

2000-2001
BUDGET

Budget

Plan

Section 2

The Government's Financial Position in 1999-2000 and Public Sector Borrowings

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The government's financial transactions¹

Balanced budget achieved again in 1999-2000

The preliminary results of the government's financial transactions for the year ending March 31, 2000 indicate that a balanced budget will be achieved again in 1999-2000.

Consolidated budgetary revenue for the 1999-2000 fiscal year is \$1 789 million higher than forecast in the last Budget. This growth in revenue may be explained by an increase of \$2 413 million in own-source revenue and a decrease of \$624 million in Government of Canada transfers.

Consolidated budgetary expenditure is adjusted upward by \$1 789 million, to \$46 961 million. On the one hand, this change reflects the impact of the additional resources announced in this Budget Speech, particularly for health and social services and for young people and education. On the other hand, debt service is adjusted downward by \$211 million compared with the level anticipated at the time of the last Budget. This adjustment is essentially attributable to lower interest rates and a stronger Canadian dollar relative to other currencies than forecast in the March 1999 Budget Speech.

Net financial surplus of \$460 million: \$220 million more than anticipated

The consolidated net financial surplus is adjusted to \$460 million, an improvement of \$220 million compared with the figure anticipated in the March 1999 Budget.

With respect to financing transactions, the \$1 924-million increase in the change in direct debt compared with the initial forecast is mainly due to new borrowings of \$1 699 million to finance additional deposits in the retirement plans sinking fund.

¹ The data included in this section have been adjusted, for purposes of comparison, on the basis of the budgetary and financial structure that will prevail in 2000-2001. The adjustments made to the forecasts presented in the Budget Speech of March 9, 1999 are shown in Appendix 2.1.

TABLE 2.1

GOUVERNEMENT DU QUÉBEC
SUMMARY OF CONSOLIDATED FINANCIAL TRANSACTIONS
(in millions of dollars)

	1998-1999		1999-2000	
	Actual results ¹	Budget Speech 1999-03-09 ¹	Preliminary results ²	Change compared with Budget
Budgetary transactions				
Own-source revenue	38 560	38 264	40 677	2 413
Government of Canada transfers	8 090	6 908	6 284	- 624
Total revenue	46 650	45 172	46 961	1 789
Operating expenditure	- 39 332	- 37 573	- 39 573	- 2 000
Debt service	- 7 187	- 7 599	- 7 388	211
Total expenditure	- 46 519	- 45 172	- 46 961	- 1 789
Budgetary surplus	131	0	0	0
Non-budgetary transactions				
Investments, loans and advances	- 1 402	- 1 258	- 1 755	- 497
Capital expenditures	- 217	- 300	- 372	- 72
Retirement plans	1 020	1 440	1 629	189
Other accounts	991	358	958	600
Non-budgetary surplus	392	240	460	220
Net financial surplus (requirements)	523	240	460	220
Financing transactions				
Change in cash position	- 1 983	2 627	2 182	- 445
Change in direct debt	2 490	- 1 740	184	1 924
Retirement plans sinking fund ³	- 1 030	- 1 127	- 2 826	- 1 699
Total financing of transactions	- 523	- 240	- 460	- 220

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing. For the change in cash position, a negative entry indicates an increase and a positive entry, a decrease.

- For purposes of comparison, the data have been adjusted on the basis of the 2000-2001 budgetary and financial structure. The adjustments required regarding the data from the Budget Speech of March 9, 1999 are presented in Appendix 2.1.
- The preliminary results for 1999-2000 are based on actual data recorded from April 1999 to January 2000 and on an estimate, as at March 3, 2000, of the February and March results for which transactions will be posted, up to the closing of the books, to 1999-2000 transactions.
- This sinking fund receives amounts to be used to cover retirement benefits payable by the government under the public and parapublic sector retirement plans. The income from this fund is accumulated in it and is subtracted from the interest expenditure recorded with regard to the retirement plans liability.

Budgetary revenue

For the 1999-2000 fiscal year, budgetary revenue totals \$46 961 million. Own-source revenue grew by 5.5%, while federal transfers fell by 22.3 %.

Own-source revenue

Own-source revenue is \$2 413 million higher than forecast in the 1999-2000 Budget Speech. This result reflects the strength of revenue from income taxes and other taxes, which benefited from the better-than-anticipated economic performance in 1999 and from recurrent supplementary revenue recorded at the end of 1998-1999. Compared with the initial forecasts, the revenue from government enterprises is adjusted upward by \$805 million and that of the consolidated organizations, by \$59 million.

TABLE 2.2

SUMMARY OF THE CHANGE IN OWN-SOURCE REVENUE

(in millions de dollars)

	1998-1999			1999-2000	
	Actual results	Budget Speech 1999-03-09	Preliminary results	Change compared with Budget	Change compared with 1998-1999 (%)
Personal income tax	15 293	15 354	15 979	625	4.5
Health Services Fund	4 117	4 083	4 208	125	2.2
Corporate taxes	3 406	3 325	3 575	250	5.0
Sales tax	6 426	6 369	6 868	499	6.9
Government enterprises	3 131	2 937	3 742	805	19.5
Consolidated organizations	1 680	1 670	1 729	59	2.9
Other sources	4 507	4 526	4 576	50	1.5
Total own-source revenue	38 560	38 264	40 677	2 413	5.5

Revenue from personal income tax is revised upward by \$625 million and that from contributions to the Health Services Fund, by \$125 million. These adjustments are mainly attributable to the stronger-than-anticipated growth in employment and remuneration.

Corporate tax revenue is increased by \$250 million, owing to the fact that corporate profits grew much more vigorously than expected in 1999.

Revenue from the Québec sales tax is adjusted upward by \$499 million compared with the forecast in the 1999-2000 Budget Speech. Most of this increase may be explained by the sustained growth of consumption in 1999.

Revenue from government enterprises is revised upward by \$805 million, mainly owing to an \$882-million increase in the profits of certain enterprises, primarily the Société générale de financement du Québec and the Commission de la santé et de la sécurité du travail. Revenue from Loto-Québec is also adjusted upward by \$125 million to reflect the higher-than-anticipated profits from the operation of video lottery machines and traditional lotteries. However, Hydro-Québec's net profits are \$211 million lower than initially forecast because of weaker-than-anticipated electricity sales and a downward adjustment of revenue from other operating products.

As described in Appendix 2.2, the revenue of consolidated organizations is \$59 million higher than expected in the 1999-2000 Budget Speech.

Lastly, the revision of amounts from other sources is explained for the most part by higher-than-anticipated revenue from duties and permits, interest income and the tobacco tax. However, these revisions are partially offset by the decrease in revenue from the fuel tax and by lower-than-expected sales of goods and services and recoveries.

Federal transfers

Compared with the forecast in the March 1999 Budget Speech, the preliminary results for 1999-2000 indicate a downward revision of \$624 million in Government of Canada transfers, which total \$6 284 million. This difference mainly reflects a decline in revenue from the Canada Health and Social Transfer (CHST).

TABLE 2.3

SUMMARY OF THE CHANGE IN GOVERNMENT OF CANADA TRANSFERS (in millions of dollars)

	1998-1999		1999-2000		
	Actual results	Budget Speech 1999-03-09	Preliminary results	Change compared with Budget	Change compared with 1998-1999 (%)
Equalization	5 385	4 385	4 388	3	- 18.5
Canada Health and Social Transfer	1 697	1 682	1 120	- 562	- 34.0
EPF and other transfers related to fiscal arrangements	60	15	11	- 4	- 81.7
Other programs	690	577	517	- 60	- 25.1
Consolidated organizations	258	249	248	- 1	- 3.9
Total Government of Canada transfers	8 090	6 908	6 284	- 624	- 22.3

Revenue from the Canada Health and Social Transfer (CHST) is revised downward by \$562 million in 1999-2000. This revision is due for the most part to the deferral of the receipt of \$482 million from the CHST trust account, an amount that had been integrated into the financial framework of the 1999-2000 Budget. This adjustment also reflects the higher value of the tax points related to Québec's special abatement, which reduce the financial transfers paid under this program by the federal government to Québec accordingly.

Equalization revenue is practically unchanged compared with the initial forecasts. On the one hand, Québec's relative fiscal capacity is revised upward, particularly for corporate income tax and the sales taxes, thus reducing Québec's equalization entitlements. On the other hand, the provincial revenue used to establish equalization entitlements, notably personal income tax and oil and gas royalties, is adjusted upward. This increase helps to raise equalization entitlements high enough to offset the impact of the revision of Québec's relative fiscal capacity.

Lastly, revenue from other programs has been adjusted downward by \$60 million since the 1999-2000 Budget Speech, particularly with respect to tax transfers related to other programs.

Budgetary expenditure

Additional resources allocated mainly for health and social services and for young people and education

Budgetary expenditure for fiscal 1999-2000 amounts to \$46 961 million, \$1 789 million more than forecast in the Budget Speech of March 9, 1999. This increase is mainly the result of the new initiatives announced in this Budget and the additional resources allocated in particular in the health and social services sector and the education sector. In all, there is a slight increase of 1.0% in budgetary expenditure compared with 1998-1999.

