

Economic Uncertainty

This year's Economic Outlook and Review features a profound downward revision in real GDP growth compared to the 2022 budget passed in August. The government now forecasts real GDP growth at 0.5 percent in 2023, 1.6 percent in 2024 and 2.1 percent in 2025. This is a drop from the previous budget's projections of 3.1 percent, 2 percent and 1.9 percent, respectively.

The government is also projecting a \$12.9-billion deficit for 2022-2023, about \$7.9 billion lower than previously stated in the budget. The reduction is due mainly to higher-than-expected tax revenue and GDP growth this year.

A similar trend is expected for job growth. While the province netted about 324,000 jobs this fiscal year, that's anticipated to fall to just 38,000 next year — down from 153,000 projected in August's budget. The finance ministry forecasts roughly 100,000 net jobs to be created in 2024 and about 117,000 in 2025.

Ontario's Capital Plan

The Fall Economic Statement also provides a status update on Ontario's Capital Plan, including a restatement of investments announced in the 2022 Budget. Despite the projected risk, spending levels are slightly higher than projected.

The following table summarizes the government's infrastructure spending outlook:

Infrastructure Expenditures¹

(\$ Millions)

Sector	Current Outlook ^{2,3}	Medium-Term Outlook		10-Year Total ⁴
	2022-23	2023-24	2024-25	
Transportation				
Transit	8,183	8,285	8,646	61,618
Provincial Highways	3,018	2,854	2,955	25,120
Other Transportation, Property and Planning	219	199	191	1,495
Health				
Hospitals	3,025	3,302	5,180	40,164
Other Health	215	538	838	4,723
Education	2,938	2,916	2,370	21,198
Postsecondary Education				
Colleges and Other	470	529	556	4,502
Universities	135	122	133	1,326
Social	319	333	385	2,764
Justice	847	678	483	3,152
Other Sector⁵	3,279	2,995	2,657	16,371
Total Infrastructure Expenditures	22,647	22,750	24,392	182,433
Less: Other Partner Funding ⁶	2,611	2,135	2,579	23,085
Total⁷	20,035	20,614	21,813	159,348

¹ Includes interest capitalized during construction; third-party investments in hospitals, colleges and schools; federal and municipal contributions to provincially owned infrastructure investments; and transfers to municipalities, universities and non-consolidated agencies.

² Includes \$401 million in interest capitalized during construction.

³ Includes provincial investment in capital assets of \$13.4 billion.

⁴ Total reflects the planned infrastructure expenditures for years 2022-23 through 2031-32.

⁵ Includes broadband infrastructure, government administration, natural resources, and the culture and tourism industries.

⁶ Other Partner Funding refers to third-party investments primarily in hospitals, colleges and schools.

⁷ Includes federal-municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.

Source: 2022 Ontario Economic Outlook and Fiscal Review

A backgrounder on the Building Ontario plan can be found on page 15 of the document [available here](#).

Supports for Employers

The government plans to introduce legislation that would expand tax relief for some small businesses, totalling \$8.7 billion in cost savings. If passed, the legislation would extend the phase-out range for the small business corporate tax rate from \$10 million to \$50 million taxable capital.

The government is also accelerating write-offs for tax purposes, including immediate expensing of up to \$1.5 million annually for eligible capital investments.

On the eve of the Economic Outlook, Premier Doug Ford also announced plans to introduce legislation that will continue cutting the gas tax by 5.7 cents per litre and the fuel tax by 5.3 cents per litre until the end of 2023.