

NEWS RELEASE

The burden of federal spending shifting from Alberta to Ontario

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For immediate release

TORONTO— Ontario taxpayers will likely soon be covering the lion's share of the tens of billions of dollars of federal transfers to Atlantic Canada and Quebec, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“The economic and fiscal crisis in Alberta and its energy industry will likely shake the foundations of federal transfers to the provinces,” said Fred McMahon, a resident fellow at the Fraser Institute and author of [*Fiscal Federalism and the Dependency of Atlantic Canada*](#).

“Alberta's net contributions to the federal government—the difference between federal revenues and spending—financed the lion's share of the funds transferred (net of tax revenues) into Atlantic Canada and Quebec. Those surpluses from Alberta will shrink and perhaps disappear. So where will the money going to Atlantic Canada come from?”

From 2007 to 2019, the full period covered by the most recent data, Ottawa collected \$617 billion in Alberta and spent just slightly more than half that in the province, \$337 billion, for a net outflow of \$280 billion. By comparison, for every dollar Ottawa raised in Atlantic Canada during the same period, it spent nearly two dollars. Over the same period, federal revenues from Atlantic Canada were \$226.5 billion while federal spending equaled \$423.2 billion, or 27.5 per cent of Atlantic GDP. In fact, the net transfers (difference between the amount collected by Ottawa compared to the amount spent in a province) alone equaled \$196.7 billion, or 12.8 per cent of Atlantic Canada GDP.

In 2019, the most recent year of available data, Ottawa raised \$144 billion in revenue in Ontario and spent \$123 billion for a surplus of \$21 billion. That's twice what Ontario's average surplus had been--\$10 billion—since 2007. Whereas Alberta's surplus was \$18 billion in 2019, down from an average of \$22 billion over the period.

“We're already seeing the burden of funding fiscal transfers by Ottawa shift from taxpayers in Alberta onto taxpayers in Ontario, and that trend will likely continue as Alberta's energy sector continues to struggle,” McMahon said.

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