

Section 2

The Government's Financial Position in 2000-2001 and Public Sector Borrowings

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The government's financial transactions¹

Budgetary surplus of \$500 million in 2000-2001 after reserve for health and social services, education, social solidarity and research

The preliminary results of the government's financial transactions for the year ending March 31, 2001 show a budgetary surplus of \$500 million after reserve for health and social services, education, social solidarity and research, making it possible to reduce the debt (accumulated deficits) by the same amount.

Consolidated budgetary revenue for the 2000-2001 fiscal year amounts to \$50 903 million, \$2 607 million more than forecast in the last Budget. This growth in revenue may be explained by an increase of \$1 739 million in own-source revenue and of \$868 million in Government of Canada transfers.

As for consolidated budgetary expenditure, it is revised upward by \$1 157 million, to \$49 453 million in 2000-2001. This change reflects the impact of the additional resources allocated during the fiscal year, particularly for health and social services, and the new initiatives announced in the 2001-2002 Budget Speech. In addition, debt service is adjusted upward by \$239 million compared with the level anticipated at the time of the last Budget. This adjustment is essentially attributable to a weaker Canadian dollar relative to other currencies, notably the US dollar and the yen, than forecast in the Budget of last March.

This Budget announces the creation of a reserve² of \$950 million out of the budgetary surpluses posted in 2000-2001. Over the coming years, this sum will be used especially for modernizing the health and social services and education networks and for implementing new social solidarity and research initiatives.

Net financial requirements of \$432 million: \$42 million less than forecast

Consolidated net financial requirements are revised to \$432 million, a decrease of \$42 million compared with the figure anticipated in the March 2000 Budget.

With respect to financing transactions, the change in direct debt is revised upward by \$1 764 million compared with the initial forecast, mainly because of pre-financing of \$1 477 million contracted to take advantage of favourable market conditions. This has led to a temporary increase in the cash level.

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 2001-2002. The adjustments made to the forecasts presented in the Budget Speech of March 14, 2000 are shown in Appendix 2.1.

2 Section 4 presents detailed information on the creation of the reserve.

TABLE 2.1

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

	1999-2000		2000-2001	
	Actual results ¹	Budget Speech 2000-03-14 ¹	Preliminary results ²	Change compared with Budget
Budgetary transactions				
Own-source revenue	41 047	40 990	42 729	1 739
Government of Canada transfers	6 352	7 306	8 174	868
Total revenue	47 399	48 296	50 903	2 607
Operating expenditure	- 39 997	- 40 871	- 41 789	- 918
Debt service	- 7 372	- 7 425	- 7 664	- 239
Total expenditure	- 47 369	- 48 296	- 49 453	- 1 157
Reserve for health and social services, education, social solidarity and research	—	—	- 950	- 950
Budgetary surplus after reserve	30	0	500	500
Non-budgetary transactions				
Investments, loans and advances	- 2 022	- 871	- 1 638	- 767
Capital expenditures	- 359	- 435	- 386	49
Retirement plans	1 740	1 726	1 749	23
Other accounts	1 328	- 894	- 657	237
Non-budgetary surplus (shortfall)	687	- 474	- 932	- 458
Net financial surplus (requirements)	717	- 474	- 432	42
Financing transactions				
Change in cash position	2 246	1 160	- 509	- 1 669
Change in direct debt ³	- 132	1 191	2 955	1 764
Retirement plans sinking fund ⁴	- 2 831	- 1 877	- 2 014	- 137
Total financing of transactions	- 717	474	432	- 42

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.

- The data have been adjusted, for purposes of comparison, on the basis of the 2001-2002 budgetary and financial structure. The adjustments required for the data presented in the Budget Speech of March 14, 2000 are shown in Appendix 2.1.
- The preliminary results for 2000-2001 are based on actual data recorded from April 2000 to January 2001 and on an estimate, as at March 16, 2001, of the February and March results for which transactions will be posted, up to the closing of the books, to 2000-2001 transactions.
- The change in direct debt includes new borrowings less repayment of borrowings.
- 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 2000-2001 fiscal year, budgetary revenue totals \$50 903 million, an increase of 7.4% compared with 1999-2000. Own-source revenue grew by 4.1%, while federal transfers rose by 28.7%.

Own-source revenue

*Own-source revenue:
\$1.7 billion higher owing to
the good economic
performance*

Own-source revenue is \$1 739 million higher than forecast in the 2000-2001 Budget Speech. The better-than-anticipated economic performance in 2000 led to an increase in revenue from personal income tax, contributions to the Health Services Fund and consumption taxes. Compared with the initial forecasts, the revenue from consolidated organizations is revised downward by \$171 million.

TABLE 2.2

SUMMARY OF THE CHANGE IN OWN-SOURCE REVENUE
(in millions of dollars)

	1999-2000			2000-2001	
	Actual results	Budget Speech 2000-03-14	Preliminary results	Change compared with Budget	Change compared with 1999-2000 %
Personal income tax	16 029	15 748	17 006	1 258	6.1
Health Services Fund	4 291	4 198	4 458	260	3.9
Corporate taxes	3 643	4 121	4 192	71	15.1
Consumption taxes	8 819	9 202	9 522	320	8.0
Government enterprises	3 943	3 428	3 457	29	- 12.3
Consolidated organizations	1 850	1 870	1 699	- 171	- 8.2
Other sources	2 472	2 423	2 395	- 28	- 3.1
Total own-source revenue	41 047	40 990	42 729	1 739	4.1

Revenue from personal income tax and contributions to the Health Services Fund is adjusted upward by \$1 258 million and \$260 million respectively. These adjustments are mainly attributable to the stronger-than-expected growth in remuneration.

Corporate tax revenue is also revised upward by \$71 million, owing to the fact that corporate profits grew more vigorously than anticipated.

Similarly, revenue from consumption taxes is up to \$320 million higher than forecast, mainly because of the additional revenue generated by the sustained growth of consumption in 2000. However, these impacts were partly offset by lower-than-expected revenue from the fuel tax, owing to high prices throughout the year, and from the tobacco tax.

The preliminary results for revenue from government enterprises show an increase of \$29 million compared with the initial forecast. The decline in the profits of certain enterprises is more than offset by the increase in Hydro-Québec's profits.

As described in Appendix 2.2, revenue from consolidated organizations is \$171 million less than anticipated in the 2000-2001 Budget Speech.

Lastly, the downward revision of amounts from other sources is explained for the most part by lower-than-expected revenue from sales of goods and services and from duties and permits, particularly for natural resources, on account of the decline in the price of softwood lumber on the North American market and the higher-than-anticipated volume of silvicultural work. However, these revisions are partly offset by higher interest income.

Federal transfers

Revenue from Government of Canada transfers for fiscal 2000-2001 amounts to \$8 174 million, an upward revision of \$868 million compared with the forecast in the March 2000 Budget Speech. This revision is explained mainly by the fact that growth in equalization revenue was stronger than expected.

