

| FISCAL SUMMARY (\$ Millions) | Interim 2010–11 | 2011–12 | | |
|---------------------------------|--------------------|-----------------|--------------------|-------------------|
| | | Budget Plan | Current Outlook | In-Year Change |
| Revenue | 106,185 | 108,453 | 108,789 | 336 |
| Expense | | | | |
| Programs | 113,344 | 113,778 | 113,792 | 14 |
| Interest on Debt ¹ | 9,527 | 10,290 | 10,290 | – |
| Total Expense | 122,871 | 124,068 | 124,082 | 14 |
| Reserve | – | 700 | 700 | – |
| SURPLUS / (DEFICIT) | (16,686) | (16,316) | (15,994) | 322 |

¹ Interest on debt expense is net of interest capitalized during construction of tangible capital assets of \$195 million in 2010–11 and \$268 million in 2011–12.

Note: Numbers may not add due to rounding.

2011–12 FISCAL OUTLOOK

In the 2011 Ontario Budget, the government projected a \$16.3 billion deficit for 2011–12. The first-quarter results indicate the Province is now on track for a deficit of \$16.0 billion, an improvement of \$0.3 billion.

The Province's revenue outlook projects a slight increase from the outlook presented in the 2011 Budget, largely reflecting a loan repayment from the Chrysler Corporation. Other revenue changes include the impact of 2011 federal budget tax measures, a restatement of Ontario's Equalization entitlement by the federal government, lower Ontario Power Generation Inc. revenue as a result of an Ontario Energy Board rate decision, and fiscally neutral revenue impacts associated with expense approvals.

Economic forecasts for Ontario have not materially changed since the 2011 Ontario Budget, with private-sector economists continuing to expect sustained growth. Significant risks to the global economic outlook remain.

The government remains committed to prudently managing Ontario's finances. To this end, the 2011–12 outlook maintains the full reserve and the remaining contingency funds to protect against any adverse changes to the fiscal outlook.

Final results for 2010–11 will be updated in the Public Accounts later this summer. Further details on the Province's fiscal plan will be provided in future fiscal updates.

FISCAL PERFORMANCE

REVENUE AT \$108.8 BILLION

The 2011–12 revenue outlook, at \$108,789 million, is \$335.9 million above that presented in the 2011 Budget forecast. Risks around the revenue outlook are largely related to factors such as the continuing European sovereign debt crisis, which could hamper the global economic recovery. The government will continue to monitor economic and revenue performance and will provide further details in future fiscal updates. Changes to the revenue outlook in the first quarter include:

- ◆ An increase of about \$471 million in **Other Non-Tax Revenue** reflecting a \$468 million gain on Chrysler Corporation's payment of its Ontario loan – six years ahead of schedule; and a \$2.7 million increase representing funding from the Victims' Justice Fund to offset spending for the new Financial Assistance for Families of Homicide Victims program.
- ◆ A net increase of \$43 million in **Taxation Revenue** reflecting increases in Personal Income Tax revenue of \$27 million, and Corporations Tax revenue of \$30 million due to 2011 federal budget measures largely related to closing tax loopholes and reducing tax avoidance; and a projected decrease of \$14 million in Electricity Payments-In-Lieu of Taxes reflecting the estimated impact of the Ontario Energy Board's (OEB) March 10, 2011, decision with respect to Ontario Power Generation Inc.'s (OPG) rate application for 2011 and 2012. The effect of the OEB decision is adjusted for the portions of the decision for which OPG has initiated a review or appeal process.
- ◆ A net decrease of about \$139 million in **Government of Canada** transfers due to a \$150 million downward revision to Ontario's Equalization entitlement for 2011–12 as a result of a federal government calculation error, and \$11.2 million in additional federal funding for approved projects under the Ontario Small Town and Rural Development Infrastructure Initiative (OSTAR).
- ◆ A projected decrease of \$39 million in **Net Income from Government Business Enterprises** reflecting the estimated impact of the OEB decision discussed above on OPG's net income.

