

2024 Budget

- Ontario's 2023–24 deficit is projected to be \$3.0 billion, \$1.7 billion higher than the outlook published in the *2024 Budget*, but \$2.6 billion lower than the outlook published in the *2023 Ontario Economic Outlook and Fiscal Review*. It is also \$1.6 billion lower than the outlook published in the *2023–24 Third Quarter Finances*.
- Ontario's real GDP is estimated to have risen by 1.2 per cent in 2023, and is projected to rise 0.3 per cent in 2024, 1.9 per cent in 2025 and 2.2 per cent in both 2026 and 2027. Ontario's nominal GDP is estimated to have risen by 4.1 per cent in 2023, and is projected to rise 2.7 per cent in 2024, 3.9 per cent in 2025, 4.3 per cent in 2026 and 4.1 per cent in 2027.
- Ontario is forecast to pay \$12.8 billion in interest costs in 2023–24, \$13.9 billion in 2024–25 and \$14.7 billion in 2025–26, down from the *2023 Budget* forecasts of \$14.1 billion, \$14.4 billion and \$15.1 billion, respectively. These lower interest costs total a cumulative savings of more than \$2 billion over three years, due to lower than projected borrowing costs.
- Ontario has completed \$41.8 billion in long-term borrowing in 2023–24. This is \$14.3 billion higher than anticipated in the *2023 Budget*, primarily as a result of non-cash and cash timing adjustments, a modestly higher deficit for 2023–24 and higher year-end cash levels to pre-borrow for future years' funding needs. The 2024–25 and 2025–26 long-term public borrowing forecasts are \$38.2 billion and \$37.7 billion, an increase of \$9.5 billion and \$4.3 billion from the *2023 Budget* forecast, respectively, but only \$0.8 billion and \$0.7 billion higher than the forecast in the *2023 Ontario Economic Outlook and Fiscal Review*.

2023–24 Borrowing Program and Medium-Term Outlook

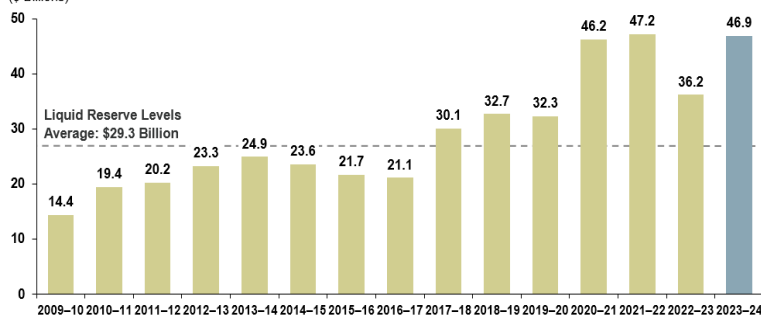
(\$ Billions)	2023–24			Medium-Term Outlook		
	2023 Budget	Change from 2023 Budget	Interim ¹ 2023–24	2024–25	2025–26	2026–27
Deficit/(Surplus)	1.3	1.7	3.0	9.8	4.6	(0.5)
Investment in Capital Assets	13.6	1.2	14.7	17.7	20.2	20.4
Non-Cash and Cash Timing Adjustments	(9.2)	7.6	(1.6)	(11.0)	(12.0)	(13.9)
Net Loans and Investments	0.1	(0.4)	(0.2)	(0.3)	0.1	–
Debt Maturities and Redemptions	31.2	–	31.2	28.0	33.1	26.9
Total Funding Requirement	37.0	10.1	47.1	44.2	46.0	32.8
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(5.0)	–	–
Increase/(Decrease) in Year-End Cash and Cash Equivalents ²	5.0	4.3	9.3	(1.0)	(8.3)	–
Pre-borrowing in 2022–23 for 2023–24	(14.5)	–	(14.5)	–	–	–
Total Long-Term Public Borrowing	27.5	14.3	41.8	38.2	37.7	32.8

¹Interim represents the *2024 Budget* projection for the 2023–24 fiscal year.
²Starting in 2024–25, pre-borrowing will be reflected as part of the increase in year-end cash and cash equivalents.
 Note: Numbers may not add due to rounding.
 Source: Ontario Financing Authority.

