

2022–23 First Quarter Finances

The First Quarter Finances report contains information about Ontario’s 2022–23 fiscal outlook, primarily as of June 30, 2022.

Highlights

- Ontario’s real gross domestic product (GDP) increased 1.1 per cent in the first calendar quarter of 2022, following a 1.5 per cent gain in the fourth quarter of 2021. Real GDP in the first quarter was 1.3 per cent above the pre-pandemic level in the fourth quarter of 2019.
- Ontario employment in July 2022 was 192,400 jobs, or 2.6 per cent above the February 2020 pre-pandemic level, while the unemployment rate was 5.3 per cent.
- Since the 2022 Budget, expectations by private-sector forecasters for real GDP growth in 2022 have declined slightly, while expectations for nominal GDP growth have risen, reflecting higher GDP inflation.
- As of the 2022–23 First Quarter Finances, the government is projecting a deficit of \$18.8 billion in 2022–23, an improvement of \$1.1 billion from the outlook presented in the 2022 Budget, primarily due to higher projected taxation revenues.
- Revenues in 2022–23 are projected to be \$1.2 billion higher than forecast in the 2022 Budget, mainly reflecting higher taxation revenues. The increase in taxation revenues is due to stronger 2022 nominal GDP growth expectations as a result of higher-than-projected economy-wide inflation in 2022.
- Overall program expense in 2022–23 is projected to be unchanged from the outlook presented in the 2022 Budget. New commitments announced since the release of the 2022 Budget will be funded through existing contingencies within the fiscal plan.
- Interest on debt is projected to increase by \$105 million from the \$13.5 billion forecast in the 2022 Budget, as a result of higher-than-expected interest rates.
- As a result of faster-than-expected nominal GDP growth and the lower deficit forecast than at the time of the 2022 Budget, the net debt-to-GDP ratio is projected to be 40.4 per cent in 2022–23, 1.0 percentage point lower than the 41.4 per cent forecast in the 2022 Budget.
- As of August 2, 2022, the Province has borrowed \$13.3 billion, completing 33 per cent of its long-term borrowing program for 2022–23.

Introduction

Ontario has an ambitious plan for the economy. As announced in the 2022 Budget, released in April, Ontario’s Plan to Build is prudent, flexible and implementation is underway. Investments are being made to rebuild Ontario’s economy, bring good paying jobs to the province, build new infrastructure such as Highway 413 and the Bradford Bypass, lower taxes and keep Ontario open.

The government recognizes that while Ontario’s economy is performing well, with low unemployment and solid GDP growth, an elevated degree of economic uncertainty exists. Supply chain disruptions, geopolitical tensions and robust demand have caused inflation to reach near 40-year highs. The Bank of Canada is now raising interest rates in order to moderate inflation.

These factors have contributed to a higher cost of living for Ontario families. As part of its plan to keep costs down for families, the government will continue to help create the conditions for a stronger economy and is putting more money into the pockets of families so they can invest in themselves and in their futures.

In order to support the Bank of Canada’s effort to restore price stability, the government is committed to ensuring fiscal policy in the province works in tandem with monetary policy.

The government has committed to manage the public finances in a responsible, transparent and accountable manner. Regular updates on the Province’s evolving fiscal and economic outlook, based on the latest information available, help maintain public, investor and market confidence in the state of the Province’s finances.

It is during uncertain times such as these that the responsible fiscal management demonstrated by this government is needed most. In the current high inflation environment, the government is taking a prudent step to improve the Province’s fiscal outlook by reducing the deficit as a result of higher-than-expected projected revenues. This is important in today’s high inflationary environment and for future generations which will shoulder the burden of high debts and deficits.

The next steps in the government’s Plan to Build Ontario will be outlined in the *2022 Ontario Economic Outlook and Fiscal Review*, to be released by November 15, 2022.

Section A: Ontario's 2022–23 fiscal outlook

The Province’s 2022–23 deficit is projected to be \$18.8 billion — \$1.1 billion lower than the outlook published in the *2022 Budget*, primarily due to higher projected taxation revenues.

Revenues in 2022–23 are projected to be \$1.2 billion higher than forecast in the *2022 Budget*, mainly reflecting higher taxation revenues. The increase in taxation revenues is due to stronger 2022 nominal GDP growth expectations, as a result of higher-than-projected economy-wide inflation in 2022.

Overall program expense in 2022–23 is projected to be \$185.2 billion, unchanged from the forecast in the *2022 Budget*. New commitments announced since the release of the *2022 Budget* will be funded through existing contingencies within the fiscal plan.

Interest on debt is projected to increase by \$105 million from the \$13.5 billion forecast in the *2022 Budget*, due to higher-than-expected interest rates.

As a result of faster-than-expected nominal GDP growth and a deficit forecast lower than at the time of the *2022 Budget*, the net debt-to-GDP ratio is projected to be 40.4 per cent in 2022–23, 1.0 percentage point lower than the 41.4 per cent forecast in the *2022 Budget*.

The *2022 Budget* included a \$1.0 billion reserve in 2022–23, to protect the fiscal outlook against any unforeseen changes in the Province’s revenue and expense forecasts. The \$1.0 billion reserve has been maintained as part of the current fiscal outlook. The reserve provides additional prudence in the government’s fiscal framework and is distinct from contingency funds that set aside dedicated funding to be allocated in response to emerging needs.

