

Alberta: Province of Opportunity



CEA Infrastructure Partners Conference

Presented by: **Angus Watt Advisory Group**
October 8, 2024



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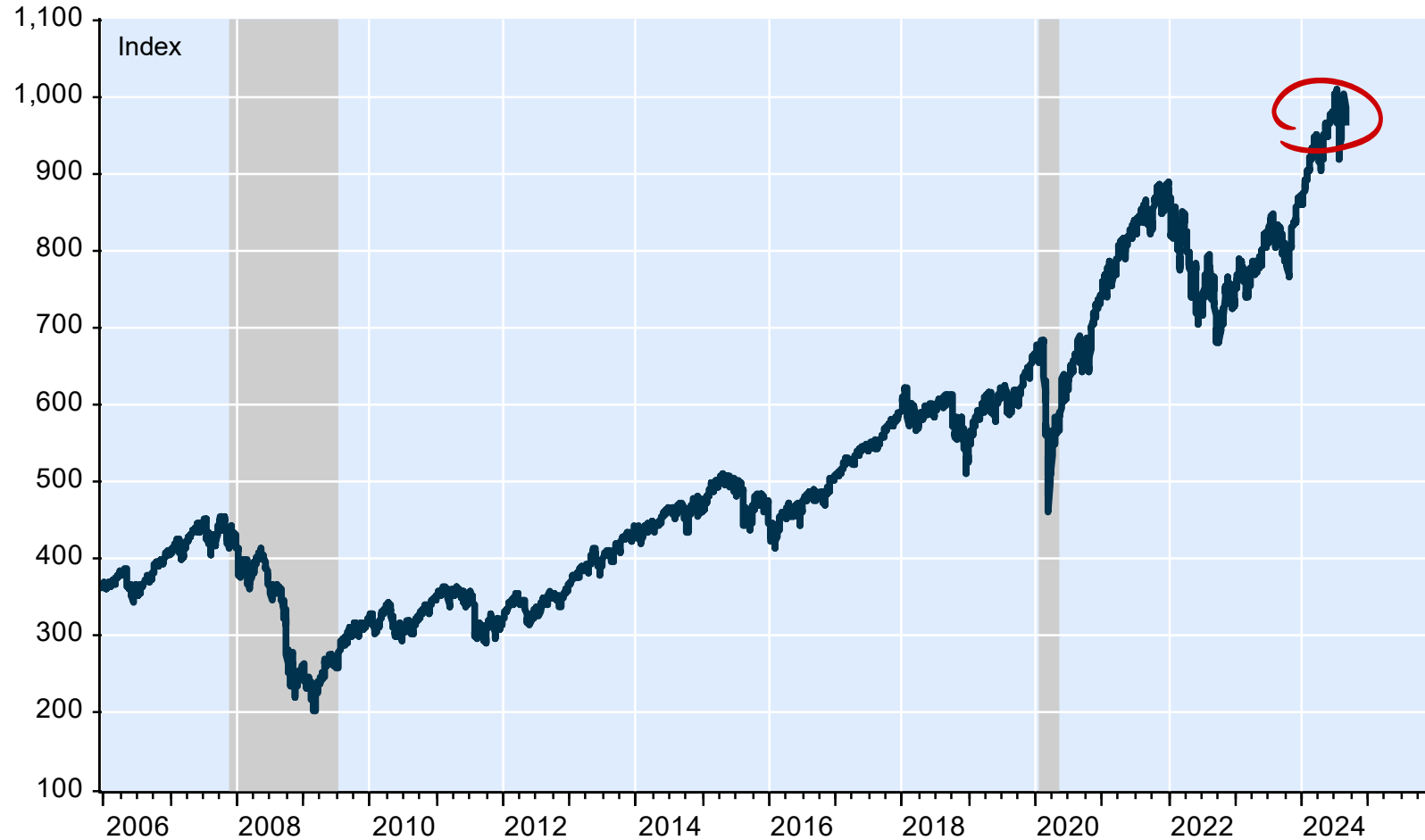
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World: Everything is going for the best in the best of all possible worlds

MSCI ACWI



NBF Economics and Strategy (data via Refinitiv and Bloomberg)

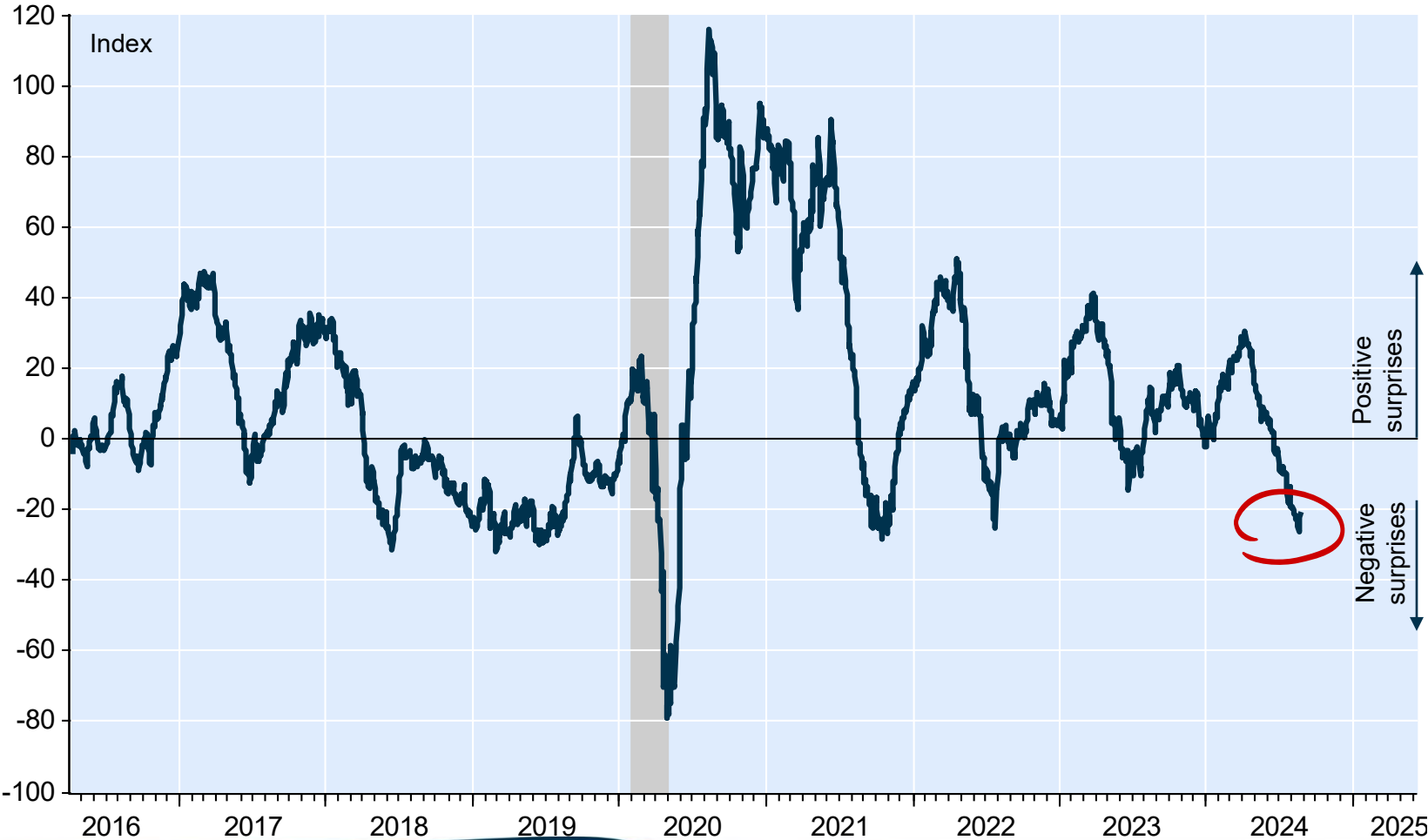


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World: Economic data has been disappointing lately

Citi Economic Surprise Index



NBF Economics and Strategy (data via Refinitiv and Bloomberg)

