



FAO

FINANCIAL ACCOUNTABILITY
OFFICE OF ONTARIO



Expenditure Monitor 2022-23: Q1

2022

Highlights

- This report provides information on spending by the Government of Ontario (the Province) through the first quarter of the 2022-23 fiscal year (April 1, 2022 to June 30, 2022).
- The information in this report is based on the FAO's analysis of transactions recorded in the Province's financial accounting system as of June 30, 2022. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario after the end of the fiscal year.

2022-23 Spending Plan

- The Province's yearly spending plan represents the legal spending authority for ministries as granted by the Legislature through the process of supply.¹
- The Province's 2022-23 spending plan is \$193.0 billion. The \$193.0 billion spending plan excludes \$5.7 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices. The \$5.7 billion in additional planned spending is not reviewed in this report as the Province does not actively monitor or control this spending.

Changes to the 2022-23 Spending Plan

- The Province may change its spending plan throughout the year, either by requesting additional spending authority from the Legislature or by reallocating spending among different programs through Treasury Board Orders.
- As of the end of the first quarter, the Province had not made any changes to its spending plan.

First Quarter Spending: Actual Unaudited Spending vs. Planned Spending

- In order to manage and monitor its program spending during the fiscal year, the Province divides its spending plan into expected spending by quarter, which reflects historical spending patterns, seasonality and other factors. In 2022-23, the Province expects to spend \$40.7 billion in the first quarter, \$43.5 billion in the second quarter, \$44.7 billion in the third quarter, and \$64.1 billion in the fourth quarter.²
- Although the Province expected to spend \$40.7 billion in the first quarter of 2022-23, actual unaudited spending was \$39.9 billion. This was \$776 million (1.9 per cent) less than planned.
 - Most sectors spent less than planned, led by **'other programs'** (\$889 million or 14.3 per cent under plan), **education** (\$195 million or 3.2 per cent under plan) and **postsecondary education** (\$146 million or 9.0 per cent under plan).
 - Three sectors spent more than planned: **health** (\$319 million or 1.8 per cent above plan), **interest on debt** (\$176 million or 5.6 per cent above plan) and **justice** (\$35 million or 2.7 per cent above plan).
- For information on spending by all of the Province's programs and ministries, visit the FAO's website at: <https://tinyurl.com/3sx2anjn>.

¹ Temporary spending authority is first granted by the Legislature through the *Interim Appropriation Act*, with final spending authority then granted through the *Supply Act*. Permanent spending authority is also granted through other legislation for a limited number of programs.

² Expected fourth quarter spending is significantly higher than expected spending in each of the first three quarters due to year-end accrual adjustments.

First Quarter Spending: 2022-23 Spending vs. 2021-22 Spending

- This report also compares spending in the current fiscal year against spending in the previous fiscal year to provide context for provincial spending trends and to identify significant year-over-year spending changes.
- Spending in the first quarter of 2022-23 was \$3.1 billion (8.3 per cent) higher than during the same period in 2021-22. Highlights include:
 - **Health** spent \$1,398 million (8.3 per cent) more in the first quarter of 2022-23 compared to 2021-22, largely due to higher spending on payments to physicians (\$501 million) and public health (\$341 million).
 - **Education** spent \$453 million (8.2 per cent) more in the first quarter of 2022-23 compared to 2021-22, largely due to higher spending on child care (\$299 million) and school board operating grants (\$120 million).
 - **Children's and social services** spent \$285 million (7.1 per cent) more in the first quarter of 2022-23 compared to 2021-22, largely due to higher spending on the Ontario Drug Benefit Plan (\$124 million), Autism (\$55 million), Supportive Services (\$44 million) and Ontario Works (\$43 million).
 - **Justice** spent \$138 million (11.9 per cent) more in the first quarter of 2022-23 compared to 2021-22, due to an increase in spending across a variety of programs, including Court Security Strategy, Community Safety and Policing Grant, and Legal Aid Ontario.
 - **Interest on debt** spending was \$480 million (16.8 per cent) more in the first quarter of 2022-23 compared to 2021-22, consistent with higher 2022-23 interest on debt spending forecast in the government's 2022-23 First Quarter Finances.

Unallocated Funds

- Unallocated funds are typically used to address spending pressures or program changes during the fiscal year. Unallocated funds cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders.
- The Province's \$193.0 billion spending plan includes \$4.6 billion in unallocated funds in the Contingency Fund. As of the end of the first quarter, there were no transfers from the Contingency Fund to government programs.

