



NEWS RELEASE

Interest costs consume substantial portion of government revenue in Newfoundland & Labrador, Nova Scotia, New Brunswick and P.E.I.

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For Immediate Release

HALIFAX—This year, all four Atlantic provinces will spend substantial portions of government revenue to pay interest on outstanding government debt, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Like households, governments must pay interest on their debt, which means less money available for health care, education and social services,” said Alex Whalen, policy analyst at the Fraser Institute’s recently-launched Atlantic Canada division.

For example, according to *Interest Costs and their Growing Burden on Canadians*, this year Newfoundland & Labrador will use 13.5 per cent of its revenue to pay interest on its provincial government debt—by far the largest percentage in the country.

Nova Scotia (7.5 per cent), New Brunswick (6.6 per cent) and Prince Edward Island (5.7 per cent) will also spend substantial portions of their revenue this year on provincial government debt interest

And of course, Atlantic Canadians must also shoulder their portion of the federal debt. People in Newfoundland & Labrador, for instance, will incur combined interest costs (from provincial debt and their share of the federal debt) totalling \$3,343 per person, again the highest in the country. Per-person combined interest costs (again, both federal and provincial) in Nova Scotia (\$1,370), New Brunswick (\$1,317) and P.E.I. (\$1,236) are lower.

“This upcoming budget season, governments should remember that taxpayers ultimately pay the costs of government debt,” said Alex Whalen.

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