TOTAL EXPENSE AT \$124.1 BILLION

The 2011–12 total expense outlook, at \$124,082 million, is \$13.9 million higher than forecast in the 2011 Budget. Ministry program expense changes for this quarter include:

- ◆ **Ministry of Aboriginal Affairs:** An increase of \$3.0 million for the Métis Voyageur Development Fund to support Métis economic development in Ontario, offset from the Operating Contingency Fund.
- ◆ **Ministry of Agriculture, Food and Rural Affairs:** An increase of \$11.2 million, fully offset by federal revenue, for approved projects under the Ontario Small Town and Rural Development Infrastructure Initiative (OSTAR).
- ◆ **Ministry of the Attorney General:** An increase of \$2.7 million for the new Financial Assistance for Families of Homicide Victims program, to compensate eligible parents and spouses of victims of homicides that occurred in Ontario in 2006 and after, fully offset by revenue from the Victims' Justice Fund.

FISCAL PERFORMANCE

TOTAL EXPENSE CONTINUED

- ◆ **Ministry of Children and Youth Services:** An increase of \$8.2 million as a result of a transfer of funding from the Ministry of Education for mental health workers as part of Open Minds, Healthy Minds – Ontario's Comprehensive Mental Health and Addictions Strategy.
- ◆ **Ministry of Education:** A decrease of \$8.2 million as a result of a transfer of funding to the Ministry of Children and Youth Services for mental health workers as part of Open Minds, Healthy Minds – Ontario's Comprehensive Mental Health and Addictions Strategy.
- ◆ **Ministry of Northern Development, Mines and Forestry:** An increase of \$13.9 million to support infrastructure improvements in four northern Ontario municipalities, offset from the Operating and Capital Contingency Funds.
- ◆ **Operating Contingency Fund:** A decrease of \$8.9 million to offset the increase in operating expense within the Ministry of Aboriginal Affairs and the Ministry of Northern Development, Mines and Forestry.
- ◆ **Capital Contingency Fund:** A decrease of \$8.0 million to offset the increase in capital expense within the Ministry of Northern Development, Mines and Forestry.

Projected **interest on debt** expense for 2011–12 is unchanged from the 2011 Budget.

RESERVE AT \$0.7 BILLION

The current fiscal outlook maintains the \$0.7 billion reserve included in the 2011 Budget to protect the fiscal plan against adverse changes in the Province's revenue and expense, and to help achieve the government's fiscal targets.

REVIEW OF SELECTED FINANCIAL AND ECONOMIC STATISTICS¹ (\$ Millions)

| | 2007–08 | 2008–09 | 2009–10 ² | Interim 2010–11 | Current Outlook 2011–12 |
|---|----------------|----------------|----------------------|--------------------|-------------------------------|
| Revenue | 103,579 | 96,933 | 95,793 | 106,185 | 108,789 |
| Expense | | | | | |
| Programs | 94,065 | 94,776 | 106,336 | 113,344 | 113,792 |
| Interest on Debt ³ | 8,914 | 8,566 | 8,719 | 9,527 | 10,290 |
| Total Expense | 102,979 | 103,342 | 115,055 | 122,871 | 124,082 |
| Reserve | – | – | – | – | 700 |
| Surplus / (Deficit) | 600 | (6,409) | (19,262) | (16,686) | (15,994) |
| Net Debt ⁴ | 156,616 | 169,585 | 193,589 | 217,347 | 241,150 |
| Accumulated Deficit | 105,617 | 113,238 | 130,957 | 147,643 | 163,637 |
| Gross Domestic Product (GDP) at Market Prices | 583,946 | 587,065 | 580,313 | 613,767 | 642,000 |
| Personal Income | 466,051 | 479,902 | 480,361 | 501,597 | 522,664 |
| Ontario Population (000s) – July 1 | 12,793 | 12,932 | 13,065 | 13,211 | 13,371 |
| Net Debt per Capita (dollars) | 12,242 | 13,113 | 14,817 | 16,452 | 18,036 |
| Personal Income per Capita (dollars) | 36,430 | 37,109 | 36,767 | 37,969 | 39,091 |
| Interest on Debt as a per cent of Revenue | 8.6 | 8.8 | 9.1 | 9.0 | 9.5 |
| Net Debt as a per cent of GDP | 26.8 | 28.9 | 33.4 | 35.4 | 37.6 |
| Accumulated Deficit as a per cent of GDP | 18.1 | 19.3 | 22.6 | 24.1 | 25.5 |

