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B.C. government should stop relying on boom-and-bust natural gas revenues to fund ongoing programs

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VANCOUVER—The British Columbia government should stop relying on volatile boom-and-bust resource revenues—like the Alberta government—and fundamentally change its fiscal approach, finds a new study published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"Clearly, the B.C. government should stop using onetime natural gas revenue to finance ongoing government programs," said Ben Eisen, senior fellow at the Fraser Institute and co-author of ***A New Fiscal Framework for British Columbia***.

The B.C. government's natural gas revenues—the province's primary source of resource revenue—were an estimated $2.3 billion in 2022/23 and are projected to total more than $3.3 billion between 2024/25 and 2026/27.

The government is spending these onetime revenues to finance ongoing programs, creating a mismatch between the nature of the revenue (again, onetime resource revenue) and the nature of spending.

Instead, the government should adopt a new fiscal framework based on spending restraint and investing resource revenue in a provincial fund. The government could use earnings from the fund to finance ongoing spending, better matching the flow of revenues with the flow of expenses.

If B.C. adopted this fiscal framework, it would stop relying on the same type of boom-and-bust resource revenue that's made the fiscal situation in Alberta so volatile.

"For years, Albertans rode the resource revenue roller-coaster and saw their fiscal situation rapidly deteriorate—the B.C. government should get off that roller-coaster," Eisen said.

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