

November 19, 2008

Build and renew our Heritage Fund

The Alberta Chambers of Commerce urges the province to act on the Financial Investment and Planning Advisory Commission's (the Mintz Report) recommendations to accumulate a portion of our non-renewable resource revenues in a renewed Alberta Heritage Savings Trust Fund.

In March 2006, ACC and our partner, the Certified General Accountants Association of Alberta, released *Vision 2020: Saving for the Future Alberta Advantage*. This visionary report recommended the province annually deposit 30 to 40 per cent of non-renewable resource revenues into the Heritage Fund. Based on the financial scenarios of that time, dedicating 40 per cent of annual resource revenues to savings would create a fund worth \$86 billion by 2026. We are pleased to note the Financial Investment and Planning Advisory Commission's target of a \$100 billion in the Heritage Fund by 2030 mirrors Vision 2020's recommendations.

The need for this solid savings policy was clearly illustrated with yesterday's release of the 2008-09 second quarter fiscal update, which left the Heritage Fund out in the cold once again. When the first quarter's financial figures pointed to a significant surplus earlier this year, the province expected to deposit \$3.1 billion into savings. But it quickly jettisoned that plan when resource revenues slumped.

Vision 2020 notes the importance of taking a portion of resource revenues out of the spending stream because it becomes more difficult to do so when the volatile global market takes a downturn. As evidenced in yesterday's fiscal update, the government chose to balance its ledger by erasing the money it had earmarked for savings.

ACC calls upon the government to implement a savings plan as soon as possible because weaning itself off of an uncertain revenue stream will provide it with more fiscal stability and allow it to establish a firm financial foundation for Alberta's future.

If there was any doubt about the need to take this tack, it has been expunged by the effects of the global economic instability on the Alberta government's anticipated revenues.

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