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## NEWS RELEASE

### Ottawa must play a stronger role to ensure that more Canadians benefit from resource wealth

**Montreal** – Canada’s tax and transfer system needs adjustment to better respond to the various fiscal and economic challenges posed by resource booms, say Robin Boadway, Serge Coulombe and Jean-François Tremblay, the authors of a new publication released today by the IRPP.

The authors show that the global resource boom of the past decade has widened economic and fiscal disparities between the resource-rich and resource-poor provinces, and they question whether our federation’s adjustment mechanisms are up to the task.

As a highly decentralized federation, Canada faces unique challenges in managing its resource wealth. Provinces own, manage and tax their natural resources and raise most of their own revenues. As a result, strong global resource prices translate into large differences in economic growth and fiscal capacities across the provinces.

The federal government is constitutionally committed to address these repercussions. “While Ottawa can’t directly tax resources and has limited control over the pace of resource development, it can and should intervene to address the unintended, adverse consequences” said Boadway, a noted fiscal federalism expert at Queen’s University.

The authors recommend that to manage Canada’s resource wealth more responsibly and for the greater benefit of all Canadians, governments should:

- **Strengthen fiscal federalism** by removing the cap on federal equalization payments and adjusting some of the other transfers to provinces according to their overall fiscal capacities.
- **Redesign resource taxation** to raise more revenues, more efficiently, by taxing pure profits rather than shareholder’s income and by eliminating special tax breaks for the resource sector.
- **Save a larger share** of today’s resource windfalls for future generations.

As Serge Coulombe, professor of economics at the University of Ottawa, points out, “We need to adopt a longer-term perspective on these important resource issues — future generations of Canadians have as much of a moral claim to the benefits derived from public resource wealth as current generations.”

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[Canadian Policy Prescriptions for Dutch Disease](#), by Robin Boadway, Serge Coulombe and Jean-François Tremblay, can be downloaded from the Institute’s Web site ([irpp.org](http://irpp.org)).

For more details or to schedule an interview, please contact the IRPP.

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