



Ontario Pre-Budget Submission 2024-25

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Canadian Taxpayers Federation

About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation is a federally incorporated, not-for-profit citizen's group dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national organisation. Today, the CTF has 235,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (SK and MB), Ontario, Quebec and Atlantic. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organisers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians, and organise petition drives, events and campaigns to mobilise citizens to affect public policy change.

Any Canadian taxpayer committed to the CTF's mission is welcome to join at no cost and receive issue and Action Updates. Financial supporters can additionally receive the CTF's flagship publication *The Taxpayer* magazine published three times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board and representatives are prohibited from holding a membership in any political party. In 2021-22, the CTF raised \$5.1 million on the strength of 45,509 donations. Donations to the CTF are not deductible as a charitable contribution.

Prepared by Jay Goldberg, Ontario Director



Introduction

Ontario taxpayers are facing unprecedented challenges at the kitchen table. Over the past two years, Ontario has seen the highest inflation rates in four decades. For many, wage growth is failing to keep up with the rising cost of living, which has led to unprecedented household [borrowing](#) and has left too many families struggling to make ends meet. The government of Ontario has the fiscal capacity to help families across the province confront these challenges and the Canadian Taxpayers Federation has a plan to help the government do just that.

The Canadian Taxpayers Federation is calling on the province to reduce the provincial portion of the Harmonized Sales Tax (HST) from eight per cent to five per cent, saving the typical Ontario family [\\$1,418](#) a year. The CTF is also calling on the provincial government to make its 6.4 cent per litre gas tax cut permanent and stop charging sales tax on top of other taxes at the gas pump. These three measures, taken together, would save Ontario taxpayers \$14.5 billion in fiscal year 2024-25.

A prudent plan must also include a balanced budget. Despite balancing the budget in 2021-22, the Ford government returned Ontario to deficit in 2022-23, running a [\\$5.9 billion deficit](#). That step backwards is simply unacceptable. The government must balance the budget in the coming fiscal year and lay out a clear plan to remain in balance for the foreseeable future. Through a number of spending restraint proposals, this pre-budget submission lays out a path forward of spending restraint for policymakers.

Balancing the budget is imperative. Ontario is the most indebted sub-national government in the world. The province's debt has now crossed the [\\$400-billion](#) mark. The provincial government now spends [more](#) on debt interest than on post-secondary education. The province cannot continue to go down that dangerous road.

This budget proposal offers the government a road map to balance the budget and keep spending down over the long term by reducing government spending back to 2022-23 levels, other than in the health sector. It will also identify savings through closing the gap between government and private sector wages.

Over the past 18 years, government spending has far outpaced revenue growth, and the province saw 15 years of consecutive budget deficits until the Ford government finally balanced the books in 2021-22. If the province had kept government spending increases at the rate of inflation plus population growth, beginning in 2005-06 (the last time Ontario had consecutive balanced budgets), government spending would be nearly \$56 billion lower than it is today. Finding \$19.6 billion in savings, which this pre-budget proposals seeks to achieve, represents just a small fraction of government over-spending.

Spending restraint should also include leadership from the top. Ontario now has the largest provincial cabinet in all of Canada with 31 ministers, five of them being associate ministers. Cabinet should be reduced in size by eliminating all associate ministries. The number of parliamentary secretaries should also be brought in line with the number of cabinet members. Having multiple parliamentary secretaries for a single minister personifies government bloat and costs taxpayers in salary and staffing costs.

The Canadian Taxpayers Federation is also proposing reforms to improve the province's spending habits and practices over the long term. This includes a spending cap, restrictions on deficit spending, reducing the size of municipal governments and allowing recall elections to promote greater accountability. Corporate welfare should also be completely eliminated, which will save at least \$10 billion a year.

Finally, the Canadian Taxpayers Federation is calling on the government to implement reforms that will save taxpayers money in the long term while also improving outcomes. The government should pursue education reform by introducing charter schools and offering partial tax credits for independent schooling. The government should also work with the federal government and other provinces to reform medicare to make Canadian health care more efficient and achieve better outcomes for all Ontarians.