Table 1
2022–23 In-Year Fiscal Performance
(\$ Millions)

Item	2022 Budget	Current Outlook	In-Year Change
Revenue	179,798	181,002	1,204
Expense — Programs	185,163	185,163	–
Expense — Interest on Debt	13,485	13,590	105
Total Expense	198,648	198,753	105

Item	2022 Budget	Current Outlook	In-Year Change
Surplus/(Deficit) Before Reserve	(18,850)	(17,751)	1,099
Reserve	1,000	1,000	–
Surplus/(Deficit)	(19,850)	(18,751)	1,099

Notes: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2022.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Revenue

Revenues in 2022–23 are projected to be \$181.0 billion, or \$1.2 billion higher than forecast in the 2022 Budget.

The forecast for **Total Taxation Revenue** increased by \$1.2 billion compared to the 2022 Budget, due to stronger nominal GDP growth reflecting higher-than-projected economy-wide inflation in 2022. The increase in nominal GDP is expected to be broad-based, impacting wages, consumer spending and corporate profits. As a result, the revenue projections for **Personal Income Tax** increased by \$941 million, for **Sales Tax** by \$597 million and for **Corporations Tax** by \$417 million. These increases are partially offset by a \$787 million decrease in **Land Transfer Tax**, due to slowing activity in the housing market.

Projected **Government of Canada Transfers** increased by \$36 million since the 2022 Budget, due to one-time federal funding through the passage and Royal Assent of Bill C-8 to support school ventilation projects.

Table 2
Key Changes to 2022–23 Revenue Projections
(\$ Millions)

Item	2022–23
2022 Budget Total Revenue Outlook	179,798
Revenue Changes Since the 2022 Budget — Personal Income Tax	941
Revenue Changes Since the 2022 Budget — Sales Tax	597
Revenue Changes Since the 2022 Budget — Corporations Tax	417
Revenue Changes Since the 2022 Budget — Land Transfer Tax	(787)
Revenue Changes Since the 2022 Budget — Total Taxation Revenue	1,168
Revenue Changes Since the 2022 Budget — Government of Canada Transfers	36
Total Revenue Changes Since the 2022 Budget	1,204

Item	2022–23
2022–23 First Quarter Finances Total Revenue Outlook	181,002

Notes: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2022.

Source: Ontario Ministry of Finance.

Additional developments could materially affect the 2022–23 revenue outlook as new information becomes available during the year. These include changes to the economic growth outlook, the results from 2021 tax return processing, revenue collections from Ontario-administered taxes and the earnings of government business enterprises. The government will monitor these developments and provide further details in future fiscal updates.

Expense

Total expense is projected to be \$198.8 billion, or \$105 million higher than the 2022 Budget projection, due to higher interest on debt expense as a result of higher borrowing costs.

Overall program expense is unchanged relative to the outlook presented in the 2022 Budget.

Table 3
Key Changes to 2022–23 Total Expense Projections
(\$ Millions)

Item	2022–23
2022 Budget Total Expense Outlook	198,648
Expense Changes Since the 2022 Budget — Program Expense Change	–
Expense Changes Since the 2022 Budget — Interest on Debt Change	105
Total Expense Changes Since the 2022 Budget	105
2022–23 First Quarter Finances Total Expense Outlook	198,753

Notes: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2022.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Fiscal prudence

The *Fiscal Sustainability, Transparency and Accountability Act, 2019* requires Ontario’s fiscal plan to incorporate prudence in the form of a reserve to protect the fiscal outlook against unforeseen changes in the Province’s revenue and expense, including those resulting from Ontario’s economic performance. The 2022 Budget included a reserve of \$1.0 billion in 2022–23, which has been maintained as part of the current fiscal outlook. In addition, the standard Contingency Fund is maintained to help mitigate expense risks — for example, in cases where health and safety may be compromised, and which may otherwise adversely affect Ontario’s fiscal

performance. As of June 30, 2022, the end of the first quarter, the standard Contingency Fund balance of \$4.6 billion for 2022–23 remains unchanged from the outlook presented in the *2022 Budget*.

To maintain the flexibility necessary given the ongoing uncertainty related to the pandemic and the economy, the government had previously made available time-limited funding and extraordinary contingencies through the Time-Limited COVID-19 Fund. For the 2022–23 fiscal year, the \$2.8 billion Time-Limited COVID-19 Fund has been fully allocated as of the *2022 Budget*, while other COVID-19 Time-Limited Funding of \$4.1 billion remains unchanged from the *2022 Budget* outlook. In total, Time-Limited COVID-19 Funding is projected to be \$6.9 billion in 2022–23.

