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Date: Thu, 03 Nov 2016 09:54:52 -0400

FYI...

FAO expects Ontario budget to remain in deficit without additional government measures

Canada Newswire
Thu Nov 3 2016, 9:00am ET
Dateline: TORONTO, Nov. 3, 2016

TORONTO, Nov. 3, 2016 /CNW/ - The Honourable J. David Wake, Ontario's Temporary Financial Accountability Officer, today released an updated Economic and Fiscal Outlook((www.fao-on.org»)), providing an assessment of Ontario's economic outlook and the Province's fiscal position. The updated outlook incorporates developments since the FAO's spring report, including the 2015-16 Public Accounts, new spending commitments from September's Throne Speech and more moderate economic growth. The outlook also incorporates the impact of a change in the accounting treatment for jointly sponsored pension plans.

Based on these developments, the FAO is now projecting Ontario budget deficits of $5.2 billion in 2016-17 and $2.6 billion in 2017-18.

"Eliminating the budget **deficit** by 2017-18 will be more challenging given the assumed impact of the change in accounting treatment," said FAO Chief Economist David West. Even so, "achieving budget balance in 2017-18 may still be within the government's reach through the sale of public assets, the allocation of new revenues to existing spending or other steps."

Beginning in 2018-19, the FAO expects the **deficit** to steadily deteriorate to $3.7 billion by 2020-21, as growth in revenue is outpaced by increases in program expense and interest on debt. West adds that "maintaining a balanced budget after 2017-18 will likely require additional measures to raise revenue or reduce expense."

According to FAO projections, Ontario's net debt is expected to rise by $64 billion over the next five years to $370 billion in 2020-21, the result of cumulative deficits, capital spending and the change in accounting treatment. This is about $20 billion higher than forecast in the FAO's spring outlook, primarily due to the accounting change.

As a result of the higher debt, combined with slightly slower growth in nominal GDP, Ontario's net debt-to-GDP ratio is now expected to plateau at about 41 per cent, significantly above the Government's target of 27 per cent. Click here for the EFO - Fall 2016.((www.fao-on.org»))

About the FAO

Established by the Financial Accountability Officer Act, 2013, 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») (www.fao-on.org»)) and follow us on Twitter at (twitter.com») (twitter.com»)).

SOURCE **Financial Accountability Office** of Ontario

Image with caption: "FAO expects Ontario budget to remain in **deficit** without additional government measures (CNW Group/**Financial Accountability Office** of Ontario)". Image available at: (photos.newswire.ca») (photos.newswire.ca»))

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Length: 439 words