

Ontario Debt, Spending & Taxes

Ontario's Provincial Debt¹

- Ontario's total debt has increased by \$110 billion since Dalton McGuinty became premier²
- Ontario's debt will reach \$257.9 billion by the end of 2011³
- If Dalton McGuinty remains premier, he will have overseen the doubling of Ontario's debt by December 10, 2012.
- Ontario's debt is currently increasing by \$59 million per day, or \$685 per second
- Ontario's debt will increase by \$66.8 million per day in 2012-13, or \$773 per second

Interest on Debt

- Ontario pays \$10.3 billion a year just to pay the annual interest on its debt
- Debt interest cost taxpayers \$28.2 million per day, or \$327 per second
- Without having to pay interest on its debt, Ontario could:
 - Eliminate half of its deficit
 - Cut income taxes by 44%
 - Reduce the HST by 4%
- Ontario's debt interests costs are equivalent to:
 - 89% of the federal health care transfer
 - 20% of the Department of Health's budget
 - 43% of the Department of Education's budget
 - 125% of the Department of Training, Colleges and Universities Budget
 - 381% of the Department of Transportation's budget

Spending Increases

- Total spending has increased by 64% since Dalton McGuinty became premier
- The Ontario government spends \$44 billion more per year in 2011 than it did when Dalton McGuinty became premier

¹ "Ontario Budget 2011, Chapter IV: Borrowing in Debt." Table 3.
www.fin.gov.on.ca/en/budget/ontariobudgets/2011/ch4.html

² New debt added between the end of fiscal 2003-04 and budgetary estimates for 2010-11.

³ Total Debt projections for 2011-12 from Budget 2011

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Tax Increases

- Breaking his written Taxpayer Protection Pledge with the CTF, the McGuinty government has introduced or raised the following taxes:
 - Ontario Health Tax, a tax grab currently costing Ontarians \$2.7 billion a years
 - Eco-Taxes, \$39 million
 - Hidden Hydro Tax, \$53 million
 - Electronics taxes, \$71 million
 - Tire Taxes, \$70 million
 - Beer, wine and spirit taxes
 - Toronto Land Transfer Tax
 - Toronto vehicle registration fees
- While not a direct tax hike, Premier McGuinty failed to obtain a mandate from voters in an election or referendum to move from a PST to HST, adding taxes to thousands of items including:
 - Gasoline
 - Private resale of automobiles
 - New homes over \$400,000
 - Sports and fitness fees

Unsustainable pension contributions to government workers

- The McGuinty government is borrowing money to make multi-billion dollar contributions to private pension plans controlled by government workers.
 - Currently, the Ontario Teachers Pension Plan (OTPP) holds 80% of its equities in overseas investments.⁴ A minimum of \$47 billion of the plan's \$104.7 billion in total assets are invested offshore.
 - While Ontario goes deeper into debt in part to fund massive public sector pension plans, the OTPP buys a significant portion of that Ontario debt. Added together, the OTPP owns \$5.3 billion in Ontario debt.⁵

⁴ "OTPP Annual Report, 2010," Ontario Teachers Pension Plan. Page 37.

http://www.otpp.com/wps/wcm/connect/otpp_en/Home/Annual+Reporting/Annual+Report/

⁵ "OTPP Annual Report, 2010," Ontario Teachers Pension Plan. Page 96.

http://www.otpp.com/wps/wcm/connect/otpp_en/Home/Annual+Reporting/Annual+Report/

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McGuinty in His Own Words

- “I, Dalton McGuinty, leader of the Ontario Liberal Party, promise, if my party is elected as the next government, that I will: Not raise taxes or implement any new taxes without the explicit consent of Ontario voters; And not run deficits. I will abide by the Taxpayer Protection Act.”
–*Taxpayer Protection Pledge, September 11, 2003*
 - In his first budget as premier, McGuinty introduced the largest single tax increase in Ontario’s history in the form of the Health Premium.
- “At the time of the last election, I told Ontarians that I wouldn’t raise their taxes. And I broke that promise. And I did raise their taxes.
– *Liberal re-election advertisement, September 2007*
- “I am here to tell you that we found something in the cupboard: a \$5.6 billion Tory deficit. We are going to eliminate it so we can implement our promises.”
– *Speech to the Economic Club of Toronto, October 30, 2003*
 - After using the \$5.6 billion Tory deficit as a pretext for raising taxes, McGuinty increased the deficit to a record \$35.2 billion in 2009-10 as measured by annual change in total debt