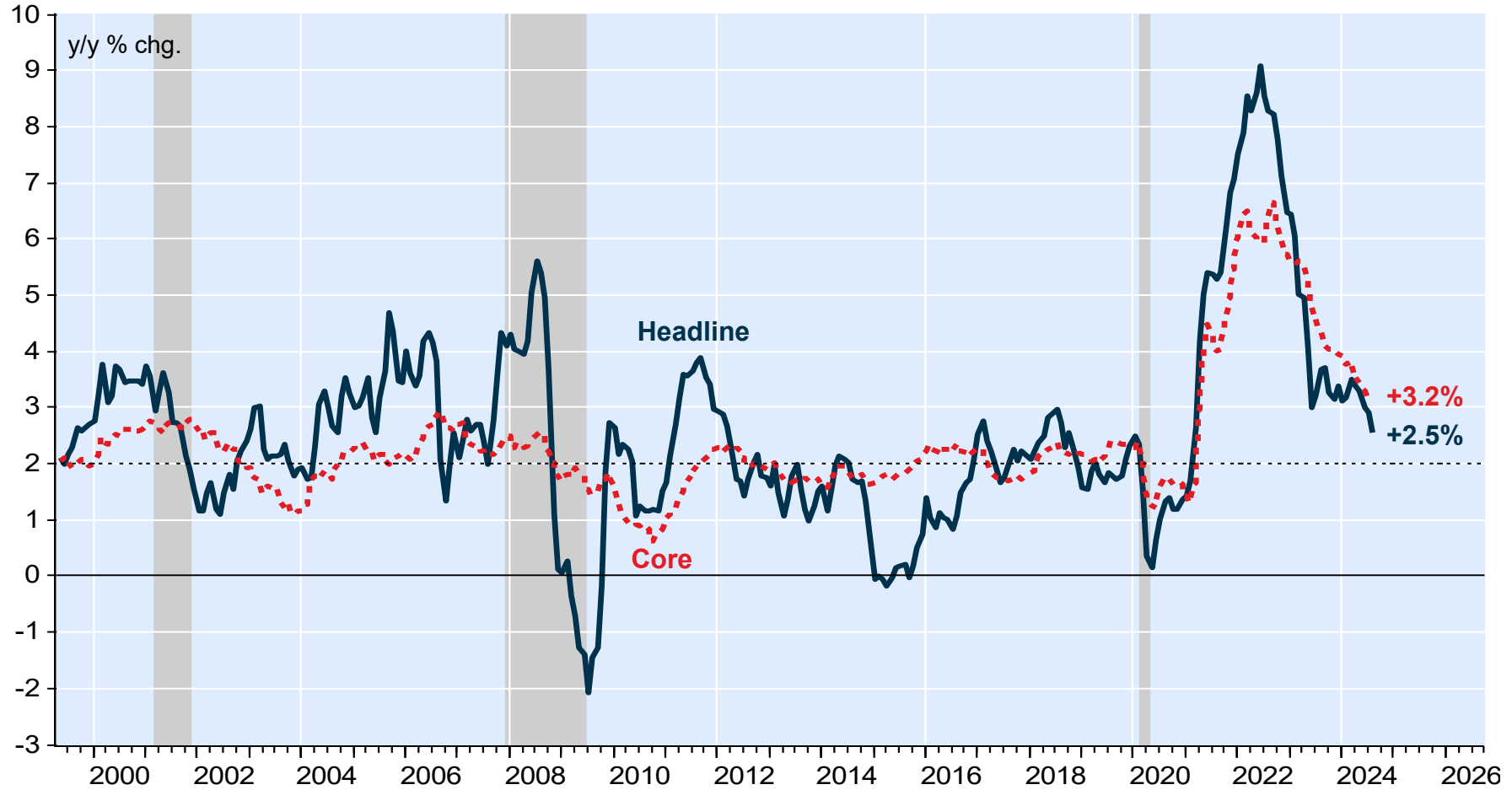


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US: Headline inflation at a 42-month low in August

Consumer Price Index



NBF Economics and Strategy (data via Bloomberg)



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Canada: Commodity prices are under pressure

BoC commodity price index



NBF Economics and Strategy (data via Refinitiv)

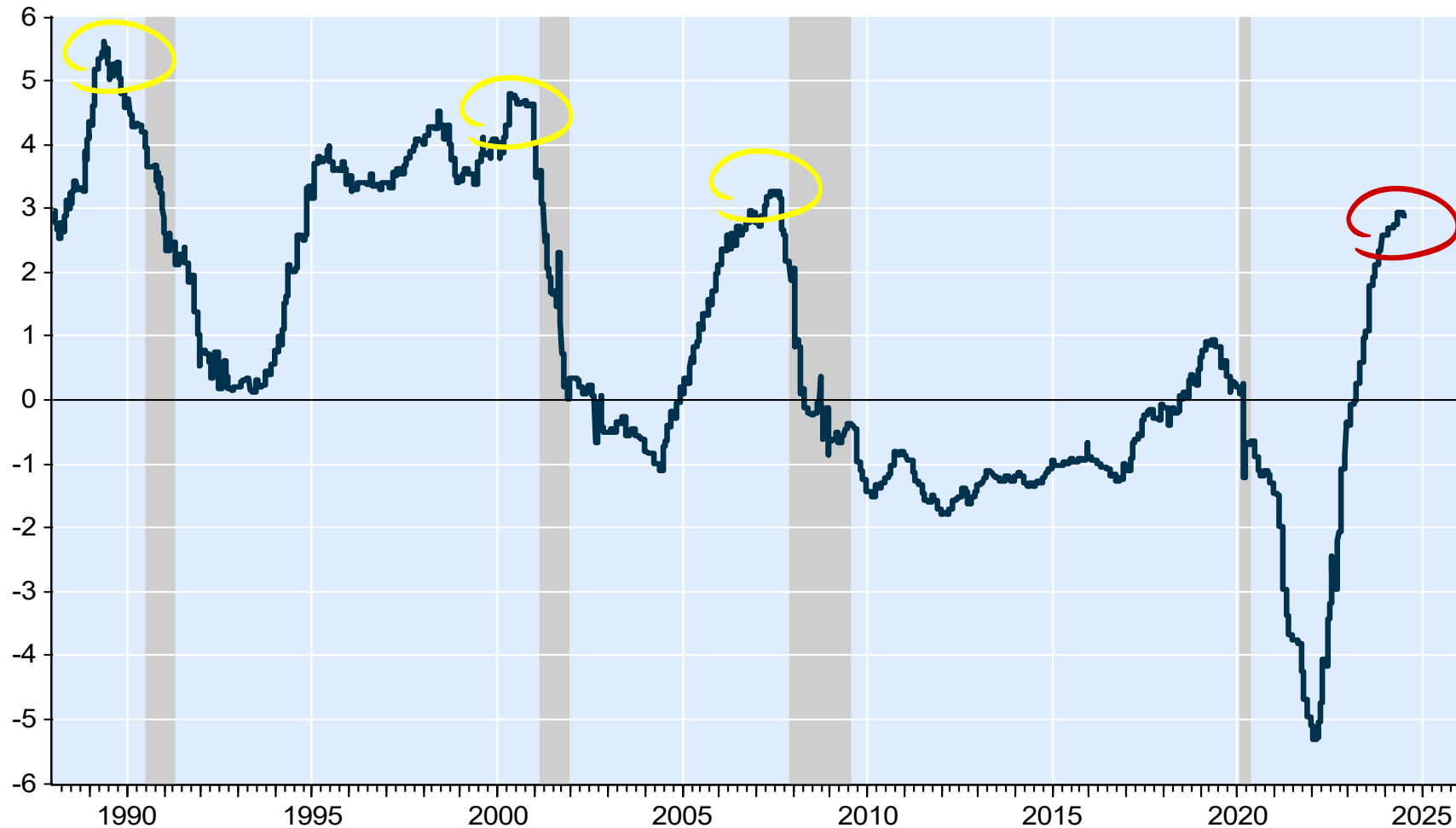


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US: The tightest monetary policy since 2007

Real Fed policy rate (deflated using core PCE deflator)



Quantitative tightening

NBF Economics and Strategy (data via Refinitiv and Bloomberg)



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Canada

“There are days, frankly, when we seem to be like the fellow who was born on third base and thinks he hit a triple.”

Brian Mulroney (2014)

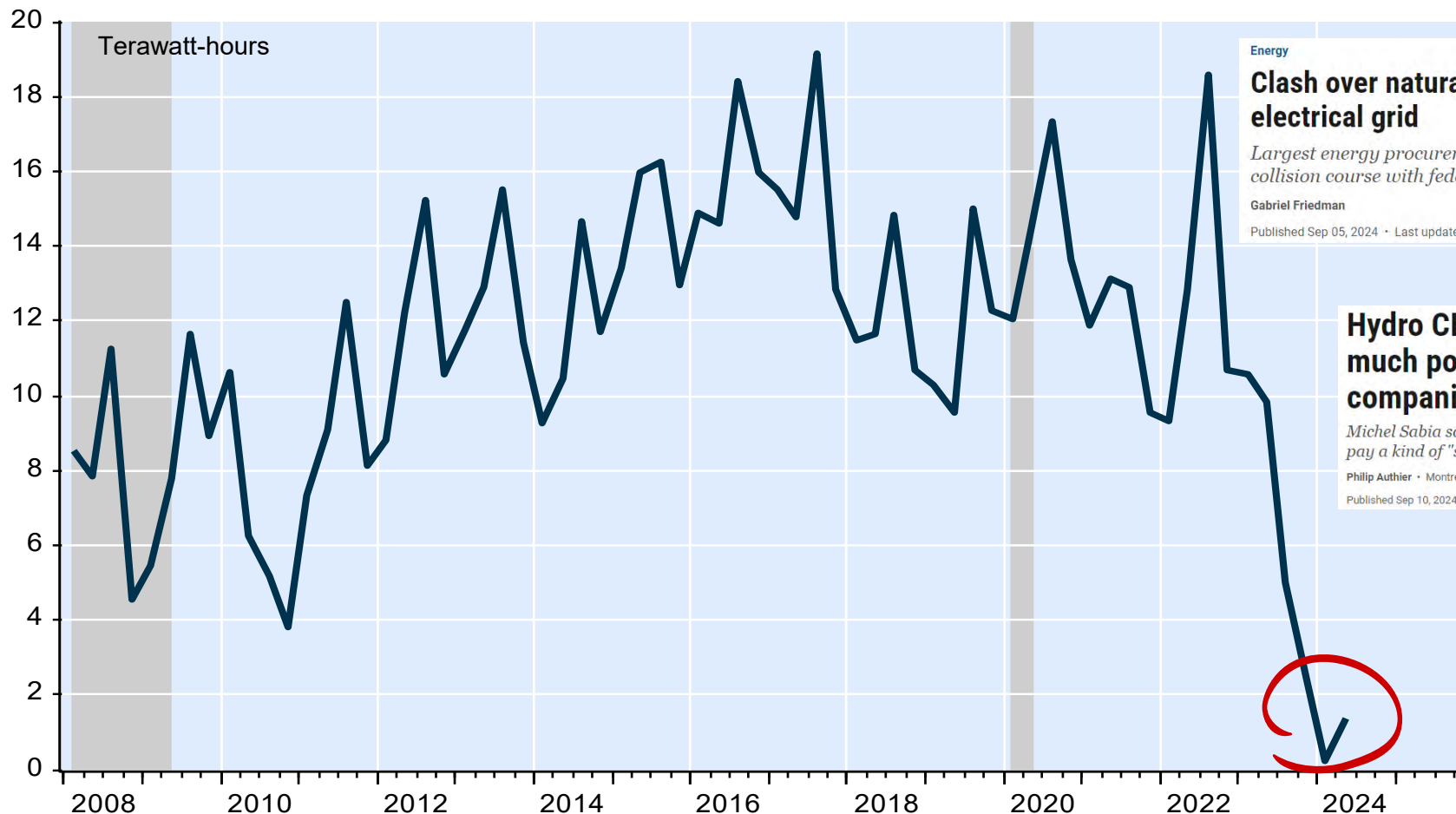


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Canada: Electricity surplus has vanished

Net exports of electricity (quarterly data)



Energy

Clash over natural gas comes to Ontario's electrical grid

Largest energy procurement in the province's history is on a collision course with federal policy

Gabriel Friedman

Published Sep 05, 2024 · Last updated 4 days ago · 6 minute read

Hydro CEO says Quebec gives too much power to foreign energy companies

Michel Sabia said he considers the residential rates Quebecers pay a kind of "social pact" that is not to be broken.

