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NEWS RELEASE

Natural Resource Revenues Are Key To New Equalization Program

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***Oil and gas, potash and hydroelectric revenues will be contentious
issues in federal-provincial talks next week.***

Montreal – Natural resources revenues will be at the top of the agenda when the federal and provincial governments sit down next week to discuss the basis of a new framework for equalization and the best way to allocate payments among provinces, say the authors of a new *Working Paper* released today by the Institute for Research on Public Policy (IRPP.org).

“Issues surrounding natural resource revenue and equalization have proven to be among the most contentious in the ongoing debate over the role and design of Canada’s Equalization Program,” argue Wade Locke and Paul Hobson in the paper entitled: “An Examination of the Interaction Between Natural Resource Revenues and Equalization Payments: Lessons for Atlantic Canada.”

“Potash revenues in Saskatchewan, offshore oil and gas revenues in Nova Scotia and Newfoundland and Labrador, hydroelectric rents in Quebec provide cases in point” say Locke and Hobson, who teach at Memorial University in Newfoundland and Acadia University in Nova Scotia respectively.

The authors explain it is important for agencies and departments charged with regional economic development to understand the interaction between resource development and equalization and its implications for the economic development policy framework that is relevant to the region.

The study analyses proposals for the alternative treatments of natural resource revenues within the current Equalization Program through various simulations in order to identify the potential impact of such changes on the transfer revenues of have-not provinces.

“An Examination of the Interaction Between Natural Resource Revenues and Equalization Payments: Lessons for Atlantic Canada” is the latest *Working Paper* study to be released as part of the IRPP’s Economic Policy and Growth series. It is now available on-line in Adobe (.pdf) format on the Institute’s Web site (www.irpp.org).

For more information or to request an interview, please contact the IRPP.

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