¹ Revenue and expense have been restated to reflect a fiscally neutral accounting change for the revised presentation of education property taxes, as described in the 2010 Ontario Budget.

² Starting in 2009–10, investments in minor tangible capital assets owned by the Province were capitalized and amortized to expense. All capital assets owned by consolidated organizations are being accounted for in a similar manner.

³ Interest on debt expense is net of interest capitalized during construction of tangible capital assets of \$148 million in 2009–10, \$195 million in 2010–11 and \$268 million in 2011–12.

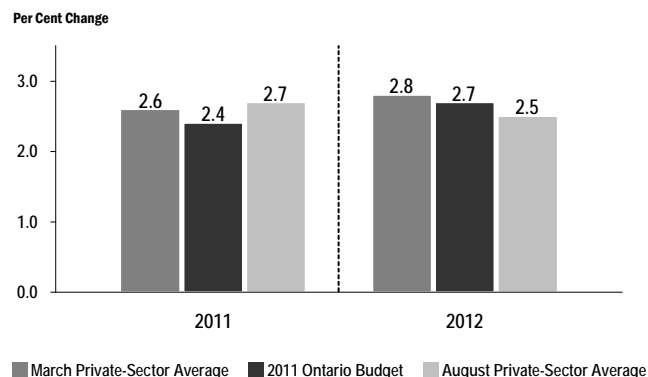
⁴ Starting in 2009–10, Net Debt includes the net debt of hospitals, school boards and colleges consistent with Public Sector Accounting Board standards. For comparative purposes, Net Debt has been restated from 2007–08 to 2008–09 to conform with this revised presentation.

Sources: Ontario Ministry of Finance and Statistics Canada.

ONTARIO ECONOMIC OUTLOOK

The Ontario economy has turned the corner following the global recession and is well-positioned for a period of sustained growth. Private-sector economists are continuing to forecast modest Ontario economic growth. As of August 4, 2011, private-sector forecasters, on average, project Ontario real GDP will increase by 2.7 per cent in 2011, up slightly from a 2.6 per cent increase expected at the time of the 2011 Budget. Private-sector forecasts for Ontario real GDP growth in 2012 have eased slightly, now averaging 2.5 per cent, down from 2.8 per cent at the time of the Budget. There are significant risks to the economic growth outlook, including the uncertain U.S. economic recovery and the sovereign debt crisis in Europe.

Ontario Real GDP Growth



Sources: Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasts (March and August).

ONTARIO REAL GDP

- ◆ In the first calendar quarter of 2011, Ontario real GDP grew at an annualized rate of 3.2 per cent, the seventh consecutive quarterly gain. Real GDP in the first quarter surpassed the pre-recession level set in the second quarter of 2008 by 0.3 per cent. First-quarter growth was led by higher business investment spending and inventory accumulation.

LABOUR MARKET

- ◆ In July 2011, employment declined by 22,400 net jobs, following a 40,300 increase in June. As of July, Ontario employment was 38,800 (+0.6 per cent) jobs above the pre-recession peak reached in September 2008.
- ◆ The unemployment rate was 7.5 per cent in July, its lowest level since December 2008.