This pre-budget submission will be broken down into the following seven sections:

- I. Lower Taxes**
- II. Ontario's 18-Year Spending Binge**
- III. Broad-Based Expenditure Reduction**
- IV. Additional Savings**
- V. Accountability Reforms**
- VI. More Transparency and Fiscal Discipline**
- VII. Education and Health care Reforms**

Summary of Recommendations

Tax relief:

- **Recommendation:** Cut the provincial portion of the HST from eight per cent to five per cent.
- **Recommendation:** Make the government's 6.4 cent per litre gas tax cut permanent.
- **Recommendation:** End tax-on-tax at the gas pump.

Balancing the budget:

- **Recommendation:** Balance the budget in 2024-25 by reducing program spending to 2022-23 levels, other than in the health sector.
- **Recommendation:** Reduce government employee wages and salaries by 8.5 per cent.
- **Recommendation:** Scrap the Ontario Infrastructure Bank.

Additional savings:

- **Recommendation:** Shift toward defined contribution pensions for government employees.
- **Recommendation:** Eliminate all associate minister roles within cabinet and pair the number of parliamentary secretaries with the number of ministers in cabinet.
- **Recommendation:** Consider consolidating additional ministries.

- **Recommendation:** Immediately end Ontario's political welfare regime.
- **Recommendation:** Reduce government advertising spending.
- **Recommendation:** End all corporate welfare handouts.

Government accountability:

- **Recommendation:** Reduce the size of city councils across Ontario.
- **Recommendation:** Implement recall legislation.
- **Recommendation:** End overlapping responsibilities between the province and municipalities.

Government transparency:

- **Recommendation:** Introduce balanced budget legislation.
- **Recommendation:** Implement a provincial spending cap modelled on Alberta's new law.
- **Recommendation:** Include a debt repayment line item in the budget.
- **Recommendation:** Include longer term spending projections in annual budgets.

Reforming education and healthcare:

- **Recommendation:** Provide tax credits to parents who want to send their children to independent schools.
- **Recommendation:** Allow for the creation of charter schools.
- **Recommendation:** Consider alternative models for health care delivery to improve wait times and reduce costs. Work with the federal government and other provinces to reform Medicare.

Costed Measures	Fiscal Stimulus/ Relief	Budgetary Savings
Cutting the provincial portion of the HST by three percentage points	\$12.3	
Making the gas tax cut permanent	\$1.3	
Ending tax-on-tax on	\$0.9	
Broad-based expenditure reductions		\$12.1
Scrapping the Infrastructure Bank		\$3.0
Reducing government employee pay		\$4.5
Net budgetary impact		\$5.1

*Numbers in billions.

SECTION I

Lower Taxes

The Ford government ran for office by pledging to reduce the heavy tax burden faced by Ontario families. The government has made some progress in that direction through repealing the Wynne government's cap-and-trade carbon tax scheme and temporarily cutting the gas tax. But there is much more work to do.

After facing the highest inflation rates in over three decades over the past two years, Ontarians are in desperate need of relief. The price of food for the average family is up [\\$1,000](#) this year over last. Over the past two years, government revenue has been much higher than anticipated because higher prices for goods leads to higher sales tax revenue. That pattern is expected to continue. Ontarians need the government to get out of the way and make life more affordable for everyday families. The government should do so by leaving more money in taxpayers' pockets in the first place to allow them to confront present affordability challenges.

In recent years, high inflation has led to higher sales tax revenue, meaning the government is profiting from inflation. Last year alone, HST revenue was [\\$3.8 billion](#) higher than anticipated. Ontarians are dealing with higher prices everywhere, including at the gas pumps, on utility bills and on other basic necessities. To reduce costs for taxpayers, the government should reduce the provincial portion of the HST by three percentage points, which will lower costs for Ontarians nearly everywhere they shop. A three percentage point HST cut would save Ontario taxpayers [\\$12.27 billion](#) and the average family [\\$1,418](#) next year alone. This proposed tax cut would also leave Ontario with the lowest provincial sales tax rate other than in Alberta, as the province has no sales tax.

