



**Province of Ontario Presentation**

March 2024

Ontario Financing Authority  
[www.ofina.on.ca](http://www.ofina.on.ca)

# Ontario Overview

- The Province of Ontario is located in a prime economic area with excellent international connectivity and close ties to the United States.
- In 2022, Ontario had a population of 15.1 million with nominal GDP estimated at over \$1 trillion, both representing almost 40 per cent of Canada.
- Ontario has a diverse advanced economy, with technology-led manufacturing, extensive financial and business services, and globally recognised higher education and scientific research. It has a relatively smaller primary resource sector compared to the rest of Canada.
- The province has direct taxation powers and stable growth, and is a major beneficiary in Canada of international investment and worker migration. Services account for about 77 per cent of the overall economy.



# 2024 Budget

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- In 2023–24, the government is projecting a deficit of \$3.0 billion. Over the medium term, the government is projecting deficits of \$9.8 billion in 2024–25 and \$4.6 billion in 2025–26, before planning for a surplus of \$0.5 billion in 2026–27.
- The Ministry of Finance estimates that Ontario real GDP increased 1.2 per cent in 2023. Ontario nominal GDP is estimated to have increased 4.1 per cent in 2023. The *2024 Ontario Budget* planning assumption is for real GDP to rise 0.3 per cent in 2024, 1.9 per cent in 2025 and 2.2 per cent in both 2026 and 2027. The planning assumption is for nominal GDP to rise by 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's 2023–24 net debt-to-GDP ratio is now forecast to be 38.0 per cent, an increase of 0.2 percentage points from the forecasted 37.8 per cent in the *2023 Budget*, mainly due to higher than previously projected deficits and investments in infrastructure. Ontario's net debt-to-GDP is now forecast to be 39.2 per cent in 2024–25, 39.5 per cent in 2025–26 and 39.1 per cent in 2026–27.
- 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*. Long-term public borrowing for 2026–27 is forecast to be \$32.8 billion.

# Ontario's Economic Outlook

- The Ministry of Finance's GDP planning projections are set slightly below the average of private-sector forecasts for the purposes of prudent fiscal planning.

<b>Economic Summary</b> (Per Cent)	<b>2022</b>	<b>2023</b>	<b>2024p</b>	<b>2025p</b>	<b>2026p</b>	<b>2027p</b>
Real GDP Growth	3.9	1.2e	0.3	1.9	2.2	2.2
Nominal GDP Growth	9.2	4.1e	2.7	3.9	4.3	4.1
Employment Growth	4.6	2.4	0.8	1.7	1.4	1.4
CPI Inflation	6.8	3.8	2.6	2.0	2.0	2.0

e = Ontario Ministry of Finance estimate.

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

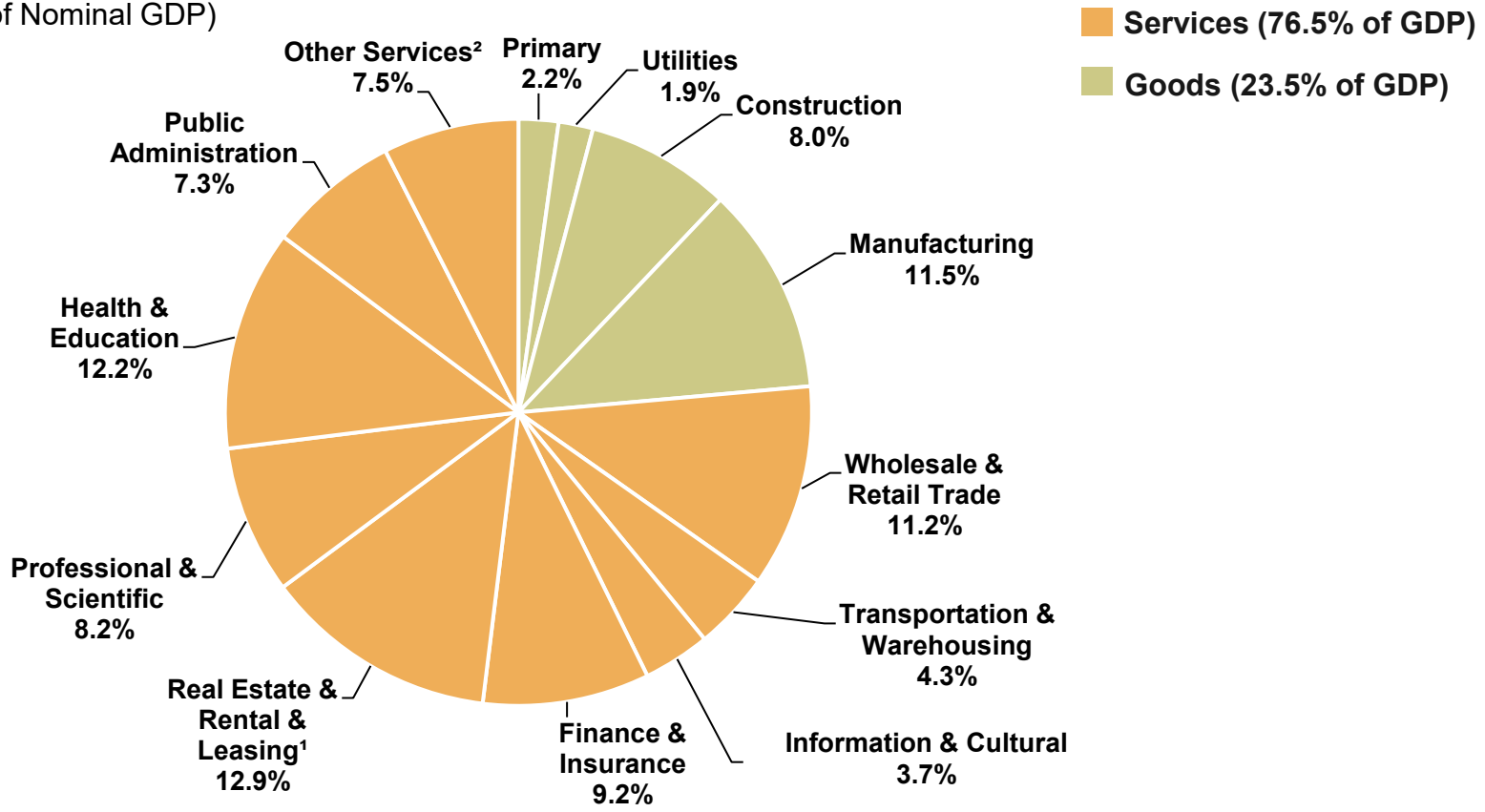
Sources: Statistics Canada and Ontario Ministry of Finance.

# Ontario's Diverse Economy

- Ontario has a diverse economy, with extensive financial and business services, manufacturing and a smaller primary sector compared to the rest of Canada.

## Structure of the Ontario Economy, 2022

(Per Cent Share of Nominal GDP)



<sup>1</sup> Includes estimate of imputed rental income from owner occupied dwellings.

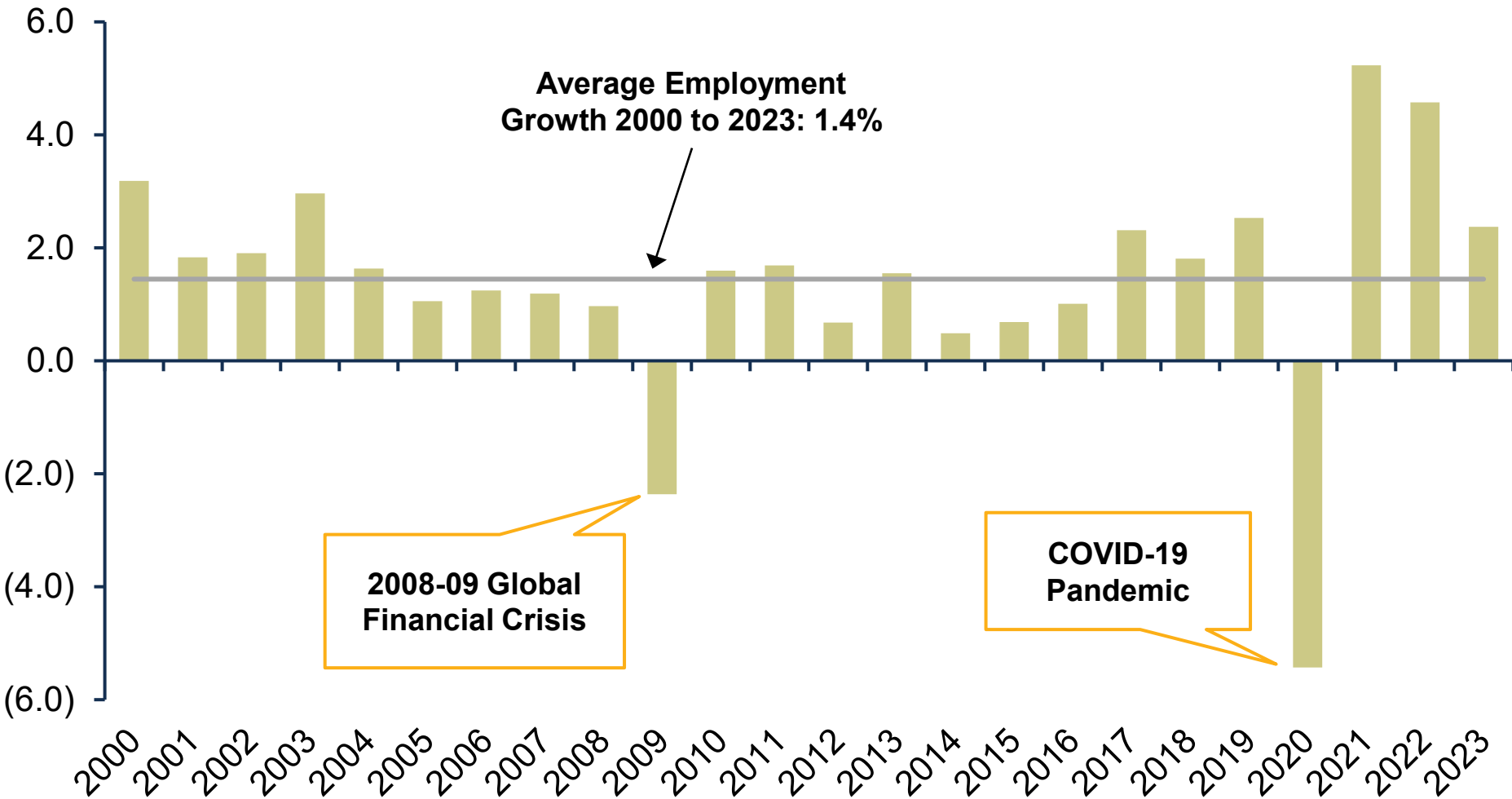
<sup>2</sup> Other services include: management of companies and enterprises; administrative and support, waste management and remediation services; arts, entertainment and recreation; accommodation and food services; and other services.

