



2023

Expenditure Monitor

2023-24: Q2



FAO
FINANCIAL ACCOUNTABILITY
OFFICE OF ONTARIO

Highlights

- This report provides information on unaudited spending by the Province through the first two quarters of the 2023-24 fiscal year (April 1, 2023 to September 30, 2023).
- 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 September 30, 2023. 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 2023-24 fiscal year.

2023-24 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 started the 2023-24 fiscal year with a spending plan of \$197.3 billion.²

Changes to the 2023-24 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 second quarter, the Province's spending plan was down \$32 million to \$197.3 billion.
- By sector, the largest spending plan increase during the second quarter was in **health**, at \$180 million, followed by **other programs** (\$76 million) and **justice** (\$21 million). These increases were fully offset by a \$277 million transfer from the **Contingency Fund**.

First and Second 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 planned spending by quarter, which reflects historical spending patterns, seasonality and other factors. In 2023-24, the Province plans to spend \$42.8 billion in the first quarter, \$42.8 billion in the second quarter, \$46.3 billion in the third quarter and \$65.4 billion in the fourth quarter.³
- Combined, over the first two quarters of 2023-24, the Province planned to spend \$85.6 billion. However, actual unaudited spending was \$83.6 billion. This was \$2.0 billion (2.3 per cent) less than planned.
- Most sectors spent less than planned, led by **other programs** (-\$1,530 million), **interest on debt** (-\$861 million), **children, community and social services** (-\$209 million), **education** (-\$129 million) and **postsecondary education** (-\$127 million). Two sectors spent more than planned: **health** (\$811 million) and **justice** (\$63 million).
- For information on spending by all of the Province's programs and ministries, visit the FAO's website at: <http://tinyurl.com/h8h9n9uh>.

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 The \$197.3 billion spending plan excludes \$7.4 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards, colleges and children's aid societies), the Province's agencies and the legislative offices. The \$7.4 billion in additional planned spending is not reviewed in this report as the Province does not actively monitor or control this spending. As well, the \$197.3 billion spending plan excludes \$1.4 billion in planned spending on operating assets and \$4.7 billion in planned spending on capital assets.

³ Planned fourth quarter spending is significantly higher than planned spending in each of the first three quarters due to year-end accounting adjustments.

First and Second Quarter Spending: 2023-24 Spending vs. 2022-23 Spending

- This report also compares 2023-24 actual unaudited spending against 2022-23 actual unaudited spending to provide context for provincial spending trends and to identify significant year-over-year spending changes.
- Spending in the first half of the 2023-24 fiscal year was \$3.1 billion (3.8 per cent) higher than during the same period in 2022-23.
- The largest year-over-year spending increase was in **health** (\$1,625 million), followed by **education** (\$611 million), **children, community and social services** (\$495 million), **other programs** (\$462 million), **justice** (\$146 million) and **postsecondary education** (\$39 million). Conversely, **interest on debt** spending was \$302 million less than during the same period in 2022-23.

Status of the Contingency Fund

- The Contingency Fund is used to address spending pressures or fund program changes during the fiscal year. The funds within the Contingency Fund cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders.
- The Province started the 2023-24 fiscal year with a total of \$4.0 billion in the Contingency Fund. In the first and second quarters, the Province transferred \$849 million and \$277 million, respectively, from the Contingency Fund to various programs. At the end of the second quarter, September 30, 2023, the Contingency Fund had a remaining balance of \$2.9 billion.⁴

⁴ In the 2023 Ontario Economic Outlook and Fiscal Review, the Province added \$2.5 billion to the Contingency Fund. However, this top-up occurred after the end of the second quarter, September 30, 2023. It is expected to be reflected in the government's financial accounts in the third quarter of 2023-24.