Recommendation: Cut the provincial portion of the HST from eight per cent to five per cent, saving taxpayers [\\$12.27 billion](#) per year. The typical Ontario family stands to save [\\$1,418](#) from this tax cut alone.

During the 2018 Ontario provincial election, the Progressive Conservative platform promised to permanently reduce the provincial gas excise tax by 6.4 cents per litre by reducing the provincial excise tax by 5.7 cents per litre and lowering tax-on-tax costs by a corresponding 0.7 cents per litre. The government finally acted on this promise in July of 2022. In the tax cut's first year alone, the typical two-car Ontario family saved [\\$450](#). However, the government introduced this tax cut as a temporary measure. It is now set to [expire](#) on June 30, 2024.

While the government's gas tax cut has brought relief to Ontario families and will continue to do so into the future, this gas tax cut must be made permanent. The average Ontario family filling up a sedan and a minivan once a week stands to save roughly [\\$450](#) a year should the government honour its original commitment and make the gas tax cut permanent.

Recommendation: Reduce the gas tax permanently by 6.4 cents per litre, as promised in the 2018 Progressive Conservative Party platform, saving taxpayers [\\$1.29 billion](#) per year.

When Ontarians fill up at the pump, they are forced to pay sales tax on top of the other taxes they are already being charged. This tax-on-tax is unfair, and taxpayers in several other provinces do not face the same burden. Governments should never charge tax on another tax. The government should end the practice immediately. This proposal represents roughly [\\$867 million](#) in savings for taxpayers.

Recommendation: Stop taxing taxes when Ontarians fill up their gas tanks. Ontario is one of the few provinces that charges sales tax on top of other taxes, like excise taxes and the carbon tax. This should be repealed. Taxpayers could save up to [\\$867 million](#) per year by repealing this measure.

SECTION II

Ontario's 18-Year Spending Binge

The government of Ontario holds more debt than any other subnational government in the world. Ontario has arrived at this concerning juncture due to years of overspending. Looking at the numbers, it is quite clear that Ontario does not have a revenue problem. Revenue grew at an average annualized rate of 7.17 per cent during the 18-year period spanning 2005 to 2023. In 2005, Ontario had a balanced budget. Had successive Ontario governments simply kept spending in line with revenue growth, which has been a robust 7.17 per cent (Table A), the province would have maintained balanced budgets over the past 18 years. Instead, Ontario ran massive deficits and has become the most-indebted sub-national unit in the world.

This proposal calls on the government to introduce broad-based spending cuts and limit future spending increases to below the rate of inflation plus population growth. To present a counterfactual, if Ontario had increased government spending by inflation plus population growth each year in the same 2005 to 2023 span, government program spending last year would have been at \$143.3 billion (Table B) rather than the \$198.8 billion that was actually spent. This means that 18 years of bloated budgets led to \$55.5 billion in overspending in fiscal year 2022-23 alone. Total overspending across those same 18 years amounted to \$534.3 billion, which is higher than the provincial debt.

Rather than limiting government spending to the rate of inflation plus population growth, or even the rate of revenue growth, which was a robust 7.17 per cent on average, successive Ontario governments have increased spending dramatically. Between 2005 and 2023, Ontario's government spending increased at an average annualized rate of 7.6 per cent (Table C). These numbers are simply unsustainable and have placed the provincial government in the extremely difficult financial position that it finds itself in today.

These stark numbers require serious action. Had Ontario limited spending growth to inflation plus population growth from 2005 to 2023, the province would have no debt and a \$134-billion rainy day fund. Instead, successive governments have recklessly increased spending to unsustainable levels. The third section of this proposal presents a plan to get Ontario's finances back on track. It calls for spending reductions that will be mild in comparison to where spending levels would be today had governments from 2005 to 2023 simply increased spending at the rate of inflation plus population growth, or even simply revenue growth. In the fourth section, additional suggestions for finding further savings are presented.