Philip Authier · Montreal Gazette

Published Sep 10, 2024 · Last updated 2 days ago · 4 minute read

NBC Economics and Strategy (data via Statistics Canada table [25-10-0016-01](#))

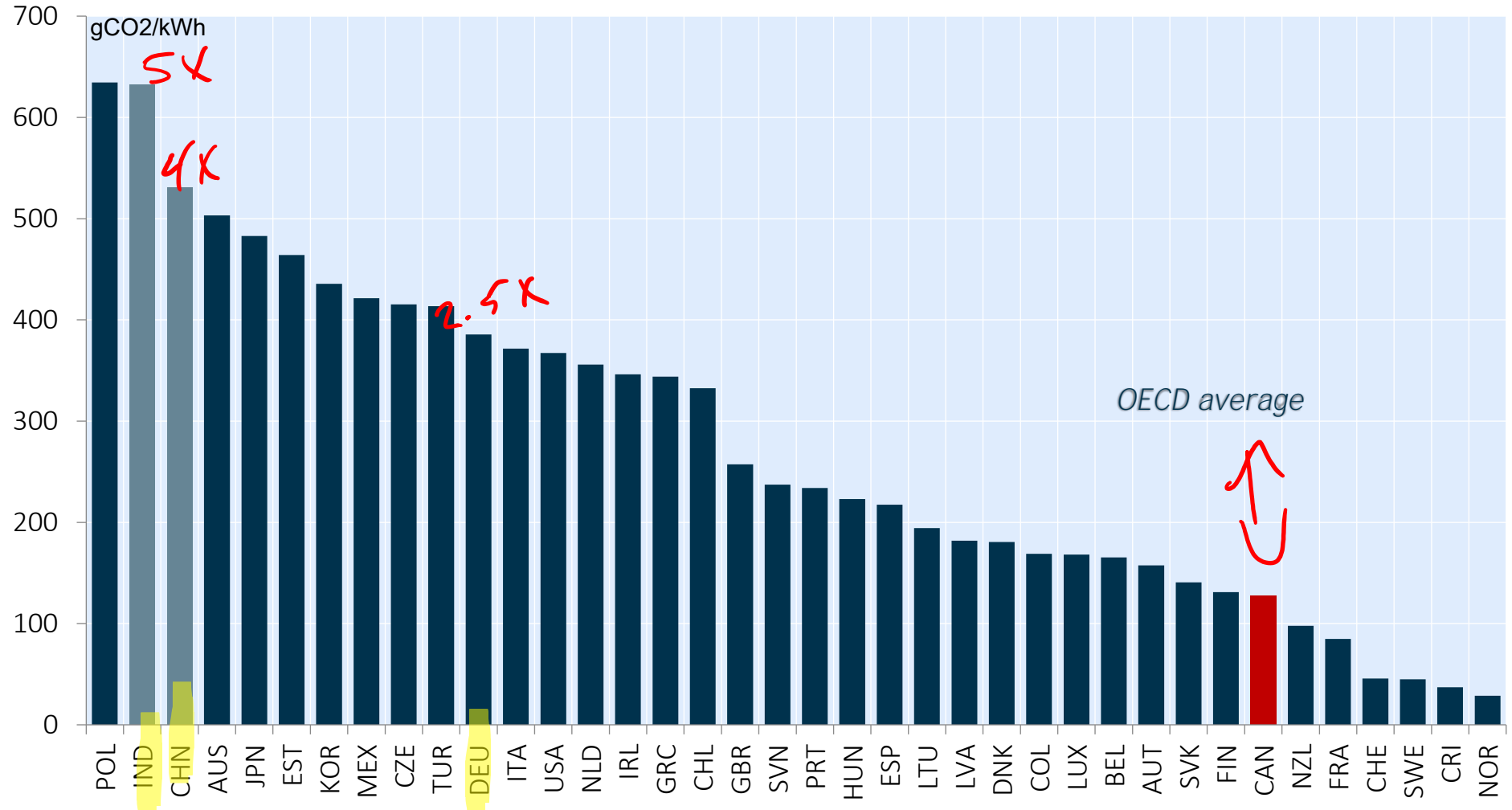


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World: Canada's electricity grid is already one of the cleanest

2022 carbon intensity of electricity (gCO2/kWh), OECD + China and India

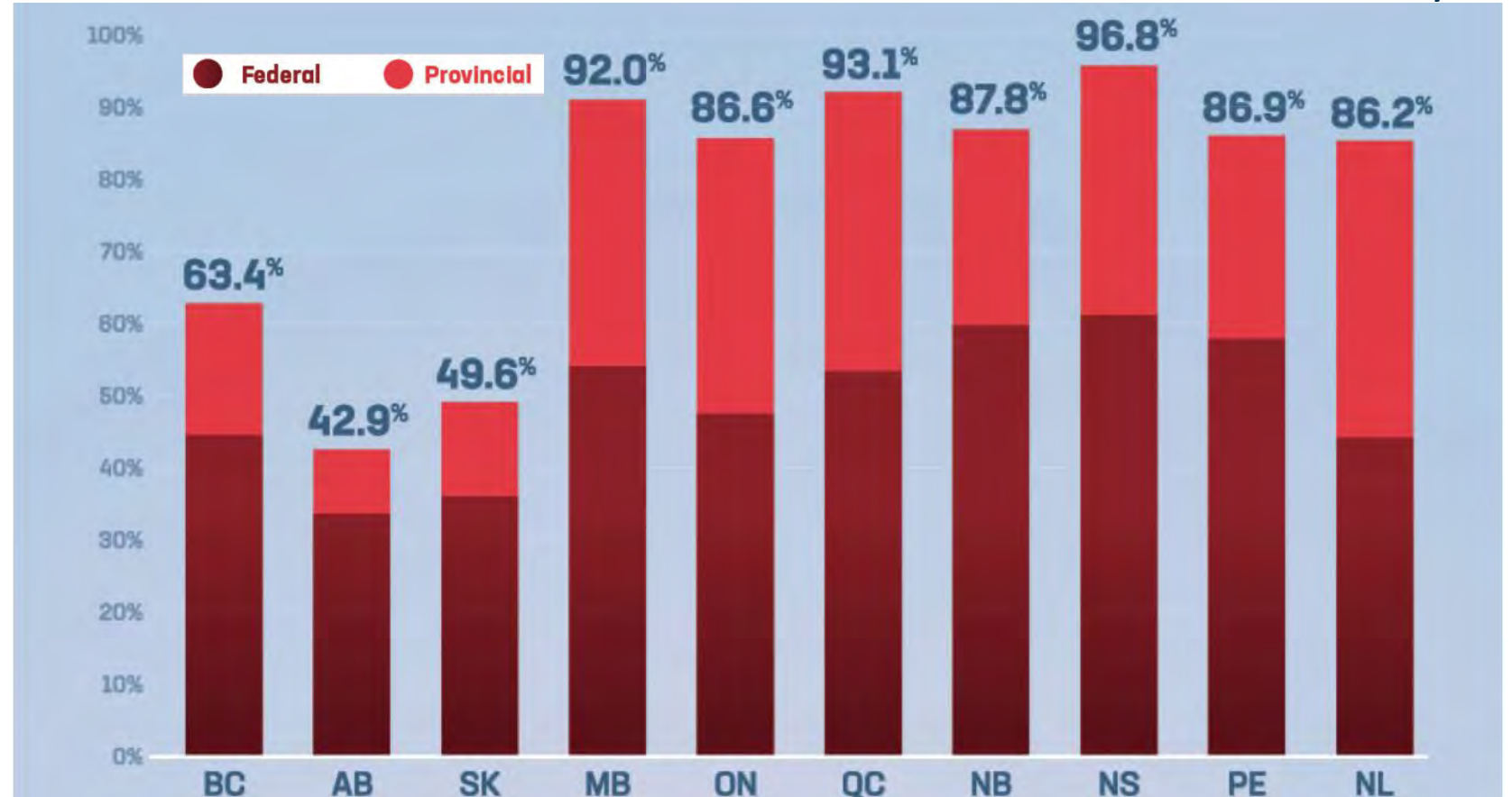


NBC Economics and Strategy (data via Statistics Canada table [25-10-0016-01](#))

Canada's Debt Burden, 2023-2024

- Combined federal and provincial debt interest this year (\$82bill) is equivalent to total spent on K-12 education in Canada during 2020-21.