TABLE 2.4

SUMMARY OF THE CHANGE IN BUDGETARY EXPENDITURE

(in millions of dollars)

	1998-1999			1999-2000	
	Actual results	Budget Speech 1999-03-09	Preliminary results	Change compared with Budget	Change compared with 1998-1999 (%)
Program spending objective	37 964	36 327	36 327	—	- 4.3
Extent to which objective was achieved	—	—	1 947	1 947	—
Program spending	37 964	36 327	38 274	1 947	0.8
Consolidated organizations	1 368	1 246	1 299	53	- 5.0
Total operating expenditure	39 332	37 573	39 573	2 000	0.6
Debt service					
• Consolidated Revenue Fund					
- Direct debt service	4 160	4 286	4 112	- 174	- 1.2
- Retirement plans	2 414	2 648	2 612	- 36	8.2
	6 574	6 934	6 724	- 210	2.3
• Consolidated organizations	613	665	664	- 1	8.3
Total debt service	7 187	7 599	7 388	- 211	2.8
Total budgetary expenditure	46 519	45 172	46 961	1 789	1.0

Operating expenditure

Operating expenditure is revised to \$39 573 million, \$2 000 million more than forecast in the March 1999 Budget Speech.

This Budget announces a \$1 947-million increase in the program spending objective in 1999-2000, of which nearly \$800 million have been allocated to the health and social services sector. First, additional resources of \$630 million have been granted mainly to ensure that institutions in this network will balance their budgets in 1999-2000 and to cover the additional expenditures incurred with regard to the collective agreements. An amount of \$152 million has also been provided for the Régie de l'assurance-maladie du Québec (RAMQ) primarily for the purposes of the prescription drug insurance program. This amount excludes the \$84-million deficit of the Fonds de l'assurance-médicaments in 1999-2000, which is shown in the results of the consolidated organizations.

Expenditures for education and youth are increased by nearly \$500 million, owing mainly to the addition of nearly \$300 million for the ministère de l'Éducation, including \$150 million for promoting the financial health of the education networks. An additional \$120 million has been earmarked for the creation of the new Youth Fund and another \$120 million for the activities of Valorisation-Recherche Québec.

Lastly, over \$600 million have been invested in other sectors, particularly to improve public services through, among other things, municipal, environmental and transportation infrastructure projects.

As described in Appendix 2.2, the expenditures of consolidated organizations show an increase of \$53 million compared with the March 1999 Budget Speech.

Debt service

Debt service forecasts amount to \$7 388 million, of which \$4 112 million is for the direct debt service of the Consolidated Revenue Fund, \$2 612 million for interest expenditures in regard to the retirement plans liability and \$664 million for the debt service of consolidated organizations. This represents a downward adjustment of \$211 million compared with the forecast in the last Budget.

This change essentially reflects a reduction of \$174 million in direct debt service, stemming for the most part from lower interest rates and a stronger-than-anticipated Canadian dollar. In addition, interest expenditures in regard to the retirement plans are adjusted downward by \$36 million owing to an increase in deposits in the retirement plans sinking fund. The revenue of this fund is applied against the interest expenditure recorded with regard to the retirement plans liability.

Non-budgetary transactions

The surplus in non-budgetary transactions totals \$460 million, \$220 million more than forecast in the March 1999 Budget Speech.

TABLE 2.5

SUMMARY OF NON-BUDGETARY TRANSACTIONS

(in millions of dollars)

	1999-2000		
	Budget Speech 1999-03-09	Preliminary results	Change
Investments, loans and advances			
Government enterprises			
Shares and investments, and change in the equity value of investments	- 1 277	- 1 739	- 462
Loans and advances	1	14	13
	- 1 276	- 1 725	- 449
Loans and advances to municipalities, municipal bodies, individuals, corporations and others	- 20	3	23
	- 1 296	- 1 722	- 426
Capital expenditures	260	266	6
Retirement plans	1 440	1 629	189
Other accounts	354	591	237
Consolidated organizations	- 518	- 304 ¹	214
Non-budgetary surplus	240	460	220

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing.

¹ Details shown in Table 2.17.

Preliminary results for investments, loans and advances indicate a \$426-million increase in funding requirements compared with the initial forecast. This difference is mainly attributable to the rise in the value of government investments, stemming from the higher profits of government enterprises.

The \$6-million reduction in capital expenditures is explained mainly by lower investments by departments and agencies than anticipated at the time of the last Budget.

The annual retirement plans account surplus shows an increase of \$189 million. This change is attributable mainly to the improvement of the retirement plans following the recognition of the rights of same-sex spouses and to the lower-than-anticipated benefits paid in 1999-2000.

Transactions related to the other non-budgetary accounts represent year-to-year changes in these financial items. These accounts, which include, in particular, cash and bills on hand, outstanding cheques, accounts receivable and accounts payable, can fluctuate a great deal because of the variability of government cash inflow and disbursements. For 1999-2000, the balance of the other accounts shows an increase of \$237 million compared with the figure announced in the March 1999 Budget, particularly because of the anticipated increase in the balance of accounts payable as at March 31, 2000.

In regard to consolidated organizations, the \$214-million upward adjustment stems mainly from faster-than-anticipated cash inflow for certain special funds.

Financing

Preliminary results show that the change in direct debt amounts to \$184 million, \$1 924 million more than forecast in the 1999-2000 Budget Speech. Borrowings in fiscal 1999-2000 for the Consolidated Revenue Fund and consolidated organizations amount to \$5 991 million, \$1 934 million more than anticipated in the last Budget Speech. The increase in borrowings mainly reflects the decision to make additional deposits in the retirement plans sinking fund.

TABLE 2.6

SUMMARY OF FINANCING TRANSACTIONS (in millions of dollars)

	1999-2000		
	Budget Speech 1999-03-09	Preliminary results	Change
Change in cash position			
Consolidated Revenue Fund	2 814	2 073	- 741
Consolidated organizations	- 187	109	296
Total change in cash position	2 627	2 182	- 445
Change in direct debt			
Consolidated Revenue Fund			
- New borrowings	2 758	5 241	2 483
- Repayment of borrowings	- 5 195	- 5 238	- 43
	- 2 437	3	2 440
Consolidated organizations			
- New borrowings ¹	1 299	750	- 549
- Repayment of borrowings	- 602	- 569	33
	697	181	- 516
Total change in direct debt	- 1 740	184	1 924
Retirement plans sinking fund	- 1 127	- 2 826	- 1 699
Total financing of transactions	- 240	- 460	- 220

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing. For the change in cash position, a negative entry indicates an increase and a positive entry, a decrease.

1 Including borrowings of \$296 million to finance the work of municipal bodies.

Financing of the Consolidated Revenue Fund

Preliminary results show that the change in the direct debt of the Consolidated Revenue Fund amounts to \$3 million, an increase of \$2 440 million compared with the forecast in the 1999-2000 Budget Speech. Borrowings in fiscal 1999-2000 amount to \$5 241 million, \$2 483 million more than anticipated in the last Budget. This revision is explained notably by \$1 699 million in additional borrowings relating to the additional deposits made in the retirement plans sinking fund (RPSF), \$758 million in pre-financing and a \$43-million increase in the repayment of borrowings.

The decision to deposit additional amounts in the RPSF was made in the context of the creation of the Fonds Québec-Mondial, a new investment vehicle set up by the Caisse de dépôt et placement du Québec for its depositors. This initiative led to increased demand for Québec securities, and as a result, in 1999-2000, the additional deposits in the RPSF were financed by purchases of government bonds by the Caisse de dépôt et placement du Québec rather than by the increase in the issue of bonds on public markets.

Owing to pre-financing, the cash level was reduced by \$2 073 million, although a \$2 814-million decrease was forecast in last year's Budget Speech.

Financing of consolidated organizations

Preliminary results show that the change in the direct debt of consolidated organizations amounts to \$181 million. This is a downward revision of \$516 million compared with the forecast in the 1999-2000 Budget Speech. Borrowings in fiscal 1999-2000 total \$750 million, a decrease of \$549 million compared with the amount forecast in the last Budget Speech.

This revision is explained by three factors: a \$296-million decrease in long-term financial requirements, given that the anticipated financing was carried out through a reduction in the cash level, a \$220-million reduction in the anticipated net financial requirements of consolidated organizations, and the \$33-million downward revision in the repayment of borrowings.

Borrowings

In all the government contracted borrowings of \$7 378 million in 1999-2000, of which \$5 241 million was for Consolidated Revenue Fund needs (including \$2 826 million to make deposits in the retirement plans sinking fund), \$750 million for consolidated organizations (including \$296 million to finance the work of municipal bodies), \$443 million for non-consolidated organizations (mainly the Corporation d'hébergement du Québec) and \$944 million for Financement-Québec.¹

Realization of the financing program was characterized by the exceptional receptivity of financial markets to Québec securities.

In all, 66% of the financing program, or \$4 874 million, was carried out on the Canadian market. The government carried out on this market two public issues with terms of 5 and 30 years, and real return issues, for a total of \$829 million. Private investments totalling \$3 487 million were made with the Caisse de dépôt et placement du Québec, while \$106 million were obtained through the issue of medium-term notes and \$6 million through the Canada Pension Plan Investment Fund. Lastly, the savings products sold by Placements Québec should provide the government with \$446 million in financing.

Borrowings totalling \$2 504 million, or 34% of the financing program, were obtained on foreign markets as part of the government's financing sources diversification strategy. Two public bond issues were carried out on these markets. First, a global bond issue in US dollars with a 30-year term for US\$1.5 billion (CAN\$2.2 billion) was carried out in September 1999. The government then carried out a first public bond issue on the euro market for €150 million (CAN\$217 million). Québec is the first province in Canada to carry out a public bond issue on this market.

1 Financement-Québec is a government enterprise that was created in 1999-2000 to make loans to certain public sector establishments in Québec, particularly those in the health and social services network and the education network. Previously, these establishments contracted borrowings from the Financing Fund. Over the coming months, Financement-Québec should begin to make borrowings on financial markets in its own name, with guarantees from the government. Fiscal 1999-2000 was a transition year for the Financing Fund and Financement-Québec. An amount of \$944 million recorded as borrowings of Financement-Québec is made up of \$500 million advanced to Financement-Québec by the Consolidated Revenue Fund and an amount of \$444 million advanced to the Financing Fund by the Consolidated Revenue Fund for making loans to establishments currently served by Financement-Québec. These borrowings were transferred to Financement-Québec during the fiscal year.