Introduction

This report provides information on spending by the Government of Ontario (the Province) through the first quarter of the 2022-23 fiscal year, from April 1, 2022 to June 30, 2022. The report:

- identifies changes made to the Province's 2022-23 spending plan during the first quarter; and
- reviews actual unaudited spending in the first quarter of 2022-23 against both the Province's spending plan and actual spending during the first quarter of the previous year.

The information in this report is based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of June 30, 2022. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario after the end of the fiscal year.

2022-23 Spending Plan

The Province's yearly spending plan represents the legal spending authority for ministries as granted by the Legislature through the process of supply.³ For the 2022-23 fiscal year, the Province's spending plan is \$193.0 billion. The \$193.0 billion spending plan excludes \$5.7 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices. The \$5.7 billion in additional planned spending is not reviewed in this report as the Province does not actively monitor or control this spending.

Changes to the 2022-23 Spending Plan

The Province may change its spending plan throughout the year, either by requesting additional spending authority from the Legislature or by reallocating spending among different programs through Treasury Board Orders. As of the end of the first quarter, June 30, 2022, the Province had not made any changes to its \$193.0 billion spending plan.

Status of Unallocated Funds

The Province's \$193.0 billion spending plan includes \$4.6 billion in unallocated funds in the Contingency Fund. Unallocated funds are typically used to address spending pressures or program changes during the fiscal year. Unallocated funds cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders. As of the end of the first quarter, there were no transfers from the Contingency Fund to government programs.

³ Temporary spending authority is first granted by the Legislature through the *Interim Appropriation Act*, with final spending authority then granted through the *Supply Act*. Permanent spending authority is also granted through other legislation for a limited number of programs.

Table 1: Changes to the 2022-23 spending plan by sector, as of June 30, 2022, \$ millions

Sector	2022-23 Spending Plan	Q1 Changes	Revised 2022-23 Spending Plan
Health	75,643	-	75,643
Education	34,748	-	34,748
Postsecondary Education	7,061	-	7,061
Children's and Social Services	18,562	-	18,562
Justice	5,781	-	5,781
Other Programs	33,658	-	33,658
Unallocated Funds:			
Contingency Fund	4,550	-	4,550
Interest on Debt	12,988	-	12,988
Total	192,992	0	192,992

Note: Figures exclude planned spending on some assets and \$5.7 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices.

Source: FAO analysis of information provided by Treasury Board Secretariat.

