

From Queen's Park by Sylvia Jones MPP ? Ontario budget watchdog casts doubt on government's budget claims

The independent Financial Accountability Officer (FAO) released a report Sept. 6, raising concerns with the government's budget claims.

The FAO said that the government's projections are based on optimistic assumptions. The report can be found at www.fao-on.org/en/

The reality, according to the FAO, is that the debt-to-GDP ratio will rise to 40.3 per cent with another \$76 billion in debt. This means that Ontario's debt will be \$392 billion by 2021-22.

According to the FAO, the government is assuming an on-going balanced budget over the next 12 years; future capital spending as laid out in the long-term infrastructure plan (which includes a significant cut to infrastructure spending in the 2020s); and a continuation of strong economic growth, in order to meet its debt reduction goals.

Contrary to the government's projections, the FAO projects a "steady deterioration in the budget deficit over the next five years." In addition, the FAO says that the government's substantial cut to infrastructure spending is unrealistic if it is going to keep its current projects up to standard. Finally, the FAO believes the government's economic growth predictions are too optimistic, given Ontario's aging population and expected slower growth in its labour force.

The FAO says that if any of these assumptions fall short of expectations, then government's debt reduction goals will not be met. This independent expert report reinforces what the Ontario Progressive Conservatives have been saying about the government's finances ? they are a sham. The government is balancing the budget before the election by selling off one-time assets like Hydro One, but has not addressed the structural deficit identified by the FAO. To quote the FAO, "there appears to be a significant downside risk to the government's forecast. As a result, the FAO expects that staying in balance after 2017-18 will require additional fiscal policy measures ? that is, new revenues or lower than projected spending,"

This is important to your family because, the increased debt means government spending on the things our communities need and deserve gets "crowded out." This occurs because more and more of the government's money is being used to finance the government's debt. Interest on the debt is the fourth largest and fastest growing budget line, at \$11.6 billion per year. As millions more each year are spent on the debt, millions less are available for schools and hospitals.

Finally, the government continuing not to address its structural deficit means that we can project that by 2022, every single Ontarians will owe more than \$25,000. The rising cost of debt in Ontario truly proves that Ontarians are paying more and getting less.

