

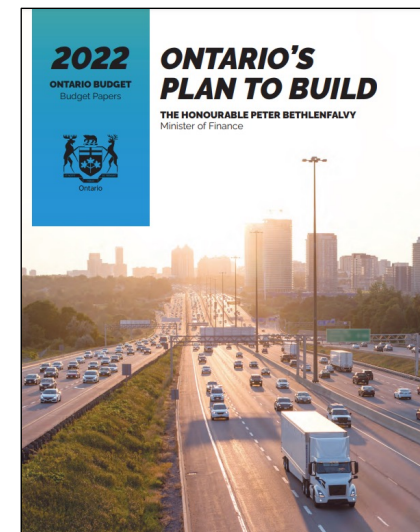
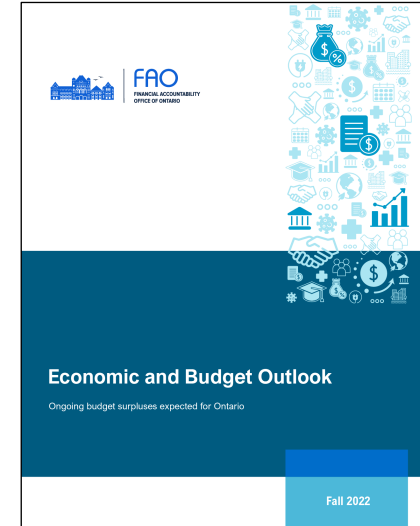
Economic and Budget Outlook

Ongoing budget surpluses expected for Ontario

Briefing Deck

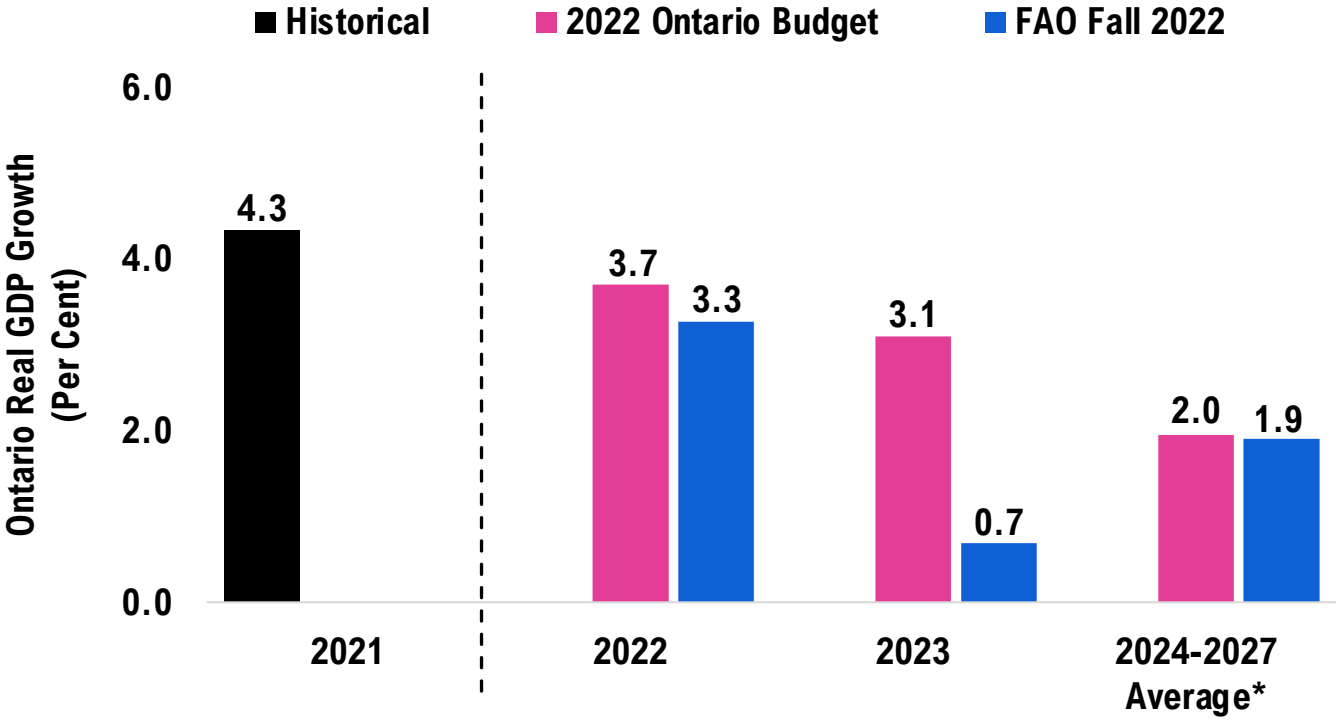
Overview

- The FAO's Economic and Budget Outlook compares the FAO's latest forecast with the 2022 Ontario Budget, over the 2022-23 to 2027-28 period.
- The presentation will focus on Ontario's:
 - Economic outlook and risks
 - Budget balance and fiscal sustainability indicators
 - Revenue outlook
 - Spending outlook



Ontario's rapid economic recovery set to slow

- Ontario posted strong economic growth of 4.3 per cent in 2021, and is expected to grow by 3.3 per cent in 2022.
- Next year, Ontario's economy is projected to slow significantly, growing by just 0.7 per cent in 2023.