RETAIL SALES

- ◆ Ontario retail sales increased 0.5 per cent in May, following a 0.5 per cent increase in April. On a year-to-date basis, Ontario retail sales were up 3.5 per cent compared with the first five months of 2010.

INFLATION

- ◆ The Ontario Consumer Price Index (CPI) was up 3.6 per cent in June from a year earlier. Much of the year-over-year increase in the CPI was due to higher gasoline prices (+34.4 per cent).

HOUSING MARKET

- ◆ Ontario home resales were fairly steady over the first half of 2011. As of June 2011, resales totalled 106,102 units for the year. This is comparable to the long-term average of 99,838 resales for the January-to-June period. The average price of an Ontario resale home increased to \$376,712 in June, up 10.0 per cent from a year earlier.
- ◆ Ontario housing starts rose by 11.9 per cent in the second calendar quarter to a seasonally adjusted annualized rate of 71,300.

MANUFACTURING SALES AND INTERNATIONAL EXPORTS

- ◆ The value of Ontario manufacturing sales increased 0.4 per cent in May, after a 1.8 per cent decline in April. Solid gains in primary metal products (+4.9 per cent) and computer and electronics (+4.3 per cent) were drivers behind May sales growth. Sales by vehicle (-1.8 per cent) and auto parts (-1.5 per cent) manufacturers declined in May.
- ◆ In May, the value of Ontario international goods exports (on a customs basis) increased 5.6 per cent to \$12.8 billion while imports rose 1.9 per cent to \$21.2 billion.¹ On a year-to-date basis, Ontario's international merchandise exports increased by 7.1 per cent compared with the first five months of 2010, while imports rose by 9.3 per cent for the same period.

¹ Seasonally adjusted by the Ontario Ministry of Finance.

| KEY ECONOMIC INDICATORS (Per cent change from previous period, unless indicated otherwise) | | | | | | | | |
|---|---------|---------|--------|--------------|-------|--------|------|--------|
| | | Annual | Annual | Quarterly | | | | |
| | | 2009 | 2010 | 10:1 | 10:2 | 10:3 | 10:4 | 11:1 |
| Output (Seasonally Adjusted) | | | | | | | | |
| Real GDP | Ontario | (3.8) | 3.0 | 1.2 | 0.6 | 0.5 | 0.9 | 0.8 |
| Nominal GDP | Ontario | (1.2) | 5.8 | 1.9 | 0.6 | 0.8 | 2.0 | 1.3 |
| | | Annual | Annual | Monthly 2011 | | | | |
| | | 2009 | 2010 | Mar | Apr | May | June | July |
| Other Indicators (Seasonally Adjusted) | | | | | | | | |
| Labour Markets | | | | | | | | |
| Labour Force (Change in 000s) | | 14.7 | 89.3 | 12.6 | 45.9 | (22.8) | 30.2 | (36.2) |
| Employment (Change in 000s) | | (164.3) | 108.0 | 5.6 | 54.8 | (16.1) | 40.3 | (22.4) |
| Unemployment Rate (%) | | 9.0 | 8.7 | 8.1 | 7.9 | 7.9 | 7.7 | 7.5 |
| Household Sector | | | | | | | | |
| Retail Sales | | (2.5) | 5.4 | (1.0) | 0.5 | 0.5 | N/A | N/A |
| Housing Starts (000s) ¹ | | 50.4 | 60.4 | 74.7 | 79.2 | 58.9 | 75.8 | N/A |
| MLS Home Resales | | 8.2 | (0.1) | 0.5 | (3.2) | 1.6 | 2.4 | N/A |
| Manufacturing Sales | | | | | | | | |
| Transportation Equipment | | (24.0) | 22.5 | 2.3 | (6.8) | (0.5) | N/A | N/A |
| Consumer Price Index² | | 0.4 | 2.5 | 3.6 | 3.6 | 4.0 | 3.6 | N/A |

¹ Monthly housing starts are expressed at a seasonally adjusted annual rate.

