

Fiscal Summary (\$ Millions)

	Interim 1999-00	2000-01		
		Budget Plan	Current Outlook	In-Year Change
Revenue	62,472	62,060	62,063	3
Expenditure				
Programs	47,581	49,525	49,536	11
Restructuring and Other Charges	226	--	--	--
Total Program Expenditure	47,807	49,525	49,536	11
Capital	4,511	2,075	2,067	(8)
Public Debt Interest				
Provincial	8,980	8,940	8,940	--
Ontario Hydro Successor Companies	520	520	520	--
Total Expenditure	61,818	61,060	61,063	3
Reserve	—	1,000	1,000	--
SURPLUS / (DEFICIT)	654	0	0	--

HIGHLIGHTS

2000-01 IN-YEAR PERFORMANCE

BALANCED BUDGET OUTLOOK

- ◆ The 2000-01 fiscal outlook is on track with the Budget Plan. As of June 30, 2000, a balanced budget is projected, unchanged from the Budget Plan.

REVENUE AT \$62.1 BILLION

- ◆ The revenue outlook, at \$62,063 million, is up \$3 million from the Budget Plan.

EXPENDITURE AT \$61.1 BILLION

- ◆ Total expenditure, at \$61,063 million, is up \$3 million from the Budget Plan.

RESERVE AT \$1 BILLION

- ◆ Ontario's 2000-01 fiscal plan includes a \$1 billion reserve designed to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook. The reserve will be available for debt reduction if not needed.

FISCAL PERFORMANCE

REVENUE

- ◆ Revenue at \$62,063 million is up \$3 million from the Budget Plan due to an increase of \$3 million in non-tax revenue for policing services provided by the OPP to the Town of Collingwood, Lambton County and the amalgamated Town of Tecumseh.

OPERATING EXPENDITURE

- ◆ Net operating expenditure, at \$58,996 million, is up \$11 million from the Budget Plan. Major changes this quarter are as follows:
 - ◆ Ministry of Education: An additional \$98 million, fully offset from the Contingency Fund, to implement a reduction in average class size in secondary schools to 21 students.
 - ◆ Ministry of the Environment: An additional \$4 million, fully offset from the Contingency Fund, for the continuation of funding for the Climate Change initiative.
 - ◆ Ministry of Natural Resources: An increase of \$8 million due to the transfer of GeoSmart Land Information funding from capital expenditure to operating expenditure.
 - ◆ Ministry of the Solicitor General: An additional \$3 million for OPP policing services contracts with the Town of Collingwood, Lambton County and the amalgamated Town of Tecumseh.

PUBLIC DEBT INTEREST

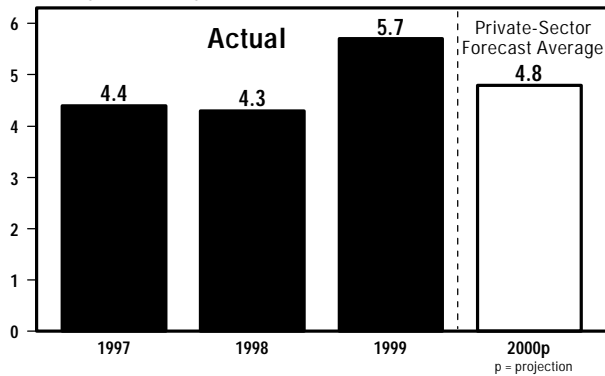
- ◆ The Public Debt Interest forecast of \$9,460 million, consisting of \$8,940 million related to the Province's borrowing on its own behalf and \$520 million related to the Province's equity ownership of Ontario Hydro successor companies, is unchanged from the Budget.

CAPITAL EXPENDITURE

- ◆ Capital expenditure at \$2,067 million is down \$8 million. The major change this quarter was:
 - ◆ Ministry of Natural Resources: An expenditure decrease of \$8 million due to the transfer of GeoSmart Land Information funding from capital expenditure to operating expenditure.

Strong Economic Growth Continues

Real GDP growth, average annual per cent



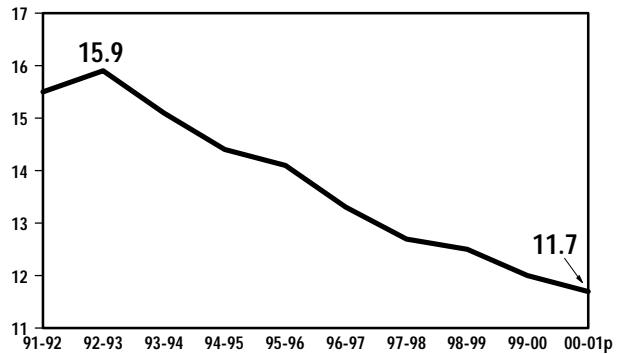
Sources: Ontario Ministry of Finance, Survey of Private-Sector Forecasts (June 2000).

