

Lesson 2: The Ontario Budget

OBJECTIVE

Students will understand the significance of the upcoming Ontario budget and examine the province's expenditures and sources of revenue.

KEY WORDS

revenue, expenditures, deficit, debt, fiscal year, taxes, transfer payments, non-tax revenue, government enterprises, personal income tax, sales tax, corporate tax, interest, public services, subsidiarity

QUESTIONS TO BE EXPLORED DURING THE LESSON

- What is Ontario's current financial situation? Is Ontario forecasting a surplus or deficit?
- What are Ontario's main expenditures?
- What are Ontario's sources of revenue?

RESOURCES

Ontario Student Budget Consultation (OSBC) Intro Video

Handout 2.1: Ontario's Ministries

Worksheet 2.2: My Plan for Ontario's Expenditures

PowerPoint B: The Ontario Budget

PowerPoint C: Ontario's Expenditures

PowerPoint D: Ontario's Revenues

Ontario's Projected Revenues and Expenditures 2011-2012

Ontario's Projected Revenues and Expenditures 2001-2002

Alberta's Projected Revenues and Expenditures 2012-2013

TEACHING STRATEGIES

Hook: 10min

Using the OSBC Intro Video or news articles, explain the significance of the 2012-2013 Ontario Budget.

- The province faces more severe economic and fiscal challenges than Ontarians realize.
- It is clear that Ontario needs to change how it handles its finances. The province's expenditures exceed its revenues – as a result, the debt continues to grow.
- Ontario's current debt is 225 billion dollars and the province has projected a deficit of \$16 billion for the current fiscal year. The government has acknowledged that these trends cannot continue and has committed to balancing the budget by 2017-2018.

Discussion questions: What are your initial thoughts about Ontario's fiscal situation? Are you surprised with the amount of Ontario's debt? Should the government try to balance their budget before 2017-2018?

Instruction: 10min

1. Examine the projected numbers for Ontario's current fiscal year (2011-2012) and review the concepts of revenue, expenditures, deficit and debt (PowerPoint B: The Ontario Budget).

- Projected revenues = 108 billion (money in)
- Projected expenditures = 124 billion (money out)
- Projected deficit = 16 billion (negative balance, expenditures will exceed revenues)

2. Review the concept of government responsibilities (Refer to PowerPoint C: Ontario's Expenditures).

Each level of government has its own set of responsibilities to meet the needs of its citizens. The division of powers is found in Section 91–95 of the Constitution Act. The constitutional division of powers is based on the principle of subsidiarity, in which the government closest to the issue governs it. Some powers may overlap between federal and provincial jurisdictions.

- The federal government takes responsibility for matters of national and international concern, such as defence, foreign affairs, currency, fisheries and oceans, criminal law and public safety.
- Provinces are responsible for education, health, energy, justice, social services and transportation.
- Municipal governments acquire their responsibilities from their province and focus on local matters such as waste removal, libraries, city transit, community services, parks and recreation.

Activity: 20-25min

1. Review the short descriptions of each Ontario Ministry and which Sector it falls under (Health, Education, Justice, Postsecondary and Training, Children and Social Services, Other Programs, Interest on Debt). Explain to students that other than the Ministries related to the major spending areas, all of the other Ministries and their spending are grouped into 'Other Programs'.

2. Before looking at the actual breakdown of expenditures, ask students to consider how they would distribute the 124 billion dollars. Use Worksheet 2.1: My Plan for Ontario's Expenditures. Afterwards, give students time to present their plans to each other and explain their choices.

3. Now display the actual pie chart of projected expenditures for the current fiscal year (Ontario's Projected Expenditures 2011-2012). Discussion questions: Was anyone close to the official government expenditures? What are the big differences between the government's plan and your own? Were there any big surprises? How do students feel about the government's spending?

Instruction: 10-15min

1. Explain the four sources of revenue for the Ontario Government (PowerPoint D: Ontario's Revenues).

- Taxes: Money remitted to the government by Ontario individuals and businesses, calculated as a percentage of income, profits or goods and services (personal income tax, corporate tax, sales tax).
- Transfer Payments: Sums of money that are transferred from the federal government to provinces and territories to help cover the costs of provincial expenses, such as Health Care.
- Non-Tax Revenue: Relates to fees and fines collected on a variety matters, such as Drivers' Licenses and speeding tickets.
- Government Enterprises: Revenue from government businesses, such as the Liquor Control Board of Ontario (LCBO) and Ontario Lottery and Gaming Corporation (OLG).

2. Ask students to hypothesize the breakdown of revenues among each category and subcategory. What revenue source do they think is the biggest? The smallest?

3. Now examine the breakdown of revenues projected by the Ontario Government for the current fiscal year (Ontario's Projected Revenues 2011-2012). Explore the variety of tax revenues. Compare revenues to each other based on what percentage they make up of overall revenues. Discussion questions: Were you surprised by the breakdown of revenue sources? Should the government be collecting more or less from any specific area?

Debrief: 5-10min

As a closing discussion, compare Ontario's revenues & expenditures with previous years (2001) and other provinces (i.e. Alberta).

- How has the breakdown of expenditures and revenues changed between 2001 and 2011?
- Comparing Ontario and Alberta, which province is more attractive to live in?
- What are the consequences for Ontario when it comes to attracting new Canadians when other jurisdictions have a stronger economy and job prospects?

ADDITIONAL RESOURCES

[Ontario Ministry of Finance – Past Budgets](#)