



## **Getting antsy for saving plan; Alberta's spending unsustainable**

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As another glorious summer nears, the proverbial insect dispute begins again.

The grasshoppers will dance and sing the days away while the ants lay up food stores for the winter.

Predictably, next winter the hungry grasshoppers will beg the ants for food.

They will be scolded for their efforts.

"If you were foolish enough to sing all the summer, then you must dance hungry in the winter."

Or, as Aesop (620 -- 560 BC) would moralize: "Prepare today for what may be needed tomorrow."

Last fall, the provincial government convened the Alberta Government Financial Investment Planning and Advisory Commission led by Dr. Jack Mintz, Calgary's internationally recognized economist.

Their task was to study the province's savings and investment framework, including the Heritage Savings Trust fund, and bring back principles and recommendations for the province's financial investment decisions.

The report was submitted before Christmas but has not yet been publicly released.

Last month, Finance Minister Iris Evans delivered her first budget.

It contained no significant savings commitment.

Recently, the Calgary Chamber of Commerce polled its membership on the issue of government spending and fiscal management.

Results show nearly 60% of Calgary's business community believe Alberta's current spending is unsustainable, despite the current high commodity prices (oil at \$130/barrel and natural gas at \$11/million cubic feet).



Since 2001, Alberta's non-renewable resource revenues have contributed 30% to 40% of the province's budget.

Without these additional dollars, the government would have had to deal with deficits for the past three years.

The Chamber's membership understands the ability to save money is the cornerstone of building wealth.

Nearly 92% believe the government should save at least one-third of all non-renewable revenues.

As smart business people, they know:

- Savings depend on spending less than earnings.
- The top priority is to build a rainy day fund.
- One of the best ways to save money is to create an automatic savings plan.
- The savings plan must generate interest.
- Extra savings come from trimming expenses.

Based on these sensible principles, the Chamber appeared before Dr. Mintz 's panel and made the following recommendations:

- Build up the Heritage Savings Trust Fund and use extra interest to reduce personal and corporate taxes.
- Create a \$5-billion endowment called the Research in Energy Futures Innovation and Technology fund to solve environmental challenges inherent in Alberta's carbon-based resources, invent the next wave of energy patents to improve cooking, cooling and heating, and fuel planes, trains, and autos with renewables and create technologies to dominate the global economy.

These funds would help position Alberta as a leader in global competitiveness and act as an insurance policy against anticipated shifts in energy consumption patterns, market changes and emerging environmental regulatory trends that threaten our economic base.

Not only do these recommendations meet the Chamber member's savings principles, they also ensure that industrious ants, their kids and grandkids will sing and dance during the next commodity downturn.