

NEWS RELEASE

Ontario on track to become ‘have not’ province

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For immediate release

TORONTO—Ontario is on track to become a “have not” province by 2025 due to a design flaw in Canada’s equalization program, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Based on projections, it’s likely that Ontario will become a have-not province in 2025/26, which affects not only the province but others because it will reduce the amount of equalization money available to current equalization recipients,” said Ben Eisen, senior fellow at the Fraser Institute and coauthor of *Why Is Equalization Still Growing? 2021 Update*.

According to the study, due to the equalization program’s design flaw (technically known as the Fixed Growth Rate rule, which requires overall equalization spending to grow based on the rate of GDP growth), Ontario will receive \$5.0 billion more in equalization payments compared to only \$234 million if the flawed rule didn’t exist.

“If these projections come to pass, provinces with a cumulative total of more than 70 per cent of the country’s population will be receiving payments. This would be historically rare and could have significant implications for provincial public finances across the country,” Eisen said.

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