

## Economic and Fiscal Overview

Amid economic uncertainty due to global geopolitical conflict, elevated inflation, rising interest rates and ongoing supply chain challenges, Ontario's economy has proven resilient.

Through its flexible and responsible fiscal plan, the government is working to support a long-term plan that will ensure the province is in a strong position to manage risks in a challenging global economy, while investing to build a stronger Ontario. By preserving flexibility, the government is prepared to provide targeted support to people and businesses while maintaining a responsible plan to eliminate Ontario's structural deficit.

## Economic Outlook

While Ontario experienced strong economic growth through 2021 and in the first half of 2022, economic uncertainty remains. As of the second quarter of 2022, Ontario real gross domestic product (GDP) has surpassed the pre-COVID-19 level by 2.2 per cent. Employment was 141,700 (1.9 per cent) higher in September 2022 than the pre-pandemic level in February 2020.

Ontario's real GDP is projected to rise 2.6 per cent in 2022, 0.5 per cent in 2023, 1.6 per cent in 2024 and 2.1 per cent in 2025. Forecasts for 2022, 2023 and 2024 have been revised lower since the *2022 Budget*. For the purposes of prudent fiscal planning, these projections are set slightly below the average of private-sector forecasts.

The *2022 Ontario Economic Outlook and Fiscal Review* is being released when global economic conditions remain uncertain, driven by a variety of factors beyond the government's control. As a result, the Ontario Ministry of Finance has developed Faster Growth and Slower Growth scenarios that the economy could take over the next several years to provide more transparency about how alternative economic scenarios could impact Ontario's finances.

## Fiscal Outlook

During this time of economic uncertainty, the government continues to invest in critical programs, including health care, education, social services and skills training.

The government is now projecting a \$12.9 billion deficit in 2022–23, nearly \$7 billion lower than the outlook published in the *2022 Budget*. Over the medium term, the government projects declining deficits of \$8.1 billion in 2023–24 and \$0.7 billion in 2024–25. Including 2022–23, this represents a cumulative improvement of \$18.1 billion in the deficit outlook and a cumulative \$26.1 billion reduction in borrowing needs compared to the *2022 Budget*.

The government is committed to eliminating the province's structural deficit and is redoubling its efforts to bring Ontario's finances back to balance. In light of ongoing economic uncertainty, the government will preserve the flexibility necessary to respond to unforeseen events and global economic risks while implementing its long-term plan to invest in the future of Ontario.