TABLE 2.3

SUMMARY OF THE CHANGE IN GOVERNMENT OF CANADA TRANSFERS

(in millions of dollars)

	1999-2000			2000-2001	
	Actual results	Budget Speech 2000-03-14	Preliminary results	Change compared with Budget	Change compared with 1999-2000 %
Equalization	4 387	4 686	5 650	964	28.8
Canada Health and Social Transfer	1 120	1 777	1 597	- 180	42.6
Contributions to welfare programs	11	—	—	—	—
EPF and other transfers related to fiscal arrangements	11	11	30	19	—
Other programs	553	576	648	72	17.2
Consolidated organizations	270	256	249	- 7	- 7.8
Total Government of Canada transfers	6 352	7 306	8 174	868	28.7

Equalization revenue is \$964 million higher than forecast in last year's Budget. A more-favourable-than-expected economic context throughout Canada in 2000 resulted in higher-than-anticipated growth in the provincial revenue, particularly from the oil and natural gas sector, used to establish equalization entitlements. In addition, the federal government revised its equalization entitlements estimate for 1999-2000 upward and adjusted its payments in this regard in late 2000-2001. Apart from these factors, growth in equalization revenue was considerably weaker in 2000-2001, reflecting the good performance of the Québec economy.

However, the application of a provision placing a ceiling on the amounts paid to provinces under the equalization program reduced the amounts owed to Québec for 1999-2000 by some \$490 million. Nevertheless, since the federal government has presented draft legislation that will abolish retroactively the equalization ceiling for 1999-2000, this amount should be paid to Québec in 2001-2002.

Revenue from the Canada Health and Social Transfer (CHST) is revised downward by \$180 million, reflecting the increase in the value of the tax transfer used for the purpose of calculating the CHST, which reduces cash payments to Québec accordingly.

Revenue from other federal transfer programs is revised upward by \$72 million, mainly because of adjustments to payments for 1990-1998 under the Vocational Rehabilitation of Disabled Persons Program.

Budgetary expenditure

Additional resources allocated mainly to the health and social services sector

Budgetary expenditure for fiscal 2000-2001 amounts to \$49 453 million, \$1 157 million more than forecast in the Budget Speech of March 14, 2000. This increase is mainly the result of the additional resources allocated to the health and social services sector and the new initiatives announced in this Budget. In all, there is a 4.4% increase in budgetary expenditure compared with 1999-2000, which is less than the growth rate of nominal GDP, i.e. 6.9%.

TABLE 2.4

SUMMARY OF THE CHANGE IN BUDGETARY EXPENDITURE

(in millions of dollars)

	1999-2000			2000-2001	
	Actual results	Budget Speech 2000-03-14	Preliminary results	Change compared with Budget	Change compared with 1999-2000
					%
Program spending objective	38 704	39 503	39 503	—	2.1
Increase in objective	—	—	1 188	1 188	—
Program spending	38 704	39 503	40 691	1 188	5.1
Consolidated organizations	1 293	1 368	1 098	- 270	- 15.1
Total operating expenditure	39 997	40 871	41 789	918	4.5
Debt service					
Consolidated Revenue Fund					
Direct debt service	4 119	4 157	4 434	277	7.6
Retirement plans	2 632	2 593	2 562	- 31	- 2.7
	6 751	6 750	6 996	246	3.6
Consolidated organizations	621	675	668	- 7	7.6
Total debt service	7 372	7 425	7 664	239	4.0
Total budgetary expenditure	47 369	48 296	49 453	1 157	4.4

Operating expenditure

Operating expenditure is revised to \$41 789 million, \$918 million more than forecast in the March 2000 Budget Speech.

This Budget announces a \$1 188-million increase in the program spending objective in 2000-2001. This increase is due to the additional resources of \$611 million allocated to the health and social services sector, of which nearly two thirds may be attributed to various growth factors for costs in the network. In addition, the expenditure of the Régie de l'assurance-maladie du Québec has been revised upward by \$200 million owing to the impact of the new agreements concluded with the medical federations and the additional costs of the prescription drug program for the elderly and income security recipients.

Net overruns of \$388 million have been identified in other departments, notably nearly \$118 million representing the contribution by the government as employer to financing the retirement plan improvements stemming from the new collective agreements, \$95 million owing to the higher-than-anticipated number of households receiving income security and \$70 million on account of the greater-than-expected popularity of the program to connect families to the Internet.

Lastly, the new initiatives announced in this Budget increased program spending by \$189 million.

As described in Appendix 2.2, spending by consolidated organizations is adjusted downward by \$270 million compared with the Budget Speech of March 2000.

Debt service

The results anticipated for the debt service amount to \$7 664 million, of which \$4 434 million is for the direct debt service, \$2 562 million for the interest on the net retirement plans liability and \$668 million for the debt service of consolidated organizations. This represents an upward revision of \$239 million compared with the forecast in the 2000-2001 Budget Speech.

This change essentially reflects an increase of \$277 million in direct debt service, stemming for the most part from a weaker-than-anticipated Canadian dollar relative mainly to the US dollar and the yen. In addition, interest expenditures in regard to the retirement plans are adjusted downward by \$31 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

Net financial requirements stemming from non-budgetary transactions amount to \$932 million, \$458 million more than forecast in the March 2000 Budget Speech.

TABLE 2.5

SUMMARY OF NON-BUDGETARY TRANSACTIONS

(in millions of dollars)

	2000-2001		
	Budget Speech 2000-03-14	Preliminary results	Change
Consolidated Revenue Fund			
Investments, loans and advances			
Government enterprises	- 1 120	- 1 574	- 454
Municipalities, municipal bodies, individuals, corporations and others	237	- 161	- 398
	- 883	- 1 735	- 852
Capital expenditures	184	189	5
Retirement plans	1 726	1 749	23
Other accounts	- 944	- 521	423
Total Consolidated Revenue Fund	83	- 318	- 401
Consolidated organizations	- 557	- 614¹	- 57
Non-budgetary surplus (shortfall)	- 474	- 932	- 458

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 an \$852-million increase in funding requirements compared with the initial forecast. This difference is attributable to the fact that certain assets were not disposed of owing to rather unfavourable market conditions.

The \$5-million rise in capital expenditures is explained mainly by lower-than-expected net investments by departments and agencies compared with the level anticipated at the time of the last Budget.

The annual surplus of the retirement plans liability, estimated at \$1 726 million in the last Budget, is revised upward by \$23 million, to \$1 749 million. This change stems from the upward adjustment of \$130 million resulting essentially from the increase in government contributions as employer, which is offset by disbursements that are \$107 million higher than initially forecast.

Transactions related to 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 2000-2001, the balance of the other accounts shows an increase of \$423 million compared with the figure announced in the March 2000 Budget Speech.

In regard to consolidated organizations, the \$57-million downward adjustment stems for the most part from slower-than-anticipated cash inflow for certain special funds.

Debt representing accumulated deficits

In 2000-2001, Québec will post a budgetary surplus for the third year in a row. The \$500-million surplus anticipated for this fiscal year will make it possible to reduce the debt (accumulated deficits) as at March 31, 2001 by the same amount.

This concept of debt corresponds to deficits accumulated and budgetary surpluses achieved over the years. Several Canadian jurisdictions use concepts of surplus or accumulated deficits as an indicator of the change in their financial position. This indicator has been used in Québec's Public Accounts for several years.

It is important to specify that there is a difference between reducing the debt that represents accumulated deficits and reducing borrowings that have been contracted by the government. For example, the government may decide to increase its borrowings during a given fiscal year in order to take advantage of favourable market conditions without any effect on the debt representing accumulated deficits.

Thus the surpluses anticipated at the end of this fiscal year will make it possible to reduce the debt (accumulated deficits) of \$82 193 million as at March 31, 2000 to \$81 693 million as at March 31, 2001.

