

CEO's Video Update – November 15, 2022

Thank you for joining me for the next few minutes.

With the release of the *2022 Ontario Economic Outlook and Fiscal Review*, or Fall Economic Statement on November 14th, I would like to take this opportunity to update you on the Province's finances and borrowing program.

Let's start with Ontario's fiscal position. The deficit for 2022–23 is now forecast to be \$12.9 billion, an improvement of \$6.9 billion from the projection of \$19.9 billion at the time of the *2022 Budget*. Stronger financial results reported in the *Public Accounts of Ontario 2021–2022*, lower than forecast deficit for 2022–23, and pre-borrowing for 2023–24 have allowed the Province to reduce this year's long-term borrowing requirement to \$32.2 billion. This is \$9.3 billion less borrowing than planned at the time of the *2022 Budget*, and \$8.2 billion less than the forecast contained in *First Quarter Finances*.

The \$8.0 billion in-year change in non-cash and cash timing for 2022–23 is primarily due to higher than projected corporate tax and personal income tax revenues in fiscal 2021–22, as reported in the Public Accounts. This is projected to increase cash receipts by \$8.0 billion in 2022–23, allowing for an equivalent reduction in the total funding requirement.

Over the three-year outlook period, total long-term borrowing is now forecast to be \$22.1 billion lower than forecast in the *2022 Budget*. The short-term borrowing program is forecast to be \$3.0 billion lower in 2022–23 and \$1.0 billion lower in 2023–24, reducing Ontario's overall borrowing needs by \$26.1 billion over the three-year outlook period compared to the *2022 Budget* forecast.

On October 5, 2022, Ontario issued its first Green Bond of 2022–23, and twelfth Green Bond overall for \$1.0 billion. Ontario plans to continue its leadership in the Canadian dollar Green Bond market and, subject to market conditions, will issue multiple Green Bonds each fiscal year, including in 2022–23.

Now, I'd like to turn to the Borrowing Program. As of the release of the Fall Economic Statement, \$18.6 billion, or 58 per cent, of this year's long-term public borrowing had been completed. Approximately 80 per cent of 2022–23 borrowing was in Canadian dollars through 18 syndicated issues and a \$1 billion Green Bond which I mentioned before. The remaining \$3.7 billion, or 20 per cent of this year's long-term borrowing to date has been completed in foreign currencies, primarily in U.S. dollars.

As a result of higher-than-projected interest rates, the Interest on Debt, or IOD, forecast for 2022–23 is \$13.6 billion, up from the *2022 Budget* forecast of \$13.5 billion. IOD in 2023–24 and 2024–25 is forecast to be \$14.5 billion and \$14.9 billion, respectively. When compared to the forecast in the *2022 Budget*, IOD is higher by \$0.2 billion in 2023–24 and \$0.1 billion in 2024–25.

However, had the borrowing program stayed the same as in the *2022 Budget* forecast, given higher interest rates forecast today, IOD would have been higher by \$0.2 billion in 2022–23, \$0.7 billion in 2023–24 and \$1.0 billion higher in 2024–25.

Ontario has made progress towards each of the existing targets in its debt burden reduction strategy, with some notable improvements since the *2022 Budget*.

Ontario's 2022–23 net debt-to-GDP ratio is now forecast to be 38.4 per cent, a decrease of 3.0 percentage points from the forecasted 41.4 per cent at the time of the *2022 Budget* due to lower deficits and higher nominal GDP growth. This ratio is down by 0.8 percentage points since 2021–22 and is now at its lowest level in 10 years.

As well as the progress made on the net debt-to-GDP ratio, Ontario has made significant progress on the net debt-to-revenue and interest on debt-to-revenue ratios.

In terms of our borrowing strategy, we expect to return to the market immediately.

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

Thank you very much for your time.