TABLE A
Government Revenue
(2005-2023)

Year	Revenue (Millions)	Percentage Change
2005-06	\$84,225	
2006-07	\$90,397	+7.33%
2007-08	\$103,579	+14.58%
2008-09	\$96,933	-6.42%
2009-10	\$102,553	+5.80%
2010-11	\$113,594	+10.77%
2011-12	\$116,601	+2.65%
2012-13	\$120,319	+3.19%
2013-14	\$122,955	+2.19%
2014-15	\$126,152	+2.60%
2015-16	\$136,148	+7.92%
2016-17	\$140,734	+3.37%
2017-18	\$149,494	+6.22%
2018-19	\$153,700	+2.81%
2019-20	\$156,096	+1.56%
2020-21	\$151,813	-2.74%
2021-22	\$179,800	+18.44%
2022-23	\$192,900	+7.29%
Change, 2005-06 to 2022-23		+129%, average 7.17%

*See: Ontario Public Accounts, 2005-06 to 2022-23. Numbers in millions.

TABLE B
Spending if limited to inflation plus population growth (2005-2023)

Year	Inflation	Population Growth	Alternate Spending (Millions)
2005-06	Base	Base	\$83,927
2006-07	2.74%	0.81%	\$86,906
2007-08	3.40%	0.93%	\$90,669
2008-09	-0.86%	0.89%	\$90,696
2009-10	1.92%	1.06%	\$93,399
2010-11	3.17%	0.96%	\$97,257
2011-12	1.16%	0.97%	\$99,328
2012-13	1.07%	0.90%	\$101,285
2013-14	2.03%	0.79%	\$104,141
2014-15	1.03%	0.66%	\$105,901
2015-16	1.34%	1.23%	\$108,623
2016-17	1.55%	1.40%	\$111,827
2017-18	2.22%	1.70%	\$116,211
2018-19	1.87%	1.65%	\$120,302
2019-20	0.51%	1.38%	\$122,575
2020-21	0.70%	0.55%	\$124,107
2021-22	3.40%	0.77%	\$129,282
2022-23	6.80%	4.06%	\$143,322

*Inflation: Statistics Canada; Population: Statistics Canada. Numbers in millions.

TABLE C
Government Spending
(2005-2023)

Year	Spending (Billions)	Percentage Change
2005-06	\$83,927	-
2006-07	\$88,128	+5.01%
2007-08	\$96,522	+9.52%
2008-09	\$97,317	+0.82%
2009-10	\$121,815	+25.17%
2010-11	\$127,605	+4.75%
2011-12	\$129,370	+1.38%
2012-13	\$129,536	+0.12%
2013-14	\$133,408	+2.99%
2014-15	\$136,467	+2.29%
2015-16	\$139,663	+2.34%
2016-17	\$141,725	+1.48%
2017-18	\$149,494	+5.48%
2018-19	\$161,135	+7.79%
2019-20	\$164,768	+2.25%
2020-21	\$181,300	+10.03%
2021-22	\$183,100	+0.99%
2022-23	\$198,800	+8.57%
Change, 2005-06 to 2021-22		+136.87% average 7.6%

*See: Ontario Public Accounts, 2005-06 to 2022-23. Numbers in millions.

SECTION III

Broad-Based Expenditure Reduction

To help compensate for 18 years of overspending, the CTF is calling on the government to reduce spending in all program areas, other than in the health sector, to 2022-23 budget levels. This spending reduction strategy will generate \$12.1 billion in savings, which would eliminate the deficit and help to finance tax cuts. Given that government spending has increased by \$55.5 billion more than it should have, imposing a \$12.1 billion cut is more than reasonable. Each ministry should determine where to find specific savings. The proposed \$12.1 billion in savings is outlined on a sector-by-sector basis (as presented in chapter three of the 2023 budget) in the table below (Table D).

