

Disappearing Act

The state of provincial deficits in Canada

David Macdonald





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Executive summary

THIS REPORT REVIEWS the state of Canada’s provincial finances and finds that, despite COVID-19’s devastating impacts on the country, provincial deficits are on track to disappear much faster than initially predicted. In fact, the majority of provinces are either already in a fiscal surplus position or will be in the next fiscal year as the economy recovers. And thanks to persistent, historically low interest rates, provincial debt payment-to-GDP ratios are also in better shape today than after the last recession. The figures are current as of March 1st, 2022.

Initial budget estimates were far off the mark: In the first year of pandemic, most provinces initially overestimated the recession’s impact on revenue and the amount of money they would spend on COVID-19 mitigation efforts—perhaps underestimating how much heavy lifting the federal government would end up doing. Every province ended up revising their initial budget estimates, but the bigger provinces made major revisions, particularly in 2021–22. Ontario clocked in with the largest revision: officials initially estimated a deficit of \$32.1 billion, which was later cut in half to the actual result of \$12.1 billion—a downward revision of \$20 billion. Alberta’s revision to its projected deficit was proportionately larger: it fell from \$18.2 billion to \$3.2 billion, a revision of over \$15 billion. B.C. completely erased its \$8.7 billion deficit with the projection of a small surplus in 2021–22. The largest single factor behind lower deficits was the substantial underestimation of provincial tax revenue when the pandemic started. Typically during recessions tax revenue declines as individuals and businesses make less

and, therefore, pay less in taxes. However, the economic contraction had ended by 2021, during which nominal GDP grew by 12.5%, followed by 6.6% growth in 2022. The result: own-source tax revenue was \$59 billion higher than expected in 2021–22.

Deficits are now doing a dramatic disappearing act: Thanks to rapid economic growth and lower than planned spending, six provinces (British Columbia, Alberta, Manitoba, Quebec, Nova Scotia and New Brunswick) will show surpluses this year or next. In the aggregate, all provinces cut their deficits in half in 2020–21 and by two-thirds in 2021–22. In 2020–21, total provincial deficits were revised downward, from the original \$93 billion projection to the actual amount, \$48 billion. In 2021–22, the provinces' combined initial projected deficit of \$70 billion fell to \$22 billion—two-thirds less than the initial projection. Newfoundland and Labrador, Ontario and P.E.I. should have very manageable deficit-to-GDP ratios—less than 1% by the next fiscal year. At that level, even small changes in economic growth can quickly turn a deficit into a surplus. Saskatchewan will have a deficit-to-GDP ratio at or near 2% in 2022–23. What's telling about provinces taking more time to balance their books is how much this may be a policy choice, unrelated to the impact of COVID-19. Ontario and Saskatchewan collect among the least in revenue (adjusted to the size of their economy).

Pandemic tax cuts were counterproductive: Upside surprises in own-source revenue was the major driver of deficit revisions in the first two years of the pandemic. If a province collected less in taxes as a proportion of GDP to begin with, it would gain proportionally less if economic growth quickly recovered. Consequently, it would register deficits for a longer period of time compared to other provinces. In fact, some low-revenue provinces further reduced their revenue during the first two years of the pandemic by handing out tax cuts. Ontario provided a dozen tax breaks since the start of the pandemic. Those revenue changes will cost the Ontario government \$1.35 billion in 2021–22, which is the equivalent of 10% of the province's deficit that year. Saskatchewan reduced its revenue across several areas during the pandemic. In 2021–22, the total cost of these revenue reductions was \$591 million, which amounts to 22% of Saskatchewan's budget deficit. While expenditures are often blamed for a deficit, in the case of post-COVID-19 deficits, revenue—not expenditures—is the cause of prolonged deficits in those provinces. The bottom line: ongoing deficits past 2022–23 aren't being caused by the impacts of COVID-19; those deficits are being caused by a policy choice to not collect enough in taxes to cover provincial spending.

Provinces in better shape than the last recession: Despite new provincial debt incurred to combat COVID-19, the provinces are in a better budgetary position now than they were in 2009–10 after the last recession. Much lower effective interest rates have completely offset the impact of higher debt on provincial debt servicing costs in every province except Alberta. While seven out of 10 provinces have higher net debt-to-GDP ratios compared to 2009–10, nine out of 10 provinces are paying less interest, as a proportion of GDP, than they were after the last recession, which saved provinces \$6 billion in 2021–22 alone.

Bottom line: Despite early pessimistic estimates, the pandemic went easy on provincial finances. Revenue roared back far faster than originally hoped, largely due to federal actions. This happened directly through massive new provincial transfers and indirectly in that strong economic growth rapidly drove up provincial tax revenue. With surpluses on the horizon or already here and low debt carrying costs, the provinces are in a strong position to reinvest after two very rough years for Canadians. Long-term care improvements and health care system resiliency are areas in obvious need of public investment to combat future pandemic waves. Strong provincial finances should also serve other priorities, like addressing climate change or redressing inequality. Now that the worst has hopefully passed, it's time for the provinces to pass their good fortune onto their residents by building a more sustainable, resilient system of public services and supports.

Introduction

MUCH ATTENTION HAS been focused on the economic recovery that has been underway throughout the second half of 2021. However, relatively little attention has been paid to its effect on provincial government finances. Provincial economic bases and population sizes are very different, yet their economic recovery experiences have been remarkably similar: the economic recovery in 2021 has smashed the dour revenue projections that all provinces initially predicted. Despite having carried deficits over the past two years, many provinces are projecting surpluses this year or next. Much lower interest rates have meant that the interest paid, adjusted to GDP, and the direct impact of debt on the provinces' balance sheets is now lower than it was in 2009–10 after the Great Recession.

