



Economic and Budget Outlook

Assessing Ontario's Budget Plan

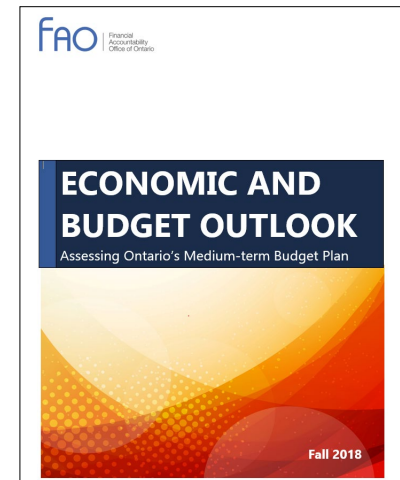
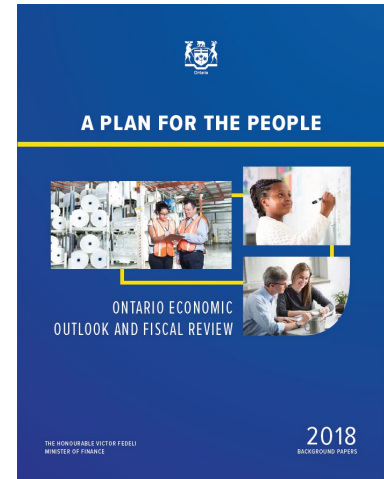
Fall 2018

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Background

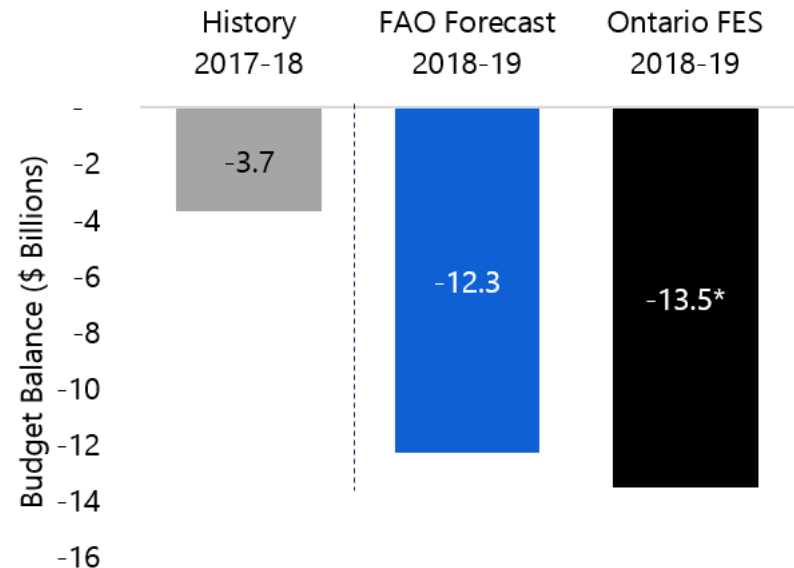
- ▶ Ontario released the 2018 Ontario Economic Outlook and Fiscal Review (Fall Economic Statement) on November 15, 2018.
- ▶ The FAO's Economic and Budget Outlook (EBO) provides an independent assessment of Ontario's economic performance and budget outlook.



Ontario's budget deficit will more than triple in 2018-19.

- ▶ The sharp jump in this year's deficit results from a significant increase in program spending combined with a decline in overall revenue.

FAO Projects a Sharp Increase in Ontario's 2018-19 Deficit



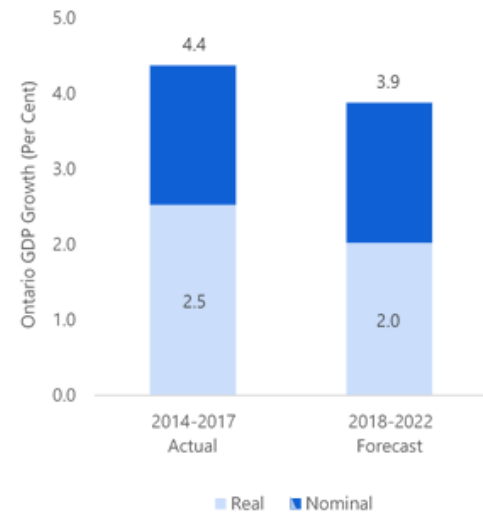
* Deficit estimates are presented without the reserve.

Source: Ontario Public Accounts, 2018 Ontario Economic Outlook and Fiscal Review (FES), and FAO.