CHANGE IN DEBT REPRESENTING ACCUMULATED DEFICITS

(in millions of dollars)

	As at March 31		
	2000	2001 ¹	Change
Consolidated direct debt ²	61 209	63 708	2 499
Net retirement plans liability	39 337	39 072	- 265
Total debt²	100 546	102 780	2 234
Less: financial assets and capital expenditures net of other liabilities	- 18 353	- 21 087	- 2 734
Debt representing accumulated deficits	82 193	81 693	- 500
Budgetary surplus after reserve		500	

1 Preliminary results.

2 Excluding pre-financing of \$506 million in 1999-2000 and \$1 477 million in 2000-2001. Including pre-financing, the total debt reaches \$101 052 million in 1999-2000 and \$104 257 million in 2000-2001.

Financing

Preliminary results show that the change in direct debt amounts to \$2 955 million, \$1 764 million more than forecast in the 2000-2001 Budget Speech. Borrowings in fiscal 2000-2001 amount to \$8 581 million (\$7 580 million for the Consolidated Revenue Fund and \$1 001 million for consolidated organizations), \$2 356 million more than anticipated in the last Budget Speech.

TABLE 2.6

SUMMARY OF FINANCING TRANSACTIONS

(in millions of dollars)

	2000-2001		
	Budget Speech 2000-03-14	Preliminary results	Change
Change in cash position			
Consolidated Revenue Fund	758	- 971	- 1 729
Consolidated organizations	402	462	60
Total change in cash position	1 160	- 509	- 1 669
Change in direct debt			
Consolidated Revenue Fund			
New borrowings	5 270	7 580	2 310
Repayment of borrowings	- 4 151	- 4 595	- 444
	1 119	2 985	1 866
Consolidated organizations			
New borrowings	955	1 001	46
Repayment of borrowings	- 883	- 1 031	- 148
	72	- 30	- 102
Total change in direct debt	1 191	2 955	1 764
Retirement plans sinking fund	- 1 877	- 2 014	- 137
Total financing of transactions	474	432	- 42

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.

Financing of the Consolidated Revenue Fund

Preliminary results show that the change in the direct debt of the Consolidated Revenue Fund amounts to \$2 985 million, an increase of \$1 866 million compared with the forecast in the 2000-2001 Budget Speech. Borrowings in fiscal 2000-2001 amount to \$7 580 million, \$2 310 million more than anticipated in the last Budget. This increase in borrowings is due mainly to the decision to take advantage of favourable market conditions in order to contract, in late 2000-2001, borrowings that would normally have been made in early 2001-2002. These pre-financing transactions totalled \$1 477 million. The increase in borrowings is also explained by the fact that repayments were \$444 million higher than expected, while additional deposits of \$137 million were made in the retirement plans sinking fund.

Owing to pre-financing, the cash level was increased by \$971 million, although a \$758-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 \$30 million. This is a downward revision of \$102 million compared with the forecast in the Budget Speech of last March. The repayment of borrowings in fiscal 2000-2001 amounts to \$1 031 million, an increase of \$148 million compared with the amount expected in last year's Budget Speech.

This revision is attributable to three factors: a \$60-million decrease in long-term financial requirements, given that the anticipated financing was carried out through a reduction in the cash level, a \$42-million reduction in the anticipated net financial requirements of consolidated organizations, and the \$46-million upward revision in borrowings contracted during the fiscal year.

Borrowings

In all, the government contracted borrowings of \$8 581 million in 2000-2001, of which \$7 580 million was for Consolidated Revenue Fund needs (including \$2 014 million to make deposits in the retirement plans sinking fund) and \$1 001 million for consolidated organizations.

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

In all, 76% of the financing program, or \$6 543 million, was conducted on the Canadian market. The government carried out on this market seven public issues of negotiable bonds for a total of \$2 869 million, and real return issues for a total of \$143 million. Private investments totalling \$2 267 million were made with the Caisse de dépôt et placement du Québec, and \$741 million were obtained through the issue of medium-term notes. Lastly, savings products sold by Placements Québec should provide the government with \$520 million in financing.

Borrowings totalling \$2 038 million, or 24% of the financing program, were obtained on foreign markets as part of the government's financing sources diversification strategy. Three bond issues were made on these markets. First, a global bond issue in US dollars for US\$1 billion (CAN\$1 493 million) was carried out in January 2001. A bond issue intended for the retail market was then made on the euro market for €150 million (CAN\$213 million). Lastly, the government carried out a first public bond issue on the Australian market for AUS\$400 million (CAN\$315 million). Québec is the first government in Canada to make a public bond issue on this market.

TABLE 2.7

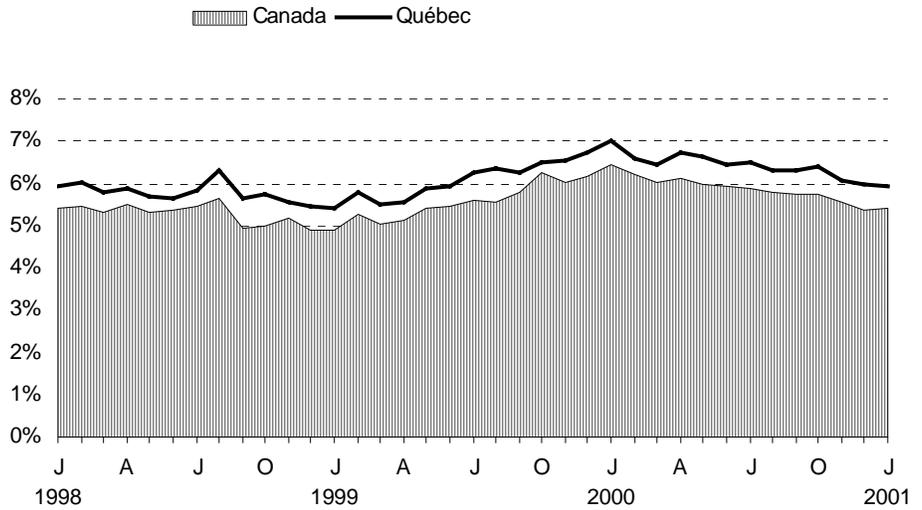
SUMMARY OF BORROWINGS IN 2000-2001

(in millions of dollars)

Currency and market	Consolidated Revenue Fund	Consolidated organizations	Total	
				%
Canadian dollar				
Canadian market				
Public issues				
Negotiable bonds	2 813	56	2 869	43.8
Real return bonds	143	—	143	2.2
Medium-term notes	696	45	741	11.3
Private issues				
Caisse de dépôt et placement du Québec	1 367	900	2 267	34.7
Canada Pension Plan Investment Fund	6	—	6	—
Savings products	520	—	520	8.0
Immigrant Investor Program	1	—	1	—
Change in the debt resulting from currency swaps	- 4	—	- 4	—
Sub-total	5 542	1 001	6 543	76.3
US dollar				
Public issue				
Negotiable bonds	1 493	—	1 493	100.0
Sub-total	1 493	—	1 493	17.4
Other currencies				
Public issues				
Euro	213	—	213	39.1
Australian dollar	315	—	315	57.8
Medium-term notes				
Euro	17	—	17	3.1
Sub-total	545	—	545	6.3
Total	7 580	1 001	8 581	100.0