Recommendation: Reduce government spending in every sector other than the health sector 2022-23 spending levels. Savings identified: \$12.1 billion.

The government has [proposed](#) \$196.4 billion in program spending for fiscal year 2024-25. The spending proposals outlined above would produce \$12.1 billion in savings and lower overall program spending to \$184.3 billion. This should not preclude the government from looking for additional savings across all government sectors. Suggestions for finding additional savings are addressed in the next section of this proposal.

TABLE D
CTF baseline spending proposal

Program Areas Spending (Billions)	2022-23	2024-25 (Projected)	CTF Proposal	Savings
Health Sector	74.9	84.2	84.2	-
Education Sector	32.4	36.1	32.4	3.7
Postsecondary Education Sector	11.3	12.5	11.3	1.2
Children's and Social Services Sector	18.4	19.8	18.4	1.4
Justice Sector	5.4	5.4	5.4	-
Other Programs	32.6	38.4	32.6	5.8
Total	175.0	196.4	184.3	12.1

*Source: Ontario Public Accounts, 2022-23. Ontario Budget, 2023. Numbers in billions.

Another area where spending must be rolled back is on salary and compensation for government employees. There exists a pay gap between those who work for the government and those who work in the private sector. On average, government employees are paid [8.5 per cent](#) more than their private sector counterparts. In 2023, the government spent [\\$52.9 billion](#) on salaries and wages for government employees. Rolling that compensation back by 8.5 per cent would save taxpayers \$4.5 billion next year alone. A significant amount of the savings can come through attrition and ensuring that the salaries of any new employees hired reflects the realities of the private sector.

Recommendation: Reduce government employee wages by 8.5 per cent to bring it in line with the private sector. Savings identified: \$4.5 billion.

In the Ford government's 2023 fall economic update, Finance Minister Bethlenfalvy announced plans to create an Ontario Infrastructure Bank with an initial \$3 billion starting fund. The government says this is modeled on the federal Canada Infrastructure Bank. However, the Parliamentary Budget Officer [noted](#) that the Canada Infrastructure Bank failed to generate any private sector investment and a multi-party standing committee [recommended](#) that the Canada Infrastructure Bank be abolished. Ontario should not follow in Ottawa's footsteps and repeat its failures.

Recommendation: Cancel the creation of the Ontario Infrastructure Bank, saving \$3 billion.

SECTION IV

Additional Savings

While broad-based baseline savings are important, additional avenues for saving can be found. This section of the proposal outlines six key recommendations for savings, both in the long-term and the short-term. Savings ideas found here can be used to further reduce government spending or as methods to meet broad-based expenditure reduction goals.

The government can look to find additional savings through bringing government employee benefits in line with the private sector; reducing the size of cabinet; ministry consolidation; ending political welfare; cuts to government advertising; and ending corporate welfare. Each of the savings proposals outlined below are fully achievable and necessary for the long-term sustainability of the province's finances.

Recommendation: Tackle government employee pensions to bring them in line with pensions in the private sector. Contribution rates and ratios should be reflective of the reality faced by Ontarians not employed by the government. Government should shift away from the defined benefit pension model, which now covers [95 per cent](#) of government employees, and replace it with RRSP-style matching pension.

While Premier Ford pledged to be frugal in the 2018 election campaign, the size of government has grown. There are now more ministries, more seats at the cabinet table and more parliamentary secretaries than ever before. The

government should reverse course and make government more efficient and cost effective. There is no reason why the size of cabinet should be larger today than the day the Ford government assumed office. The same can be said for parliamentary secretaries. The government should reduce the number of cabinet members and parliamentary secretaries to at least the level they were at in 2018 and consider further consolidation.

