ONTARIO
Financing Authority
BULLETIN
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Second Quarter 2000-01 Ontario Finances

Surplus at $1.4 Billion

- The 2000-01 surplus is projected at $1,366 million, as compared to a balanced budget outlook in the 2000 Ontario Budget and First Quarter Ontario Finances.

Revenue at $64.1 Billion

- The revenue outlook, at $64,053 million, is up $1,993 million from the Budget Plan, and up $1,990 from the First Quarter Ontario Finances, mainly due to increased tax revenue as a result of the strength of the economy and the revenue impact of consolidating the Independent Electricity Market Operator as a government organization.

Reserve Applied to Net Provincial Debt

- Based on improvements in the economic and revenue outlook, the $1 billion reserve has been eliminated and applied to Net Provincial Debt reduction.

1999-00 Public Accounts

- The Public Accounts reported the 1999-00 audited actual surplus at $668 million, up $14 million from the $654 million interim estimate in the 2000 Ontario Budget.

Fiscal Summary

September 30, 2000		2000-01		
($ Millions)	Actual 1999-00	Budget Plan	Current Outlook	In-Year Change
Revenue	62,931	62,060	64,053	1,993
Expenditure				
Programs	46,649	49,525	50,172	647
Restructuring & Other Charges	211	—	—	—
Accounting Changes from 1999-00 Public Accounts*	720	—	606	606
Total Program Expenditure	47,580	49,525	50,778	1,253
Capital*	4,832	2,075	2,209	134
Public Debt Interest				
Provincial	8,977	8,940	8,910	(30)
Electricity Sector	520	520	520	—
Total Expenditure*	61,909	61,060	62,417	1,357
Reserve	—	1,000	—	(1,000)
Net Impact of Electricity Restructuring to be Recovered from Ratepayers**	354	—	270	270
Surplus/(Deficit)	**668**	**0**	**1,366**	**1,366**

* Accounting changes introduced in the 1999-00 Public Accounts increased total 2000-01 expenditure in-year by $746 million, representing more than 50 per cent of the in-year change from Budget Plan.

** Reflects the estimated excess of expenditure over revenue 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 Highlights: Balanced Growth

- **Strong domestic demand** has been the main engine of Ontario's economic growth, supported by tax cuts and job creation.
- **Consumer spending** accounted for 45.6 per cent of Ontario growth since the second quarter of 1995. Business investment has been the next biggest contributor.
- In the **trade sector**, both imports and exports have grown strongly. Exports have increased 48.7 per cent since the second quarter of 1995, while imports have grown by 47.7 per cent. Net exports have accounted for less than 20 per cent of Ontario's growth over this period.

Economic Outlook

Per cent (Annual Average)	1998	1999	2000e	2001p
Real GDP Growth	4.1	6.1	5.5	3.7
CPI Inflation	0.9	1.9	2.9	2.5
Unemployment Rate	7.2	6.3	5.7	5.6

e= estimate p= private-sector survey average.
Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Finance Survey of Forecasts (November 2000).

This bulletin was compiled by the Ontario Financing Authority. 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 / E-mail:investor@ofina.on.ca. The Ontario Financing Authority is on the Internet at www.ofina.on.ca.

Financing Program Update

- Total financing requirements for 2000-01 are projected at $10.0 billion, of which $8.2 billion is Maturing Debt and $2.1 billion is Early Redemptions and Debt Buybacks and $0.4 billion is a reduction in Net Cash Requirements.

- Total financing requirements are $0.4 billion higher than the 2000-01 Budget Plan, largely due to $1.6 billion in higher than forecasted Ontario debt buybacks and redemptions of Ontario Savings Bonds. This increase has been largely offset by lower cash requirements.

- As of September 30, 2000, the Province has completed over 70% of its planned $10.0 billion 2000-01 total financing. Proceeds from long-term public financing undertaken in the second quarter totalled $1.3 billion.

- In addition, the Province rolled over $0.2 billion in maturities from CPP, bringing the total to $0.6 billion. The Province plans to refinance an additional $0.2 billion from the CPP this year.

- Since the close of the second quarter, Ontario has raised an additional $1.2 billion in long-term public financing including $1.0 billion from two domestic issues , $0.1 billion from a Euro-Canadian issue and $0.1 billion from the repurchase and re-issuance of Ontario bonds.

- The domestic market will continue to be the main source of financing. The Province will continue to monitor foreign markets for cost-effective borrowing opportunities.

Net Provincial Debt Outlook

- Based on the projected surplus for the current year, Net Provincial Debt is forecast at $112.1 billion at March 31, 2001. This is $2.0 billion lower than the Budget Plan due to lower-than-anticipated Net Provincial Debt in the 1999-00 Public Accounts and improvements in the surplus outlook for 2000-01.

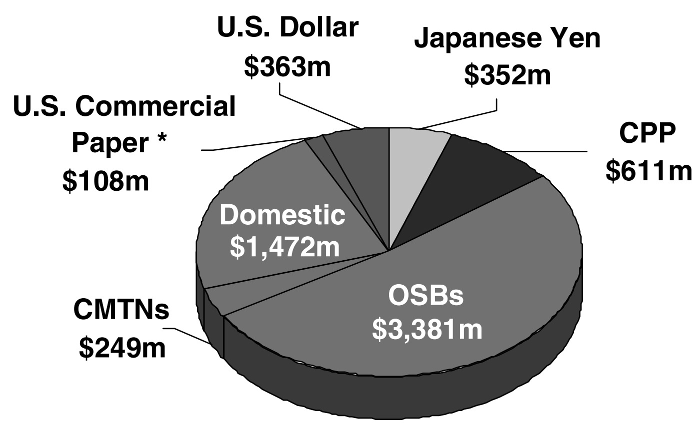
Financial Summary

($ Millions)	Actual 1999-00	2000-01 Budget Plan	2000-01 Current Outlook	2000-01 Change from Budget
USES OF FUNDS:				
Deficit/(Surplus)	(668)	—	(1,366)	(1,366)
Accruals and Consolidations*	623	5,205	5,430	225
Net Borrowing on Behalf of Agencies	(2,758)	—	83	83
Increase/(Decrease) in Liquid Reserves	4,102	(4,500)	(4,500)	—
Net Cash Requirements	1,299	705	(353)	(1,058)
Maturing Debt**	7,895	8,425	8,239	(186)
Early Redemptions and Debt Buybacks	1,246	500	2,148	1,648
Total Financing Requirements	**10,440**	**9,630**	**10,034**	**404**
SOURCES OF FUNDS:				
Canada Pension Plan Borrowing	870	1,038	805	(233)
Other Sources/(Uses)	295	—	(330)	(330)
Increase/(Decrease) in Short-term Borrowing	608	—	—	—
Long-term Public Borrowing***	8,667	8,592	9,559	967
Total Financing	**10,440**	**9,630**	**10,034**	**404**

*Includes other balance sheet changes. **Maturing debt is lower than the Budget Plan due to the Province exercising its options on extendible bonds. ***Includes Ontario Savings Bonds.
For the purposes of this table, budgetary surpluses are expressed as negative numbers.

2000-01 Long-Term Borrowing

C$6,536 million issued as of September 30, 2000*



* Swapped into fixed rate financing. Excludes debt issued to fund buybacks.

Ontario Electricity Financial Corporation

- As of September 30, 2000, the Province had borrowed $1.2 billion of a planned $1.9 billion on behalf of Ontario Electricity Financial Corporation (OEFC), down from the $2.5 billion requirement at the time of the Budget.