



Economic and Budget Outlook

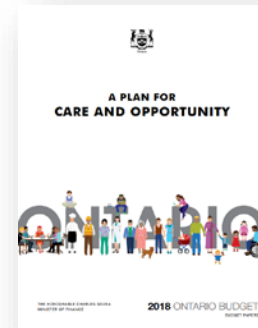
Assessing Ontario's Medium-term Budget Plan
Spring 2018

fAO

Financial
Accountability
Office of Ontario

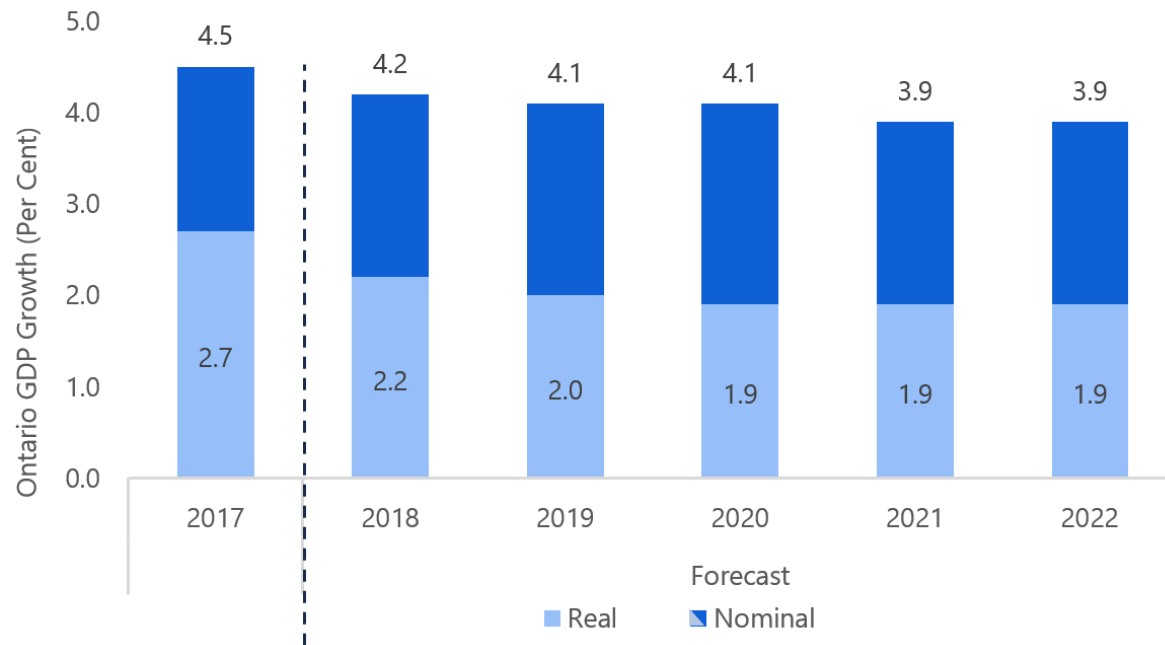
Background

- Ontario released the 2018 Budget on March 28, 2018.
- The Office of the Auditor General released its review of the government's Pre-Election Report on April 25, 2018.
- The FAO's EBO assesses Ontario's economic performance, budget outlook, and the government's fiscal recovery plan.



