

NEWS RELEASE

Ontario can balance its budget this year by reducing spending by 4.8 per cent to 2015/16 levels

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For immediate release

TORONTO—The Ontario government could balance the province’s budget this fiscal year if it reduces program spending to levels maintained by the previous government in 2015/16, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The current Ontario government—when it was in opposition—was highly critical of the previous government’s spending levels but, actually, has increased spending further since taking office. In fact, Ontario could balance its budget this spring by lowering its spending to those it inherited,” said Ben Eisen, senior fellow at the Fraser Institute and co-author of *Learning from Ontario’s Past: How Ontario Can Avoid Another Post-Recession Debt Binge*.

Inflation-adjusted per-person program spending has grown from \$7,666 in 2000/01 to \$11,860 in 2020/21—an increase of 54.7 per cent.

Based on recent projections, the provincial government would need to reduce annual spending by \$9.1 billion from its 2021/22 level to balance the budget in 2022/23—a 4.8 per cent decrease.

Such a reduction would still leave per-person spending (adjusted for inflation) higher than it was in fiscal year 2015/16.

The study documents how the province has failed to restrain spending—and added debt—in the years following two previous recessions in the early 1990s and late 2000s.

“Successive Ontario governments have followed similar patterns following recessions—they failed to reduce per person program spending (adjusted for inflation) resulting in consistent deficits and debt accumulation,” Eisen said.

“Following the COVID-19 recession, the sitting Ontario government has a choice to make: repeat the mistakes of the past and allow debt to continue to grow or it can eliminate the deficit quickly by reducing spending.”

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