

Section 3

The Government's Budgetary and Financial Stance

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This section of the 2002-2003 Budget Plan indicates the Québec government's budgetary and financial stance. It presents revenue, expenditure, budget balance, and net financial requirements or surplus forecasts in light of the economic assumptions adopted and the fiscal and budgetary policies announced in the Budget Speech.

Balanced budget maintained despite the stronger-than-anticipated economic slowdown

A balanced budget will be achieved again in 2001-2002 following the use of the budgetary reserve of \$950 million created in 2000-2001. Of this amount, \$280 million will be used to finance new spending and \$670 million to maintain a balanced budget. The draft legislation respecting the budgetary reserve will be amended to allow the fund to be used in this manner. A balanced budget will also be achieved in 2002-2003, as prescribed by the *Act respecting the elimination of the deficit and a balanced budget*.

TABLE 3.1

SUMMARY OF CONSOLIDATED FINANCIAL TRANSACTIONS¹

(in millions of dollars)

	1998-1999	1999-2000	2000-2001	2001-2002 ^F	2002-2003 ^F
Budgetary transactions					
Own-source revenue	38 605	41 047	42 856	40 298	42 691
Federal transfers	8 090	6 352	8 161	9 660	9 247
Total revenue	46 695	47 399	51 017	49 958	51 938
Operating expenditure	- 39 382	- 39 997	- 41 959	- 43 506	- 44 582
Debt service	- 7 187	- 7 372	- 7 606	- 7 402	- 7 356
Total expenditure	- 46 569	- 47 369	- 49 565	- 50 908	- 51 938
Budgetary reserve					
Funds allocated to reserve	—	—	- 950	—	—
Use of funds allocated to reserve					
– Financing new spending	—	—	—	280	—
– Maintaining a balanced budget	—	—	—	670	—
Budgetary surplus after reserve	126	30	502	0	0
Net financial surplus (requirements)					
Consolidated Revenue Fund	905	826	35	0	500
Consolidated organizations	- 382	- 109	- 551	- 707	- 1 145
Total	523	717	- 516	- 707	- 645

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

F: Forecast.

1 Based on the budgetary and financial structure in effect in 2001-2002.

The last Budget Speech forecast that the Québec economy would slow to some extent in 2001-2002 and 2002-2003. The slowdown, which is stronger than anticipated, has been exacerbated by the events of September 11, 2001 and has led to a downward adjustment of economic growth forecasts and, therefore, government revenue. Revenue forecasts are revised downward by \$1.8 billion for 2001-2002 and 2002-2003. However, owing to the sharp drop in interest rates, anticipated expenditures for debt service for the same years are also down by over \$900 million.

Nevertheless, a balanced budget will be maintained since the net impact of these adjustments, i.e. roughly \$900 million, will be offset by two mechanisms:

- use of the balance of the budgetary reserve not reserved for spending, i.e. \$670 million;
- a special tax recovery program and an increase in the tobacco tax.

To act rapidly with respect to the economy, this Budget Speech announces the implementation of a self-financed action plan. While the action plan will make it possible to inject over \$3 billion into the economy, its gross cost will be limited to \$641 million for 2001-2002 and 2002-2003, owing to the fact that the plan consists mainly of investments whose cost will be spread over several years. The gross cost of the action plan will be offset by additional tax revenue of \$306 million, from which the government will benefit because of the action plan's economic impact, and by the reallocation of expenditures of \$281 million, which corresponds to the cost of the new spending initiatives included in the action plan.

Total net financial requirements will be \$707 million in 2001-2002 and \$645 million in 2002-2003.

No net financial requirements are forecast for the Consolidated Revenue Fund for fiscal 2001-2002. Net financial surpluses of \$500 million are anticipated for 2002-2003.

However, the net financial requirements of consolidated organizations will amount to \$707 million in 2001-2002 and \$1 145 million in 2002-2003. These requirements stem for the most part from the acceleration of capital investments, particularly for the Fonds de conservation et d'amélioration du réseau routier.

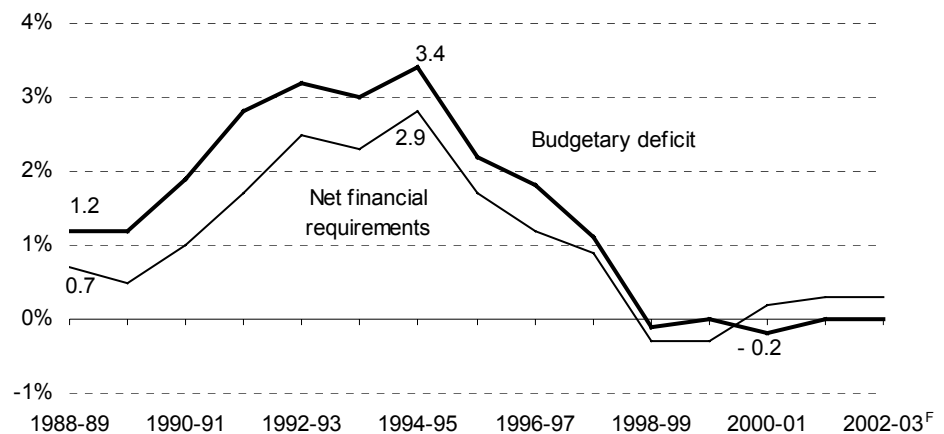
The government's financial position

The government's financial position has improved considerably in recent years. While the budgetary deficit accounted for 3.4% of gross domestic product in 1994-1995, it was gradually eliminated thereafter, and surpluses have been recorded since 1998-1999. The government intends to achieve a balanced budget again in 2001-2002 and 2002-2003.

GRAPH 3.1

BUDGETARY DEFICIT AND NET FINANCIAL REQUIREMENTS

(as a percentage of GDP)



F: Forecast.

The indebtedness rate continues to decline

The debt representing accumulated deficits is the indicator used by the government to show the change in its financial position. As at March 31, 2001, this debt totalled \$81 691 million, and it will remain stable throughout the forecast period.