Liquidity

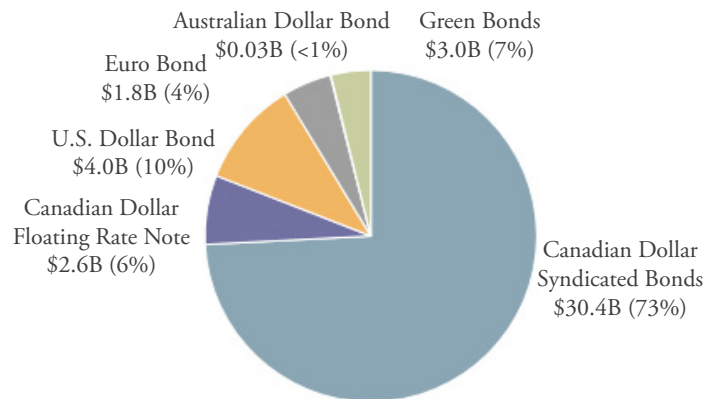
- Ontario balances the objective of minimizing the cost of holding liquid reserves against the need to always have enough cash on hand to pay its bills, invest in capital assets, refinance maturing debt and pay interest.
- As of March 22, 2024, liquid reserve levels were \$41.2 billion.

Average Unrestricted Liquid Reserve Levels (\$ Billions)



2023–24 Borrowing Program

Borrowing completed for 2023–24 totalled \$41.8 billion.

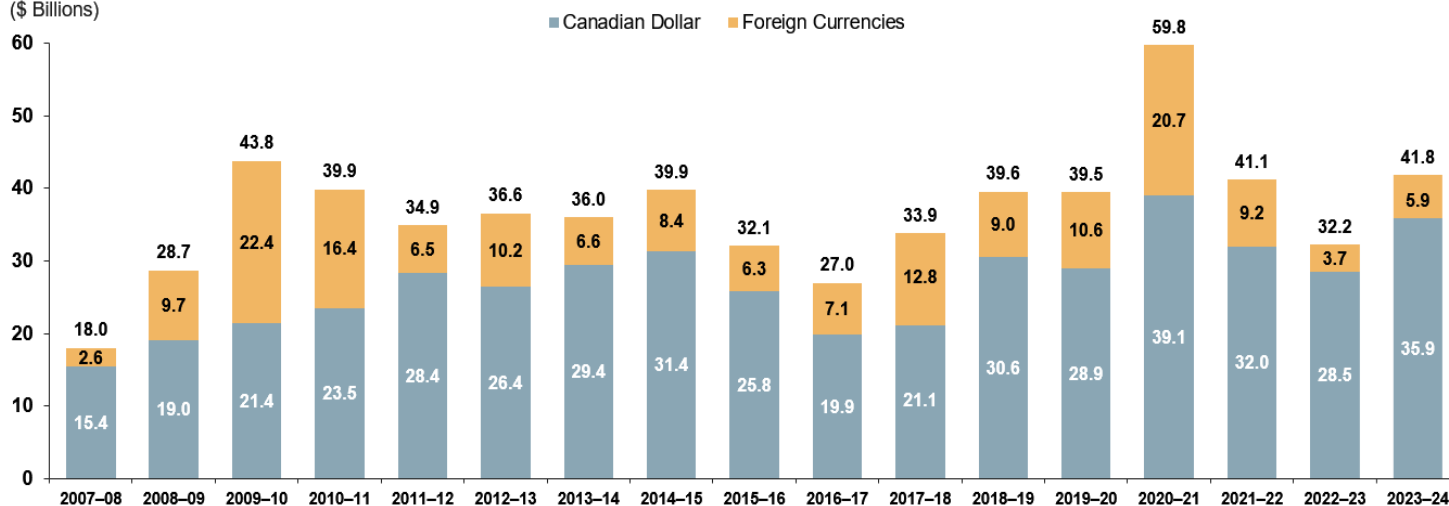


Note: Numbers may not add due to rounding.