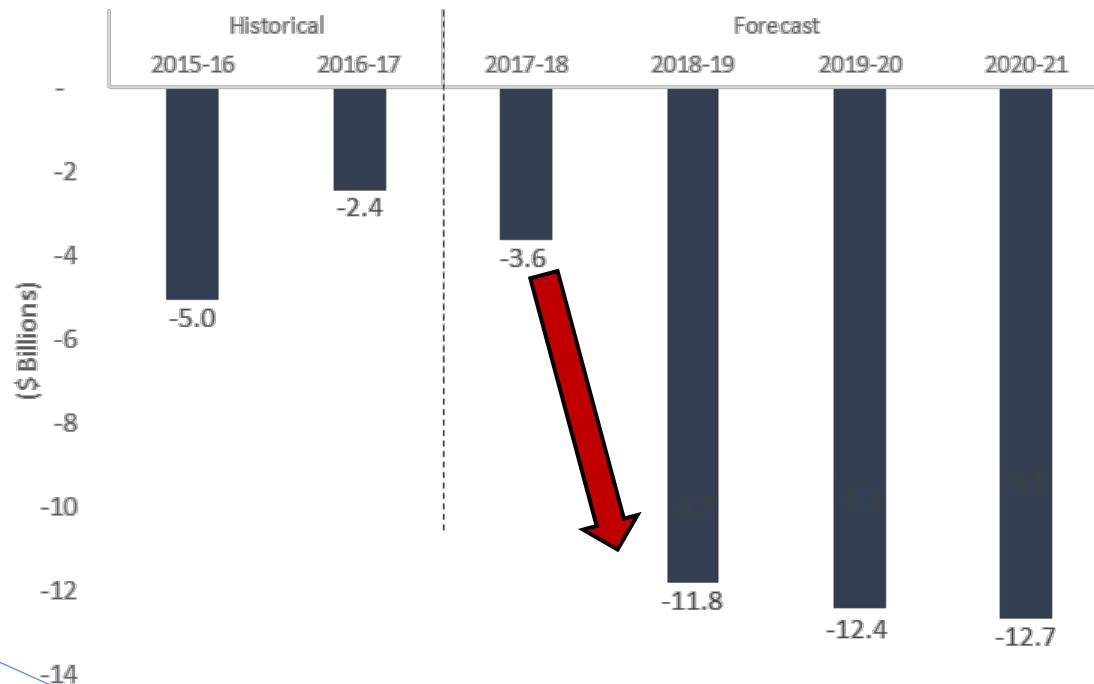
Economic Growth to Moderate

- ▶ Economic activity to moderate as growth of household spending and residential investment slows.

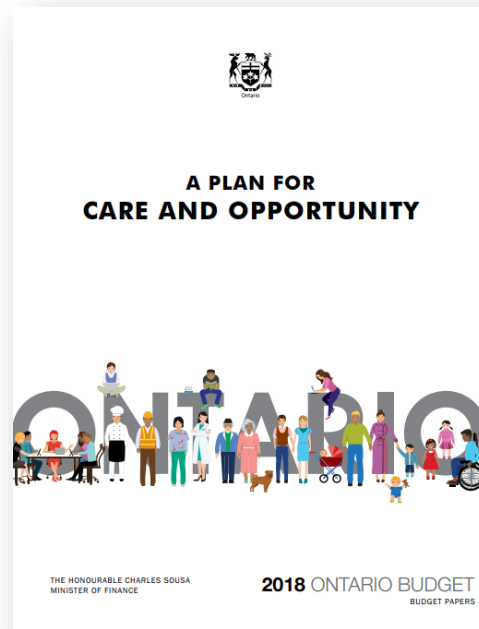


FAO Projects Deficit to Increase Sharply

- ▶ Deficit expected to increase sharply to \$12 billion.
- ▶ This reflects higher spending from 2018 Budget combined with weak revenue growth.



