemic and the fall in the price of oil early in 2020. The unemployment rate is higher in Edmonton compared to most other places in Canada. The Alberta Chambers of Commerce commends the Government of Alberta for working diligently, along with other orders of government, on the pandemic response in support of job creators and all Albertans. The business community is focused on the short, medium and long-term recovery and hope that the coming years see a return to a strong economy that includes everyone in the province.

Background

Response to the COVID-19 pandemic

With many payment deferral programs coming to an end this fall, job creators are concerned about their capacity to catch up on a mountain of bills with fewer customers coming through the door. We urge governments to ensure that there are flexible debt repayment schedules for businesses who accessed debt-supported response programs, such as the CEBA and BCAP, to ensure employers aren't forced to shut their doors due to government debt repayment.

It is critical that a childcare system is designed in Alberta based on the principles of affordability, accessibility, flexibility and quality. We appreciate the legislation tabled in the Assembly in fall 2020, which seeks to improve flexibility and availability in the system. Albertans are eligible for the provincial childcare subsidy if their total family income is less than \$75,000 per year, which is too low of a threshold to provide a meaningful benefit to all families that require assistance. Across income levels, the ongoing closure of schools and daycares during the COVID-19 pandemic has impacted the abilities of many parents to work.

Responsible fiscal management

The 2019 Blue Ribbon Panel reviewing Alberta's spending was a strong first step, ensuring Albertans receive effective government service delivery for the taxes they pay. Given the impacts of the pandemic on government revenues, the Province should convene a similar panel to examine the opposite side of the ledger. This review cannot ignore the largest and most controversial question on tax in Alberta – that being the adoption of the Provincial Sales Tax or Harmonized Sales Tax, as other provinces have done. Both this type of review, and the related review on spending, should be conducted periodically to ensure that the impacts of any resulting changes to tax systems or spending can be measured and reported publicly.

The Alberta Chambers of Commerce believes a high priority should be a review of programs and services. While the Alberta Government has conducted results-based budgeting and other internal processes in the past, with mixed results, municipalities are charting a new path forward. The Chamber recommends the Government of Alberta launch a full program and service review, that includes input from external stakeholders, as is being done in Alberta's largest cities, and report publicly on the results of this review.

Trade Diversification and Innovation

Alberta's traditional industries – agriculture, forestry and energy – were experiencing significant hardship prior to the pandemic, which has only heightened market uncertainty. The economic prosperity resulting from Canada's natural resource development is wholly dependent on major infrastructure projects. As governments update their capital plans, we urge them to place a strong emphasis on trade-enabling infrastructure that will help to strengthen our long-term economic growth.

Alberta's Innovation Employment Grant proposes to increase an organization's research and development spending, however the grant excludes key scale-up expenses, including market research, quality control and testing, and production. Instead, private firms built on publicly subsidized research and development, along with their jobs and taxes, are moved abroad as Alberta entrepreneurs seek scale-up capital from elsewhere.

Alberta has supported research for decades, and such investments sought to improve Alberta's economy and quality of life, but the resulting innovations have been challenging to transfer or commercialize. In collaboration with post-secondary institutions, industry, and entrepreneurs, Alberta should develop and execute an Intellectual Property Strategy to strengthen collaboration, inspire investor confidence, and provide pathways to commercialize discoveries and innovations.

Capital Spending for Future Growth

Significant capital spending was used to help buoy the economy during the downturn, and the province realized relative savings by taking advantage of lower construction costs. This strategy of counter-cyclical capital spending in previous budgets was strongly supported.

Given that Alberta's population continues to increase, infrastructure investments will help Alberta prepare for the 2 million new Albertans we can expect to arrive in the next 26 years.¹ Albertans benefit by having new and upgraded schools, hospitals and transportation infrastructure.

The Alberta Chambers of Commerce supports strategic investments in growth-enabling infrastructure, and in particular investments to ensure that all homes and businesses in the province have access to broadband. Albertans in remote, rural and First Nations communities require reliable telecommunications infrastructure to access education, employment opportunities, community and public services, and goods and services.

Infrastructure projects for housing will create engineering, design and construction jobs while providing communities with the infrastructure they need to fully recover and be set up for long-term success. Developing non-market housing options also helps to reduce government spending on the impacts of

¹ <https://www.alberta.ca/population-statistics.aspx#population-projections>

social disorder. The City of Edmonton estimates an operational cost savings of over \$10,000 for each of the 46 residents of Edmonton's Ambrose Place housing project, as the frequency of interactions with emergency services have been drastically reduced. Addressing the impacts of homelessness is crucial to our economic recovery, and this issue has been raised by many members of the business community.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Response to the COVID-19 pandemic

1. Work with ATB and credit unions to provide flexible debt repayments, and advocate the federal government to provide flexibility on debt repayments to support businesses once support programs end;
2. Improve affordability and access to childcare by expanding income-dependent payment schemes above the current eligibility cap, providing full subsidization for low-income families where appropriate, and exploring options for increased flexibility, including 24-hour childcare;

Responsible fiscal management

3. Align spending with core government priorities, including a full and transparent review of all government programs and services to eliminate under-used or ineffective services;
4. Appoint an independent panel of experts to review Alberta's revenue sources;

Trade Diversification and Innovation

5. Set specific, measurable and commercially sustainable five-year diversification targets that include performance objectives and transparent reporting;
6. Create a new grant to cover expenditures for commercial demonstration and commercialization;
7. Develop and execute an Intellectual Property Strategy to accelerate commercialization of Alberta's IP;

Capital Spending for Future Growth

8. Prepare for Alberta's continued growth by strategically investing in growth-enabling infrastructure;
9. Work with service providers to invest in infrastructure projects for permanent supportive housing and centres of community, enhancing community vibrancy and creating new construction jobs; and
10. Work with industry on a plan to develop and implement a strategy to enable 100% of businesses, homes, ranches and farms in Alberta to have access to broadband internet by 2025.