



## Wise spending order of day

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The old cliché is true. Nobody spends somebody else's money as carefully as he spends his own.

When Alberta was settled in the 19th century, life was harsh, severe and short. There were few material comforts. Education was limited, while health and security institutions were inadequate. No one paid taxes and there were no government assistance programs.

In 1905, Alexander Cameron Rutherford became this province's first premier, treasurer and minister of education. He promoted public education, a provincial telephone system and expansion of the railway system.

To pay for these services, he introduced taxes.

Since then, the economy has cycled through times of prosperity and recession. Alberta has shown a remarkable ability to absorb jolts of all kinds because its business community is highly entrepreneurial and has created thousands of high-paying jobs.

This year, Alberta is again in recession, severely limiting its capacity to pay for education, health care, policing and other assistance programs, let alone cope with the demands for services caused by the recent unprecedented boom.

To help Premier Ed Stelmach absorb this economic jolt, the Calgary Chamber of Commerce has thoughtfully prepared a six-point competitiveness plan to carefully spend Albertans' hard-earned tax dollars.

1. **Invest in infrastructure to create jobs.** Alberta set aside \$6 billion in capital funding -- to repave crumbling roads, fix broken sewage systems, repair leaky school roofs, reinforce weakened bridges, and finish building badly-needed hospitals. The Chamber urges the province to take advantage of the current record low interest rates and slumping construction costs to leverage this funding and keep tradespeople working.
2. **Restrain provincial spending.** Since 1982, provincial expenditures grew faster than the rate of inflation and population growth. If the government had followed this formula, its 2009 budget would be about \$20 billion, instead of \$37.6 billion. The Chamber recommends the government adopt a bandwidth approach by keeping spending increases below 3% (between population plus inflation and real GDP plus inflation).
3. **Stimulate the economy by lowering taxes.** Increase Albertans' basic personal exemptions to \$19,000 (from \$16,161) or lower the flat tax rate to 9% (from 10%). The Chamber also advocates the province reduce its budgeted dependence on resource revenues by 1% per year and invest it into the Heritage Savings Trust Fund. By 2050, these added savings would generate more than \$4.3 billion in interest and almost equal the value of the current budgeted non-renewable resource revenues.



4. **Ensure the oilpatch is competitive nationally and internationally.** Since 2007, investor confidence has been undermined and valuable capital has fled.

The province's coffers have shrunk. Our members chose to explore and develop properties in B.C. and Saskatchewan or globally, rather than invest in Alberta.

The Chamber is pleased the government will study Alberta's investment climate and it exhorts the province to do everything in its power to attract investors back to Alberta's oil and gas sector.

5. **Meet the world demand for advanced, environmentally sustainable technologies.** The government should invest \$5 billion into an endowment research fund to move Alberta from "carbon intensive" to "carbon smart" and lead the world in energy innovation.
6. **Invest in education and skills upgrading for individuals hit by the economic downturn and for groups with poor employment records such as aboriginals and immigrants.** The province will then have a larger, more diversified, skilled workforce to generate prosperity and new engines of economic development.

Alberta has an excellent future, Mr. Premier. Please manage our money as carefully as you do your own.