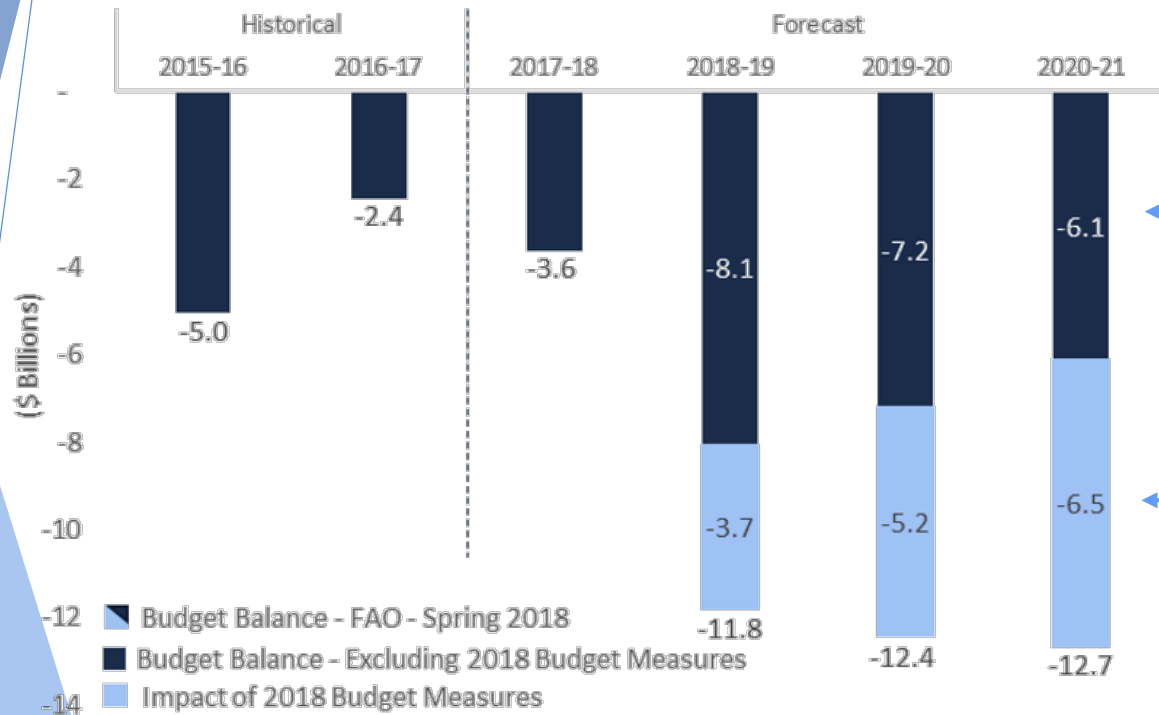
2018 Budget Announced New Spending Initiatives



- ▶ Budget announced a broad array of new spending initiatives, including:
 - ▶ Publicly funded pre-school childcare;
 - ▶ Expansion of pharmacare;
 - ▶ Public dental care;
 - ▶ More mental health services; and
 - ▶ Income security reform.

While many of these new programs would provide significant social and economic benefits for Ontarians, the government has not raised adequate revenue to pay for them.

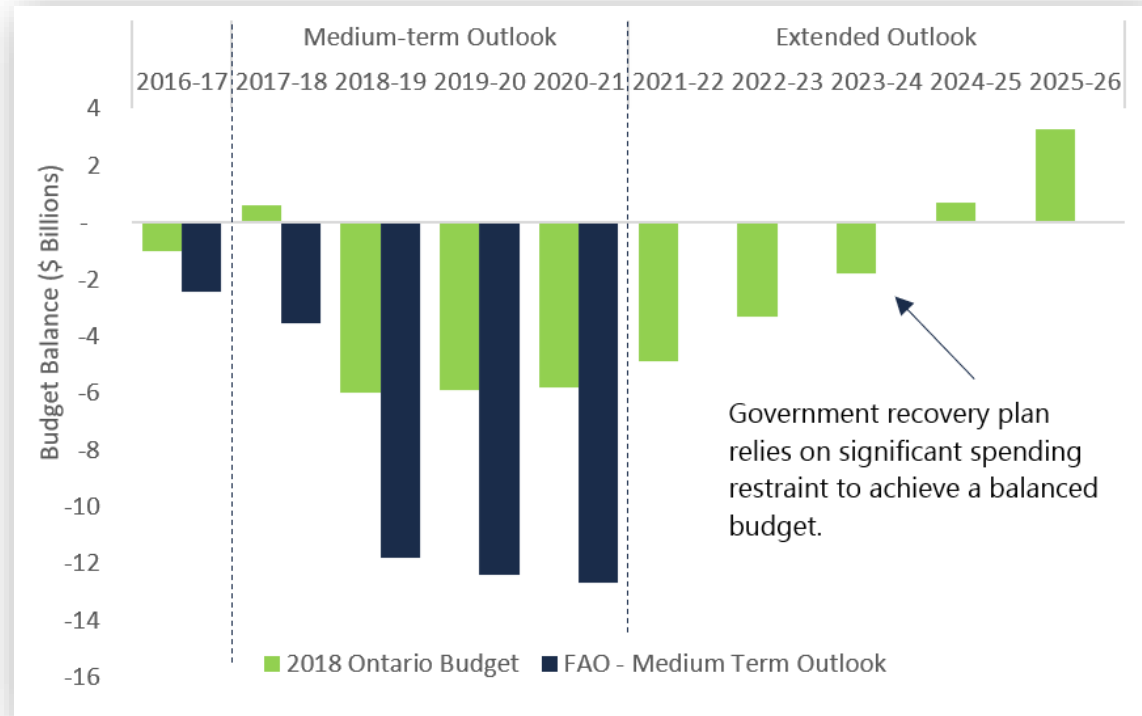
2018 Budget Measures Add to an Existing Deficit