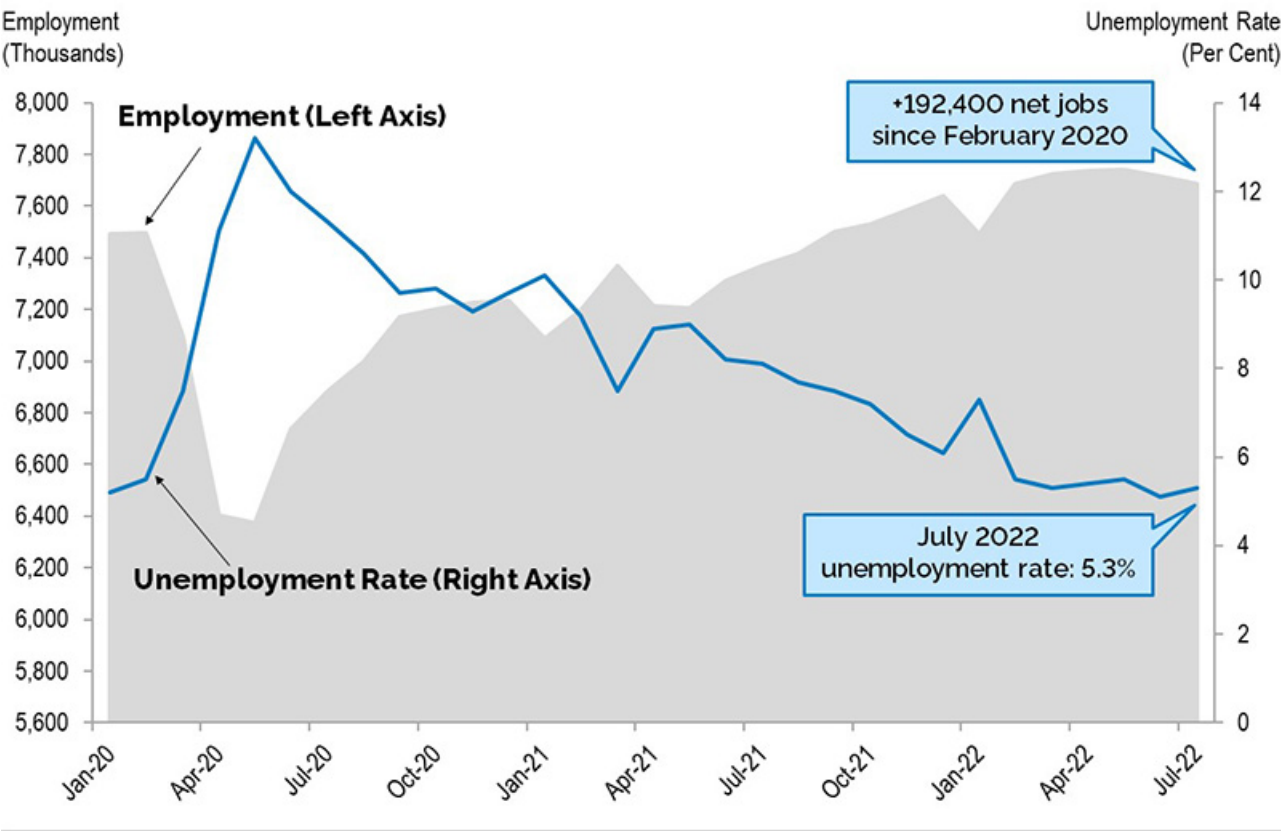
Section B: Ontario's recent economic performance and outlook

Recent economic performance

Ontario's real gross domestic product (GDP) continued to grow in a challenging global environment, rising 1.1 per cent in the first calendar quarter of 2022 and exceeding the pre-pandemic level in the fourth quarter of 2019 by 1.3 per cent. Growth in the first quarter was widespread, with gains in household spending, business investment and exports.

The strength in Ontario's economy has supported a strong recovery in employment. Employment in July 2022 was 192,400 net jobs or 2.6 per cent above the February 2020 pre-pandemic level, while the unemployment rate was 5.3 per cent. Other major economic indicators, such as international merchandise exports, manufacturing sales and retail trade, have also posted gains over the first half of 2022.

Chart 1
Ontario Labour Market



Source: Statistics Canada.

Accessible description of Chart 1: Ontario Labour Market

After strong growth in the first two months of the year, Ontario's housing market has moderated, coinciding with rising interest rates. Since the recent peak in February 2022, home resales have declined 36.1 per cent, while the average home resale price has declined by 12.8 per cent.

Chart 2
Ontario Home Resale Market



Note: Latest data point is June 2022.
Source: Canadian Real Estate Association.