Combined Federal and Provincial debt as a share of the economy



Source: <https://www.fraserinstitute.org/file/growing-debt-burden-for-canadians-2024-infographic-1-optjpg>



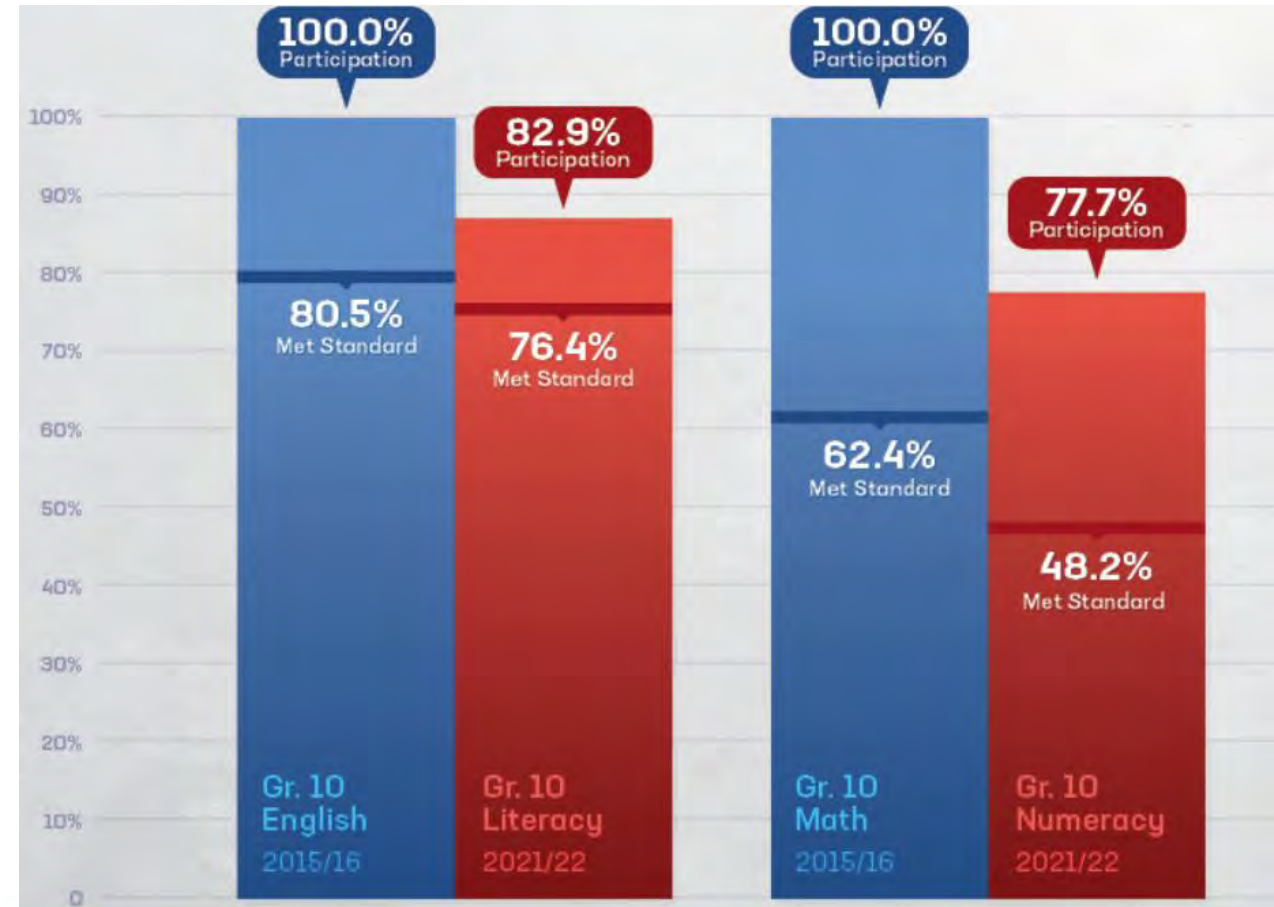
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Debt Servicing: Impact on Education

- ❑ Fewer than 50% of BC grade 10 students are proficient in numeracy

Participation rates in student testing falling in BC



Source: <https://www.fraserinstitute.org/file/collapse-of-student-testing-in-bc-high-schools-infographic-opt.jpg>



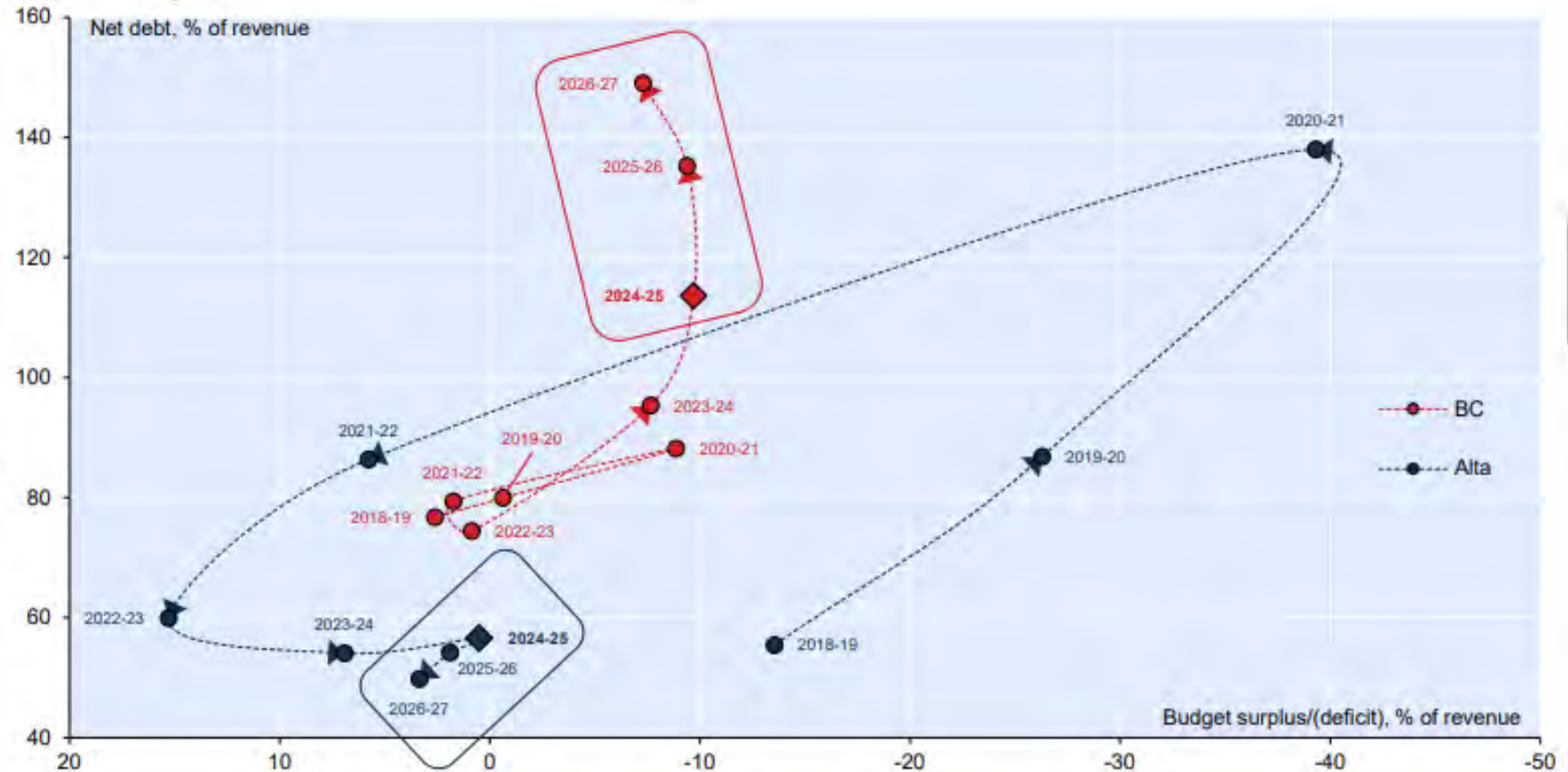
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Two neighbouring western provinces on different fiscal trajectories

- Evolution of budget balance & net financial debt from pre-COVID to latest official plan

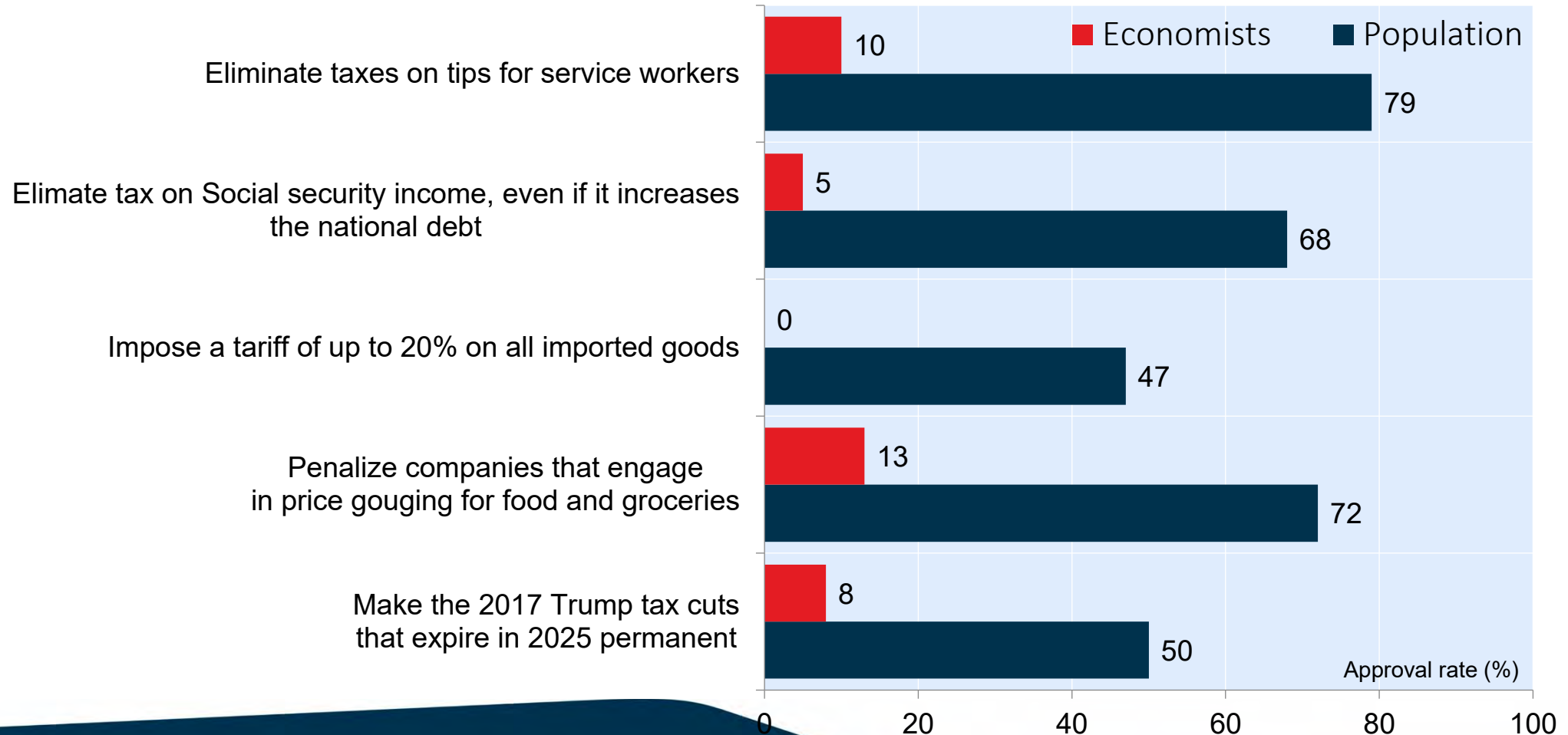
British Columbia vs. Alberta



Source: NBF, BC/Alta | Note: Actual to 2022-23, estimate for 2023-24 & official plan for 2024-25+; rectangle highlights coming three FYs (i.e., 2024-25 to 2026-27)

