



Responsible fiscal management

Alberta's economy is poised to lead the country in growth this year, and that positive trajectory is expected to continue with Budget 2023 decisions and initiatives. A surplus is forecast for only the fourth time in the last 15 years, thanks, in part, to responsible fiscal management.

A new fiscal framework

To secure the long-term sustainability of government programs, the government intends to introduce a new fiscal framework to guide government decision-making in fiscal planning and use of surpluses.

The new framework would:

- Mandate annual balanced budgets
 - Exceptions would be permitted, for unexpected disaster costs or a sharp decline in revenue, ensuring continued government support to Albertans
- Limit year-over-year increases in operating expense to population growth and inflation
- Limit in-year expense increases to a budgeted and voted contingency, with certain exceptions
- Set policies for the allocation of surplus cash:
 - At least 50 per cent of surplus cash must first go to repay debt maturing that fiscal year
 - The remaining cash would be allocated to the new Alberta Fund
 - The government could use that cash in three ways:
 1. Pay down the debt
 2. Additional deposits into the Alberta Heritage Savings Trust Fund
 3. For one-time initiatives that do not lead to permanent increases in government spending

The new fiscal framework would provide the government flexibility to invest in areas and services important to Albertans, but adds more rigour around expense decisions. Setting limits would challenge the government to focus on improving the services and programs Albertans rely on while continuing to use hard-earned tax dollars wisely.



Fiscal anchors

The government continues its commitment to three fiscal anchors set in 2019.

- Budget 2023 maintains balance.
 - Surpluses are targeted for the next three years:
 - \$2.4 billion in 2023–24
 - \$2 billion in 2024–25
 - \$1.4 billion in 2025–26
- Budget 2023 keeps the net debt-to-GDP ratio below 30 per cent, at 10.2 per cent in 2023–24.
 - The government used \$13.4 billion to pay down provincial debt in 2022–23 and is expected to pay down a further \$1.4 billion in 2023–24
 - Taxpayer-supported debt is forecast to be \$78.3 billion at the end of 2023–24, which is \$17.3 billion lower than estimated in Budget 2022
- The government has successfully brought expense levels in line with or below the per capita average of comparator provinces to keep programs sustainable for future generations. This includes successful public sector settlements that achieved reasonable wage increases to many workers that are fair to both them and taxpayers.

Saving for the future

The government is introducing legislative changes for the Alberta Heritage Savings Trust Fund to keep 100 per cent of its annual net earnings in the fund. Right now, any net income other than the amount needed for inflation-proofing is transferred to the General Revenue Fund.

This would result in significant annual growth in the Heritage Fund.