Accessible description of Chart 2: Ontario Home Resale Market

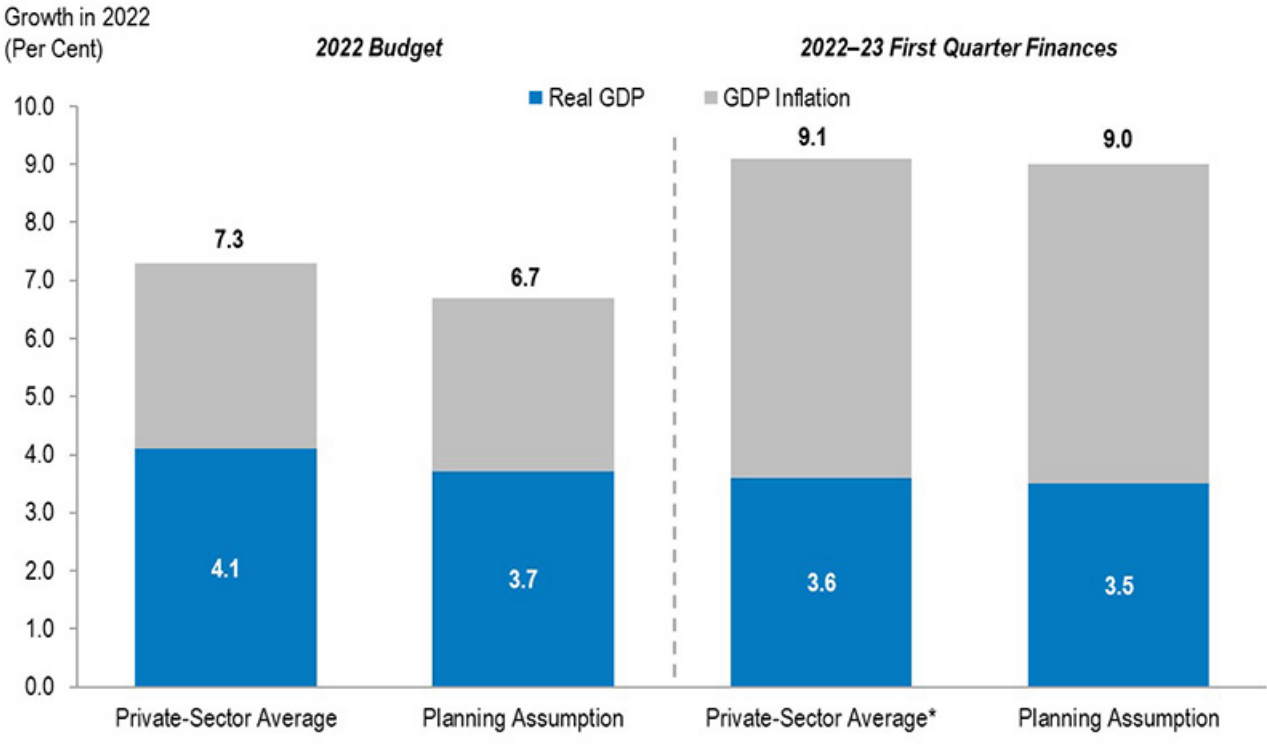
Economic outlook

After a period of robust recovery following the pandemic induced economic downturn, global growth is slowing amid heightened inflation and rising interest rates, as well as continued supply chain bottlenecks. The International Monetary Fund projects global real GDP growth to slow from 6.1 per cent in 2021 to 3.2 per cent in 2022, down from a projected increase of 4.4 per cent at the time of the 2022 Budget. The outlook for the U.S. economy has also weakened in recent months. According to the Blue Chip Economic Indicators survey as of July 11, 2022, forecasters anticipate U.S. real GDP to increase by 2.0 per cent in 2022, compared to 3.7 per cent at the time of the 2022 Budget.

Expectations for Ontario’s real GDP growth have also been revised lower. Among recent private-sector forecasts, the average projected real GDP growth for 2022 is 3.6 per cent, slightly lower than the 2022 Budget planning assumption of 3.7 per cent. The 2022–23 First Quarter Finances planning assumption for real GDP growth in 2022 is 3.5 per cent, 0.1 percentage points lower than the private-sector average for prudent planning purposes.

Expectations for Ontario’s nominal growth have been revised higher since the 2022 Budget as GDP inflation has risen due to strong economy-wide price increases amid supply chain constraints and strong demand. Among recent private-sector forecasts, the average projected nominal GDP growth for 2022 is 9.1 per cent, above the 2022 Budget planning assumption of 6.7 per cent. The 2022–23 First Quarter Finances planning assumption for nominal GDP growth is 9.0 per cent, 0.1 percentage points lower than the private-sector average for prudent planning purposes.

Chart 3
Stronger-than-Planned Nominal GDP Growth in 2022



*Average of private-sector forecasts updated since May 18, 2022.
Note: Nominal GDP growth is the sum of real GDP growth and GDP inflation.
Sources: Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasters (March 8, 2022 and July 22, 2022).

Accessible description of Chart 3: Stronger-than-Planned Nominal GDP Growth in 2022

Elevated inflation remains a key risk to the economic outlook. Rising demand in service sectors, a tight labour market and higher inflation expectations may further intensify price pressures.

In response to high inflation, interest rates have increased both globally and domestically. In Ontario, rising interest rates have led to a softening in the housing market. Accelerated interest rate increases could further weigh on housing, as well as consumer and business investment spending.

Russia’s invasion of Ukraine remains a major source of global economic uncertainty, and is driving further supply chain disruptions.

Section C: Details of Ontario's finances

Table 4
Revenue
(\$ Millions)

Item	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Taxation Revenue — Personal Income Tax	44,584	45,525	941
Taxation Revenue — Sales Tax	32,287	32,884	597
Taxation Revenue — Corporations Tax	19,736	20,153	417
Taxation Revenue — Education Property Tax	5,652	5,652	–

Item	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Taxation Revenue — Employer Health Tax	7,842	7,842	–
Taxation Revenue — Ontario Health Premium	4,722	4,722	–
Taxation Revenue — Gasoline Tax	2,088	2,088	–
Taxation Revenue — Land Transfer Tax	5,686	4,899	(787)
Taxation Revenue — Tobacco Tax	953	953	–
Taxation Revenue — Fuel Tax	703	703	–
Taxation Revenue — Beer, Wine and Spirits Taxes	635	635	–
Taxation Revenue — Electricity Payments in Lieu of Taxes	511	511	–
Taxation Revenue — Ontario Portion of the Federal Cannabis Excise Duty	215	215	–
Taxation Revenue — Other Taxes	800	800	–
Taxation Revenue — Total	126,414	127,582	1,168
Government of Canada — Canada Health Transfer	17,560	17,560	–
Government of Canada — Canada Social Transfer	6,191	6,191	–
Government of Canada — Equalization	–	–	–
Government of Canada — Infrastructure Programs	1,239	1,239	–
Government of Canada — Labour Market Programs	1,128	1,128	–
Government of Canada — Social Housing Agreement	263	263	–
Government of Canada — Other Federal Payments	4,139	4,175	36
Government of Canada — Direct Transfers to Broader Public-Sector Organizations	479	479	–

