

BULLETIN

www.ofina.on.ca

February 1, 2000

Third Quarter Ontario Finances Released

Deficit Outlook at \$1.0 billion

As of December 31, 1999, the 1999-00 deficit is projected at \$1,001 million, down \$1,075 million from the 1999 Budget Plan.

Revenue at \$59.8 billion

Revenue at \$59,835 million, is up \$1,685 million from the 1999 Budget Plan.

Expenditure at \$60.8 billion

Total expenditure, at \$60,836 million, is up \$1,110 million from the 1999 Budget Plan.

Public Debt Interest

The revised Public Debt Interest forecast of \$9,748 million is \$70 million below the 1999 Budget forecast. Public Debt Interest consists of \$9,228 million related to borrowing by the Province on its own behalf and \$520 million related to the Province's equity ownership of Ontario Hydro successor companies.

Third Quarter Fiscal Summary

As at December 31, 1999 (\$ Millions)	Actual 1998-99	1999-2000		
		Budget Plan	Current Outlook	In-Year Change
Revenue	55,786	58,150	59,835	1,685
Expenditure				
Programs	46,752	47,025	48,058	1,033
Restructuring & Other Charges	76	—	100	100
Total Program Expenditure	46,828	47,025	48,158	1,133
Capital	1,944	2,883	2,930	47
Public Debt Interest				
Provincial	9,016	9,298	9,228	(70)
Ontario Hydro Succ. Cos.*	—	520	520	—
Total Expenditure	57,788	59,726	60,836	1,110
Reserve	—	500	—	(500)
Deficit	2,002	2,076	1,001	(1,075)

*Debt service costs in 1999-00 related to the Province's equity ownership of Ontario Hydro successor companies are offset by increased income from Government Enterprises revenue, which reflects the net income from these corporations.

Economic Highlights

Real Ontario GDP increased 7.1% in the third quarter of 1999 compared to the same period a year earlier, the fastest gain in eleven years.

For 1999, **Ontario employment was up 173,000** following a record gain of 200,000 net new jobs in 1998. In December 1999, **Ontario's unemployment rate was 5.6%**.

For 1999, **Ontario auto production rose 19.5%** to reach a new record production level of nearly 3 million units.

Over the first eleven months of 1999, **Ontario's international merchandise exports increased 14.2%** from a year earlier.

In 1999, **housing starts rose 24.9%**. **Home resales rose 8.0%** over the first eleven months of 1999, compared to a year earlier.

In 1999, **Ontario's inflation rate**, as measured by the Consumer Price Index (CPI), **was 1.9%**.

Financing Program Update

Projected total financing requirements for 1999-2000 are estimated at \$9,111 million, a decrease of \$2,232 million from the 1999-2000 Budget Plan estimate of \$11,343 million.

“Early Redemptions and Debts Buybacks” of \$1,074 million consists of \$955 million in early redemptions of Ontario Savings Bonds in June and December and \$119 million from the repurchase and retirement of Province of Ontario bonds.

As of December 31st, 1999, the Province had raised 84.1 per cent of its planned 1999-2000 long-term public market borrowing program. Proceeds from long-term public debt issues raised through the first three quarters totalled \$6,426 million.

The Province also borrowed \$743 million from the Canada Pension Plan (CPP) to refinance maturing debt held by that entity.

Since the close of the third quarter, Ontario has raised an additional \$939 million in long-term public borrowing, including: \$499 million from Ontario’s first floating rate Canadian Global issue; \$340 million from a yen denominated Global issue; and \$100 million from a floating rate Canadian Medium Term Note, bringing the total amount issued to \$7,365 million.

The Province has also rolled over an additional \$15 million in maturities from the CPP for a total of \$758 million.

The Province plans to raise an additional \$276 million from the long-term public markets and \$112 million in CPP refinancing this fiscal year.

Total Provincial Purpose Debt is forecast to be \$118.0 billion as of March 31, 2000, up from \$109.2 billion at March 31, 1999. The increase includes \$8.9 billion as a result of the debt-for-equity swap with each of Ontario Power Generation Inc. and Ontario Hydro Services Company.

Ontario Electricity Financial Corporation

In addition to borrowing on its own behalf, the Province has raised \$1.4 billion of a planned \$2.2 billion in 1999-2000 long-term financing requirements on behalf of the Ontario Electricity Financial Corporation (OEF) to refinance maturing debt and to finance cash flow timing differences. The Province raised the \$1.4 billion by issuing two Canadian domestic issues, two Euro-Canadian issues and by issuing Ontario Treasury Bills and swapping the proceeds into long-term financing. In return for the proceeds, the OEF has issued securities to the Province bearing like terms and conditions.

This information is intended for general information purposes only and does not constitute an offer to sell or a solicitation of offers to purchase securities. It has not been approved by any securities regulatory authority and it is not sufficient for the purpose of deciding to purchase securities. It may have errors or omissions resulting from electronic conversion, downloading or unauthorized modifications. While the information, when posted or released, was believed to be reliable as of its date, **NO WARRANTY IS MADE AS TO THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT OR THE INFORMATION IT CONTAINS.**

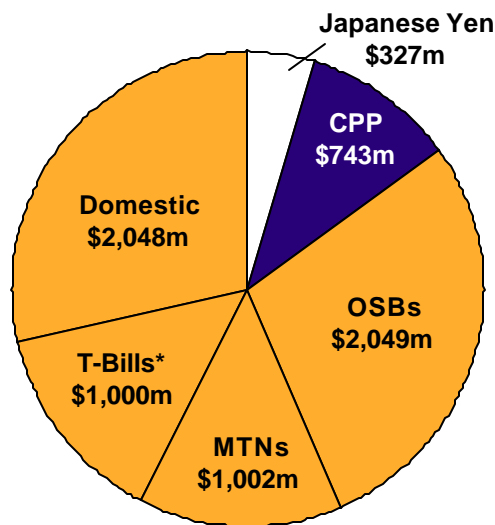
Financial Summary

(\$ Millions)	1999-2000		
	Budget Plan	Current Outlook	Change from Budget
Deficit	2,076	1,001	(1,075)
Cash Timing Adjustments*	3,192	961	(2,231)
Borrowing on Behalf of Agencies	(1,375)	(1,375)	—
Decrease in Liquid Reserves	(600)	(600)	—
Net Cash Requirements	3,293	(13)	(3,306)
Maturing Debt	8,050	8,050	—
Early Redemptions & Debt Buybacks	—	1,074	1,074
Total Financing Requirements	11,343	9,111	(2,232)
Financed by:			
Canada Pension Plan	917	870	(47)
Increase in Short-term Borrowing	1,800	600	(1,200)
Long-term Public Borrowing**	8,626	7,641	(985)
Total Financing	11,343	9,111	(2,232)

* Includes Balance Sheet items
 ** Including Ontario Savings Bonds

1999-2000 Long-Term Borrowing

C\$7,169 million issued as of December 31, 1999



* Swapped to long-term financing