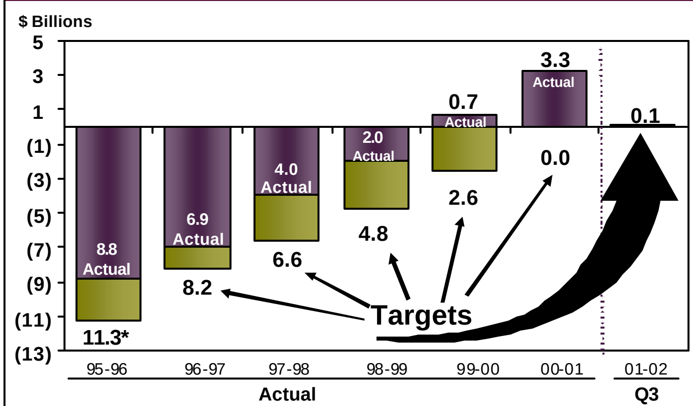
ontario**financing**authority

economic and fiscal fact sheet

February 27, 2002

Ongoing Commitment to Balanced Budgets



*Potential Outlook in June 1995. Source: Ontario Ministry of Finance

- ◢ Ontario is centrally located for both the Canadian and United States markets.
- ◢ Ontario accounts for approximately 41% of Canada's GDP. In 2000, Ontario's GDP was C$430 billion or US$289 billion.
- ◢ Ontario is the industrial heartland of Canada, accounting for:
  - > 55.2% of Canada's machinery industry
  - > 51.3% of Canada's manufacturing output
  - > 14.9% of North America's auto assembly
- ◢ Toronto, capital of Ontario, is Canada's financial centre and is tied with Boston as having the third highest employment in financial services in North America.
- ◢ As of July 1, 2001, Ontario's population was 11,874,436 or 38.2 per cent of the Canadian population.
- ◢ Ontario's economy is comparable in size to those of nations like Sweden, Switzerland, Belgium and Austria.

Economic Comparisons

	GDP (2000) (US$ billion)	CPI (2000) (% Change)
Ontario	**289.2**	**2.9**
Switzerland	239.6	1.6
Belgium	228.9	2.5
Sweden	227.6	1.4
Austria	189.9	2.3

Ontario's Fiscal Performance

- ◢ Through prudent and cautious fiscal planning, 2001-02 will be the seventh consecutive year in which the government's deficit and debt reduction targets are met.
- ◢ The 2001-02 fiscal outlook is on track with the Budget Plan. As of December 31, 2001, a surplus of $140 million is projected, unchanged from the 2001 Ontario Budget Second Quarter Finances.

Fiscal Summary

December 31, 2001 ($ Millions)	2000-01 Actual	2001-02 Budget Plan	2001-02 Current Outlook	2001-02 In-Year Change
Revenue	64,682	64,270	63,864	(406)
Expenditure				
Programs	50,075	52,011	52,283	272
Restructuring & Other Charges	31	—	—	—
Total Program Expenditure	50,106	52,011	52,283	272
Capital	2,079	1,944	1,881	(63)
Public Debt Interest				
Provincial	8,896	8,795	8,730	(65)
Electricity Sector	520	520	520	—
Total Expenditure	61,601	63,270	63,414	144
Less: Reserve	—	1,000	450	(550)
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers*	244	140	140	—
Surplus / (Deficit)	**3,325**	**140**	**140**	—

* Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers. Source: Ontario Ministry of Finance.

Private sector Forecast for Ontario Economy

Per Cent (Annual Average)

	1999	2000	2001	2002p	2003p
Real GDP Growth	7.4	5.3	1.0p	1.3	4.4
Unemployment Rate	6.3	5.7	6.3	7.1	6.7
CPI Inflation	1.9	2.9	3.1	1.3	1.8

p = private sector survey average.
Sources: Statistics Canada and Ontario Finance Survey of Forecasts (February 2002).

