

Is Alberta's fiscal situation salvageable? Jack Mintz and Janice MacKinnon offer a path out of this mess– New Report

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Calgary – Alberta's NDP government has multiple money problems. Some of those problems arose as a result of the drop in oil prices; others arose because of spending choices the government made. Either way, we're in a fix. Deficits and debt are rising unchecked and seemingly without a correction plan. This can't go on forever.

Alberta's 2017 budget projects deficits of \$10.3 billion this fiscal year, dropping to \$7.2 billion by 2019-2020, and offers no concrete budget-balancing plan. Credit-rating agencies such as Moody's see danger in the NDP budget of a speedily increasing debt burden, long-term deficits and growth in spending that is above inflation levels. The government's projected rise in oil prices, on which it is depending to stabilize the economy, is also considered to be far too rosy.

Today The School of Public Policy and authors Jack Mintz and Janice MacKinnon released a report that examines various measures the government can, and should, employ in both the short and long term to align spending and revenue.

According to Mintz, "The NDP's spending choices appear to be based on the precarious assumption that a rebound in oil prices will heal what ails the Alberta economy, as well as on the refusal to significantly reduce spending with almost zero attempt to contain costs. The NDP bases its choices on a black-and-white scenario of either spending or imposing austerity and drastic cutbacks. However, there is a middle ground that would allow the government to maintain services without the quality of those services suffering."

For example, by establishing public sector bargaining mandates to constrain union as well as non-union public sector salaries, the province could save \$1.5 billion over three years. Emulating Ontario, Quebec and British Columbia by applying the brakes to runaway infrastructure spending would save \$4.6 billion over the next three years. Public programs and services can be restructured, as has been done in other provinces, to make them more efficient and effective and administrative and procurement costs can be reduced. Reducing Alberta's per capita spending levels to those akin to levels in other large provinces would eventually yield annual savings of \$6.6 billion.

"Common sense policies can be implemented over time to better align spending and revenue; however, a longer-term plan to balance the budget with specific deficit targets for each year is also required" said MacKinnon.

The paper can be downloaded at <https://www.policyschool.ca/publications/>

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