² Per cent change from a year earlier, data not seasonally adjusted.

N/A = Data not available.

Sources: Statistics Canada, Ontario Ministry of Finance, Canada Mortgage and Housing Corporation and Canadian Real Estate Association.

ONTARIO FINANCES

FINANCIAL TABLES

REVENUE

| (\$ Millions) | Interim 2010–11 | 2011–12 | | |
|--|--------------------|----------------|--------------------|-------------------|
| | | Budget Plan | Current Outlook | In-Year Change |
| Taxation Revenue | | | | |
| Personal Income Tax | 23,761 | 25,500 | 25,527 | 27 |
| Sales Tax | 19,047 | 20,134 | 20,134 | – |
| Corporations Tax | 8,250 | 8,874 | 8,904 | 30 |
| Education Property Tax ¹ | 5,757 | 5,727 | 5,727 | – |
| Employer Health Tax | 4,784 | 4,991 | 4,991 | – |
| Ontario Health Premium | 2,967 | 3,074 | 3,074 | – |
| Gasoline Tax | 2,387 | 2,392 | 2,392 | – |
| Land Transfer Tax | 1,249 | 1,249 | 1,249 | – |
| Tobacco Tax | 1,158 | 1,142 | 1,142 | – |
| Fuel Tax | 711 | 721 | 721 | – |
| Beer and Wine Tax (replacing Fees) ² | 398 | 538 | 538 | – |
| Electricity Payments-In-Lieu of Taxes | 295 | 532 | 518 | (14) |
| Other Taxes | 500 | 396 | 396 | – |
| | 71,264 | 75,270 | 75,312 | 43 |
| Government of Canada | | | | |
| Canada Health Transfer | 10,186 | 10,713 | 10,713 | – |
| Canada Social Transfer | 4,330 | 4,460 | 4,460 | – |
| Equalization | 972 | 2,350 | 2,200 | (150) |
| Infrastructure Programs | 1,708 | 538 | 550 | 11 |
| Labour Market Programs | 1,214 | 891 | 891 | – |
| Social Housing | 487 | 482 | 482 | – |
| Wait Times Reduction Fund | 97 | 97 | 97 | – |
| Other Federal Payments | 4,004 | 2,200 | 2,200 | – |
| | 22,998 | 21,731 | 21,593 | (139) |
| Government Business Enterprises | | | | |
| Ontario Lottery and Gaming Corporation | 1,925 | 1,738 | 1,738 | – |
| Liquor Control Board of Ontario | 1,544 | 1,641 | 1,641 | – |
| Ontario Power Generation Inc. and Hydro One Inc. | 926 | 1,131 | 1,092 | (39) |
| Other Government Enterprises | 2 | 3 | 3 | – |
| | 4,397 | 4,513 | 4,474 | (39) |
| Other Non-Tax Revenue | | | | |
| Reimbursements | 1,045 | 791 | 791 | – |
| Vehicle and Driver Registration Fees | 1,069 | 1,084 | 1,084 | – |
| Electricity Debt Retirement Charge | 934 | 931 | 931 | – |
| Power Supply Contract Recoveries | 1,281 | 1,351 | 1,351 | – |
| Sales and Rentals | 780 | 823 | 823 | – |
| Other Fees and Licences | 749 | 768 | 768 | – |
| Beer and Wine Fees (replaced by Tax) ² | 172 | – | – | – |
| Net Reduction of Power Purchase Contract Liability | 339 | 317 | 317 | – |
| Royalties | 190 | 218 | 218 | – |
| Miscellaneous Other Non-Tax Revenue | 967 | 656 | 1,127 | 471 |
| | 7,526 | 6,939 | 7,409 | 471 |
| TOTAL REVENUE | 106,185 | 108,453 | 108,789 | 336 |

¹ Education Property Tax revenue includes the property tax credit component of the Ontario Energy and Property Tax Credit.