TABLE 2.7

SUMMARY OF BORROWINGS IN 1999-2000

(in millions of dollars)

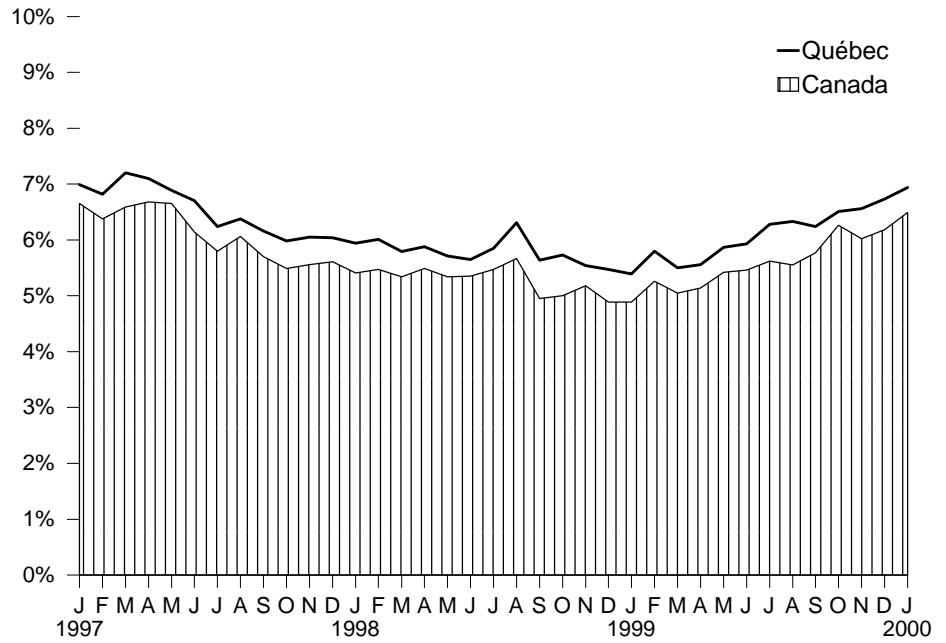
Currency and market	Consolidated Revenue Fund	Consolidated organizations ¹	Non- consolidated organizations	Financement- Québec ²	Total (%)	
Canadian dollar						
Canadian market						
• Public issues						
Negotiable bonds	431	—	—	398	829	11.2
• Private issues						
Caisse de dépôt et placement du Québec	1 777	721	443	546	3 487	47.3
Canada Pension Plan Investment Fund	6	—	—	—	6	0.1
• Savings products	446	—	—	—	446	6.0
• Medium-term notes	106	—	—	—	106	1.5
Sub-total	2 766	721	443	944	4 874	66.1
US dollar						
US euro dollar market						
• Medium-term notes	—	29	—	—	29	0.4
World market						
• Negotiable bonds	2 200	—	—	—	2 200	29.8
Sub-total	2 200	29	—	—	2 229	30.2
Other currencies						
• Public issue						
Euro market	217	—	—	—	217	2.9
• Private issue						
Japanese yen market	58	—	—	—	58	0.8
Sub-total	275	—	—	—	275	3.7
Total	5 241	750	443	944	7 378	100.0

1 Including borrowings of \$296 million to finance the work of municipal bodies.

2 Borrowings to finance institutions in the health and social services network and the education network.

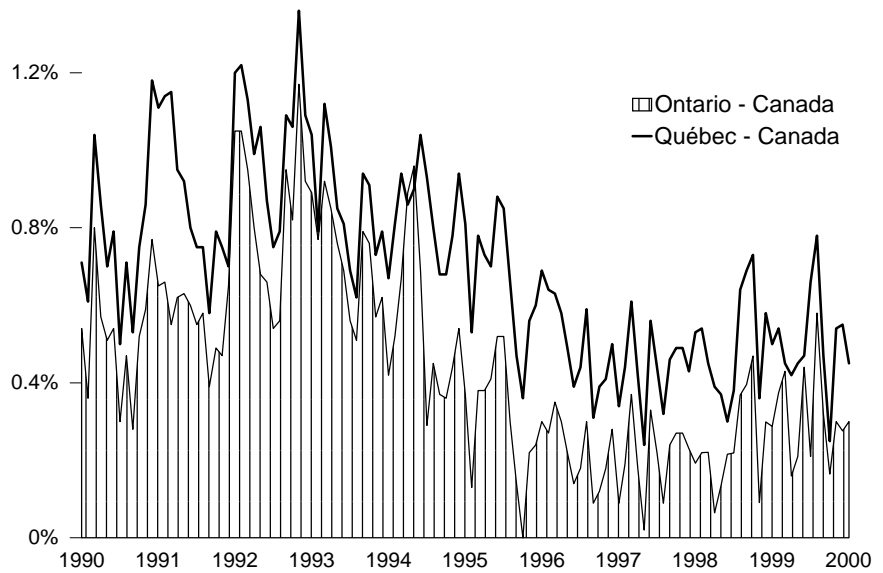
GRAPH 2.1

YIELD ON QUÉBEC AND CANADA LONG-TERM (10 YEAR) GOVERNMENT SECURITIES



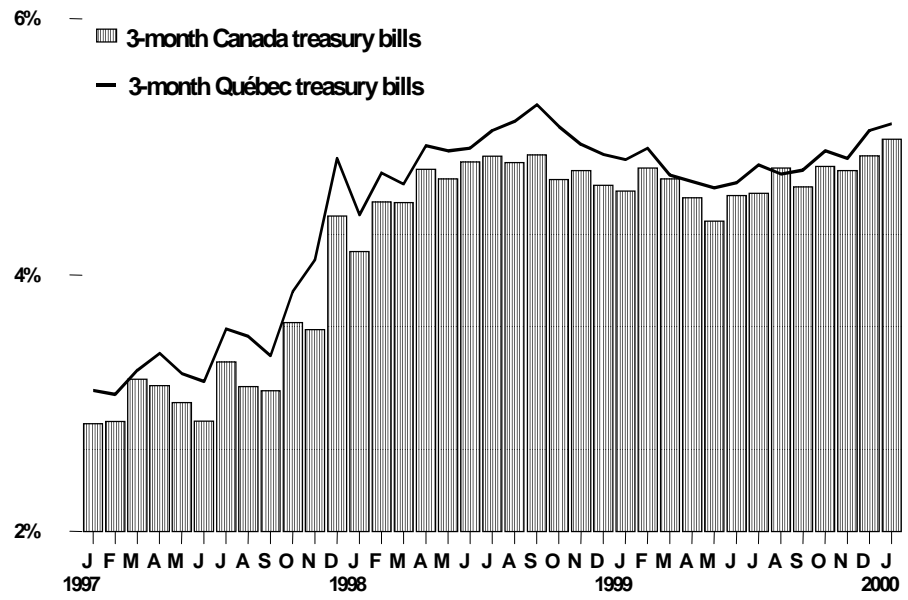
GRAPH 2.2

YIELD SPREADS ON LONG-TERM (10-YEAR) SECURITIES



GRAPH 2.3

YIELD ON SHORT-TERM SECURITIES



Repayment of borrowings

Preliminary results show that the repayment of borrowings of the Consolidated Revenue Fund and consolidated organizations for fiscal 1999-2000 amounts to \$5 807 million, \$10 million more than forecast in the Budget Speech of March 9, 1999.

Repayment of borrowings of the Consolidated Revenue Fund

Preliminary results show that the repayment of borrowings of the Consolidated Revenue Fund amounts to \$5 238 million, \$43 million more than anticipated in the Budget Speech of last March.

Repayment of borrowings of consolidated organizations

Preliminary results show that the repayment of borrowings of consolidated organizations for fiscal 1999-2000 amounts to \$569 million, \$33 million less than anticipated in the last Budget Speech.

Government debt

The government's total debt consists of the consolidated direct debt and the net retirement plans liability. The consolidated direct debt is the sum of the direct debt of the Consolidated Revenue Fund and the debt of consolidated organizations. As for the net retirement plans liability, it consists of the retirement plans liability minus the balance of the retirement plans sinking fund (RPSF), an asset that may eventually be used to pay the retirement benefits of public and parapublic sector employees.

According to the preliminary data, the consolidated direct debt amounts to \$61 688 million as at March 31, 2000, or \$57 988 million as direct debt of the Consolidated Revenue Fund and \$3 700 million as debt of consolidated organizations.

It should be noted that an amount of \$758 million included in the consolidated direct debt represents pre-financing in 1999-2000 that will be used to cover part of the borrowings to be made in 2000-2001. Excluding this pre-financing, the consolidated direct debt of the Québec government amounts to \$60 930 million as at March 31, 2000, including \$57 230 million as direct debt of the Consolidated Revenue Fund.

The net retirement plans liability totals \$39 227 million as at March 31, 2000 and consists of \$44 262 million as the retirement plans liability minus the value of the RPSF, or \$5 035 million.

Excluding pre-financing, the total debt is \$100 157 million.

TABLE 2.8

TOTAL ANTICIPATED GOVERNMENT DEBT AS AT MARCH 31, 2000 (in millions of dollars)

	Consolidated direct debt			Retirement plans liability	Total debt
	Direct debt of the Consolidated Revenue Fund	Consolidated organizations	Total		
Anticipated debt as at March 31, 2000	57 988	3 700	61 688	44 262	105 950
Retirement plans sinking fund	—	—	—	- 5 035	- 5 035
Pre-financing	- 758	—	- 758	—	- 758
Total	57 230	3 700	60 930	39 227	100 157

Structure of the government's total debt

As at March 31, 2000, the proportion of the consolidated direct debt in Canadian dollars amounts to 65.8% and the proportion in foreign currency, 34.2%. If the net retirement plans liability, for which all commitments are in Canadian dollars, is also taken into account, the proportion of the total debt in Canadian dollars rises to 79.1%.

