

2020-21

Interprovincial Comparison

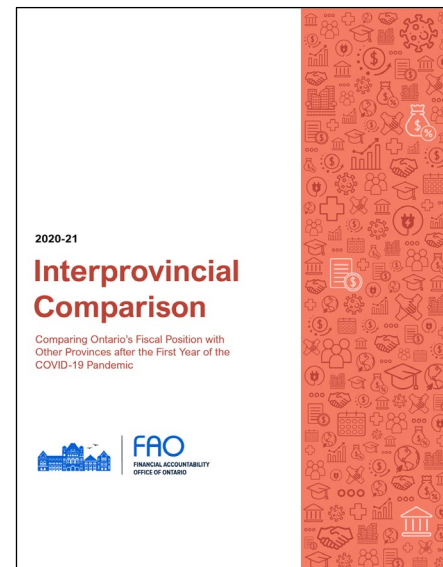
Comparing Ontario's Fiscal Position with Other Provinces after the First Year of the COVID-19 Pandemic

Briefing Deck



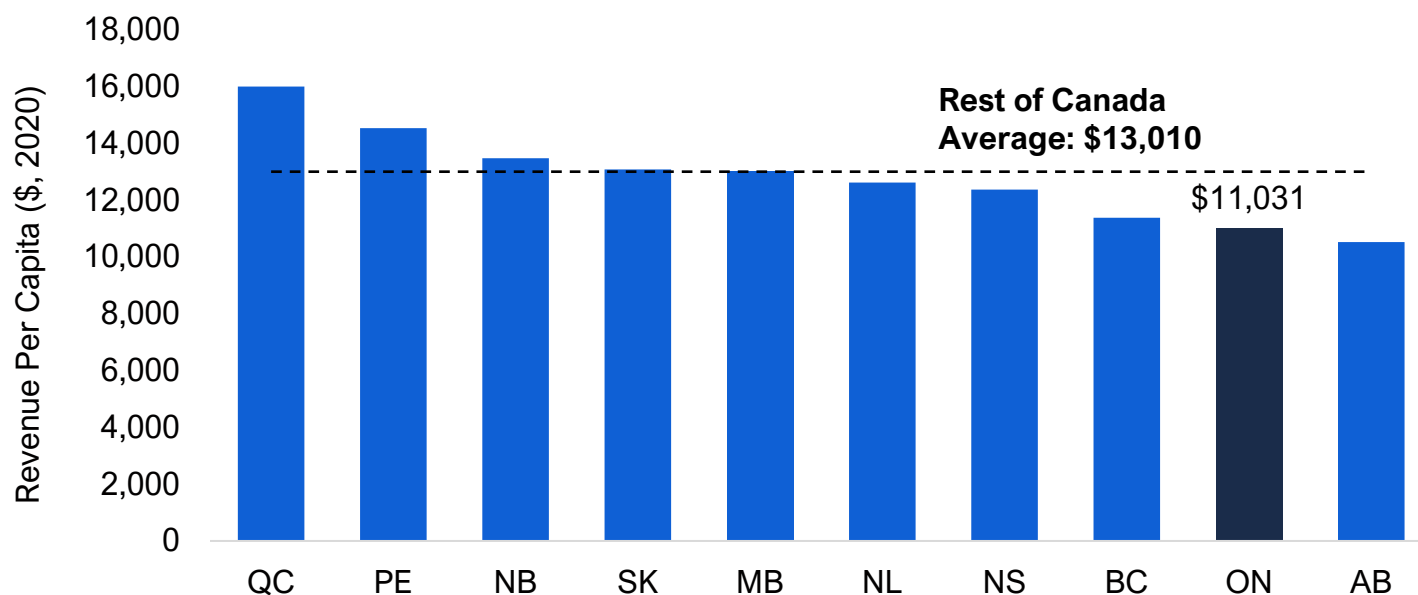
Overview

- This report provides a comparison of 2020-21 Ontario government fiscal results with other provinces based on Statistics Canada's Government Finance Statistics (GFS).
- Financial results published by each province are not directly comparable due to differences in organizational structure and accounting practices.
- GFS data adjust for these differences allowing fiscal results to be compared across provinces.