Long-Term Borrowing

- \$35.9 billion or 86 per cent of borrowing completed for fiscal year 2023–24 was in Canadian dollars, through 36 syndicated issues, a floating rate note, and two Green Bonds. Approximately \$5.9 billion, or 14 per cent, was completed in foreign currencies, primarily in U.S. dollars and euros.
- Due to the extension of the term of debt in recent years, the impact on interest on debt in the short term and medium term has been lessened. Ontario has issued \$137.0 billion of bonds, or almost one-third of total debt outstanding, with maturities of 30 years or longer since 2010–11, this included \$12.8 billion in 2023–24.

Total Long-Term Borrowing
(\$ Billions)



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Foreign	14%	34%	51%	41%	19%	28%	18%	21%	19%	26%	38%	23%	27%	35%	22%	12%	14%
Domestic	86%	66%	49%	59%	81%	72%	82%	79%	81%	74%	62%	77%	73%	65%	78%	88%	86%
%Weighted-Average Term	12.1	8.6	8.1	12.8	13.0	12.4	13.6	14.1	14.2	13.9	12.1	12.9	14.5	12.0	14.5	15.0	15.2

Note: Numbers may not add due to rounding. As of March 26, 2024.

Canadian Dollar Issuance

- Ontario accounted for 69.4 per cent of Canadian provincial bond trading in 2023. As of December 31, 2023, Ontario accounted for 13.6 per cent of the FTSE Universe Bond Index, 13.5 per cent of the FTSE Mid Bond Index, and 21.9 per cent of the FTSE Long Bond Index.
- Regular issuance of 5-year, 7-year, 10-year and 30-year issues, which are re-opened to achieve benchmark size (36 syndicated issues in 2023–24).

Canadian Dollar Benchmark Bonds (as of March 26, 2024)

Term	Ontario	Canada
5 yr (old)	3.60% March 8, 2028	\$5.50B
5 yr (new)	3.40% September 8, 2028	\$2.00B
7 yr	2.15% June 2, 2031	\$8.85B
10 yr (old)	3.65% June 2, 2033	\$12.95B
10 yr (new)	4.15% June 2, 2034	\$3.25B
Long (old)	3.75% December 2, 2053	\$12.40B
Long (new)	4.15% December 2, 2054	\$10.50B

Foreign Issuance

- Foreign currency borrowing helps diversify Ontario's investor base. Dependent on market conditions the Province borrows in U.S. dollars, euros and other currencies.

EMTN Issues

Term	Issue Date and Coupon	Amount (Euros/Sterling)
10-year	3.10% January 24, 2024	€1.25B
4-year	2.25% May 17, 2022	£0.50B
10-year	0.25% June 1, 2021	€1.00B
5-year	0.25% January 6, 2021	£1.75B

U.S. Dollar Issues

Term	Issue Date and Coupon	Amount (U.S.\$)
5-year	4.20% January 10, 2024	\$3.00B
5-year	3.10% May 12, 2022	\$2.25B
10-year	2.13% January 13, 2022	\$1.50B
10-year	1.80% October 6, 2021	\$1.00B

•• Sustainable Bonds

- In January 2024, Ontario released its new *Ontario Sustainable Bond Framework* replacing the *Green Bond Framework* from 2014. The new framework will allow for a broader range of potential bond offerings in the future, including emissions-free nuclear power.
- Ontario remains the largest issuer of Canadian dollar Green Bonds, totalling \$18.0 billion with \$15.95 billion outstanding. A total of 29 projects have received or will receive funding from Ontario's fifteen Green Bond issues.
- On February 29, 2024, Ontario issued a \$1.5 billion Green Bond. This was the second Green Bond issued in 2023–24, fifteenth Green Bond overall, and Ontario's first Green Bond issued under the new *Ontario Sustainable Bond Framework*.
- Ontario plans to continue its leadership in the Canadian dollar Green Bond market and, subject to market conditions, will issue multiple Green Bonds each fiscal year, including in 2024–25.