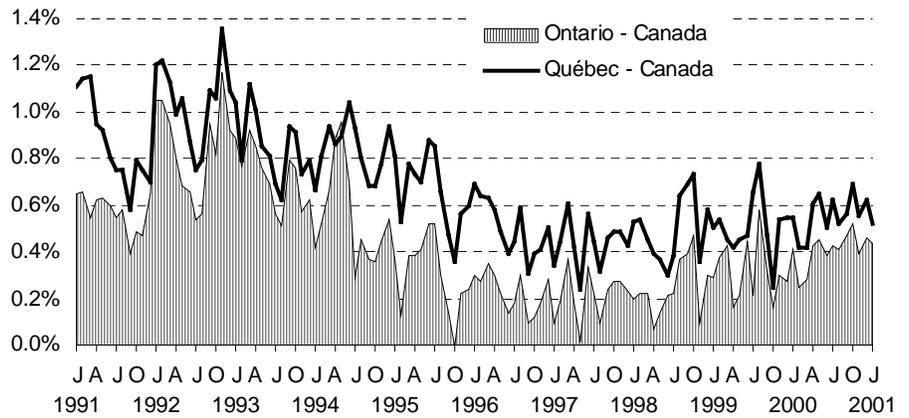
GRAPH 2.1

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



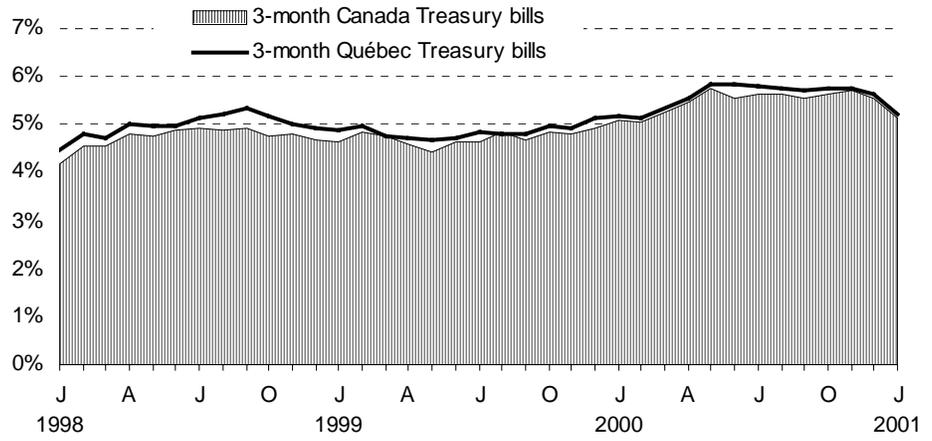
GRAPH 2.2

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 2000-2001 amounts to \$5 626 million, \$592 million more than forecast in the Budget Speech of March 14, 2000.

Repayment of borrowings of the Consolidated Revenue Fund

Preliminary results show that the repayment of borrowings of the Consolidated Revenue Fund amounts to \$4 595 million, \$444 million more than anticipated in the Budget Speech of last March.

This rise is explained mainly by an increase in the redemption of savings products, the higher-than-anticipated revenue of the retirement plans sinking fund, which is recorded as repayments, and the payments made under the credit policy relating to interest rate and currency swap agreements.

Repayment of borrowings of consolidated organizations

Preliminary results show that the repayment of borrowings of consolidated organizations for fiscal 2000-2001 amounts to \$1 031 million, \$148 million more than forecast in the last Budget Speech.

Total 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 \$65 185 million as at March 31, 2001, or \$61 396 million as direct debt of the Consolidated Revenue Fund and \$3 789 million as debt of the consolidated organizations.

It should be noted that an amount of \$1 477 million included in the consolidated direct debt represents pre-financing in 2000-2001 that will be used to cover part of the borrowings to be made in 2001-2002. Excluding this pre-financing, the consolidated direct debt of the Québec government amounts to \$63 708 million as at March 31, 2001, including \$59 919 million as direct debt of the Consolidated Revenue Fund.

The net retirement plans liability totals \$39 072 million as at March 31, 2001 and consists of \$46 126 million as the retirement plans liability minus the value of the RPSF, or \$7 054 million.

Excluding pre-financing, the total debt is \$102 780 million.

TABLE 2.8

TOTAL ANTICIPATED GOVERNMENT DEBT AS AT MARCH 31, 2001
(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, 2001	61 396	3 789	65 185	46 126	111 311
Retirement plans sinking fund	—	—	—	- 7 054	- 7 054
Pre-financing	- 1 477	—	- 1 477	—	- 1 477
Total	59 919	3 789	63 708	39 072	102 780

Structure of the government's total debt

As at March 31, 2001, the proportion of the consolidated direct debt in Canadian dollars amounts to 68.0% and the proportion in foreign currency, 32.0%. 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 80.0%.

TABLE 2.9

TOTAL ANTICIPATED GOVERNMENT DEBT AS AT MARCH 31, 2001 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	40 691	66.3	3 671	44 362	68.0	39 072	83 434	80.0
US dollar	13 166	21.4	118	13 284	20.4	—	13 284	12.7
Yen	5 385	8.8	—	5 385	8.3	—	5 385	5.2
Swiss franc	2 154	3.5	—	2 154	3.3	—	2 154	2.1
Euro	—	—	—	—	—	—	—	—
Pound sterling	—	—	—	—	—	—	—	—
Sub-total	61 396	100.0	3 789	65 185	100.0	39 072	104 257	100.0
Pre-financing	- 1 477		—	- 1 477		—	- 1 477	
Total	59 919		3 789	63 708		39 072	102 780	

Note: The debt in foreign currency is expressed in the Canadian equivalent at the exchange rates effective on February 28, 2001.

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 66.3% and the proportion in foreign currency, 33.7%. At the end of the current fiscal year, the share at fixed rates amounts to 53.4%, while the share at variable rates stands at 46.6%.

The weighted average maturity of this debt, excluding savings bonds and Treasury bills, rose from 11.4 years as at March 31, 2000 to 11.8 years as at March 31, 2001.

Savings products outstanding should total \$2 688 million and represent 4.4% of this debt. Treasury bills outstanding total \$1 772 million, or 2.9% 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, 2001, this value amounts to \$46 126 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, 2001, the value of the RPSF amounts to \$7 054 million, \$2 014 million more than the previous year. This increase is due to deposits of \$1 606 million made by the government in 2000-2001 and investment income of \$408 million.¹

As at March 31, 2001, the net retirement plans liability totals \$39 072 million.

The government contracts borrowings on financial markets in order to make deposits in the RPSF. It should be noted that the amounts deposited in the RPSF do not affect the government's total debt. The amount of borrowings contracted 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 \$2 263 million between March 31, 2000 and March 31, 2001 (after adjustment to take pre-financing into account). However, this increase is essentially due to the substantial deposits made in the RPSF in 2000-2001. 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 increased by \$249 million, while the retirement plans liability would have risen by \$1 749 million.

1 Investment income from the RPSF is calculated according to the rate of return used for the actuarial valuations of the retirement plans. The rate is changed every three years when new actuarial valuations are carried out, and the income from the fund is adjusted to reflect the real income recorded over the three previous years.