Introduction

This report provides information on spending by the Government of Ontario (the Province) through the first two quarters of the 2023-24 fiscal year, from April 1, 2023 to September 30, 2023. The report:

- identifies changes made to the Province's 2023-24 spending plan;
- reviews actual unaudited spending in the first and second quarters of 2023-24 against both the Province's spending plan and actual spending during the same period of 2022-23; and
- tracks transfers from the Province's Contingency Fund.

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 September 30, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario up to six months after the end of the fiscal year.

2023-24 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.⁵ The Province started the 2023-24 fiscal year with a spending plan of \$197.3 billion.⁶

Changes to the 2023-24 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 second quarter, September 30, 2023, the Province's spending plan was down \$32 million.

By sector, the largest spending plan increase during the second quarter of 2023-24 was in the health sector (\$180 million), followed by other programs (\$76 million), and justice (\$21 million). This was entirely offset by a \$277 million transfer from the Contingency Fund.

⁵ 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.

⁶ The \$197.3 billion spending plan excludes \$7.4 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards, colleges and children's aid societies), the Province's agencies and the legislative offices. The \$7.4 billion in additional planned spending is not reviewed in this report as the Province does not actively monitor or control this spending. As well, the \$197.3 billion spending plan excludes \$1.4 billion in planned spending on operating assets and \$4.7 billion in planned spending on capital assets.

Table 1
Changes to the 2023-24 spending plan by sector, as of September 30, 2023, \$ millions

Sector	2023-24 Spending Plan	Q1 Changes	Q2 Changes	Total Changes	Revised 2023-24 Spending Plan
Health	77,090	-14	180	166	77,256
Education	36,281	2	-	2	36,283
Postsecondary Education	7,226	1	-	1	7,228
Children, Community and Social Services	19,526	33	-	33	19,559
Justice	5,664	190	21	212	5,875
Other Programs	33,756	604	76	680	34,435
Unallocated Funds:					
Contingency Fund	4,000	-849	-277	-1,126	2,874
Interest on Debt	13,764	-	-	-	13,764
Total	197,307	-32	-	-32	197,275

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

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

Second Quarter Analysis

This section highlights key second quarter spending plan changes by sector and vote-item. For information on all of the Province's transfer payment programs and ministries, visit the FAO's website at:

<http://tinyurl.com/h8h9n9uh>.

Health: \$180 million increase. This is due to a \$180 million increase for Health Services (Vote-Item 1416-1), for Home Care.

Justice: \$21 million increase. Notable changes include:

- \$15 million increase for Ministry of the Solicitor General, Ontario Police College (Vote-Item 2603-10).
- \$6 million increase for Ministry of the Attorney General, Agency and Tribunal Relations (Vote-Item 303-4).

Other Programs: \$76 million increase. Notable changes include:

- \$42 million increase for Ministry of Municipal Affairs and Housing, Community and Market Housing (Vote-Item 1904-2), for National Housing Strategy Programs.
- \$20 million increase for Economic Development, Job Creation and Trade (Vote-Item 902-13), for Strategic Investments (\$11 million) and Life Sciences Strategy (\$9 million).
- \$8 million increase for Natural Resources and Forestry, Sustainable Resource Management (Vote-Item 2103-1), for Regional Operations Support Programs.
- \$5 million increase for Ministry of Tourism, Culture and Sport, Agency Programs (Vote-Item 3811-1), for the Ontario Arts Council.