Features:

- Carry the full faith and credit of the Province of Ontario.
- Rank pari passu with Ontario's other bonds, are payable without any preference or priority.
- Are direct unsecured obligations of the Province of Ontario and investors do not assume any specific risk related to the funded projects.
- Since 2015, Ontario has published an annual Green Bond Newsletter with its ninth newsletter released in December 2023.

Assurances:

- The *Ontario Sustainable Bond Framework* was developed in consultation with Sustainability and adheres to the International Capital Market Association (ICMA) Green Bond Principles, the ICMA Social Bond Principles and the ICMA Sustainability Bond Guidelines.
- An assurance audit is performed by the Office of the Auditor General of Ontario verifying amounts allocated to selected projects and tracking the amount of Green Bond proceeds.

•• Fiscal Outlook

- Ontario's 2023–24 deficit is projected to be \$3.0 billion, \$1.7 billion higher than the outlook published in the *2023 Budget* but \$2.6 billion lower than the outlook published in the *2023 Ontario Economic Outlook and Fiscal Review*. It is also \$1.6 billion lower than the outlook published in the *2023–24 Third Quarter Finances*. Over the medium term, the government is projecting deficits of \$9.8 billion in 2024–25 and \$4.6 billion in 2025–26, before reaching a surplus of \$0.5 billion in 2026–27.
- Total revenue is projected to increase from \$204.3 billion in 2023–24 to \$226.6 billion by 2026–27, primarily due to projected growth in taxation revenues and Government of Canada transfers.
- Total program expense is projected to increase from \$194.5 billion in 2023–24 to \$208.9 billion by 2026–27, primarily due to projected increases in health care, education, infrastructure and other critical public services.

Fiscal Plan (\$ Billions)	Actuals								Interim ¹	Medium-Term Outlook		
	2015–16	2015–16	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23		2023–24	2024–25	2025–26
Revenue	136.1	140.7	150.7	153.8	156.2	165.0	185.1	192.9	204.3	205.7	217.4	226.6
Expense												
Programs	129.9	131.4	142.5	148.7	152.3	169.0	170.5	186.4	194.5	200.6	205.8	208.9
Interest on Debt	11.6	11.7	11.9	12.4	12.5	12.3	12.6	12.4	12.8	13.9	14.7	15.2
Total Expense	141.5	143.2	154.4	161.1	164.8	181.3	183.1	198.8	207.3	214.5	220.6	224.1
Reserve	–	–	–	–	–	–	–	–	–	1.0	1.5	2.0
Surplus/(Deficit)	(5.3)	(2.4)	(3.7)	(7.3)	(8.6)	(16.3)	2.0	(5.9)	(3.0)	(9.8)	(4.6)	0.5

¹Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

Note: Numbers may not add due to rounding.

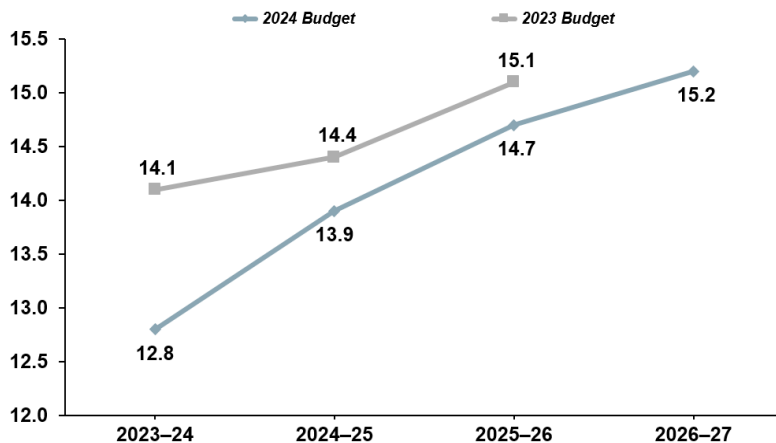
Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Interest on Debt (IOD) Expense