US: Why economists can't get elected

Approval of policies proposed by presidential candidates



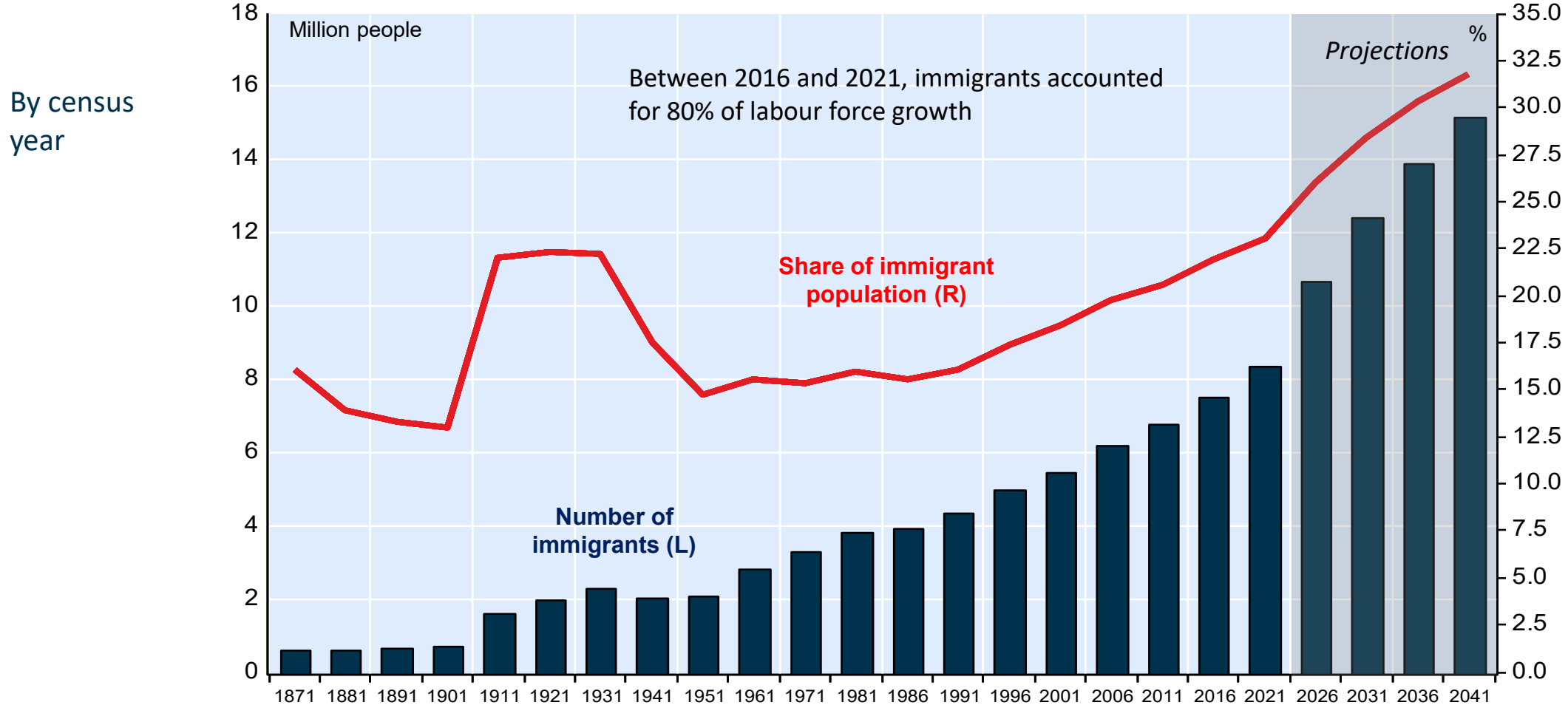
NBF Economics and Strategy (data via WSJ)



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Canada: A growing share of the population are immigrants



NBF Economics and Strategy (data via Statistics Canada)

<https://www150.statcan.gc.ca/n1/daily-quotidien/221026/g-a001-eng.htm>

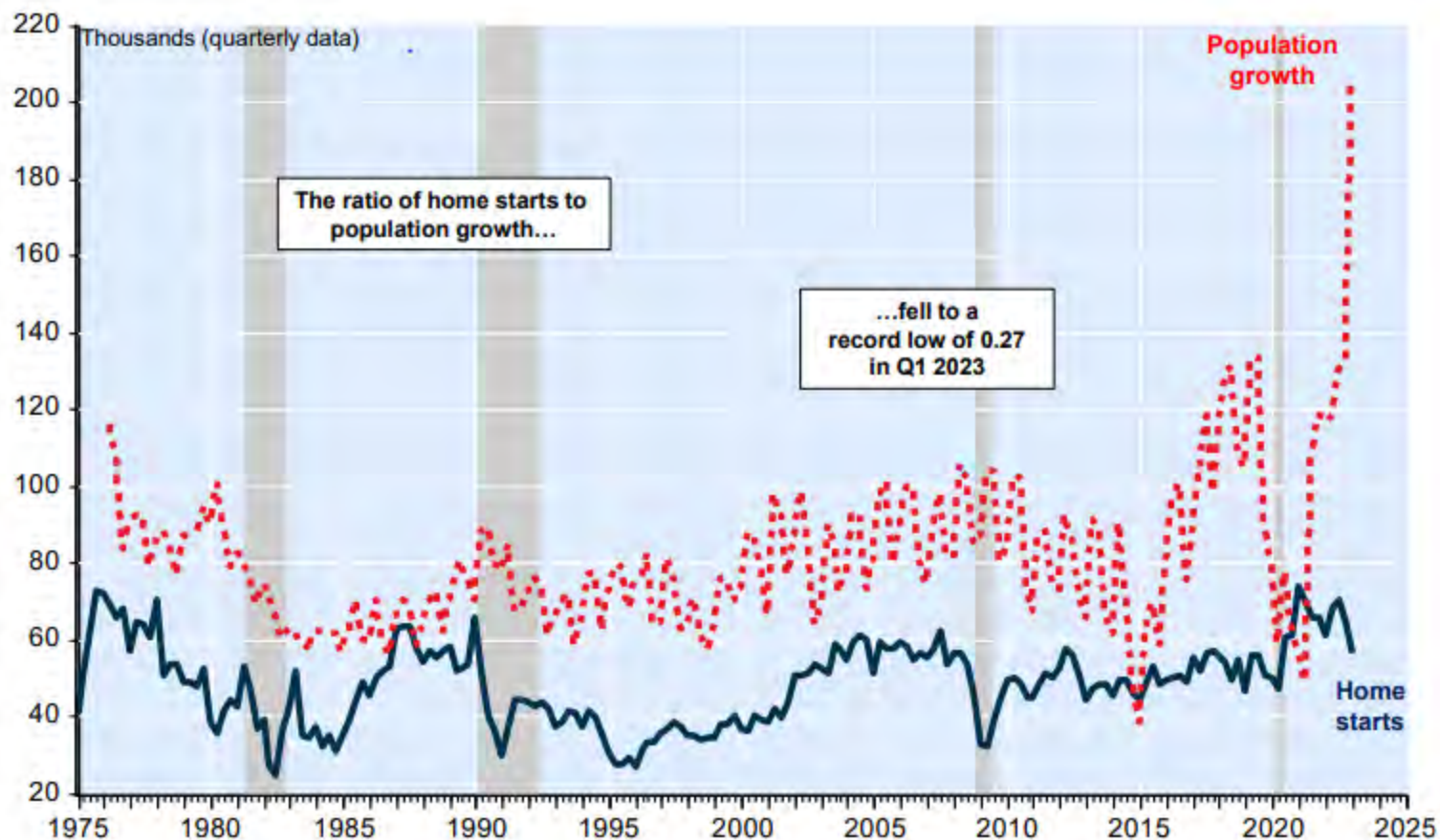


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Canada: Homebuilders aren't keeping up with Population Growth