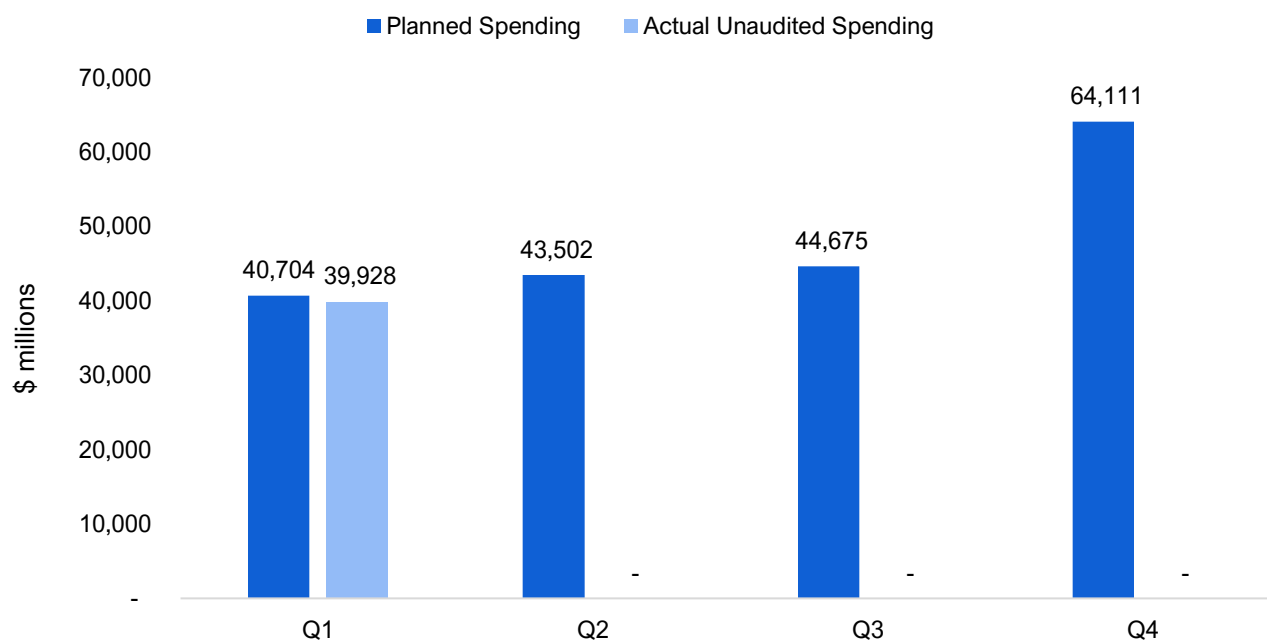
First Quarter Spending

Actual Unaudited Spending vs. Planned Spending

In order to manage and monitor its program spending during the fiscal year, the Province divides its spending plan into expected spending by quarter, which reflects historical spending patterns, seasonality and other factors. For 2022-23, the Province expects to spend \$40.7 billion in the first quarter, \$43.5 billion in the second quarter, \$44.7 billion in the third quarter, and \$64.1 billion in the fourth quarter.⁴

In the first quarter of 2022-23, although the Province expected to spend \$40.7 billion, actual unaudited spending was \$39.9 billion. This was \$776 million (1.9 per cent) less than planned.

Figure 1: 2022-23 actual unaudited spending vs. planned spending, by quarter, \$ millions



Note: Figures exclude spending on some assets and additional spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices. Expected fourth quarter spending is significantly higher than expected spending in each of the first three quarters due to year-end accrual adjustments.

Source: FAO analysis of information provided by Treasury Board Secretariat.

By sector, the first quarter lower-than-planned spending was led by 'other programs' (-\$889 million), education (-\$195 million), postsecondary education (-\$146 million) and children's and social services (-\$75 million), offset by higher-than-planned spending in health (\$319 million), interest on debt (\$176 million) and justice (\$35 million).

⁴ Expected fourth quarter spending is significantly higher than expected spending in each of the first three quarters due to year-end accrual adjustments.

Table 2: 2022-23 spending by sector, as of June 30, 2022, \$ millions

Sector	2022-23 Spending Plan	Planned Spending at end of Q1	Actual Spending at end of Q1	Actual vs. Planned at end of Q1	Actual vs. Planned (%)
Health	75,643	17,902	18,221	319	1.8%
Education	34,748	6,155	5,960	-195	-3.2%
Postsecondary Education	7,061	1,610	1,465	-146	-9.0%
Children's and Social Services	18,562	4,394	4,320	-75	-1.7%
Justice	5,781	1,271	1,305	35	2.7%
Other Programs	33,658	6,206	5,317	-889	-14.3%
Unallocated Funds:					
Contingency Fund	4,550	-	-	-	N/A
Interest on Debt	12,988	3,166	3,341	176	5.6%
Total	192,992	40,704	39,928	-776	-1.9%

Note: Figures exclude spending on some assets and additional spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices.

Source: FAO analysis of information provided by Treasury Board Secretariat.

The rest of this section highlights key vote-item spending that was above and below plan in the first quarter of 2022-23. For information on spending by all of the Province's programs and ministries, visit the FAO's website at: <https://tinyurl.com/3sx2anjn>.

Health sector spending: \$319 million (1.8 per cent) above plan. Highlights include:

- \$353 million above plan in Ontario Health Insurance (Vote-Item 1405-1), which administers payments to physicians.
- \$203 million above plan in Health Capital Program (Vote-Item 1407-1), which provides capital funding to hospitals and other health care facilities.
- \$200 million below plan in Health Services (Vote-Item 1416-1), which funds the operation of hospitals, home care, community services (mental health, health centres and support) and other services.

Education sector spending: \$195 million (3.2 per cent) below plan. Highlights include:

- \$107 million below plan in Child Care and Early Years Programs – Policy Development and Program Delivery (Vote-Item 1004-1), which funds the Province's Child Care Action Plan (including the commitment to provide an average of \$10-a-day child care by 2025).

Postsecondary education sector spending: \$146 million (9.0 per cent) below plan. Highlights include:

- \$91 million below plan in Support for Postsecondary Education (Capital) (Vote-Item 3002-3), which provides capital grants to colleges, universities, and Indigenous Institutes.