Ontario Fiscal Summary (\$ billions)⁶

Year	Total Revenue	Program Spending	Debt Interest	Total Expenditures	Reported Surplus/Deficit	Total Debt ⁷	Inc./Dec. in Total Debt
2001-2002	\$66.3	\$53.5	\$10.9	\$64.4	\$1.9	\$138.8	\$0.0
2002-2003	\$72.3	\$61.6	\$10.3	\$71.9	\$0.4	\$139.1	(\$0.3)
2003-2004	\$74.7	\$64.9	\$9.7	\$74.6	\$0.1	\$138.5	\$0.7
2004-2005	\$74.3	\$70.1	\$9.6	\$79.8	(\$5.5)	\$148.4	(\$9.9)
2005-2006	\$83.9	\$76.0	\$9.4	\$85.4	(\$1.6)	\$156.4	(\$8.0)
2006-2007	\$90.3	\$81.0	\$9.0	\$90.0	\$0.3	\$154.9	\$1.5
2007-2008	\$96.6	\$85.5	\$8.8	\$94.4	\$2.3	\$157.3	(\$2.4)
2008-2009	\$103.6	\$94.1	\$8.9	\$103.0	\$0.6	\$162.2	(\$4.9)
2009-2010	\$96.9	\$94.8	\$8.6	\$103.3	(\$6.4)	\$176.9	(\$14.7)
2010-2011	\$95.8	\$106.3	\$8.7	\$115.1	(\$19.3)	\$212.1	(\$35.2)
2011-2012*	\$106.2	\$113.3	\$9.6	\$122.9	(\$16.7)	\$236.3	(\$24.2)
2012-2013*	\$108.5	\$113.8	\$10.3	\$124.1	(\$15.6)	\$257.9	(\$21.6)
2013-2014*	\$111.8	\$114.6	\$11.4	\$126.0	(\$14.2)	\$282.3	(\$24.4)

*Budgetary projection

⁶ Public Accounts of Ontario

⁷ Total Debt is defined as total liabilities

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Ontario Expenditures by Ministry, 2009-10 (\$ millions)⁸

Health and Long-Term Care	42,735
Education	20,337
Interest on Debt	8,719
Community and Social Services	8,624
Training, Colleges and Universities	7,038
Children and Youth Services	4,430
Auto Sector	3,022
Transportation	2,287
Community Safety and Correctional Services	2,201
Agriculture, Food and Rural Affairs	1,910
Attorney General	1,583
Power Supply Contract Costs (Note 8)	1,409
Municipal Affairs and Housing	1,279
Government Services	1,106
Revenue	1,071
Employee Future Benefits (Note 7)	949
Municipal Partnership Fund	781
Natural Resources	768
Finance	549
Northern Development and Mines	524
Pension Benefit Guarantee Fund	500
Culture	466
Health Promotion	429
Environment	398
Research and Innovation	338
Energy and Infrastructure	292
Teachers' Pension (Note 7)	255
Economic Development and Trade	223
Tourism	202
Board of Internal Economy	187
Labour	179
Citizenship and Immigration	101
Aboriginal Affairs	67
Consumer Services	57
Executive Offices	34
Office of Francophone Affairs	5
Contingency Fund	–
Year-End Savings ²	–
Public Service/OPSEU Pension and Other	–
Total Expenditures	115,055

⁸ Public Accounts of Ontario 2009-10

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Ontario Revenues by Source, 2009-10 (\$ millions)⁹

Personal Income Tax	23,393
Sales Tax	17,059
Education Property Tax	5,626
Corporations Tax	5,615
Employer Health Tax	4,545
Ontario Health Premium	2,763
Gasoline Tax	2,336
Tobacco Tax	1,083
Land Transfer Tax	1,015
Fuel Tax	658
Electricity Payments-In-Lieu of Taxes	516
Other Taxes	322
Subtotal (Taxes)	64,931
Transfers from the Government of Canada	18,620
Income from Government Owned Businesses	8,047
Total Revenue	91,598

⁹ Public Accounts of Ontario 2009-10