This report utilizes the most recent provincial fiscal updates and budgets to provide a picture of how provincial finances are recovering as projected by the governments themselves. It is current as of March 1st, 2022. See the methodology section for more details.

Deficit revisions over the pandemic years

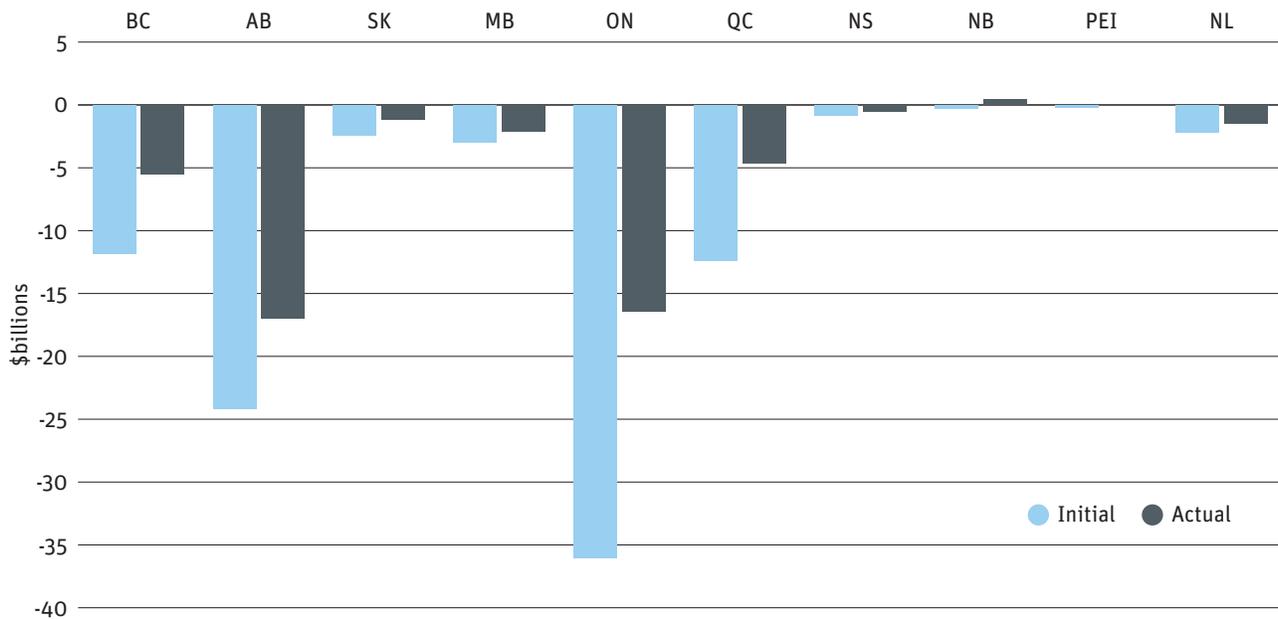
THE INITIAL PROVINCIAL government estimates of the impact of COVID-19 were made in the summer of 2020, once the pandemic hit and provincial authorities could start to grapple with what it might mean. Those initial deficit projections for 2020–21 were far too pessimistic in every single province, as shown in Figure 1.

Compared with the actual figures for 2020–21, every province made massive revisions to their own estimates. The largest provinces made the largest revisions. Ontario clocked in with the largest revision: officials initially estimated a deficit of \$36 billion, which was later cut in half to the actual result of \$16.4 billion—a downward revision of \$19.6 billion. Quebec’s deficit in 2020–21 fell proportionately more than Ontario’s. It was initially estimated at \$12.3 billion and eventually came in at \$4.7 billion. B.C. halved its deficit between initial estimates and the final accounting, falling from \$11.8 billion to \$5.5 billion.

The point here isn’t that provincial budget officials should have known better. Obviously, the first estimate of the impact of a global pandemic is going to be prone to error. The point is that the provincial books ended up being not nearly as bad as initially thought in the first pandemic year.

Despite large forecast revisions after the first pandemic year, similar revisions occurred in the fiscal second year (2021–22) as well. Between the