Other Programs sector spending: \$889 million (14.3 per cent) below plan. Highlights include:

- \$105 million above plan in Heritage, Tourism and Culture Programs (Vote-Item 3805-1) due to spending on the Grants in Support of Tourism Investment Development program.
- \$186 million below plan in Ministry of Transportation, Agency Oversight and Partnerships (Capital) (Vote-Item 2702-3), which mainly provides capital funding for Metrolinx and municipal infrastructure projects.
- \$584 million below plan in Electricity Price Mitigation Programs (Vote-Item 2905-1), which includes electricity subsidy programs such as the Ontario Electricity Rebate and the Comprehensive Electricity Plan.
- A net \$225 million below plan in the remaining 308 vote-items in the 'other programs' sector. For more information, visit the FAO's website at: <https://tinyurl.com/3sx2anjn>.

Interest on debt spending: \$176 million (5.6 per cent) above plan, largely due to higher-than-expected interest rates, as noted in the Province's 2022-23 First Quarter Finances.⁵

2022-23 Spending vs. 2021-22 Spending

This report also compares spending in the current fiscal year against spending in the previous fiscal year to provide context for provincial spending trends and to identify significant year-over-year spending changes.

As noted above, in the first quarter of 2022-23, the Province spent \$39.9 billion. This was \$3.1 billion (8.3 per cent) more than was spent in the first quarter of 2021-22. All sectors spent more in the first quarter of 2022-23 compared to 2021-22. The largest year-over-year spending increase was in health (\$1,398 million), followed by interest on debt (\$480 million), education (\$453 million), children's and social services (\$285 million), 'other programs' (\$250 million), justice (\$138 million) and postsecondary education (\$51 million).

Table 3: First quarter spending by sector, 2022-23 vs. 2021-22, \$ millions

Sector	2022-23 Spending at end of Q1	2021-22 Spending at end of Q1	2022-23 vs. 2021-22	2022-23 vs. 2021-22 (%)
Health	18,221	16,824	1,398	8.3%
Education	5,960	5,506	453	8.2%
Postsecondary Education	1,465	1,414	51	3.6%
Children's and Social Services	4,320	4,034	285	7.1%
Justice	1,305	1,167	138	11.9%
Other Programs	5,317	5,067	250	4.9%
Interest on Debt	3,341	2,861	480	16.8%
Total	39,928	36,873	3,055	8.3%

Note: Figures exclude spending on some assets and additional spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices.

Source: FAO analysis of information provided by Treasury Board Secretariat.

⁵ 2022-23 First Quarter Finances, section A.

- The **health sector** spent \$1,398 million (8.3 per cent) more in the first quarter of 2022-23 compared to 2021-22, largely due to higher spending for:
 - payments to physicians (\$501 million);
 - Population and Public Health (Vote-Item 1406-4) (\$341 million);
 - Major Hospital Projects (\$191 million);
 - Drug Programs (Vote-Item 1405-2) (\$181 million);
 - Home Care (\$171 million);
 - the operation of long-term care homes (\$84 million); and
 - Clinical Education (\$72 million);

offset by lower spending for:

- the Operation of Hospitals (-\$106 million); and
 - capital investments for long-term care homes (-\$133 million).
- The **education sector** spent \$453 million (8.2 per cent) more in the first quarter of 2022-23 compared to 2021-22, largely due to higher spending on Child Care and Early Years (\$299 million), which funds the Province's Child Care Action Plan (including the commitment to provide an average of \$10-a-day child care by 2025), and School Board Operating Grants (\$120 million).
 - The **children's and social services sector** spent \$285 million (7.1 per cent) more in the first quarter of 2022-23 compared to 2021-22, largely due to higher spending on the Ontario Drug Benefit Plan (\$124 million), Autism (\$55 million), Supportive Services (\$44 million) and Ontario Works (\$43 million).
 - The **justice sector** spent \$138 million (11.9 per cent) more in the first quarter of 2022-23 compared to 2021-22, due to an increase in spending across a variety of programs, including Court Security Strategy, Community Safety and Policing Grant, and Legal Aid Ontario.
 - **Interest on debt** spending was \$480 million (16.8 per cent) more in the first quarter of 2022-23 compared to 2021-22, consistent with higher 2022-23 interest on debt spending forecast in the government's 2022-23 First Quarter Finances.

About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

This report has been prepared with the benefit of publicly available information and information provided by Treasury Board Secretariat.

All dollar amounts are in Canadian, current dollars (i.e., not adjusted for inflation) unless otherwise noted.

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