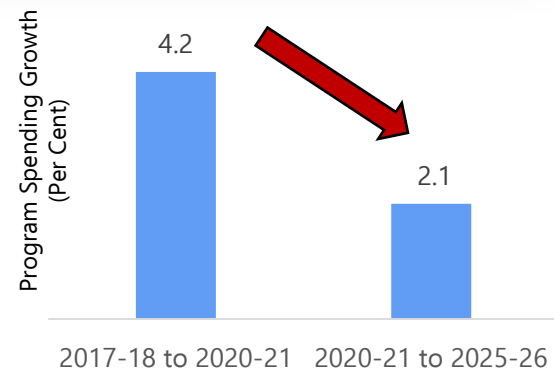
Ontario's existing deficit, prior to the introduction of the 2018 Budget.

The 2018 Budget's spending measures add to deficit.

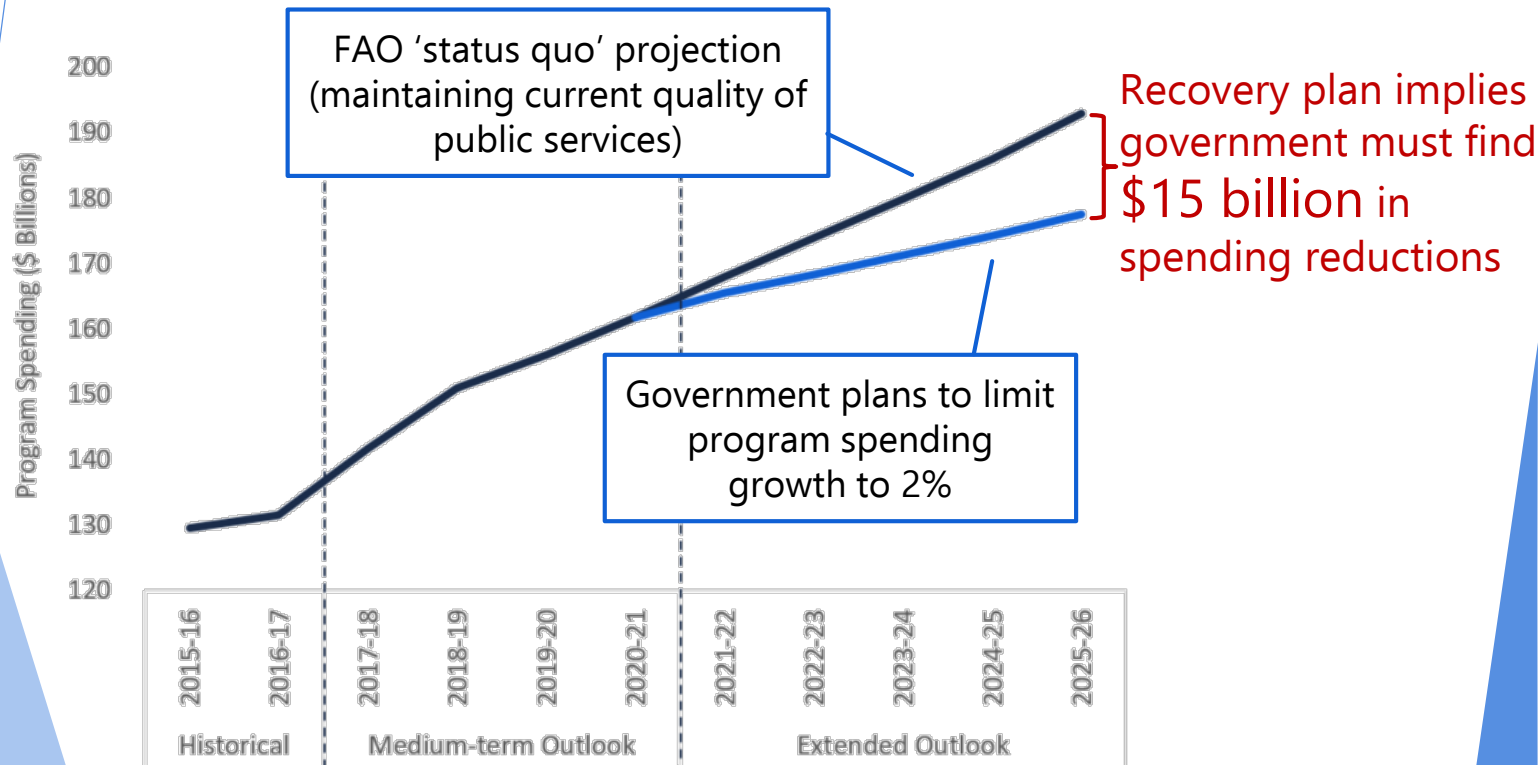
The government's plan projects a balanced budget by the mid-2020s.