FIGURE 1 Initial vs. actual provincial deficits, 2020–21



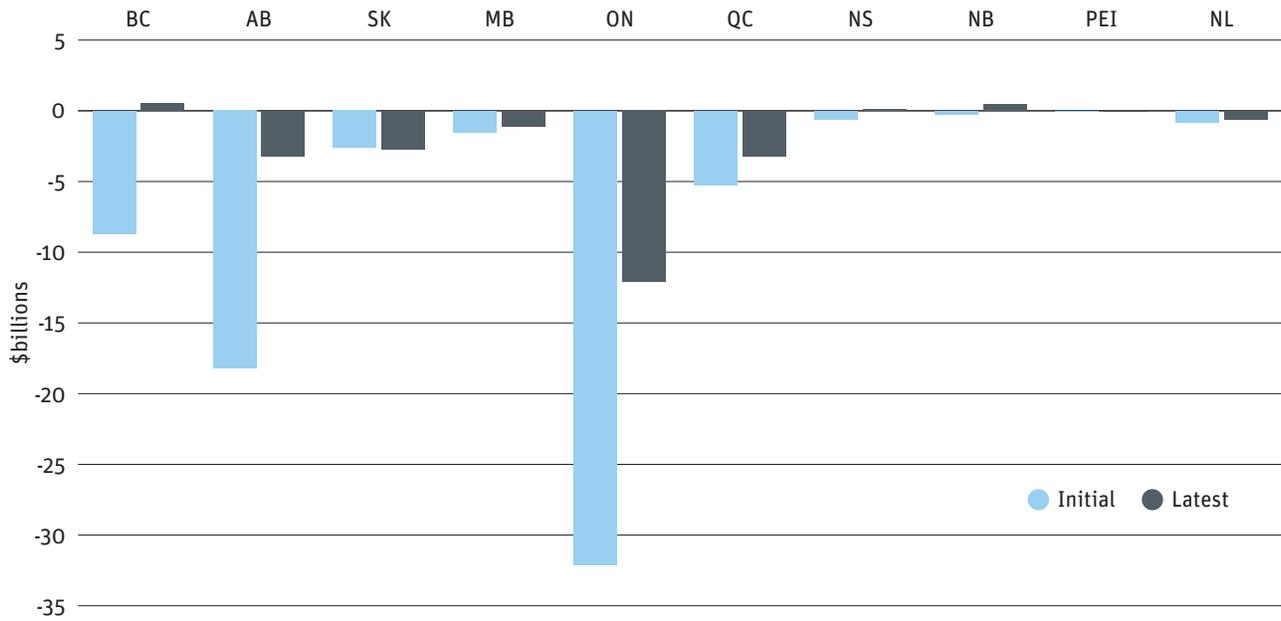
Source Provincial government fiscal documents, Fiscal Reference Tables and author's calculations.

initial estimates and the fall 2021 updates, deficits across all provinces, except Saskatchewan, fell.

Ontario made the largest revision in 2021–22—\$20.0 billion dollars. It initially estimated a deficit of \$32.1 billion, which was revised to only \$12.1 billion—two-thirds less than initial projections. Alberta made the second largest revision to its original projected deficit of \$18.2 billion in 2021–22. It dropped to \$3.2 billion—a \$15 billion decrease. B.C. revised its deficit down from \$8.7 billion to a surplus of \$500 million in 2021–22.¹ In both Nova Scotia and New Brunswick, the initial deficits were replaced with surpluses in 2021–22.

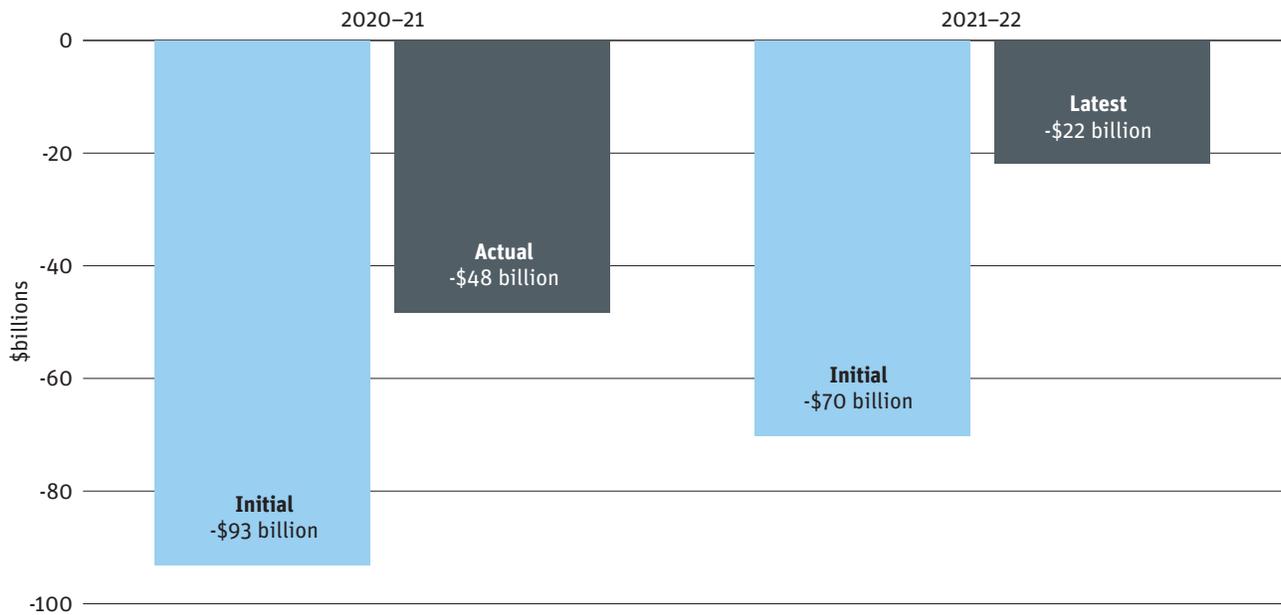
In aggregate, the provinces cut their deficits in half in 2020–21 and by two-thirds in 2021–22. In 2020–21, total provincial deficits were revised downward, from the original \$93 billion projection to the actual amount, \$48 billion. In 2021–22, the provinces' combined initial projected deficit of \$70 billion fell to \$22 billion (the most recent estimate).

FIGURE 2 Initial vs. latest projections of provincial deficits, 2021–22



Source Provincial government fiscal documents and author's calculations.

FIGURE 3 Cumulative provincial deficits initial vs. actual, 2020–21 and 2021–22



Source Provincial government fiscal documents, Fiscal Reference Tables and author's calculations.