Source: Statistics Canada.

Note: Numbers may not add due to rounding.

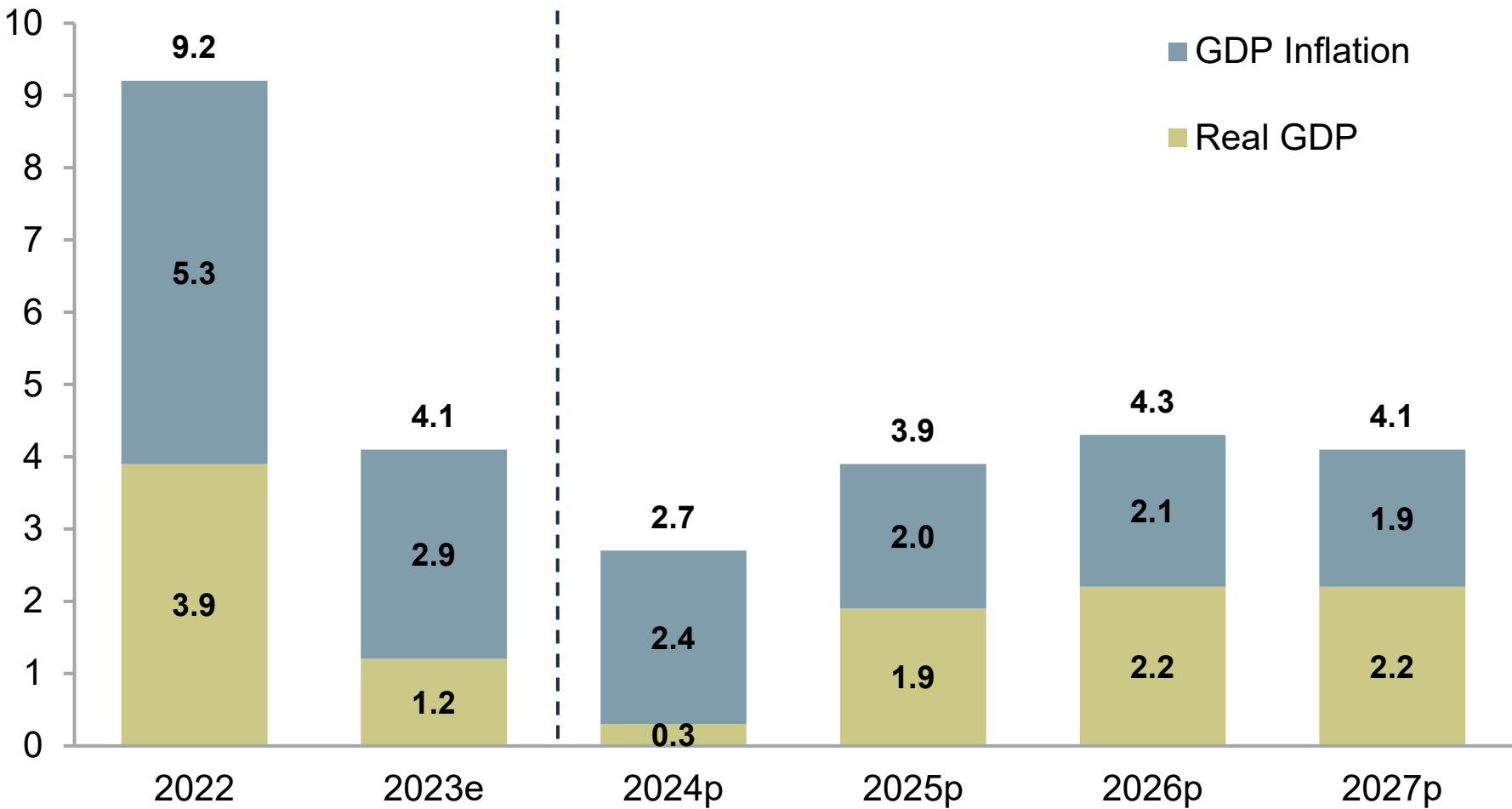
# Ontario's Strong Employment Growth

**Employment Growth**  
(Per Cent)



# Ontario Nominal GDP Growth Projected to Moderate

**Nominal GDP Growth**  
(Per Cent)

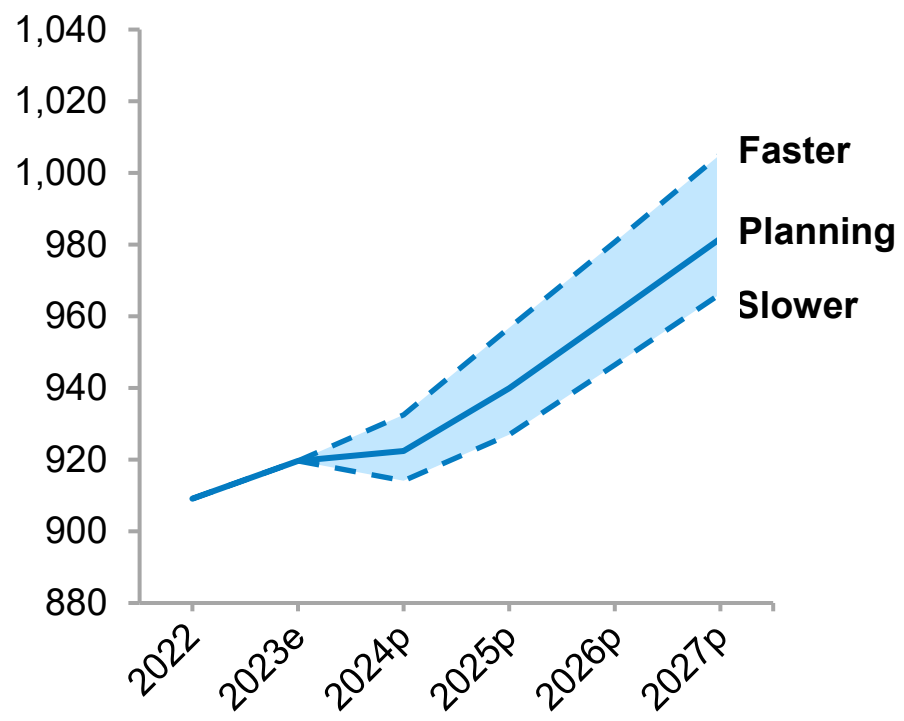


e = estimate.  
 p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.  
 Sources: Statistics Canada and Ontario Ministry of Finance.

# Ontario GDP Scenario Forecasts

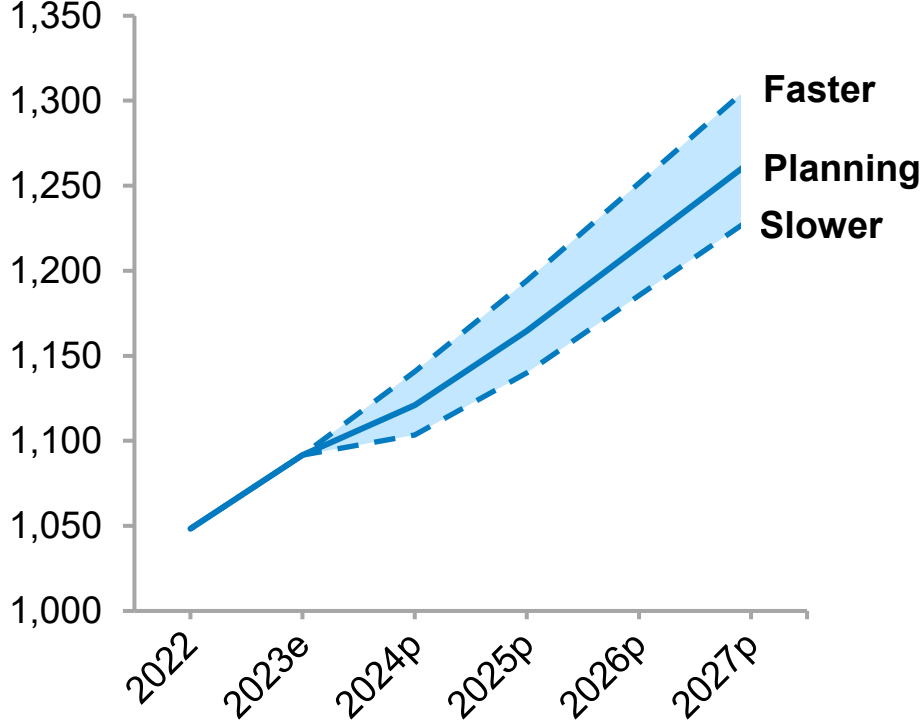
## Real GDP

(\$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
<b>Planning Projection</b>	<b>0.3</b>	<b>1.9</b>	<b>2.2</b>	<b>2.2</b>
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
<b>Planning Projection</b>	<b>2.7</b>	<b>3.9</b>	<b>4.3</b>	<b>4.1</b>
Slower Growth Scenario	1.1	3.3	4.0	3.8