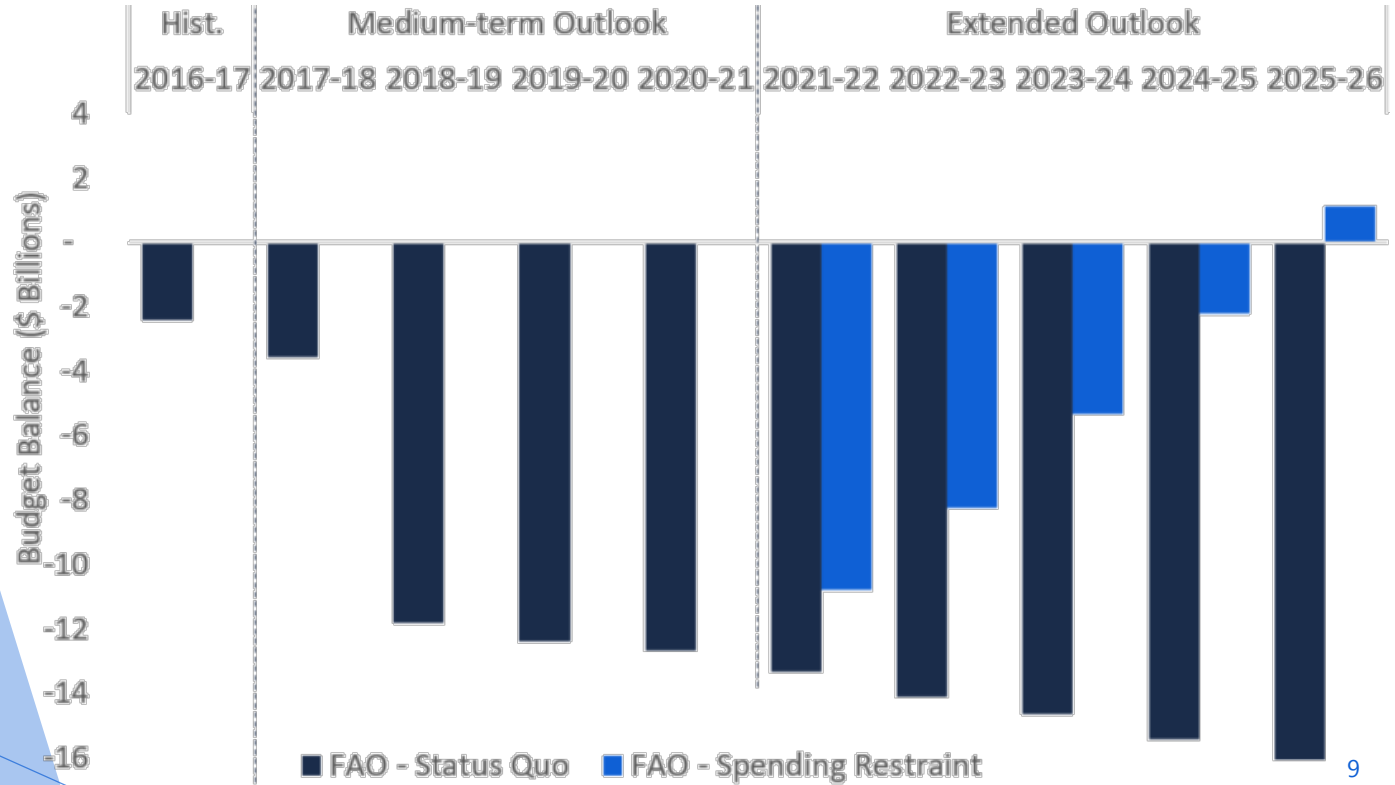
The plan relies on severely restricting the growth in program spending



