

Backgrounder

A Plan to Balance the Province's Books

November 6, 2019

The government has a balanced and prudent plan to build Ontario together.

The government inherited the highest subnational debt in the world. That comes with almost \$13 billion in annual interest payments. This is more than \$1 billion per month that cannot be used for critical programs like health care and education to help the people of Ontario in their daily lives or to reduce their taxes. Deficits can leave Ontario's economy vulnerable to the next economic crisis.

Over the past 16 months, the government has taken deliberate steps to balance the Province's books. Since the *2019 Budget*, Ontario's credit rating has been affirmed by all four rating agencies and Fitch Ratings has improved the Province's credit rating outlook from negative to stable. Due to the fact that the government accepted the recommendations of the Independent Financial Commission of Inquiry, the Auditor General has issued a clean opinion of Ontario's books for 2017–18 and 2018–19. Before 2017–18, the Province had not received a clean opinion of its books since 2014–15.

Ontario's sound financial fundamentals have sent a positive signal to families, investors and businesses that the Province has a plan to get back on track and balance the budget by 2023–24.

Ontario's plan is working, making the Province more adaptable, more agile, and more stable in a rapidly changing world.

Beating the Deficit Target

Ontario has a plan to balance the budget.

For most of the past 15 years, unsustainable spending has resulted in structural deficits and an unprecedented increase in public debt, leaving Ontario more vulnerable to economic shocks.

Over the last 16 months, the government has taken deliberate steps toward balancing the Province's books. The government has made steady progress, showing the plan is working. Ontario's deficit is projected to be \$9 billion for 2019–20 — beating the deficit target set out in the *2019 Budget* by \$1.3 billion. This improvement reflects the benefits of a strong economy and revenue outlook, as well as prudent fiscal planning.

The government is maintaining its commitment to balance the budget by 2023–24.

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Listening to People

Ontario's plan continues investing in priority programs.

The government has been responsive, making changes since the *2019 Budget* in a way that ensures critical public services are supported, while maintaining the commitment to balance the budget by 2023–24.

As a result of the hard work by the people of Ontario to grow the economy, and the government's efforts to eliminate inefficiencies, the Province is able to allocate an additional \$1.3 billion in critical public programs like health care and education this year, while at the same time reducing the deficit.

Addressing the Debt Burden

The government is addressing the debt burden to put Ontario's finances on a more sustainable path.

The Province's net debt will reach an estimated \$353.7 billion by the end of 2019–20. Spending on interest to service the debt means this money is not available to provide critical programs to help the people of Ontario in their daily lives or to reduce taxes. A high level of debt is unfair to future generations and limits the Province's flexibility in responding to economic downturns.

That is why the government's debt burden reduction strategy remains necessary.