# Fiscal Outlook

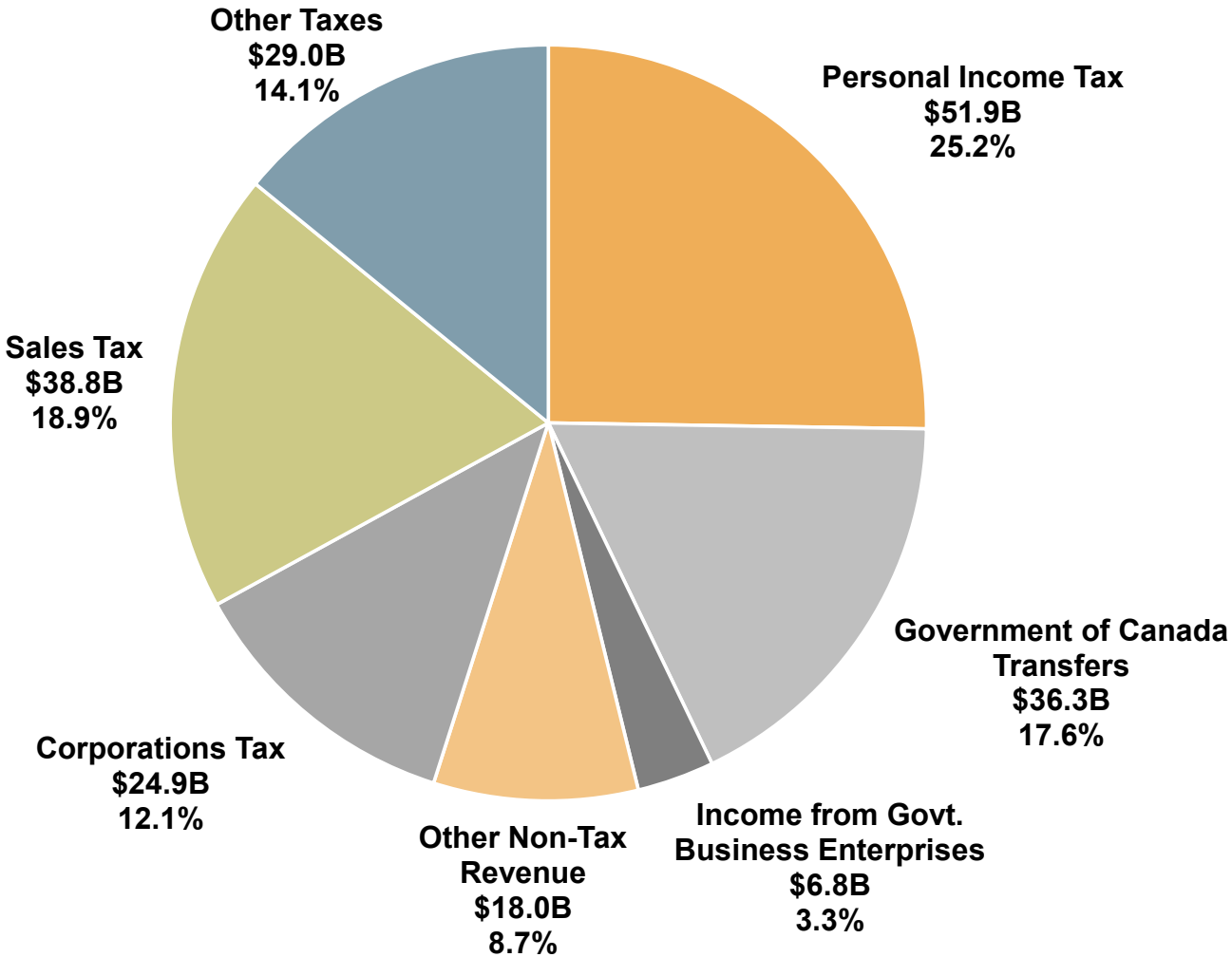
Fiscal Summary (\$ Billions)	Actual	Interim	Medium-Term Plan		
	2022–23	2023–24	2024–25	2025–26	2026–27
<b>Revenue</b>	<b>192.9</b>	<b>204.3</b>	<b>205.7</b>	<b>217.4</b>	<b>226.6</b>
<b>Expense</b>					
Programs	186.4	194.5	200.6	205.8	208.9
Interest on Debt	12.4	12.8	13.9	14.7	15.2
<b>Total Expense</b>	<b>198.8</b>	<b>207.3</b>	<b>214.5</b>	<b>220.6</b>	<b>224.1</b>
<b>Surplus/(Deficit) Before Reserve</b>	<b>(5.9)</b>	<b>(3.0)</b>	<b>(8.8)</b>	<b>(3.1)</b>	<b>2.5</b>
Reserve	–	–	1.0	1.5	2.0
<b>Surplus/(Deficit)</b>	<b>(5.9)</b>	<b>(3.0)</b>	<b>(9.8)</b>	<b>(4.6)</b>	<b>0.5</b>

Note: Numbers may not add due to rounding.

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

# Composition of Total Revenue 2023-24

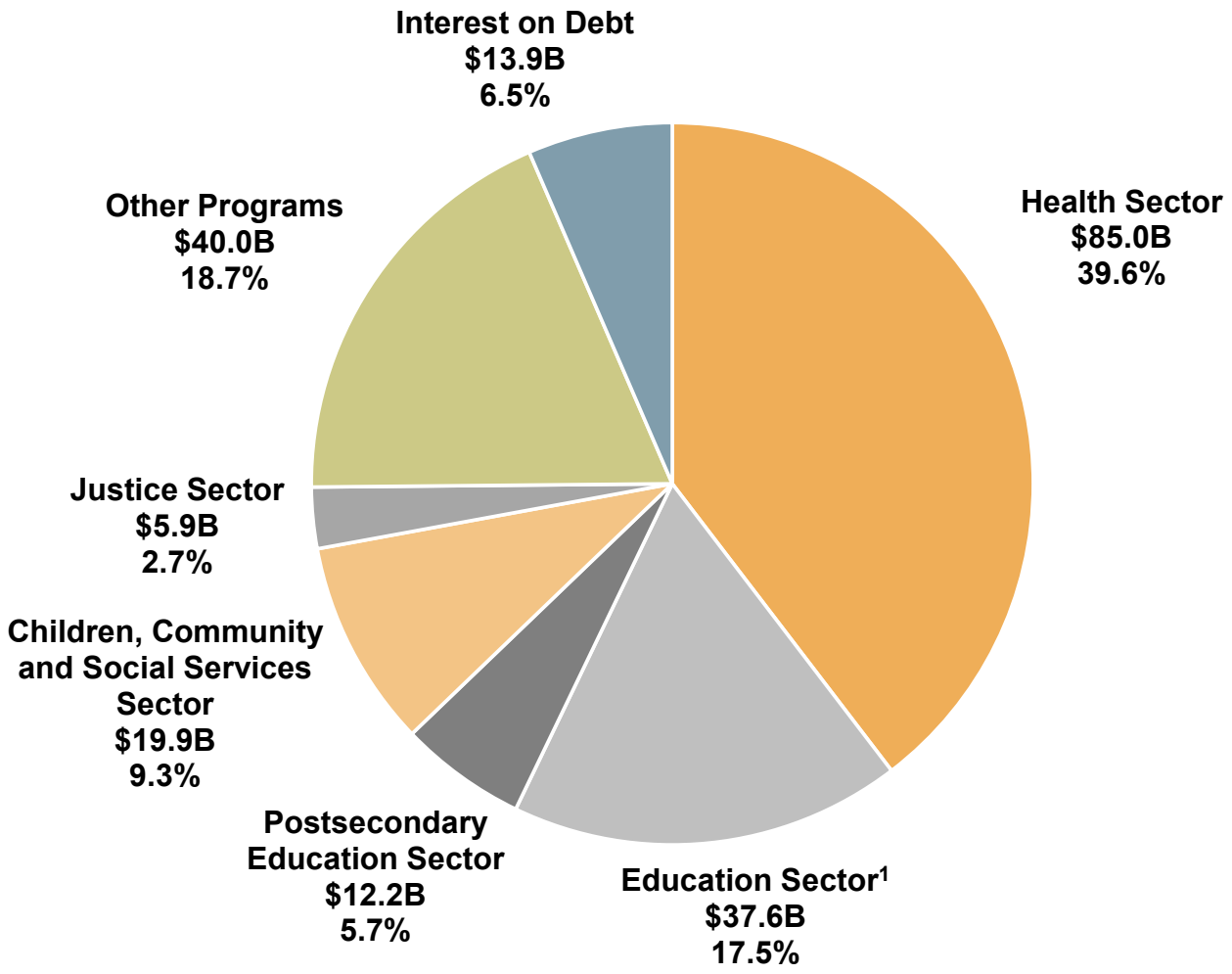
Revenue \$205.7 Billion



Note: Numbers may not add due to rounding.  
Source: Ontario Ministry of Finance.