The Ontario economy has continued to grow at a healthy pace. Consumer spending, business investment, housing and exports are all contributing to economic growth. Tax cuts, solid job creation and income gains are providing the basis for a sustained expansion. Private-sector economists are, on average, forecasting real growth of 4.8 per cent in 2000.

The Government's commitment to controlling spending is demonstrated by significant reductions in program spending as a per cent of Ontario Gross Domestic Product (GDP). A weak economy and rapidly increasing spending pushed program expenditure as a per cent of GDP up to 15.9 per cent in 1992-93. By focusing on priorities such as restoring the economy and increasing health care and education classroom spending, while at the same time finding improvements in the efficiency of government services, program spending is projected to decline to 11.7 per cent of GDP in 2000-01.

Program Spending as a Per Cent of GDP

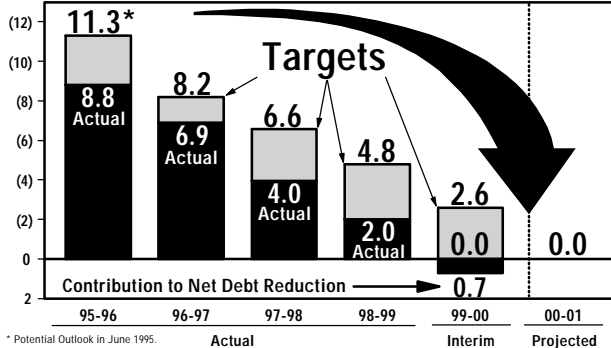
Per Cent of GDP



Source: Ontario Ministry of Finance.

Balanced Budget Plan Achieved One Year Early

\$ Billions



* Potential Outlook in June 1995.

Source: Ontario Ministry of Finance.

In the fall of 1995 the Government set out its Balanced Budget Plan to eliminate the deficit by the year 2000-01. By recording a \$654 million surplus for the fiscal year 1999-00, the 2000 Ontario Budget delivered, one year ahead of schedule, on the Government's commitment to balance the budget. With a balanced budget in 1999-00 and 2000-01, Ontario is on track to achieve back-to-back balanced budgets for the first time in more than half a century.

STRONG JOB GROWTH IN 2000

- ◆ During the first six months of 2000, Ontario employment is up 181,000 compared to the same period in 1999.
- ◆ In June 2000, Ontario's unemployment rate was 5.4%, down substantially from 6.1% a year earlier.

STRONG CONSUMER SPENDING GROWTH IN 2000

- ◆ Over the first four months of 2000, Ontario retail sales are up 7.4% from a year ago.
- ◆ Over the first five months of 2000, unit auto sales in Ontario have jumped 6.7%.

HOUSING MARKET REMAINS STRONG

- ◆ Over the first six months of 2000, housing starts in Ontario rose 3.8% from a year ago.
- ◆ Ontario home resales rose 1.6% over the first five months of 2000, compared to a year ago.
- ◆ Over the first five months of 2000, Toronto new home sales increased 20.3% from a year ago.

MANUFACTURING SHIPMENTS GROWING

- ◆ Over the first four months of 2000, Ontario manufacturing shipments rose 8.3% from a year ago.

AUTO PRODUCTION INCREASING IN 2000

- ◆ Ontario auto production is up 5.1 % over the first five months of 2000, on track for another record production year.

ONTARIO EXPORTS RISING IN 2000

- ◆ Over the first five months of 2000, Ontario international merchandise exports increased 7.8% from a year ago.

ONTARIO INFLATION REMAINS LOW IN 2000

- ◆ Ontario's inflation rate as measured by the Consumer Price Index (CPI) was 3.2% in June 2000. Excluding energy prices, the CPI increase was 1.6% in June.