TABLE 2.10

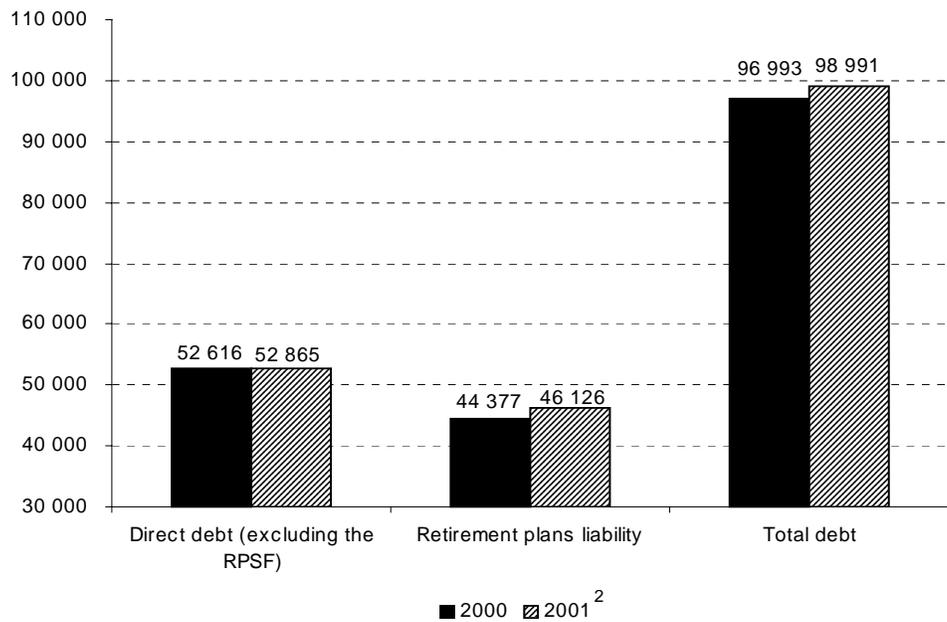
IMPACT OF THE RPSF ON THE DIRECT DEBT AND THE RETIREMENT PLANS LIABILITY¹
(in millions of dollars)

	As at March 31		
	2000	2001 ²	Change
Direct debt (including the RPSF and pre-financing)	58 162	61 396	3 234
Pre-financing	- 506	- 1 477	- 971
Direct debt (including the RPSF)	57 656	59 919	2 263
Balance of the RPSF	- 5 040	- 7 054	- 2 014
Direct debt (excluding the RPSF)	52 616	52 865	249
Net retirement plans liability	39 337	39 072	- 265
Balance of the RPSF	5 040	7 054	2 014
Retirement plans liability	44 377	46 126	1 749
Total debt	96 993	98 991	1 998

- 1 Excluding the debt of consolidated organizations.
- 2 Preliminary results.

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.

Public sector borrowings and investments

During the 2000 calendar year, gross long-term public sector borrowings totalled \$13 690 million, a decline of \$10 million compared with the previous year.

TABLE 2.11

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

	Calendar year				
	1996	1997	1998	1999	2000 ¹
Gross borrowings					
Government ²	6 984	8 351	8 382	7 126	5 711
Educational institutions	1 259	881	468	982	2 166
Health and social services institutions	750	570	453	504	454
Hydro-Québec ³	1 792	1 884	2 481	2 220	2 078
Other government enterprises	1 361	1 117	105	699	984
Municipal bodies	2 575	2 086	2 167	2 169	2 297
Total	14 721	14 889	14 056	13 700	13 690
Repayments	10 015	12 259	13 069	9 939	13 550
Net borrowings	4 706	2 630	987	3 761	140

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 made over the fiscal year 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.

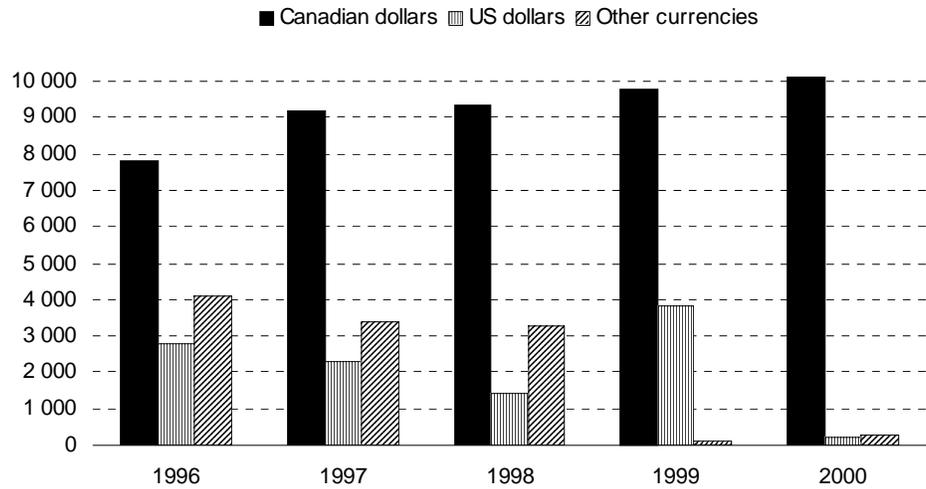
3 Amounts borrowed during the calendar year, excluding less-than-one-year net borrowings made as long-term financing transactions.

Gross borrowings in Canadian dollars totalled \$13 243 million in 2000, or 96.7% of total borrowings by the public sector. Gross borrowings in US dollars reached \$192 million, or 1.4% of the total, while those in other currencies amounted to \$255 million, or 1.9% of the total.

Taking repayments into consideration, net public sector borrowings are estimated at \$140 million in 2000. The ratio of net borrowings to gross domestic product rose from 1.84% of GDP in 1999 to 0.06% in 2000.

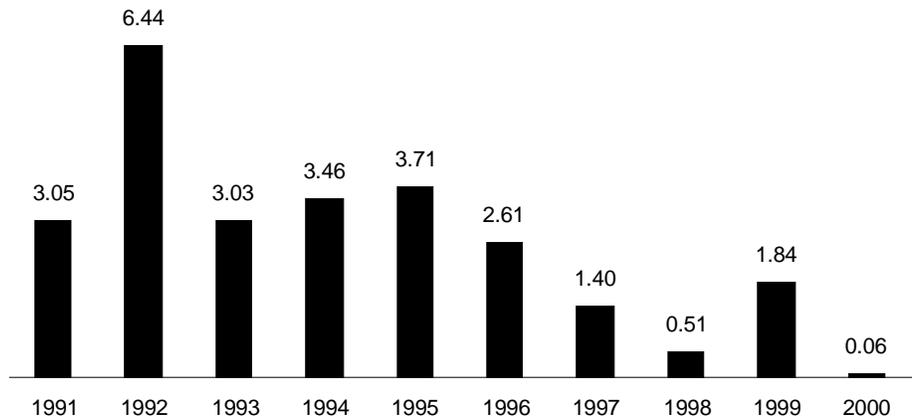
GRAPH 2.5

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



GRAPH 2.6

NET PUBLIC SECTOR BORROWINGS COMPARED WITH GROSS DOMESTIC PRODUCT
(as a percentage)



In 2000, public sector investments amounted to \$7 338 million, an increase of \$1 155 million compared with the previous year.

TABLE 2.12

PUBLIC SECTOR INVESTMENTS
(in millions of dollars)

	Calendar year				
	1996	1997	1998	1999	2000 ¹
Government ²	878	799	924	955	1 005
Educational institutions ³	681	818	639	939	897
Health and social services institutions ³	448	409	628	623	833
Hydro-Québec ⁴	2 047	1 571	1 986	1 457	1 660
Other government enterprises ⁵	393	463	454	506	1 017
Municipal bodies ⁶	2 142	1 948	1 941	1 703	1 926
Total	6 589	6 008	6 572	6 183	7 338

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, Secrétariat du 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 government and that 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: Secrétariat du 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: Secrétariat du 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 retirement plans liability. Over the four preceding years, net public sector borrowings were systematically lower than public sector investments. In 2000, the ratio of net borrowings to investments was – 0.20.