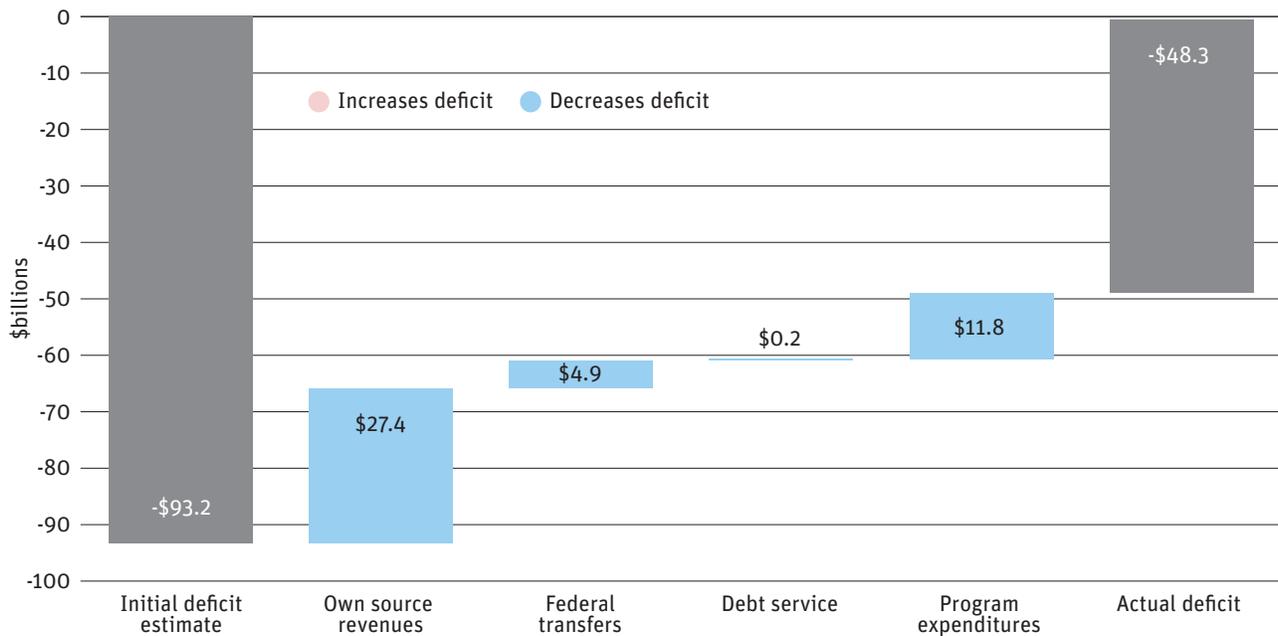
The reasons for the revisions

IT'S WORTH EXAMINING the reasons for these revisions to better understand the state of the provincial books in the first two years of the pandemic.

Figure 4 details the main spending and revenue categories summed across all provinces in 2020–21. The first immediate conclusion is that own-source revenue and federal transfers both increased at the same time as debt charges and total program expenditures decreased. All of these factors led to the combined projected deficit of \$93 billion dropping to \$48 billion at final count.

The largest single factor behind lower deficits was the substantial underestimation of provincial tax revenue when the pandemic started. Typically during recessions tax revenue declines as individuals and businesses make less and pay less in taxes as a result. They also buy less, reducing consumption taxes and shrinking the economy. However, the economic contraction was confined to 2020. The second year of the pandemic, 2021, saw dramatic 12.5% nominal GDP growth and 6.6% growth in 2022.² In both years, these re-estimations of national growth were well above the previous estimates and this unexpected growth filtered down to provincial budgets. The massive federal intervention during these two years was of direct benefit to the provinces due to the additional transfers that they received. However, heavy federal interventions were of indirect benefit in that they drove stronger economic growth, resulting in higher than predicted revenue from provincial taxes.

FIGURE 4 Initial vs. actual cumulative provincial deficits, by main category, 2020–21

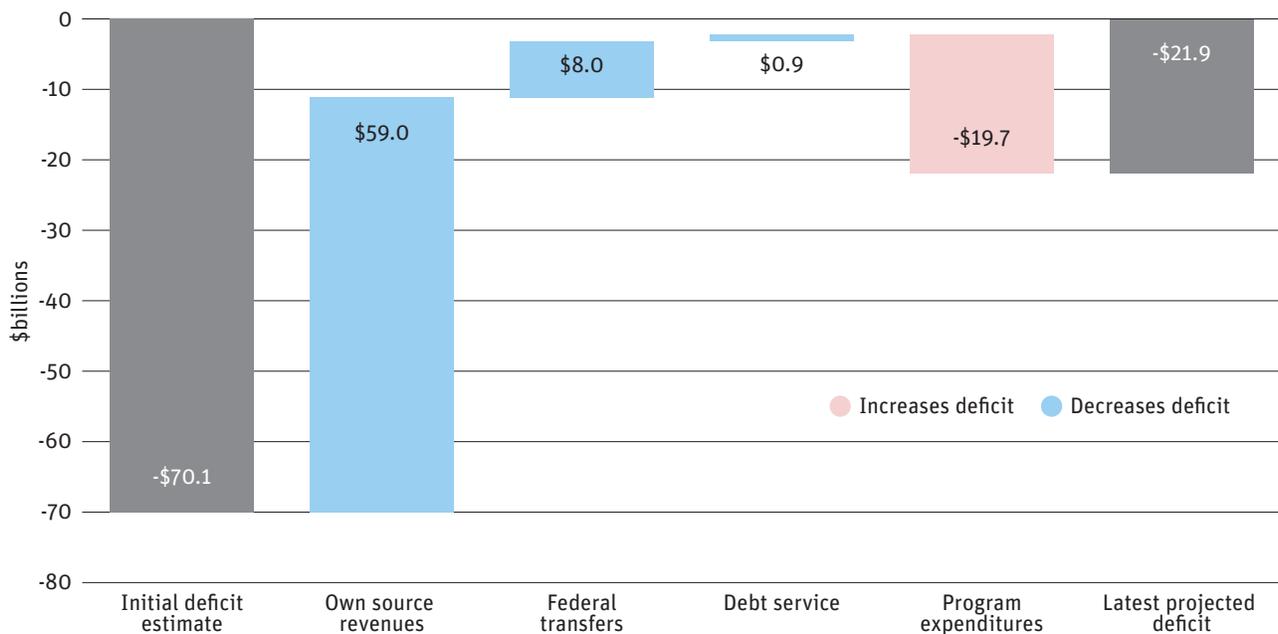


Source Provincial government fiscal documents, Fiscal Reference Tables and author's calculations.