² Beer and Wine Tax replaces reduced Beer and Wine Fees and the reduced sales tax on alcohol. There is no net new revenue for the Province.

Note: Numbers may not add due to rounding.

TOTAL EXPENSE

| (\$ Millions) | Interim 2010–11 | 2011–12 | | |
|--|--------------------|------------------|--------------------|-------------------|
| | | Budget Plan | Current Outlook | In-Year Change |
| Ministry Expense | | | | |
| Aboriginal Affairs | 81.1 | 78.4 | 81.4 | 3.0 |
| Agriculture, Food and Rural Affairs ¹ | 919.1 | 1,235.5 | 1,246.7 | 11.2 |
| Attorney General | 1,756.0 | 1,905.2 | 1,907.9 | 2.7 |
| Board of Internal Economy | 193.9 | 293.9 | 293.9 | – |
| Children and Youth Services | 3,866.9 | 3,931.5 | 3,939.7 | 8.2 |
| Citizenship and Immigration | 107.6 | 102.0 | 102.0 | – |
| Community and Social Services | 9,234.5 | 9,769.5 | 9,769.5 | – |
| Community Safety and Correctional Services | 2,654.0 | 2,756.1 | 2,756.1 | – |
| Consumer Services | 19.4 | 20.4 | 20.4 | – |
| Economic Development and Trade | 269.1 | 353.1 | 353.1 | – |
| Education ¹ | 22,208.6 | 23,220.3 | 23,212.1 | (8.2) |
| Energy ¹ | 584.5 | 331.7 | 331.7 | – |
| Environment | 396.5 | 382.6 | 382.6 | – |
| Executive Offices | 32.5 | 31.4 | 31.4 | – |
| Finance ¹ | 534.9 | 552.0 | 552.0 | – |
| Francophone Affairs, Office of | 5.5 | 5.5 | 5.5 | – |
| Government Services ¹ | 1,083.2 | 1,083.8 | 1,083.8 | – |
| Health and Long-Term Care | 44,949.5 | 47,139.6 | 47,139.6 | – |
| Health Promotion and Sport ¹ | 394.1 | 398.4 | 398.4 | – |
| Infrastructure ^{1,2} | (155.4) | (96.7) | (96.7) | – |
| Labour | 190.3 | 190.8 | 190.8 | – |
| Municipal Affairs and Housing ¹ | 669.8 | 602.8 | 602.8 | – |
| Natural Resources | 646.6 | 603.2 | 603.2 | – |
| Northern Development, Mines and Forestry | 811.8 | 832.4 | 846.3 | 13.9 |
| Research and Innovation | 365.5 | 369.5 | 369.5 | – |
| Revenue ¹ | 953.1 | 894.4 | 894.4 | – |
| Tourism and Culture ¹ | 732.8 | 808.8 | 808.8 | – |
| Training, Colleges and Universities ¹ | 6,826.6 | 6,989.4 | 6,989.4 | – |
| Transportation | 2,240.4 | 2,340.3 | 2,340.3 | – |
| Interest on Debt ³ | 9,527.0 | 10,289.8 | 10,289.8 | – |
| Other Expense ¹ | 10,771.6 | 7,727.8 | 7,710.9 | (16.9) |
| Year-End Savings ⁴ | – | (1,075.0) | (1,075.0) | – |
| TOTAL EXPENSE | 122,871.2 | 124,068.2 | 124,082.1 | 13.9 |

¹ Details on other ministry expense can be found in the Other Expense table.

² Credit expense amounts are a result of adjustments between the Ministry of Infrastructure and other ministries to reflect consolidated net spending on realty assets for the year.

³ Interest on debt expense is net of interest capitalized during construction of tangible capital assets of \$195 million in 2010–11 and \$268 million in 2011–12.

⁴ As in past years, the Year-End Savings provision reflects anticipated underspending that has historically arisen at year-end due to factors such as program efficiencies, and changes in project start-ups and implementation plans.