Ontario's total revenue per capita was the second lowest in Canada

- Total revenues per capita in Ontario were \$11,031 in 2020, well below the average of \$13,010 in the rest of Canada.
- Ontario's lower revenue per capita reflects its low federal transfers and other revenues, slightly offset by higher tax revenue per capita.

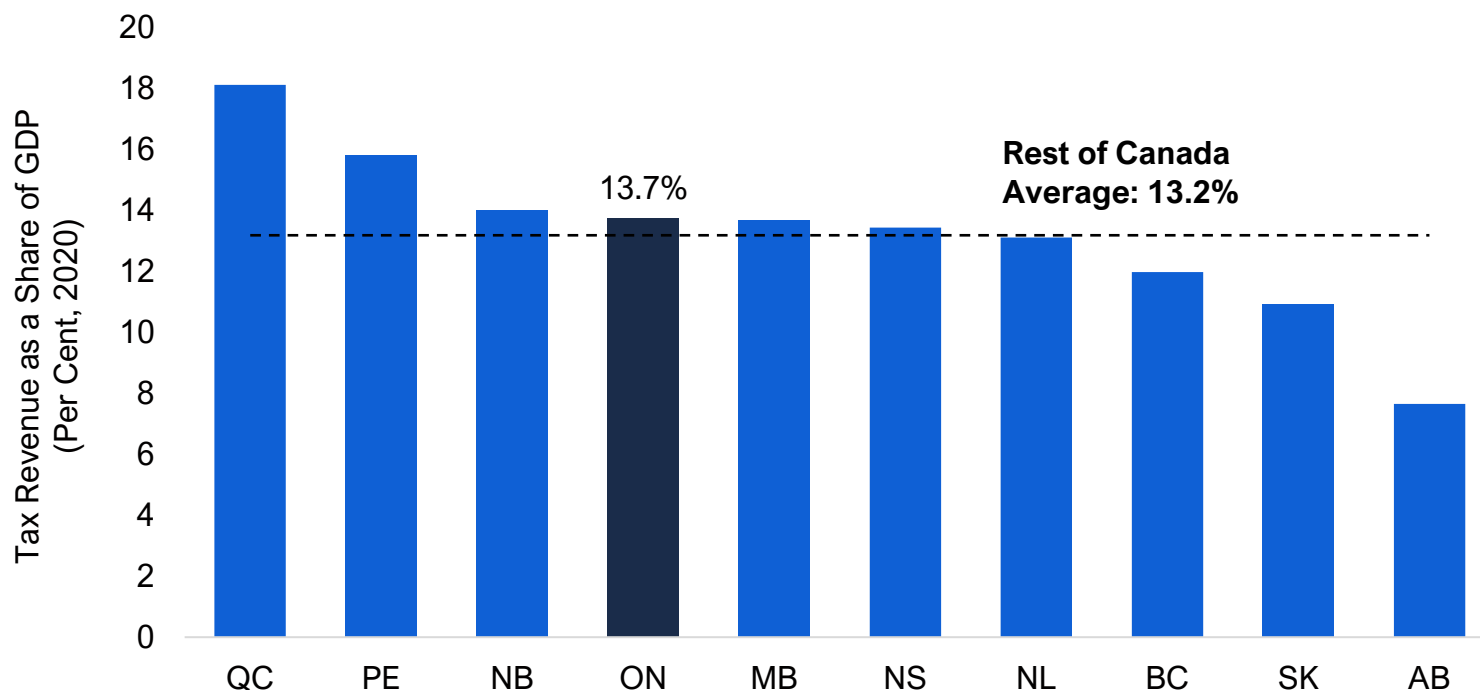


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.



Ontario's tax revenue as a share of GDP was slightly higher than the provincial average

- Ontario's tax revenue per capita was the second highest in Canada, partially reflecting the province's above average level of economic activity.