As a result, the initial estimates from the provinces were too severe and own-source revenue across all provinces came in \$27.4 billion above the initial estimates, in large part due to this higher than expected growth. The next biggest revision was to total program expenditures. The impact of COVID-19 on provincial program costs was \$11.8 million too high in the initial estimates. In the first pandemic year, the provinces expected to spend a lot more than they eventually did to fend off the health and economic impacts of the pandemic. The third largest revision was expected federal government transfers. The provinces initially planned on \$102 billion coming from the federal government. When all was accounted for, they had received \$107 billion in federal support that year—\$4.9 billion more than they'd initially expected. Unexpected federal support further drove down initial provincial deficit projections. The amount paid in debt charges also declined slightly from initial projections, but it was a minor change.

In 2021–22, the second year of the pandemic, a similar trend of revisions occurred, with the exception of an increase in total program expenditures between initial and most recent figures. Like the first year of the pandemic, the revenue decline was heavily overestimated. Provincial tax revenue (own-

FIGURE 5 Initial vs. actual cumulative provincial deficits, by main category, 2021–22



Source Provincial government fiscal documents and author’s calculations.

source revenue) was \$59 billion higher than expected. In the next category, federal transfers, the province’s initial expectations were surpassed once again. The provinces initially expected \$92 billion in federal support but are now projecting federal transfers of \$100 billion, an \$8 billion upward revision. Debt charges dropped more than expected: the provinces paid almost \$900 million less in interest than they initially expected.

The big change in the second year of the pandemic was a substantial increase in total program expenditures. The provinces spent an additional \$19.7 billion that they hadn’t initially budgeted. However, this additional spending was more than covered by large revenue increases, resulting in an aggregate deficit of \$21.9 billion, two-thirds lower than the initial \$70 billion projection.

To better evaluate the breakdown of those new expenditures by province, as illustrated in Figure 6, it’s worth examining the programs that those expenditures funded.

The reasons for higher than budgeted provincial expenditures varied widely by province. Quebec saw the largest increase in its expenditures, \$8.1 billion, between its initial and most recent estimates. In part, this is due to

FIGURE 6 Change in program expenditures, by province, 2021–22



Source Provincial government fiscal documents and author's calculations.

Quebec simply having earlier projections for 2021–22, which were published in November 2020. At that point, the government may not have fully understood what was needed in new programs for the next year. Most other provinces waited until the spring of 2021 to provide 2021–22 projections. Quebec's new spending was, in part, due to increased pandemic-related health care costs, including incremental health care costs, vaccine administration, staffing and PPE. However, the province also spent additional amounts on strategies for health care worker retention and hiring bonuses, as well as more general economic growth programs.

Ontario's expenditures saw the second largest increase in program expenditures, at \$2.8 billion. There were some new funds for personal support workers, but much of the new spending went to support municipal transit, new infrastructure, as well as business and workers' support grants due to lockdowns.

Alberta's expenditures increased by \$3.3 billion more than what it had initially budgeted. This was largely related to severe drought, which cost the province \$2.4 billion more than expected. Most of this revision was for higher than expected AgriInsurance indemnities for crop failure but support also went to livestock producers, beekeepers, wildfire suppressions and other

agricultural income support.³ The remainder of the revision was related to PPE and incremental health care costs related to COVID-19.

Saskatchewan saw the next largest increase in its budgeted program expenditures, at \$2.5 billion, and, like its prairie neighbour, little of this revision had to do with COVID-19. Instead, the government funded a \$1.8 billion increase in crop insurance claims, \$293 million for livestock producers hit by drought and \$101 million due to wildfires. In essence, this represented the unanticipated costs of climate change rather than the pandemic. There was a \$250 million increase due to incremental health care costs as a result of the pandemic.

British Columbia revised its program expenditures upward by \$2.2 billion. It was mostly related to COVID-19 health costs via increased transfers to its health authorities.

Despite the new spending, some of which was COVID-19 related, new provincial revenue and federal transfers completely covered the tab and then some.

Provincial deficit reduction timeline

TABLE 1 SHOWS the latest state of provincial deficits after two years of the pandemic. This fiscal year or next, six provinces will likely report surpluses, including British Columbia, Alberta, Manitoba, Quebec, Nova Scotia and New Brunswick. New Brunswick likely won't have posted a single deficit during the pandemic. Newfoundland and Labrador, Ontario and P.E.I. should have very manageable deficit-to-GDP ratios—under 1% by next fiscal year (2022–23). At that level, even small changes in economic growth can quickly turn a deficit into a surplus. Saskatchewan will have a deficit-to-GDP ratio at or near 2% in 2022–23 falling to 1% of GDP by 2024–25.