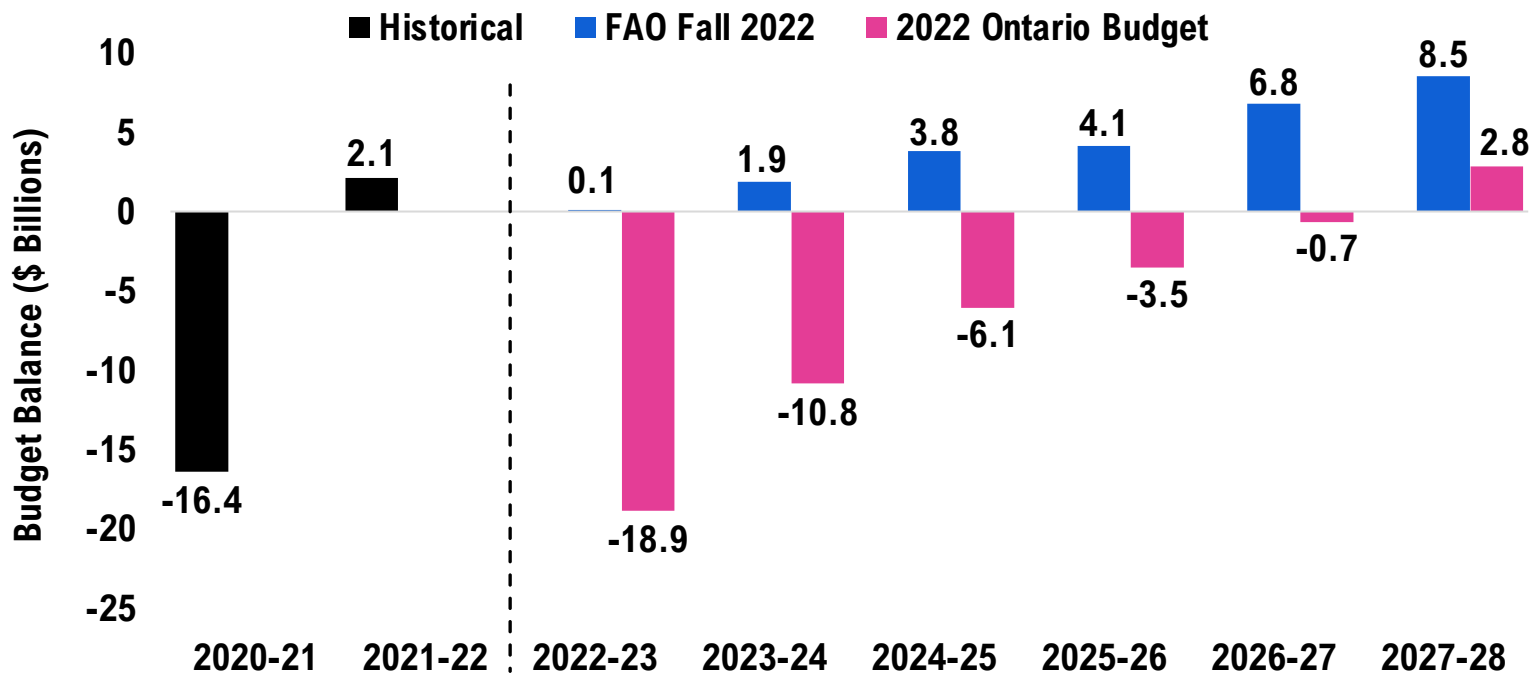


Source: 2022 Ontario Budget and FAO.



FAO projects growing budget surpluses

- Budget surplus in 2021-22 from strong economy and extraordinary revenue growth.
- Growing budget surpluses expected under current policies as revenue growth projected to slow but still outpace program spending.

