



Federal Budget 2018 Provides a Worrisome Definition of “Smart”

Finance Minister Bill Morneau spoke to the “smart” approach being taken by the federal government to invest in Canadians and their future prior to tabling the 2018 Federal Budget. The sentiment of Alberta business about the new federal budget could be summed up with one alternative word: worrisome.

The nation is already saddled with \$652 billion in accumulated debt. By staying on the current fiscal plan, Canada will add about \$18 billion dollars of debt in the coming year alone. If interest rates increase by even one per cent, the federal government does not have enough contingency set aside to manage the increased interest payments.

There was no response to the comprehensive tax reform taking place in the United States and what that means for investment and business growth in Canada.

“Tax competitiveness could be resolved with a thorough review of Canada’s tax code. It isn’t difficult to establish a Royal Commission to make sure the review is non-partisan and, in the end, would result in a fairer tax system for all Canadians. That’s what the Prime Minister and Finance Minister Morneau continue to talk about, improving fairness for Canadians,” says Ken Kobly, president and CEO of the Alberta Chambers of Commerce.

“Some may consider the new tax rules of SME’s as a win, we would qualify it as a thank goodness they’re not as bad as where they started at. Some small businesses will still pay more as a result of the new rules and the changes to income splitting. Meaningful tax reform is an easy win and could dramatically improve outcomes for the Canadian economy.”

Follow through on the clean water initiative for First Nations is a notable bright spot. New support for female entrepreneurs is also welcomed by Alberta’s business community, where forty per cent of small businesses are owned and operated by women.

As it relates specifically to business and economic policy, there were some peripheral wins with respect to intellectual property, in education with respect to cross-border regulations, in skills investments and other educational endeavours. The tourism industry may benefit with investment’s in a new “Nature Fund”.

To a large degree, this is where the upside for business ends with this budget.

The chamber network in Alberta does not believe the federal government is prepared to manage the potential, and very significant, threats facing the Canadian economy. These threats include tax competitiveness, competitiveness of Canada’s oil and gas sector, and NAFTA negotiations.

“The intent of this budget may have been to increase gender equality. Alberta business sees limited opportunities for the intended outcomes to materialize to their full potential, when the core issues affecting economic opportunity for all Canadians remain unaddressed,” says

Kobly.

“When it comes to policy development, the federal government has taken a paternalistic approach on key files: most importantly, tax reform and natural resource policy. They haven’t listened to the constituents most affected by significant policy changes.”

"The math is simple, and opportunities for all Canadians increase by growing the economic pie. The easiest opportunities to grow our pie are in establishing fair, simple and transparent, tax and regulatory environments."

What is missing is a comprehensive policy strategy to grow and steward the economy. That begins by ensuring the federal government has the resilience itself to manage the impacts of any economic shocks that may materialize. As demonstrated by this budget, the federal government has neither of these prudent approaches to governing in place.

Together, Alberta business believes this is a very risky approach to supporting and preparing for Canadians’ long-term prosperity.

Sherwood Park & District Chamber of Commerce