TABLE 2.9

TOTAL ANTICIPATED GOVERNMENT DEBT AS AT MARCH 31, 2000 INCLUDING THE IMPACT OF CURRENCY SWAPS (in millions of dollars)

Currency	Consolidated direct debt					Net retirement plans liability	Total debt	
	Direct debt of the Consolidated Revenue Fund	(%)	Consolidated organizations	Total	(%)		Total debt	(%)
Canadian dollar	36 985	63.8	3 588	40 573	65.8	39 227	79 800	79.1
US dollar	12 489	21.5	112	12 601	20.4	—	12 601	12.5
Japanese yen	6 471	11.2	—	6 471	10.5	—	6 471	6.4
Swiss franc	1 362	2.3	—	1 362	2.2	—	1 362	1.3
Euro	681	1.2	—	681	1.1	—	681	0.7
Sub-total	57 988	100.0	3 700	61 688	100.0	39 227	100 915	100.0
Pre-financing	- 758		—	- 758		—	- 758	
Total	57 230		3 700	60 930		39 227	100 157	

Note: The debt in foreign currency is expressed in the Canadian equivalent at the exchange rates effective on February 18, 2000.

Structure of the direct debt of the Consolidated Revenue Fund

The proportion of the direct debt of the Consolidated Revenue Fund in Canadian dollars amounts to 63.8% and the proportion in foreign currency, 36.2%. At the end of the current fiscal year, the share at fixed rates amounts to 55.3%, while the share at variable rates stands at 44.7%.

The weighted average maturity of this debt, excluding savings bonds and Treasury bills, rose from 10.6 years as at March 31, 1999 to 11.4 years as at March 31, 2000.

Savings products outstanding should total \$2 635 million and represent 4.5% of this debt. Treasury bills outstanding total \$1 774 million, or 3.1% of the direct debt of the Consolidated Revenue Fund.

Net retirement plans liability

The retirement plans liability is the recorded value of government commitments with regard to the retirement plans of public and parapublic sector employees. As at March 31, 2000, this value amounts to \$44 262 million.

In 1993, the government created the retirement plans sinking fund (RPSF), which constitutes a cash reserve that may eventually be used for paying the retirement benefits of public and parapublic sector employees. It is managed by the Caisse de dépôt et placement du Québec (CDPQ).

As at March 31, 2000, the value of the RPSF amounts to \$5 035 million, \$2 826 million more than the previous fiscal year. This increase is due to deposits of \$2 612 million made by the government in 1999-2000 and investment income of \$214 million.

As at March 31, 2000, the net retirement plans liability totals \$39 227 million.

The government issues bonds on financial markets in order to make deposits in the RPSF. It should be noted that the amounts deposited in the RPSF during the fiscal year do not affect the government's total debt. The amount of borrowings made to make deposits in the RPSF increases the direct debt of the Consolidated Revenue Fund while reducing the net retirement plans liability by the same amount.

To analyze the change in the components of the direct debt of the Consolidated Revenue Fund from one fiscal year to the next, it is important to exclude the impact of the RPSF.

As shown in the following table, the direct debt of the Consolidated Revenue Fund rose by \$1 496 million between March 31, 1999 and March 31, 2000 (after adjustment to take pre-financing into account). However, this increase is entirely due to the substantial deposits made in the RPSF in 1999-2000. If the value of the RPSF as at March 31 of each fiscal year were subtracted from the direct debt of the Consolidated Revenue Fund, it can be noted that this debt, in the absence of the RPSF, would have decreased by \$1 330 million, while the retirement plans liability would have increased by \$1 629 million.

TABLE 2.10

IMPACT OF THE RPSF ON THE DIRECT DEBT OF THE CONSOLIDATED REVENUE FUND AND THE RETIREMENT PLANS LIABILITY
(in millions of dollars)

	As at March 31		
	1999 ¹	2000 ²	Change
Direct debt of the Consolidated Revenue Fund (including the RPSF)	58 565	57 988	- 577
Pre-financing	- 2 831	- 758	2 073
Direct debt of the Consolidated Revenue Fund (including the RPSF)	55 734	57 230	1 496
Balance of the RPSF	- 2 209	- 5 035	- 2 826
Direct debt of the Consolidated Revenue Fund (excluding the RPSF)	53 525	52 195	- 1 330
Net retirement plans liability	40 424	39 227	- 1 197
Balance of the RPSF	2 209	5 035	2 826
Retirement plans liability	42 633	44 262	1 629
Total debt³	96 158	96 457	299

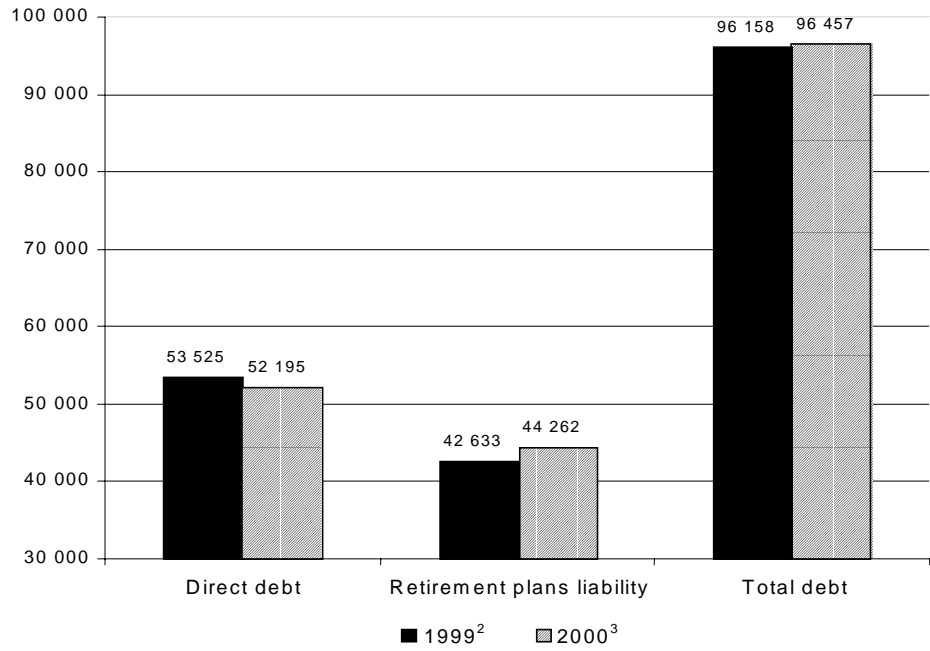
1 Preliminary results.

2 Forecast.

3 Excluding the debt of consolidated organizations.

GRAPH 2.4

DIRECT DEBT (EXCLUDING THE RPSF), RETIREMENT PLANS LIABILITY AND TOTAL DEBT¹
 (in millions of dollars)



1 Excluding the debt of consolidated organizations.
 2 Preliminary results.
 3 Forecast.

Acceleration of deposits in the RPSF

Last December, the government announced that it would accelerate its deposits in the RPSF to ensure that, 20 years from now, the sums accumulated in this fund would be equal to 70% of the government's actuarial obligations with respect to the retirement plans of public and parapublic sector employees.

The introduction of a policy to accelerate deposits in the RPSF is in keeping with the agreement reached last December for the renewal of the collective agreements of public and parapublic sector employees.

Reduction in the debt service

This new policy should lead to a reduction in the government's debt service expenditures. Since the rates of return on funds managed by the Caisse de dépôt et placement du Québec are generally higher than the interest rates on Québec government bonds, RPSF income, which is applied against the government's debt service, will be higher than the additional interest expenditures stemming from new borrowings. Consequently, there will be a net reduction in the government's debt service.

No impact on budgetary expenditure

It should also be noted that the acceleration of deposits in the RPSF does not mean that there will be an increase in the government's budgetary expenditure with respect to the retirement plans of its employees. The recording of government commitments with regard to these plans is already very rigorous. Every fiscal year, the government enters as expenditure the total present value of the retirement benefits it will eventually have to pay in respect of service rendered by its employees during that year. In addition, in accordance with the accounting practices recommended by the Canadian Institute of Chartered Accountants (CICA), the value of previous commitments with regard to the retirement plans of government employees is already taken into account in the government's financial statements. Therefore, the policy to accelerate deposits in the RPSF will not affect the value of budgetary expenditures with respect to the retirement plans.

A flexible policy

The government will have all the flexibility it needs to apply this policy. Deposits will be made in the RPSF only when financial market conditions, particularly interest rates and the receptivity of markets to bond issues, are favourable. In addition, the government may, if it so wishes, accelerate its deposits in the RPSF even further, as it did during the current fiscal year.

Public sector borrowings and investments

During the 1999 calendar year, gross long-term public sector borrowings totalled \$13 700 million, a decline of \$356 million compared with the previous year.

TABLE 2.11

LONG-TERM PUBLIC SECTOR BORROWINGS (in millions of dollars)

	Calendar year				
	1995	1996	1997	1998	1999 ¹
Gross borrowings					
Government ²	7 799	6 984	8 351	8 382	7 126
Educational institutions	799	1 259	881	468	982
Health and social services institutions	286	750	570	453	504
Hydro-Québec ³	2 222	1 792	1 884	2 481	2 220
Other government enterprises	1 097	1 361	1 117	105	699
Municipal bodies	2 490	2 575	2 086	2 167	2 169
Total	14 693	14 721	14 889	14 056	13 700
Repayments	8 123	10 015	12 259	13 069	9 626
Net borrowings	6 570	4 706	2 630	987	4 074

1 Preliminary results.

2 Amounts borrowed during the calendar year for the requirements of the Consolidated Revenue Fund, excluding less-than-one-year net borrowings made as long-term financing transactions, which explains the difference between this list and the list of borrowings given later in this text. These amounts also exclude borrowings to cover the requirements of consolidated organizations, non-consolidated organizations and Financement-Québec, which are distributed among the organizations and networks for which they were intended.