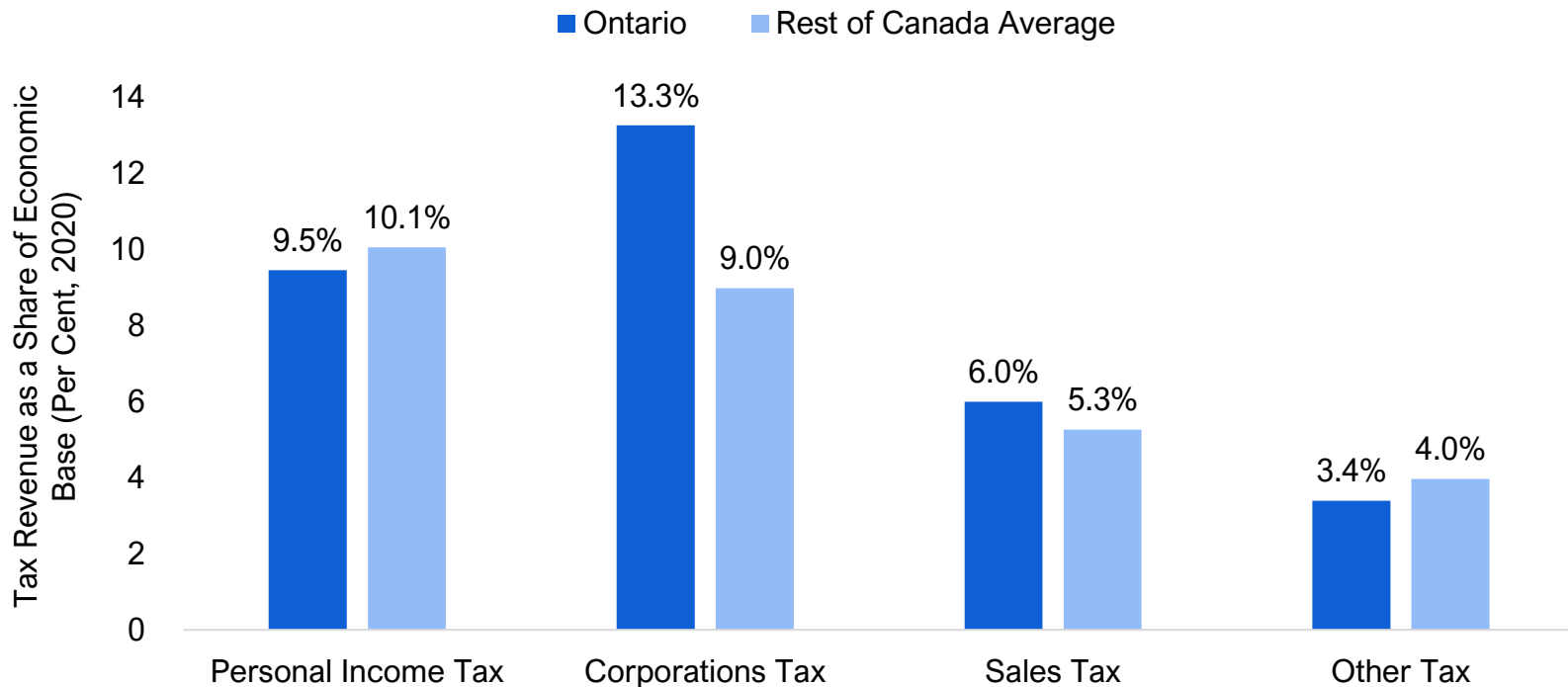


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [36-10-0222-01](#), [10-10-0019-01](#) and FAO.



Ontario's tax burden varies by category

- Dividing each major tax revenue category by its corresponding economic tax base provides an indication of its tax burden.



