



# NEWS RELEASE

## Business investment in Canada propped up by housing in B.C. and Ontario; sharply declines in AB and SK; Quebec, Maritimes consistent laggards

July 28, 2020  
For immediate release

**VANCOUVER**—Increasing business investment will be key to help Canada recover from the COVID recession, but provincial performance over the past 30 years show mixed results, finds a new study released by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Business investment is crucial for improving productivity and increasing living standards, so it’s important to understand exactly how the provinces are faring to attract investment,” said Steven Globerman, a Fraser Institute senior fellow and co-author of *Capital Investment in Canada's Provinces: A Provincial Report*.

The study measures growth in business investment at the provincial level from 1990 to 2014 and from 2014 to 2018, the most recent year of comparable data.

It finds that whereas Alberta and Saskatchewan had above-average annual growth in investment from 1990 to 2014—averaging 4.4 and 3.3 per cent per year, respectively—since 2014, investment has stagnated. In fact, Alberta averaged just 0.1 per cent annual growth from 2014 to 2018.

British Columbia experienced 1.5 per cent average annual growth over the same recent four-year period, as compared to the national average of 1.1 per cent. Much of B.C.’s investment growth, however, is the result of the province’s strong construction and real estate sectors. Investment outside of these sectors has been comparatively weak.

Ontario, too, enjoyed above-average annual growth from 2014 to 2018 (1.7 per cent) largely because of the real estate, finance and insurance sectors that are concentrated in the Greater Toronto Area.

Quebec, Nova Scotia, New Brunswick and Prince Edward Island consistently experienced below-average growth for the entire period (1990 to 2018).

“While the investment laggards are still lagging, even the previous bright spots in Canada’s business investment landscape are currently dim,” Globerman said.

“Given how important business investment will be post-recession, policymakers should pursue policies, including implementing regulatory reform and competitive tax rates, that are known to attract investment.”

(30)


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