



# NEWS RELEASE

## With 11% spending reduction, Alberta government can balance budget and cut taxes

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For immediate release

**CALGARY**—The Alberta government could balance its budget by 2021/22—and create the fiscal room for much-needed tax relief—if program spending were cut by 10.9 per cent over the next three years, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Eliminating the deficit quickly and pursuing tax reform to regain the province’s former tax advantage across North America should be a priority for the Alberta government,” said Ben Eisen, Fraser Institute senior fellow and co-author of *A Spending Framework for Alberta: Balancing the Need for Deficit Elimination and Tax Reform*.

The study finds that a nominal spending reduction of 10.9 per cent over the next three years would not only balance the budget by 2021/22, but it would also create enough fiscal room to allow for personal and business income tax relief, carbon tax relief, and capital gains tax relief.

While a 10.9 per cent spending reduction would be significant, it is substantially smaller than the reductions implemented by the Klein government in the 1990s. It would also bring Alberta’s per-person spending closer into line with neighbouring British Columbia, which currently spends 21 per cent less per person than Alberta does.

“Given Alberta’s dire economic situation, its fiscal policy needs to be focused on creating the conditions for prosperity, which means eliminating the deficit but also, importantly, regaining competitiveness to attract entrepreneurs, investors, and business owners,” Eisen said.

This study is part of a new book *Alberta Prosperity: A Plan for Opportunity and Growth*, which explores policy reforms in Alberta’s finances, the health-care and education systems, the investment climate and resource regulation, among others.

“Alberta no longer leads in several critical policy areas, which is a marked departure from just 10 years ago,” said Jason Clemens, executive vice-president of the Fraser Institute.

“This new book provides policymakers with a clear plan to restore the province’s finances, improve competitiveness and raise living standards for Albertans.”

The new book is available as a free PDF download at [www.fraserinstitute.org](http://www.fraserinstitute.org).

(30)

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