



Deliver vision and fortitude

**By Heather Douglas, President & CEO, The Calgary Chamber of Commerce
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Recently, the media buzzed with news that a rogue spy satellite had lost power and was expected to crash to Earth this spring. Scientists warned that while they couldn't predict the exact location and time of impact, it could devastate civilization. They were debating the odds of whether the bus-sized satellite would spew a trail of radioactive debris across the atmosphere, or crash into a farmer's field in the Ukraine, Texas or Alberta.

Meanwhile, our leaders urge us to stay calm and focus instead on the upcoming provincial election. The electorate seems unsure if the political hot air could morph into radioactive dust or if the election will cause localized implosions.

Ever vigilant, the Calgary Chamber of Commerce urges each political party to create and passionately communicate its dynamic vision for the province. That way, when voters mark their "x" on the ballot, they both support that vision and agree to hold our elected representatives accountable to fulfil it.

The chamber's vision is to build Alberta as both a newly competitive economic powerhouse and energy superpower, while ensuring no citizen is left behind. If this province also becomes a centre for excellence in renewable energies, it would have new sources of royalty income. To fulfil this lofty goal, the government needs a sound fiscal blueprint and a principled approach to spending taxpayers' dollars and saving resource revenues.

That way we grow financially and save for the future, while funding programs to help the less fortunate.

Alberta's financial blueprint must first and foremost wean us off an unsustainable reliance on non-renewable resource revenues (30 to 40 per cent of the provincial budget is currently funded by royalties). In 2006, we peaked at \$14.3 billion. By 2010, royalties are expected to fall by almost half to about \$7.8 billion annually.

If we don't act now, Alberta could again sink into deficit and debt if a recession stalls the U.S. economy. In 2007, program spending soared 17 per cent, more than double the combined rate of inflation and population growth (eight per cent). This cannot continue.

The message from Calgary's business community is clear. The government must control its program spending.

We recommend a bandwidth approach -- targeted expenditure increases within a range delineated by population plus inflation growth and real GDP plus inflation growth. In 2008, this range is 5.8 to 6.5 per cent.

The recent throne speech loudly delivered the government's commitment to a 20-year capital plan to build and maintain infrastructure. That's \$6 billion a year or \$120 billion for hospitals, schools, roads and rail transportation from now through 2028. The chamber recommends the



province use smart debt to finance these projects over their asset lives rather than paying it all up front. Future generations who benefit also incur part of the cost.

Simultaneously, the government needs to commit to saving. Chamber members want at least 35 per cent of non-renewable resource revenues invested in the Heritage Fund and other endowments. These funds should also retain their earnings (as a true trust fund), rather than be transferred into general revenues to pay for ongoing program spending or frittered away on current consumption. Alberta has the highest per capita government spending of any province.

Finally, the chamber supports the creation of an endowment to finance energy research. This funding would bring global energy researchers together -- the best scientists, excellent labs, world-class computing -- and make us pioneers in the era of renewable energy management (clean coal, CO2 sequestration, solar, thermonuclear, etc.).

Alberta becomes the Silicon Valley of energy innovation.

The only question is whether politicians will deliver their vision, fiscal blueprint, and savings plan before the rogue satellite hits Earth. As one pundit wryly comments, "We may not be around in May. We therefore need an economic package that spurs growth so Albertans can take full advantage of their lives -- however long or short."