Recommendation: Reduce the size of cabinet. When the Ford government first took office, there were no associate ministries, and the executive council was composed of 21 members. Today, that number is 31, including five associate ministries. The government should revert to a cabinet size of 21 and eliminate associate ministries. Ministerial pay alone would save \$500,000. Lower staffing costs could also produce significant savings. The government should also reduce the present record number of parliamentary secretaries to be in line with the size of a smaller cabinet.

During the 2018 election campaign, Premier Ford rightly promised to eliminate political welfare. Instead, the government has increased its cost and even arranged a \$10 million payday advance for Ontario's four major political parties that was dispersed just weeks before the 2022 election. The government now claims it will eliminate the per-vote subsidy by 2025. Instead, the government should immediately move to end it.

Recommendation: End the per-vote subsidy for political parties, as promised by Premier Ford in 2018. Eliminating political welfare would produce [\\$13.7 million](#) in annual savings.

Government spending on advertising has increased dramatically in recent years. When the government took office in 2018-19, advertising spending sat at [\\$16.4 million](#). In 2022-23, the government spent [\\$69 million](#) on advertising. This increase is unjustifiable. It's time for the government to significantly reduce the amount of taxpayer dollars spent on government advertising and limit it to essential public messages only.

Recommendation: Significantly reduce government advertising, focusing only on essential messages to get to the public, such as health advisories.

It is time for corporate welfare to finally end in the province of Ontario. While the Progressive Conservative Party criticized many of the McGuinty and Wynne governments' corporate handouts, the Ford government has been guilty of similar practices. Over the past year the Ford government has teamed up with the Trudeau government in Ottawa, committing \$29 billion to [Volkswagen](#) and [Stellantis](#) in construction costs and production subsidies. One-third of that cost, or \$10 billion, will be shouldered by Ontario taxpayers. Taxpayers should not be forced to subsidize any companies, let alone Fortune 500 companies. Taxpayers do not want to see any additional taxpayer-funded handouts to profitable corporations. Attracting business investment in Ontario should come through lower taxes and a more competitive regulatory environment, not corporate welfare.

According to the Fraser Institute, the government spent [\\$11.8 billion](#) in 2019 on corporate welfare. Given the government's recent announcements with Volkswagen and Stellantis, that number is sure to grow in the years ahead. The government should end all of its taxpayer handouts to corporations, which could save taxpayers well over \$10 billion a year.

Governments have also embellished the potential benefits of corporate handouts. For example, the Trudeau and Ford governments have claimed that Canadian taxpayers will get the \$29 billion handouts to Volkswagen and Stellantis back within [five years](#) due to increased tax revenue. But that's simply not the case. The Parliamentary Budget Officer says it will take taxpayers at least [20 years](#) to get the \$29 billion back and that taxpayers may never get even of a fraction of government handouts back through tax revenue at all. It's time to stop misleading taxpayers and refrain from picking winners and losers on the taxpayer dime.

Recommendation: End corporate welfare once and for all.

SECTION V

Accountability Reforms

While the government has made strides in improving accountability in the province in recent years, there is much more work to do. Soon after assuming office, the Ford government pushed for legislation to shrink the size of Toronto City Council. Doing so allowed for decreased costs and greater accountability, with fewer politicians able to push for their own pet projects. This meaningful reform made in Toronto should be extended elsewhere. Ottawa's city council, for example, is nearly as large as Toronto's, despite the fact that Toronto dwarfs Ottawa in terms of population. Other major towns and cities across the province could benefit from leaner and more accountable government. Building on its previous work, the government should consider reducing the size of city councils across the province.

Recommendation: Pass legislation to reduce the size of city councils across the province. The government has done so with Toronto, but should follow suit in cities like Ottawa, Mississauga, Hamilton, and others throughout the province. This will save taxpayers funds while also having fewer politicians able to pursue their own pet projects.

