ontariofinancingauthority

Ontario

economic and fiscal fact sheet

2003-04 Ontario First Quarter Finances as of June 30, 2003

Released: August 12, 2003

www.ofina.on.ca

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$475 billion or US$303 billion.
- Ontario is the industrial heartland of Canada, accounting for:
  - 53.7% of Canada's machinery shipments
  - 53.5% of Canada's manufacturing shipments
  - 15.4% of North America's auto assembly
- 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	**302.6**
Switzerland	271.3
Belgium	247.8
Sweden	240.3
Austria	204.1

Source: OECD and Ontario Ministry of Finance

Ontario's Economic Outlook

Per Cent (Annual Average)	2001	2002	2003 Ontario Budget	2003 Current Consensus
Real GDP Growth	1.8	3.8	3.0	1.8
Nominal GDP Growth	2.7	5.7	5.2	5.3
Unemployment Rate	6.3	7.1	6.3-6.5	7.0
CPI Inflation	3.1	2.0	3.0	2.6

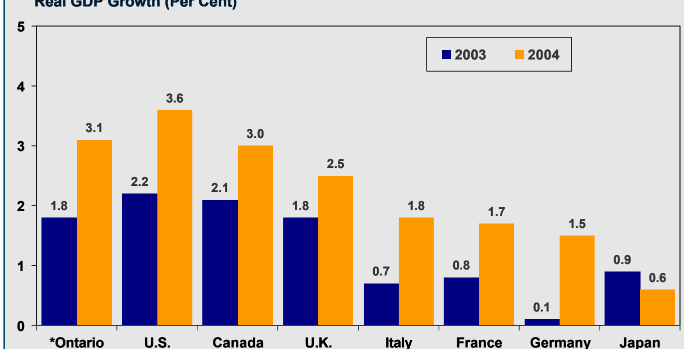
Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Growth Solid in First Quarter of 2003

- The Ontario economy grew by 3.8 per cent in 2002, more than two times the 1.8 per cent pace of growth in the previous year. Strong consumer spending, a vigorous housing sector, and an accumulation in business inventories led growth in 2002.
- The consensus forecast for real growth in 2003 has fallen from 3.1 per cent at the time of the Budget to 1.8 per cent currently, reflecting the negative impact of SARS and the higher than expected Canadian dollar.
- Ontario's real GDP grew by 0.7 per cent (2.9 per cent annualized) in the first quarter of 2003, up from 0.4 per cent (1.7 per cent annualized) growth in the fourth quarter of 2002.
- Ontario's economy outperformed both the Canadian economy which advanced 2.4 per cent and the U.S. economy which grew 1.4 per cent at annualized rates in the first quarter.
- Since the beginning of 2003, Ontario employment is up 0.9 per cent, a gain of 53,000 jobs, which represents 75 per cent of all job creation in Canada this year.

Ontario Remains Among Growth Leaders

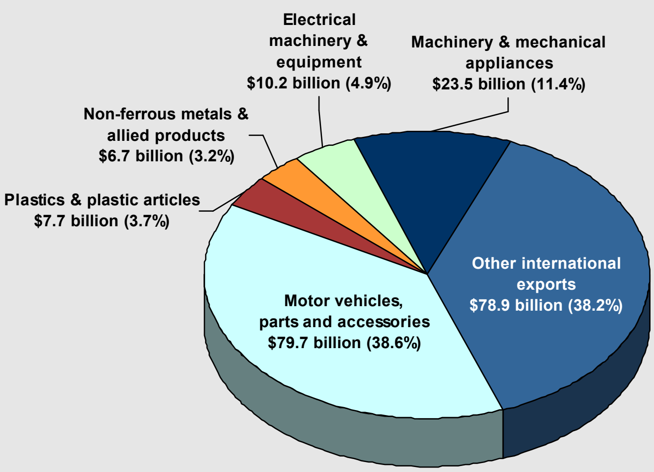
Real GDP Growth (Per Cent)



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

Ontario Export Sector

Top International Exports in 2002

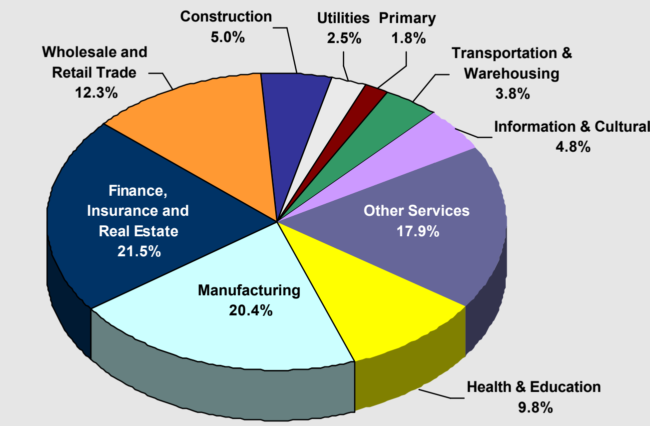


International Export Markets, 2002 (%)

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.

Fiscal Summary

June 30, 2003 ($ Billions)	Interim 2002-03	2003-04 Budget Plan	2003-04 Current Outlook	2003-04 In-Year Change
Revenue	66.4	71.6	71.4	(0.1)
Expenditure				
Programs	55.3	59.4	59.2	(0.1)
Gross Capital Expenditure	2.5	3.2	3.2	—
Less: Net Investment in Capital Assets	0.6	0.7	0.7	—
Public Debt Interest				
Provincial	8.2	8.2	8.1	0.1
Electricity Sector	0.5	0.5	0.5	—
Total Expenditure	65.9	70.6	70.4	(0.2)
Less: Reserve	—	1.0	1.0	—
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers*	—	—	—	—
Surplus/(Deficit) - (Excluding SARS Impact)	**0.5**	**0.0**	**0.1**	**0.1**
SARS Impact / No Federal Support				
Expenditure			1.1	
Other Actions: Reduce Contingency Fund			(0.4)	
Reserve			(0.6)	
Surplus/(Deficit) Reported this Quarter	**0.5**	**0.0**	**0.0**	—
If Federal Support for SARS				
Revenue (90 per cent of SARS Costs)			1.0	
Expenditure			1.1	
Contingency Fund			—	
Surplus/(Deficit)	**0.5**	**0.0**	**0.0**	—

* 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.

Fiscal Update

Balanced Budget Outlook

- The 2003-04 fiscal outlook is on track with the 2003 Budget Plan. As of June 30, 2003, a balanced budget is projected, unchanged from the Budget Plan.

Impact of Severe Acute Respiratory Syndrome (SARS)

- Excluding the impact of the SARS outbreak on Provincial spending, Ontario would have posted a budget surplus of $73 million.
- Ontario will incur an additional $1,073 million in directly related costs in 2003-04 due to SARS. In the absence of any federal financial support, the Province will offset these higher expenditures by allocating $600 million of the $1 billion reserve and reducing the Contingency Fund by $400 million to maintain the balanced budget.
- Additional measures may also be required if the federal government does not provide adequate support.

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.

For more information, please contact the Investor Relations Unit, Ontario Financing Authority, One Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7, Canada. Telephone: (416) 325-0918 / Fax: (416) 204-7946 / Email: investor@ofina.on.ca.