ontariofinancingauthority

Ontario

economic and fiscal fact sheet

July 9, 2002

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Province of Ontario

- Ontario is centrally located for both the Canadian and United States markets.
- Ontario accounts for approximately 42% of Canada's GDP. In 2001, Ontario's GDP was C$431 billion or US$278 billion.
- Ontario is the industrial heartland of Canada, accounting for:
  - > 52.7% of Canada's machinery industry
  - > 50.9% 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 (2001) (US$ billion)	CPI (2001) (% Change)
Ontario	**278.4**	**3.1**
Belgium	210.1	2.5
Switzerland	207.5	1.0
Sweden	194.1	2.6
Austria	176.9	2.6

Ontario's Economic Outlook

Per Cent (Annual Average)

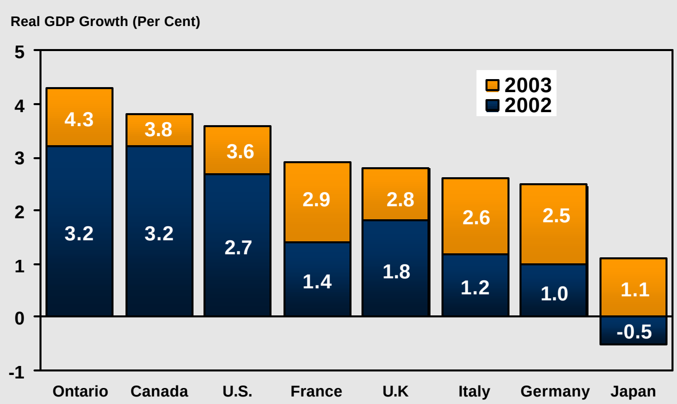
	2000	2001	2002	2003
Real GDP Growth	5.3	1.0	3.1	4.2
Unemployment Rate	5.7	6.3	6.5-6.8	6.0-6.5
CPI Inflation	2.9	3.1	1.8	2.0

Sources: Statistics Canada and Ontario Ministry of Finance.

ECONOMIC GROWTH STRENGTHENS IN 2002

- Following five years of close to 5 per cent annual real growth, Ontario's output growth slowed to 1.0 per cent in 2001. Tax cuts and other policies implemented by the Ontario Government cushioned the negative impact of the downturn in the U.S. economy and the subsequent fall in demand for Ontario products, particularly automobiles and telecommunicatiion equipment.
- These policies are now helping the economy resume strong growth. Ontario's economy is forecast to grow by 3.1 per cent in 2002 as the recovery from last year's slowdown takes hold. In 2003, real growth is expected to accelerate to 4.2 per cent.
- Recent economic performance confirm's Ontario's renewed economic strength. Reports on job creation, consumer and business confidence, consumer spending and housing markets all point to renewed vigorous growth.

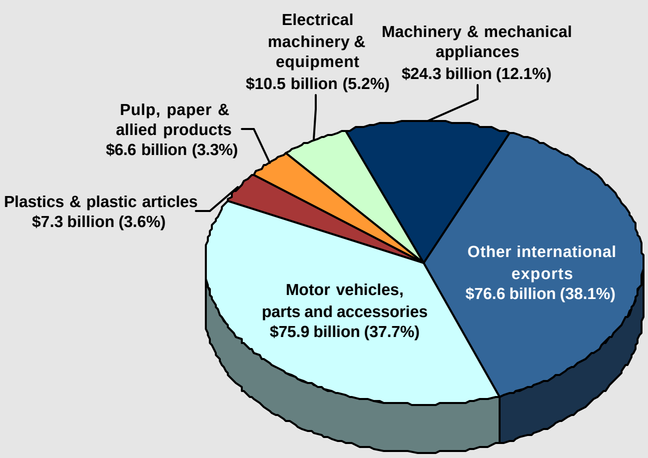
Ontario Leads Growth



Sources: Consensus Forecasts and Ontario Ministry of Finance Survey of Forecasts (June 2002).

Ontario Export Sector

Top International Exports in 2001

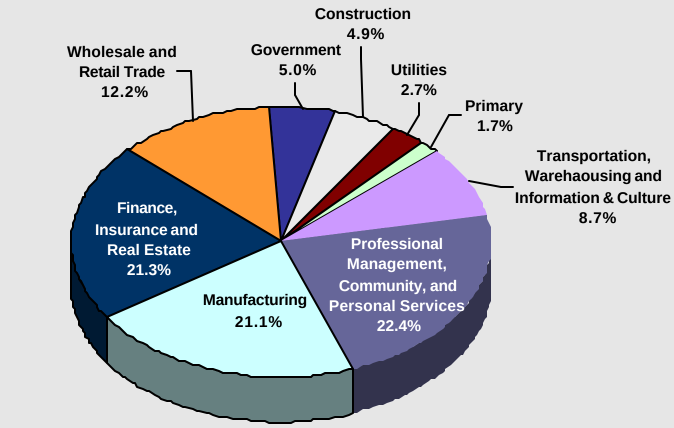


International Export Markets, 2001 (%)

United States	93.3
Western Europe (incl. European Union)	3.2
Asia & Oceania (incl. Pacific Rim)	1.6
Latin America & Caribbean	1.4
Middle East, Eastern Europe & Africa	0.5

Structure of the Ontario Economy, 2001

% Share of Gross Domestic Product, $1997



Employment by Selected Sectors, 2001

	(000s)	% of Total
Services Producing Sectors	4,361	73.1%
Manufacturing	1,088	18.2%
Construction & Utilities	393	6.6%
Primary Industries	122	2.0%
Total	**5,963**	**100.0%**

Note: numbers may not add due to rounding.

Fiscal Summary

March 31, 2002

($ Billions)	Actual 2000-01	Interim 2001-02	Plan 2002-03	Forecast 2003-04
Revenue	64.7	63.5	66.5	68.3
Expenditure				
Programs	50.1	52.4	54.4	56.1
Gross Capital Expenditure	2.1	1.8	2.7	2.8
Less: Net Investment in Capital Assets*	—	—	0.6	0.5
Public Debt Interest				
Provincial	8.9	8.6	8.5	8.4
Electricity Sector	0.5	0.5	0.5	0.5
Total Expenditure	61.6	63.3	65.5	67.3
Less: Reserve	—	—	1.0	1.0
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers**	0.2	(0.1)	0.0	0.3
Surplus / (Deficit)	**3.3**	**0.1**	**0.0**	**0.3**

Note: Numbers may not add due to rounding.

* Starting in 2002-03, major tangible capital assets owned by the Province (land,buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

** 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.

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.

Fiscal Update

On Track For Fourth Consecutive Balanced Budget

- As a result of the government's economic and fiscal policies and its prudent and cautious approach to budgeting, the Province recorded a $58 million surplus for 2001-02.
- Despite the economic slowdown in 2001, Ontario made a contribution of $127 million to debt reduction during the 2001-02 fiscal year. Combined with reductions of $1.0 billion in 1999-2000 and $3.1 billion in 2000-01, Net Provincial Debt has been reduced by $4.2 billion over the past three years, an amount representing almost 85 per cent of the government's $5 billion debt-reduction commitment for the current term of office.
- Ontario is on track for a balanced budget in 2002-03. With surpluses recorded in each of the past three years, the Province's budget will be balanced for the fourth year in a row.
- Total expenditure in 2002-03 is projected at $65,533 million, up $2,197 million from the 2001-02 level of $63,336 million, mainly due to increased health care and education spending in 2002-03.
- A reserve of $1.0 billion has been included in the 2002-03 fiscal plan to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook. The reserve will be available for debt reduction if not needed.

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