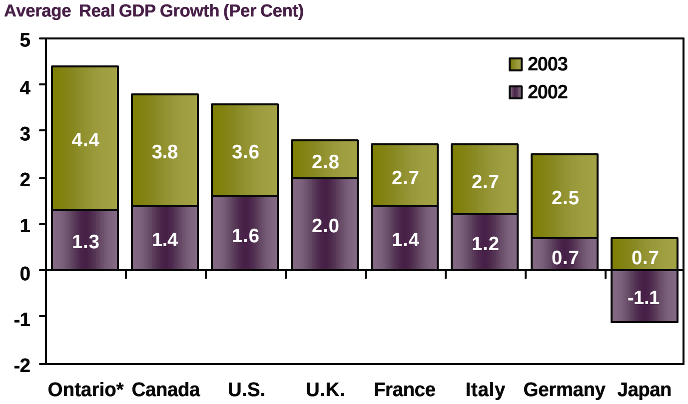
Economic Growth to Rebound

Ontario's economy is experiencing a slowdown, reflecting weaker global growth and the negative impact of the terrorist attacks on the United States. Private-sector forecasters expect growth to rebound. A number of factors are expected to boost growth by mid-2002.

- Low interest rates will reduce operating costs for business and encourage spending on consumer durables and home construction.
- Tax cuts at the provincial and federal level will increase household take-home pay.
- U.S. economic growth is expected to strengthen, reflecting the stimulus from tax cuts and increased defence and security spending.
- A fall in oil and natural gas prices will free up household disposable income for other purposes and reduce business costs.

Ontario Predicted to Lead G-7 in 2003

Average Real GDP Growth (Per Cent)

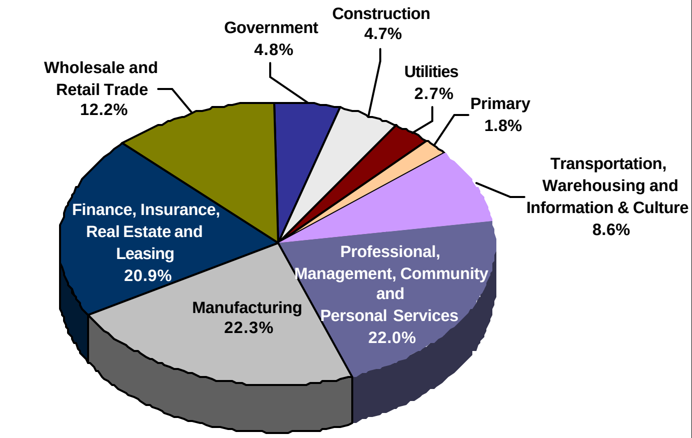


Sources: Consensus Forecasts (February 2002).
*Source: Ontario Finance Survey of Forecasts (February 2002).

Economic and Fiscal Fact Sheet is compiled by the Ontario Financing Authority with sources from the Organization of Economic Cooperation and Development (OECD), Statistics Canada, Ontario Ministry of Economic Development and Trade and Ontario Ministry of Finance.

Structure of the Ontario Economy, 2000

% Share of Gross Domestic Product, $1997



Employment by Selected Sectors, 2000

	(000s)	% of Total
Services Producing Sectors	4,271	72.7%
Manufacturing	1,099	18.7%
Construction & Utilities	370	6.3%
Primary Industries	133	2.3%
Total	**5,872**	**100.0%**

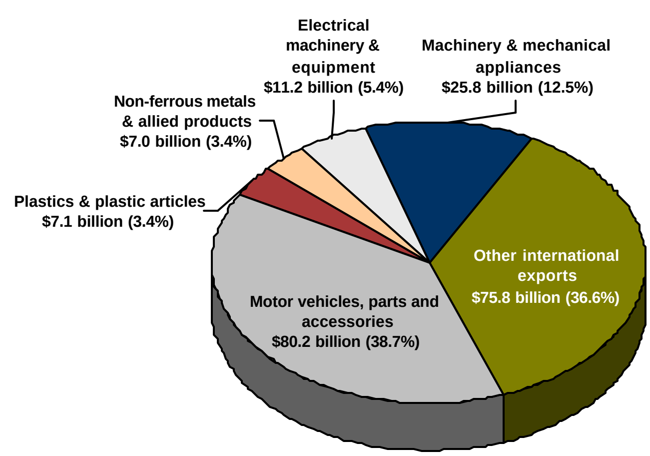
Note: numbers may not add due to rounding.

Ontario Export Sector

International Export Markets, 2000 (%)

United States	93.3
Western Europe (incl. European Union)	3.3
Asia & Oceania (incl. Pacific Rim)	1.9
Latin America & Caribbean	1.0
Middle East, Eastern Europe & Africa	0.5

Top International Exports in 2000



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