Actual Unaudited Spending to Date

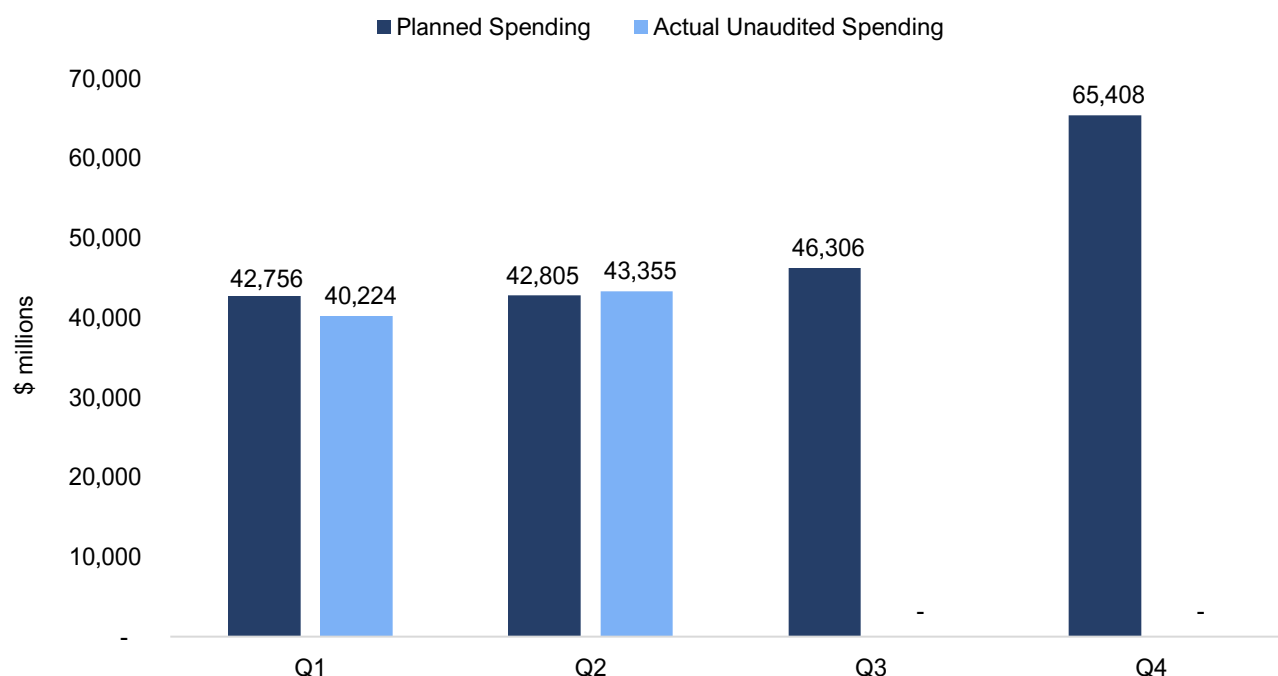
Actual Unaudited Spending vs. Planned Spending

In order to manage and monitor its program spending during the fiscal year, the Province divides its spending plan into planned spending by quarter, which reflects historical spending patterns, seasonality and other factors. For 2023-24, the Province plans to spend \$42.8 billion in the first quarter, \$42.8 billion in the second quarter, \$46.3 billion in the third quarter and \$65.4 billion in the fourth quarter.⁷

Combined, over the first two quarters of 2023-24, the Province planned to spend \$85.6 billion. However, actual unaudited spending was \$83.6 billion. This was \$2.0 billion (2.3 per cent) less than planned.

Figure 1

2023-24 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, colleges and children's aid societies), the Province's agencies and the legislative offices. Planned fourth quarter spending is significantly higher than planned spending in each of the first three quarters due to year-end accounting adjustments.

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

By sector, lower-than-planned spending was led by other programs (-\$1,530 million, 10.7 per cent), followed by interest on debt (-\$861 million, 12.5 per cent), children, community and social services (-\$209 million, 2.2 per cent), education (-\$129 million, 1.0 per cent) and postsecondary education (-\$127 million, 3.7 per cent). Spending was above plan for two sectors: health (\$811 million, 2.3 per cent) and justice (\$63 million, 2.3 per cent).

⁷ Planned fourth quarter spending is significantly higher than planned spending in each of the first three quarters due to year-end accounting adjustments.