- Ontario is forecast to pay \$12.8 billion in interest costs in 2023–24, \$13.9 billion in 2024–25 and \$14.7 billion in 2025–26, down from the *2023 Budget* forecasts of \$14.1 billion, \$14.4 billion and \$15.1 billion, respectively. These lower interest costs total a cumulative savings of more than \$2 billion over three years, due to lower than projected borrowing costs.
- The Province will continue to monitor interest rate movements and provide regular updates on IOD costs in future fiscal updates.

Comparison of Interest on Debt Expense Forecast

\$ Billions



Source: Ontario Financing Authority.

Short-Term Borrowing

- Ontario treasury bills and U.S. commercial paper are very well received in the money markets and provide additional borrowing capacity if required.
- As of February 29, 2024, capacity for short-term borrowing: \$61.0 billion authorized and \$23.0 billion outstanding, leaving \$38.0 billion available.

Risk Management

	Exposure ¹	Policy Limit
Foreign Exchange	0.14%	3.0%
Net Interest Rate Resetting	5.9%	35.0%

¹ Of outstanding debt, interim as of February 29, 2024.

Credit Ratings (Long-Term/Short-Term)

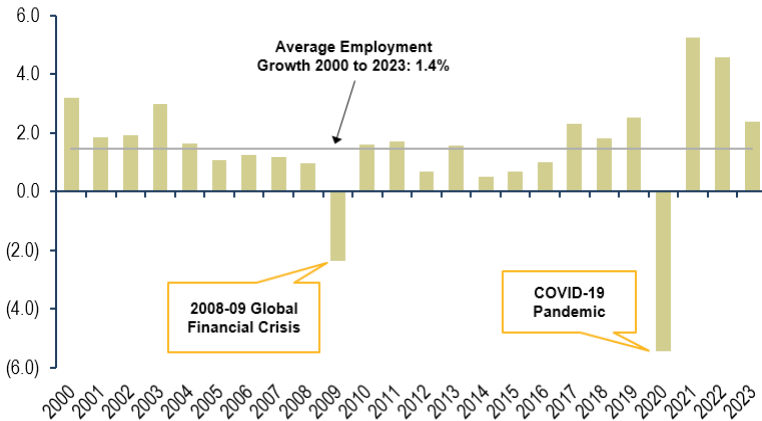
Moody's	Aa3 (P) / P-1
Fitch	AA- / F1+
DBRS	AA (low) (P)/ R-1(mid)
S&P	A+ (P)/ A-1

Ontario's Economic Update

- Ontario's economy performed better than expected in 2023, despite economic headwinds prompted by elevated consumer price inflation and high interest rates. Ontario's labour market remained strong in 2023, with employment rising by 183,200. The unemployment rate rose to 5.7 per cent, remaining low compared to its recent historical average.
- In the *2024 Budget*, Ontario's real GDP is estimated to have risen by 1.2 per cent in 2023 and is projected to rise 0.3 per cent in 2024, 1.9 per cent in 2025 and 2.2 per cent in both 2026 and 2027. Ontario's nominal GDP is estimated to have risen by 4.1 per cent in 2023 and is projected to rise 2.7 per cent in 2024, 3.9 per cent in 2025, 4.3 per cent in 2026 and 4.1 per cent in 2027. For the purposes of prudent fiscal planning, these projections were set slightly below the average of private-sector forecasts.
- To provide more transparency about the Ontario's economic outlook amid the elevated degree of economic uncertainty, the Ontario Ministry of Finance has developed Faster Growth and Slower Growth scenarios. These alternative scenarios should not be considered the best case or the worst case, but reasonable possible outcomes in this period of uncertainty.

