



NEWS RELEASE

Alberta's decline from fiscal leader to laggard continues; Saskatchewan and Quebec now more prudent financial managers

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For immediate release

CALGARY—Alberta—once Canada's leader in fiscal management—has become a laggard along with Ontario, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"Years of deficit spending and a run-up in provincial debt have knocked Alberta off its mantle as a sound financial manager," said Charles Lammam, director of fiscal studies at the Fraser Institute and co-author of *Canada's Past Fiscal Leaders Now Fiscal Laggards: An Analysis of 2017 Provincial Budgets*.

The study examines the fiscal plans of Canada's largest provinces based on the 2017 provincial budgets.

It finds the current Alberta government is doubling down on the failed approach of its predecessor and rapidly increasing program spending with no plan to stop running deficits in the immediate future.

Crucially, Alberta's program spending is forecast to increase by 10.9 per cent from 2015/16 to 2017/18—the fastest rate of spending growth of any province over that period.

By comparison, neighbouring Saskatchewan, which was also hard hit by the recent drop in commodity prices, is cutting total program spending by 1.6 per cent over the same period and expects to balance its budget starting in 2019/20.

What's more, where the province was essentially free of net debt (had more financial assets than debt) as recently as 2015/16, this year Alberta—with only 12 per cent of the population—will be responsible for 43 per cent of all new provincial net debt added across Canada.

By 2019/20, Alberta will have added \$10,149 net debt per-person. A remarkable swing, given the province enjoyed a net asset position of \$9,973 per-person just a decade ago.

Put another way, in just over 10 years, Alberta will have not only essentially erased the province's substantial savings, but those savings will have been replaced with a near equal amount of debt.

A consequence of Alberta's run-up in debt is rising interest payments to service the debt, which will explode from just \$214 million a decade ago to a projected \$2.3 billion by 2019/20.

"As more tax dollars are used to service Alberta's growing debt, less is available for program spending or much needed tax relief," Lammam said.

A stark contrast with Alberta's fiscal mismanagement, Quebec—a former fiscal laggard itself—this year tabled its third consecutive balanced budget, has stopped adding debt and will actually see its debt burden decline over the next four years.

"That Alberta could now take lessons in fiscal management from Quebec and Saskatchewan is a remarkable shakeup of provincial fiscal records in Canada," added Ben Eisen, director of the Fraser Institute's Alberta Prosperity Initiative and study co-author.

Charles Lammam, Director, Fiscal Studies
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