TABLE 3.2

CHANGE IN THE DEBT REPRESENTING ACCUMULATED DEFICITS (in millions of dollars)

	2000-2001	2001-2002 ^F	2002-2003 ^F
Opening balance	82 193¹	81 691	81 691
Less:			
<i>Budgetary surplus after reserve</i>	<i>502</i>	<i>0</i>	<i>0</i>
Closing balance	81 691	81 691	81 691

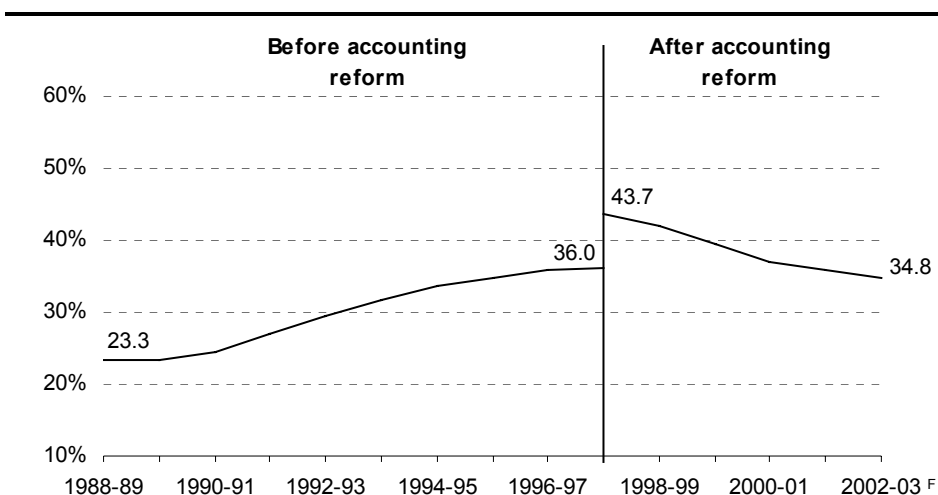
F: Forecast.

1 1999-2000 closing balance as shown in the 1999-2000 Public Accounts.

The elimination of the deficit since 1998-1999 has led to a decrease in the government's indebtedness rate. As a proportion of GDP, the debt (accumulated deficits) has declined, reaching 34.8% as at March 31, 2003, a drop of over 20% in five years.

GRAPH 3.2

DEBT REPRESENTING ACCUMULATED DEFICITS (as a percentage of GDP)



F: Forecast.

The interest on the debt represents an increasingly smaller share of government revenue

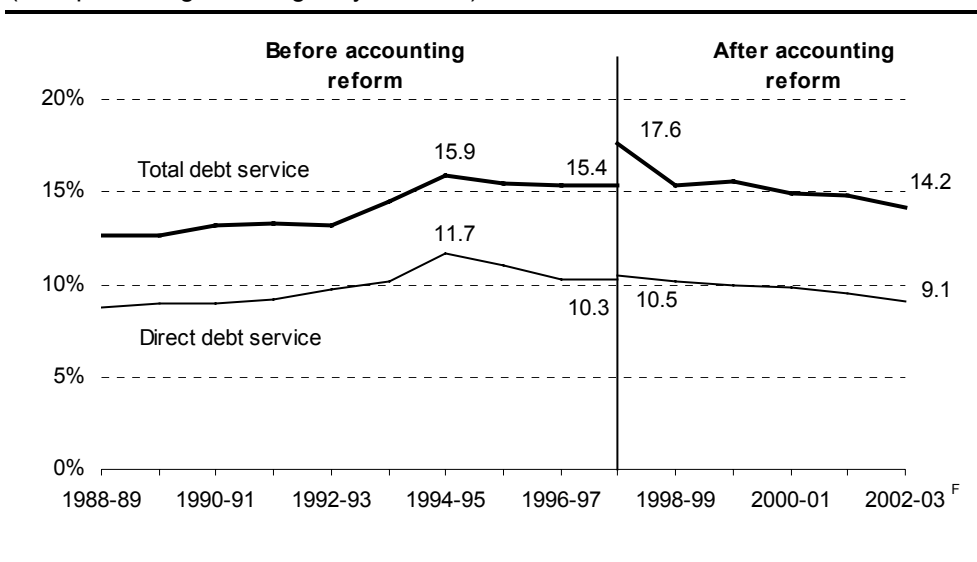
The portion of budgetary revenue allocated to the direct debt service of the Consolidated Revenue Fund and consolidated organizations should continue to fall, to 9.1% in 2002-2003.

As for the portion of budgetary revenue allocated to total debt service, which includes the interest on the net retirement plans liability and the debt service of consolidated organizations, it should amount to 14.2% in 2002-2003, compared with 17.6% in 1997-1998.

GRAPH 3.3

DEBT SERVICE

(as a percentage of budgetary revenue)



F: Forecast.

Government revenue

Budgetary revenue

The government's budgetary revenue should total \$51 938 million in 2002-2003, i.e. \$42 691 million in own-source revenue and \$9 247 million in federal transfers. After falling by 2.1% in 2001-2002, budgetary revenue should grow by 4% in 2002-2003.

TABLE 3.3

CHANGE IN BUDGETARY REVENUE

(in millions of dollars)

	1998-1999	1999-2000	2000-2001	2001-2002 ^F	2002-2003 ^F
Own-source revenue	38 605	41 047	42 856	40 298	42 691
% change	7.7	6.3	4.4	- 6.0	5.9
Federal transfers	8 090	6 352	8 161	9 660	9 247
% change	35.1	- 21.5	28.5	18.4	- 4.3
Budgetary revenue	46 695	47 399	51 017	49 958	51 938
% change	11.6	1.5	7.6	- 2.1	4.0
Nominal GDP growth rate in % ¹	4.0	5.9	6.2	3.3	3.0
Inflation rate in Canada in % ¹	1.0	1.7	2.7	2.9	1.9

F: Forecast.

1 For the calendar year ending three months before the end of the fiscal year.

Own-source revenue

Own-source revenue should decline by 6% in 2001-2002 compared with the preceding year, the most substantial decreases being recorded with regard to personal income tax, corporate tax and revenue from government enterprises. In 2002-2003, own-source revenue should grow by 5.9%.

TABLE 3.4

CHANGE IN OWN-SOURCE REVENUE BY SOURCE (in millions of dollars)

	2000-2001	2001-2002 ^F	2002-2003 ^F
Personal income tax	17 068	15 559	15 656
% change	6.5	- 8.8	0.6
Health Services Fund	4 488	4 396	4 538
% change	4.6	- 2.0	3.2
Corporate taxes	4 217	3 817	4 757
% change	15.8	- 9.5	24.6
Consumption taxes	9 393	9 845	10 320
% change	6.5	4.8	4.8
Other revenue	2 343	2 312	2 340
% change	-5.2	- 1.3	1.2
Sub-total excluding government enterprises and consolidated organizations	37 509	35 929	37 611
% change	6.4	- 4.2	4.7
Government enterprises	3 496	2 707	3 297
% change	- 11.3	- 22.6	21.8
Consolidated organizations	1 851	1 662	1 783
% change	0.1	- 10.2	7.3
Own-source revenue	42 856	40 298	42 691
% change	4.4	- 6.0	5.9
Nominal GDP growth rate in % ¹	6.2	3.3	3.0

F: Forecast.