Item	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Government of Canada — Total	30,999	31,035	36
Income from Government Business Enterprises — Liquor Control Board of Ontario	2,583	2,583	–
Income from Government Business Enterprises — Ontario Power Generation Inc./Hydro One Ltd.	1,186	1,186	–
Income from Government Business Enterprises — Ontario Lottery and Gaming Corporation	2,330	2,330	–
Income from Government Business Enterprises — Ontario Cannabis Store	180	180	–
Income from Government Business Enterprises — Total	6,279	6,279	–
Other Non-Tax Revenue — Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges	9,365	9,365	–
Other Non-Tax Revenue — Vehicle and Driver Registration Fees	1,034	1,034	–
Other Non-Tax Revenue — Miscellaneous Other Non-Tax Revenue	1,169	1,169	–
Other Non-Tax Revenue — Other Fees and Licences	1,211	1,211	–
Other Non-Tax Revenue — Sales and Rentals	1,939	1,939	–
Other Non-Tax Revenue — Reimbursements	1,039	1,039	–
Other Non-Tax Revenue — Royalties	307	307	–
Other Non-Tax Revenue — Power Supply Contract Recoveries	42	42	–
Other Non-Tax Revenue — Net Reduction of Power Purchase Contracts	–	–	–
Other Non-Tax Revenue — Total	16,106	16,106	–
Total Revenue	179,798	181,002	1,204

Notes: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2022.

Source: Ontario Ministry of Finance.

<div>Table 5</div> <div>Total Expense¹</div> <div>(\$ Millions)</div>			
Ministry Expense	2022-23: 2022 Budget	2022-23: Current Outlook	2022-23: In-Year Change
Agriculture, Food and Rural Affairs (Base)	331.3	331.3	–
Agriculture, Food and Rural Affairs — Demand-Driven Risk Management and Time-Limited Programs	439.3	439.3	–
Agriculture, Food and Rural Affairs — COVID-19 Time-Limited Funding ²	47.6	47.6	–
Agriculture, Food and Rural Affairs (Total)	818.1	818.1	–
Attorney General (Base)	1,783.7	1,783.7	–
Attorney General — COVID-19 Time-Limited Funding ³	52.0	52.0	–
Attorney General (Total)	1,835.7	1,835.7	–
Board of Internal Economy (Base)	278.2	278.2	–
Board of Internal Economy — Provision for the Costs of General Election	100.0	100.0	–
Board of Internal Economy (Total)	378.2	378.2	–
Children, Community and Social Services (Base)	18,326.5	18,326.5	–
Children, Community and Social Services — COVID-19 Time-Limited Funding ⁴	22.0	22.0	–
Children, Community and Social Services (Total)	18,348.5	18,348.5	–
Citizenship and Multiculturalism (Base)	52.6	52.6	–

Ministry Expense	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Citizenship and Multiculturalism — COVID-19 Time-Limited Funding ⁵	3 . 7	3 . 7	–
Citizenship and Multiculturalism (Total)	56.3	56.3	–
Colleges and Universities (Base)	9 , 439 . 4	9 , 439 . 4	–
Colleges and Universities — Student Financial Assistance	1 , 333 . 0	1 , 333 . 0	–
Colleges and Universities — COVID-19 Time-Limited Funding ⁶	10 . 7	10 . 7	–
Colleges and Universities (Total)	10,783.1	10,783.1	–
Economic Development, Job Creation and Trade (Base)	429 . 8	429 . 8	–
Economic Development, Job Creation and Trade — Time-Limited Investments	434 . 4	434 . 4	–
Economic Development, Job Creation and Trade — COVID-19 Time-Limited Funding ⁷	78 . 0	78 . 0	–
Economic Development, Job Creation and Trade (Total)	942.1	942.1	–
Education (Base)	32 , 439 . 0	32 , 439 . 0	–
Education — Teachers’ Pension Plan	1 , 630 . 0	1 , 630 . 0	–
Education — COVID-19 Time-Limited Funding ⁸	597 . 5	597 . 5	–
Education (Total)	34,666.5	34,666.5	–
Energy (Base)	327 . 6	327 . 6	–
Energy — Electricity Cost Relief Programs	6 , 273 . 7	6 , 273 . 7	–
Energy (Total)	6,601.3	6,601.3	–
Environment, Conservation and Parks (Base)	711 . 9	711 . 9	–

