ontariofinancingauthority

Ontario

economic and fiscal fact sheet

2002-03 Ontario First Quarter Finances as of June 30, 2002

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Province of Ontario

- Ontario is centrally located for both the Canadian and United States markets.
- Ontario accounts for 41% of Canada's GDP. In 2001, Ontario's GDP was C$441 billion or US$284 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 April 1, 2002, Ontario's population was 12.0 million or 38 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)
Ontario	**284.2**
Belgium	228.7
Switzerland	247.0
Sweden	210.0
Austria	188.1

Ontario's Economic Outlook

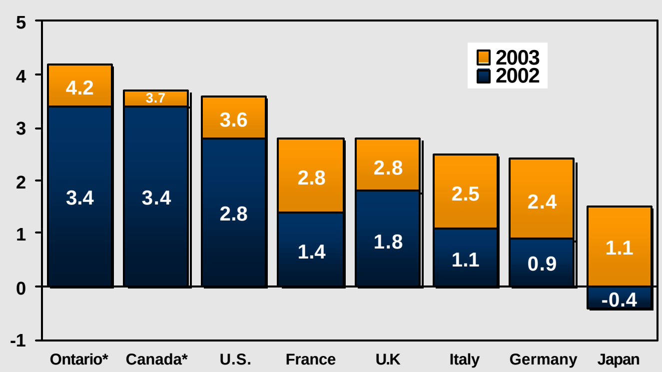
Per Cent (Annual Average)	2000	2001	2002*	2003*
Real GDP Growth	5.5	1.1	3.1	4.2
Unemployment Rate	5.7	6.3	6.5-6.8	6.0-6.5
CPI Inflation	2.9	3.1	1.8	2.0

Sources: Statistics Canada and Ontario Ministry of Finance.
* Budget Planning Assumptions.

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.
- Ontario's real GDP grew by 1.7% (6.9% annualized) in the first quarter of 2002, its strongest growth in over two years. The main contributors of growth in the first quarter were a healthy gain in real consumer spending, a strong rebound in machinery and equipment investment, robust housing and less inventory liquidation.

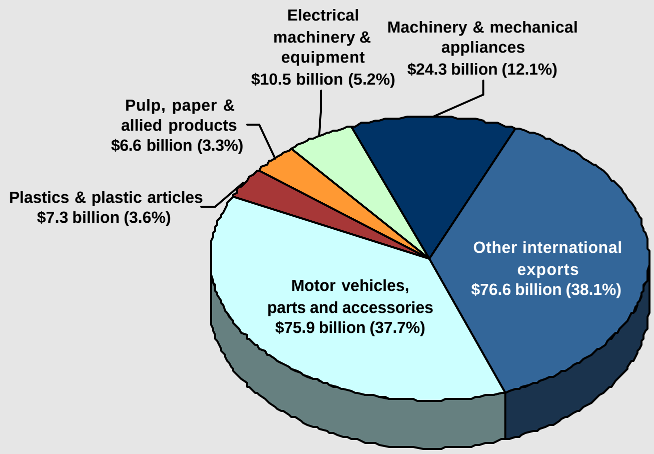
Ontario Leads Growth



Sources: Consensus Forecasts (July 2002), Blue Chip Economic Indicators (July 2002) and *Ontario Ministry of Finance Survey of Forecasts (July 2002).

Ontario Export Sector

Top International Exports in 2001

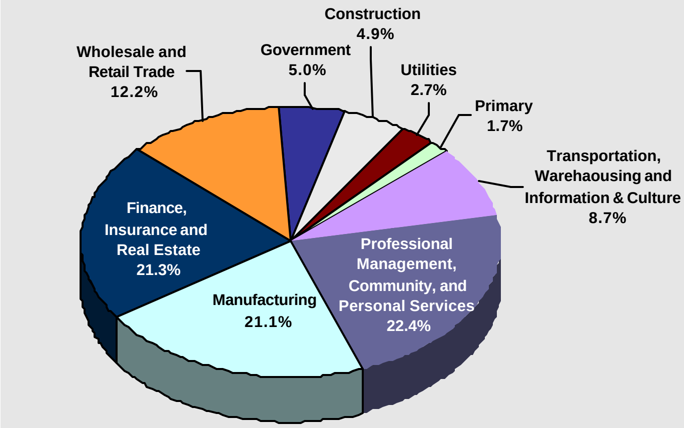


International Export Markets, 2001 (%)

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

June 30, 2002 ($ Billions)	Interim 2001-02	2002-03 Budget Plan	2002-03 Current Outlook	2002-03 In-Year Change
Revenue	63.5	66.5	66.5	—
Expenditure				
Programs	52.4	54.4	54.4	—
Gross Capital Expenditure	1.8	2.7	2.7	—
Less: Net Investment in Capital Assets*	—	0.6	0.6	—
Public Debt Interest				
Provincial	8.6	8.5	8.5	—
Electricity Sector	0.5	0.5	0.5	—
Total Expenditure	63.3	65.5	65.5	—
Less: Reserve	—	1.0	1.0	—
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers**	(0.1)	0.0	0.0	—
Surplus / (Deficit)	**0.1**	**0.0**	**0.0**	—

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 Enterprise, Opportunity and Innovation and Ontario Ministry of Finance.

Fiscal Update

Balanced Budget Outlook

- The 2002-03 fiscal outlook is on track with the Budget Plan. As of June 30, 2002, a balanced budget is projected, unchanged from the Budget Plan.

Revenue at $66.5 billion

- The revenue outlook, at $66,546 million, is up $2 million from the Budget Plan due to increased revenue for policing services provided by the Ontario Provincial Police (OPP).

Expenditure at $65.5 billion

- Total expenditure, at $65,535 million, is up a net $2 million from the Budget Plan due to OPP municipal policing services contracts.

Reserve at $1 billion

- Ontario's 2002-03 fiscal plan includes a $1 billion reserve designed 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 it is not needed.

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