FAO's Economic and Budget Outlook

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Good afternoon,

MOF has shared their FAO Spring Budget Outlook HBN. (attached)

The report will be posted on the FAO website http://www.fao-on.org/en/ at 10:00 a.m.

Messaging is below.

Regards,

Ann

SUGGESTED RESPONSE

- I would like to thank the Financial Accountability Officer (FAO) for releasing his spring economic and budget outlook for Ontario. We value the FAO's independent assessment of the province's finances.
- It's important to acknowledge where the FAO and the government's Budget are in alignment.
- The FAO notes that Ontario's economy has shown significant strength, leading to the lowest unemployment rate since 2000.
- While Ontario's economy has been growing steadily, the government knows that more must be done.
- The FAO acknowledges the importance of the investments in the 2018 Budget for the people of Ontario.
  - The report specifically notes that this Budget's investments in childcare, health care and social assistance will provide "significant social and economic benefits for Ontarians."
- We know that these investments are important. The best way to deliver prosperity to more people is by continuing to invest in the economy, and in public services that promote greater fairness and opportunity across the province.

If asked about the risks to Ontario's economic outlook:

- Both the FAO's report and our Budget address the same risks to Ontario's economic outlook.

- While the possibility of stronger U.S. growth could boost Ontario's economy, protectionist trade policies in the U.S., and associated business uncertainty, could place Ontario at a competitive disadvantage.

- As well, high levels of household debt have left Ontario households vulnerable to rising interest rates.

- Ontario's fiscal policy is based on cautious assumptions and recognizes the need for flexibility to respond to changing circumstances.

- During this period of rapid economic change, our fiscal plan considers the impact of today's choices on different groups within the province and on future generations.

If asked about the FAO's deficit projections:

- The difference between the FAO's medium-term projections and the 2018 Budget is mainly due to the disagreement in accounting.

- The FAO's deficit projections include the Auditor General's interpretation of how the government should be accounting for net pension assets and the Fair Hydro Plan.

- We acknowledge that the path to balance will be a difficult one that will require leadership and difficult trade-offs.

- The government remains committed to a recovery plan that returns to balanced budgets by 2024–25, while creating policies and programs that both benefit the people of Ontario and create the conditions for more robust economic expansion.

- While there is uncertainty in any future-oriented forecast, what we do know is that this government has a strong track record of beating its fiscal targets.

- As outlined in the 2018 Budget, the government is projecting a surplus of $600 million for 2017–18, beating its fiscal target for the ninth year in a row.