Table 2
2023-24 actual unaudited spending by sector, as of September 30, 2023, \$ millions

Sector	Revised 2023-24 Spending Plan	Planned Spending at End of Q2	Actual Unaudited Spending at End of Q2	Actual vs. Planned at End of Q2	Actual vs. Planned (%)
Health	77,256	35,887	36,698	811	2.3%
Education	36,283	12,783	12,655	-129	-1.0%
Postsecondary Education	7,228	3,417	3,290	-127	-3.7%
Children, Community and Social Services	19,559	9,611	9,402	-209	-2.2%
Justice	5,875	2,699	2,762	63	2.3%
Other Programs	34,435	14,271	12,741	-1,530	-10.7%
Unallocated Funds:					
Contingency Fund	2,874	-	-	-	N/A
Interest on Debt	13,764	6,893	6,032	-861	-12.5%
Total	197,275	85,561	83,579	-1,982	-2.3%

Note: Figures exclude spending on some assets and additional spending by the broader public sector organizations controlled by the Province (hospitals, school boards, colleges and children's aid societies), 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 two quarters of 2023-24. For information on spending by all of the Province's programs and ministries, visit the FAO's website at: <http://tinyurl.com/h8h9n9uh>.

Health sector spending: \$811 million (2.3 per cent) higher than planned. Highlights include:

- \$428 million higher than planned in Health Services (Vote-Item 1416-1), which funds the operation of hospitals, home care, community services and other services.
- \$279 million higher than planned in Drug Programs (Vote-Item 1405-2), which funds a number of provincial drug programs, the largest of which is the Ontario Drug Benefit Program.
- \$241 million higher than planned in Provincial Programs (Vote-Item 1412-1), which funds Community and Priority Services, Canadian Blood Services and other specialized services.
- \$149 million higher than planned in Health Services and Programs – Programs and Administration (Vote-Item 1416-2), which funds Cancer Treatment Services, Renal Services, Digital Health, Regional Coordination Operations Support and other services.
- \$113 million higher than planned in Ontario Health Insurance Program (Vote-Item 1405-1), which administers payments to physicians.
- \$107 million less than planned in Population and Public Health (Vote-Item 1406-4), which funds public health agencies and other public health measures.
- \$127 million less than planned in Health and Policy Research (Vote-Item 1402-1), which primarily funds Clinical Education.
- \$143 million less than planned in Health Capital Program (Vote-Item 1407-1), which provides capital funding to hospitals and other health care facilities.

Education sector spending: \$129 million (1.0 per cent) less than planned. Highlights include:

- \$127 million less than planned in Child Care and Early Years Programs – Policy Development and Program Delivery (Vote-Item 1004-1), which includes the Province's commitment to provide an average of \$10-a-day child care by 2025.

Postsecondary education sector spending: \$127 million (3.7 per cent) less than planned. Highlights include:

- \$96 million less than planned in Support for Postsecondary Education (Capital) (Vote-Item 3002-3), which provides capital grants to colleges, universities and Indigenous Institutes.

Children, community and social services sector spending: \$209 million (2.2 per cent) less than planned.

Highlights include:

- \$183 million less than planned in Financial and Employment Supports (Vote-Item 702-3), which includes the Ontario Disability Support Program, Ontario Works and the Ontario Drug Benefit Plan.

Justice sector spending: \$63 million (2.3 per cent) higher than planned. Highlights include:

- \$66 million higher than planned in Ministry of the Solicitor General, Institutional Services (Vote-Item 2605-3), which operates correctional institutions in Ontario.
- \$51 million higher than planned in Ministry of the Attorney General, Administration of Justice (Vote-Item 305-1), which administers criminal, civil, family and small claims courts in Ontario.
- \$85 million less than planned in Ministry of the Solicitor General, Emergency Services Telecommunications (Vote-Item 2614-1), which supports large-scale telecommunications projects.

