



NEWS RELEASE

Saskatchewan's fiscal crisis reforms in the 1990s provide a roadmap for Atlantic Canada now, which faces similar problems

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For immediate release

HALIFAX—Faced with ongoing budget deficits, Maritime provinces can learn from fiscal reforms in Saskatchewan, which faced a similar fiscal situation but was able to turn things around, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“Policymakers in the Maritimes are facing large, long-term fiscal challenges including persistent budget deficits, mounting debt and the threat of rising interest costs. Reducing spending and balancing budgets needs to be a priority. Fortunately, there are lessons from elsewhere in Canada to learn from” said Alex Whalen, policy analyst at the Fraser Institute and co-author of *Fiscal lessons for Atlantic Canada from Saskatchewan*.

Each Maritime province is dealing with persistent deficits. For example, PEI and Nova Scotia don't plan to balance the budget until at least 2024/25, while New Brunswick plans to run deficits for at least the next two years.

And again, each Maritime province was accumulating debt long before the pandemic. Like Saskatchewan, the region faces the economic challenges of persistent deficit, rising debt, and overall lack of economic opportunity.

For solutions, policymakers can look to Saskatchewan, which during the 1990s went from the brink of insolvency to relative fiscal health.

Specifically, Saskatchewan cut spending by almost 12 per cent over two years, in part by eliminating inefficient and unaffordable government programs, and balanced the budget in three years.

The sound financial foundation created by the spending reforms allowed the province to focus on tax competitiveness as a way to attract investors, entrepreneurs, and skilled labour. The province reduced both personal and business taxes.

“If policymakers want to right the fiscal ship and accelerate the COVID recovery, they should consider the success of Saskatchewan's spending and tax reforms,” said Steve Lafleur, senior policy analyst at the Fraser Institute and study co-author.

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