1 For the calendar year ending three months before the end of the fiscal year.

With regard to the change in own-source revenue:

- Personal income tax, the main source of government revenue,¹ should decrease by 8.8% in 2001-2002, to \$15.6 billion. During this fiscal year, the increase in tax revenue arising from the growth in income subject to tax will be more than offset by the impact of the measures announced in this Budget and the effect of the income tax reductions announced in previous budgets. In 2002-2003, revenue will rise by only 0.6%, owing to the growing impact of the tax reductions announced.
- Health Services Fund contributions should amount to \$4.4 billion in 2001-2002, slightly less than the preceding year. The increase stemming from the growth in wages and salaries is entirely offset by the impact of the tax holiday granted in the previous Budget to manufacturing enterprises in resource regions and by the reduction in the contribution rate of small and medium-sized enterprises effective since January 1, 2001. This reduction is the last of the gradual reductions introduced as part of the corporate taxation reform announced in the 1998-1999 Budget. In 2002-2003, Health Services Fund contributions are expected to grow at the same rate as forecast for wages and salaries, i.e. 3.2%.
- The 9.5% decrease in revenue anticipated from corporate taxes in 2001-2002 is due to the weaker-than-anticipated growth in corporate profits and, particularly, the measure to improve by \$525 million the liquidity of small and medium-sized enterprises. Such enterprises will be able to defer for six months the tax instalments they were supposed to pay in October, November and December 2001. This deferral also explains the growth rate of 24.6% forecast in 2002-2003.
- Consumption tax revenue should rise by 4.8% in 2001-2002, reflecting, among other things, the tobacco tax increase that took effect last April 5 and the tobacco tax increase announced in this Budget. The anticipated growth rate of 4.8% in 2002-2003 is comparable to that of household consumption, when the full impact of the additional increase in the tobacco tax is taken into account.
- Revenue from government enterprises should grow by 21.8% in 2002-2003 because of the improvement in the financial position of government corporations as a whole.

¹ Appendix 3.1 presents the breakdown of the main sources of the government's own-source revenue since 1970-1971.

Link between growth in own-source revenue and economic growth

Broadly speaking, growth in own-source revenue is expected to match nominal economic growth. Once the financial impact of fiscal measures and certain extraordinary revenue has been taken into account, the average annual growth rate for own-source revenue for fiscal 2001-2002 and 2002-2003 should be 3.4%, compared with a 3.2% increase in gross domestic product.

TABLE 3.5

CHANGE IN OWN-SOURCE REVENUE ON A COMPARABLE BASIS (in millions of dollars)

	2000-2001	2001-2002 ^F	2002-2003 ^F
Revenue excluding government enterprises and consolidated organizations	37 509	35 929	37 611
% change		- 4.2	4.7
Less:			
2002-2003 Budget measures: ¹			
❑ Fiscal measures	—	- 264	- 96
❑ Financing measures	—	30	225
❑ Deferral of SME tax instalments	—	- 525	525
Measures announced in previous budgets:			
❑ Personal income tax reductions ²	- 1 052	- 2 867	- 3 765
❑ Other measures ³	- 615	- 880	- 933
Tobacco tax increase of April 2001	—	105	105
Retroactivity and pay equity ⁴	300	100	—
Revenue on a comparable basis	38 876	40 230	41 550
% change		3.5	3.3
Gross domestic product in %		3.3	3.0
Elasticity⁵		1.06	1.09

F: Forecast.

1 Source: 2002-2003 Budget Speech. *Additional Information on the Budgetary Measures*.

2 Tax relief granted to individuals since the 2000-2001 Budget.

Source: 2001-2002 Budget Speech, *Personal Income Tax Reduction*, Appendix 2.

3 Source: 1998-1999 to 2001-2002 budget speeches. *Additional Information on the Budgetary Measures*.

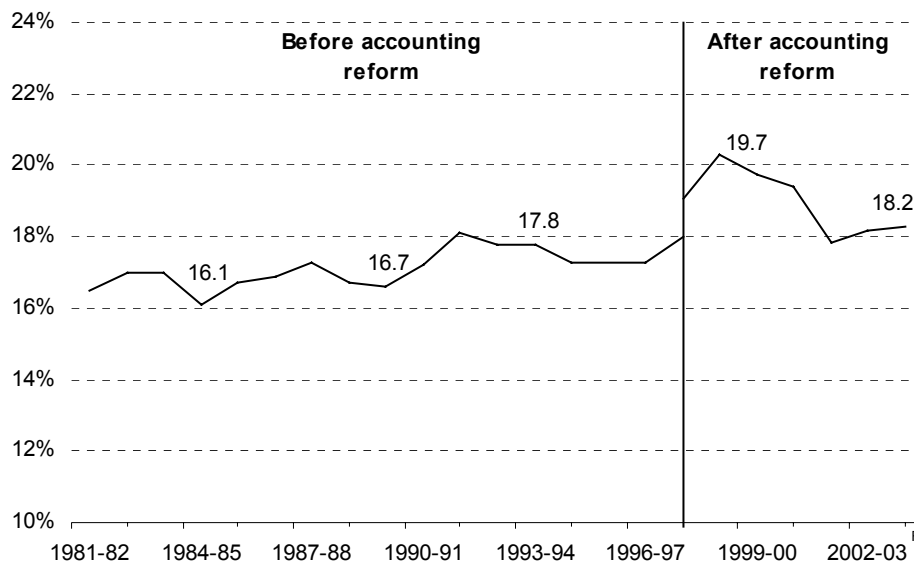
4 Non-recurring impact of retroactive wage and pay equity payments of nearly \$1.1 billion to Québec government employees and pay equity payments totalling \$875 million to federal employees.

5 Elasticity between growth in revenue on a comparable basis and growth in gross domestic product. An elasticity of 1.00 means that a 1% increase in gross domestic product will result in a 1% increase in own-source revenue.

Own-source revenue as a proportion of gross domestic product, including consolidated organizations, peaked at 19.7% in 1999-2000. Given the tax reductions announced in this Budget and in those of previous years, the ratio should decline to 18.2% in 2002-2003.

GRAPH 3.4

CHANGE IN OWN-SOURCE REVENUE
(as a percentage of GDP)



F: Forecast.

Federal transfers

After growing by 18.4% in 2001-2002, mainly because of the withdrawal of \$1 004 million from the Canada Health and Social Transfer (CHST) trust accounts, federal transfers will slow down by 4.3% in 2002-2003. The amounts paid for the CHST will decrease substantially in 2002-2003, owing to the expiry of two of the three CHST trust accounts, which more than offsets the impact of the federal announcements of September 2000.