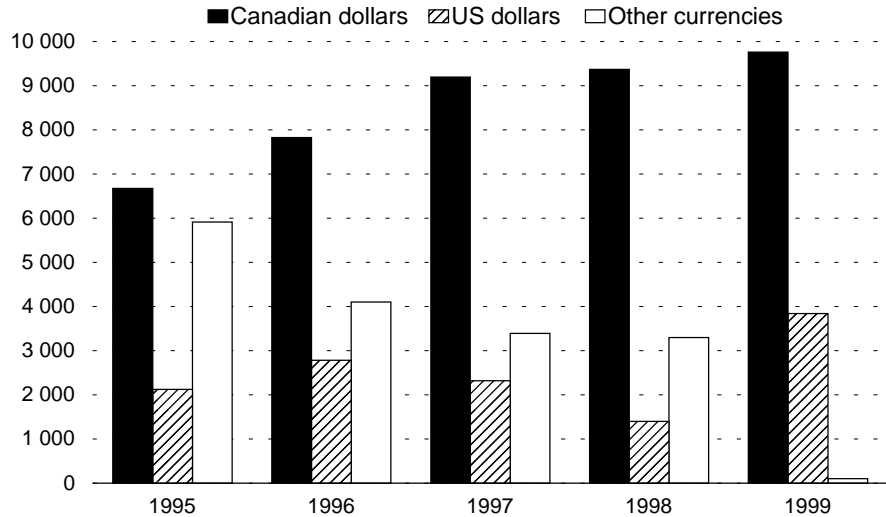
3 Amounts borrowed during the calendar year, excluding less-than-one-year net borrowings made as long-term financing transactions, which explains the difference between this list and the list of borrowings given later in this text.

Gross borrowings in Canadian dollars totalled \$9 760 million in 1999, or 71.2% of total borrowings by the public sector. Gross borrowings in US dollars reached \$3 837 million, or 28.0% of the total, while those in other currencies amounted to \$103 million, or 0.8% of the total.

Taking refinancing and repayments into consideration, net public sector borrowings are estimated at \$4 074 million in 1999. The ratio of net borrowings to gross domestic product rose from 0.5% of GDP in 1998 to 2.0% in 1999. This increase is due to two factors: borrowings made by the government in 1999 to make additional deposits in the RPSF and the very sharp decline in the repayment of government borrowings between 1998 and 1999, which increases net borrowings for 1999. This situation is attributable to the fact that repayments in fiscal 1998-1999 were concentrated in 1998, while those in 1999-2000 were concentrated in the first quarter of 2000.

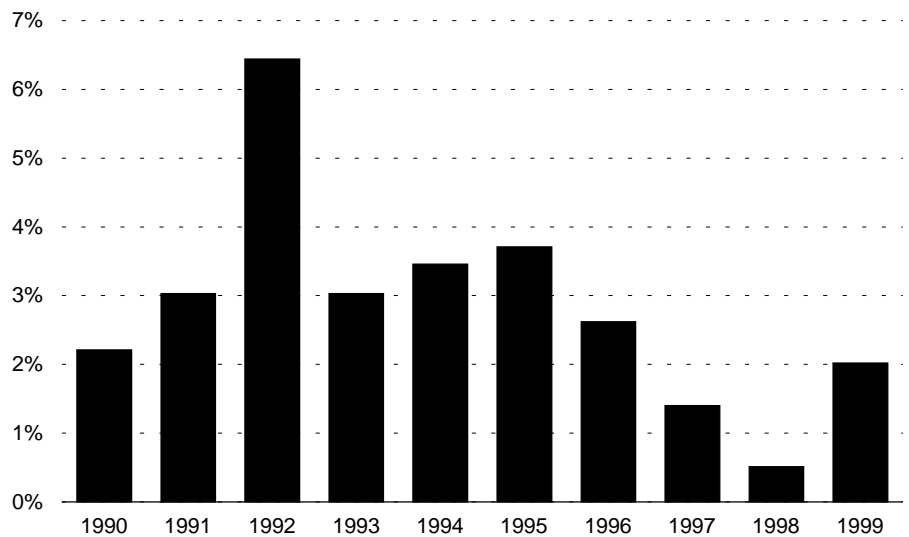
GRAPH 2.5

GROSS PUBLIC SECTOR BORROWINGS BY CURRENCY
(in millions of dollars)



GRAPH 2.6

NET PUBLIC SECTOR BORROWINGS COMPARED WITH GROSS DOMESTIC PRODUCT



In 1999, public sector investments amounted to \$6 401 million, a decrease of \$225 million.

TABLE 2.12

PUBLIC SECTOR INVESTMENTS
(in millions of dollars)

	Calendar year				
	1995	1996	1997	1998	1999 ¹
Government ²	992	878	799	907	962
Educational institutions ³	599	681	818	697	928
Health and social services institutions ³	472	448	409	628	623
Hydro-Québec ⁴	2 775	2 047	1 571	1 986	1 637
Other government enterprises ⁵	661	393	463	454	527
Municipal bodies ⁶	2 197	2 142	1 948	1 954	1 724
Total	7 696	6 589	6 008	6 626	6 401

1 Preliminary results.

2 Government investments include its capital expenditures as well as grants and loans for investments made available to economic agents outside the public sector. Financial investments in other components of the public sector are therefore excluded.

Sources: Public Accounts of the gouvernement du Québec, Conseil du trésor and ministère des Finances du Québec.

3 Investments by school boards, colleges, universities and health and social services institutions include the share paid by the institutions themselves. It should be noted that the share paid by the government is financed by subsidies for the debt service.

Source: Conseil du trésor.

4 Financial investments and commercial programs were excluded beginning in 1997.

Source: Hydro-Québec.

5 Investments by government enterprises correspond to the increase in long-term assets. Investments of the Société québécoise d'assainissement des eaux are included under "municipal bodies".

Sources: Financial statements of the enterprises of the gouvernement du Québec and ministère des Finances du Québec.

6 Investments by municipal bodies include those related to water purification, public transportation and cultural and community facilities, as well as other municipal investments.

Sources: Conseil du trésor, ministère des Affaires municipales et de la Métropole and ministère des Finances du Québec.

The following table presents a comparative analysis of borrowings and investments by the public sector as a whole. Total net public sector borrowings include, in addition to the net long-term borrowings mentioned earlier, less-than-one-year borrowings made as long-term financing transactions, including Treasury bills and Treasury notes issued by the government, and the annual surplus of the government's retirement plans account. Over the four preceding years, net public sector borrowings were systematically lower than public sector investments. In 1999, the ratio of net borrowings to investments was 0.43.

TABLE 2.13

TOTAL NET BORROWINGS AND INVESTMENTS BY THE PUBLIC SECTOR
(in millions of dollars)

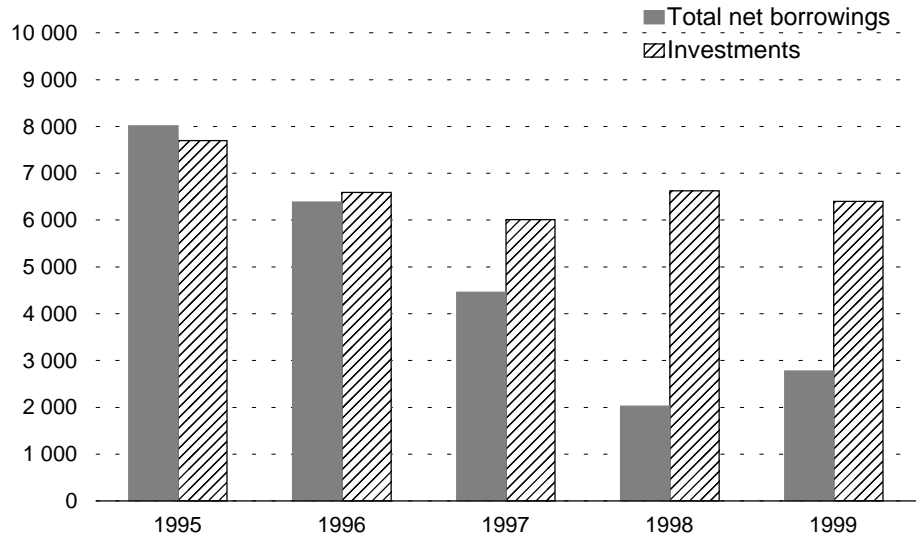
	Calendar year				
	1995	1996	1997	1998	1999 ¹
Net long-term borrowings	6 570	4 706	2 630	987	4 074
Less-than-one-year net borrowings made as long-term financing transactions	177	—	—	—	—
Surplus from the government retirement plans account ²	1 264	1 678	1 827	1 040	- 1 294
Total net borrowings	8 011	6 384	4 457	2 027	2 781
Investments	7 696	6 589	6 008	6 626	6 401
Ratio	1.04	0.97	0.74	0.31	0.43

1 Preliminary results.

2 This amount takes into account deposits made in the retirement plans sinking fund and the income of this fund.

GRAPH 2.7

TOTAL NET BORROWINGS AND INVESTMENTS BY THE PUBLIC SECTOR
(in millions of dollars)



