

Putting Alberta's Financial Future in Focus At A Glance

Government should make long-term financial information available to Albertans, so that they can understand how the decisions government is making today will impact them, their children and their grandchildren.



Fact

No government in Alberta has reported about Alberta's financial condition in the long term.



Problem

Without a long-term outlook, a government cannot show whether decisions made today are likely sustainable in the long run.

Without long-term reporting, Albertans are being asked to accept on faith that we can carry on borrowing indefinitely or that government has an acceptable plan to increase revenues or reduce expenses which will kick in as oil and gas revenues decline.

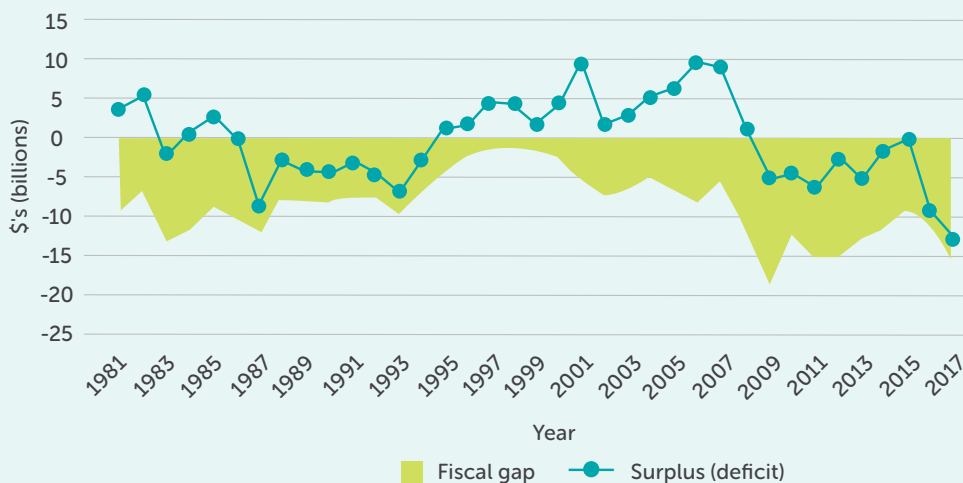


Conclusion

Albertans should be shown through long-term reporting whether the government of the day intends to narrow the fiscal gap and if so how and at what speed. Alberta's structural deficit – or fiscal gap – is the biggest risk to the Province being able to provide quality programs and services into the future.

Alberta's Fiscal Gap: What the surplus or deficit would be if oil & gas revenues were excluded

Presented in 2017 dollars



Where do
we go
from here?

Footnotes:

1. We have adjusted the amounts for inflation so they can be compared across time.
2. The analysis overstates the degree of variability in the gap across time because governments have not invested in infrastructure uniformly. From the 1980s to the early 1990s and from the mid-2000s on, the rate of infrastructure investment was higher than in the 1990s. If data was available to accurately spread these costs uniformly across the 35-year period the gap would look more uniform across the period.
3. Accounting for infrastructure expenditures has changed significantly over the 35-year period. To make the amounts as comparable as possible we adjusted the reported surpluses or deficits by adding back amortization expense and deducting capital asset purchases. Information was available to do this while attempting to restate older periods to current accounting policies was not. We were also not able to add in capital asset purchases made by schools, universities, colleges, and hospitals (SUCH) sector entities using non-Government of Alberta funds prior to them being consolidated. However this would not change any of the main findings from the analysis.
4. Conceptually the fiscal gap should exclude all petroleum rents. Corporate taxes from oil and gas producers form part of the amount that government collects as economic rent on oil and gas development. The Government does not separately report the amount of corporate tax revenue from these producers but it is a significant portion of Alberta's corporate taxes. Thus the fiscal gap is even larger than depicted.