



NEWS RELEASE

Facing a near \$1.0 billion budget deficit, Newfoundland and Labrador can learn from successful Saskatchewan reforms

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For immediate release

ST. JOHN'S—When considering ways to recover from its current fiscal crisis, including a huge provincial deficit and the highest debt level of any province, the Newfoundland and Labrador government can heed lessons from Saskatchewan, which faced a similar crisis in the 1990s, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“The fiscal situation in Newfoundland and Labrador requires spending reductions to reduce the province’s daunting budget deficit,” said Alex Whalen, policy analyst at the Fraser Institute and co-author of *Fiscal lessons for Atlantic Canada from Saskatchewan*.

Newfoundland and Labrador added almost \$2 billion in provincial government debt last year, which is already the highest in Canada (on a per-person basis). While COVID added to the challenges, the province’s fiscal issues long-predated the pandemic.

The study highlights how Saskatchewan overcame similar issues – including deficit-financed spending, mounting debt and rising interest costs – in a short period of time.

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.

“Saskatchewan faced similar challenges, but through spending and tax reforms, turned around their fiscal ship,” said Steve Lafleur, senior policy analyst at the Fraser Institute and study co-author.

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