TABLE 2.13

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

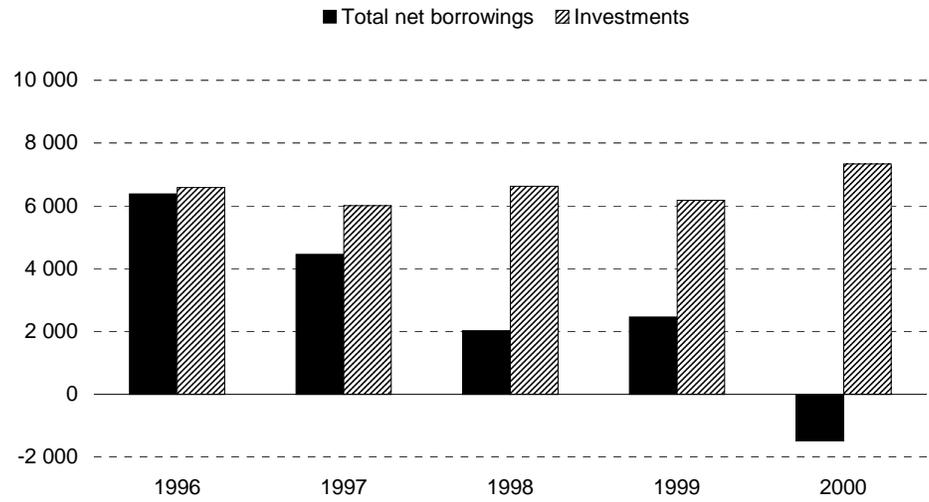
	Calendar year				
	1996	1997	1998	1999	2000 ¹
Net long-term borrowings	4 706	2 630	987	3 761	140
Less-than-one-year net borrowings made as long-term financing transactions	—	—	—	—	—
Annual surplus of the government retirement plans liability ²	1 678	1 827	1 040	– 1 303	– 1 623
Total net borrowings	6 384	4 457	2 027	2 458	– 1 483
Investments	6 589	6 008	6 572	6 183	7 338
Ratio	0.97	0.74	0.31	0.40	– 0.20

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

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

	1997-1998	1998-1999	1999-2000	2000-2001 ¹
Budgetary transactions				
Own-source revenue	35 842	38 605	41 047	42 729
Government of Canada transfers	5 989	8 090	6 352	8 174
Total revenue	41 831	46 695	47 399	50 903
Operating expenditure	- 36 645	- 39 382	- 39 997	- 41 789
Debt service	- 7 343	- 7 187	- 7 372	- 7 664
Total expenditure	- 43 988	- 46 569	- 47 369	- 49 453
Reserve for health and social services, education, social solidarity and research	—	—	—	- 950
Budgetary surplus (deficit) after reserve	- 2 157	126	30	500
Non-budgetary transactions				
Investments, loans and advances	- 1 315	- 1 402	- 2 022	- 1 638
Capital expenditures	- 209	- 217	- 359	- 386
Retirement plans	1 888	1 020	1 740	1 749
Other accounts	109	996	1 328	- 657
Non-budgetary surplus (shortfall)	473	397	687	- 932
Net financial surplus (requirements)	- 1 684	523	717	- 432
Financing transactions				
Change in cash position	473	- 1 983	2 246	- 509
Change in direct debt ²	1 295	2 490	- 132	2 955
Retirement plans sinking fund ³	- 84	- 1 030	- 2 831	- 2 014
Total financing of transactions	1 684	- 523	- 717	432

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 2001-2002 budgetary and financial structure.

1 The preliminary results for 2000-2001 are based on actual data recorded from April 2000 to January 2001 and on an estimate, as at March 16, 2001, of the February and March results for which transactions will be posted, up to the closing of the books, to 2000-2001 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)

	1997-1998	1998-1999	1999-2000	2000-2001
Own-source revenue				
Income and property taxes				
Personal income tax	14 531	15 356	16 029	17 006
Contributions to Health Services Fund	3 893	4 117	4 291	4 458
Corporate taxes ¹	3 443	3 406	3 643	4 192
	21 867	22 879	23 963	25 656
Consumption taxes				
Sales	5 488	6 426	6 761	7 499
Fuel	1 486	1 559	1 560	1 528
Tobacco	323	523	498	495
	7 297	8 508	8 819	9 522
Duties and permits				
Motor vehicles	641	664	667	683
Alcoholic beverages	129	135	139	148
Natural resources ²	381	242	354	236
Other	164	168	182	180
	1 315	1 209	1 342	1 247
Miscellaneous				
Sales of goods and services	452	450	422	420
Interest	283	346	363	386
Fines, forfeitures and recoveries	503	402	345	342
	1 238	1 198	1 130	1 148
Revenue from government enterprises ³				
Société des alcools du Québec	378	408	442	471
Loto-Québec	1 068	1 167	1 289	1 305
Hydro-Québec	636	754	1 090	1 083
Other	652	802	1 122	598
	2 734	3 131	3 943	3 457
Consolidated organizations	1 391	1 680	1 850	1 699
Total own-source revenue	35 842	38 605	41 047	42 729
Government of Canada transfers				
Programs				
Equalization	4 229	5 385	4 387	5 650
Canada Health and Social Transfer	1 660	1 697	1 120	1 597
Contributions to welfare programs	—	—	11	—
EPF and other transfers related to fiscal arrangements	26	60	11	30
Other programs	- 244	690	553	648
Consolidated organizations	318	258	270	249
Total Government of Canada transfers	5 989	8 090	6 352	8 174
Total budgetary revenue	41 831	46 695	47 399	50 903

1 Including tax on corporate profits, tax on capital and tax on insurance company premiums, as well as tax on telecommunications, gas and electricity beginning in 2000-2001.

2 Including forest, mining and hydraulic resources.

3 According to the modified equity method.

TABLE 2.16

GOVERNEMENT DU QUÉBEC
BUDGETARY EXPENDITURE
(in millions of dollars)

Departments and agencies	1997-1998	1998-1999	1999-2000	2000-2001
Operating expenditure				
Assemblée nationale	67	74	74	81
Personnes désignées par l'Assemblée nationale	36	94	41	43
Affaires municipales et Métropole	1 189	996	1 099	1 343
Agriculture, Pêcheries et Alimentation	515	550	531	677
Conseil du trésor, Administration et Fonction publique ¹	587	412	372	491
Conseil exécutif	41	44	179	61
Culture et Communications	429	524	496	532
Education	9 449	9 580	9 825	10 079
Emploi et Solidarité sociale	3 779	4 158	4 064	4 101
Environnement	158	190	271	235
Famille, Enfance et Condition féminine	1 278	1 470	1 497	1 537
Faune et Parcs	121	111	80	147
Finances (excluding debt service)	312	354	303	465
Industrie et Commerce	167	130	155	266
Justice	454	486	459	469
Recherche, Science et Technologie	143	258	299	257
Régions	105	135	152	144
Relations avec les citoyens et Immigration	137	147	142	179
Relations internationales	77	88	98	102
Ressources naturelles	300	369	485	337
Revenu	1 085	845	721	710
Santé et Services sociaux	12 923	14 596	14 828	15 993
Sécurité publique	664	703	701	745
Tourisme, Loisir et Sport	104	121	173	134
Transports	1 363	1 507	1 578	1 491
Travail	68	72	81	72
Program spending	35 551	38 014	38 704	40 691
Consolidated organizations	1 094	1 368	1 293	1 098
Total operating expenditure	36 645	39 382	39 997	41 789
Debt service				
Consolidated Revenue Fund	6 766	6 574	6 751	6 996
Consolidated organizations	577	613	621	668
Total debt service	7 343	7 187	7 372	7 664
Total budgetary expenditure	43 988	46 569	47 369	49 453