In regard to consolidated organizations, transfer revenue is expected to grow by over \$170 million in 2001-2002 and should decline slightly thereafter. This change may be attributed essentially to the creation of La Financière agricole du Québec, which groups the activities of the Société de financement agricole and the Régie des assurances agricoles du Québec. Previously, revenue from federal transfers paid to the Régie was not included in the government's reporting entity.

TABLE 3.6

CHANGE IN FEDERAL TRANSFER REVENUE (in millions of dollars)

	1999-2000	2000-2001	2001-2002 ^F	2002-2003 ^F
Consolidated Revenue Fund	6 082	7 911	9 238	8 879
% change	- 22.3	30.1	16.8	- 3.9
Consolidated organizations	270	250	422	368
Total	6 352	8 161	9 660	9 247
% change	- 21.5	28.5	18.4	- 4.3

F: Forecast.

CHST trust accounts

Since 1999, the federal government has created three CHST trust accounts. The amount allocated to Québec in the three trust accounts totals \$1 675 million.

The financial plan of this Budget renews the withdrawals provided for in Québec's March 2001 Budget.

The Québec government withdrew \$420 million from the trust accounts in 2000-2001. As provided in the 2001-2002 Budget, \$1 004 million will be withdrawn in 2001-2002 and \$251 million in 2002-2003.

TABLE 3.7

WITHDRAWALS FROM THE CHST TRUST ACCOUNTS

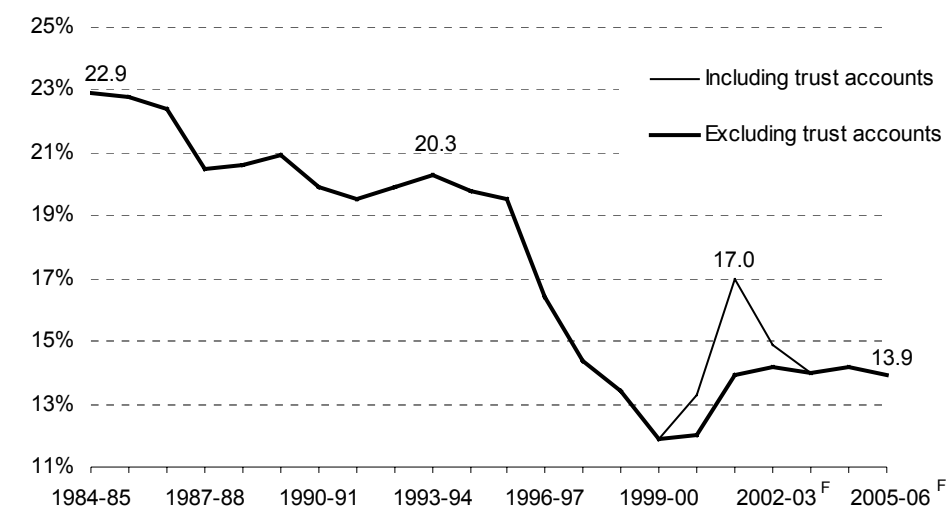
(in millions of dollars)

	2000-2001	2001-2002	2002-2003	2003-2004	Total
□ 1999-2000 allotment	420	420	—	—	840
□ 2000-2001 allotment	—	345	251	—	596
□ Federal announcement of September 2000	—	239	—	—	239
Total	420	1 004	251	—	1 675

However, it should be noted that despite the trust accounts and the federal reinvestments in the CHST announced in September 2000, the federal contribution to Québec's health, education and income security programs will pursue the downward trend observed since the early 1980s. While federal funding accounted for 22.9% of Québec's spending for these programs in the mid 1980s, it will account for barely 13.9% from 2001-2002 to 2005-2006.

GRAPH 3.5

FEDERAL CHST TRANSFERS TO QUÉBEC¹
(as a percentage of Québec's social spending²)



F: Forecast.

1 Including the value of the special Québec abatement.

2 Health, education and income security spending.

Government expenditure

The government's budgetary expenditure should total \$51 938 million in 2002-2003. Operating expenditure will amount to \$44 582 million, while debt service will total \$7 356 million.

Operating expenditure includes the program spending of government departments and the expenditures of consolidated organizations. Similarly, debt service includes the debt service of the Consolidated Revenue Fund and that of consolidated organizations.

TABLE 3.8

CHANGE IN BUDGETARY EXPENDITURE (in millions of dollars)

	1998-1999	1999-2000	2000-2001	2001-2002 ^F	2002-2003 ^F
Operating expenditure					
□ Program spending excluding use of budgetary reserve	- 38 014	- 38 704	- 40 776	- 41 929	- 43 223
% change	—	1.8	5.4	2.8	3.1
New spending financed by budgetary reserve	—	—	—	- 280	—
□ Program spending	- 38 014	- 38 704	- 40 776	- 42 209	- 43 223
% change	—	1.8	5.4	3.5	2.4
□ Consolidated organizations	- 1 368	-1 293	-1 183	- 1 297	-1 359
Total operating expenditure	- 39 382	- 39 997	- 41 959	- 43 506	- 44 582
% change	—	1.6	4.9	3.7	2.5
Debt service					
□ Consolidated Revenue Fund	- 6 574	- 6 751	- 6 972	- 6 735	- 6 683
% change	—	2.7	3.3	- 3.4	- 0.8
□ Consolidated organizations	- 613	- 621	- 634	- 667	- 673
Total debt service	- 7 187	- 7 372	- 7 606	- 7 402	- 7 356
% change	—	2.6	3.2	- 2.7	- 0.6
Budgetary expenditure	- 46 569	- 47 369	- 49 565	- 50 908	- 51 938
% change	—	1.7	4.6	2.7	2.0
Nominal GDP growth rate in % ¹	4.0	5.9	6.2	3.3	3.0
Inflation rate in Canada in % ¹	1.0	1.7	2.7	2.9	1.9

F: Forecast.

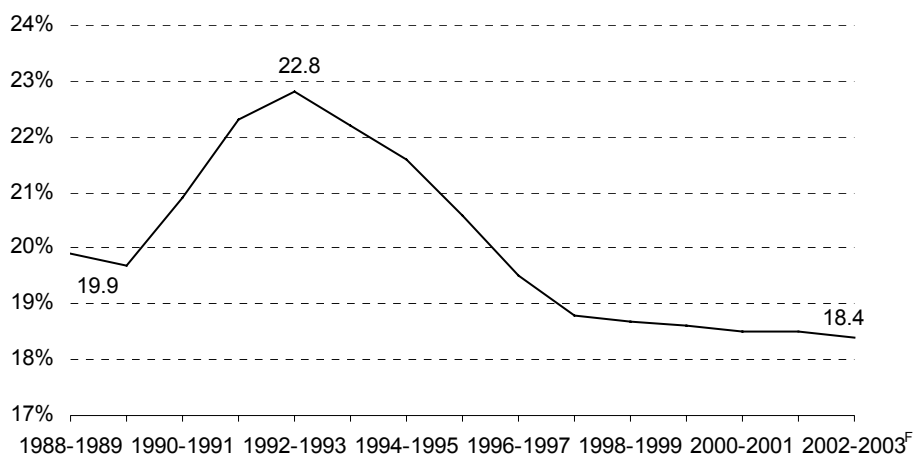
1 For the calendar year ending three months before the end of the fiscal year.

