



NEWS RELEASE

Once-powerful Ontario now a fiscal laggard in Canada; per-person government debt set to eclipse Quebec

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For immediate release

TORONTO—Ontario—once a Canadian leader in fiscal management—has become the poster child for financial mismanagement along with Alberta, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“At the turn of the century, Ontario could boast as having a relatively strong fiscal record while Quebec fell behind in terms of provincial financial management, but times have changed—Quebec is now showing encouraging signs of turning its troubles around, and Ontario is still in decline,” said Charles Lammam, director of fiscal studies at the Fraser Institute and co-author of *Canada’s Past Fiscal Leaders Are Now Fiscal Laggards: An Analysis of 2017 Provincial Budgets*.

The study examines the fiscal plans of Canada’s largest provinces based on the 2017 provincial budgets.

It finds that the Ontario government expects to add \$34.1 billion in new net debt (debt adjusted for financial assets) over the next three years, which virtually equals the debt added over the past three years—\$34.7 billion.

Ontario now spends approximately \$1 billion per month on interest alone to service the debt, and in fact, annual debt service payments are currently the fastest growing major category of spending in the provincial budget.

Crucially, Ontario’s per-person debt burden this year (\$22,075) is nearly identical to Quebec’s, once viewed a poor fiscal manager within Confederation.

But in recent years the Quebec government has begun to repair its public finances. This year, Quebec tabled its third consecutive balanced budget, and unlike Ontario, Quebec has stopped adding new debt. Quebec will actually see its net debt shrink from \$186.5 billion to \$183.7 billion over the next four years, whereas Ontario’s net debt is expected to climb from \$301.9 billion last year to a staggering \$336.0 billion in 2019/20.

As a result, Ontario’s per-person government debt is set to eclipse Quebec’s next year—a dramatic reversal of fortunes for these two provinces.

“Provincial reputations are being turned on their heads,” said Ben Eisen, director of the Fraser Institute’s Ontario Prosperity Initiative and study co-author.

“Ontario and Alberta, the former fiscal leaders across Canada, could now take a financial management lesson from Quebec.”

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