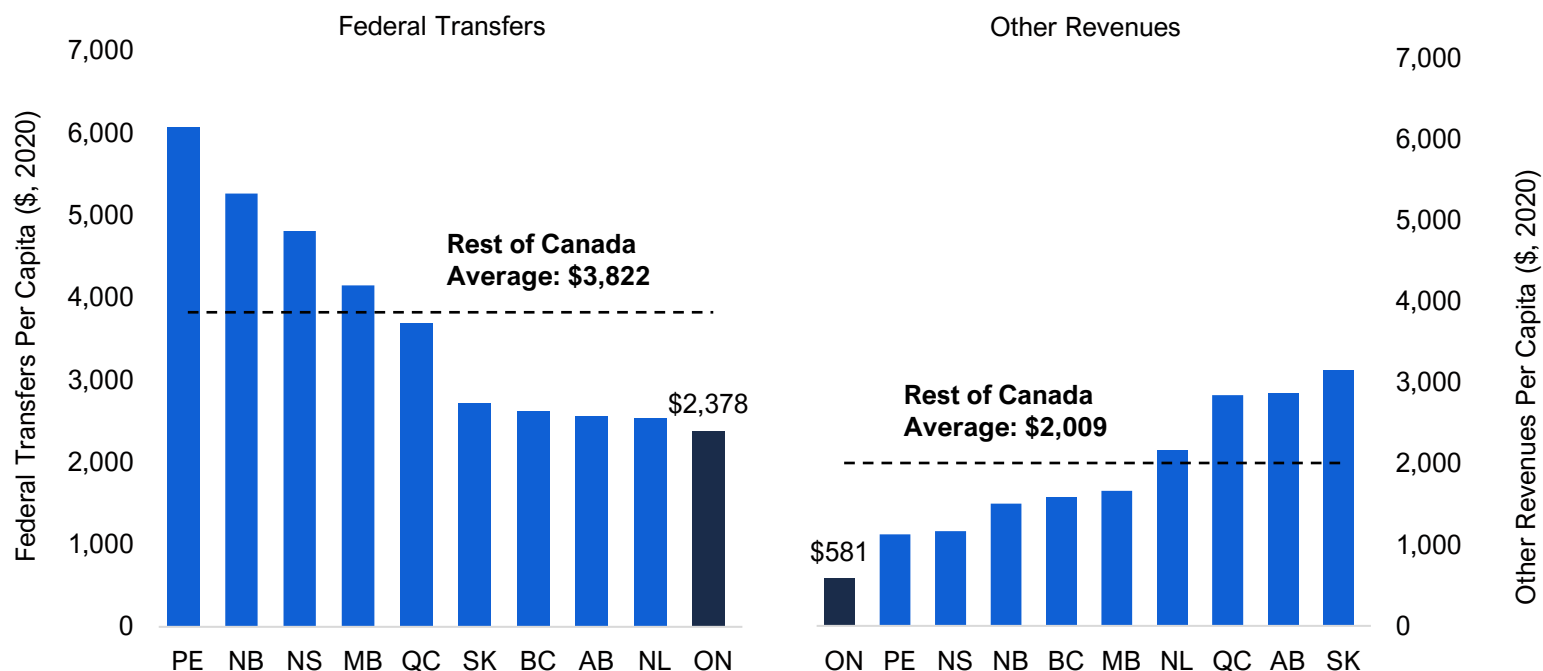
Note: The economic tax bases of personal income tax, corporations tax and sales tax revenues are labour income (total compensation of employees), corporate profits (net operating surplus of corporations) and household spending (household consumption), respectively. While these economic tax bases are used as proxies for the actual tax bases, they do provide an indication of the tax burden between provinces on a common basis. As there are many different bases for other tax revenue, this category is compared against overall economic activity.

Sources: Statistics Canada Tables [10-10-0017-01](#), [36-10-0221-01](#), [36-10-0222-01](#), [10-10-0019-01](#) and FAO.



Ontario's received the lowest federal transfers and other revenue in Canada

- Ontario's lower federal transfers reflect its greater ability to generate tax revenues relative to other provinces, which limits its eligibility to qualify for transfers such as equalization payments