Program spending will grow by 2.4% in 2002-2003. This growth rate is less than that of nominal GDP, which is compatible with the government's objectives in terms of maintaining a balanced budget.

The ratio of the government's program spending to GDP should continue to fall, to 18.4% in 2002-2003, the lowest level in at least 30 years.

GRAPH 3.6

PROGRAM SPENDING¹
(as a percentage of GDP)



F: Forecast.

1 Excluding the extraordinary expenditure of \$1 377 million in 1998-1999 to implement the consolidation and financial restructuring plan for health and social services network institutions and to improve the financial situation of universities.

Section 3

Appendix 3.1

Additional information on the budgetary revenue forecast for 2002-2003

The Québec government's revenue should total \$51 938 million in 2002-2003. This revenue is derived from two sources: own-source revenue and federal transfer revenue.

Own-source revenue accounts for 82.2% of the government's revenue

In 2002-2003, the Québec government's own-source revenue should reach \$42 691 million, or 82.2% of budgetary revenue. Own-source revenue consists of tax revenue, which essentially includes personal income tax, corporate taxes and consumption taxes. It also consists of non-tax revenue, such as various duties and permits (registration fees, forest royalties, hunting and fishing permits, etc.), miscellaneous revenue (interest, recoveries, sales of goods and services, fines, etc.) and the revenue of consolidated organizations. Lastly, it includes revenue from government enterprises, such as Hydro-Québec, Loto-Québec and the Société des alcools du Québec.

TABLE 3.1.1

BUDGETARY REVENUE ANTICIPATED IN 2002-2003

	In millions of dollars	In %
Own-source revenue	42 691	82.2
Federal transfers	9 247	17.8
Total	51 938	100.0

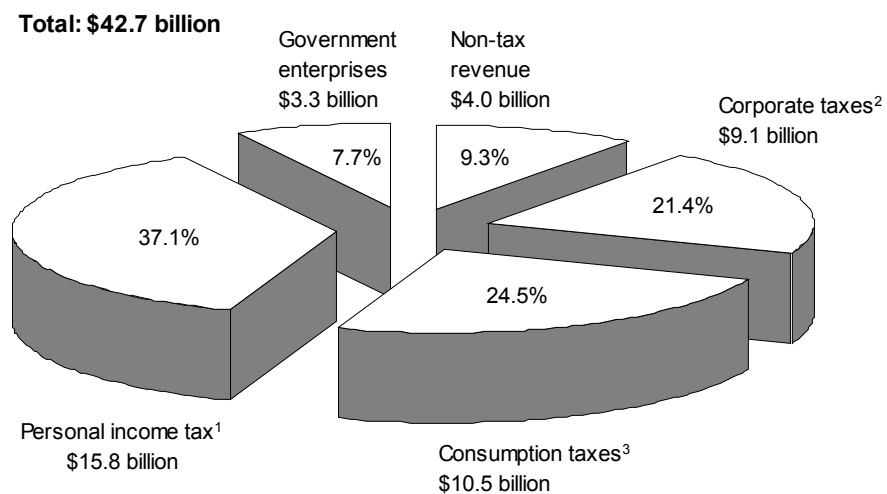
Tax revenue makes up the bulk of own-source revenue

In 2002-2003, personal income tax will be the largest source of own-source revenue (37.1%), followed by consumption taxes (24.5%) and corporate taxes (21.4%). These three sources, which make up tax revenue, account for 83 % of all own-source revenue.

The balance of own-source revenue consists of revenue from government enterprises (7.7%) and non-tax revenue (9.3%), which includes fees for government services and the revenue of consolidated organizations.

GRAPH 3.1.1

DISTRIBUTION OF ANTICIPATED OWN-SOURCE REVENUE BY SOURCE IN 2002-2003



- 1 Including individuals' contributions to the Health Services Fund.
- 2 Including corporate contributions to the Health Services Fund.
- 3 Including duties on alcoholic beverages.

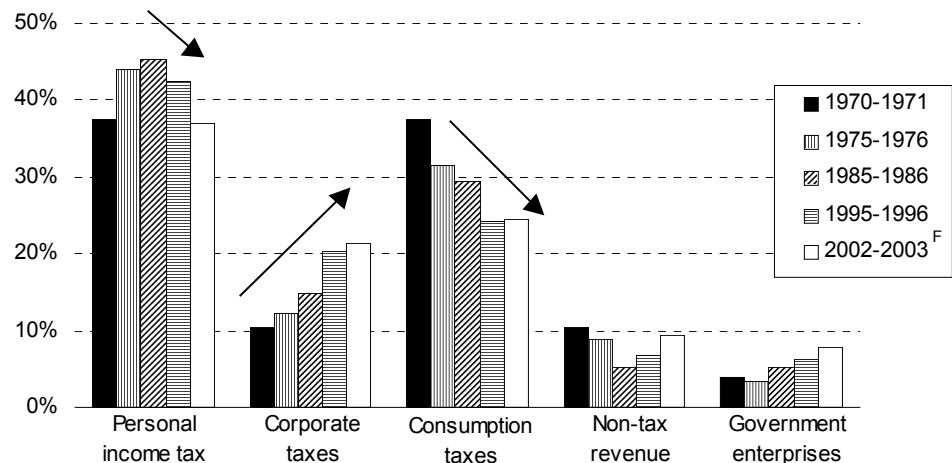
Major changes to the structure of revenue

The composition of own-source revenue has changed considerably over the years. Personal income tax as a proportion of overall revenue has declined over the past two decades, while the share of corporate taxes has grown appreciably, doubling since 1970-1971. The share of consumption taxes has fallen sharply, from 37.6% in 1970-1971 to 24.5% in 2002-2003.

The importance of revenue from government enterprises and non-tax revenue has grown in recent years, in particular because of the improved profitability of government corporations and cost-effective fees for government services. Furthermore, the addition of consolidated organizations to the government's reporting entity since 1997-1998 has helped to significantly increase the share of these revenue sources in total own-source revenue.