KEY ECONOMIC INDICATORS

(% Change from previous period, unless indicated otherwise)

		Annual	Quarterly					
		1999	98:3	98:4	99:1	99:2	99:3	99:4
Output (Seasonally Adjusted)								
Real GDP	Ontario	5.7	0.8	10.4	6.2	5.6	5.5	4.0
Nominal GDP	Ontario	7.1	(0.5)	10.3	9.3	7.8	8.4	4.8
		Annual	Monthly 2000					
		1999	Jan	Feb	Mar	Apr	May	June
Other Indicators (Seasonally Adjusted)								
Labour Markets								
Labour Force (Change in 000s)	Ontario	157	30	14	22	(5)	4	4
Employment (Change in 000s)	Ontario	198	21	9	28	2	4	8
Private Sector	Ontario	187	18	(4)	28	2	10	8
Public Sector	Ontario	11	3	12	1	0	(6)	1
Unemployment Rate (%)	Ontario	6.3	5.7	5.7	5.6	5.5	5.5	5.4
Household Sector								
Retail Sales	Ontario	7.3	0.7	(1.1)	2.0	(1.0)	N/A	N/A
Urban Housing Starts (000s)	Ontario	62.9	64.4	80.0	78.4	70.6	53.2	57.2
New Home Sales*	Toronto	33.1	28.8	30.4	29.0	8.6	11.3	N/A
MLS Home Resales*	Ontario	7.4	17.6	8.2	5.9	(9.2)	(1.8)	N/A
Manufacturing Shipments								
Transportation Equipment	Ontario	11.7	0.8	(2.8)	4.4	(3.3)	N/A	N/A
Consumer Price Index*	Ontario	1.9	2.4	3.1	3.4	2.2	2.5	3.2

Sources: Statistics Canada, Ontario Ministry of Finance, Canada Mortgage and Housing Corporation, Greater Toronto Home Builders Association, Canadian Real Estate Association and Ward's Automotive.

* % change from a year earlier

ONTARIO FINANCES

FINANCIAL TABLES

REVENUE

(\$ Millions)	Interim 1999-00	2000-01		
		Budget Plan	Current Outlook	In-Year Change
TAXATION REVENUE				
Personal Income Tax	17,505	17,530	17,530	--
Retail Sales Tax	12,784	13,400	13,400	--
Corporations Tax	8,596	8,765	8,765	--
Employer Health Tax	3,125	3,320	3,320	--
Gasoline Tax	2,175	2,260	2,260	--
Fuel Tax	635	665	665	--
Tobacco Tax	481	510	510	--
Land Transfer Tax	570	580	580	--
Mining Profits Tax	53	55	55	--
Race Tracks Tax	5	5	5	--
Preferred Share Dividends Tax	35	40	40	--
Other Taxation	228	193	193	--
	46,192	47,323	47,323	--
GOVERNMENT OF CANADA				
Canada Health and Social Transfer	3,767	3,548	3,548	--
Increase in CHST Allocation	190	552	552	--
CHST Supplements	755	757	757	--
Social Housing	503	533	533	--
Student Assistance	171	171	171	--
Indian Welfare Services	112	114	114	--
Bilingualism Development	65	64	64	--
Employability Assistance for People with Disabilities	66	66	66	--
Canada-Ontario Infrastructure Works	25	--	--	--
Other	234	227	227	--
	5,888	6,032	6,032	--
INCOME FROM GOVERNMENT ENTERPRISES				
Ontario Lottery and Gaming Corporation*	1,811	1,695	1,695	--
Liquor Control Board of Ontario	844	915	915	--
Ontario Hydro Successor Companies	820	795	795	--
Other	32	18	18	--
	3,507	3,423	3,423	--
OTHER REVENUE				
Vehicle and Driver Registration Fees	923	920	920	--
Other Fees and Licences	637	670	670	--
Liquor Licence Revenue	528	530	530	--
Royalties	294	240	240	--
Sales and Rentals	2,339	790	790	--
Fines and Penalties	40	35	35	--
Local Services Realignment - Reimbursement of Expenditure	1,665	1,572	1,572	--
Miscellaneous	459	525	528	3
	6,885	5,282	5,285	3
TOTAL REVENUE	62,472	62,060	62,063	3
TOTAL REVENUE EXCLUDING HIGHWAY 407 SALE	60,892	62,060	62,063	3

* Effective April 1, 2000, the Ontario Lottery Corporation and Ontario Casino Corporation merged to form the Ontario Lottery and Gaming Corporation