# Composition of Total Expense 2023–24

Total Expense \$214.5 Billion



<sup>1</sup> Education excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.  
*Note:* Numbers may not add due to rounding.  
*Sources:* Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

# Ontario's Borrowing Outlook

(\$ Billions)	2023–24			Medium-Term Outlook		
	2023 Budget	Change from 2023 Budget	Interim <sup>1</sup> 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
<b>Total Funding Requirement</b>	<b>37.0</b>	<b>10.1</b>	<b>47.1</b>	<b>44.2</b>	<b>46.0</b>	<b>32.8</b>
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(5.0)	–	–
Increase/(Decrease) in Year-End Cash and Cash Equivalents <sup>2</sup>	5.0	4.3	9.3	(1.0)	(8.3)	–
Pre-borrowing in 2022–23 for 2023–24	(14.5)	–	(14.5)	–	–	–
<b>Total Long-Term Public Borrowing</b>	<b>27.5</b>	<b>14.3</b>	<b>41.8</b>	<b>38.2</b>	<b>37.7</b>	<b>32.8</b>

<sup>1</sup> Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

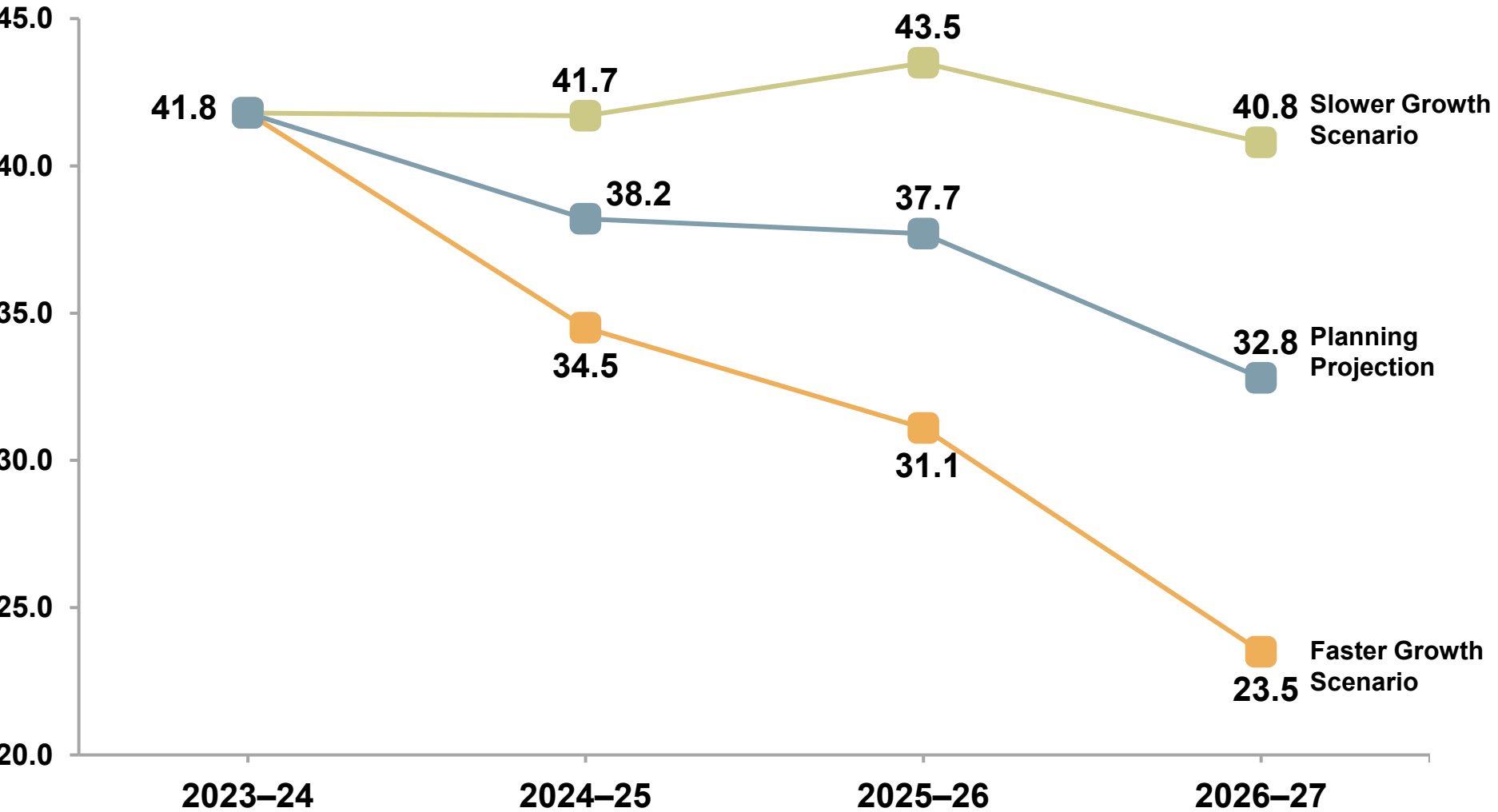
<sup>2</sup> Starting in 2024–25, pre-borrowing will be reflected as part of the increase in year-end cash and cash equivalents.

Note: Numbers may not add due to rounding.

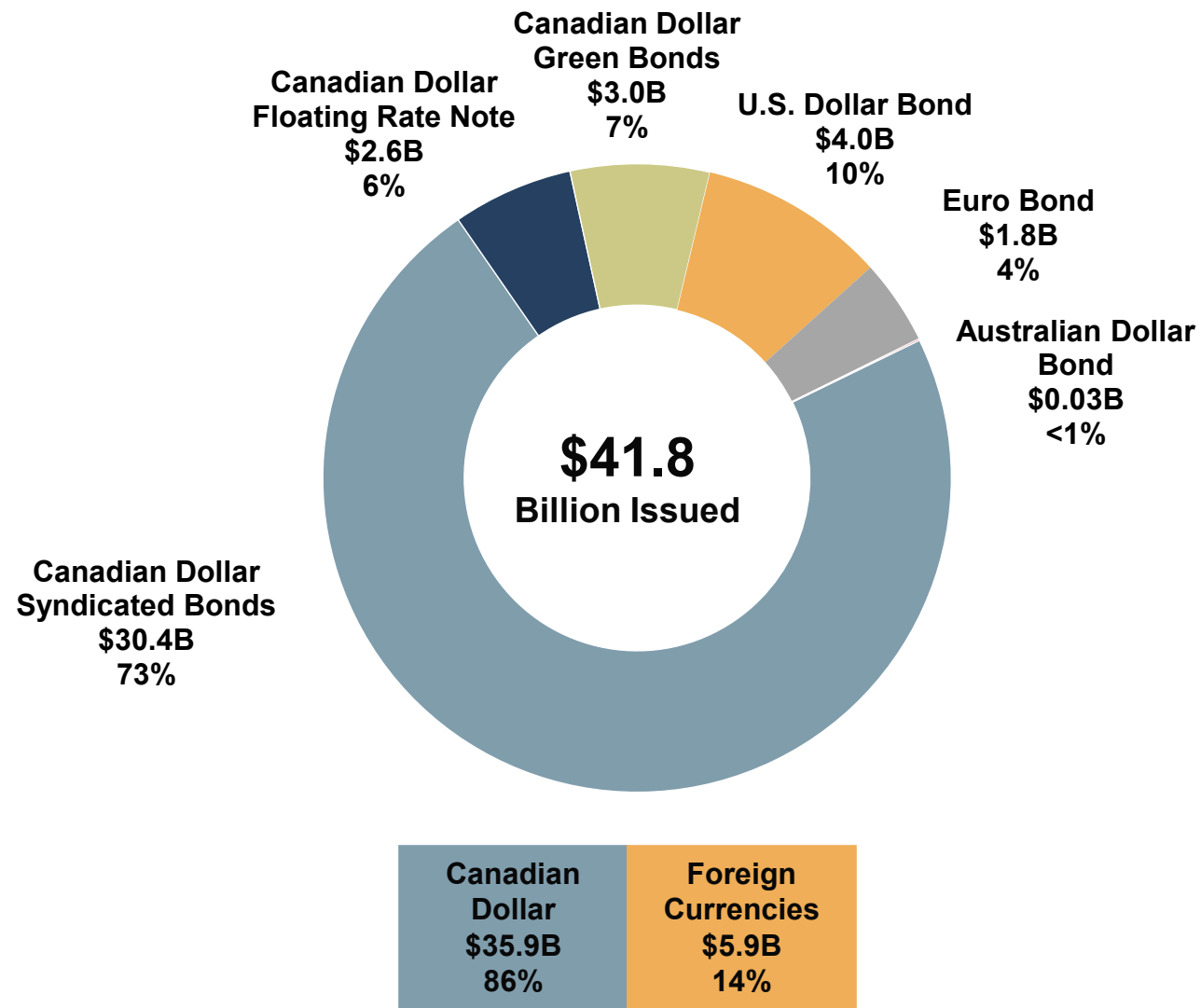
Source: Ontario Financing Authority.

# Borrowing Outlook Scenarios for Long-Term Borrowing

Total Long-Term Borrowing  
(\$ Billions)



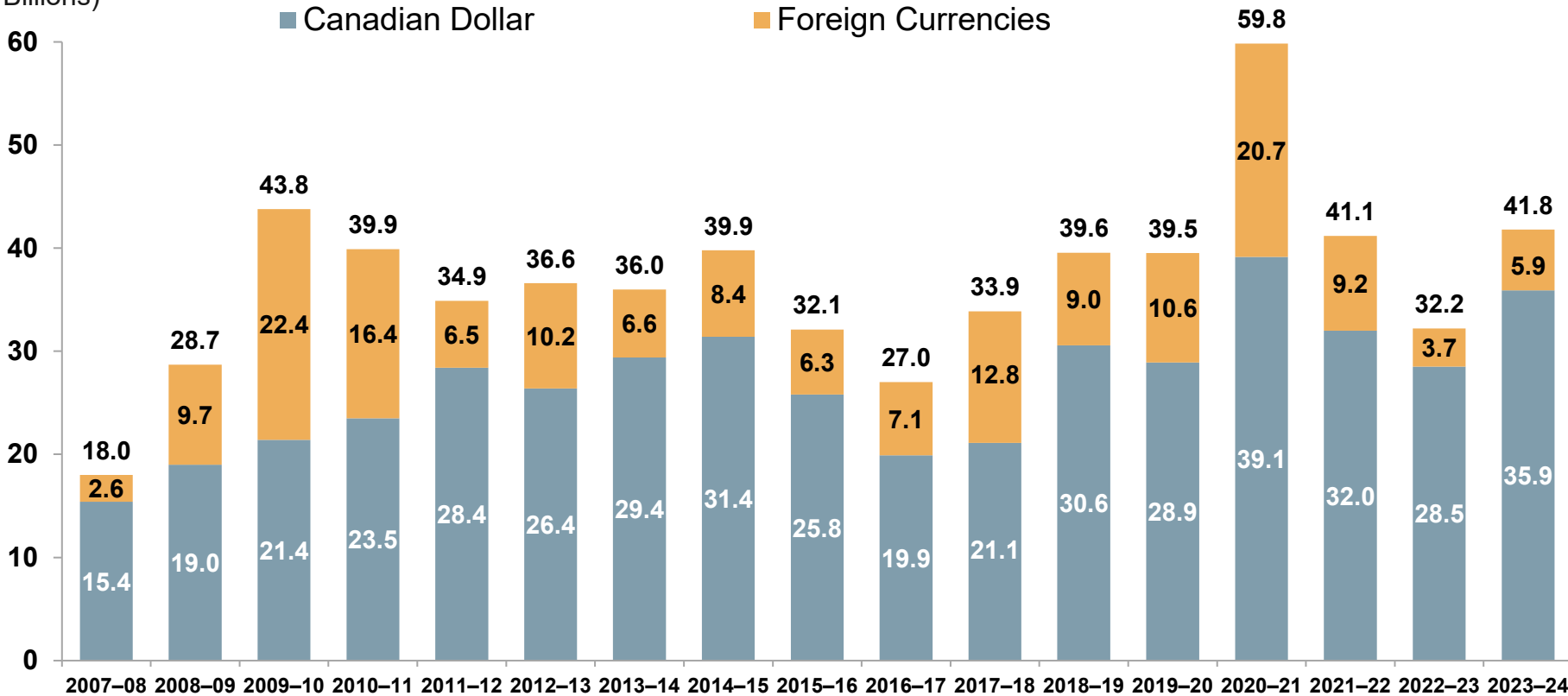
# 2023–24 Borrowing Program



# Domestic and International Borrowing

As of March 26, 2024

**Total Long-Term Borrowing**  
(\$ Billions)



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.  
Source: Ontario Financing Authority.