Ministry Expense	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Environment, Conservation and Parks — COVID-19 Time-Limited Funding ⁹	24 . 7	24 . 7	–
Environment, Conservation and Parks (Total)	736.6	736.6	–
Executive Offices (Total)	47.0	47.0	–
Finance (Base)	938 . 5	938 . 5	–
Finance — Investment Management Corporation of Ontario ¹⁰	221 . 9	221 . 9	–
Finance — Ontario Municipal Partnership Fund	501 . 9	501 . 9	–
Finance — Power Supply Contract Costs	42 . 3	42 . 3	–
Finance — Time-Limited COVID-19 Fund ¹¹	–	–	–
Finance (Total)	1,704.6	1,704.6	–
Francophone Affairs (Base)	7 . 4	7 . 4	–
Francophone Affairs — Time-Limited Investments	0 . 6	0 . 6	–
Francophone Affairs (Total)	7.9	7.9	–
Government and Consumer Services (Base)	835 . 8	835 . 8	–
Government and Consumer Services — Realty	1,184 . 5	1,184 . 5	–
Government and Consumer Services — COVID-19 Time-Limited Funding ¹²	89 . 2	89 . 2	–
Government and Consumer Services (Total)	2,109.6	2,109.6	–
Health (Total)	68,414.4	68,414.4	–
COVID-19 Health Response ¹³	4,753.6	4,753.6	–
Heritage, Sport, Tourism and Culture Industries (Base)	871 . 2	871 . 2	–

Ministry Expense	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Heritage, Sport, Tourism and Culture Industries — Ontario Cultural Media Tax Credits	816.9	816.9	–
Heritage, Sport, Tourism and Culture Industries — COVID-19 Time-Limited Funding ¹⁴	200.0	200.0	–
Heritage, Sport, Tourism and Culture Industries (Total)	1,888.2	1,888.2	–
Indigenous Affairs (Total)	118.3	118.3	–
Infrastructure (Base)	981.5	981.5	–
Infrastructure — Federal–Provincial Infrastructure Programs	717.4	717.4	–
Infrastructure — Waterfront Toronto Revitalization (Port Lands Flood Protection)	25.0	25.0	–
Infrastructure — Municipal Infrastructure Program Investments	398.4	398.4	–
Infrastructure (Total)	2,122.3	2,122.3	–
Labour, Training and Skills Development (Base)	301.7	301.7	–
Labour, Training and Skills Development — Training Tax Credits (Co-operative Education and Labour, Training and Skills Development — Apprenticeship Training) ¹⁵	92.0	92.0	–
Labour, Training and Skills Development — Demand-Driven Employment and Training Programs	1,126.6	1,126.6	–
Labour, Training and Skills Development — COVID-19 Time-Limited Funding ¹⁶	284.7	284.7	–
Labour, Training and Skills Development (Total)	1,804.9	1,804.9	–
Long-Term Care (Total) ¹⁷	6,750.9	6,750.9	–
Municipal Affairs and Housing (Base)	562.4	562.4	–

Ministry Expense	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Municipal Affairs and Housing — Time-Limited Investments	414.5	414.5	–
Municipal Affairs and Housing — Social Housing Agreement - Payments to Service Managers	210.3	210.3	–
Municipal Affairs and Housing — COVID-19 Time-Limited Funding ¹⁸	127.5	127.5	–
Municipal Affairs and Housing (Total)	1,314.7	1,314.7	–
Northern Development, Mines, Natural Resources and Forestry (Base)	1,439.4	1,439.4	–
Northern Development, Mines, Natural Resources and Forestry — Emergency Forest Firefighting	100.0	100.0	–
Northern Development, Mines, Natural Resources and Forestry (Total)	1,539.3	1,539.3	–
Seniors and Accessibility (Base)	203.1	203.1	–
Seniors and Accessibility — Time-Limited Investments	0.8	0.8	–
Seniors and Accessibility — COVID-19 Time-Limited Funding ¹⁹	31.1	31.1	–
Seniors and Accessibility (Total)	235.0	235.0	–
Solicitor General (Total)	3,516.4	3,516.4	–
Transportation (Base)	5,888.2	5,888.2	–
Transportation — Federal-Provincial Infrastructure Programs	720.7	720.7	–
Transportation — COVID-19 Time-Limited Funding ²⁰	585.0	585.0	–
Transportation (Total)	7,194.0	7,194.0	–
Treasury Board Secretariat (Base)	335.2	335.2	–

Ministry Expense	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: In-Year Change
Treasury Board Secretariat — Employee and Pensioner Benefits	1,590.1	1,590.1	–
Treasury Board Secretariat — Operating Contingency Fund	4,325.8	4,325.8	–
Treasury Board Secretariat — Capital Contingency Fund	224.2	224.2	–
Treasury Board Secretariat (Total)	6,475.3	6,475.3	–
Interest on Debt ²¹	13,485.0	13,590.0	105.0
Total Expense	198,647.7	198,752.7	105.0

[1] The ministry structures have been retained from the 2022 Budget. The new government structure, reflecting the announcement of the Executive Council on June 24, 2022, will be reflected in future publications.

[2], [3], [4], [5], [6], [7], [8], [9], [11], [12], [14], [16], [18], [19], [20] In the 2022 Budget, the government made \$6.9 billion in COVID-19 Time-Limited Funding available in 2022–23. This funding continues to be presented separately in order to transparently capture the temporary nature of these investments.

[10] Based on the requirements of Public Sector Accounting Standards, the Province consolidated the Investment Management Corporation of Ontario into the Ministry of Finance.