The government can also improve accountability at both the municipal and provincial levels by introducing recall legislation. This legislation should be designed to be similar to the recall legislation introduced in Alberta. If politicians breach the public trust, voters should be able to hold them accountable. Recall legislation can be extremely effective even by just being on the books. British Columbia has had recall legislation for well over two decades but has only used it a handful of times. Knowing that the recall mechanism exists can encourage politicians not to break their promises to voters. Ontario should follow the lead of Alberta and British Columbia by pursuing recall legislation.

Recommendation: Pass recall legislation, applying at the provincial and municipal levels, so that voters can hold those politicians accountable who break their commitments. When politicians raise taxes, but ran for office promising not to do so, voters need to be able to hold them to account imminently, not years in the future. Such legislation will help discourage politicians from breaking their commitments to taxpayers.

There is far too much [overlap](#) in responsibilities between levels of government. For example, the province and municipalities are both responsible for helping to fund social housing. However, this overlap makes it more difficult to hold politicians accountable when public policy objectives are not met. The province should consider adjusting its relationship with municipalities to make the province fully responsible for some policy areas and municipalities for others. This will increase accountability and efficiency.

Recommendation: On far too many public policy fronts, multiple governments share the costs of paying for programs, obscuring accountability. In areas like public housing, costs are shared between municipalities and the province. In order to improve accountability, the province should clearly set out policy areas to be solely funded by either municipalities or the province. This can be done in a revenue-neutral manner.

SECTION VI

More Transparency and Fiscal Discipline

As has been outlined above, Ontario's finances have been badly mismanaged for nearly two decades, with the province now the [most indebted](#) subnational unit in the entire world. While it will be important to balance the budget, structural reforms are needed to ensure that politicians don't lose control over the province's finances in the future. To that end, four policy adjustments should be made.

The province should introduce legislation to require that the provincial budget be balanced outside of periods of once-in-a-lifetime events, like natural disasters. This legislation should also provide a concrete timetable for government to follow in order to return to balance.

Recommendation: Between 2005 and 2021, Ontario faced 16 consecutive years of deficit spending, and the province has since returned to deficit spending. The government should introduce legislation that requires balanced budgets except during periods of once-in-a-lifetime crises.

The same legislation that stipulates that budgets must be balanced outside of once-in-a-lifetime crisis periods should also include provisions to prevent governments from increasing spending beyond inflation plus population growth. This type of legislation was recently passed [in Alberta](#). This will help ensure the out-of-control spending seen in Ontario over the past two decades is firmly put to rest.

Recommendation: After years of overspending by three successive governments, non-emergency spending cap legislation should be introduced. The legislation should ensure that annual program spending cannot increase by more than the combined growth rates of Ontario's population and inflation.

While balancing the provincial budget will be an important step, the government must go further in ensuring the province's debt begins to get paid back. Legislation should be introduced to require that, once the provincial budget is balanced, the same amount of funds dedicated to paying for debt interest be allocated toward debt repayment.

Recommendation: Ontario is the [most indebted](#) sub-national unit in the entire world. To help improve this situation, the government should introduce a "debt repayment" line item in the provincial budget that requires the government, once the budget is balanced, to allocate the same amount of money to "debt repayment" as it does to paying debt interest.

More transparent budgeting is needed. Governments should be required to lay out spending plans for each ministry for a period of at least four years. Most Ontario budgets only present two-year forecasts for individual ministries. This change will allow Ontarians to better understand where government plans to allocate funding going forward and will permit taxpayers to enter into a discourse with the government about where priorities should lie.

Recommendation: Many items in government budgets, including ministerial spending estimates, are only included as a forecast for roughly two years. Going forward, the government should table spending estimates for all departments for at least four years. This will require governments to be more transparent about their budgeting.

SECTION VII

Education and Health-care Reforms

Education and healthcare in Ontario are both in need of significant reform. This section of the pre-budget proposal addresses those two areas.

Education

Other large provinces in Canada offer parents assistance in paying for their children to go to alternative schools. In Canada's four most western provinces and Quebec, provincial governments fund between [35 and 80 per cent](#) of the cost of sending children to independent schools. Those provinces do so because students consistently achieve higher outcomes and the cost to taxpayers is less.