Other programs sector spending: \$1,530 million (10.7 per cent) less than planned. Highlights include:

- \$148 million higher than planned in Ministry of Transportation, Transit Investment and Programs (Capital) (Vote-Item 2702-3), which mainly provides capital funding for Metrolinx and municipal transit infrastructure projects.
- \$112 million less than planned in Ministry of Labour, Immigration, Training and Skills Development, Employment Ontario System (Capital) (Vote-Item 1607-4), which provides capital funding for Employment Ontario.
- \$116 million less than planned in Ministry of Municipal Affairs and Housing, Community and Market Housing (Capital) (Vote-Item 1904-4), which provides capital funding for the Province's housing programs.
- \$118 million less than planned in Ministry of Infrastructure, Government Infrastructure Programs (Capital) (Vote-Item 4007-2), which mainly provides capital funding for East Harbour Transit-Oriented Communities.
- \$253 million less than planned in Ministry of Infrastructure, Infrastructure Programs (Capital) (Vote-Item 4003-2), which funds infrastructure programs, such as Broadband and Cellular Infrastructure, Municipal Infrastructure and various Federal-Provincial programs.
- \$583 million less than planned in Ministry of Energy, Electricity Price Mitigation (Vote-Item 2905-1), which includes electricity subsidy programs such as the Ontario Electricity Rebate and Comprehensive Electricity Plan.
- A net \$437 million less than planned in the remaining 322 vote-items in the other programs sector. For more information, visit the FAO's website at: <http://tinyurl.com/h8h9n9uh>.

Interest on Debt: \$861 million (12.5 per cent) less than planned as a result of higher than planned interest revenue on the Province's cash reserves.⁸

⁸ The Province presents interest on debt spending net of interest revenue earned from provincial financial assets.

2023-24 Spending vs. 2022-23 Spending

This report also compares 2023-24 actual unaudited spending against 2022-23 spending to provide context for provincial spending trends and to identify significant year-over-year spending changes.

As noted above, over the first and second quarters of 2023-24, the Province spent \$83.6 billion. This was \$3.1 billion (3.8 per cent) more than was spent in the same period of 2022-23. The largest year-over-year spending increase was in health (\$1,625 million, 4.6 per cent), followed by education (\$611 million, 5.1 per cent), children, community and social services (\$495 million, 5.6 per cent), other programs (\$462 million, 3.8 per cent), justice (\$146 million, 5.6 per cent), and postsecondary education (\$39 million, 1.2 per cent). Conversely, interest on debt spending was \$302 million (4.8 per cent) less than during the same period in 2022-23.

Table 3

Actual unaudited spending through the end of the second quarter by sector, 2023-24 vs. 2022-23, \$ millions

Sector	2023-24 Spending at End of Q2	2022-23 Spending at End of Q2	2023-24 vs. 2022-23	2023-24 vs. 2022-23 (%)
Health	36,698	35,073	1,625	4.6%
Education	12,655	12,044	611	5.1%
Postsecondary Education	3,290	3,250	39	1.2%
Children, Community and Social Services	9,402	8,908	495	5.6%
Justice	2,762	2,616	146	5.6%
Other Programs	12,741	12,279	462	3.8%
Interest on Debt	6,032	6,334	-302	-4.8%
Total	83,579	80,503	3,076	3.8%

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

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

- The **health sector** spent \$1,625 million (4.6 per cent) more in the first two quarters of 2023-24 compared to the same period in 2022-23, largely due to higher spending for:
 - the operation of long-term care homes (\$586 million);
 - payments to physicians (\$397 million);
 - Drug Programs (Vote-Item 1405-2) (\$334 million);
 - Major Hospital Projects (\$180 million);
 - Home Care (\$135 million);
 - the Health Infrastructure Renewal Fund (\$101 million); and
 - Digital Health (\$99 million);
 offset by lower spending on:
 - Population and Public Health (Vote-Item 1406-4) (-\$349 million), largely due to lower spending on Official Local Health Agencies (-\$85 million) and the conclusion of the COVID-19 Response program in 2022-23 (-\$184 million).