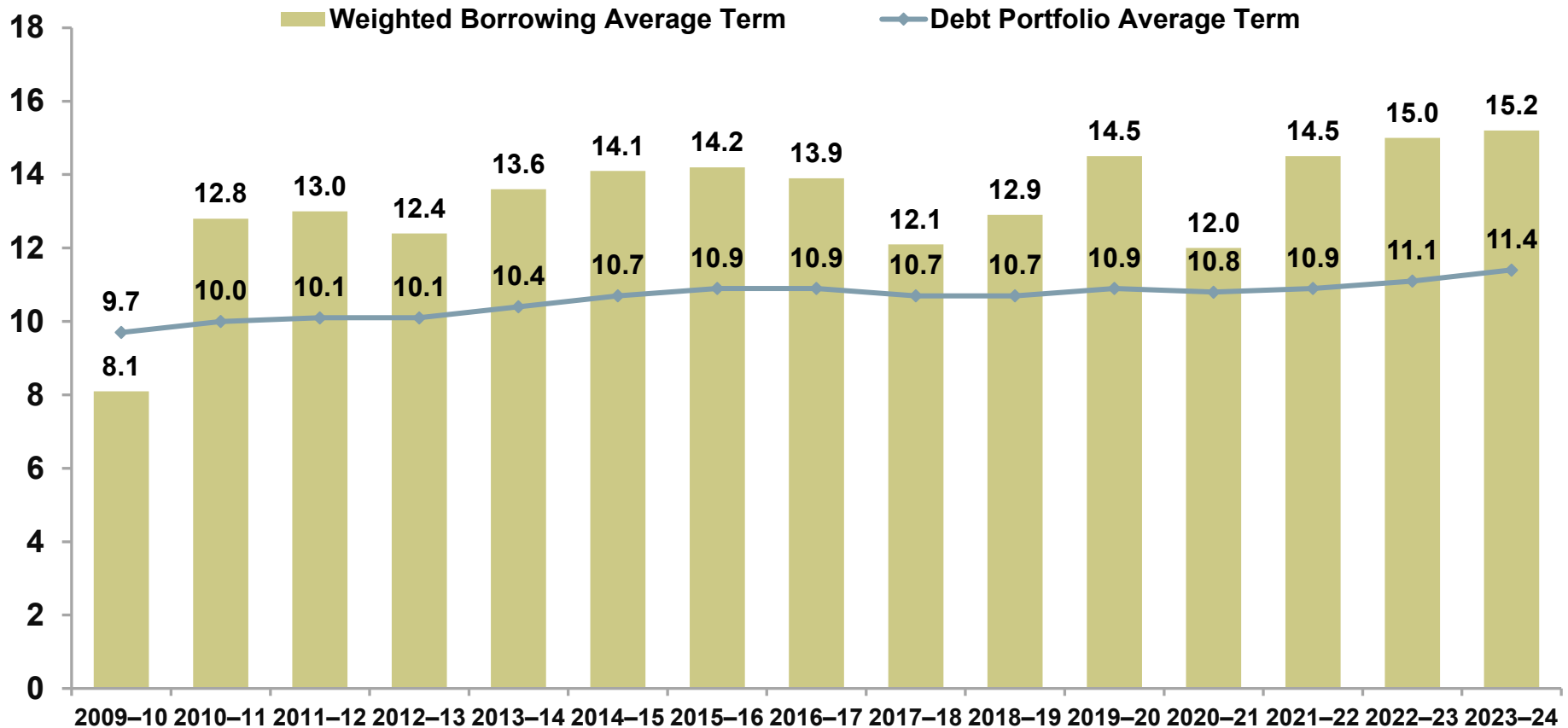
# Weighted-Average Term of Borrowings

- Going back to the beginning of fiscal 2010–11, Ontario has issued \$137.0 billion of bonds 30 years or longer to lock in low interest rates.

As of March 26, 2024

## Average Term

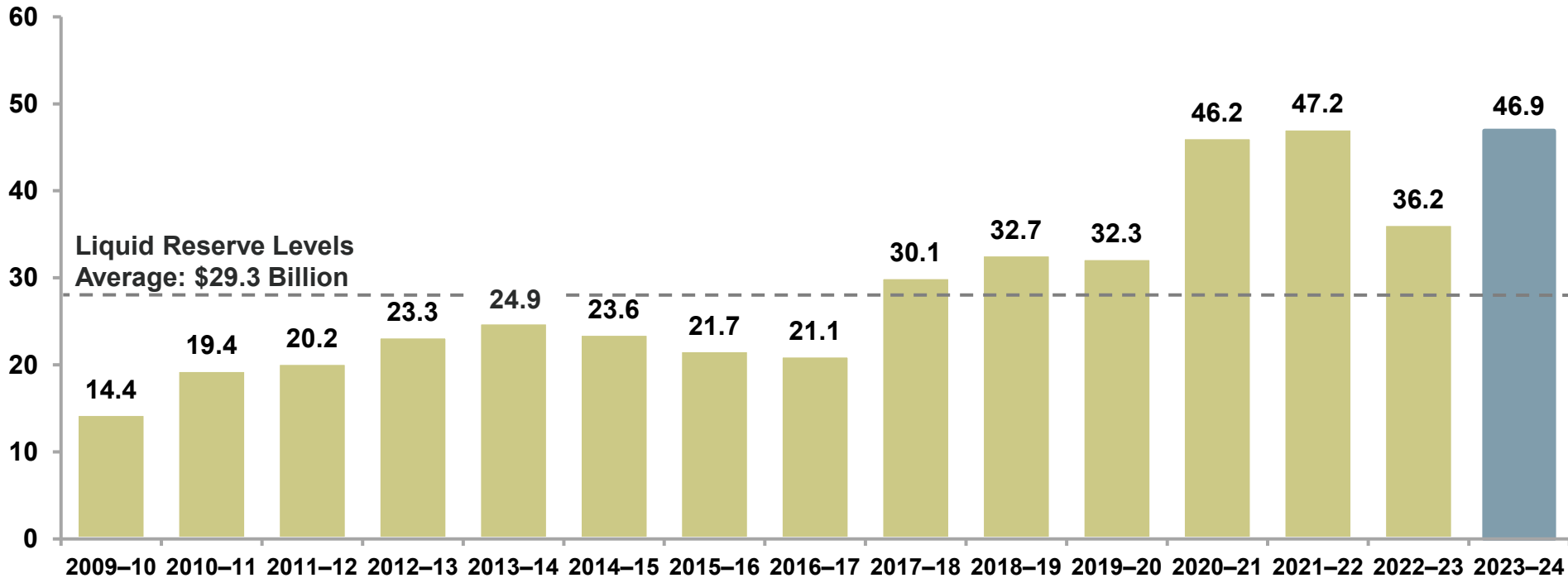
(Years)





# Liquidity and Short-Term Borrowing Capacity

## Average Unrestricted Liquid Reserve Levels (\$ Billions)



(\$ Billions)	C\$ T-Bill Program	U.S.\$ Commercial Paper Program	Total
<b>Currency</b>	Canadian Dollars	U.S. Dollars	–
<b>Maturity</b>	1 day-3 years*	1-270 day(s)	–
<b>Authorized</b>	C\$46.0	C \$15.0	C\$61.0
<b>Outstanding</b>	C\$23.0	C\$0.0	C\$23.0
<b>Available</b>	C\$23.0	C\$15.0	C\$38.0

\*Regular issuance of 3M, 6M and 1Y T-Bills

Note: As of February 29, 2024. Numbers may not add due to rounding.