Note: Numbers may not add due to rounding.

OTHER EXPENSE

| (\$ Millions) | Interim 2010–11 | 2011–12 | | |
|---|--------------------|----------------|--------------------|-------------------|
| | | Budget Plan | Current Outlook | In-Year Change |
| Ministry Expense | | | | |
| Agriculture, Food and Rural Affairs | | | | |
| Time-Limited Investments in Infrastructure | 1,501.2 | 293.4 | 293.4 | – |
| Time-Limited Assistance | 9.0 | – | – | – |
| Education | | | | |
| Teachers' Pension Plan ¹ | 521.8 | 526.0 | 526.0 | – |
| Energy | | | | |
| Ontario Clean Energy Benefit | 300.0 | 1,135.0 | 1,135.0 | – |
| Finance | | | | |
| Ontario Municipal Partnership Fund | 683.5 | 623.7 | 623.7 | – |
| Operating Contingency Fund | 250.0 | 600.0 | 591.1 | (8.9) |
| Power Supply Contract Costs | 1,281.0 | 1,351.0 | 1,351.0 | – |
| Government Services | | | | |
| Pension and Other Employee Future Benefits | 1,199.0 | 1,341.0 | 1,341.0 | – |
| Health Promotion and Sport | | | | |
| Time-Limited Investments in Infrastructure | 288.4 | 44.2 | 44.2 | – |
| Time-Limited Investments to Support Pan / Parapan Am Games | 15.6 | 28.3 | 28.3 | – |
| Infrastructure | | | | |
| Capital Contingency Fund | – | 100.0 | 92.0 | (8.0) |
| Municipal Affairs and Housing | | | | |
| Time-Limited Investments in Municipal Social and Affordable Housing Stock | 660.7 | 95.1 | 95.1 | – |
| One-Time Assistance | 22.6 | – | – | – |
| Revenue | | | | |
| Harmonized Sales Tax Transitional Support | 3,200.0 | 1,440.6 | 1,440.6 | – |
| Tourism and Culture | | | | |
| One-Time Investments | 23.1 | 3.1 | 3.1 | – |
| Training, Colleges and Universities | | | | |
| Time-Limited Investments | 815.7 | 146.3 | 146.3 | – |
| Total Other Expense | 10,771.6 | 7,727.8 | 7,710.9 | (16.9) |

¹ Numbers reflect PSAB pension expense. Ontario's matching contributions to the plan grow to \$1,316 million in 2010–11 and \$1,381 million in 2011–12.

Note: Numbers may not add due to rounding.

2011–12 INFRASTRUCTURE EXPENDITURES

| (\$ Millions) | | 2011–12 Current Outlook | | |
|---|---|---|--|-----------------------------------|
| Sector | Total Infrastructure Expenditures 2010–11 Interim | Investment in Capital Assets ¹ | Transfers and Other Infrastructure Expenditures ² | Total Infrastructure Expenditures |
| Transportation | | | | |
| Transit | 1,747 | 2,093 | 391 | 2,483 |
| Provincial Highways | 1,985 | 2,118 | – | 2,118 |
| Other Transportation ³ | 800 | 708 | 84 | 792 |
| Health | | | | |
| Hospitals | 2,726 | 2,573 | 10 | 2,583 |
| Other Health | 183 | 118 | 171 | 289 |
| Education – School Boards | 1,822 | 2,092 | 30 | 2,121 |
| Postsecondary | | | | |
| Colleges | 105 | 168 | – | 168 |
| Universities | 105 | – | 107 | 107 |
| Water / Environment | 235 | 39 | 249 | 288 |
| Municipal and Local Infrastructure | 431 | 134 | 202 | 336 |
| Justice | 625 | 851 | 52 | 903 |
| Other | 493 | 705 | 60 | 765 |
| Short-Term Stimulus Investments | 3,613 | 42 | 451 | 493 |
| Subtotal | 14,869 | 11,639 | 1,808 | 13,447 |
| Less: Other Partner Funding ⁴ | 723 | 674 | – | 674 |
| Total Excluding Partner Funding | 14,146 | 10,965 | 1,808 | 12,773 |
| Less: Flow-Throughs ⁵ | 2,088 | 96 | 614 | 710 |
| TOTAL PROVINCIAL EXPENDITURE⁶ | 12,058 | 10,870 | 1,193 | 12,063 |