[13] For presentation purposes in the 2022–23 First Quarter Finances, time-limited COVID-19 related spending has been included separately instead of within the Ministry of Health and the Ministry of Long-Term Care. This change in presentation does not impact ministry allocations, which reflect the ministry structure(s) to be presented in the 2022–23 Expenditure Estimates.

[15] The Co-operative Education Tax Credit remains in effect. The Apprenticeship Training Tax Credit is eliminated for eligible apprenticeship programs that commenced on or after November 15, 2017.

[17] The Ontario Ministry of Long-Term Care total includes expenses incurred by Ontario Health for funding for long-term care. These amounts will be consolidated in the total expense of the Ontario Ministry of Health, including \$4.7 billion in 2022–23.

[21] Interest on debt is net of interest capitalized during construction of tangible capital assets of \$401 million in 2022–23.

Notes: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2022.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Table 6
Infrastructure Expenditures
(\$ Millions)

Sector	2022–23 Current Outlook: Investment in Capital Assets ^{1,2}	2022–23 Current Outlook: Transfers and Other Infrastructure Expenditures ³	2022–23 Current Outlook: Total Infrastructure Expenditures
Transportation — Transit	6,767	1,415	8,183
Transportation — Provincial Highways	2,778	240	3,018
Transportation — Other Transportation, Property and Planning	142	77	219
Health — Hospitals	3,022	3	3,025
Health — Other Health	53	162	215
Education	2,922	15	2,938
Postsecondary Education — Colleges and Other	395	75	470
Postsecondary Education — Universities	–	135	135
Social	20	299	319
Justice	822	26	847
Other Sectors ⁴	993	2,286	3,279
Total Infrastructure Expenditures	17,914	4,733	22,647
Less: Other Partner Funding ⁵	2,611	–	2,611
Total ⁶	15,303	4,733	20,035

[1] Includes \$401 million in interest capitalized during construction.

[2] Includes provincial investment in capital assets of \$13.4 billion.

[3] Includes transfers to municipalities, universities and non-consolidated agencies.

[4] Includes broadband infrastructure, government administration, natural resources and the culture and tourism industries.

[5] Other Partner Funding refers to third-party investments, primarily in hospitals, colleges and schools.

[6] Includes Federal/Municipal contributions to provincial infrastructure investments.

Notes: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2022.

Source: Ontario Treasury Board Secretariat.

<div>Table 7</div> <div>Five-Year Review of Selected Financial and Economic Statistics</div> <div>(\$ Millions)</div>					
Item	2018–19	2019–20	Actual 2020–21	Interim 2021– 22 ¹	Current Outlook 2022–23
Revenue	153,700	156,096	164,893	173,572	181,002
Expense — Programs	148,751	152,273	169,023	174,076	185,163
Expense — Interest on Debt ²	12,384	12,495	12,274	12,992	13,590
Total Expense	161,135	164,768	181,297	187,068	198,753
Reserve	–	–	–	–	1,000
Surplus/(Deficit)	(7,435)	(8,672)	(16,404)	(13,496)	(18,751)
Net Debt	338,496	353,332	373,564	394,933	427,554
Accumulated Deficit	216,642	225,764	239,294	252,790	275,277
Gross Domestic Product (GDP) at Market Prices	860,104	892,226	866,940	970,041	1,057,345
Primary Household Income	567,484	592,605	590,677	638,541	688,347
Population (000s) — July ³	14,309	14,545	14,746	14,826	15,095
Net Debt Per Capita (dollars)	23,657	24,293	25,334	26,637	28,324
Household Income Per Capita (dollars)	39,660	40,744	40,058	43,068	45,600

Item	2018–19	2019–20	Actual 2020–21	Interim 2021– 22 ¹	Current Outlook 2022–23
Net Debt as a Per Cent of Revenue	220 . 2%	226 . 4%	226 . 5%	227 . 5%	236 . 2%
Interest on Debt as a Per Cent of Revenue	8 . 1%	8 . 0%	7 . 4%	7 . 5%	7 . 5%
Net Debt as a Per Cent of GDP *****	39 . 4%	39 . 6%	43 . 1%	40 . 7%	40 . 4%
Accumulated Deficit as a Per Cent of GDP *****	25 . 2%	25 . 3%	27 . 6%	26 . 1%	26 . 0%

[1] Interim represents the 2022 *Budget* projection for the 2021–22 fiscal year.

[2] Interest on debt is net of interest capitalized during construction of tangible capital assets of \$175 million in 2018–19, \$245 million in 2019–20, \$230 million in 2020–21, \$232 million in 2021–22 and \$401 million in 2022–23.

[3] Population figures are for July 1 of the fiscal year indicated (i.e., for 2018–19, the population on July 1, 2018 is shown).

Notes: Numbers may not add due to rounding. Current outlook primarily reflects information available as of June 30, 2022.