1 The 2000-2001 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.

TABLE 2.17

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

	1997-1998	1998-1999	1999-2000	2000-2001
Investments, loans and advances				
Consolidated Revenue Fund				
GOVERNMENT ENTERPRISES				
SHARES AND INVESTMENTS:				
Société générale de financement du Québec	- 90	- 40	- 150	- 350
Société Innovatech du Grand Montréal	—	- 101	- 35	- 42
Société Innovatech Québec et Chaudière-Appalaches	—	- 31	- 9	- 11
Société Innovatech Sud du Québec	—	- 7	- 4	- 4
Société Innovatech Régions ressources	—	—	- 8	- 10
Other	- 3	- 5	- 1	- 4
	- 93	- 184	- 207	- 421
CHANGE IN THE EQUITY VALUE OF INVESTMENTS	- 931	- 1 282	- 1 798	- 1 153
LOANS AND ADVANCES:				
Société générale de financement du Québec	9	—	14	—
Société Innovatech du Grand Montréal	- 36	62	—	—
Société Innovatech Québec et Chaudière-Appalaches	- 14	21	—	—
Société Innovatech Sud du Québec	—	3	—	—
Other	—	—	10	—
	- 41	86	24	—
Total government enterprises	-1 065	-1 380	-1 981	-1 574
INDIVIDUALS, CORPORATIONS AND OTHERS	- 356	- 119	- 53	- 163
MUNICIPALITIES AND MUNICIPAL BODIES	5	3	6	2
	- 1 416	- 1 496	- 2 028	- 1 735
Consolidated organizations	101	94	6	97
Total investments, loans and advances	- 1 315	- 1 402	- 2 022	- 1 638
Capital expenditures				
Consolidated Revenue Fund				
Net investments	-117	-69	-85	-157
Amortization	381	372	354	346
	264	303	269	189
Consolidated organizations	-473	-520	-628	-575
Total capital expenditures	-209	-217	-359	-386

TABLE 2.17 (CONT.)

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

	1997-1998	1998-1999	1999-2000	2000-2001
Retirement plans				
CONTRIBUTIONS BY THE GOVERNMENT				
Contributions by the government as employer:				
RREGOP:				
Annual cost of constituted benefits ¹	608	693	754	973
Amortization of actuarial gain (-) or loss	—	66	77	66
Amortization of unrecorded actuarial liabilities and cost of changes to plan	—	—	44	—
Other plans:				
Annual cost of constituted benefits ¹	135	147	140	167
Amortization of actuarial gain (-) or loss	—	—	62	20
Amortization of unrecorded actuarial liabilities and cost of changes to plans	—	24	—	—
Total government contribution	743	930	1 077	1 226
Contributions by independent employers	22	8	24	8
Participants contributions	120	206	124	110
Total contributions	142	214	148	118
Benefits, repayments and administrative expenses	- 2 046	- 2 624	- 2 336	- 2 565
Interest on retirement plans liability charged to debt service ²	3 049	2 500	2 851	2 970
Total retirement plans	1 888	1 020	1 740	1 749
Other accounts				
Consolidated Revenue Fund	553	909	1 021	- 521
Consolidated organizations	- 444	87	307	- 136
Total other accounts	109	996	1 328	- 657
Total non-budgetary transactions	473	397	687	- 932

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 pension costs of consolidated organizations, i.e. \$40 million in 2000-2001.
- 2 Excluding revenue generated by the retirement plans sinking fund.

TABLE 2.18

GOUVERNEMENT DU QUÉBEC
FINANCING TRANSACTIONS
(in millions of dollars)

	1997-1998	1998-1999	1999-2000	2000-2001
Change in cash position				
Consolidated Revenue Fund	-22	-2 831	2 325	-971
Consolidated organizations	495	848	- 79	462
Total change in cash position	473	-1 983	2 246	-509
Change in direct debt				
Consolidated Revenue Fund				
New borrowings	9 027	9 355	5 189	7 580
Repayment of borrowings	- 8 015	- 6 399	- 5 509	- 4 595
	1 012	2 956	- 320	2 985
Consolidated organizations				
New borrowings	1 094	296	891	1 001
Repayment of borrowings	-811	-762	-703	-1 031
	283	-466	188	-30
Total change in direct debt	1 295	2 490	- 132	2 955
Retirement plans sinking fund¹	- 84	- 1 030	- 2 831	- 2 014
Total financing of transactions	1 684	- 523	- 717	432

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 2000-2001

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)		%			\$	%
15 ⁴	—	4.50	May 19	2026-12-01	105.034	4.184
395	—	6.50	May 23	2005-12-01	98.702	6.785
5 ⁴	—	4.50	June 14	2026-12-01	105.142	4.177
389	—	6.25	June 27	2032-06-01	97.157	6.461
394	—	6.25	August 1	2010-12-01	98.446	6.457
391	—	6.25	August 22	2032-06-01	97.642	6.424
394	—	6.25	September 1	2010-12-01	98.512	6.449
20 ⁴	—	4.50	September 7	2026-12-01	106.938	4.067
384	—	6.25	November 6	2032-06-01	96.090	6.544
6 ⁴	—	4.50	December 11	2026-12-01	110.054	3.882
62 ⁴	—	4.50	December 19	2026-12-01	110.379	3.863
1 493	US\$1 000	6.125	January 22	2011-01-22	99.139	6.242
7 ⁴	—	4.50	February 9	2026-12-01	112.489	3.741
7 ⁴	—	4.50	February 9	2026-12-01	112.489	3.741
6 ⁴	—	4.50	February 9	2026-12-01	112.506	3.740
2 ⁴	—	4.50	February 13	2021-12-01	110.769	3.750
2 ⁴	—	4.50	February 13	2021-12-01	110.769	3.750
11 ⁴	—	4.25	February 13	2031-12-01	109.421	3.733
213	€150	5.125 ⁵	February 27	2007-12-27	101.872	4.800
466	—	6.50	March 2	2005-12-01	104.536	5.402
220	AUS\$280	5.75	March 7	2006-02-15	99.656	5.830
95	AUS\$120	Variable ⁶	March 7	2006-02-15	100.000	Variable
1 367 ⁷	—	Various	Various	Various	Various	Various
696 ⁸	—	Various	Various	Various	Various	Various
520 ⁹	—	Various	Various	Various	Various	Various
17 ¹⁰	—	Various	Various	Various	Various	Various
6 ¹¹	—	Various	Various	Various	Various	Various
1 ¹²	—	Various	Various	Various	Various	Various
- 4 ¹³	Various	Various	Various	Various	Various	Various
7 580						

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

2 Interest payable semi-annually except if another frequency is indicated in a note.

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

4 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.

5 Interest payable annually.

6 Interest payable quarterly.

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

8 Medium-term notes on the Canadian market.

9 Savings products issued by Placements Québec.

10 Medium-term notes on various European markets.

11 Borrowings from the Canada Pension Plan Investment Fund.

12 Immigrant Investor Program.

13 Amount disbursed under interest rate and currency swap agreements.

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 2000-2001

Amount in Canadian dollars ¹ (in millions)	Face value in foreign currency	Interest rate ² %	Date of issue	Date of maturity	Price to investor \$	Yield to investor ³ %
56	—	6.50	March 2	2005-12-01	104.536	5.402
900 ⁴	—	Various	Various	Various	Various	Various
45 ⁵	—	Various	Various	Various	Various	Various
1 001						

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

2 Interest payable semi-annually except if another frequency is indicated in a note.

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 the Canadian market.