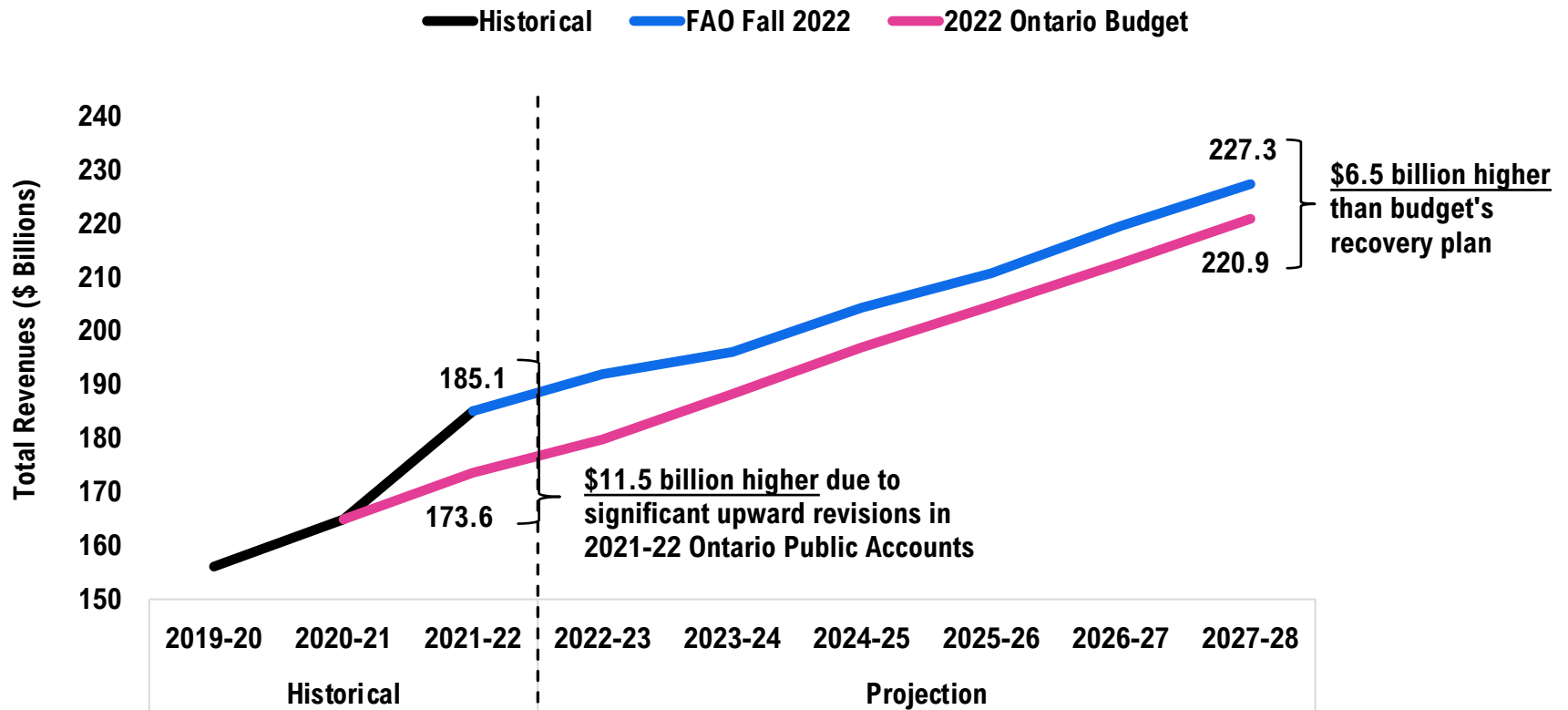


Note: The budget balance from the 2022 Ontario Budget is shown before the reserve.
Source: Ontario Public Accounts, 2022 Ontario Budget and FAO.



Revenue expected to be higher than Budget

- FAO revenue projection \$6.5 billion higher than the 2022 Budget in 2027-28.

