



Chamber finds deficit dismaying

Written by Heather Douglas, President & CEO
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"What is life?" asked the proud Blackfoot as he lay dying. "It is the flash of a firefly in the night. It is the breath of a buffalo in the wintertime. It is as the little shadow that runs across the grass and loses itself in the sunset."

Chief Crowfoot (1830- 1890), one of the bravest of First Nations warriors, was a famed negotiator of Treaty 7. Even though the buffalo were still plentiful, he foresaw a bleak future for his people.

"We all see the day coming when the buffalo will be killed, and we shall have nothing to live on."

With the same sentiment, Albertans can ask: "What is a provincial budget? Will it bring prosperity to my children and grandkids?"

Or can we, like Crowfoot, predict a day when our plentiful natural resources will be consumed and there will be nothing left to sustain us?

The recent economic boom gave Albertans a very high quality of life.

We enjoyed the lowest overall taxes in Canada and amongst the highest levels of public service. We had record disposable incomes and the lowest unemployment rates in the country. The province had no net debt and it owned more than it owed.

Balanced budgets were the law. That was then.

This is now.

Tuesday's budget may prove seminal.

The province expects to collect \$34 billion in revenues in 2010-11. Alberta expects to post a deficit of \$3.6 billion in 2009-10.

During this coming fiscal year, that shortfall will balloon to \$4.7 billion, topped by another \$1.1 billion in 2011-12. Sadly, this is the first time the province has bled red ink since it erased its deficit in 1993-94.

Finance Minister Ted Morton said: "These choices, we believe, strike the right balance between spending too much and spending too little, between fiscal discipline and protecting essential services and between funding services today and also not saddling future generations with debt."

The Calgary Chamber of Commerce is dismayed.

We advocated the government hold spending to population growth (expected at 1.5% in 2010) and inflation (expected to average 2%).

We thought the upper limit should be 3.5%. Instead, operating costs are projected to rise 5.6%.



The same citizens who used to make the highest per capita in wages and benefits now refuse to demand substantive spending cuts.

Young, sturdy Albertans, with an average age of only 35, are allowing the health care budget to consume 41 cents of every tax dollar spent, a whopping 18% increase over last year. The government announced it would cover the Alberta Health Services (AHS) deficit, pegged at \$542 million (2009-10) and \$759 million (2010-11), which is arguably a smart move.

The government also included a \$40 million pension adjustment for health providers and a \$512 million increase to AHS base funding.

The Sustainability Fund once held \$17 billion, in trust as a rainy fund for the recessionary times.

The Chamber encouraged the government to limit the percentage withdrawal from this fund to the percentage drop in revenues so we expected a \$3.29 billion withdrawal, rather \$4.7 billion. By 2012-13, the fund is projected to only have \$2.8 billion.

The province must ensure Alberta remains a successful, attractive place to do business. Our projects ought to also be competitive to the global investment markets.

The Chamber harkens back to Chief Crowfoot.

He understood that wealth, like life, is fleeting.

The Blackfoot needed to feed their children when the buffalo were gone.

Our members appreciate this lesson. We will watch for the promised return to balanced budgets in 2012.

Prosperity is possible for future generations when there are no debts or deficits.