This year, Ontario is spending a record [\\$34.7 billion](#) on government schools. Yet test scores in areas like math and reading continue to fall dramatically. It's time to end the government monopoly and facilitate school choice. More school choice should also include the creation of charter schools, which are publicly funded but have greater autonomy. Student outcomes in charter schools in Alberta, Canada's pioneering province in education reform, are consistently better than outcomes for students in government-run schools, and the cost to taxpayers is lower.

Children with [special needs](#) and children for whom English is a second language could also benefit immensely from attending schools that are specifically geared toward their needs, be they charter schools or independent schools. Charter and independent schools can specialize in ways that government schools cannot. More school choice means setting children who need help the most up better for success.

Subsidizing part of the cost of independent school tuition is more cost effective than sending that same student to a government school. In other provinces, governments also subsidize the cost of students attending independent schools but are not on the hook for capital costs, including rebuilding. As Ontario's schools continue to age, having more schools within the system that will not need taxpayer dollars to be improved would be a significant source of savings going forward.

Recommendation: Offer parents tax credits to help send their kids to alternative schools. By lowering the number of students in the public school system, the province can save money and encourage better student outcomes at the same time.

Recommendation: Allow for the creation of charter schools. In Alberta, it is [32 per cent](#) cheaper to send a kid to a charter school than a typical government-run school. Charter schools remain within the public system but have better results.

Health

Ontario is now spending [\\$2,500 more](#) per person on healthcare, after adjusting for inflation plus population growth, than the province did 30 years ago. Yet outcomes are consistently worse. In 1993, the typical Ontarian waited [9.2 weeks](#) to see their family doctor and the get treated by a specialist. Last year, the average wait was [20.3 weeks](#). Seniors now wait an average of five months for cataract surgery, while those with mental illness are forced to wait a staggering [25 weeks](#) to access proper care.

Ontario's healthcare system outperforms other provinces but is still clearly in a state of disrepair. The province should work with other provinces and the federal government to allow for greater flexibility in the healthcare system. Scores of European countries spend less on healthcare but achieve consistently better results. The time has come for Canada to consider fundamental change.

Recommendation: Work with the federal government and other provinces to amend the Canada Health Act and find ways to enhance patient flexibility and allow care to become more efficient and cost-effective.

Conclusion

Higher living costs have hit families hard. The government of Ontario should take bold action to reduce both spending and taxes to provide families with much-needed relief while improving the province's fiscal position.

To help Ontarians faced with higher bills, the province should deliver universal tax relief to help all taxpayers weather the storm of inflation. Doing so will increase household incomes and enhance Ontarians' ability to spend and invest in local businesses. Lowering the HST by three percentage points would put \$12.3 billion back into the pockets of families. The average family stands to save \$1,418.

Tax relief should not stop there. The government's 6.4 cent per litre gas tax cut must be made permanent and the government must end its tax-on-tax approach at the gas pump. Those two measures combined would leave \$2.2 billion in taxpayers' wallets next year.

The government also needs to act to gain control over the province's finances. After an 18-year spending binge, it's time to get Ontario back on track. To pay for tax relief and ensure that the budget is balanced, the government should reduce spending back to 2022-23 levels in all sectors other than health. This will generate savings of \$12.1 billion. The government should also roll back government employee wages by 8.5 per cent to bring them in line with the private sector and cancel the Ontario Infrastructure Bank. Doing so would save taxpayers \$7.5 billion.

This pre-budget proposal also outlined several key initiatives to make government more cost effective, accountable, transparent and fair. The government should act on priorities like balanced budget legislation, facilitate school choice, work with other governments to reform healthcare and reform the fiscal relationship between the province and its municipalities.

Overall, the measures recommended in this report will put at least \$14.5 billion back into Ontarians' wallets and help save at least \$19.6 billion in government operations. This will have a net positive budgetary impact of \$5.1 billion.