

Special Edition: 2000 Ontario Budget Highlights

Balanced Budget Achieved One Year Ahead of Schedule

- With a surplus in 1999-00, Ontario has achieved its Balanced Budget Plan target one year ahead of schedule.
- The 1999-2000 interim outlook of a \$654 million surplus is a \$2.7 billion improvement from the 1999 Budget forecast, and a \$3.3 billion improvement over the original Balanced Budget Plan deficit target of \$2.6 billion. The surplus has been applied to debt reduction.

Ontario's Economy is Strong

- In 1999, the Ontario economy grew by 5.7%, surpassing economic growth in the rest of Canada, the United States and all of the other G-7 major industrial countries.
- Real GDP is projected to grow by 4.6% in 2000 and by 3.1 per cent in 2001.

Tax Cuts Boost Real Take-Home Pay

- Real disposable income is expected to rise by 4.3 per cent in 2000 and 3.6 per cent in 2001. The sharp rise in income is supported by Ontario Government policies to reduce taxes and improve the business climate. Real consumer spending is expected to grow in line with disposable income, rising 3.9 per cent in 2000 and 3.0 per cent in 2001.

Outlook

- With balanced budgets in 1999-2000 and 2000-2001, Ontario is on track to record back-to-back balanced budgets for the first time in more than half a century.
- Strong economic growth is projected to support average annual job growth of up to 3.5 per cent in 2000 and up to 3.0 per cent in 2001.

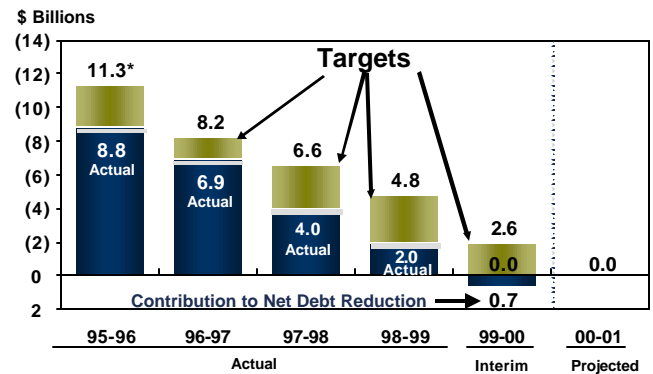
Copies of the *2000 Ontario Budget and Budget Papers* are available on the Ministry of Finance web site at www.gov.on.ca/FIN/hmpage.html

ONTARIO'S ECONOMIC OUTLOOK

Per cent (Annual Average)	1998	1999	2000	2001
Real GDP Growth	4.3	5.7	4.6	3.1
CPI Inflation	0.9	1.9	2.5	2.0
Unemployment Rate	7.2	6.3	5.5-6.0	5.0-5.5

Sources: Statistics Canada and Ontario Ministry of Finance.

BALANCED BUDGET ACHIEVED ONE YEAR EARLY

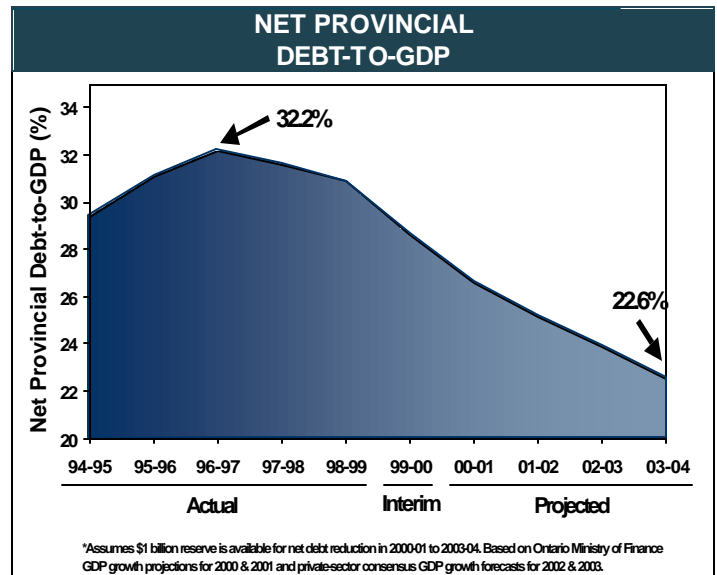
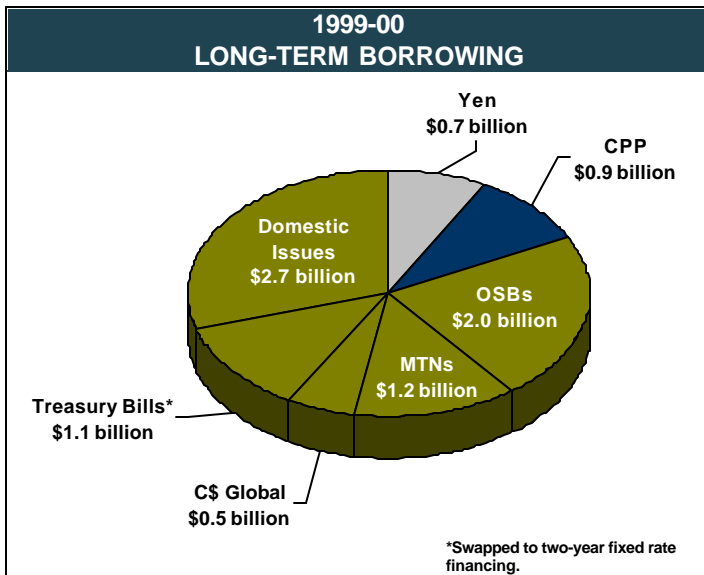