GRAPH 3.1.2

CHANGE IN OWN-SOURCE REVENUE BY SOURCE (as a percentage of the total)



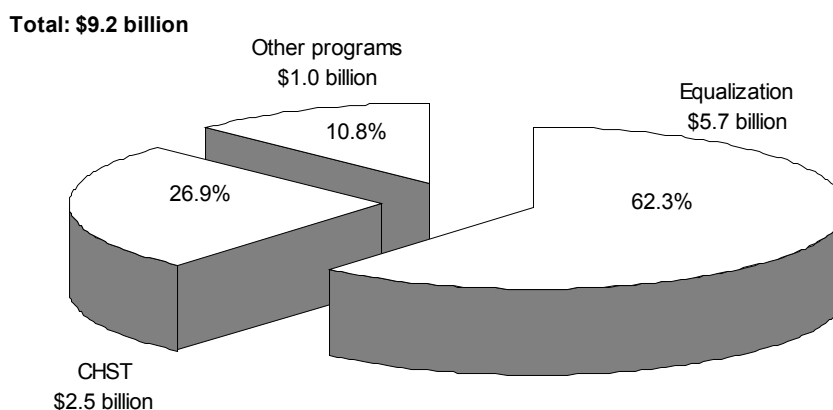
F: Forecast.

Equalization accounts for almost two-thirds of federal transfers

The Québec government's revenue also includes federal transfers. In 2002-2003, these transfers will reach \$9 247 million, or 17.8% of budgetary revenue. Federal transfers include equalization, the Canada Health and Social Transfer (CHST) and revenue from a number of cost-sharing agreements between Québec and the federal government.

GRAPH 3.1.3

DISTRIBUTION OF ANTICIPATED FEDERAL TRANSFERS BY SOURCE IN 2002-2003

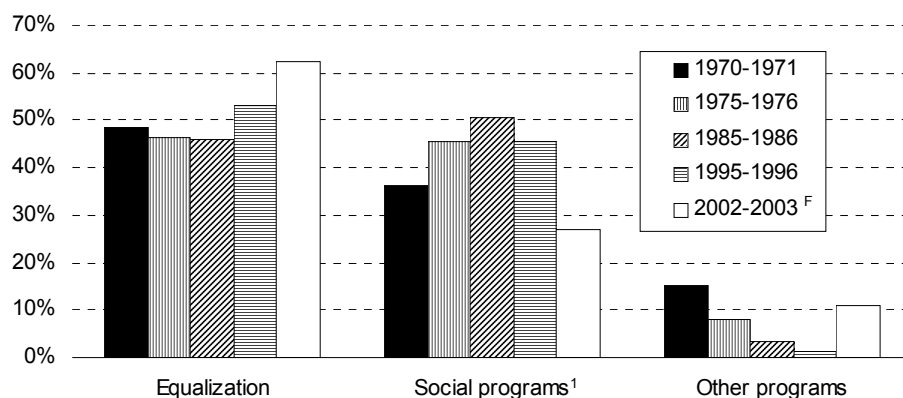


Share of federal transfers for health, education and income security down sharply

As the following graph shows, the share of federal cash transfers for health, education and income security has fallen sharply since the early 1980s. This decline has accelerated recently with the implementation of the CHST in 1996-1997, which was accompanied by a substantial drop in the federal contribution to social programs funding.

GRAPH 3.1.4

CHANGE IN FEDERAL TRANSFERS BY SOURCE (as a percentage of the total)



F: Forecast.

1 Cash transfers only (excluding the special Québec abatement).

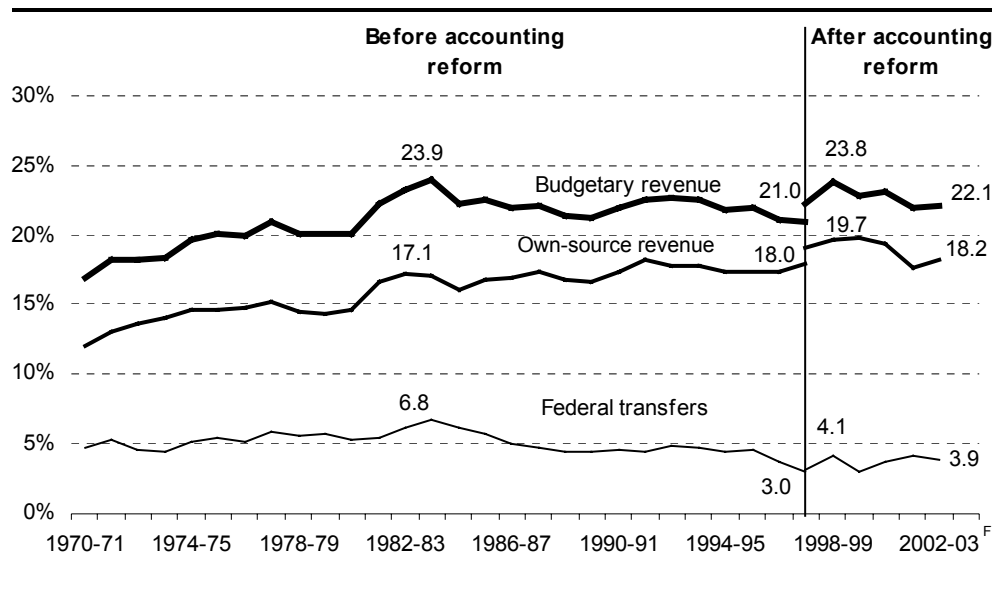
Owing to income tax reductions, the budgetary revenue/GDP ratio will decrease

Since the early 1980s, budgetary revenue has accounted for a relatively steady proportion of GDP, although the ratio has risen since 1997-1998 with the inclusion of certain organizations within the government's reporting entity.

However, on account of the measures announced in this Budget and in those of previous years, this ratio should fall from 23.8% in 1998-1999 to 22.1% in 2002-2003.

GRAPH 3.1.5

CHANGE IN BUDGETARY REVENUE (as a percentage of GDP)



F: Forecast.