Quarterly change in population aged 15+ vs. quarterly residential home sales



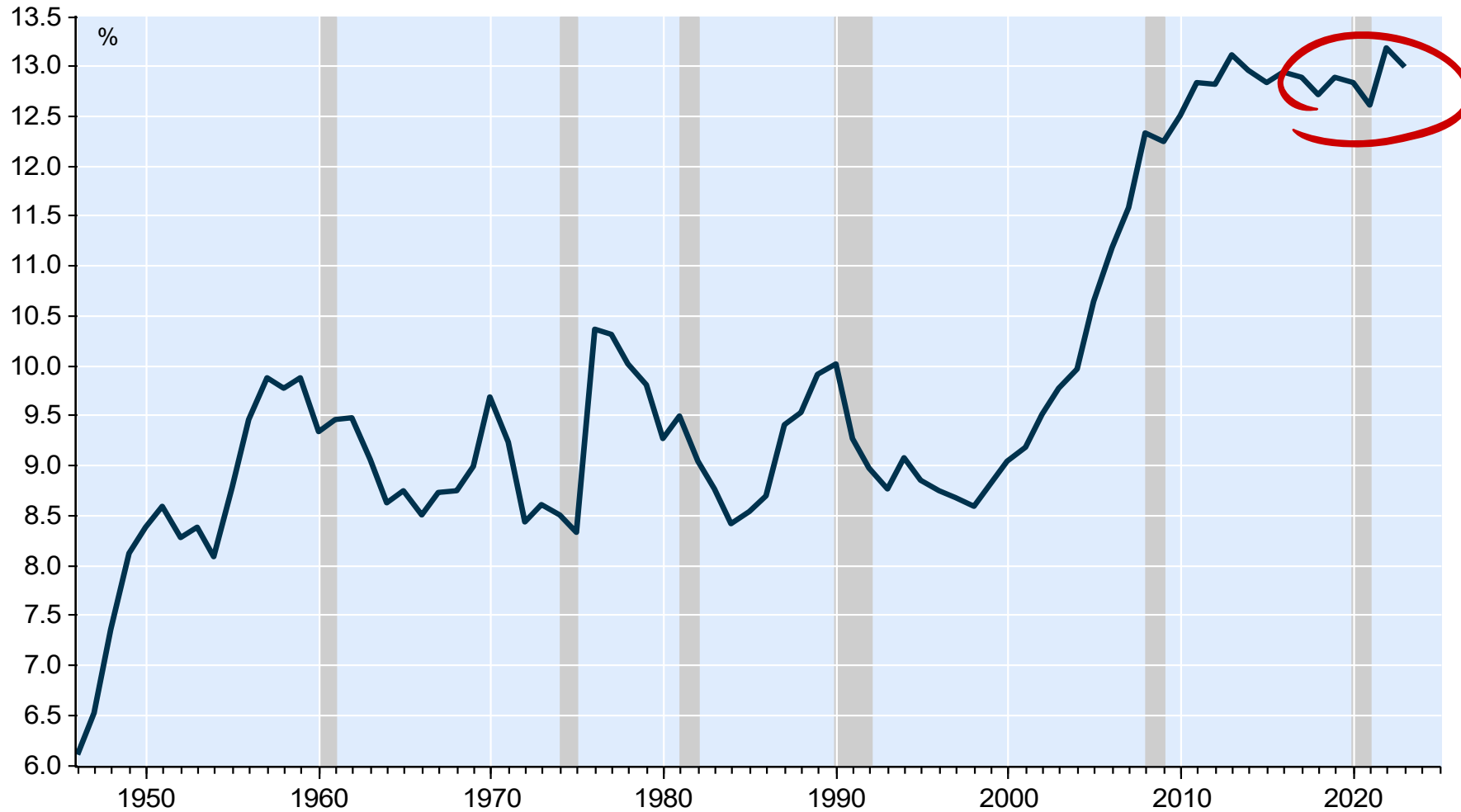
NBF Economics and Strategy (data via Statcan and [FRED](#))



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Canada: Record-high proportion of men employed in construction



Share of male employees working in the construction industry

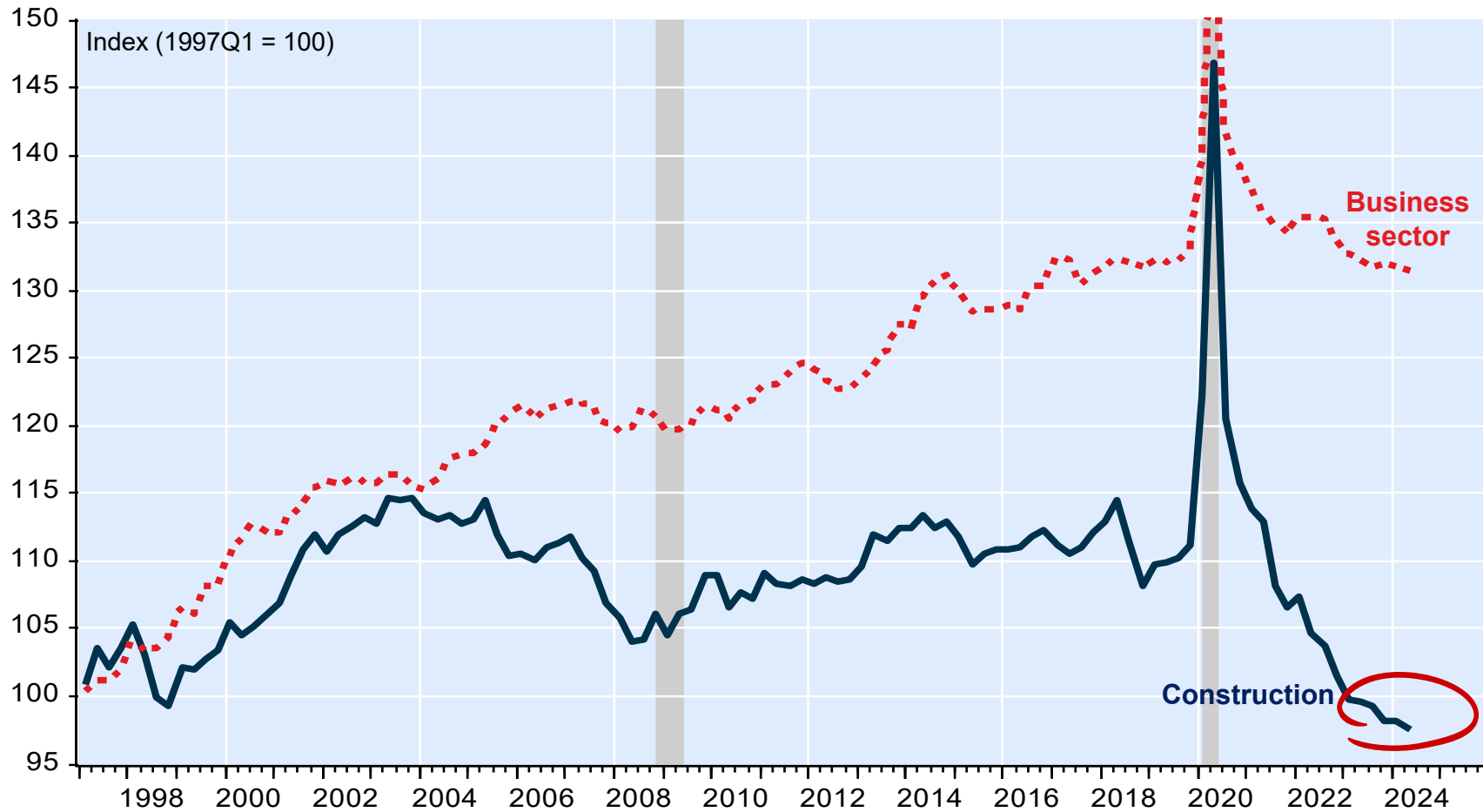
NBC Economics and Strategy (data via Statistics Canada table 14-10-0023-01, [D266-289](#), D290-317)



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Canada: Construction productivity plummets to record low



Output per worker:
Total business sector
versus
construction industry

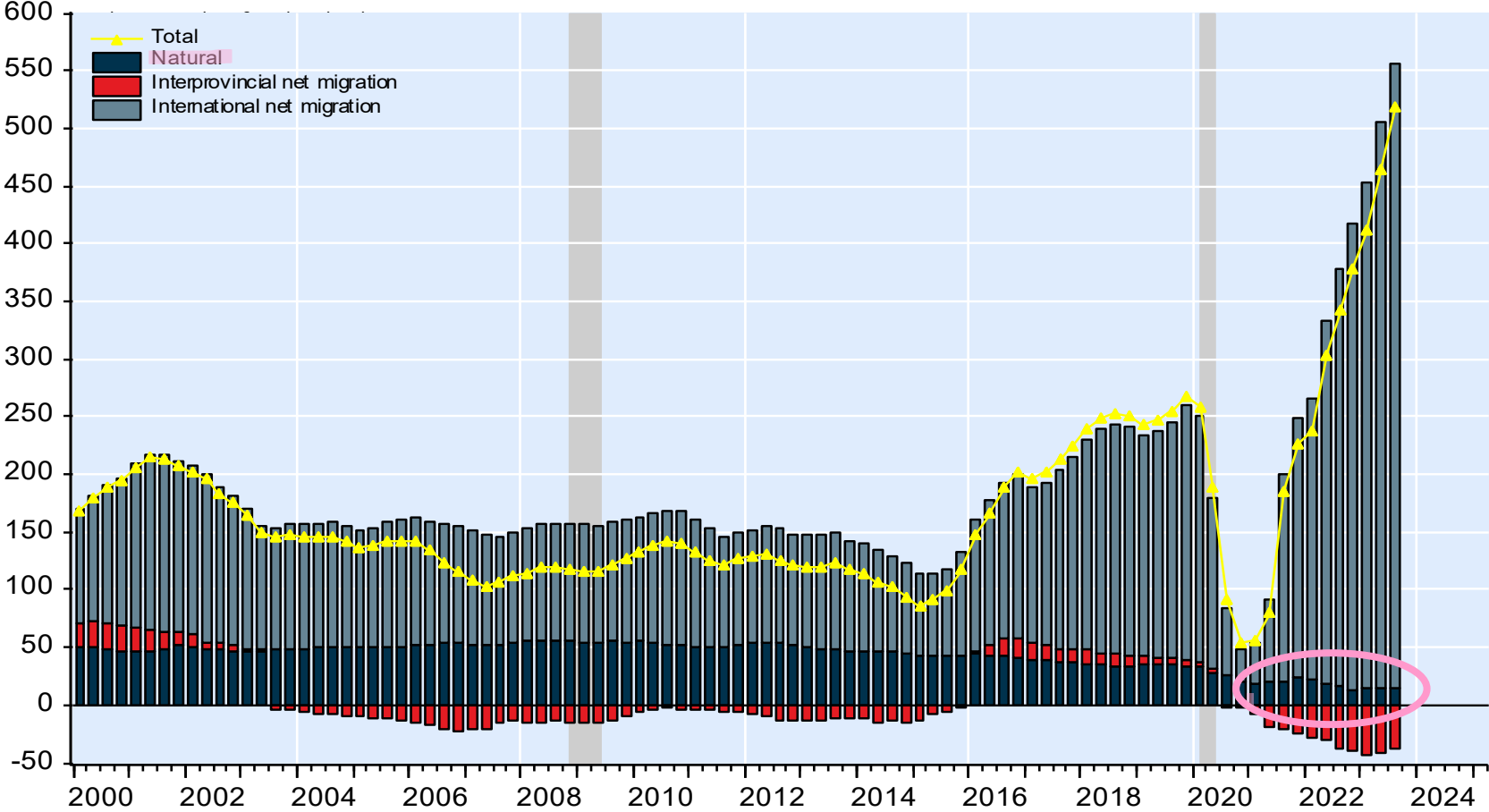
NBF Economics and Strategy (data via Statistics Canada)



