
CANADIAN DOLLAR (P. 140)

- Having declined from 77 cents US to 69 cents US in early 2020, the Canadian dollar has risen recently and is projected to appreciate gradually over the next three years.

6. PROVINCIAL FINANCES

REVENUE (PP. 151-182)

- Ontario is projecting \$154.0B in total revenue in 2021/22 up from \$151.8B in the 2020/21 fiscal year, a 1.5% year-over-year increase (p. 159).
- The Province expects taxation revenue to reach \$104.8B in 2021-20 up from \$99.1B in 2020/21, a 5.8% increase (p. 159).
- In a slow growth scenario, taxation revenue would reach only \$103B (p. 162)
- Compared to the 2020/21 fiscal year, the Government expects increased revenue for most sources in 2021/22. The exceptions are the Education Property Tax revenue which is forecasted to decline by \$0.2B, or -3%, and transfers from the Government of Canada revenue which is expected to decrease by \$6.3B, or -19% (p. 159, Table 3.5).
- The largest year-to-year revenue growths are expected in the corporations' tax revenue which is expected to increase by \$3B (26% more compared to 2020/21), and revenue from Government Business which is forecast to generate \$0.6B more compared to 2020/21, a 15% annual increase (pp. 159-160).
- The economic factors that have the highest impact on the total revenue forecast are nominal GDP, the compensation of employees, and household consumption expenditures (p. 161).

EXPENSE (PP. 151-182)

- The Province expects total expenses to decline to \$186.1B in 2021/22 from \$190.3B in 2020/21, a 2.2% year-over-year reduction (p. 163).
- The reduction of total expenses is mainly due to the reduction in COVID-19 Time-Limited Funding which will only reach \$6.7B in 2021/22 compared to \$20.1B in 2020/21. This represents a reduction of \$13.4B, or -66% (p. 163).
- Conversely, expenses in base programs are planned to reach \$166.3B in 2021/22 up from \$157.7B in 2020/21, a 5.5% increase (p. 163).
- The largest expense increase is planned for the health sector programs in which the Provincial Government plans to spend \$3.1B more in 2021/22 compared to 2020/21, an increase of 4.6% (p.163)
- The lowest increase is planned for the Children's and Social Services Sector programs which will only see a \$0.1B expenses increase, or 0.6% (p. 163).
- The factors that could most impact total expense are changes in health spending and hospital costs (p. 170).

DEBT (PP. 185-202)

- Ontario plans to borrow \$54.7B in 2021/22 down from \$59.0B in 2020/21 (p. 186, Table 4.1)
- Borrowed funds in 2021/22 will be primarily used to fund deficits (\$33.1B) and refinance maturing debt (\$26.7B) (p. 186).
- The total debt of Ontario is expected to reach \$450.6B in 2021/22 up from \$414.9B in 2020/21 (p. 201).
- The net debt, equal to total debt netted of financial assets held by the Province, is forecast to reach \$439.8B in 2021/22 up from \$399.5B in 2020/21 (p. 201).
- As a result, the net debt-to-GDP is expected to reach 48.8% in 2021/22 up from 47.1% in 2020/21 (p. 198)
- Ontario is forecast to pay \$13.1B in interest costs in 2021/22 up from \$12.5B in 2020/21 (p. 181).
- The interest costs are forecast to represent 8.5% of total revenue in 2021/22 up from 8.2% in 2020/21 (p. 200).
- Ontario's average cost of borrowing in 2021/22 is forecast to be 1.90% up from 1.60% in 2020/21 (p. 193).

DEFICIT (P. 186)

- The Province expects to have a \$33.1B deficit in 2021/22 down from \$38.5B in 2020/21. Over the medium term, the government projects steadily declining deficits of \$27.7B in 2022/23 and \$20.2B in 2023/24 (p. 181).
- The Province is not projected to return to a pre-COVID-19 deficit until 2027/28 under its current projections (p. 3).

Medium-Term Fiscal Plan and Outlook (\$B)

Table 3.1 p. 153

	Actual 2019/20	Current Outlook 2020/21	2021/22	2022/23	2023/24	% change 2021- 2024
Revenue	156.1	151.8	154.0	160.0	167.0	10.0%
Expense						
Programs	152.3	177.8	173.0	172.5	171.1	-3.8%
Interest on Debt	12.5	12.5	13.1	13.7	14.6	16.8%
Total Expense	164.8	190.3	186.1	186.2	185.6	-2.5%
Surplus/Deficit before Reserve	-8.7	-38.5	-32.1	-26.2	-18.7	-51.4%
Reserve	0.0	0.0	1.0	1.5	1.5	
Surplus/(Deficit)	-8.7	-38.5	-33.1	-27.7	-20.2	-47.5%
Net Debt (as % of GDP)	39.6	47.1	48.8	49.6	50.2	6.6%
Accumulated Deficit (as % of GDP)	25.3	31.3	33.0	33.9	34.4	10.6%

Percentage column added

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