

NEWS RELEASE

Alberta's current deficits much larger than Ontario's during aftermath of 2009 recession

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For immediate release

CALGARY—The Alberta government's current string of budget deficits are substantially larger than Ontario's deficits following the 2009 recession, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"Ontario has generally been considered the poster child of fiscal mismanagement in recent years, so it's remarkable that Alberta's government today is running larger deficits than Ontario did in the worst years of its fiscal mess," said Steve Lafleur, a senior policy analyst with the Fraser Institute and co-author of *Race to the Bottom: Comparing the Recent Deficits of Alberta and Ontario*.

It finds that over the past three years, the Alberta government has run a deficit of \$6,385 per person compared to \$3,864 (in 2015 dollars) in Ontario for the three years following the 2009 recession.

In other words, Alberta's current string of deficits is 65 per cent larger, on a per person basis, than Ontario's in the three years following the worst fiscal crisis in decades.

What's more, while Ontario, the most indebted subnational jurisdiction in North America, increased its debt by \$5,500 per person in the five years between 2007/08 and 2012/13, the Alberta government is on pace to add twice as much debt per person—\$11,000—during the five year period between 2014/15 and 2018/19.

This rapid debt accumulation has meant that Alberta, which was debt free until quite recently, is catching up to Ontario's per person debt levels. In 2014/15, Ontario's per person debt was \$24,256 higher than Alberta's. By 2018/19, the gap is expected to shrink to \$14,597.

"The Alberta government's staggering deficits and rapid run-up in debt will no doubt increase costs for taxpayers who have to service that debt, and could also lead to even lower credit ratings and add to the uncertainty already gripping the province," said Ben Eisen, study co-author and director of the Fraser Institute's Alberta Prosperity Initiative.

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