Ontario, Saskatchewan and Newfoundland and Labrador have longer timelines to achieve surpluses. Even before the pandemic, Ontario and Saskatchewan had the biggest deficits, while other provinces had balanced budgets or surpluses. By far, Newfoundland and Labrador had the largest

TABLE 1 The road to surpluses: projected timeline for when provincial deficits will be under 1% of GDP

	BC	AB	SK	MB	ON	QC	NS	NB	PEI	NL
Under 1% of GDP		2021–22	2024–25		2022–23	2021–22			2021–22	2022–23
Surplus	2021–22	2022–23		2022–23		2022–23	2021–22	2021–22		

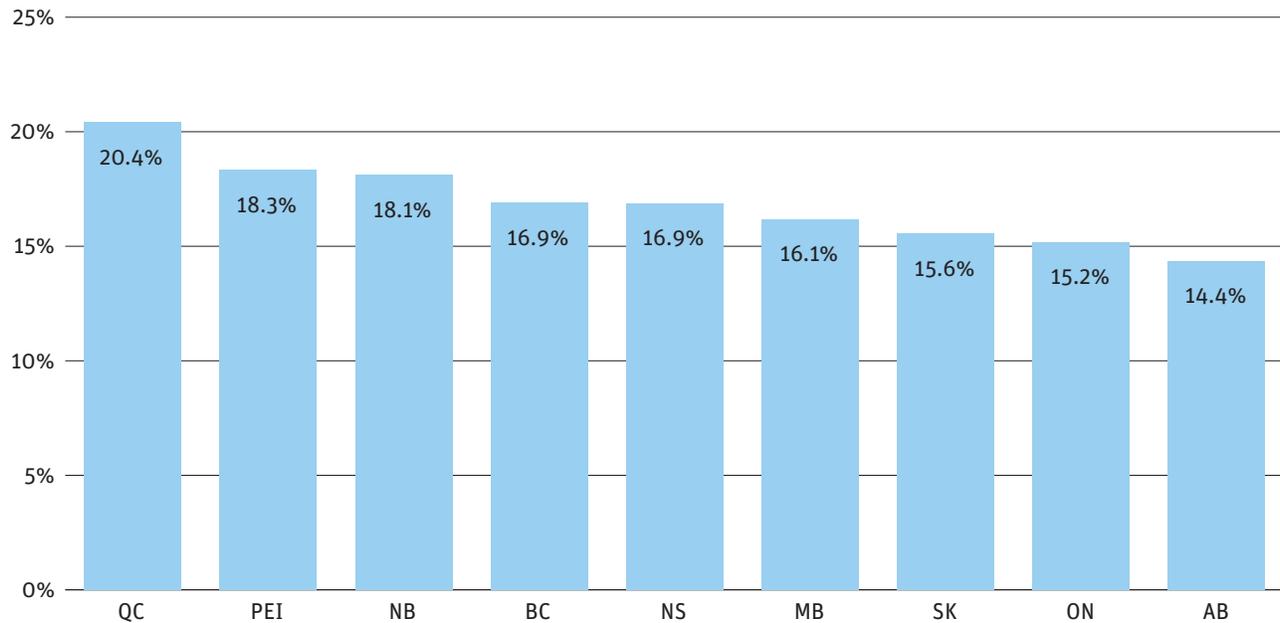
Source Provincial government fiscal documents and author's calculations.

FIGURE 7 Projected provincial deficits to GDP, by province



Source Provincial government fiscal documents, Fiscal Reference Tables and author's calculations.

FIGURE 8 Projected provincial own-source revenue to GDP, by province, 2021–22



Note Newfoundland and Labrador is not included due to non-transparent reporting.

Source Provincial government fiscal documents and author's calculations.

surplus, at 3.2% of GDP. What's telling is how much current deficits in those provinces may be a policy choice, unrelated to the impact of COVID-19.

Ontario and Saskatchewan collect among the least in revenue (adjusted to the size of their economy), as shown in Figure 8. Newfoundland and Labrador doesn't have sufficiently detailed financial reporting to project its ratio of own-source revenue to GDP for 2021–22, however, the 2019–20 ratio stood at 17%, which would place it mid-range in Figure 8.

Upside surprises in own-source revenue were the major driver of deficit revisions in the first two years of the pandemic. If a province collected less in taxes, as a proportion of GDP, to begin with, it would gain proportionally less if economic growth quickly recovered. Consequently, it would register deficits for a longer period of time compared to other provinces. In fact, these low-revenue provinces further reduced their revenue during the first two years of the pandemic by handing out tax cuts.

Ontario reduced its Business Education Tax and exempted more businesses from its Employer Health Tax, along with a dozen other tax breaks since the start of the pandemic. Those revenue changes will cost the Ontario government \$1.35 billion in 2021–22.⁴ The deficit for that fiscal year is now

projected to be \$12.1 billion. In other words, over 10% of Ontario's budget deficit is due to pandemic tax cuts.

Saskatchewan eliminated small business taxes until 2023. It also cut charges that it collected for auto insurance and electricity.⁵ In 2021–22, the total cost of these revenue reductions was \$591 million,⁶ whereas the budget deficit is projected to be \$2.7 billion for that fiscal year. In other words, 22% of the budget deficit in 2021–22 is due to planned revenue reductions.

Deficits are created when there isn't enough revenue to cover expenditures. While expenditures are often blamed for a deficit, low revenue is just as viable an explanation. In the case of post-COVID-19 deficits, revenue—not expenditures—is the cause of prolonged deficits in those provinces. The bottom line: ongoing deficits past 2022–23 aren't being caused by the impacts of COVID-19; most provinces will be showing low or no deficits by then. Those deficits are being caused by a policy choice to not collect enough in taxes to cover provincial spending.