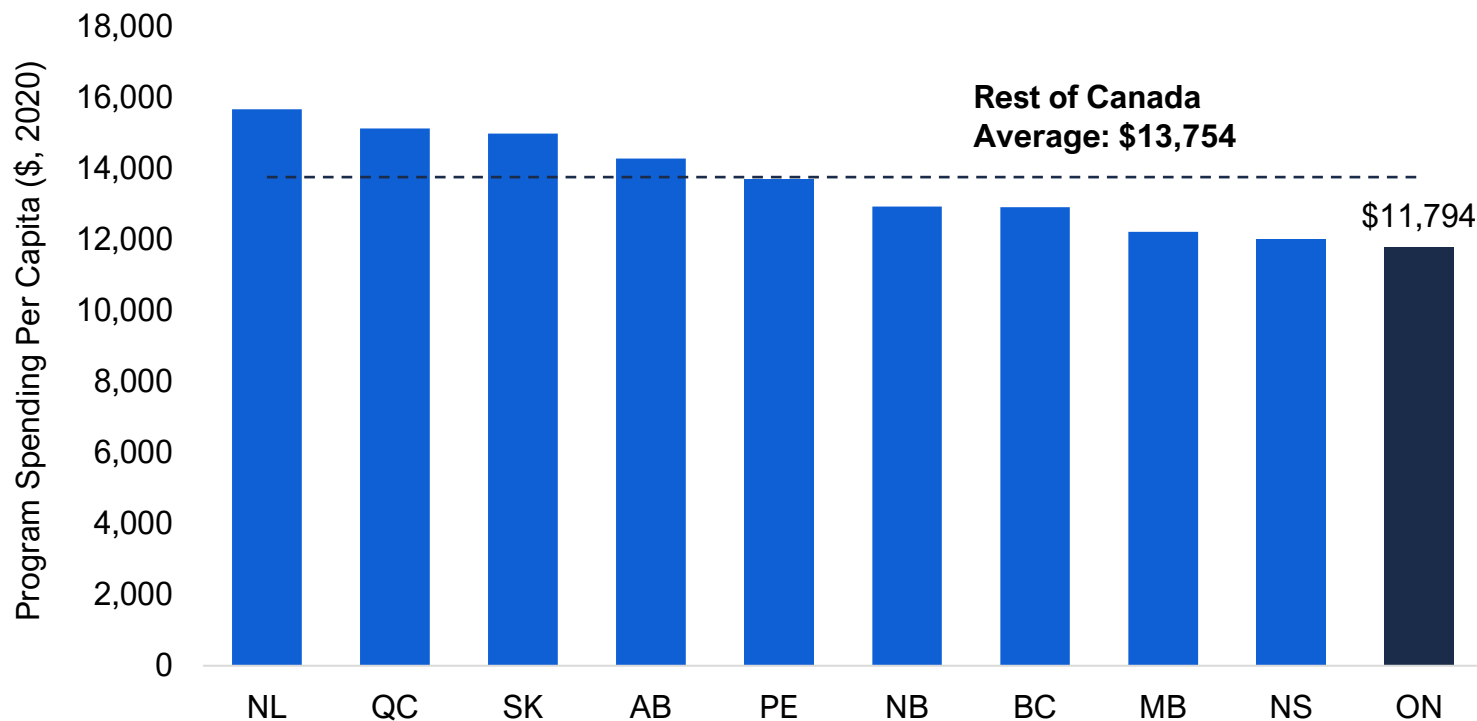


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#) and FAO.



Ontario's program spending per capita consistently among the lowest in the country

- Ontario per capita program spending was \$11,794 in 2020, lower than the rest of Canada average of \$13,754.