- The **education sector** spent \$611 million (5.1 per cent) more in the first two quarters of 2023-24 compared to the same period in 2022-23, largely due to higher spending for:
 - School Board Operating Grants (\$401 million); and
 - the Child Care and Early Years program (\$344 million), which includes the Province's commitment to provide an average of \$10-a-day child care by 2025.⁹

- The **postsecondary education sector** spent \$39 million more in the first two quarters of 2023-24 compared to the same period in 2022-23, largely due to higher spending for:
 - Student Financial Assistance Programs (\$161 million);

offset by lower spending on:

- capital grants to universities and colleges (-\$95 million).
- The **children, community and social services sector** spent \$495 million (5.6 per cent) more in the first two quarters of 2023-24 compared to the same period in 2022-23, largely due to higher spending for:
 - the Ontario Disability Support Program – Financial Assistance (\$180 million);
 - Supports to Individuals and Families (Vote-Item 702-21) (\$204 million), which includes Supportive Living (\$68 million), Supportive Services (\$45 million) and Autism (\$58 million); and
 - Ontario Works – Financial Assistance (\$101 million);

offset by lower spending on:

- Ontario Drug Program (-\$112 million).
- The **justice sector** spent \$146 million (5.6 per cent) more in the first two quarters of 2023-24 compared to the same period in 2022-23, due to higher spending on a variety of programs.
- The **other programs sector** spent \$462 million (3.8 per cent) more in the first two quarters of 2023-24 compared to the same period in 2022-23, largely due to higher spending for:
 - Ministry of Transportation, Metrolinx infrastructure projects (\$1,086 million); and
 - Ministry of Infrastructure, Infrastructure Policy, Planning and Projects (Vote-Item 4003-2) (\$214 million), which includes Community, Culture and Recreation (Federal & Provincial Contribution) (\$67 million), Broadband and Cellular Infrastructure (\$56 million), and ICIP - COVID-19 Resilience (Federal & Provincial Contribution) (\$50 million);

offset by lower spending on:

- Ministry of Energy, the Ontario Electricity Rebate (-\$316 million).
- **Interest on debt** spending was \$302 million (4.8 per cent) less in the first two quarters of 2023-24 compared to the same period in 2022-23, due to higher interest revenue on the Province's cash reserves earned in 2023-24.¹⁰

⁹ For more analysis see FAO, "[Ministry of Education: Spending Plan Review](#)," 2022.

¹⁰ The Province presents interest on debt spending net of interest revenue earned from provincial financial assets.

Status of the Contingency Fund

The Contingency Fund is used to address spending pressures or fund program changes during the fiscal year. The funds within the Contingency Fund cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders.

The Province started the 2023-24 fiscal year with a total of \$4.0 billion in the Contingency Fund. In the first and second quarters, the Province transferred \$849 million and \$277 million, respectively, from the Contingency Fund to various programs. This results in a remaining balance in the Contingency Fund, as of September 30, of \$2.9 billion.

In the 2023 Ontario Economic Outlook and Fiscal Review, the Province added \$2.5 billion to the Contingency Fund. However, this top-up occurred after the end of the second quarter, September 30, 2023. It is expected to be reflected in the government's financial accounts in the third quarter of 2023-24.

Table 4

2023-24 transfers from the Contingency Fund, as of September 30, 2023, \$ millions

Ministry / Program	\$ millions
Opening Contingency Fund Balance	4,000
Less: First Quarter Transfers to Ministries	-849
Less: Second Quarter Transfers to Ministries	
Ministry of the Attorney General	
Agency Relations	-6
Ministry of Economic Development, Job Creation and Trade	
Strategic Investments	-11
Life Sciences Strategy	-9
Ministry of Health	
Home Care	-180
Ministry of Municipal Affairs and Housing	
National Housing Strategy Programs	-42
Ministry of Natural Resources and Forestry	
Regional Operations Support Programs	-8
Ministry of the Solicitor General	
Ontario Police College	-15
Ministry of Tourism, Culture and Sport	
Ontario Arts Council	-5
Total Second Quarter Transfer to Ministries	-277
Contingency Fund Balance as of September 30, 2023	2,874

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

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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FINANCIAL ACCOUNTABILITY
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