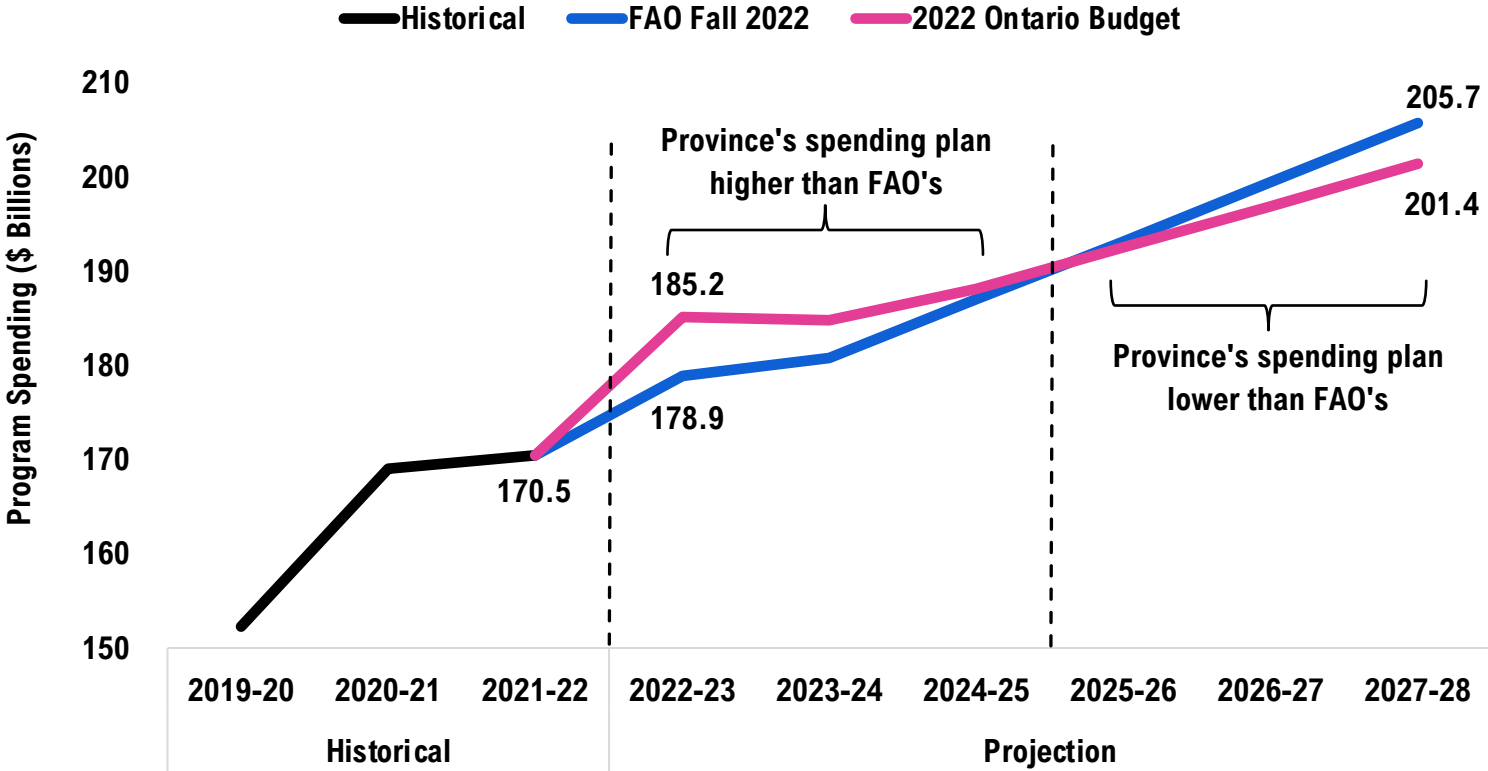


Note: 2022 Ontario Budget revenue in 2021-22 were estimates at the time of the budget's release.
 Source: Ontario Public Accounts, 2022 Ontario Budget and FAO.



Program spending to rise above government's projection

- FAO program spending projection \$4.3 billion higher than the 2022 Budget in 2027-28.



Source: Ontario Public Accounts and FAO analysis of the 2022 Ontario Budget and information provided by the Ministry of Finance.



Government spending plan contains funding shortfalls in every program sector, offset by historically high unallocated contingency funds

Program Spending Difference, Province vs. FAO, \$ millions							
Sector	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Health	502	-2,014	-4,879	-5,233	-5,526	-6,232	-23,382
Education	-436	-168	-403	-1,119	-1,815	-2,015	-5,955
Postsecondary Education	47	-245	-262	-505	-728	-959	-2,651
Children's and Social Services	189	-393	-753	-904	-1,063	-1,340	-4,263
Justice	-134	-320	-385	-468	-502	-524	-2,333
Other Programs	1,542	538	-433	-640	-1,001	-1,454	-1,448
Sum of Sector Differences	1,710	-2,601	-7,115	-8,868	-10,636	-12,523	-40,033
Contingency Funds (Excluded from FAO sector projections)	4,550	6,600	8,200	8,200*	8,200*	8,200*	43,950*
Total Program Spending Difference	6,260	3,999	1,085	-668	-2,436	-4,323	3,917

* Contingency fund amounts from 2025-26 to 2027-28 are FAO estimates.

Note: Negative values indicate that the Province's spending plan is below the FAO's projection (i.e., a "shortfall"), while positive values indicate that the Province's spending plan is above the FAO's projection. Ontario Teachers' Pension Plan (OTPP) expense is included in the education sector.

Source: FAO analysis of the 2022 Ontario Budget and information provided by the Ministry of Finance.



Thank you!



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