

NEWS RELEASE

Government spending—not low oil prices—to blame for this year’s \$8.8 billion deficit

March 27, 2018
For immediate release

CALGARY—Alberta’s \$8.8 billion deficit this year is not primarily due to low oil prices, but is largely a product of the Notley government’s spending decisions, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Commodity prices are rebounding and the recession is over, so it’s no longer reasonable to blame low oil prices for the size of Alberta’s deficits—government spending is to blame,” said Ben Eisen, director of the Fraser Institute’s Alberta Prosperity Initiative and co-author of *Why Is Alberta’s Deficit Still So Big?*

Last week’s budget projected a deficit of \$8.8 billion in 2018/19 and \$7.9 billion next year.

But the study shows that if the current government had adhered to the spending plan it inherited from its predecessor laid out in the 2015 budget, the deficit today would be approximately \$3 billion—less than half of the \$8.8 billion deficit actually posted last week.

And if the government had gone one step further and frozen nominal spending at the level it inherited when it took office in 2015, the deficit would be \$1.5 billion next year and Alberta would be on track for a balanced budget in 2019/2020.

“Low oil prices have been a convenient excuse for budget deficits by many Alberta governments,” said Steve Lafleur, Fraser Institute senior policy analyst and study co-author.

“The evidence is clear—if the government had made different choices and opted to exercise spending restraint over the past three years Alberta’s fiscal reality would be much brighter today.”

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