Section 3

Appendix 3.2

Additional information on the government's financial position

TABLE 3.2.1

GOUVERNEMENT DU QUÉBEC
SUMMARY OF FINANCIAL TRANSACTIONS¹
(in millions of dollars)

	Budgetary transactions							Surplus (deficit) after reserve
	Own- source revenue	Federal transfers	Budgetary revenue	Operating expenditure	Debt service	Budgetary expenditure	Budgetary reserve	
Before reform of government accounting								
1970-1971	2 747	1 095	3 842	- 3 790	- 197	- 3 987		- 145
1971-1972	3 183	1 294	4 477	- 4 622	- 210	- 4 832		- 355
1972-1973	3 743	1 262	5 005	- 5 110	- 242	- 5 352		- 347
1973-1974	4 368	1 377	5 745	- 6 116	- 288	- 6 404		- 659
1974-1975	5 364	1 872	7 236	- 7 382	- 296	- 7 678		- 442
1975-1976	6 105	2 224	8 329	- 8 912	- 368	- 9 280		- 951
1976-1977	7 126	2 523	9 649	- 10 369	- 456	- 10 825		- 1 176
1977-1978	8 006	3 090	11 096	- 11 194	- 606	- 11 800		- 704
1978-1979	8 527	3 271	11 798	- 12 479	- 817	- 13 296		- 1 498
1979-1980	9 464	3 757	13 221	- 14 651	- 970	- 15 621		- 2 400
1980-1981	10 763	3 899	14 662	- 16 761	- 1 382	- 18 143		- 3 481
1981-1982	13 460	4 479	17 939	- 18 610	- 1 950	- 20 560		- 2 621
1982-1983	14 725	5 178	19 903	- 20 066	- 2 300	- 22 366		- 2 463
1983-1984	15 738	6 235	21 973	- 21 626	- 2 511	- 24 137		- 2 164
1984-1985	16 182	6 247	22 429	- 23 290	- 3 012	- 26 302		- 3 873
1985-1986	18 102	6 190	24 292	- 24 411	- 3 354	- 27 765		- 3 473
1986-1987	19 885	5 839	25 724	- 25 140	- 3 556	- 28 696		- 2 972
1987-1988	22 334	6 131	28 465	- 27 186	- 3 675	- 30 861		- 2 396
1988-1989	23 737	6 403	30 140	- 28 042	- 3 802	- 31 844		- 1 704
1989-1990	24 812	6 693	31 505	- 29 254	- 4 015	- 33 269		- 1 764
1990-1991	26 592	6 992	33 584	- 32 122	- 4 437	- 36 559		- 2 975
1991-1992	28 287	6 766	35 053	- 34 688	- 4 666	- 39 354		- 4 301
1992-1993	28 198	7 782	35 980	- 36 254	- 4 756	- 41 010		- 5 030
1993-1994	28 855	7 780	36 635	- 36 242	- 5 316	- 41 558		- 4 923
1994-1995	29 499	7 510	37 009	- 36 949	- 5 881	- 42 830		- 5 821
1995-1996	30 692	8 142	38 834	- 36 747	- 6 034	- 42 781		- 3 947
1996-1997	31 221	6 719	37 940	- 35 297	- 5 855	- 41 152		- 3 212
After reform of government accounting								
1997-1998	35 842	5 989	41 831	- 36 645	- 7 343	- 43 988		- 2 157
1998-1999	38 605	8 090	46 695	- 39 382	- 7 187	- 46 569		126
1999-2000	41 047	6 352	47 399	- 39 997	- 7 372	- 47 369		30
2000-2001	42 856	8 161	51 017	- 41 959	- 7 606	- 49 565	- 950	502
2001-2002 ^F	40 298	9 660	49 958	- 43 506	- 7 402	- 50 908	950	0

F: Forecast.

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

Non-budgetary transactions					
Investments, loans and advances	Capital expenditures	Retirement plans	Other accounts	Excess amount (shortfall)	Net financial surplus (requirements)
- 73		2	26	- 45	- 190
- 63		1	113	51	- 304
- 53		- 1	18	- 36	- 383
- 122		25	459	362	- 297
- 146		104	319	277	- 165
- 186		109	622	545	- 406
- 183		187	- 161	- 157	- 1 333
- 229		265	- 488	- 452	- 1 156
- 189		316	119	246	- 1 252
- 188		683	551	1 046	- 1 354
- 56		822	416	1 182	- 2 299
- 586		1 007	71	492	- 2 129
- 761		1 051	- 40	250	- 2 213
- 672		1 057	- 436	- 51	- 2 215
- 167		1 183	887	1 903	- 1 970
40		1 269	493	1 802	- 1 671
- 380		1 355	260	1 235	- 1 737
- 680		2 203	- 493	1 030	- 1 366
- 670		1 634	- 265	699	- 1 005
- 516		1 164	300	948	- 816
- 458		1 874	77	1 493	- 1 482
- 411		1 916	141	1 646	- 2 655
- 490		1 525	82	1 117	- 3 913
- 623		1 668	52	1 097	- 3 826
- 1 142		1 509	578	945	- 4 876
- 287		1 701	- 415	999	- 2 948
- 792		1 928	- 60	1 076	- 2 136
- 1 315	- 209	1 888	109	473	- 1 684
- 1 402	- 217	1 020	996	397	523
- 2 022	- 359	1 740	1 328	687	717
- 1 632	- 473	1 793	- 706	- 1 018	- 516
- 1 317	- 691	1 987	- 686	- 707	- 707

TABLE 3.2.2

GOUVERNEMENT DU QUÉBEC
DEBT AT THE END OF THE FISCAL YEAR

	Total debt					
	Direct debt ¹		Net retirement plans liability ²		Total	
	In millions of dollars	As a % of GDP	In millions of dollars	As a % of GDP	In millions of dollars	As a % of GDP
Before reform of government accounting						
1970-1971	2 478	10.9			2 478	10.9
1971-1972	2 920	11.9			2 920	11.9
1972-1973	3 309	12.0			3 309	12.0
1973-1974	3 679	11.8			3 679	11.8
1974-1975	4 030	11.0	67	0.2	4 097	11.1
1975-1976	4 955	12.0	179	0.4	5 134	12.4
1976-1977	6 035	12.5	354	0.7	6 389	13.2
1977-1978	7 111	13.5	620	1.2	7 731	14.6
1978-1979	8 325	14.2	915	1.6	9 240	15.7
1979-1980	9 472	14.4	1 598	2.4	11 070	16.9
1980-1981	12 247	16.8	2 420	3.3	14 667	20.1
1981-1982	14 184	17.6	3 428	4.2	17 612	21.8
1982-1983	16 485	19.3	4 489	5.3	20 974	24.5
1983-1984	18 880	20.5	5 545	6.0	24 425	26.5
1984-1985	21 216	21.1	6 729	6.7	27 945	27.8
1985-1986	23 633	22.0	7 998	7.4	31 631	29.4
1986-1987	25 606	21.8	9 353	8.0	34 959	29.8
1987-1988	26 819	20.8	10 883	8.5	37 702	29.3
1988-1989	27 091	19.2	12 597	9.0	39 688	28.2
1989-1990	27 699	18.7	14 320	9.6	42 019	28.3
1990-1991	29 637	19.3	16 227	10.5	45 864	29.8
1991-1992	33 106	21.3	18 143	11.6	51 249	32.9
1992-1993	39 231	24.7	19 668	12.4	58 899	37.1
1993-1994	45 160	27.7	20 483	12.6	65 643	40.3
1994-1995	52 468	30.6	21 997	12.8	74 465	43.4
1995-1996	52 886	29.7	23 624	13.2	76 510	42.9
1996-1997	52 625	29.0	25 461	14.0	78 086	43.0
After reform of government accounting						
1997-1998	57 294	30.3	40 438	21.4	97 732	51.7
1998-1999	59 144 ³	30.1	40 428	20.6	99 572 ³	50.7
1999-2000	61 209 ³	29.4	39 337	18.9	100 546 ³	48.3
2000-2001	63 630 ³	28.8	39 111	17.7	102 741 ³	46.5
2001-2002 ^F	66 028 ³	28.9	38 832	17.0	104 860 ³	46.0

F: Forecast.