Recovery Plan Implies Significant Spending Restraint

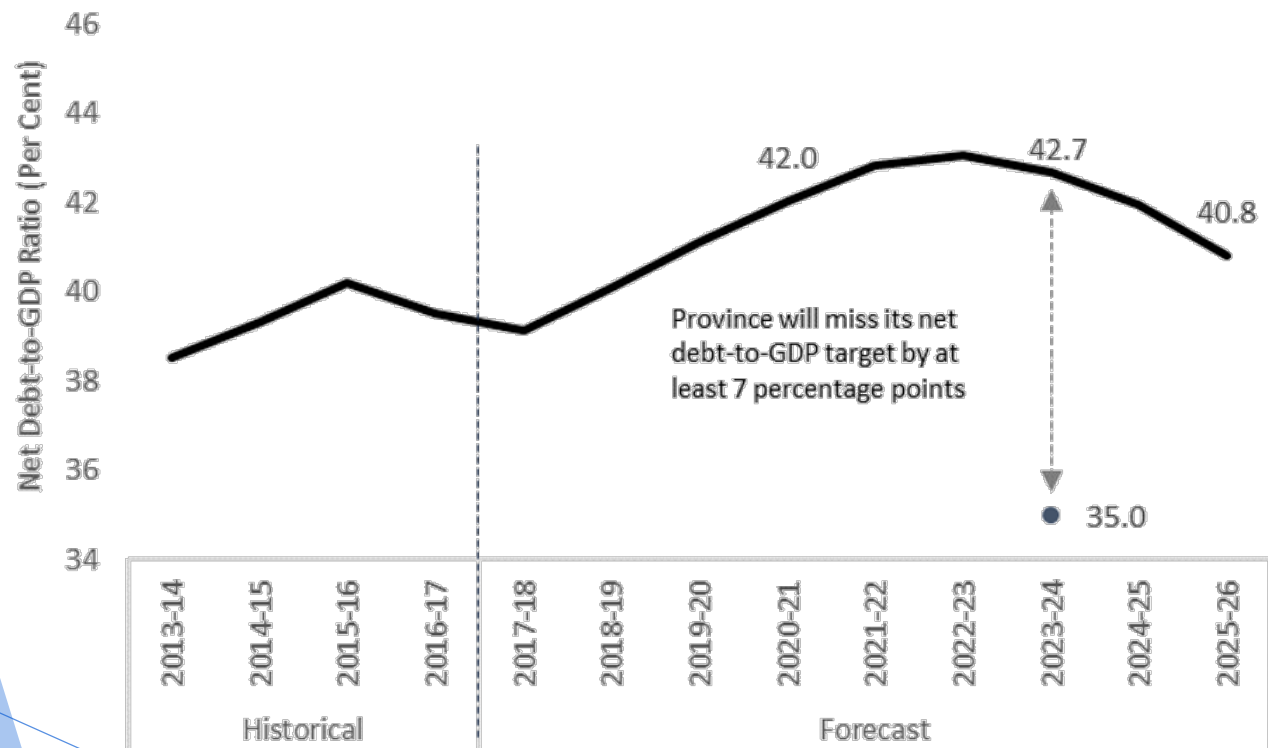


With Severe Spending Restraint Budget Could be Balanced by 2025



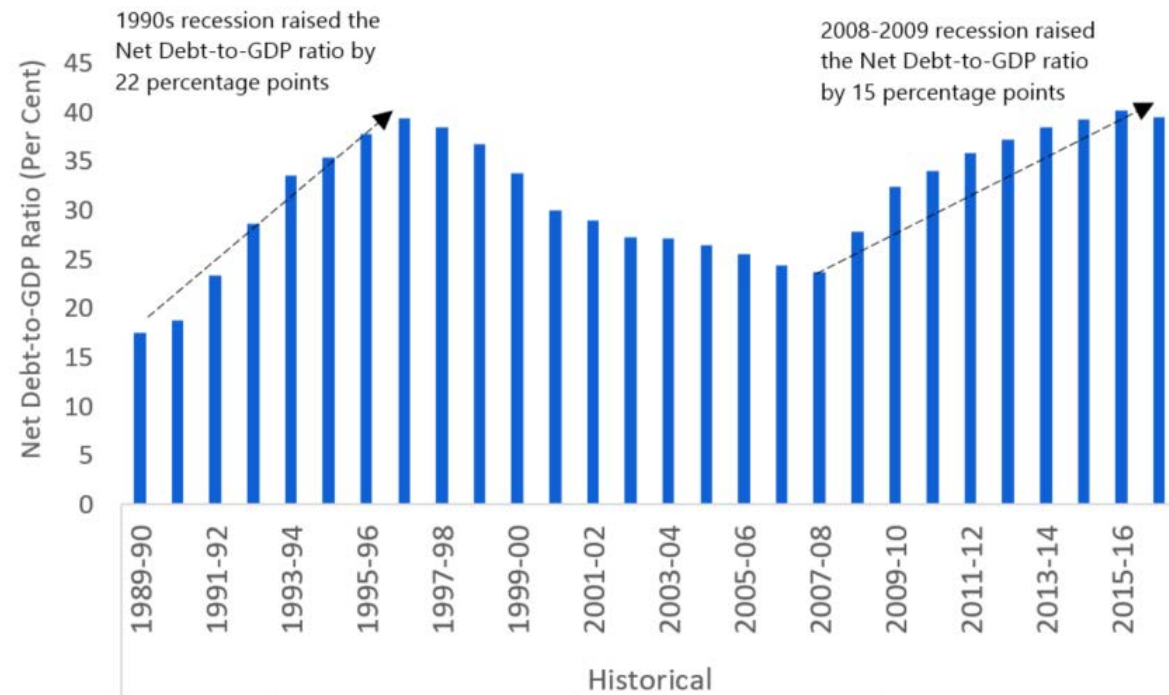
Continued deficits lead to a rising debt burden

- ▶ The Province will miss its target of reducing the debt-to-GDP ratio to 35 per cent in 2023-24 by a wide margin.



Elevated debt levels reduces the government's fiscal flexibility

- ▶ Elevated levels of public debt reduces the government's ability to prepare for the budget pressures of an aging population, or to respond to unforeseen future events.



Thank you

For media inquiries, please contact:
Kismet Baun, Communications Advisor
416-254-9232
kbaun@fao-on.org

fao | Financial
Accountability
Office of Ontario

2 Bloor Street West
Suite 900
Toronto, Ontario
M4W 3E2
416.644.0702
fao-on.org
info@fao-on.org

