

NEWS RELEASE

Federal, provincial and local governments spent more than \$350 billion on corporate welfare from 2007 to 2019

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For immediate release

VANCOUVER—Governments in Canada—federal, provincial and local—spent \$352.1 billion (inflation-adjusted) subsidizing businesses over a 13-year period, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“These subsidies for businesses—also known as corporate welfare—come with huge costs to government budgets and taxpayers while doing little if anything to stimulate economic growth,” said Tegan Hill, economist at the Fraser Institute and co-author of *The Cost of Business Subsidies in Canada*.

(In the study, business subsidies include unrequited government transfers to businesses but exclude other forms of government support such as loan guarantees and direct investment.)

More specifically, from 2007 to 2019 (the latest year of available pre-COVID data), the federal government spent \$76.7 billion on business subsidies while the provinces spent \$223.3 billion and local governments spent \$52.1 billion.

Among the provinces during the same period, total provincial business subsidies (excluding federal and local subsidies) were highest in Quebec (\$79.6 billion), Ontario (\$73.4 billion) and British Columbia (\$22.9 billion).

And provincial subsidies equalled a significant share of provincial business income tax revenue across the country. In fact, provinces such as Prince Edward Island, Quebec and Manitoba could have effectively eliminated provincial business income taxes over the period if they had eliminated provincial business subsidies.

“Rather than give preferential treatment to certain companies and industries, governments could reduce business income taxes and help foster a pro-economic growth environment that gives all businesses the opportunity and incentives to succeed,” Hill said.

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