



NEWS RELEASE

Ontario can balance budget while also cutting taxes

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For immediate release

TORONTO—Ontario’s new provincial government can balance the budget and even cut taxes, but it will require a focus on spending discipline, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“While Ontario’s deficit will likely be much larger than originally projected, the province needs to reduce and reform its tax system to make the province more competitive,” said Ben Eisen, Fraser Institute senior fellow and co-author of *Restoring Ontario’s Public Finances*.

“To do so, Ontario should deal with its fiscal challenges head on by reducing government spending.”

The province’s auditor general and Financial Accountability Office have raised concerns about the previous government’s accounting practices, which will likely make the deficit much larger than projected.

The study outlines two scenarios that will create the fiscal room for reforms to make the province competitive, while balancing Ontario’s budget by 2020/21, years earlier than the 2024/25 timeline set by the previous government.

- **Maintain 2017/18 spending levels:** Maintaining spending at 2017/18 levels would achieve balance by 2020/21 and also free up an additional \$15 billion in fiscal room, which could be used to reduce taxes.
- **Reduce program spending:** A five per cent reduction in spending from 2017/18 levels would achieve balance by 2020/21 and free up \$21 billion in fiscal room.

“Ontario’s fiscal challenges are real, but they are not intractable. With a commitment to spending discipline, the new government has every opportunity to right the ship,” said study co-author Livio Di Matteo, Fraser Institute senior fellow and economics professor at Thunder Bay’s Lakehead University.

“If the government gets this right, it opens the door for other important reforms that can boost the economy, enhance competitiveness and ultimately improve the economic opportunities and quality of life for Ontarians.”

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