FISCAL SUMMARY

(\$ Millions)	1999-00 Budget Plan	1999-00 Interim	2000-01 Budget Plan
Revenue	58,150	62,472	62,060
Expenditure			
Programs	47,025	47,581	49,525
Restructuring & Other Charges	—	226	—
Total Programs Expenditure	47,025	47,807	49,525
Capital	2,883	4,511	2,075
Public Debt Interest			
Provincial	9,298	8,980	8,940
Ontario Hydro Successor Companies	520	520	520
Total Expenditure	59,726	61,818	61,060
Reserve	500	—	1,000
Surplus / (Deficit)	(2,076)	654	0

Source: Ontario Ministry of Finance.

Financing Information



2000-2001 FINANCING PROGRAM

(\$ Billions)	1999-00 Budget Plan	1999-00 Interim	2000-01 Budget Plan
USES OF FUNDS:			
(Surplus)/Deficit	2.1	(0.7)	—
Accruals & Consolidations	3.2	0.9	5.2
Net Borrowing on Behalf of Agencies	(1.4)	(2.4)	—
Increase/(Decrease) in Liquid Reserves	(0.6)	3.6	(4.5)
Net Cash Requirements	3.3	1.4	0.7
Maturing Debt	8.1	7.9	8.4
Early Redemptions & Debt Buybacks	—	1.2	0.5
Total Financing Requirements	11.4	10.5	9.6
SOURCES OF FUNDS:			
Canada Pension Plan Borrowing	0.9	0.9	1.0
Increase/(Decrease) in Short-term Borrowing	1.8	1.1	—
Other Sources	—	0.3	—
Long-Term Borrowing Planned	8.1	—	8.5
Long-Term Borrowing Completed	0.6	8.2	0.1
Total Financing	11.4	10.5	9.6

Numbers may not add due to rounding.

BORROWING OUTLOOK

- Total requirements for 2000-01 are projected at \$9.6 billion, of which \$8.4 billion is maturing debt. Just over \$1.0 billion of the maturing debt is held by the Canada Pension Plan (CCP) and will be refinanced with the CPP. The remaining \$8.6 billion will be financed by long-term public market borrowing.
- For fiscal year 1999-00, the Province borrowed \$2.0 billion on behalf of the OEFC. The OEFC issued debt to the Province in return. For 2000-01, total OEFC long-term financing requirements are estimated at \$2.5 billion.
- The domestic market will continue to be the main source of public financing, including the 6th Ontario Savings Bond campaign in June. The Province will continue to monitor foreign markets for cost-effective borrowing opportunities.

ONTARIO'S PLAN TO REDUCE NET PROVINCIAL DEBT

- Net Provincial Debt represents the overall financial position of the Province, based on Public Sector Accounting Board (PSAB) accrual and consolidation accounting. Net Provincial Debt is defined as the total liabilities less the financial assets of the Province. It is found in the Public Accounts of Ontario, Financial Statements, Statement of Financial Position.
- Net Provincial Debt as of March 31, 2000 was \$114.1 billion, \$2.7 billion lower than it would have been under the 1999 Budget Plan. The \$654 million surplus in 1999-00 was applied to reduce Net Provincial Debt.
- The Government has increased the reserve from \$500 million to \$1 billion in each of the next four years, with the goal of more than doubling the promised \$2 billion reduction in Net Provincial Debt to at least \$5 billion during its current mandate.