Ontario's Strong Employment Growth

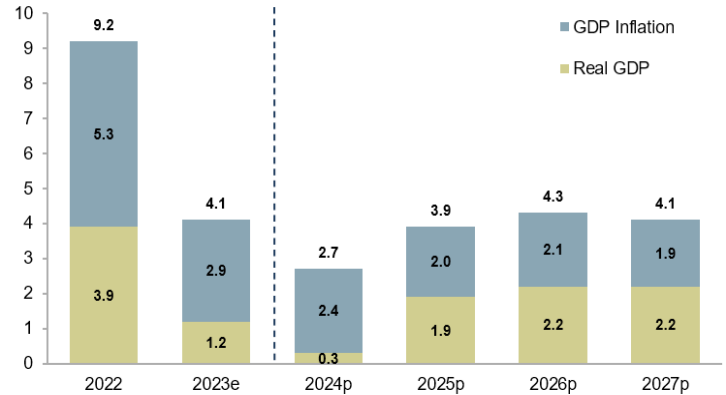
Employment Growth
(Per Cent)



Source: Statistics Canada.

Ontario Nominal GDP Growth Projected to Moderate

Nominal GDP Growth
(Per Cent)

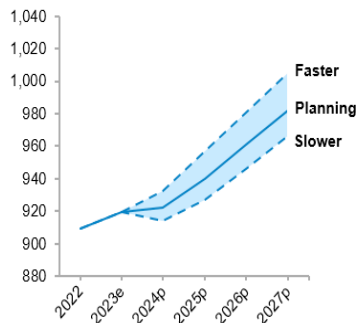


e = estimate.

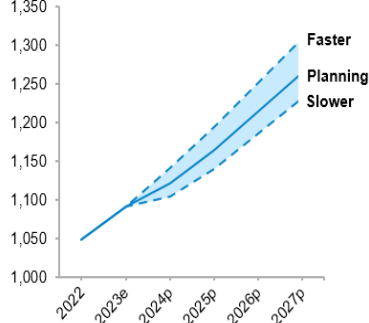
p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.
Sources: Statistics Canada and Ontario Ministry of Finance.

Ontario GDP Scenario Forecasts

Real GDP
(\$2017 Billions)



Nominal GDP
(\$ Billions)



Real GDP Growth Scenarios (Per Cent)	2024p	2025p	2026p	2027p
Faster Growth Scenario	1.4	2.6	2.5	2.5
Planning Projection	0.3	1.9	2.2	2.2
Slower Growth Scenario	(0.6)	1.4	2.1	2.1

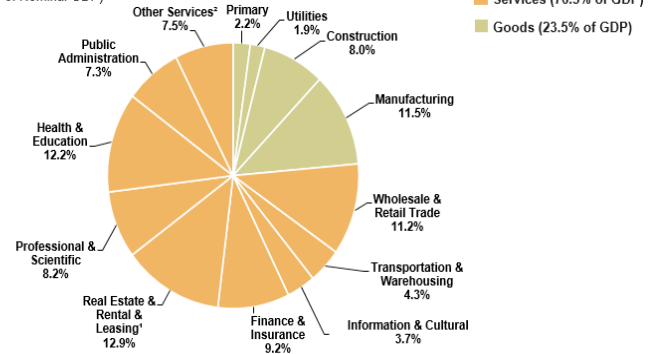
Nominal GDP Growth Scenarios (Per Cent)	2024p	2025p	2026p	2027p
Faster Growth Scenario	4.5	4.7	4.8	4.6
Planning Projection	2.7	3.9	4.3	4.1
Slower Growth Scenario	1.1	3.3	4.0	3.8

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024 and alternative scenarios.

Source: Ontario Ministry of Finance.

Ontario's Diverse Economy

Structure of the Ontario Economy, 2022
(Per Cent Share of Nominal GDP)



¹ Includes estimate of imputed rental income from owner occupied dwellings.

² Other services include: management of companies and enterprises; administrative and support waste management and remediation services; arts, entertainment and recreation; accommodation and food services; and other services.

Note: Numbers may not add due to rounding.

Source: Statistics Canada.

The Ontario Financing Authority is an agency of the Province of Ontario responsible for provincial borrowing and debt management activities.

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