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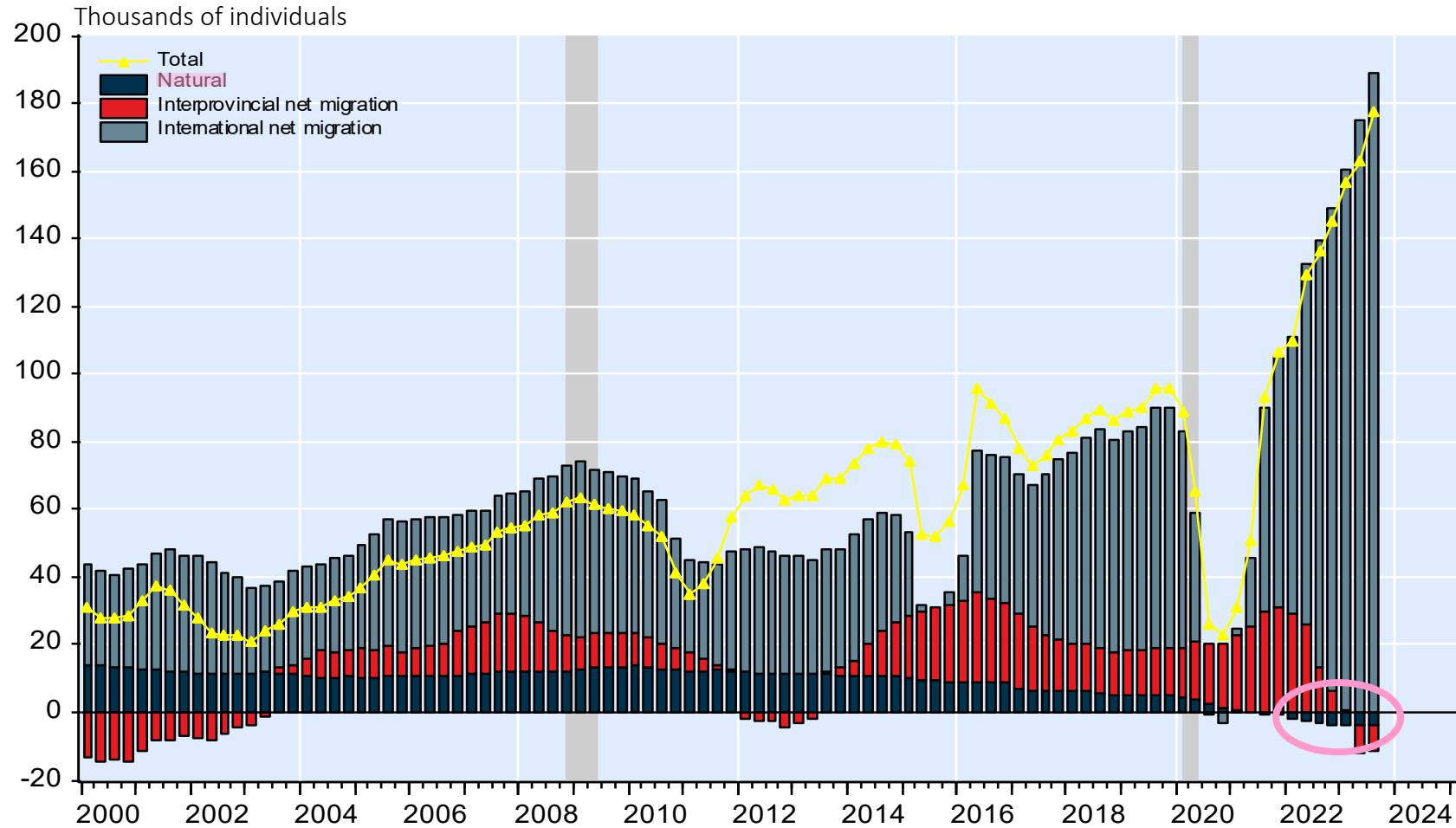
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Ontario: Population growth decomposition (calendar year)



NBF Economics and Strategy (data via Statistics Canada)

British Columbia: Population growth decomposition (calendar year)



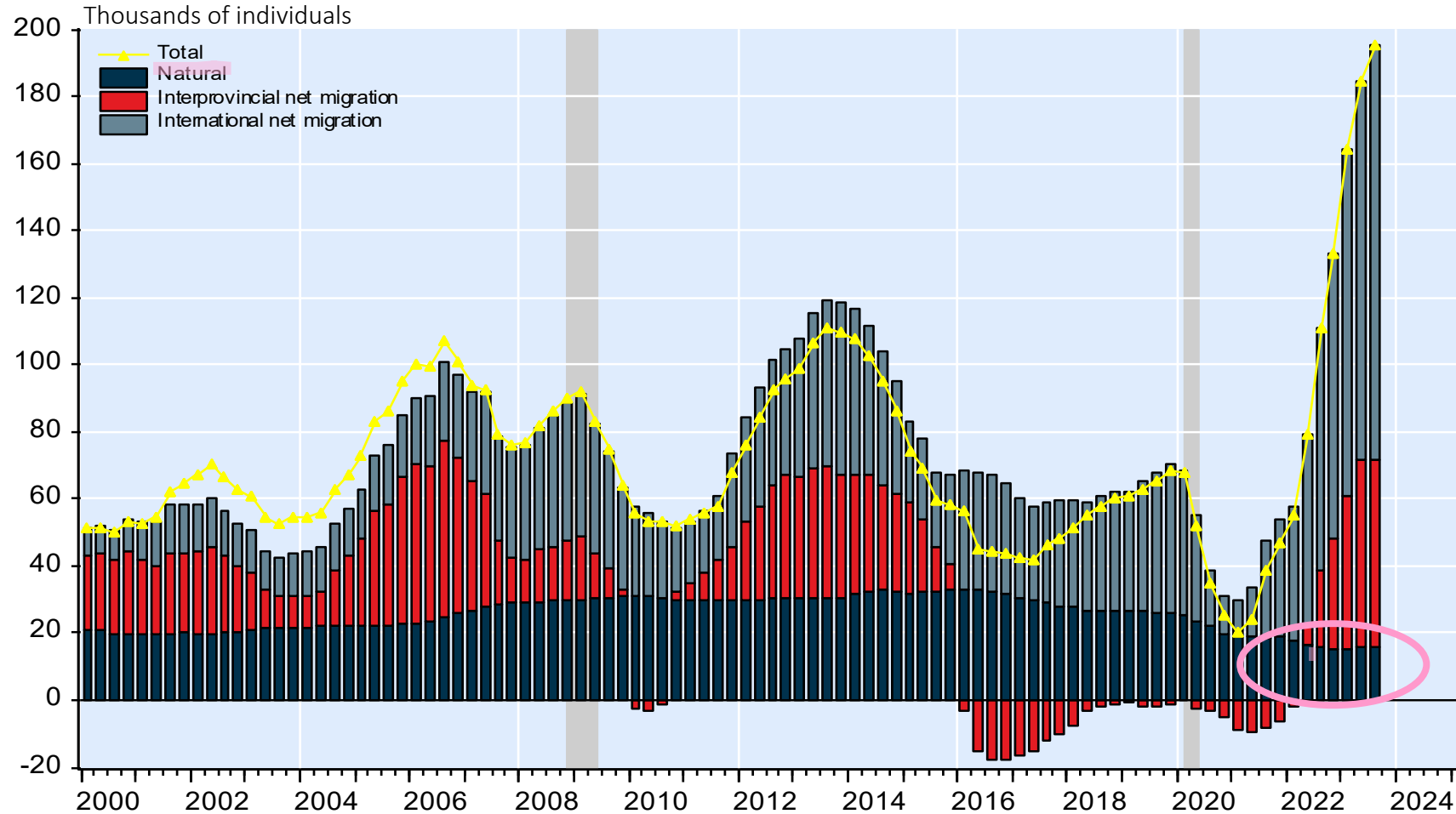
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Alberta: Population growth decomposition (calendar year)



NBF Economics and Strategy (data via Statistics Canada)



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<https://emag.nauticexpo.com/roster/dam-one-of-todays-smartest-ports/>

Infrastructure - World

It defines us

It can bring us together or divide us

It can help us be champions or defeat us

It can build our social culture or erode it



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Infrastructure - Canada

Focus on capital projects, not maintenance

- Vancouver sewer mains – over 100 years old
- Calgary critical water main breaks

There will be more building in the next 40 years than in the last 4,000 years



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Infrastructure - Alberta

We tend to focus on geography and connectivity when we think of infrastructure

Transportation, power, energy, telecommunications, utilities, mobility of people and service



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Infrastructure

Our demand is going to be much bigger than anyone in this room is prepared to forecast.



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A Harvard graduate in environmental engineering searching for work, Dr. Stanley sent 600 letters and drove 27,000 kms in 4 months to small communities in western Canada.