Historical data and preliminary results

TABLE 2.14

GOUVERNEMENT DU QUÉBEC SUMMARY OF FINANCIAL TRANSACTIONS

(in millions of dollars)

	Before reform of government accounting		After reform of government accounting		
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000 ¹
Budgetary transactions					
Own-source revenue	30 645	31 175	35 773	38 560	40 677
Government of Canada transfers	8 142	6 719	5 989	8 090	6 284
Total revenue	38 787	37 894	41 762	46 650	46 961
Operating expenditure	- 36 702	- 35 254	- 36 578	- 39 332	- 39 573
Debt service	- 6 034	- 5 855	- 7 343	- 7 187	- 7 388
Total expenditure	- 42 736	- 41 109	- 43 921	- 46 519	- 46 961
Budgetary surplus (deficit)	- 3 949	- 3 215	- 2 159	131	0
Non-budgetary transactions					
Investments, loans and advances	- 287	- 792	- 1 315	- 1 402	- 1 755
Capital expenditures	—	—	- 209	- 217	- 372
Retirement plans	1 701	1 928	1 888	1 020	1 629
Other accounts	- 413	- 57	111	991	958
Non-budgetary surplus	1 001	1 079	475	392	460
Net financial surplus (requirements)	- 2 948	- 2 136	- 1 684	523	460
Financing transactions					
Change in cash position	853	1 433	473	- 1 983	2 182
Change in direct debt ²	2 169	794	1 295	2 490	184
Retirement plans sinking fund ³	- 74	- 91	- 84	- 1 030	- 2 826
Total financing of transactions	2 948	2 136	1 684	- 523	- 460

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing. For the change in cash position, a negative entry indicates an increase and a positive entry, a decrease. For purposes of comparison, the data are presented on the basis of the 2000-2001 budgetary and financial structure.

- 1 The preliminary results for 1999-2000 are based on actual data recorded from April 1999 to January 2000 and on an estimate, as at March 3, 2000, of the February and March results for which transactions will be posted, up to the closing of the books, to 1999-2000 transactions.
- 2 The change in direct debt includes new borrowings less repayment of borrowings.
- 3 This sinking fund receives amounts to be used to cover retirement benefits payable by the government under the public and parapublic sector retirement plans. The income from this fund is accumulated in it and is subtracted from the interest expenditure recorded with regard to the retirement plans liability.

TABLE 2.15

GOVERNEMENT DU QUÉBEC
BUDGETARY REVENUE

(in millions of dollars)

	Before reform of government accounting		After reform of government accounting		
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Own-source revenue					
Income and property taxes					
Personal income tax	12 988	13 220	14 447	15 293	15 979
Contributions to Health Services Fund	3 694	3 768	3 893	4 117	4 208
Corporate taxes	2 517	2 931	3 443	3 406	3 575
Succession duties	—	- 1	—	—	—
	19 199	19 918	21 783	22 816	23 762
Consumption taxes					
Sales	5 614	5 213	5 488	6 426	6 868
Fuel	1 407	1 454	1 486	1 559	1 554
Tobacco	265	283	323	523	509
Pari mutuel	2	—	—	—	—
	7 288	6 950	7 297	8 508	8 931
Duties and permits					
Motor vehicles	482	490	641	664	679
Alcoholic beverages	126	123	129	135	137
Natural resources	236	227	381	242	339
Other	165	169	179	181	186
	1 009	1 009	1 330	1 222	1 341
Miscellaneous					
Sales of goods and services	482	510	533	501	481
Interest	269	234	283	346	338
Fines, forfeitures and recoveries	471	368	422	356	353
	1 222	1 112	1 238	1 203	1 172
Revenue from government enterprises					
Société des alcools du Québec	351	372	378	408	440
Loto-Québec	806	972	1 068	1 167	1 243
Hydro-Québec	422	661	636	754	1 022
Other	348	181	652	802	1 037
	1 927	2 186	2 734	3 131	3 742
Consolidated organizations	—	—	1 391	1 680	1 729
Total own-source revenue	30 645	31 175	35 773	38 560	40 677
Government of Canada transfers					
Programs					
Equalization	4 321	4 103	4 229	5 385	4 387
Canada Health and Social Transfer	—	2 554	1 660	1 697	1 120
Contributions to welfare programs	2 031	- 2	—	—	—
EPF and other transfers related to fiscal arrangements	1 689	- 38	26	60	11
Other programs	101	102	- 244	690	518
Consolidated organizations	—	—	318	258	248
Total Government of Canada transfers	8 142	6 719	5 989	8 090	6 284
Total budgetary revenue	38 787	37 894	41 762	46 650	46 961

TABLE 2.16

GOUVERNEMENT DU QUÉBEC
BUDGETARY EXPENDITURE
(in millions of dollars)

Departments and agencies	Before reform of government accounting		After reform of government accounting		
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Assemblée nationale	77	71	65	71	72
Personnes désignées par l'Assemblée nationale	99	42	36	94	42
Affaires municipales et Métropole	1 440	1 260	1 199	1 011	1 114
Agriculture, Pêcheries et Alimentation	659	600	515	550	533
Conseil du trésor, Administration et Fonction publique ¹	521	616	608	425	429
Conseil exécutif	61	45	41	44	180
Culture et Communications	400	392	392	493	458
Education	10 453	10 040	9 449	9 580	9 764
Emploi et Solidarité sociale	4 008	3 943	3 762	4 133	4 047
Environnement	189	180	152	180	253
Famille et Enfance	998	1 000	1 187	1 400	1 436
Faune et Parcs	83	87	117	108	75
Finances (excluding debt service)	262	188	312	354	357
Industrie et Commerce	171	159	173	145	152
Justice et Condition féminine	460	465	459	492	466
Recherche, Science et Technologie	138	139	138	243	305
Régions	163	130	106	133	154
Relations avec les citoyens et Immigration	159	161	155	161	172
Relations internationales	120	103	97	108	119
Ressources naturelles	376	346	300	369	477
Revenu	511	631	1 085	845	659
Santé et Services sociaux	13 101	12 920	12 984	14 667	14 535
Sécurité publique	719	696	664	704	702
Tourisme	43	53	57	75	111
Transports	1 460	930	1 363	1 507	1 589
Travail	70	68	68	72	73
	36 741	35 265	35 484	37 964	38 274
Change in the allowance for loss on share investments ²	- 39	- 11	—	—	—
Program spending	36 702	35 254	35 484	37 964	38 274
Consolidated organizations	—	—	1 094	1 368	1 299
Total operating expenditure	36 702	35 254	36 578	39 332	39 573
Debt service					
• Consolidated Revenue Fund	6 034	5 855	6 766	6 574	6 724
• Consolidated organizations	—	—	577	613	664
Total debt service	6 034	5 855	7 343	7 187	7 388
Total budgetary expenditure	42 736	41 109	43 921	46 519	46 961

1 The 1999-2000 preliminary results contain provisions which allow transfers to other departments and agencies between the date the budget documents are produced and the end of the fiscal year.

2 Provision created and incorporated into expenditures when the accumulated deficit of a government enterprise exceeds the cost of the investment in shares held by the government. In the wake of the reform of government accounting, it is now shown under revenue.

TABLE 2.17

GOUVERNEMENT DU QUÉBEC
NON-BUDGETARY TRANSACTIONS
(in millions of dollars)

	Before reform of government accounting		After reform of government accounting		
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Investments, loans and advances					
Consolidated Revenue Fund					
GOVERNMENT ENTERPRISES					
SHARES AND INVESTMENTS:					
Société générale de financement du Québec	62	186	- 90	- 40	- 150
Société Innovatech du Grand Montréal	—	—	—	- 101	- 30
Société Innovatech Québec et Chaudière-Appalaches	—	—	—	- 31	- 9
Société Innovatech Sud du Québec	—	—	—	- 7	- 5
Société Innovatech Régions ressources	—	—	—	—	- 8
Other	—	—	- 3	- 5	- 1
	62	186	- 93	- 184	- 203
CHANGE IN THE EQUITY VALUE OF INVESTMENTS	- 359	- 731	- 931	- 1 282	- 1 536
LOANS AND ADVANCES:					
Société générale de financement du Québec	—	—	9	—	14
Société Innovatech du Grand Montréal	—	- 26	- 36	62	—
Société Innovatech Québec et Chaudière-Appalaches	—	- 7	- 14	21	—
Société Innovatech Sud du Québec	—	- 4	—	3	—
Other	—	- 21	—	—	—
	—	- 58	- 41	86	14
Total government enterprises	- 297	- 603	- 1 065	- 1 380	- 1 725
INDIVIDUALS, CORPORATIONS AND OTHERS	7	- 192	- 356	- 119	- 1
MUNICIPALITIES AND MUNICIPAL BODIES	3	3	5	3	4
	- 287	- 792	- 1 416	- 1 496	- 1 722
Consolidated organizations	—	—	101	94	- 33
Total investments, loans and advances	- 287	- 792	- 1 315	- 1 402	- 1 755
Capital expenditures					
Consolidated Revenue Fund					
- Net investments	—	—	- 117	- 69	- 98
- Amortization	—	—	381	372	364
	—	—	264	303	266
Consolidated organizations	—	—	- 473	- 520	- 638
Total capital expenditures	—	—	- 209	- 217	- 372

TABLE 2.17 (CONT.)