1 Including Treasury bills, Treasury notes and long-term debt. As of 1976-1977, the debt in foreign currency has been expressed in the Canadian equivalent, based on the exchange rates effective on March 31 of the fiscal year under consideration.

2 Balance of the retirement plans liability less amount accumulated in the retirement plans sinking fund.

3 Excluding pre-financing of \$2 831 million in 1998-1999, \$506 million in 1999-2000, \$1 475 million in 2000-2001 and \$855 million in 2001-2002. Including pre-financing, the total debt reaches \$102 403 million in 1998-1999, \$101 052 million in 1999-2000 and \$104 216 million in 2000-2001 and will reach \$105 715 million in 2001-2002.

Financial assets and other liabilities		Debt representing					
		Net debt		Capital expenditures		Accumulated deficits ⁵	
In millions of dollars	As a % of GDP	In millions of dollars	As a % of GDP	In millions of dollars	As a % of GDP	In millions of dollars	As a % of GDP
188	0.8	2 290	10.1			2 290	10.1
275	1.1	2 645	10.8			2 645	10.8
317	1.2	2 992	10.9			2 992	10.9
28	0.1	3 651	11.7			3 651	11.7
4	0.0	4 093	11.1			4 093	11.1
90	0.2	5 044	12.2			5 044	12.2
36	0.1	6 353	13.2			6 353	13.2
673	1.3	7 058	13.4			7 058	13.4
780	1.3	8 460	14.4			8 460	14.4
234	0.4	10 836	16.5			10 836	16.5
341	0.5	14 326	19.6			14 326	19.6
5 043	6.2	12 569	15.6			12 569	15.6
5 936	6.9	15 038	17.6			15 038	17.6
7 127	7.7	17 298	18.8			17 298	18.8
6 490	6.5	21 455	21.3			21 455	21.3
5 896	5.5	25 735	23.9			25 735	23.9
6 243	5.3	28 716	24.5			28 716	24.5
6 587	5.1	31 115	24.2			31 115	24.2
6 869	4.9	32 819	23.3			32 819	23.3
7 436	5.0	34 583	23.3			34 583	23.3
8 306	5.4	37 558	24.4			37 558	24.4
9 364	6.0	41 885	26.9			41 885	26.9
11 985	7.5	46 914	29.5			46 914	29.5
13 806	8.5	51 837	31.8			51 837	31.8
16 788	9.8	57 677	33.9			57 677	33.9
14 886	8.4	61 624	34.6			61 624	34.6
13 253	7.3	64 833	35.7			64 833	35.7
9 233	4.9	88 499	46.9	6 016	3.2	82 483	43.7
13 820 ⁴	7.0	88 583	45.1	6 233	3.2	82 350	41.9
12 166 ⁴	5.9	88 886	42.7	6 693	3.2	82 193	39.5
15 359 ⁴	7.0	88 857	40.2	7 166	3.2	81 691	37.0
16 167 ⁴	7.1	89 548	39.2	7 857	3.4	81 691	35.8

4 Taking into account pre-financing that totals \$2 831 million in 1998-1999, \$506 million in 1999-2000 and \$1 475 million in 2000-2001 and that will total \$855 million in 2001-2002.

5 Including various accounting adjustments that have not been the object of a surplus (deficit) adjustment for previous years.

TABLE 3.2.3

GOUVERNEMENT DU QUÉBEC
DEBT SERVICE

	Direct debt service		Interest on the net retirement plans liability ¹		Total debt service	
	In millions of dollars	As a % of budgetary revenue	In millions of dollars	As a % of budgetary revenue	In millions of dollars	As a % of budgetary revenue
Before reform of government accounting						
1970-1971	197	5.1			197	5.1
1971-1972	210	4.7			210	4.7
1972-1973	242	4.8			242	4.8
1973-1974	288	5.0			288	5.0
1974-1975	296	4.1			296	4.1
1975-1976	368	4.4			368	4.4
1976-1977	456	4.7			456	4.7
1977-1978	606	5.5			606	5.5
1978-1979	763	6.5	54	0.5	817	6.9
1979-1980	882	6.7	88	0.7	970	7.3
1980-1981	1 217	8.3	165	1.1	1 382	9.4
1981-1982	1 686	9.4	264	1.5	1 950	10.9
1982-1983	1 921	9.7	379	1.9	2 300	11.6
1983-1984	2 031	9.2	480	2.2	2 511	11.4
1984-1985	2 414	10.8	598	2.7	3 012	13.4
1985-1986	2 648	10.9	706	2.9	3 354	13.8
1986-1987	2 754	10.7	802	3.1	3 556	13.8
1987-1988	2 751	9.7	924	3.2	3 675	12.9
1988-1989	2 665	8.8	1 137	3.8	3 802	12.6
1989-1990	2 829	8.9	1 186	3.8	4 015	12.7
1990-1991	3 026	9.0	1 411	4.2	4 437	13.2
1991-1992	3 222	9.2	1 444	4.1	4 666	13.3
1992-1993	3 475	9.6	1 281	3.6	4 756	13.2
1993-1994	3 750	10.2	1 566	4.3	5 316	14.5
1994-1995	4 332	11.7	1 549	4.2	5 881	15.9
1995-1996	4 287	11.0	1 747	4.5	6 034	15.5
1996-1997	3 906	10.3	1 949	5.1	5 855	15.4
After reform of government accounting						
1997-1998	4 378	10.5	2 965	7.1	7 343	17.6
1998-1999	4 773	10.2	2 414	5.2	7 187	15.4
1999-2000	4 740	10.0	2 632	5.6	7 372	15.6
2000-2001	5 012	9.8	2 594	5.1	7 606	14.9
2001-2002 ^F	4 765	9.5	2 637	5.3	7 402	14.8

F: Forecast.

1 Amount of interest ascribed to the retirement plans liability less revenue from the retirement plans sinking fund.