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GLOBAL ECONOMICS

FISCAL PULSE

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Alberta: 2025–26 Mid-Year Fiscal Update

LOWER OIL PRICE AND HIGHER SPENDING DRIVE INCREASE TO DEFICIT

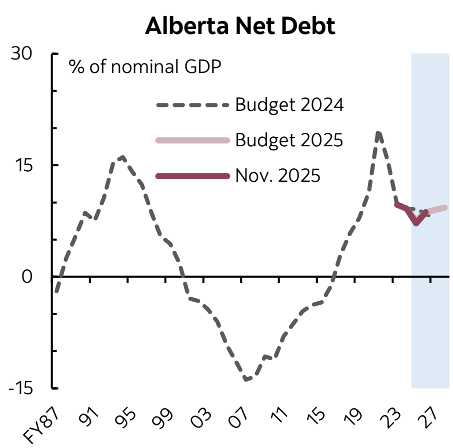
- **Lower non-renewable resource revenues and higher health and education spending increase the deficit, but most of this is absorbed by Alberta's significant contingency buffer. The deficit could end up larger if oil prices don't rebound, but the remaining contingency buffer will help to protect against downside risks.**
- **Alberta's second quarter fiscal update and economic statement now expects a deficit of -$6.4 bn (-1.3% of nominal GDP) in FY26 compared to -$5.2 bn (-1.1%) in Budget 2025 (chart 1).** The second quarter fiscal update was published on the same day as the province announced the signing of an MOU with the federal government to create the conditions for a new pacific oil pipeline.
- **Total revenue was revised down by $1.2 bn compared to Budget 2025 primarily owing to lower non-renewable resource revenue (-$1.7 bn).** WTI oil prices have averaged $64.50 USD/bbl through the first six months of FY26, lower than the $68 assumed in Budget 2025, and is now assumed to average $61.50 for the fiscal year. Meanwhile, lower personal income taxes (-$0.5 bn) are expected to be offset by higher corporate income taxes (+$0.2 bn), federal transfers (+$0.2 bn), and investment income (+$0.5 bn).
- **Expense before contingency for FY26 was revised higher by $1.7 bn compared to Budget 2025, owing to higher program spending while debt servicing costs remain unchanged.** Operating expenses by ministry were revised higher for hospital and surgical health services (+$0.4 bn), education and childcare (+$0.3 bn), and assisted living and social services (+$0.2 bn). Higher program spending is offset by a roughly equal amount in contingency funding used ($1.7 bn) with a balance of $2.3 bn set aside for FY26.
- **Net debt was revised lower by $1 bn to $42 bn and is expected to be 8.7% of nominal GDP in FY26.** The total capital plan was revised higher to $8.8 bn in FY26, with an additional +$0.1 bn in capital investment and +$0.05 bn in capital grants compared to the Spring budget.

Updated Fiscal Forecast
$ billions except where noted

	FY25		FY26	
	Feb. '25	Nov. '25	Feb. '25	Nov. '25
Total Revenue	**80.7**	**82.5**	**74.1**	**73.0**
Own-Source	67.7	69.9	60.9	59.4
PIT	16.1	16.1	15.5	15.1
CIT	7.4	8.1	6.8	7.0
Nat. Resources	21.5	22.0	17.1	15.4
Other	22.8	23.6	21.5	22.0
Fed. Transfers	13.0	12.6	13.3	13.5
Total Expenditure*	**72.9**	**74.1**	**75.3**	**77.1**
Programs**	69.7	70.9	72.4	74.1
Debt Service	3.2	3.2	3.0	3.0
Contingency/Disaster assistance	**2.0**	**—**	**4.0**	**2.3**
Balance	**5.760**	**8.320**	**-5.211**	**-6.437**
% of GDP	*1.2*	*1.8*	*-1.1*	*-1.3*
Net Debt	**36.6**	**34.3**	**43.0**	**42.0**
% of GDP	7.6	7.2	8.7	8.7
Debt Service				
% of Revenue	*4.0*	*3.9*	*4.0*	*4.1*

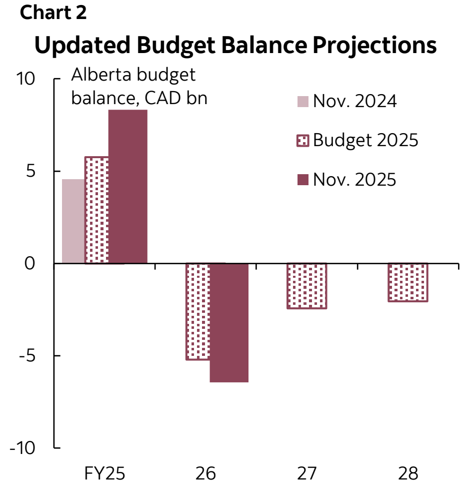
* Net of contingency.
** Excluding disaster and emergency assistance
Sources: Scotiabank Economics, AB Treasury Board & Finance.

Chart 1



Sources: Scotiabank Economics, Finance Canada, AB Treasury Board & Finance.

Chart 2



Sources: Scotiabank Economics, AB Treasury Board & Finance.