# Domestic Borrowing Program

- Ontario bonds accounted for 69.4 per cent of Canadian provincial bond trading in 2023.<sup>1</sup>
- Ontario accounted for 13.6 per cent of the FTSE Universe Bond Index, 13.5 per cent of the FTSE TMX Mid Bond Index and 21.9 per cent of the FTSE TMX Long Bond Index.<sup>2</sup>
- Large and diverse domestic underwriting syndicate of 12 dealers make active markets in Ontario bonds.
- Regular issuance of 5-year, 7-year, 10-year and 30-year issues, which are re-opened to achieve benchmark size.
- Large Order Procedure (carve-outs) to accommodate large investors (9 issues totalling \$4.05 billion 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	3.25% September 1, 2028	\$20.00B
5 yr (new)	3.40% September 8, 2028	\$2.00B	4.0% March 1, 2029	\$27.00B
7 yr	2.15% June 2, 2031	\$8.85B	1.50% June 1, 2031	\$42.0B
10 yr (old)	3.65% June 2, 2033	\$12.95B	3.25% December 1, 2033	\$21.00B
10 yr (new)	4.15% June 2, 2034	\$3.25B	3.0% June 1, 2034	\$19.00B
Long (old)	3.75% December 2, 2053	\$12.40B	2.00% December 1, 2051	\$51.80B
Long (new)	4.15% December 2, 2054	\$10.50B	1.75% December 1, 2053	\$32.00B

# International Borrowing Program

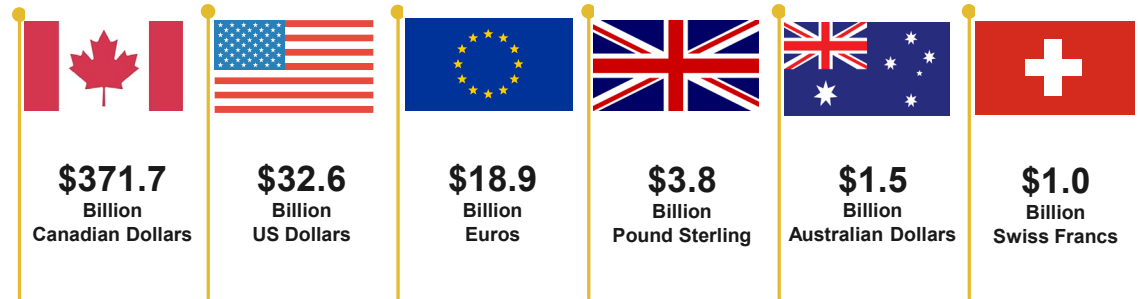
- Ontario accesses foreign markets to diversify its borrowing program and expand its investor base.
- The province borrows in U.S. dollars, Euros, British Pound Sterling, Australian dollars, Swiss francs, and other currencies.
- Ontario views the U.S. dollar and Euro markets as strategic currencies.

## Selected Foreign Benchmark Bonds

Term	Issue Date and Coupon	Amount
10 year	3.10% January 24, 2024	€ 1.25B
5 year	4.20% January 10, 2024	US\$ 3.00B
5 year	3.10% May 12, 2022	US\$ 2.25B
10 year	2.125% January 13, 2022	US\$ 1.50B
10 year	0.01% November 17, 2020	€ 2.50B
5 year	0.25% January 6, 2021	£1.75B

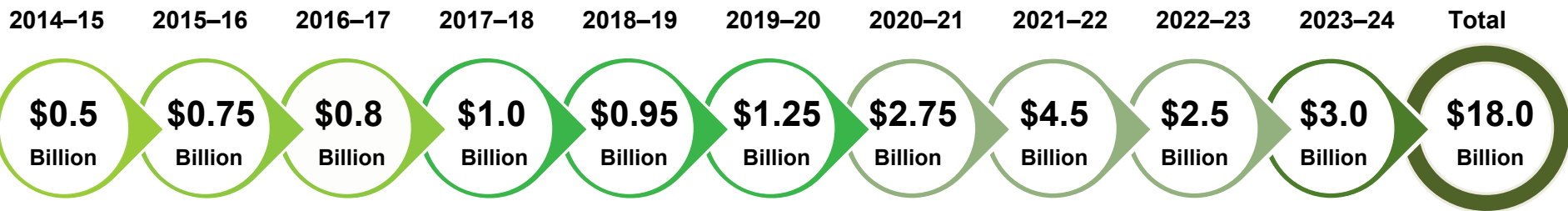
AS OF MARCH 31, 2024

**TOTAL DEBT  
OUTSTANDING = \$429.5B**



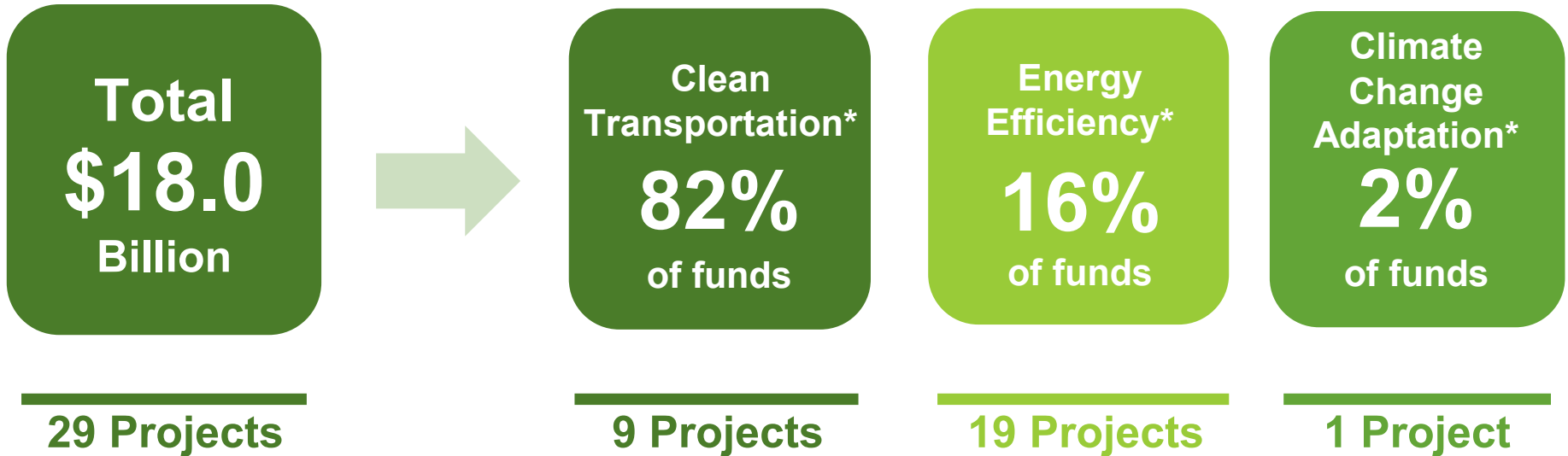
# Ontario's Green Bonds

- Ontario is currently the largest issuer of Canadian dollar Green Bonds:



- Green Bonds serve as an important tool to help Ontario finance public transit initiatives, extreme weather-resistant infrastructure, and energy efficiency and conservation projects.

## Overall Allocation By Framework Category

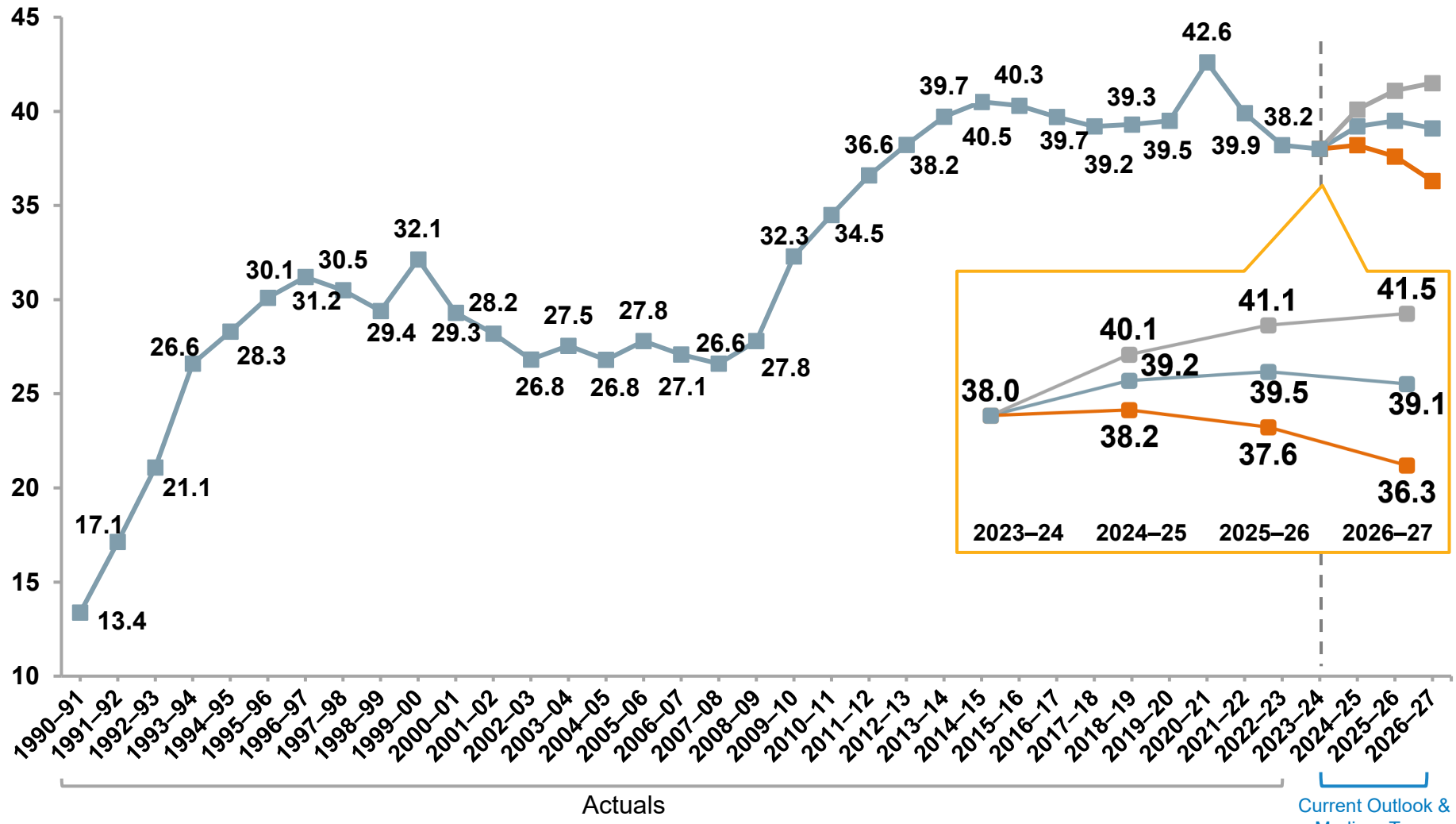


\*Data includes bonds issued under the 2014 Green Bond Framework, categories have been updated to align with those in the new 2024 Ontario Sustainable Bond Framework.  
 Note: Numbers may not add due to rounding.  
 Source: Ontario Financing Authority.