Sources: Statistics Canada, Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Section D: Ontario's 2022–23 borrowing program

Table 8 Ontario’s 2022–23 Borrowing Program (\$ Billions)			
Item	2022–23: <i>2022 Budget</i>	2022–23: Current Outlook	2022–23: Change from <i>2022 Budget</i>
Deficit/(Surplus)	19 . 9	18 . 8	(1 . 1)
Investment in Capital Assets	13 . 4	13 . 4	–
Non-Cash Adjustments	(9 . 7)	(9 . 7)	–
Loans to Infrastructure Ontario	(0 . 1)	(0 . 1)	–

Item	2022–23: 2022 Budget	2022–23: Current Outlook	2022–23: Change from 2022 Budget
Other Net Loans/Investments	0 . 7	0 . 7	–
Debt Maturities/Redemptions	30 . 5	30 . 5	–
Total Funding Requirement	54.7	53.6	(1.1)
Decrease/(Increase) in Short-Term Borrowing	(3 . 0)	(3 . 0)	–
Increase/(Decrease) in Cash and Cash Equivalents	–	–	–
Pre-Borrowing in 2021–22 for 2022–23	(10 . 3)	(10 . 3)	–
Total Long-Term Public Borrowing	41.5	40.4	(1.1)

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

The Province’s funding requirements for 2022–23 are projected to decrease by \$1.1 billion compared to the forecast in the *2022 Budget*, reflecting an equal decrease in the projected deficit. As a result, the Province’s long-term borrowing program for 2022–23 is forecast to decrease by \$1.1 billion, reflecting the decrease in the funding requirements. Short-term borrowing for the fiscal year is projected to remain unchanged.

As of August 2, 2022, Ontario had completed \$13.3 billion or 33 per cent of its \$40.4 billion 2022–23 long-term borrowing program. Approximately \$9.5 billion or 72 per cent was completed in Canadian dollars, with the remaining \$3.7 billion or 28 per cent completed primarily in U.S. dollars and pounds sterling.

Green Bonds remain a core component of Ontario’s borrowing program and are an important tool to help finance public transit initiatives, extreme weather-resistant infrastructure, as well as energy efficiency and conservation projects. Ontario remains the largest issuer of Canadian dollar Green Bonds, totalling \$12.5 billion issued since 2014–15, with \$12.0 billion outstanding.

Ontario is considering updating its Green Bond Framework. The update may include better alignment of framework categories with the Green Bond Principles through standardized wording, as well as the possible expansion from green to sustainable to allow for a greater breadth of potential bond offerings in the future. Subject to market conditions, Ontario plans to continue issuing multiple Green Bonds each fiscal year, including 2022–23.

Financial markets and longer-term interest rates have exhibited volatility from the outset of the pandemic. Over the first few months of the 2022–23 fiscal year, this volatility has resulted in an increase in the interest rates underlying Ontario’s borrowing costs. The Province will continue to monitor movements in long-term interest rates and provide regular updates on interest on debt costs in future fiscal updates.

2022–23 Long-Term Borrowing

<div>Table 9</div> <div>2022–23 Long-Term Borrowing</div>

(\$ Billions)	
Canadian Dollar Issues	9 . 5
Foreign Currency Issues	3 . 7
Total	13 . 3

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Ministry of Finance: www.ontario.ca/finance (<https://www.ontario.ca/finance>)
For general inquiries regarding the *2022–23 First Quarter Finances*, please call or email:
Toll-free English and French inquiries: 1-800-337-7222
Teletypewriter (TTY): 1-800-263-7776
Email: FinanceCommunications.fin@ontario.ca (<mailto:FinanceCommunications.fin@ontario.ca>)

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Accessible chart descriptions

Chart 1: Ontario Labour Market

The chart shows Ontario’s monthly employment level as a shaded area and unemployment rate as a line, from January 2020 to July 2022. The unemployment rate increased from 5.2 per cent in January 2020 to 13.2 per cent in May 2020. The unemployment rate has since trended down to 5.3 per cent in July 2022. Employment declined from 7.5 million in January and February 2020 to 6.4 million in May 2020. Employment has since trended upwards and was 7.7 million in July 2022. There are two call-out boxes that state “+192,400 net jobs since February 2020” and “July 2022 unemployment rate: 5.3 per cent”.

Source: Statistics Canada

[Return to chart](#)

Chart 2: Ontario Home Resale Market

The side-by-side line charts show Ontario’s monthly home resales and average home resale price from January 2018 to June 2022. Home resales rose from 15,300 in January 2018 to 19,200 in February 2020. Resales declined to 6,400 in April 2020, before climbing to a peak of 28,000 in March 2021. Resales have since trended down to 13,800 in June 2022. Home resale prices trended up from \$566,600 in January 2018 to \$674,900 in February 2020. Average prices then declined to \$572,900 in April 2020, before climbing to a peak of over \$1.0 million in February 2022. Average prices have since trended down to \$887,700 in June 2022.

Source: Canadian Real Estate Association

[Return to chart](#)

Chart 3: Stronger-than-Planned Nominal GDP Growth in 2022

The stacked bar graph shows projections for Ontario nominal GDP growth rates for 2022, based on combined real GDP growth and GDP inflation rates. At the time of the *2022 Budget*, private-sector forecasters, on average, projected that real GDP would grow by 4.1 per cent and nominal GDP by 7.3 per cent in 2022. The *2022 Budget* planning assumption was real GDP growth of 3.7 per cent and nominal GDP growth of 6.7 per cent.

Among private-sector forecasts that have been updated since May 18, the average projected real GDP growth is 3.6 per cent and nominal GDP growth is 9.1 per cent in 2022. The *2022–23 First Quarter Finances* planning assumption is real GDP growth of 3.5 per cent and nominal GDP growth of 9.0 per cent in 2022.

Sources: Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasters (March 8, 2022 and July 22, 2022)

[Return to chart](#)

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