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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 2002, Ontario's GDP was C$467 billion or US$298 billion.
- Ontario is the industrial heartland of Canada, accounting for:
  - > 53.9% of Canada's machinery output
  - > 50.8% of Canada's manufacturing output
  - > 15.4% of North America's auto assembly
- Toronto, capital of Ontario, is Canada's financial centre.
- As of July 1, 2002, Ontario's population was 12.1 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 (2002) (US$ billion)
Ontario	**297.5**
Switzerland	269.5
Belgium	246.1
Sweden	239.3
Austria	202.0

Source: OECD

Ontario's Economic Assumptions

(Annual Average Per Cent)

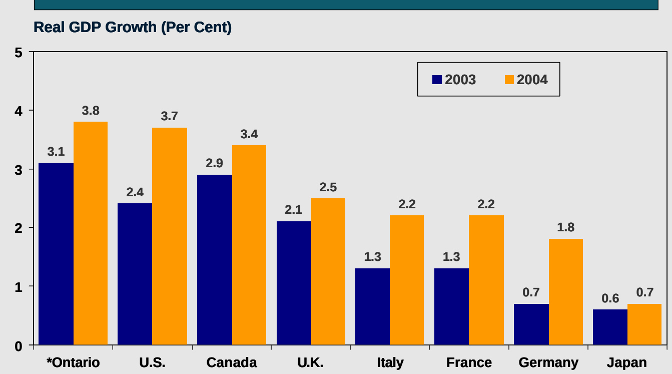
	2001	2002	2003	2004
Real GDP Growth	1.5	3.8	3.0	3.6
Unemployment Rate	6.3	7.1	6.3-6.5	5.5-6.0
CPI Inflation	3.1	2.0	3.0	2.0

Sources: Statistics Canada and Ontario Ministry of Finance.

Growth Continued in the Fourth Quarter, 2002

- The Ontario economy closed out 2002 by growing at a 1.3 per cent annualized pace in the fourth quarter after averaging 5.2 per cent over the first three quarters of the year.
- For 2002 as a whole, Ontario economic growth accelerated to a 3.8 per cent rate after slowing to 1.5 per cent in 2001. The Ontario economy has now grown by a faster rate than the nation as a whole for the past six years.
- Final domestic demand supported overall in the fourth quarter by rising at an annual rate of 4.7 per cent. In particular, Ontario consumer spending showed considerable resilience, advancing by almost 5.8 per cent. Ontario net exports softened in the fourth quarter as U.S. demand was noticeably weaker.
- Ontario has been a leader in reducing taxes and removing barriers to growth and job creation. Since 1996, the Ontario economy's real growth rate averaged over a full percentage point higher than that of the rest of Canada. Private-sector forecasters are confident this trend will continue over the next two years.

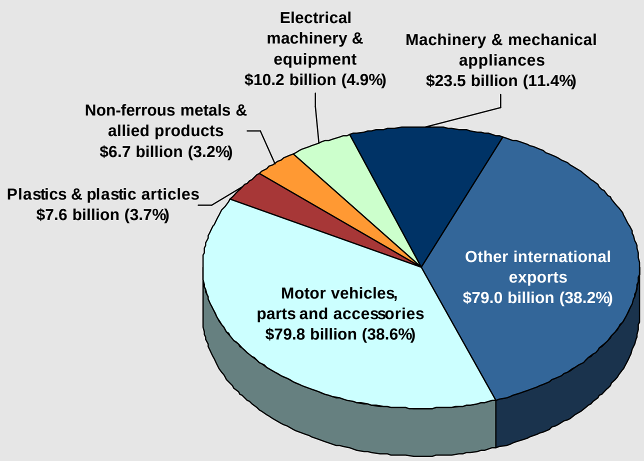
Ontario Leads Growth



Sources: Consensus Forecasts (March 2003) and *Ontario Ministry of Finance Survey of Forecasts (March 2003).

Ontario Export Sector

Top International Exports in 2002

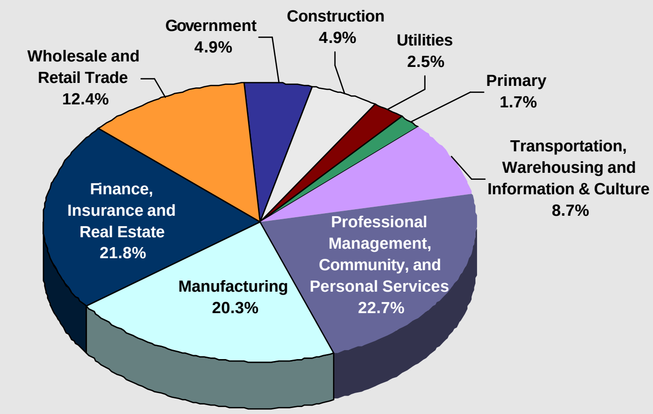


International Export Markets, 2002 (%)

United States	93.5
Western Europe (incl. European Union)	3.0
Asia & Oceania (incl. Pacific Rim)	1.9
Latin America & Caribbean	1.0
Middle East, Eastern Europe & Africa	0.6

Structure of the Ontario Economy, 2002

% Share of Gross Domestic Product, $1997



Employment by Selected Sectors, 2002

	(000s)	% of Total
Services Producing Sectors	4,433	73.0%
Manufacturing	1,120	18.5%
Construction & Utilities	405	6.7%
Primary Industries	111	1.8%
Total	**6,068**	**100.0%**

Note: numbers may not add due to rounding.

Medium-Term Fiscal Outlook

($ Billions)	Actual 2001-02	Interim 2002-03	Plan 2003-04	Forecast 2004-05
Revenue	63.9	66.4	71.6	73.4
Expenditure				
Programs	52.5	55.3	59.4	61.2
Gross Capital Expenditure	1.9	2.5	3.2	3.2
Less: Net Investment in Capital Assets*	—	0.6	0.7	0.7
Public Debt Interest				
Provincial	8.5	8.2	8.2	8.2
Electricity Sector	0.5	0.5	0.5	0.5
Total Expenditure	63.4	65.9	70.6	72.4
Less: Reserve	—	—	1.0	1.0
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers**	(0.1)	—	—	—
Surplus / (Deficit)	**0.4**	**0.5**	**0.0**	**0.0**

Note: Numbers may not add due to rounding.

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

** 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

Ontario Records Fourth Consecutive Balanced Budget

- Ontario has balanced its budget for the fourth consecutive year in 2002-03. The interim results for 2002-03 show a surplus of $524 million, meeting the Province's commitment to maintain a balanced budget on an ongoing basis.
- With the 2002-03 surplus of $524 million, the Province has achieved its target to reduce debt by $5 billion from the 1998-99 level.

2003-04 Fiscal Plan

- Ontario is projecting a balanced budget for 2003-04. This represents the fifth consecutive balanced budget since 1999-2000.
- Total revenue in 2003-04 is projected at $71.6 billion, up $5.2 billion from the 2002-03 interim level of $66.4 billion. This increase is primarily due to higher taxation revenues driven by the strong Ontario economy.
- Total expenditure in 2003-04 is projected at $70.6 billion, is up $4.7 billion from the 2002-03 interim level of $65.9 billion. This increase is primarily attributed to increased funding for priority areas including health care, schools and post-secondary education.
- A reserve of $1 billion has been included in the 2003-04 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 at the year-end if not needed.

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