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**FAO SAYS BALANCED BUDGET ACHIEVABLE FOR PROVINCE IN 2017-18  
BUT PREDICTS SIGNIFICANT FUTURE DETERIORATION**

**(TORONTO, May 18, 2016)** – Stephen LeClair, Ontario’s Financial Accountability Officer says that according to the FAO’s projections there will be a small deficit of \$600 million in 2017-18 but given the flexibility built into the fiscal plan, “the Province should be able to achieve its commitment of balancing the budget in 2017-18.” However, LeClair says that “maintaining balanced budgets in Ontario will be an on-going challenge.”

Mr. LeClair today released “*Economic and Fiscal Outlook – Assessing Ontario’s Medium-Term Prospects*,” an in-depth review of the current economic outlook and the state of the provincial government’s finances. Read report here: [http://fao-on.org/en/Blog/Publications/EFA\\_Spring\\_2016](http://fao-on.org/en/Blog/Publications/EFA_Spring_2016)

The Financial Accountability Officer states that “beyond 2017-18, as revenue growth remains moderate and spending pressures build, the FAO is projecting a gradual deterioration in the Province’s budget balance leading to a deficit of \$1.7 billion within five years.”

There are significant risks that could result in a further deterioration of the province’s fiscal position, in both the short and medium-term. Some of these risks are largely outside the control of the government, such as slower than expected economic growth. Other risks reflect government actions such as policy assumptions that prove too optimistic, and spending targets that are overly ambitious.

LeClair says, “There is little fiscal room to deal with unexpected events.”

The FAO estimates that, over the next five years, Ontario’s net debt is projected to rise by almost \$54 billion to \$350 billion. This continued growth in debt reflects projected deficits plus \$45 billion in additional borrowing, mostly to finance new capital spending for the government’s large infrastructure program.

Despite the rise in debt, growth in the Ontario economy will result in the province’s debt-to-GDP ratio declining by approximately one percentage point over five years. LeClair raises concerns with the government’s plan to achieve a debt-to-GDP ratio of 27 per cent, “If the government wishes to maintain a debt-to-GDP target of 27 per cent, it should provide a plan and a realistic timeframe for the achievement of this goal.”

**About the FAO**

Established by the Financial Accountability Officer Act, 2013 (the Act), the Financial Accountability Office (FAO) provides independent analysis on the state of the Province’s finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario. Visit our website at [www.fao-on.org](http://www.fao-on.org) and follow us on Twitter at <https://twitter.com/InfoFAO>.

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