An innovator developing techniques for construction and operation of environmental installations

Grew from one man operation into international, multi-disciplinary organization with 28,000 employees in over 400 locations across 6 continents

Don Stanley



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We don't need to be the biggest to be the best
...we need the right people



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Bruce Saville

- ❑ His job required 10-page reports using a manual calculator and data from a 4-foot computer printout. Computer department too busy to help
- ❑ Saville read five volumes of Cobol programming manuals, developed a system and moved into computer industry
- ❑ Created a company that provided billing solutions to international telecommunication companies; later sold for \$700 million



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Joe Lukacs

- “I’m a serial problem solver. I have had a couple dozen successful innovations, but the ideas came from solving problems.”



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“Build the highway...and they will come.”

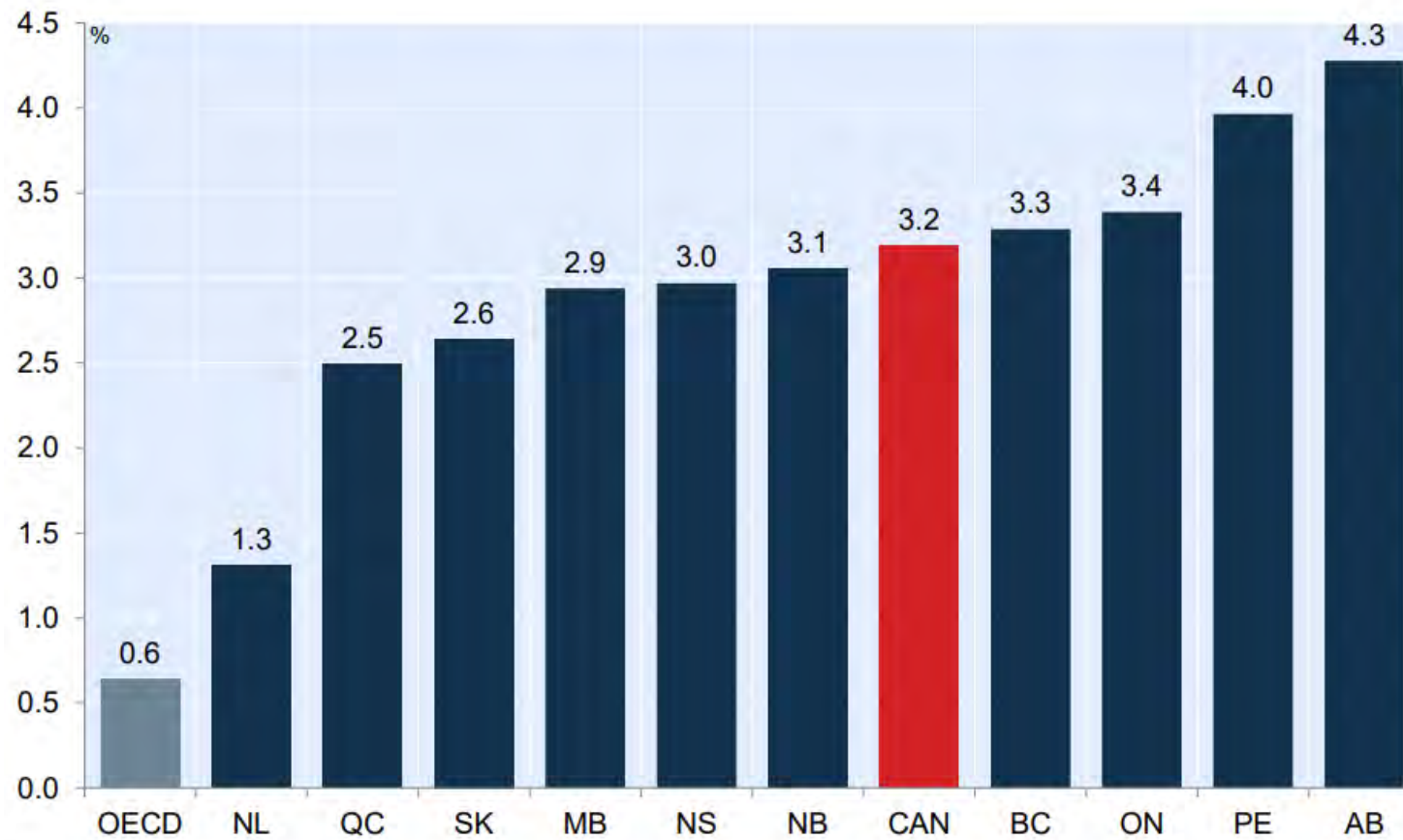
Fasten your seatbelts, Highway 2 is about to explode
as our Province takes off.



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Canada: All provinces grew at least twice as fast as OECD



Population change (2023Q3 vs 2022Q3)

Source: NBF Economics and Strategy (data via Statistics Canada, OECD)



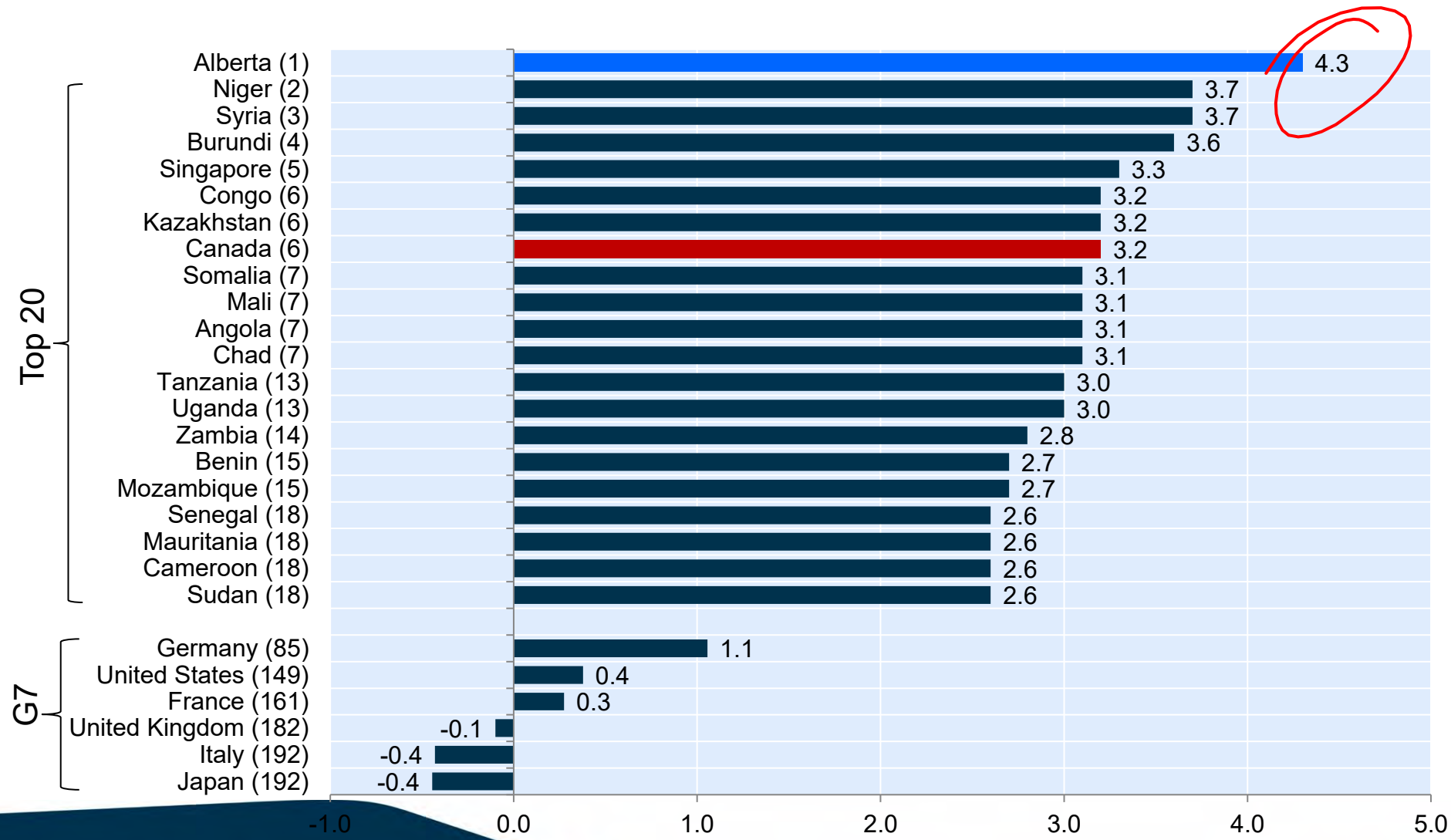
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Alberta: Population Growth is the Fastest in the World

Population growth in 2022

Top 20 countries + Alberta
 and G7 economies
 (2023 data for CA and AB)



NBF Economics and Strategy (data via [World Bank](#), [Statistics Canada](#))

Net Population Movement for Alberta (Q2-2024)

Eighth quarter in a row to register highest interprovincial gains

Added 46,200 ~ 1.0%

International migration: 31,877 ~ 0.70%

Interprovincial migration: 9,654 ~ 0.2%

Natural growth: 4,669 ~ 0.10%

Alberta still has highest natural growth rate, youngest average age, lowest proportion of 65+

Alberta population: 4,888,723 Y/Y growth rate of 4.36% (Canada 3.01%)

Projecting to add 2.6 M over next 28 years, growth rate of 1.6%



April 1, 2024 – June 30, 2024

Statistics Canada and Alberta Treasury Board and Finance



AI Today

- Power generation
- Telecommunications
- Intellectual property
- Transmission
- Transportation
- Medical research



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Tomorrow

We have to
make quicker
decisions

Less
bureaucratic

Adapt quickly to
new
technologies

Have a vision.
Have a dream.
DREAM BIG

Be aware of
people and
businesses that
we will disrupt



Strawberry looking to raise \$100 billion+ for AI "Chain of Thought"



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Questions

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