

NEWS RELEASE

B.C. at a crossroads—either continue prudent fiscal policies or risk deficits and growing government debt

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For immediate release

VANCOUVER—If British Columbia’s new government wants to maintain the province’s status as a fiscal leader in Canada, it must avoid the run up in spending and debt that has stalled former leaders Alberta and Ontario, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

The provincial government is unveiling its first budget update next week.

“B.C.’s financial position is relatively strong, so the government must decide if it’s going to continue down the current path of fiscal prudence, or whether it will follow the imprudent paths charted by Alberta and Ontario in recent years,” 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, which examines the fiscal plans of Canada’s largest provinces based on the 2017 provincial budgets, finds that B.C. enjoys one of the strongest records of managing public finances compared to the other provinces.

This year, B.C. is expected to record its fifth consecutive balanced budget. By comparison, successive governments in Alberta, which was also a fiscal leader at the turn of the century, have run deficits in nine of the past 10 years. In fact, the current Alberta government has no plan to return to balance in the immediate future.

In addition, B.C. now has a relatively low level of government net debt (debt adjusted for financial assets), with the second lowest per-person public debt burden in the country at \$8,791 per British Columbian. Only Alberta currently has a lower debt burden (\$5,368 per Albertan), but due to the marked deficit spending and debt accumulation, Alberta’s debt burden is set to eclipse B.C.’s by 2019/20 and hit \$10,149.

In that same year, Ontario’s net per-person debt burden will reach a staggering \$23,353.

“Alberta and Ontario are prime examples of how once-strong fiscal positions can be eroded by spendthrift governments who persistently run up the debt,” said Ben Eisen, director of the Fraser Institute’s Provincial Prosperity Studies and study co-author.

“Increased debt leads to higher interest payments to service it, which takes away tax dollars from important public programs, and also increases uncertainty among entrepreneurs, investors and skilled workers about future tax rate hikes.”

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