Economic Growth to Moderate

- ▶ Over the past four years, the Ontario economy has shown significant strength.
- ▶ However, most economic forecasters, including the FAO and the Ontario government, expect economic growth will moderate over the next several years

Economic Growth in Ontario to Moderate Over Outlook



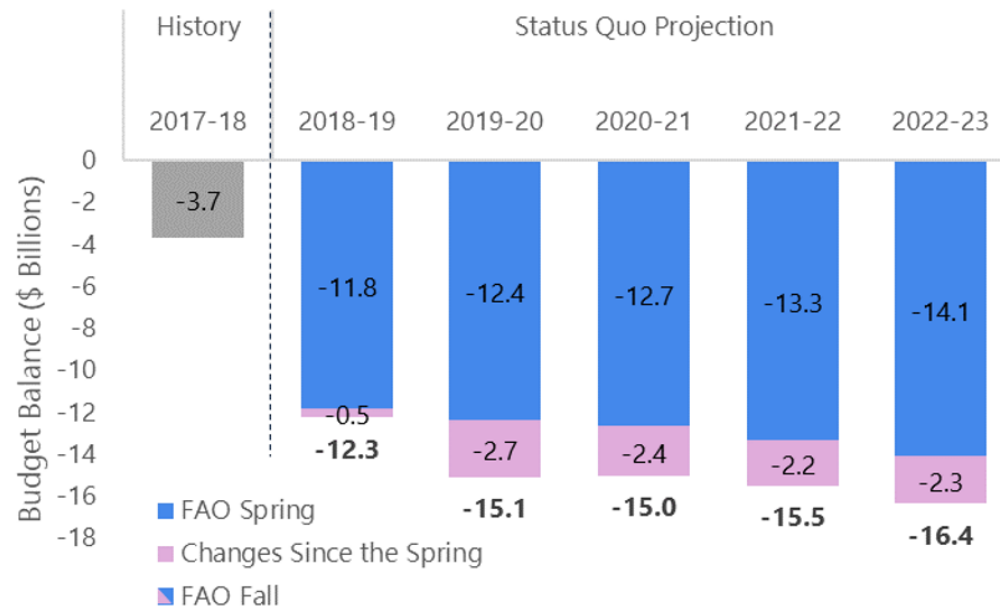
Source: Statistics Canada, Ontario Economic Accounts and FAO.

The Government Introduced a Number of Policy Changes...

- ▶ Changes since the 2018 Budget have included:
 - cancelling the cap and trade program
 - scaling back or cancelling new spending initiatives
 - reversing tax increases introduced in the Budget
 - introducing a low income tax credit and paralleling business tax changes introduced by the federal government
- ▶ On balance, these policy changes, combined with a moderately weaker economic forecast have contributed to a larger deficit since the FAO's Spring outlook

Policy changes, and a weaker economic forecast both contribute to the larger deficit outlook

Recent Policy Changes Increased Ontario's Deficit Over the Outlook

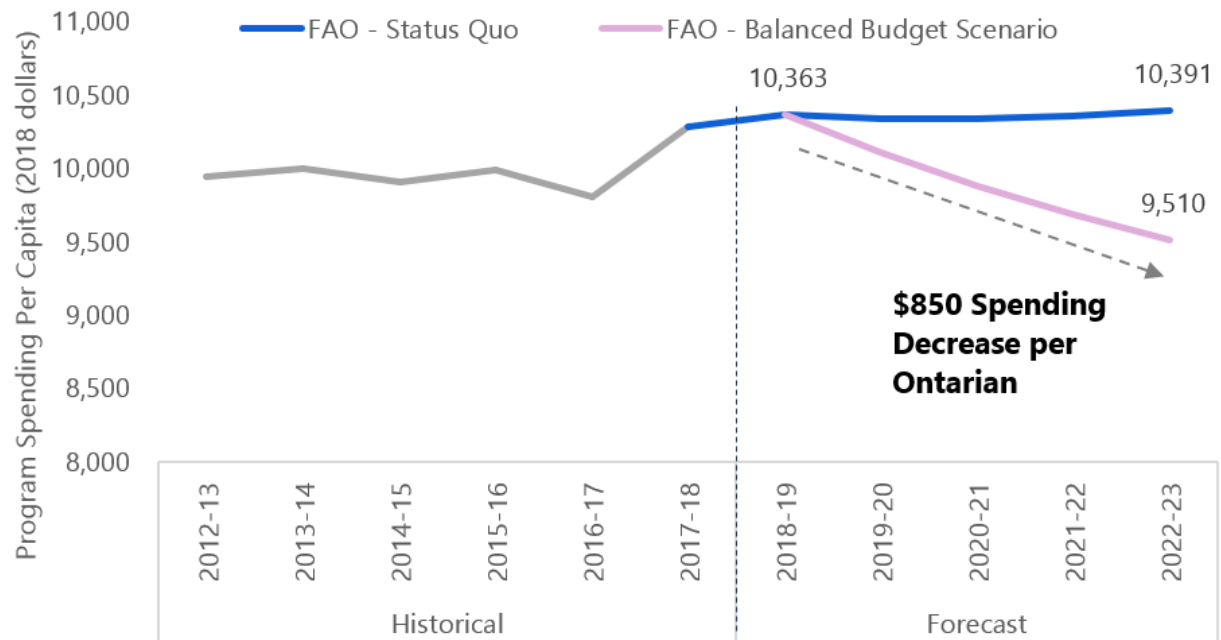


Note: Budget Balance is presented before reserve. The deficit for 2017-18 reflects 2017-18 Public Accounts. Numbers may not add due to rounding.

Source: Ontario Public Accounts, 2018 Ontario Economic Outlook and Fiscal Review, and FAO.

Balancing the Budget Without Raising Taxes Would Require Spending \$850 Less Per Ontarian

Balancing the Budget Without Raising Revenue Would Require Spending \$850 Less Per Ontarian



Source: Ontario Public Accounts, 2018 Ontario Economic Outlook, and FAO

Thank you

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