

---CHECK AGAINST DELIVERY---

Media Statement

Fall 2019 Economic and Budget Outlook

Monday, December 9, QP Media Studio

Good Morning, I'm Peter Weltman, Ontario's Financial Accountability Officer.

Standing with me today is David West, the FAO's Chief Economist. We will both be available to answer your questions following this brief statement. Si vous avez des questions en français, n'hésitez pas de les poser. Nous allons faire de notre mieux de vous répondre en français.

This morning, my office released our latest EBO report, providing our updated economic and fiscal outlook for the province.

Given our outlook for the economy and the province's revenues, and incorporating the government's spending plans updated in the Fall Economic Statement, the FAO projects Ontario's budget deficit will increase to \$8.5 billion in 2019-20, up from \$7.4 billion last year -- marking the third consecutive year of higher deficits. It's worth noting that these higher deficits come at a time of steady economic growth and are largely the result of policy decisions by both the current and previous governments.

Over the next four years, the FAO's baseline projection suggests a rapid improvement in Ontario's fiscal position, with an almost balanced budget in 2021-22, and a large \$8.7 billion surplus by 2023-24. This dramatic improvement in the budget balance is driven primarily by the government's plan to significantly limit program spending growth to just 1.4 per cent per year on average.

If the government successfully restrains program expenditures to this extent, spending per person would be reduced by \$1,070 or 10 per cent, over the next five years.

Importantly, the government's budget plan includes tax cuts and spending programs that have not been publicly disclosed. The FAO's projection excludes these unannounced policies because they are not reflected in current legislation and have not been formally proposed by the government. However, if implemented, these unannounced policies would delay the achievement of a balanced budget and result in an additional \$13.5 billion in net debt by 2023-24.

Because of the government's expenditure restraint, we estimate that the demand for public services will exceed the government's planned spending by approximately \$5 billion by 2021-22.

This is the key risk for the government's fiscal plan – that planned spending may not provide sufficient resources to meet the future demand for key public services, particularly in the areas of health and education.

Thank you.

I would be happy to respond to any questions. Il me ferait plaisir de répondre à vos questions.

Media inquiries – Jessica Martin, Team Lead, Communications
647-527-2385
JMartin@fao-on.org