

November 27, 2013

Alberta's economy is booming and has been for at least the last three years. By all measures, our province's economy is running full tilt. And yet, the Redford government cannot collect enough revenue to balance the books. There is no crisis; we can afford to pay public-sector workers fairly. If there is a crisis, it's a crisis of the government's inability to collect an appropriate share of provincial revenue needed to run a government in a strong economy.

Revenue and Spending in Perspective

Despite having an economy that's the envy of Canada, the Alberta government's revenue and spending per person is in the middle of the pack.

| 2013 Provincial Budgets | | | | |
|--------------------------------|-----------------|-------------|---------------------------|---------------------------|
| Spending per capita | | Rank | Revenue per capita | |
| Newfoundland and Labrador | \$14,777 | 1 | \$12,858 | Newfoundland and Labrador |
| Manitoba | \$11,384 | 2 | \$10,932 | Manitoba |
| PEI | \$10,848 | 3 | \$10,600 | New Brunswick |
| New Brunswick | \$10,842 | 4 | \$10,455 | Saskatchewan |
| Alberta | \$10,623 | 5 | \$10,394 | Alberta |
| Saskatchewan | \$10,367 | 6 | \$10,336 | PEI |
| Nova Scotia | \$10,078 | 7 | \$9,772 | Nova Scotia |
| BC | \$9,490 | 8 | \$9,324 | BC |
| Ontario | \$9,359 | 9 | \$8,615 | Quebec |
| Quebec | \$8,800 | 10 | \$8,307 | Ontario |

GDP Growth

The government of Alberta forecasts the province's real GDP to expand by 3.3 per cent this year and 3.5 per cent next year. If the economy is growing, we should be able to treat public-sector workers fairly.

Population Growth

Alberta's population grew by 3.5 per cent last year. There are now more than 4 million people that call Alberta home. That's more people who rely on the services that the government provides and more people who pay taxes. And yet, the number of government workers has shrunk remarkably recently. Since 1989, the civil service has shrunk by more than 5,000 workers, while at the same time the population increased by 1.3 million people.

Job Growth and Labour Market

33,800 jobs were added in the Alberta labour market in the third quarter of this year and employment is forecasted to grow at 3.6 per cent for the entire 2013. The latest unemployment rate for Alberta (October 2013) is 4.3 per cent – tied for lowest in Canada with Saskatchewan.

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Corporate Profits

Canadian corporations posted \$77 billion in operating profits in the third quarter of 2013, up 1.5 per cent from the previous quarter which saw corporate profits gain 2.6 per cent. The oil and gas extraction led the growth in non-financial sector corporate operating profits: up 23.8 per cent to \$2.2 billion.

Robust corporate profits have translated into large pay increases for managers of companies and enterprises who've seen their wages increase by an astounding 52 per cent above inflation since 1993, whereas public-sector workers saw an increase of a modest 13 per cent above inflation.

Sources:

Government of Alberta, "Second Quarter Fiscal Update and Economic Statement," November 26, 2013, <http://www.finance.alberta.ca/publications/budget/quarterly/2013/2013-14-2nd-Quarter-Fiscal-Update.pdf#page=10>

Statistics Canada, "CANSIM Table 282-0087: Labour force characteristics, seasonally adjusted, by province (monthly)," November 8, 2013, <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/lfs01c-eng.htm>

Statistics Canada, "The Daily – Quarterly financial statistics for enterprises, third quarter 2013," November 26, 2013, <http://www.statcan.gc.ca/daily-quotidien/131126/dq131126a-eng.htm>

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