

NEWS RELEASE

Canada's combined federal-provincial debt will exceed \$2 trillion in 2022/23; Ontario has the highest provincial debt as a share of economy

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TORONTO—Combined federal and provincial debt in Canada has nearly doubled from \$1.1 trillion in 2007/08 (the year before the last recession) to a projected \$2.1 trillion this year—with Ontario as the most indebted province relative to the size of its economy—finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Government debt—federally and in most provinces—has grown substantially over the past 13 years, creating serious fiscal challenges for Ottawa and provincial governments in the years ahead,” said Jake Fuss, associate director of fiscal studies at the Fraser Institute and co-author of *The Growing Debt Burden for Canadians: 2023 Edition*.

The study specifically measures net debt, which is a measure of the total debt of the federal and provincial government minus financial assets held by the government. It is a common measure of indebtedness.

The study finds that not only has Canada's projected combined government debt (the federal debt and the provincial debt of all 10 provinces) nearly doubled since 2007/08, the year before the last recession, but the combined debt now equals 74.6 per cent of the Canadian economy.

Ontario has the highest debt-to-GDP ratio among the provinces at 38.7 per cent in 2022/23 and recorded a substantial increase in its debt-to-GDP ratio between 2007/08 (26.6 per cent) and 2022/23. Consider that Alberta's provincial debt-to-GDP in 2022/23 stood at just 10.3 per cent, the lowest in the country and Quebec, which was the longstanding most indebted province now has a debt-to-GDP ratio of 35.9 per cent.

Crucially, on a per person basis, the combined debt (including provincial debt plus a portion of the federal debt) this year ranges from a low of \$42,915 in Alberta to a high of \$64,579 in Newfoundland & Labrador. Ontarians have the second-highest combined debt per person (\$59,773), behind only Newfoundlanders and Labradorians.

“It's important for Canadians to understand the magnitude of the country's combined government debt because deficits and debt today result in higher taxes in the future,” said Fuss.

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MEDIA CONTACTS:

Jake Fuss, Associate Director, Fiscal Studies
Fraser Institute

To arrange media interviews or for more information, please contact:
Drue MacPherson, 604-688-0221 ext. 721, drue.macpherson@fraserinstitute.org

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