¹ Investment in Capital Assets includes interest capitalized during construction of tangible capital assets of \$268 million.

² Mainly consists of transfers for capital purposes to municipalities and universities, and expenditures for capital repairs.

³ Other Transportation includes planning activities, property acquisition, highway service centres and other infrastructure programs (e.g., municipal/ local roads, remote airports).

⁴ Third-party contributions to capital investment in the consolidated sectors (schools, colleges and hospitals).

⁵ Mostly federal government transfers for capital investments.

⁶ Total Provincial Infrastructure Expenditure includes Investment in Capital Assets of \$9.5 billion for 2010–11.

Note: Numbers may not add due to rounding.

ONTARIO'S 2011–12 FINANCING PROGRAM

PROVINCE AND ONTARIO ELECTRICITY FINANCIAL CORPORATION

(\$ Millions)

| | Interim 2010–11 | 2011–12 | | |
|---|--------------------|----------------|--------------------|-------------------|
| | | Budget Plan | Current Outlook | In-Year Change |
| Deficit / (Surplus) | 16,686 | 16,316 | 15,994 | (322) |
| Investment in Capital Assets | 9,528 | 10,870 | 10,870 | – |
| Non-Cash Adjustments | (5,640) | (3,603) | (3,603) | – |
| Net Loans / Investments | 1,888 | 2,678 | 2,541 | (137) |
| Debt Maturities | 15,579 | 13,909 | 13,909 | – |
| Debt Redemptions | 562 | 500 | 500 | – |
| Total Funding Requirement | 38,603 | 40,669 | 40,210 | (459) |
| Canada Pension Plan Borrowing | (800) | (1,079) | (1,079) | – |
| Decrease / (Increase) in Short-Term Borrowing | 0 | 0 | 459 | 459 |
| Increase / (Decrease) in Cash and Cash Equivalents | 2,124 | (4,624) | (4,624) | – |
| TOTAL LONG-TERM PUBLIC BORROWING REQUIREMENT | 39,928 | 34,966 | 34,966 | – |

Note: Numbers may not add due to rounding.

BORROWING PROGRAM STATUS (AS AT JUNE 30, 2011)

(\$ Billions)

| | Completed | Remaining | Total |
|---|-------------|-------------|-------------|
| Province | 12.0 | 22.7 | 34.7 |
| Ontario Electricity Financial Corporation | 0.0 | 0.2 | 0.3 |
| TOTAL | 12.0 | 22.9 | 35.0 |

Note: Numbers may not add due to rounding.

- ◆ Long-Term Public Borrowing completed as at June 30, 2011, totalled \$12.0 billion as follows:

| | (\$ Billions) |
|---------------------------------|---------------|
| Ontario Savings Bonds | 0.6 |
| Domestic Issues | 8.2 |
| Global/ US Dollar/ Other Issues | 3.2 |
| TOTAL | 12.0 |

- ◆ As domestic investors have continued to show a preference for longer-term maturities, Ontario has been able to extend the term to maturity of its debt and take advantage of the sustained low interest rate environment.
- ◆ The decrease in Net Loans/Investments is primarily attributable to auto sector loan repayments.
- ◆ Due to historically low long-term interest rates, the Province has decided to use the \$459 million decrease in Total Funding Requirement to decrease Short-Term Borrowing while leaving Long-Term Public Borrowing unchanged from the 2011 Budget forecast.