# Net Debt-to-GDP

Per Cent

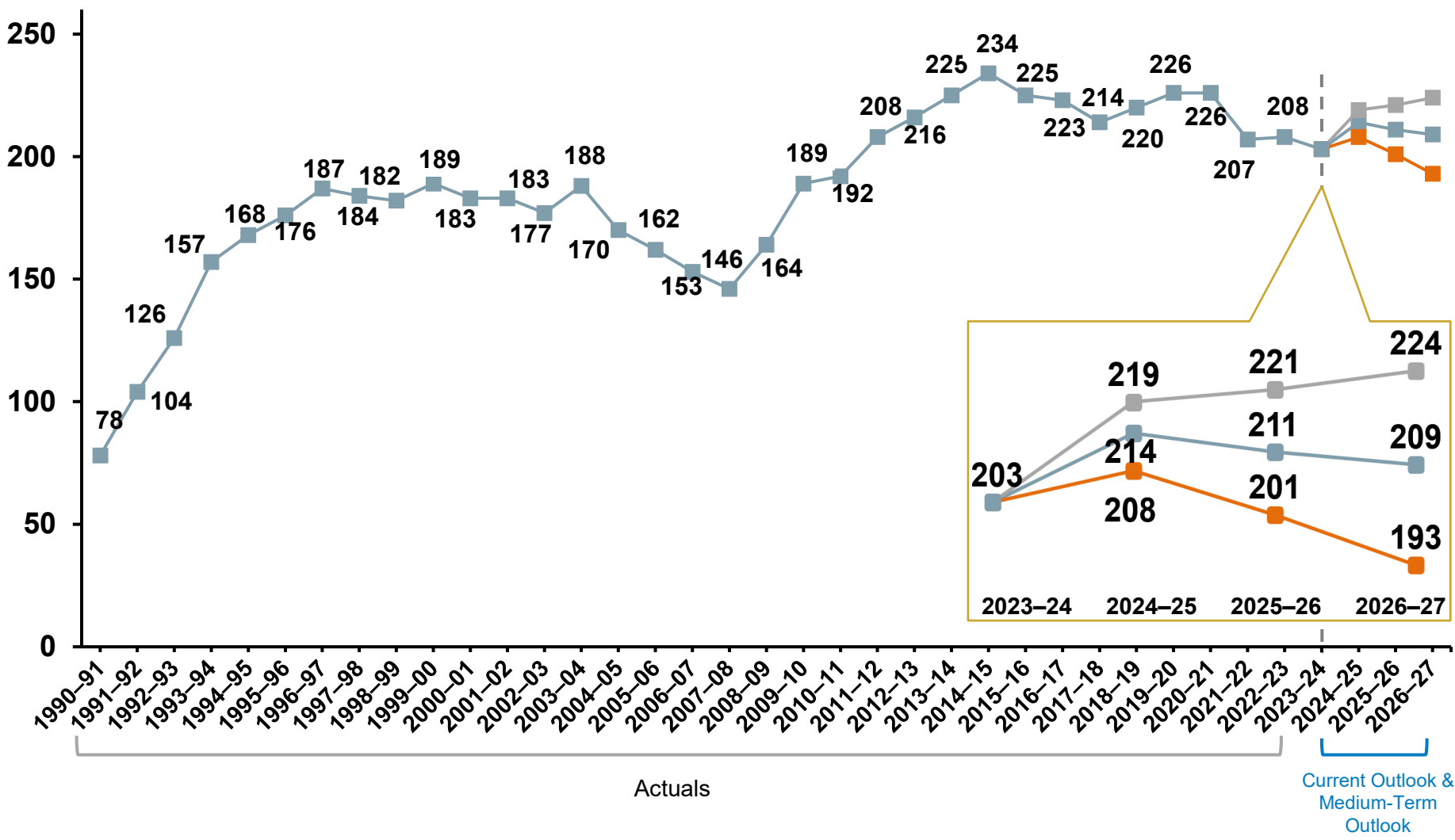
■ Planning Projection    
 ■ Faster Growth Scenario    
 ■ Slower Growth Scenario



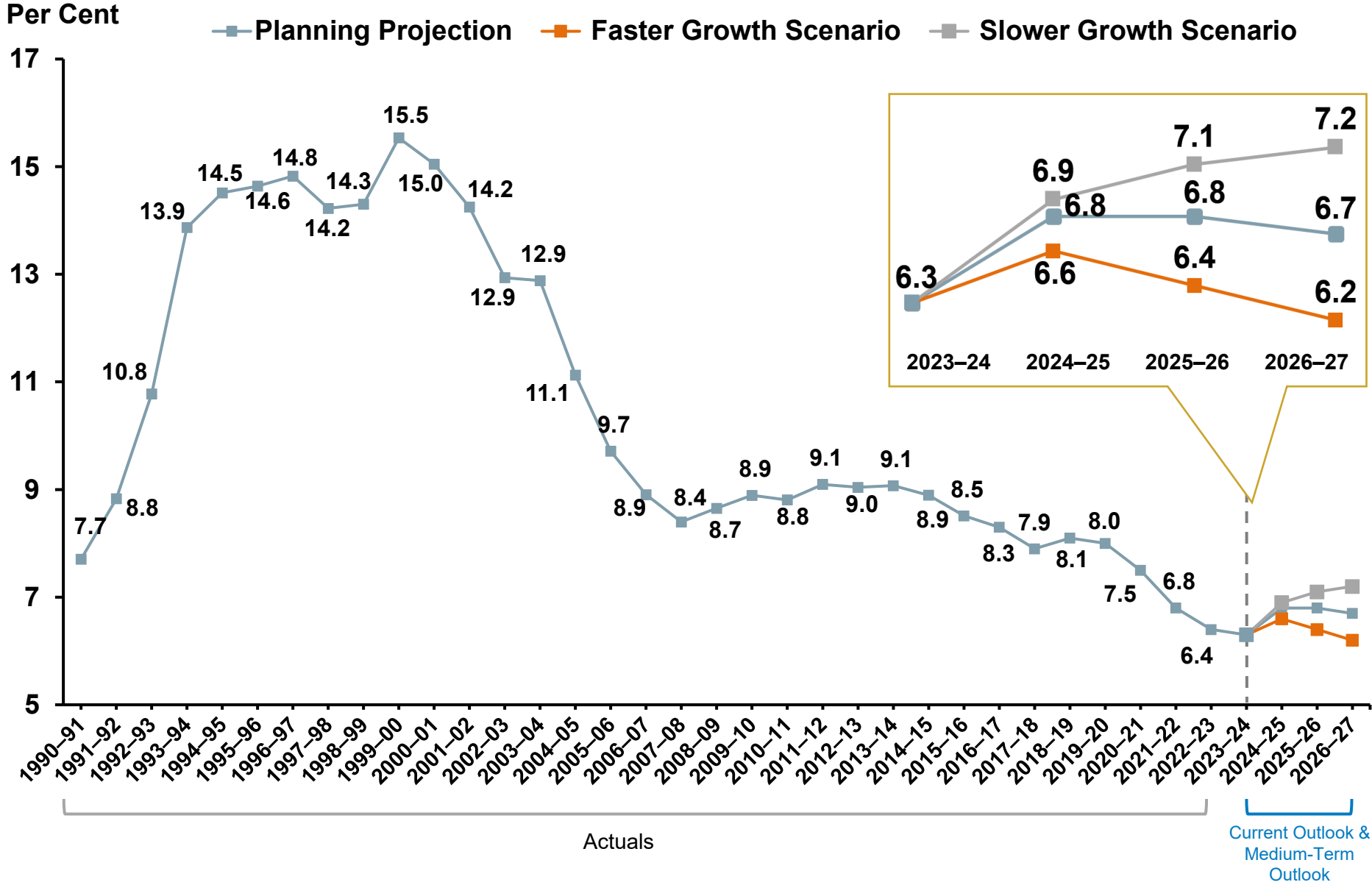
# Net Debt-to-Revenue

Per Cent

■ Planning Projection    
 ■ Faster Growth Scenario    
 ■ Slower Growth Scenario