OPERATING EXPENDITURE

(\$ Millions)		2000-01		
MINISTRY	Interim 1999-00	Budget Plan	Current Outlook	In-Year Change
Agriculture, Food and Rural Affairs	328	446	446	--
Attorney General	803	882	882	--
Board of Internal Economy	155	121	121	--
Citizenship, Culture and Recreation	455	398	398	--
Community and Social Services	7,604	7,504	7,504	--
Consumer and Commercial Relations	135	146	146	--
Correctional Services	562	591	591	--
Economic Development and Trade	94	99	99	--
Education	7,823	8,026	8,124	98
School Board Phase-in Funding	268	--	--	--
Teachers' Pension Plan (TPP)	(363)	(711)	(711)	--
Energy, Science and Technology	128	241	241	--
Environment	174	158	162	4
Executive Offices	21	22	22	--
Finance - Own Account	739	787	787	--
Public Debt Interest				
Provincial	8,980	8,940	8,940	--
Ontario Hydro Successor Companies	520	520	520	--
Community Reinvestment Fund	521	537	537	--
Health and Long-Term Care	20,600	21,988	21,988	--
Major One-Time Health Care Costs	286	--	--	--
Intergovernmental Affairs	4	5	5	--
Labour	101	100	100	--
Management Board Secretariat	355	298	298	--
Public Service/OPSEU Pension Plan	(144)	(248)	(248)	--
Contingency Fund	--	1,165	1,063	(102)
OPS Employee Severance (Net)	77	--	--	--
Municipal Affairs and Housing	1,725	1,644	1,644	--
Native Affairs Secretariat	13	16	16	--
Natural Resources	458	376	384	8
Northern Development and Mines	114	274	274	--
Office of Francophone Affairs	4	4	4	--
Solicitor General	827	856	859	3
Tourism	70	76	76	--
Training, Colleges and Universities	3,252	3,387	3,387	--
Transportation	618	537	537	--
Year-End Savings	--	(200)	(200)	--
TOTAL OPERATING EXPENDITURE	57,307	58,985	58,996	11

CAPITAL EXPENDITURE

(\$ Millions)		2000-01		
MINISTRY	Interim 1999-00	Budget Plan	Current Outlook	In-Year Change
Agriculture, Food and Rural Affairs	1	80	80	--
Attorney General	59	64	64	--
Citizenship, Culture and Recreation	15	71	71	--
Community and Social Services	20	20	20	--
Correctional Services	124	156	156	--
Education	54	5	5	--
Energy, Science and Technology	500	--	--	--
Environment	7	14	14	--
Water Protection Fund	160	51	51	--
Finance	12	3	3	--
SuperBuild Millennium Partnerships	--	200	200	--
Health and Long-Term Care	340	291	291	--
Major One-Time Capital Costs	1,004	--	--	--
Management Board Secretariat	18	12	12	--
Municipal Affairs and Housing	--	2	2	--
Native Affairs Secretariat	6	8	8	--
Natural Resources	97	83	75	(8)
Northern Development and Mines	211	273	273	--
Solicitor General	--	8	8	--
Tourism	3	11	11	--
Training, Colleges and Universities	1,028	44	44	--
Transportation	852	799	799	--
Year-End Savings	--	(120)	(120)	--
TOTAL CAPITAL EXPENDITURE	4,511	2,075	2,067	(8)

ONTARIO'S 2000-01 FINANCING PROGRAM

(\$ Millions)		2000-01		
		Budget Plan	Current Outlook	Change from Budget
	Interim 1999-00			
Deficit / (Surplus)	(654)	0	0	--
Accruals and Consolidations	872	5,205	5,205	--
Net Borrowing on Behalf of Agencies	(2,468)	--	--	--
Increase / (Decrease) in Liquid Reserves	3,569	(4,500)	(4,500)	--
Net Cash Requirements	1,319	705	705	--
Maturing Debt	7,885	8,425	8,425	--
Early Redemptions and Debt Buybacks	1,246	500	1,200	700
Total Financing Requirements	10,450	9,630	10,330	700
Sources of Funds:				
Canada Pension Plan Borrowing	870	1,038	1,038	--
Increase / (Decrease) in Short-term Borrowing	1,126	--	--	--
Long-term Borrowing*	8,156	8,592	9,292	700
Other Sources	298	--	--	--
TOTAL FINANCING	10,450	9,630	10,330	700

* Includes Ontario Savings Bonds

For the purposes of the Financing table, budgetary surpluses are expressed as negative numbers.

2000-01 FINANCING ACTIVITIES TO DATE

(\$ Millions)	Issued	Remaining	% Completed
	(as of June 30)		
LONG-TERM PUBLIC FINANCING (INCLUDING CPP)	5,773	4,557	55.9%

♦ Long-term financing undertaken in this quarter totalled \$5,773 million as follows:

	(\$ Million)
Ontario Savings Bonds	3,372
Canadian Dollar Issues	1,621
Yen Issues	352
Canada Pension Plan	428
	5,773

♦ The 2000 Savings Bonds Program has raised a total of \$3,372 million.

♦ The increase of \$700 million in total financing requirements is due to larger than projected redemptions of Ontario Savings Bonds.

♦ The Net Provincial Debt is forecast at \$114.1 billion at March 31, 2001, unchanged from the level at March 31, 2000. If the \$1 billion reserve is not needed it will be applied to debt reduction, lowering the Net Provincial Debt to \$113.1 billion.