Provincial debt: 2009–10 vs. today

NOW THAT WE'VE established that provincial deficits are en route to disappearing, let's examine the provinces' debt positions following the COVID-19 recession (2021–22) and compare them to where the provinces stood following the Great Recession in 2009–10. This should provide us with a better understanding of how the provinces fared following both recessions to see if their debt levels are better off, worse off, or similar to when they exited the last recession.

The provincial books indicate higher net debt-to-GDP for seven out of 10 provinces compared to the last recession (2009–10). Quebec, Nova Scotia and P.E.I. have a lower net debt-to-GDP ratio, given their surpluses in the 2010s.

The largest addition of net debt was in Alberta, which was in a net surplus position in 2009–10. Despite seeing the largest increase in net debt-to-GDP, Alberta still has the second lowest net debt-to-GDP ratio of any province in 2021–22 after British Columbia. Manitoba and Saskatchewan had the second and third largest increases in net debt-to-GDP since the last recession. Saskatchewan, despite this increase, still has the third lowest net debt-to-GDP ratio of the provinces.

The practical implication of debt load on provincial budgets comes in the form of the interest governments pay to carry that debt, or the debt service charges. While debt has grown for most provinces, the actual amount that

TABLE 2 Net debt-to-GDP, by province, 2009–10 and 2021–22

Net Debt to GDP	BC	AB	SK	MB	ON	QC	NS	NB	PEI	NL
Actual 2009–10	15%	-11%	6%	23%	32%	48%	37%	30%	32%	33%
Latest 2021–22	17%	18%	19%	38%	41%	40%	33%	32%	29%	43%
Change	2%	29%	13%	15%	8%	-8%	-4%	3%	-3%	11%

Source Provincial government fiscal documents, Fiscal Reference Tables and author's calculations.

the provinces pay in interest, adjusted to provincial GDP, is lower in 2021–22 than it was following the last recession.

The majority of provincial debt is held in longer-term fixed interest bonds of various length, ranging from a few years to 50 years. Between the last recession and the onset of COVID-19, bond yields have been very low, in no small part because the Bank of Canada has kept short-term interest rates historically low over this period. These low yields don't immediately benefit the provinces because most of their debt carries a fixed interest rate for a longer term. However, when old bonds mature and need to be refinanced with new bonds, the provinces benefit from refinancing old debt at much lower rates. This process has lowered effective interest rates over the course of the last decade. Further decreases in interest rates during the COVID-19 recession have also helped, particularly on the smaller proportion of provincial debt that has a variable rate, although the benefit of lower provincial interest rates has been a decade in the making. Since refinancing at lower rates is a long-term trend, even if interest rates do rise somewhat, the provinces can often continue to see savings when bonds roll into new issues because the rates 10 or 20 years ago were still much higher.

For example, a \$1.85 billion 30-year bond in Ontario from 1992 is coming up for renewal in July 2022.⁷ The government was paying 9.5% interest on it. The most recent 30-year bond issued was for \$5.3 billion in August 2021 at an interest rate of only 2.25%.⁸ Even if the \$1.85 billion bond is refinanced at 3% or 4% instead of 2.25% like the August issue, it would still deliver a tremendous savings to the provincial government.

While seven out of 10 provinces have higher net debt-to-GDP compared to 2009–10, nine out of 10 provinces are paying less interest, as a proportion of GDP, than they were after the last recession, as shown in Table 3. Effective interest rates have fallen so much as to completely offset the increase in debt since 2009–10, including all debt incurred during the COVID-19 crisis. Alberta is the one exception: it is paying more in interest to GDP in 2021–22

TABLE 3 Interest to GDP following past two recessions, by province

Interest to GDP	BC	AB	SK	MB	ON	QC	NS	NB	PEI
Actual 2009–10	1.1%	0.1%	1.3%	1.5%	1.5%	2.5%	2.4%	2.1%	2.1%
Latest 2021–22	0.8%	0.7%	0.9%	1.3%	1.3%	1.7%	1.4%	1.6%	1.4%
Change	-0.3%	0.6%	-0.4%	-0.2%	-0.2%	-0.8%	-1.0%	-0.5%	-0.7%
Provincial savings due to the change (2021–22 \$mil)	-\$1,159	\$2,096	-\$354	\$-168	-\$1,805	\$-3,909	\$-488	-\$201	-\$58

Source Provincial government fiscal documents, Fiscal Reference Tables and author's calculations.

than it was in 2009–10, although its ratio is still the lowest in Canada. It was in a net asset position in 2009–10 (not net debt) and paid almost no interest as a result.

The budgetary savings from declining interest rates is substantial. If the provinces paid the same proportion of their GDP toward interest today that they were paying in 2009–10, it would cost them nearly \$6 billion more a year. The lower rates mean the provinces have an extra \$6 billion a year that they aren't spending on interest. In the smaller provinces, the savings are in the neighbourhood of hundreds of millions of dollars a year. Larger provinces are seeing savings in the billions of dollars a year.

Despite new provincial debt incurred to combat COVID-19, the provinces are in a better budgetary position now than they were in 2009–10 after the last recession. Much lower effective interest rates have completely offset the impact of higher debt on provincial debt servicing costs in every province except Alberta.

Conclusion

DESPITE EARLY PESSIMISTIC estimates, the pandemic went easy on provincial finances. Revenue roared back faster than originally hoped. Despite new pandemic spending in several provinces in the past year, rebounding revenue more than covered it. As a result, many provinces are close to or will likely be posting surpluses this year or next.