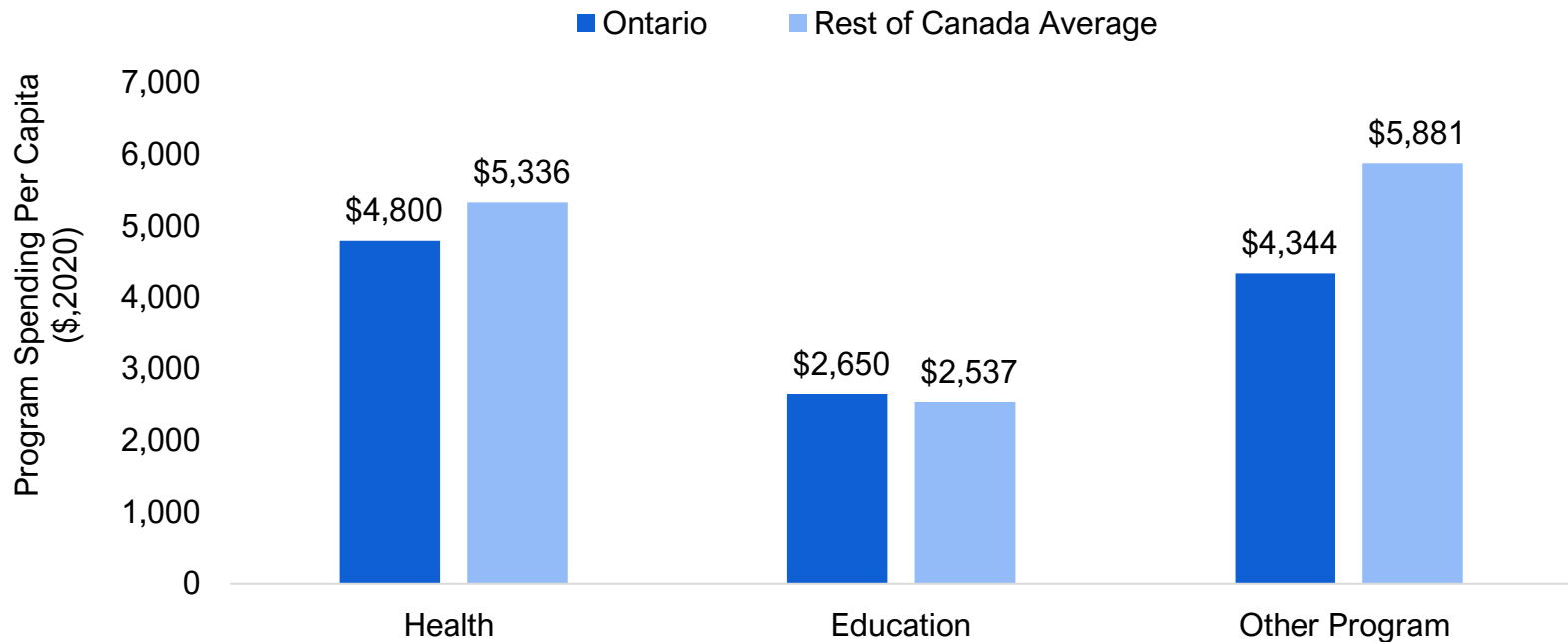


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.



Ontario has above average education spending per capita and the lowest health and 'other' spending

- Since 2008, Ontario's health and other spending per capita has consistently ranked at or near the lowest in Canada, while education spending has increased from seventh to fourth highest.