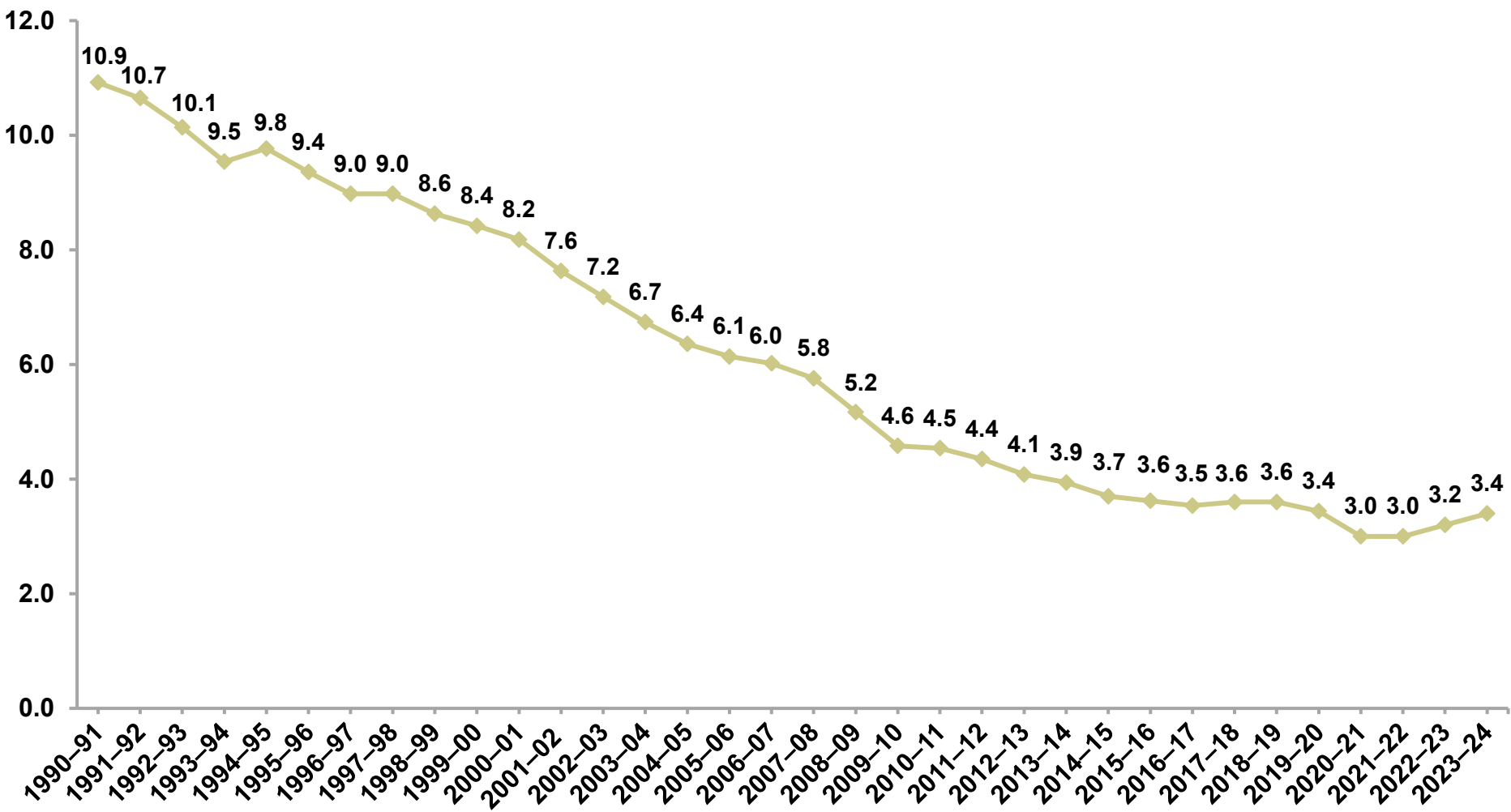


# IOD-to-Revenue



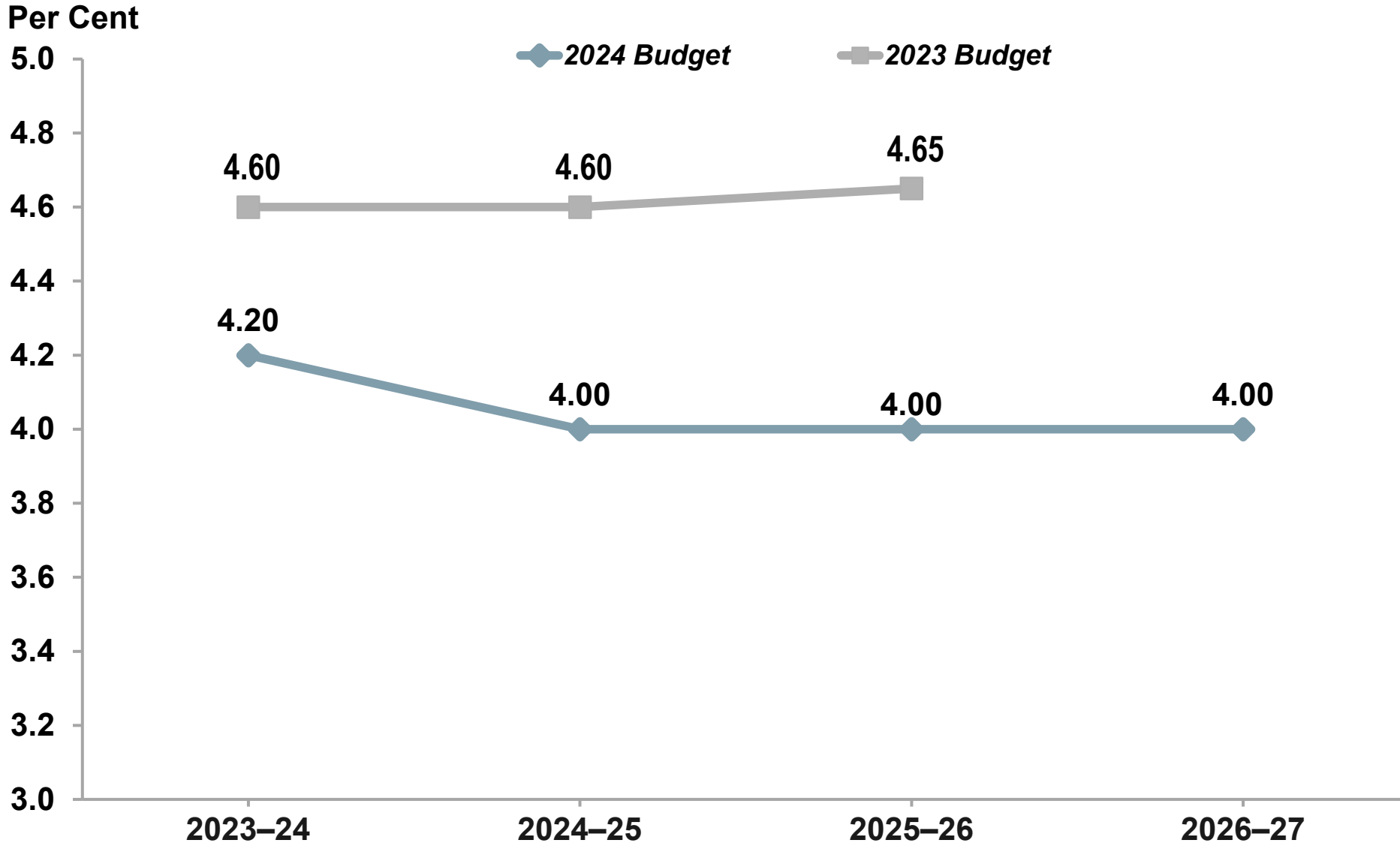
# Effective Interest Rate (Weighted Average) on Total Debt

Per Cent



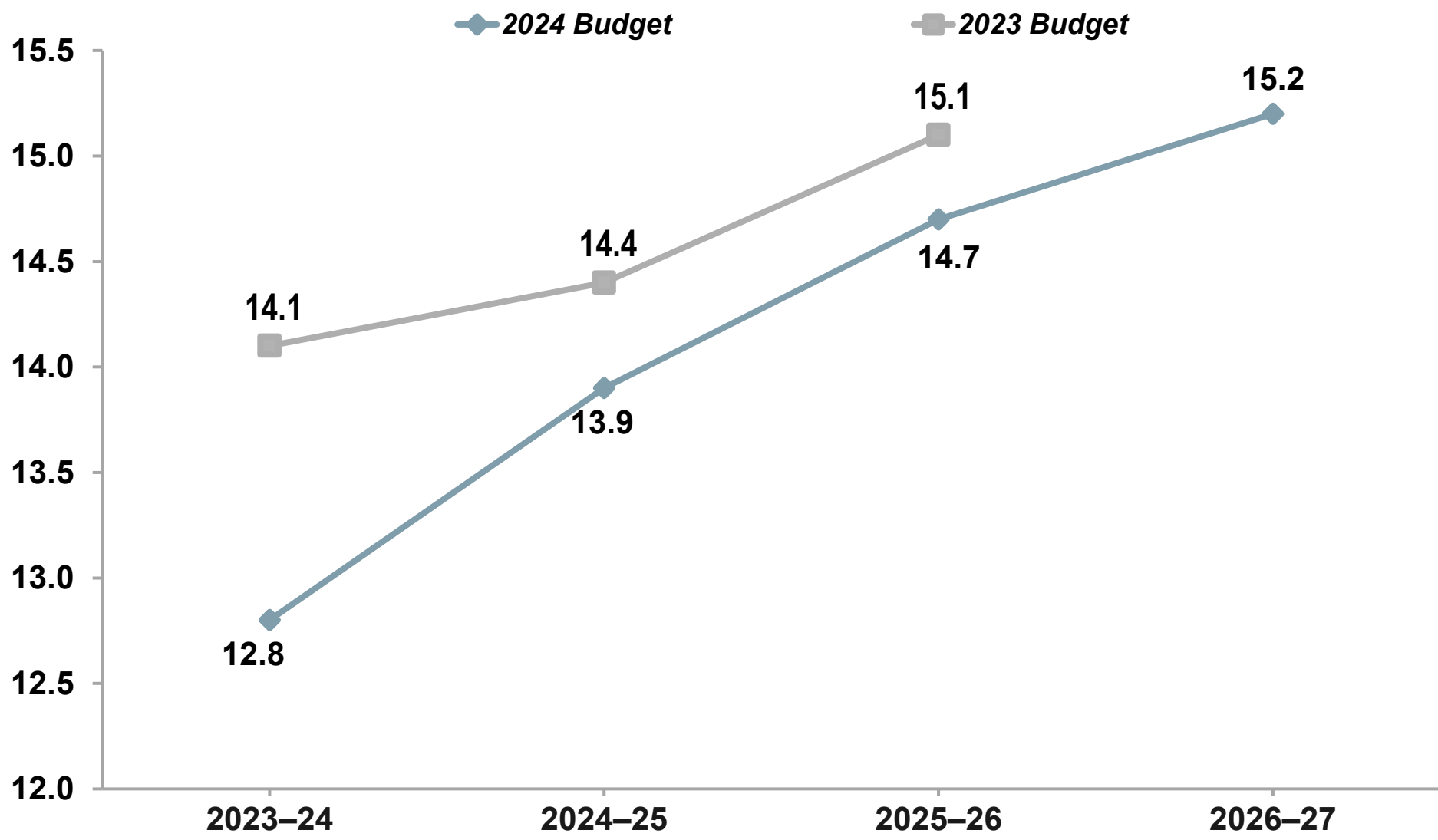


# Average Annual Ontario Borrowing Rates







# Interest on Debt Expense Lower than *2023 Budget* Forecast

\$ Billions



# Credit Ratings

Rating Agencies	Long-term Rating	Short-term Rating	Outlook
	<b>Aa3</b>	<b>P-1</b>	<b>positive</b>
	<b>AA-</b>	<b>F1+</b>	<b>stable</b>
	<b>AA (low)</b>	<b>R-1 (mid)</b>	<b>positive</b>
	<b>A+</b>	<b>A-1</b>	<b>positive</b>



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