

November 30, 2021 - (Vol. V, No. 124 Addendum B)

A billion here, a billion there... after a while we're talking real money!

By Warren Lovely

We've borrowed U.S. Senator Dirksen's line to make a deliberately tongue-in-cheek remark on the ongoing improvement to the provincial government fiscal landscape. The latest bit of info? It's Alberta's mid-year report (out today), which marked the 2021-22 deficit down again (by a marginal C\$1.9 billion vs. Q1) and notably re-cast future years. All told, Alberta sees C\$29 billion of reduced red ink over four years vs. what was telegraphed in February's budget. Importantly, term debt issuance has been slashed >\$25 billion over that same four-year period. Yes, yes, there's uncertainty aplenty, particularly as it relates to oil prices. After all, resource revenue directly accounts for about one-fifth of Alberta's revenue dollar in 2021-22, making the province a higher-beta play vs. peers. Moreover, [as we remarked this morning](#), positive fiscal developments and an awaiting wall of investor cash aren't necessarily sufficient to ensure performance for provincial spreads... in Alberta or elsewhere. But come on, would you rather see shrinking deficits, less debt and significantly lighter borrowing needs or the opposite condition? It's no contest, with Alberta adding to an already major-league re-think on provincial finances. You may now resume virus watching.

Table: A couple more entries for our provincial fiscal heat map, Alberta's medium-term picture notably re-cast

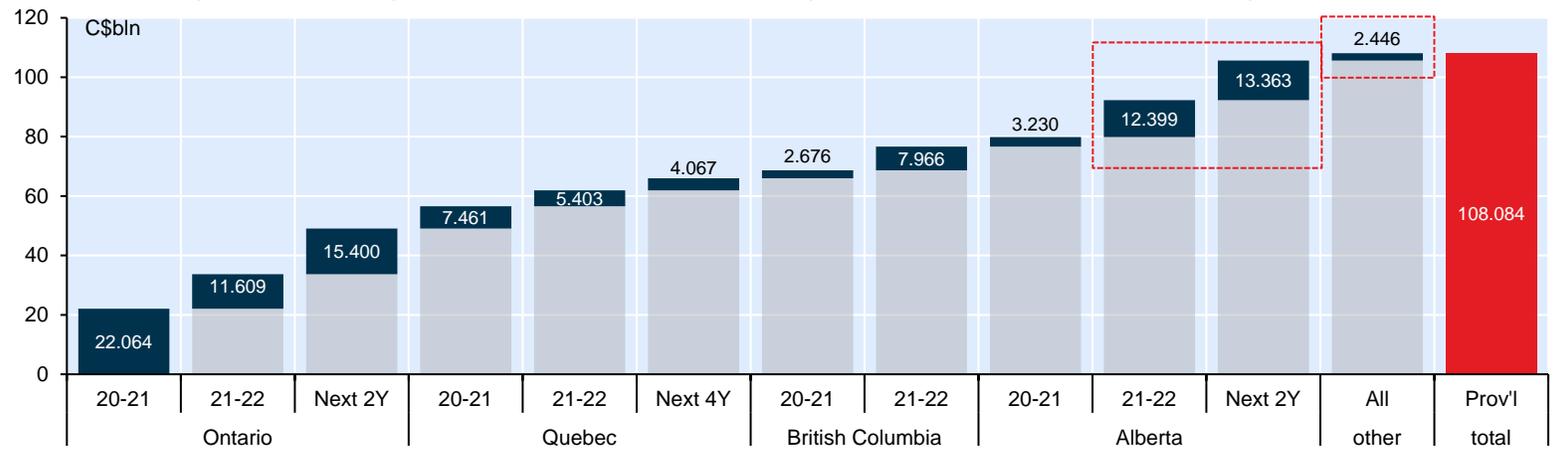
Marginal change in budget balances vs. Budget 2021 estimates by province, fiscal year & financial report (all figures in C\$mln)