TABLE 2.21

BORROWINGS BY FINANCEMENT-QUÉBEC IN 2000-2001¹

Amount in Canadian dollars ² (in millions)	Face value in foreign currency	Interest rate ³ %	Date of issue	Date of maturity	Price to investor \$	Yield to investor ⁴ %
175	—	6.25	July 20	2003-12-01	99.982	6.253
25	—	6.25	July 31	2003-12-01	99.782	6.320
25	—	6.25	August 1	2003-12-01	99.823	6.306
25	—	6.25	August 4	2003-12-01	99.537	6.403
50	—	6.25	August 10	2003-12-01	99.900	6.280
10	—	6.25	August 11	2003-12-01	99.992	6.249
10	—	6.25	August 11	2003-12-01	99.965	6.258
50	—	6.25	August 14	2003-12-01	100.065	6.224
50	—	6.25	August 14	2003-12-01	100.000	6.246
105	—	Variable ⁵	August 14	2003-12-01	99.996	Variable
3	—	6.25	August 15	2003-12-01	100.110	6.209
3	—	6.25	August 15	2003-12-01	100.110	6.209
15	—	6.25	August 15	2003-12-01	100.110	6.209
50	—	6.25	August 15	2003-12-01	100.071	6.222
25	—	6.25	August 16	2003-12-01	100.126	6.203
9	—	6.25	August 16	2003-12-01	100.085	6.217
51	—	6.25	August 16	2003-12-01	100.094	6.214
25	—	Variable ⁵	August 16	2003-12-01	100.026	Variable
3	—	6.30	August 16	2006-06-01	99.888	6.321
3	—	6.30	August 16	2006-06-01	99.888	6.321
25	—	6.25	August 17	2003-12-01	100.173	6.187
10	—	6.30	August 17	2006-06-01	99.955	6.307
87	—	6.30	August 17	2006-06-01	99.931	6.312
10	—	6.30	August 17	2006-06-01	100.031	6.291
10	—	6.30	August 17	2006-06-01	100.031	6.291
16	—	6.30	August 18	2006-06-01	100.127	6.271
21	—	6.30	August 18	2006-06-01	100.127	6.271
40	—	6.25	August 18	2003-12-01	100.220	6.171
10	—	6.30	August 18	2006-06-01	99.950	6.308
10	—	6.30	August 18	2006-06-01	100.017	6.294
20	—	6.30	August 21	2006-06-01	99.739	6.352
10	—	6.30	August 21	2006-06-01	99.806	6.338
15	—	6.30	August 21	2006-06-01	99.749	6.350
30	—	6.30	August 22	2006-06-01	99.864	6.326
30	—	6.30	August 24	2006-06-01	99.931	6.312
73	—	6.25	September 1	2015-12-01	97.847	6.473
24	—	6.25	September 1	2015-12-01	97.847	6.473
59	—	6.25	September 1	2015-12-01	97.847	6.473
10	—	6.25	September 8	2015-12-01	98.858	6.367
15	—	6.25	September 8	2015-12-01	98.724	6.381
23	—	6.30	October 4	2006-06-01	100.555	6.180
111	—	6.25	December 18	2003-12-01	101.399	5.727
194	—	6.30	December 18	2006-06-01	101.908	5.885
52	—	6.25	December 21	2015-12-01	100.507	6.197
25	—	6.25	December 21	2015-12-01	100.604	6.187
13	—	6.25	December 21	2015-12-01	100.643	6.183
8	—	6.25	December 21	2015-12-01	100.837	6.163
27	—	6.25	December 27	2015-12-01	100.507	6.197
1 690						

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. Financement-Québec makes borrowings on financial markets in its own name, with guarantees from the government.

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

3 Interest payable semi-annually except if another frequency is indicated in a note.

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

5 Interest payable quarterly.

TABLE 2.22

BORROWINGS BY HYDRO-QUÉBEC IN 2000

Amount in Canadian dollars ¹ (in millions)	Face value in foreign currency	Interest rate ² %	Date of issue	Date of maturity	Price to investor \$	Yield to investor ³ %
499 ⁴	—	Variable ⁵	January 28	2005-01-28	99.757	Variable
398	—	6.50	June 12	2011-02-15	99.502	6.564
404	—	6.50	August 28	2011-02-15	101.085	6.356
777 ⁶	—	Various	Various	Various	Various	Various
2 078						

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

2 Interest payable semi-annually except if another frequency is indicated in a note.

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

4 Borrowing in Canadian dollars on the world market.

5 Interest payable quarterly.

6 Medium-term notes on the Canadian market.

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, 2000.

Section 2

Appendix 2.1

**Adjusted forecasts from the 2000-2001 Budget
Speech and 2000-2001 preliminary results
according to the 2001-2002 budgetary structure**

TABLE 2.1.1

ADJUSTED FORECASTS FROM THE 2000-2001 BUDGET SPEECH AND 2000-2001 PRELIMINARY RESULTS ACCORDING TO THE 2001-2002 BUDGETARY STRUCTURE
(in millions of dollars)

	Forecasts presented in the Budget Speech of March 14, 2000			Preliminary results
	2000-2001 budgetary structure	Adjustments ¹	2001-2002 budgetary structure	
Revenue				
Income and property taxes	24 245	43	24 288	25 966
Consumption taxes	9 355	—	9 355	9 657
Duties and permits	1 471	—	1 471	1 417
Miscellaneous	2 448	—	2 448	2 232
Revenue from government enterprises	3 428	—	3 428	3 457
Own-source revenue	40 947	43	40 990	42 729
Government of Canada transfers	7 306	—	7 306	8 174
Total revenue	48 253	43	48 296	50 903
Expenditure				
Health and Social Services	- 16 034	—	- 16 034	- 16 473
Education and Culture	- 10 797	—	- 10 797	- 10 825
Support for Individuals and Families	- 4 726	- 43	- 4 769	- 4 845
Economy and Environment	- 5 713	—	- 5 713	- 5 990
Administration and Justice	- 3 558	—	- 3 558	- 3 656
Sub-total	- 40 828	- 43	- 40 871	- 41 789
Debt service	- 7 425	—	- 7 425	- 7 664
Total expenditure	- 48 253	- 43	- 48 296	- 49 453
Reserve for health and social services, education, social solidarity and research	—	—	—	- 950
Budgetary surplus after reserve	—	—	—	500

1 The adjustments required to make the data from the 2000-2001 Budget comparable with those from the 2001-2002 Budget stem from the implementation of the family policy regarding subsidized day care spaces in day care centres, which increases revenue and expenditure by \$43 million.

Section 2

Appendix 2.2

Results of consolidated organizations

Results of consolidated organizations

Revenue from consolidated organizations totals \$1 948 million, a decrease of \$178 million compared with the Budget Speech of last March. Expenditure totals \$1 766 million, a decrease of \$277 million. These changes are mainly attributable to the higher-than-expected volume of transactions carried out by these organizations in the government's reporting entity.

Net results for consolidated organizations show a surplus of \$182 million, \$99 million more than forecast in the Budget Speech of March 2000. Results are better than anticipated for certain organizations, notably the Fonds de lutte contre la pauvreté par la réinsertion au travail and Investissement-Québec.

TABLE 2.2.1

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

	1999-2000		2000-2001	
	Actual results	Budget Speech 2000-03-14	Preliminary results	Change compared with Budget
Own-source revenue	1 850	1 870	1 699	- 171
Government of Canada transfers	270	256	249	- 7
Total revenue	2 120	2 126	1 948	- 178
Operating expenditure	- 1 293	- 1 368	- 1 098	270
Debt service	- 621	- 675	- 668	7
Total expenditure	- 1 914	- 2 043	- 1 766	277
Net results	206	83	182	99

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.