GOVERNEMENT DU QUÉBEC
NON-BUDGETARY TRANSACTIONS
(in millions of dollars)

	Before reform of government accounting		After reform of government accounting		
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Retirement plans					
CONTRIBUTIONS BY THE GOVERNMENT					
Contributions by the government as employer					
RREGOP					
• Cost of constituted benefits ¹	506	534	608	693	727
• Amortization of actuarial gain (-) or loss	- 477	- 380	—	66	66
• Amortization of unrecorded actuarial liabilities and cost of changes to plan	93	139	—	—	16
Other plans					
• Annual cost of constituted benefits ¹	188	169	135	147	154
• Amortization of actuarial gain (-) or loss	- 2	- 4	—	—	20
• Amortization of unrecorded actuarial liabilities and cost of change to plans	746	758	—	24	37
Total government contribution	1 054	1 216	743	930	1 020
Contributions by independent employers	23	22	22	8	10
Participants contributions	154	156	120	206	121
Total contributions	177	178	142	214	131
Benefits, repayments and administrative expenses	- 1 351	- 1 506	- 2 046	- 2 624	- 2 348
Interest on retirement plans account charged to debt service ²	1 821	2 040	3 049	2 500	2 826
Total retirement plans	1 701	1 928	1 888	1 020	1 629
Other accounts					
Consolidated Revenue Fund	- 413	- 57	555	904	591
Consolidated organizations	—	—	- 444	87	367
Total other accounts	- 413	- 57	111	991	958
Total non-budgetary transactions	1 001	1 079	475	392	460

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing.

1 Cost of retirement benefits constituted during the fiscal year, calculated according to the accounting method that consists in distributing benefits in proportion to years of service. The annual cost of constituted benefits includes the retirement charge of the consolidated organizations, i.e. \$47 million in 1999-2000.

2 Excluding the revenue produced by the retirement plans sinking fund.

TABLE 2.18

GOUVERNEMENT DU QUÉBEC
FINANCING TRANSACTIONS

(in millions of dollars)

	Before reform of government accounting		After reform of government accounting		
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Change in cash position					
Consolidated Revenue Fund	853	1 433	-22	-2 831	2 073
Consolidated organizations	—	—	495	848	109
Total change in cash position	853	1 433	473	-1 983	2 182
Change in direct debt					
Consolidated Revenue Fund					
- New borrowings	5 227	7 049	9 027	9 355	5 241
- Repayment of borrowings	- 3 058	- 6 255	- 8 015	- 6 399	- 5 238
	2 169	794	1 012	2 956	3
Consolidated organizations					
- New borrowings	—	—	1 094	296	750
- Repayment of borrowings	—	—	-811	-762	-569
	—	—	283	-466	181
Total change in direct debt	2 169	794	1 295	2 490	184
Retirement plans sinking fund¹	- 74	- 91	- 84	- 1 030	- 2 826
Total financing of transactions	2 948	2 136	1 684	- 523	- 460

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing. For the change in cash position, a negative entry indicates an increase and a positive entry, a decrease.

- 1 This sinking fund receives amounts to be used to cover retirement benefits payable by the government under the public and parapublic sector retirement plans. The income from this fund is accumulated in it and is subtracted from the interest expenditure recorded with regard to the retirement plans liability.

TABLE 2.19

BORROWINGS FOR THE CONSOLIDATED REVENUE FUND IN 1999-2000

Amount in Canadian dollars ¹	Face value in foreign currency	Interest rate ²	Date of issue	Date of maturity	Price to investor	Yield to investor ³
(in millions)		%			\$	%
20	—	4.50	May 18	2026-12-01	100.124	4.492 ⁸
10	—	4.50	May 31	2026-12-01	100.000	4.500 ⁸
5	—	4.50	June 1	2026-12-01	100.220	4.486 ⁸
4	—	4.50	June 7	2026-12-01	100.000	4.500 ⁸
55 ⁴	—	7.75	July 7	2006-03-30	110.323	5.869
129 ⁴	—	11.00	July 7	2009-04-01	136.812	5.959
60 ⁴	—	9.375	July 12	2023-01-16	137.574	6.292
52 ⁴	—	5.25	August 5	2002-04-01	98.511	5.860
20 ⁴	—	7.75	August 5	2006-03-30	108.396	6.189
50 ⁴	—	11.00	August 5	2009-04-01	133.739	6.283
22 ⁴	—	9.00	August 5	2012-02-10	122.120	6.403
34 ⁴	—	6.00	August 5	2029-10-01	92.495	6.574
362	—	6.00	August 17	2029-10-01	90.573	6.734
98 ⁴	—	5.25	September 3	2002-04-01	98.310	5.965
78 ⁴	—	6.50	September 3	2007-10-01	101.301	6.291
68 ⁴	—	8.50	September 3	2026-04-01	123.521	6.609
2 200	US\$1 500	7.50	September 24	2029-09-15	99.547	7.538
92 ⁴	—	7.75	October 5	2006-03-30	108.618	6.120
78 ⁴	—	6.50	October 5	2007-10-01	101.930	6.190
79 ⁴	—	6.00	October 5	2029-10-01	92.867	6.546
58	¥ 4 000	2.11*	December 8	2009-12-08	100.000	2.100
221 ⁴	—	7.50	December 10	2003-12-01	103.849	6.388
94 ⁴	—	9.375	December 10	2023-01-16	130.166	6.772
25	—	4.50	January 21	2026-12-01	101.832	4.383 ⁸
127 ⁴	—	6.50	February 4	2007-10-01	97.161	6.983
56 ⁴	—	5.50	February 4	2009-06-01	89.839	7.001
5	—	4.50	February 4	2026-12-01	102.260	4.356 ⁸
67 ⁴	—	6.00	February 4	2029-10-01	88.343	6.931
129 ⁴	—	6.50	March 6	2007-10-01	99.404	6.600
28 ⁴	—	5.50	March 6	2009-06-01	92.198	6.642
140 ⁴	—	8.50	March 6	2026-04-01	124.273	6.546
217	€ 150	5.75*	March 15	2006-12-15	101.400	5.490
446 ⁵	—	Various	Various	Various	Various	Various
6 ⁶	—	Various	Various	Various	Various	Various
106 ⁷	—	Various	Various	Various	Various	Various
5 241						

* Interest payable annually.

1 Borrowings in foreign currency given in Canadian equivalent of their value on the date of borrowing.

2 Interest payable semi-annually except where marked with an asterisk.

3 Yield to investor is determined on the basis of interest payable semi-annually.

4 Borrowings fully subscribed by the Caisse de dépôt et placement du Québec.

5 Savings products issued by Placements Québec.

6 Borrowings from the Canada Pension Plan Investment Fund.

7 Medium-term notes on the Canadian market.

8 Real return bonds. The principal and the interest rate of these bonds are adjusted according to the change in the Consumer Price Index in Canada.

Note: The gouvernement du Québec has credit agreements with various banks and financial institutions for a total of US\$3 500 million. None of the credit agreements is being drawn upon.

TABLE 2.20

BORROWINGS FOR CONSOLIDATED ORGANIZATIONS IN 1999-2000¹

Amount in Canadian dollars	Face value in foreign currency	Interest rate ²	Date of issue	Date of maturity	Price to investor	Yield to investor ³
(in millions)		%			\$	%
31 ⁴	—	6.50	September 3	2007-10-01	101.144	6.316
98 ⁴	—	5.50	September 3	2009-06-01	93.897	6.348
89 ⁴	—	5.25	September 21	2002-04-01	98.621	5.844
155 ⁴	—	6.50	September 21	2007-10-01	101.848	6.204
161 ⁴	—	5.50	September 21	2009-06-01	94.658	6.241
52 ⁴	—	7.50	December 10	2003-12-01	103.849	6.388
45 ⁴	—	5.50	February 4	2009-06-01	89.839	7.001
27 ⁴	—	5.25	March 6	2002-04-01	98.101	6.239
63 ⁴	—	7.50	March 10	2003-12-01	103.414	6.450
29 ⁵	—	Various	Various	Various	Various	Various
750						

- 1 Including borrowings of \$296 million to finance the work of municipal bodies.
- 2 Interest payable semi-annually.
- 3 Yield to investor is determined on the basis of interest payable semi-annually.
- 4 Borrowings fully subscribed by the Caisse de dépôt et placement du Québec.
- 5 Medium-term notes on various European markets.

TABLE 2.21

BORROWINGS BY THE GOVERNMENT FOR NON-CONSOLIDATED ORGANIZATIONS IN 1999-2000

Amount in Canadian dollars	Face value in foreign currency	Interest rate ¹	Date of issue	Date of maturity	Price to investor	Yield to investor ²
(in millions)		%			\$	%
63 ³	—	6.50	September 3	2007-10-01	101.144	6.316
10 ³	—	6.50	September 21	2007-10-01	101.848	6.204
93 ³	—	5.50	November 4	2009-06-01	92.897	6.508
34 ³	—	7.50	November 10	2003-12-01	104.286	6.285
117 ³	—	9.375	November 10	2023-01-16	129.973	6.789
126 ³	—	9.375	December 10	2023-01-16	130.166	6.772
443						

1 Interest payable semi-annually.

2 Yield to investor is determined on the basis of interest payable semi-annually.

3 Borrowings fully subscribed by the Caisse de dépôt et placement du Québec.

TABLE 2.22

BORROWINGS BY THE GOVERNMENT FOR FINANCEMENT-QUÉBEC IN 1999-2000¹

Amount in Canadian dollars	Face value in foreign currency	Interest rate ²	Date of issue	Date of maturity	Price to investor	Yield to investor ³
(in millions)		%			\$	%
98 ⁴	—	7.75	June 23	2006-03-30	110.664	5.819
99 ⁴	—	6.50	June 25	2007-10-01	103.870	5.900
99 ⁴	—	5.50	June 30	2009-06-01	95.456	6.117
98 ⁴	—	9.50	June 30	2011-09-02	127.501	6.240
4 ⁴	—	6.50	September 3	2007-10-01	101.144	6.316
46 ⁴	—	6.50	September 21	2007-10-01	101.848	6.204
398	—	6.50	February 28	2005-12-01	99.533	6.596
102 ⁴	—	5.50	March 6	2009-06-01	92.198	6.642
944						

1 Financement-Québec is a government enterprise that was created in 1999-2000 to make loans to certain public sector establishments in Québec, particularly those in the health and social services network and the education network. Previously, these establishments contracted borrowings from the Financing Fund. Over the coming months, Financement-Québec should begin to make borrowings on financial markets in its own name, with guarantees from the government. Fiscal 1999-2000 was a transition year for the Financing Fund and Financement-Québec. An amount of \$944 million recorded as borrowings of Financement-Québec is made up of \$500 million advanced to Financement-Québec by the Consolidated Revenue Fund and an amount of \$444 million advanced to the Financing Fund by the Consolidated Revenue Fund for making loans to establishments currently served by Financement-Québec. These borrowings were transferred to Financement-Québec during the fiscal year.

