

## CEO's Video Update – April 29, 2022

Thank you for joining me for the next few minutes.

With the release of the Province's *2022 Budget*, I would like to take this opportunity to update you on the Ontario's finances and borrowing program.

As reported in the *2022 Budget*, Ontario's deficit for 2021–22 is projected to be \$13.5 billion, \$19.6 billion lower than the forecast in the *2021 Budget*. Over the medium term, the projected deficits for 2022–23 are \$19.9 billion, \$12.3 billion in 2023–24 and \$7.6 billion in 2024–25.

These lower deficits mean the total long-term borrowing requirements for 2021–22 through 2023–24 are now forecast to be a cumulative \$41.7 billion lower than forecast in the medium-term outlook in the *2021 Budget*.

Looking back, Ontario's long-term borrowing program for 2021–22 was \$41.1 billion. Canadian dollar borrowing totalled \$32.0 billion, or 78 per cent of the borrowing completed. This was primarily through 36 syndicated issues, and two Green Bonds. The remaining \$9.2 billion, or 22 per cent, was completed in foreign currencies, primarily in U.S. dollars, and euros.

This breakdown was near the top end of Ontario's target range for domestic borrowing of 65 to 80 per cent. We plan to retain the same target range for 2022–23, but will adjust it if necessary to respond to evolving investor demand in the Canadian dollar and foreign currency markets.

With the release of the Province's *2022 Budget*, we are now out of our pre-Budget borrowing blackout. As we have done during past writ periods, the period leading up to the election scheduled for June 2<sup>nd</sup>, we will continue to build books and, subject to market conditions and investor demand, be issuing debt between now and the election date.

As I previously mentioned, last year we issued two Canadian dollar Green Bonds. At the beginning of February, we issued our eleventh Green Bond for \$1.75 billion, following a \$2.75 billion Green Bond launched in July 2021. Our most recent Green Bond provided funding for eight projects; this included six Clean Transportation projects, one Energy Efficiency and Conservation project and one project under the Climate Adaptation and Resilience framework category.

Ontario remains the largest issuer of Canadian dollar Green Bonds, totalling \$12.5 billion issued since 2014–15, with \$12.0 billion outstanding. Subject to market conditions, we plan to continue to issue multiple Green Bonds each fiscal year, including in 2022–23.

The *2022 Budget* includes an updated debt burden reduction strategy, with specific objectives and new targets over the medium-term outlook for the relevant measures of debt sustainability:

- Net debt-to-GDP is targeted to stay below 42.0 per cent compared to a 50.5 per cent target in the *2021 Budget*. This ratio is now forecast to be 40.7 per cent in 2021–22, a decrease of 8.1 percentage points from the *2021 Budget* forecast.
- The second relevant measure of debt sustainability, net debt-to-revenue, is targeted to stay below 250 per cent. This ratio is projected to be 228 per cent in 2021–22, 58 percentage points below the forecast in the *2021 Budget*.
- IOD-to-revenue is now targeted to stay below 8.0 per cent. This ratio is forecast to be 7.5 per cent in 2021–22, 1.0 percentage point lower than the *2021 Budget* forecast; and
- A fourth measure of debt sustainability was added in the *2022 Budget*: debt maturities-to-net debt to stay below 10.0 per cent. This ratio represents long-term debt maturing in any year as a percentage of net debt. The current forecast is 6.3 per cent in 2021–22.

All four debt ratios are projected to stay below their targets over the medium-term outlook.

You can find further fiscal and economic information on the *2022 Budget* on the Ministry of Finance's website. You can also find updated borrowing information in our Investor Relations Presentation and Fact Sheet, posted on this OFA website.

Thank you very much for your time.