

NEWS RELEASE

New government risks B.C.'s strong fiscal position if upcoming budget ramps up spending

February 14, 2018
For immediate release

VANCOUVER—British Columbia currently enjoys one of the strongest fiscal positions in Canada because of modest spending growth over the last decade or so—compared to greater spending increases pursued in other provinces, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

The new government in B.C. is expected to table its first full budget next week.

“Early indications point to the new government abandoning the prudent choices of the past that have led, in part, to the relatively strong fiscal position B.C. enjoys today,” said Charles Lammam, director of fiscal studies at the Fraser Institute and co-author of *Will B.C.'s New NDP Government Abandon Past Spending Discipline?*

The study finds that over a 15-year period starting in 2001/02, successive provincial governments in B.C. increased spending, on average, 3.5 per cent annually. That was the lowest level of spending growth during that time period of any province. The range of annual increases outside B.C. was between 4.1 per cent (Quebec) and 6.0 per cent (Alberta).

The study also calculated what the state of B.C.'s finances would have been had they spent like other provinces. For instance, had B.C. increased spending at the same rate as Alberta, the province would have only balanced its budget twice since 2001/02 instead of nine times, and last year's \$2.7 billion surplus would have been a \$5.6 billion deficit.

In fact, B.C. is the only province to have tabled four consecutive balanced budgets from 2013/14 to last year.

But the new government signalled with its fall fiscal update last year it may be moving away from prudent spending. In fact, the September update called for program spending to increase by 6.6 per cent in 2017/18—nearly double the average annual increase since 2002/03 (3.5 per cent). Crucially, that increased spending didn't include big-ticket spending commitments that were promised in the 2015 election campaign, such as subsidized daycare.

“It's no accident that B.C.'s finances are currently in better shape than other provinces—it's the result of relatively sound management of government spending over the long-term,” Lammam said.

“In this upcoming budget, we'll see whether the new government will abandon the prudent spending decisions of the past or keep B.C.'s enviable fiscal position intact.”

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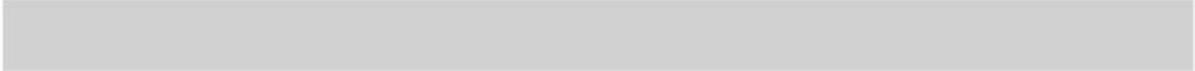
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