



News Release

For Immediate Release

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Ontario Auditor General Finds Corporate Tax Estimates in Budget's Three-Year Fiscal Plan Too Low, Contingency Funds Overly Cautious

(TORONTO) The Auditor General is required under the *Fiscal Sustainability, Transparency and Accountability Act, 2019* to review the multi-year fiscal plan in an Ontario budget ahead of a provincial election. The Multi-Year Fiscal Plan laid out in Ontario's 2022 Budget presents a reasonable forecast of the Province's finances in the coming three fiscal years, except it underestimates corporate tax revenues. Further, it appears to be overly cautious about contingency funding, Auditor General Bonnie Lysyk says in a Statement in her *Review of the Pre-Election 2022 Multi-Year Fiscal Plan* released today.

"In my opinion, the Multi-Year Fiscal Plan is a reasonable presentation of Ontario's finances for the years ending March 31, 2023, March 31, 2024 and March 31, 2025, except for understated estimates of provincial revenue from corporate tax in each of the three years. As well, contingency funds recorded in Other Program Expenses appear to be overly cautious," Lysyk says in her formal Auditor General Statement.

Corporate tax revenue estimates are understated by between \$1.5 billion and up to \$4.2 billion annually for the next three fiscal years. "Understating revenues can create a perception that the government has less revenues available when deciding on programs and initiatives, or annual deficit reduction," Lysyk says.

Lysyk also notes that the 2022 Budget, tabled April 28, includes overly cautious, higher-than-usual contingency funding for the three fiscal years. The \$19.4 billion budgeted for contingencies in Other Program Expenses for the three years ending March 31, 2025 is more than double the \$7.5 billion in the 2021 Ontario Budget's three-year fiscal plan for Other Program Expenses. (This excludes budgeted amounts for COVID-19 Time-Limited Funding.) Over 80% of the \$19.4 billion has not been earmarked for specific programs, which means that over \$15 billion could be spent on unplanned items without impacting projected deficits that are budgeted for in the Multi-Year Fiscal Plan.

Due to recent legislative changes allowing for a later tabling date for the 2022 Ontario Budget, confidential information-sharing arrangements were put in place by the Ministry of Finance to allow the Office of the Auditor General to be able to plan, conduct and complete its work so that this report could be tabled with the Legislature prior to the start of the election period.

The Auditor General is required by law to review the multi-year fiscal plan in an Ontario budget ahead of a provincial election to ensure that governing parties don't make unreasonable projections that could sway voting outcomes.

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Read the report at www.auditor.on.ca

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