

# NEWS RELEASE

## With spending restraint, Alberta can re-introduce a rainy-day fund worth \$9.8 billion by 2025/26

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For immediate release

**VANCOUVER**—With spending restraint, Alberta can re-introduce a rainy-day fund worth \$9.8 billion by 2025/26 that could help insulate the province’s budget from swings in resource revenue, finds a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Alberta has an ongoing fiscal problem fuelled by volatile resource revenues, but re-introducing a rainy-day fund, based on the previously successful Alberta Sustainability Fund, would help get Alberta off this resource revenue rollercoaster and stabilize provincial finances for the long-term,” said Tegan Hill, associate director of Alberta policy at the Fraser Institute and co-author of *There’s time to get off the resource revenue rollercoaster: Re-establishing the Alberta Sustainability Fund*.

Alberta governments typically include all resource revenue in the budget, meaning that during periods of relatively high resource revenue, the province enjoys budget surpluses but faces pressure to increase spending, and when resource revenues decline, with comparatively high levels of spending, the province’s finances turn to deficits.

Consider that amid the windfall in resource revenue, in Budget 2023, the Alberta government increased cumulative spending by \$10.1 billion from 2022/23 through 2024/25 compared to the 2022 Mid-Year Fiscal update just three months earlier.

Rather than continue to spend relatively high one-time resource revenue, the Alberta government can use this opportunity to stabilize provincial finances over the long-term.

By limiting resource revenue included the budget to a stable amount, it will thereby limit the amount of money available for annual spending. Any resource revenue above the set stable amount would be automatically saved in a rainy-day fund to be withdrawn to maintain that stable amount in years with relatively low resource revenue, thus, helping to avoid budget deficits.

The study calculates that with spending restraint Alberta can fund a rainy-day fund worth \$9.8 billion by 2025/26.

“The rainy-day fund could be implemented all while still maintaining a balanced budget for Alberta,” Hill said.

(30)

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