Fiscal Year	Report	Ont	Que	BC	Alta	Man	Sask	NS	NB	N&L	PEI	Sum
2020-21	PA	22,064	7,461	2,676	3,230	-37	738	364	421	152	114	37,183
2021-22	Update 1	677	5,403	4,864	10,462	34	-127	140	283	231	52	22,019
	Update 2	10,932		3,102	1,937		29		51			16,052
Combined adjustment		33,673	12,864	10,642	15,629	-3	641	504	755	383	166	75,254
Future FYs (Ont, Que, Alta)		15,400	4,067		13,363							32,830
Including future FYs		49,073	16,931		28,992							108,084

Source: NBF, prov'l gov'ts | Note: Figures refer to marginal change in budgetary position for a given province relative to prior estimate, not to be confused with actual/estimated budget balances; combined adjustment is two-year total; based on latest official figures/guidance; Ont, Que & Alta have offered future fiscal year guidance relative to Budget 2021

Chart 1: Combined improvement (including future years) now a whopping C\$108bln vs. Budget 2021

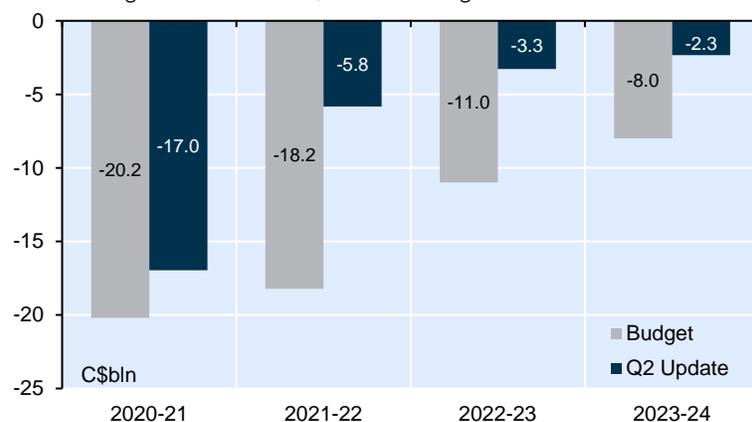
Accumulated change to provincial budget balances by fiscal year, relative to Budget 2021 | Positive numbers indicate net budgetary improvement



Source: NBF, provincial governments | Note: Figures reflect improvement to individual budget balances relative to Budget 2021; C\$108bln figure is 10-province, multi-year total

Chart 2: Alberta erases \$29bln of red ink over 4 fiscal years

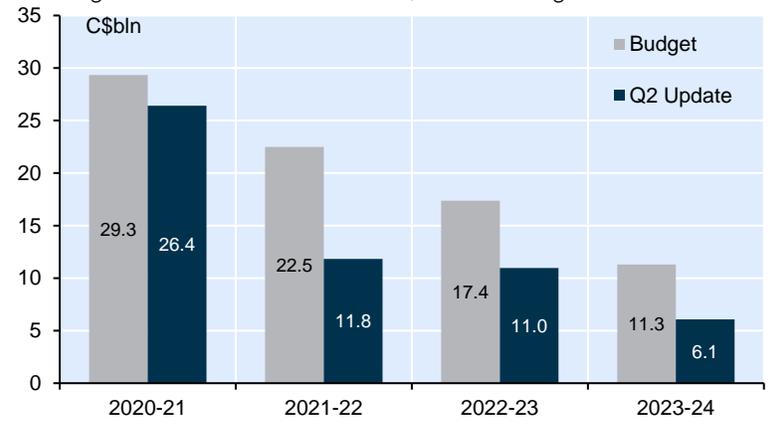
Alberta budget balance: Actual/latest vs. Budget 2021



Source: NBF, Alberta | Note: Q1 Update cut 2021-22 deficit to C\$7.8bln

Chart 3: Term debt issuance cut a combined \$25bln+

Alberta gross term debt issuance: Actual/latest vs. Budget 2021



Source: NBF, Alberta | Note: Q1 Update cut 2021-22 term borrowing to C\$16.6bln



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