

# NEWS RELEASE

## Spending is to blame for Alberta's \$10.8 billion deficit

January 26, 2017  
For immediate release

**CALGARY**—The Alberta government could have posted a small budget surplus this year if successive governments had kept program spending increases in line with population growth and inflation, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

But Alberta's new government is continuing its predecessors' trend of rapid spending increases, which has seen nearly uninterrupted deficits in the province since 2008/2009—even during years when oil prices were at historic highs.

This year's deficit is expected to top \$10.8 billion.

"Despite big deficits, this government has refused to correct the spending problems of its predecessors, and is instead repeating their mistakes," said Ben Eisen, the Fraser Institute's director of provincial prosperity studies and co-author of *Alberta's Budget Deficit: Why Spending Is To Blame, 2017*.

The study finds that between 2004/05 and 2015/16, program spending in Alberta grew at an annual average rate of 7.1 per cent, even though government revenues only increased 4.6 per cent a year, on average.

And during that same time, spending increased significantly faster than the rate of population growth and inflation, which was 4.4 per cent.

If spending had simply kept pace with inflation and population growth since 2004/05, the government would be on track to post a small surplus this year instead of a projected \$10.8 billion deficit.

But the new government is continuing the same policy of rapid spending increases.

In fact, in 2016/17—the first full year the new government has controlled the budget—program spending increased 7.5 per cent, more than twice the rate of inflation and population growth, which is three per cent.

Even excluding the \$1 billion required to fight the Fort McMurray wildfire, program spending still increased by 5.4 per cent.

"The deterioration of Alberta's financial position was avoidable. If past governments—and now this government—had constrained increases in government spending, Alberta would be in the midst of a long string of surpluses instead of deficits," said Steve Lafleur, study co-author and senior policy analyst with the Fraser Institute.

(30)


### **MEDIA CONTACTS:**

Ben Eisen, Director, Provincial Prosperity Studies  
Fraser Institute

*For interviews with Ben Eisen, please contact:*

Bryn Weese, Media Relations Specialist, Fraser Institute  
(604) 688-0221 ext. 589

[bryn.weese@fraserinstitute.org](mailto:bryn.weese@fraserinstitute.org)



The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit [www.fraserinstitute.org](http://www.fraserinstitute.org)