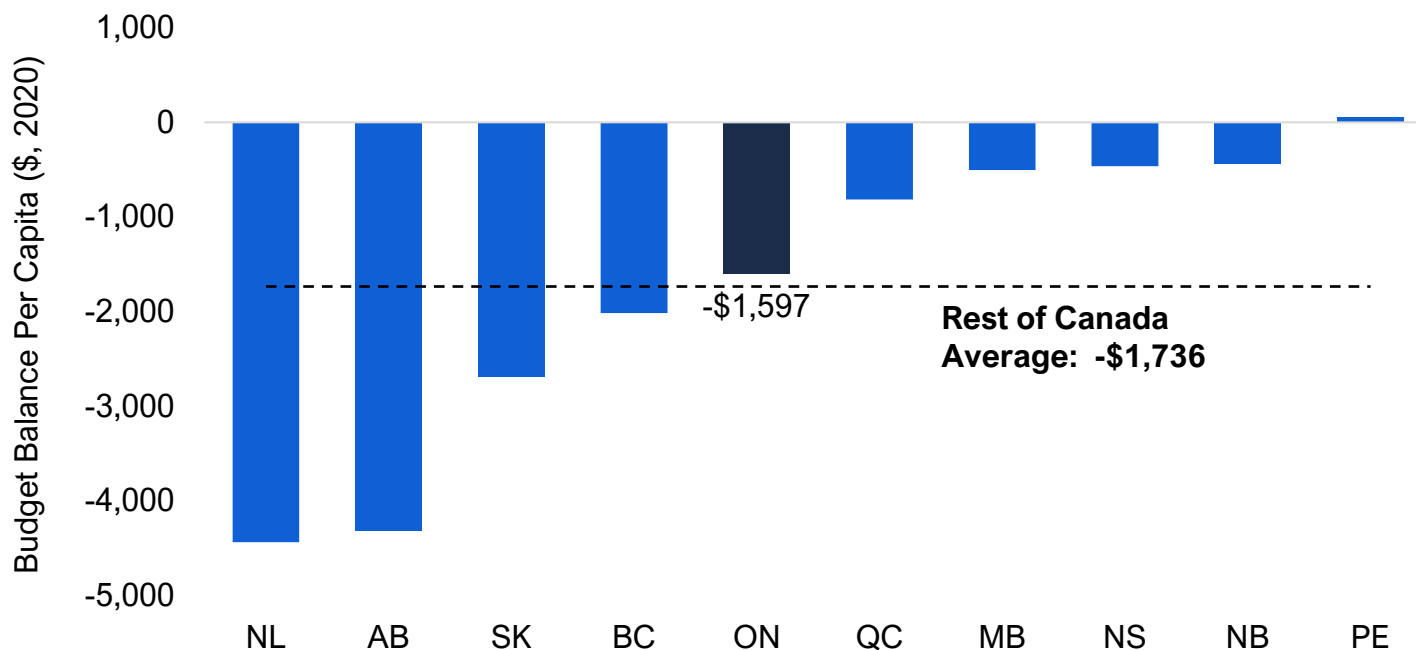


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [36-10-0222-01](#), [10-10-0019-01](#) and FAO.



Ontario's budget deficit was modestly below the rest of Canada average

- Since 2008, Ontario's per capita budget balance has only been smaller than the average in the rest of Canada in four years -- 2015, 2016, 2017 and 2020.

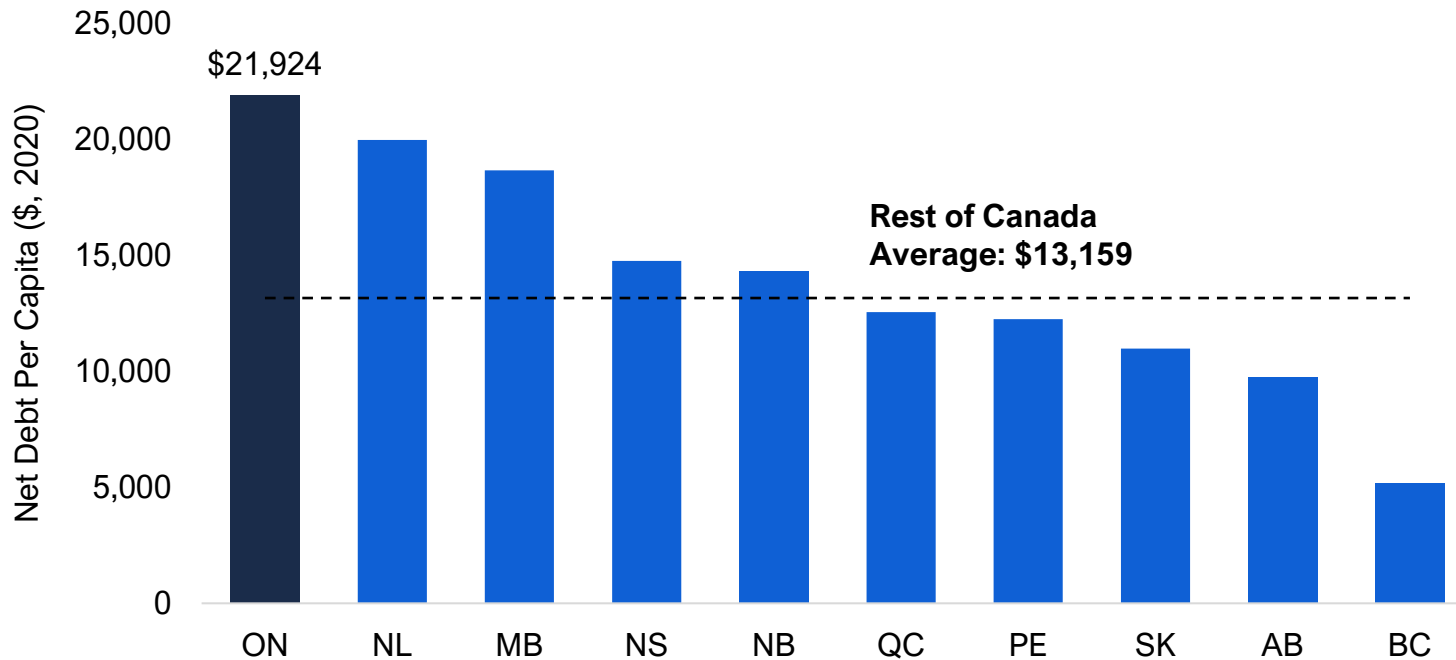


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [36-10-0222-01](#), [10-10-0019-01](#) and FAO.



