



NEWS RELEASE

Alberta's new fiscal rules positive step, but sustainable finances impeded by increases in per person spending since 2022

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CALGARY—The Alberta government's current plan to restrain program spending increases is a constructive way to bring provincial spending more in line with sustainable revenues, but doing so will be hindered by increases in per person spending introduced over the last two years, finds a new report published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“While the Alberta government is taking a major step in the right direction by restraining spending, its previous increases since 2022 mean it continues to rely on high resource revenue to balance its budget,” said Tegan Hill, associate director of Alberta prosperity studies at the Fraser Institute and co-author of *Alberta's “Spending Restraint” in Perspective*.

The Alberta government has introduced a rule to limit spending increases to less than the rate of population growth and inflation, which will result in a decline in per person spending over the next several years.

But this year, program spending will reach \$14,334 per Albertan, which is \$1,603 more per person (inflation-adjusted) than the government planned to spend this year as outlined in the 2022 mid-year budget update.

In total, the Alberta government will spend a projected \$6,037 more per Albertan (inflation-adjusted) over four years from 2023/24 to 2026/27 than originally planned in the 2022 mid-year budget update.

Put simply, the government's current plan to restrain spending by less than the rate of inflation and population growth is starting from a higher base level of spending.

“The Alberta government recognizes the risk associated with relying on historically high—but volatile—resource revenue to fund high spending and balance the budget, and that's a positive development,” Hill said.

“However, by increasing per person program spending over and above what it itself planned to spend in 2022, the government has made it harder to stabilize provincial finances and get taxpayers off the resource revenue rollercoaster.”

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