Provinces that are further away from surpluses collect less revenue and haven't benefitted as much from higher than expected economic growth. The provinces with larger tax bases have seen a larger upswing in revenue as their economies recover from the pandemic. Put more simply: if you don't collect enough revenue to cover expenditures, then you have a deficit. It's important to note, though, that those deficits weren't caused by COVID-19 expenditures or by the pandemic's impact on the economy. Rather, deficits were caused by provincial decisions to not collect enough taxes, similar to pre-pandemic politics.

Deficits in the past two years certainly did result in additional net debt for most provinces. However, the increase in debt was more than offset by interest rate decreases. The net result for almost all provinces is that interest payments to GDP are now lower than they were after the last recession. More generally, provincial books are in a better position now than they were after the last recession.

There are sectors that clearly need to be revived and rebuilt. There are professions, like health care, that need more people, better pay and better conditions after a hellish two years. These should become a top priority for

provinces, rather than across-the-board tax cuts to businesses that may well have done quite well during the pandemic.

The federal government should continue to play a role after the pandemic to rebuild health care and long-term care systems. Longer-term federal support for provincially delivered health care services should continue to be on the table. However, if the provinces use their surpluses simply to cut corporate and wealthy households' tax rates, it will seriously undermine their message that they need more federal money.

With surpluses on the horizon or already here and low debt carrying costs, the provinces are in a strong position to reinvest after two very rough years for Canadians. Long-term care improvements and health care system resiliency are areas in obvious need to combat future pandemic waves. Strong provincial finances should also serve other priorities, like addressing climate change or redressing inequality. Now that the worst has hopefully passed, it's time for the provinces to pass their good fortune onto their residents by building a more sustainable, resilient system of public services and supports.

Methodology

THIS REPORT UTILIZES the federally created Fiscal Reference Tables as of December 2021⁹. These tables provide a historical dataset of provincially reported finances at an aggregate level. This dataset ends at 2020–21. Beyond that, this report draws on provincial financial documents, which include budgets and fiscal updates. Different estimates of provincial finances from the same fiscal year are drawn from various provincial updates over time. For example, federal transfers from a fiscal update in the summer of 2020 are compared to the actual federal transfers from the 2020–21 fiscal reference tables, thereby creating an initial and final estimate in this category. Initial estimates are based on the first time in any provincial reporting that a figure appears for that fiscal year, following the start of the pandemic. Since most provincial budgets were tabled at the very outset of the pandemic, they are not considered to be the initial estimates. It wasn't until the summer of 2020 that fiscal updates incorporated the impact of COVID-19. These are considered the initial estimates for 2020–21. In some cases, they also provided estimates of future fiscal years, which were the initial estimates of those years.

Provincial estimates are reconciled back to the Fiscal Reference Tables in 2019–20 to ensure consistency between the two series. The broad categories used in this report (net debt, deficit, debt charges, total program expenditures, federal transfers and own-source revenue) are those of the fiscal reference tables, to ensure consistency. Provincial reporting was modified to match the fiscal reference table definitions across those broad categories.

TABLE 4 Most recent fiscal updates by province

Province	Update Type	Date of most recent update
British Columbia	Budget 2022	February 2022
Alberta	Budget 2022	February 2022
Quebec	Fall 2021 Economic Statement	November 2021
Manitoba	2021–22 mid-year report	December 2021
New Brunswick	Third Quarter fiscal update	February 2022
Newfoundland and Labrador	Fall Fiscal and Economic Update	November 2021
Nova Scotia	Forecast Update	December 2021
Ontario	Third Quarter Finances	February 2022
Saskatchewan	Mid-Year Report	November 2021
Prince Edward Island	Budget 2022	February 2022

General risk adjustment funds were removed from provincial figures in this analysis. There is going to be some uncertainty about estimates of the future, something these contingency entries attempt to illustrate. However, they are not consistently nor universally applied across all provinces. As a result, their removal provides a more consistent approach, reflecting the provinces' best estimates of their finances on the date of the update.

Notes

1 B.C. is reporting a deficit of \$483 million in 2021–22 but this includes the \$1 billion forecast allowance; these types of risk adjustments are removed for a fairer cross-provincial comparisons.

2 See Table A1.1 of Ministry of Finance, *Economic and Fiscal Update 2021*, Government of Canada, December 14, 2021.

3 See page 138 of Alberta Treasury Board and Finance, *Budget 2022: Fiscal Plan Moving Forward 2022–25*, Government of Alberta, February 24, 2022.

4 See the table in Randy Robinson, “Budget outlook: \$5 billion in annual tax cuts weaken Ontario’s case for federal dollars”, *The Monitor*, Canadian Centre for Policy Alternatives, January 13, 2022. (<https://monitormag.ca/articles/budget-outlook-5-billion-in-annual-tax-cuts-weaken-ontarios-case-for-federal-dollars>).

5 See Ministry of Finance, *Saskatchewan Provincial Budget 2021–22: Protect. Build. Grow*, Government of Saskatchewan, April 2021, pg. 10.

6 Includes: AutoFund Recovery Rebate, SaskPower Customer Rebate Program, Home Renovation Tax Credit, Small Business Tax Rate Reduction.

7 See Ontario Financing Authority, “Ontario’s Bond Issues”, CUSIP 683234HC5, <https://www.ofina.on.ca/OntBonds/ontbonds.asp>.

8 See Ontario Financing Authority, “Ontario’s Bond Issues”, CUSIP 68333ZAT4, <https://www.ofina.on.ca/OntBonds/ontbonds.asp>.

9 Government of Canada, “Fiscal Reference Tables: December 2021”, <https://www.canada.ca/en/department-finance/services/publications/fiscal-reference-tables/2021.html>



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