2 Interest payable semi-annually.

3 Yield to investor is determined on the basis of interest payable semi-annually.

4 Borrowings fully subscribed by the Caisse de dépôt et placement du Québec.

TABLE 2.23

BORROWINGS BY HYDRO-QUÉBEC IN 1999

Amount in Canadian dollars ¹	Face value in foreign currency	Interest rate ²	Date of issue	Date of maturity	Price to investor	Yield to investor ³
(in millions)		%			\$	%
404	—	6.00	January 26	2031-08-15	100.913	5.936
405	—	6.00	February 22	2031-08-15	101.263	5.912
497	—	6.00	June 30	2009-07-15	99.417	6.078
881 ⁴	—	Various*	Various	Various	Various	Various
7 ⁵	—	Various	Various	Various	Various	Various
26 ⁶	Various	Various	Various	Various	Various	Various
2 220						

* Interest payable annually.

1 Borrowings in foreign currency given in Canadian equivalent of their value on the date of borrowing.

2 Interest payable semi-annually except where marked with an asterisk.

3 Yield to investor is determined on the basis of interest payable semi-annually.

4 Medium-term notes on the Canadian market.

5 Medium-term notes on various European markets.

6 Amounts received under interest rate and currency swap agreements.

Note: Hydro-Québec has credit agreements with various banks and financial institutions for a total of US\$1 800 million. None of the credit agreements was being drawn upon at December 31, 1999.

Section 2

Appendix 2.1

**Data from the 1999-2000 Budget Speech
and preliminary results according to the
2000-20001 budgetary structure**

TABLE 2.1.1

DATA FROM THE 1999-2000 BUDGET SPEECH AND PRELIMINARY RESULTS ACCORDING TO THE 2000-2001 BUDGETARY STRUCTURE
(in millions of dollars)

	Budget Speech of March 9, 1999			Preliminary results
	1999-2000 budgetary structure	Adjustments ¹	2000-2001 budgetary structure	
REVENUE				
Income and property taxes	23 022	- 48	22 974	23 949
Consumption taxes	8 556	—	8 556	9 066
Duties and permits	1 402	7	1 409	1 507
Miscellaneous	2 367	21	2 388	2 413
Revenue from government enterprises	2 937	—	2 937	3 742
Own-source revenue	38 284	- 20	38 264	40 677
Government of Canada transfers	6 908	—	6 908	6 284
Total revenue	45 192	- 20	45 172	46 961
EXPENDITURE				
Health and Social Services	- 14 051	2	- 14 049	- 14 884
Education and Culture	- 10 051	10	- 10 041	- 10 383
Support for Individuals and Families	- 4 736	- 53	- 4 789	- 4 780
Economy and Environment	- 4 894	41	- 4 853	- 5 473
Administration and Justice	- 3 143	20	- 3 123	- 3 344
Amortization of capital expenditures	- 718	—	- 718	- 709
Sub-total	- 37 593	20	- 37 573	- 39 573
Debt service	- 7 599	—	- 7 599	- 7 388
Total expenditure	- 45 192	20	- 45 172	- 46 961
Surplus	—	—	—	—

- 1 Details of adjustments required to make the data from the 1999-2000 Budget comparable with those from the 2000-2001 Budget:
- implementation in 2000-2001 of the last component of the family policy regarding subsidized day care spaces in day care centres, which increases revenue and expenditure by \$61 million;
 - integration of the Curateur public into the budgetary structure, which increases revenue and expenditure by \$28 million;
 - the revenue and expenditure of consolidated organizations are reduced by \$109 million to eliminate transactions carried out between organizations in the government's reporting entity.

As a whole, these adjustments lead to a \$20 million decline in consolidated revenue and expenditure. They do not have any impact on the surplus.

Section 2

Appendix 2.2

Results of consolidated organizations

Results of consolidated organizations

Revenue from consolidated organizations totals \$1 977 million, an increase of \$58 million compared with the Budget Speech of last March. Expenditure totals \$1 963 million, an increase of \$52 million. These changes are mainly attributable to the growth in the volume of transactions carried out by these organizations with entities that are not included in the government's reporting entity.

Net results for the consolidated organizations show a surplus of \$14 million, \$6 million more than anticipated in the March 1999 Budget Speech. The better-than-anticipated results for certain organizations, including the Fonds de lutte contre la pauvreté par la réinsertion au travail and Investissement-Québec, more than offset the deficit anticipated for the Fonds de l'assurance-médicaments.

TABLE 2.2.1

CHANGE IN NET RESULTS FOR CONSOLIDATED ORGANIZATIONS¹ (in millions of dollars)

	1998-1999		1999-2000	
	Actual results	Budget Speech 1999-03-09	Preliminary results	Change compared with Budget
Own-source revenue	1 680	1 670	1 729	59
Government of Canada transfers	258	249	248	- 1
Total revenue	1 938	1 919	1 977	58
Operating expenditure	- 1 368	- 1 246	- 1 299	- 53
Debt service	- 613	- 665	- 664	1
Total expenditure	- 1 981	- 1 911	- 1 963	- 52
Net results	- 43	8	14	6

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing.

¹ The data in this table exclude transactions carried out with other entities in the government's reporting entity.

Section 2

Appendix 2.3

List of consolidated organizations

ORGANIZATIONS

Agence de l'efficacité énergétique
 Agence métropolitaine de transport
 Bibliothèque nationale du Québec
 Bureau d'accréditation des pêcheurs et des aides-pêcheurs du Québec
 Commissaire de l'industrie de la construction
 Commission de la capitale nationale du Québec
 Commission de reconnaissance des associations d'artistes
 Commission des lésions professionnelles
 Commission des normes du travail
 Commission des services juridiques
 Commission des valeurs mobilières du Québec
 Conseil des arts et des lettres du Québec
 Corporation d'urgences-santé de la région de Montréal métropolitain
 Fondation de la faune du Québec
 Fonds d'aide aux recours collectifs
 Fonds d'assurance-prêts agricoles et forestiers
 Fonds de la recherche en santé du Québec
 Fonds pour la formation de chercheurs et l'aide à la recherche
 Grande bibliothèque
 Héma-Québec
 Institut de la statistique du Québec
 Institut de police du Québec
 Institut de tourisme et d'hôtellerie du Québec
 Institut national de santé publique du Québec
 Investissement-Québec
 Musée d'art contemporain de Montréal
 Musée de la civilisation
 Musée du Québec
 Office de la sécurité du revenu des chasseurs et piégeurs cris
 Office des professions du Québec
 Parc technologique du Québec métropolitain
 Régie de l'assurance-maladie du Québec
 Régie de l'énergie
 Régie des installations olympiques
 Sidbec
 Société de développement de la zone de commerce international de Montréal à Mirabel
 Société de développement des entreprises culturelles
 Société de financement agricole
 Société de la Place des Arts de Montréal
 Société de télédiffusion du Québec
 Société d'habitation du Québec
 Société d'investissement Jeunesse
 Société du Centre des congrès de Québec
 Société du Grand Théâtre de Québec
 Société du Palais des congrès de Montréal
 Société du parc industriel et portuaire de Bécancour

Société immobilière du Québec
 Société nationale de l'amiante
 Société québécoise d'assainissement des eaux
 Société québécoise d'information juridique
 Société québécoise de récupération et de recyclage
 Société des traversiers du Québec
 Tribunal administratif du Québec

SPECIAL FUNDS

Fonds d'aide à l'action communautaire autonome
 Fonds d'aide aux victimes d'actes criminels
 Fonds d'assistance financière pour certaines régions sinistrées
 Fonds de conservation et d'amélioration du réseau routier
 Fonds de développement du marché du travail
 Fonds de développement régional
 Fonds de financement
 Fonds de gestion de l'équipement roulant
 Fonds de la gestion des immeubles du Québec à l'étranger
 Fonds de la réforme du cadastre québécois
 Fonds de l'assurance-médicaments
 Fonds de l'état civil
 Fonds de l'industrie des courses de chevaux
 Fonds de l'information gouvernementale
 Fonds de lutte contre la pauvreté par la réinsertion au travail
 Fonds de partenariat touristique
 Fonds de perception
 Fonds des contributions des automobilistes au transport en commun
 Fonds des pensions alimentaires¹
 Fonds des registres
 Fonds des services de police
 Fonds des services gouvernementaux
 Fonds des technologies de l'information du Conseil du trésor
 Fonds des technologies de l'information du ministère de l'Emploi et de la Solidarité sociale
 Fonds des technologies de l'information du ministère des Finances
 Fonds des technologies de l'information du ministère du Revenu
 Fonds d'information géographique et foncière
 Fonds du centre financier de Montréal
 Fonds forestier
 Fonds relatif à la tempête du verglas
 Fonds spécial de financement des activités locales
 Fonds spécial olympique.

Note: This list contains only the organizations and special funds active in the 1999-2000 fiscal year.

¹ This entity also carries out trust operations.