Ontario's net debt per capita is significantly higher than all other provinces

- Ontario's net debt per capita of \$21,924 was the highest among the provinces, reflecting frequent budget deficits over the last forty years.

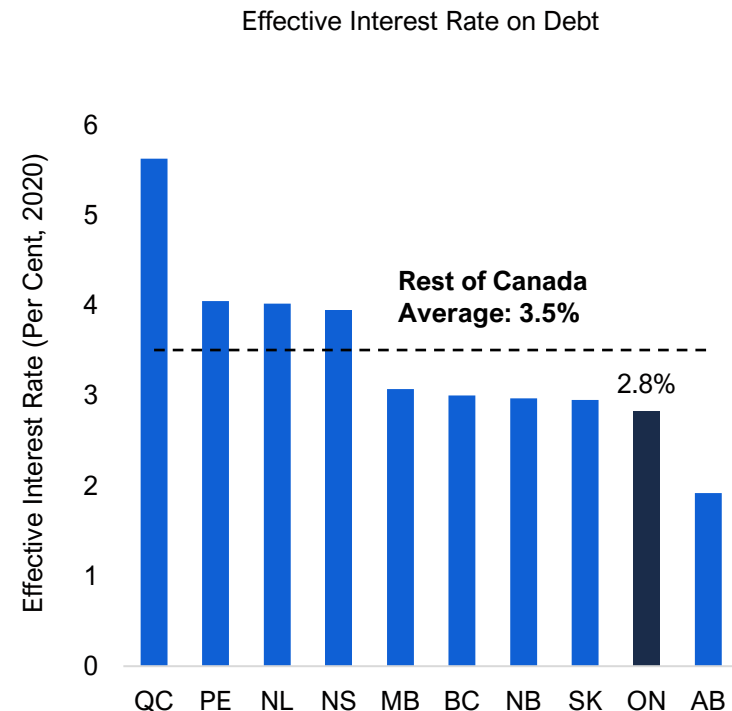
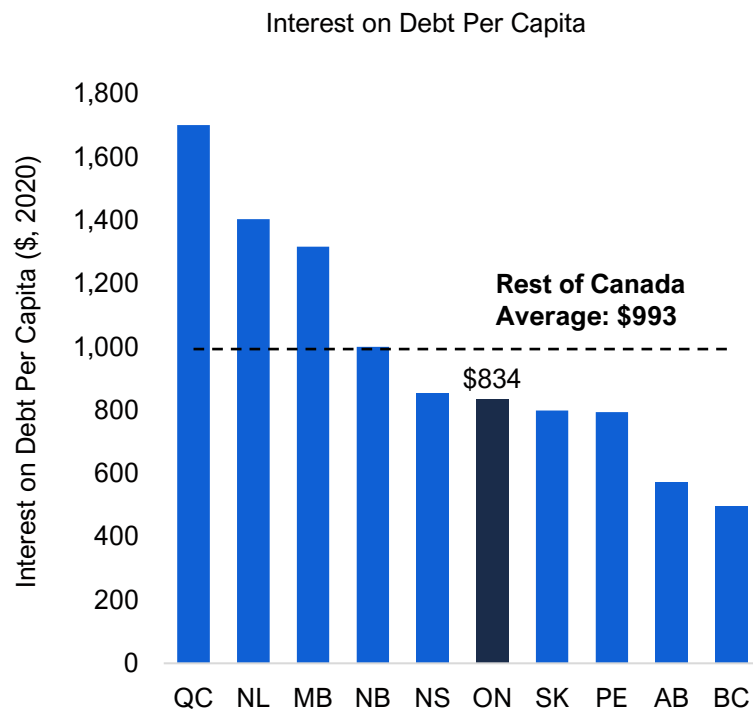


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [36-10-0222-01](#) and FAO.



Ontario's interest on debt payments are below average

- Ontario's below average interest expense reflects its lower effective interest rate on debt



Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.



Ontario's per capita rankings were largely unchanged after the first year of the pandemic

- For most provinces, budget balances deteriorated with the onset of the pandemic, as weak revenue growth was outpaced by large spending increases. As a result, net debt levels increased in 2020.
- However, despite the impact of the pandemic on provincial finances, Ontario's interprovincial per capita rankings did not change significantly from 2019 to 2020.



Thank you!



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