

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

May 22, 2020

AT FEBRUARY 29, 2020

## Note to the reader

The monthly report on financial transactions provides an overview of the Québec government's monthly financial results. It is produced to increase the transparency of public finances and to provide regular monitoring on the achievement of the budgetary balance target for the fiscal year. The financial information presented in this report is unaudited and is based on the accounting policies used in the government's annual financial statements.<sup>(1)</sup>

In March 2020, the World Health Organization declared a COVID-19 pandemic. This pandemic and the measures put in place to deal with it are constantly evolving; in particular, they have significant impacts on the economy and the activities of the Québec government. The first impacts on the government's financial situation will be reflected in the March 2020 results.

Preliminary results for 2019-2020 will be presented in June 2020, when the government publishes the *Supplementary Budget Statement*.

## Highlights for February 2020

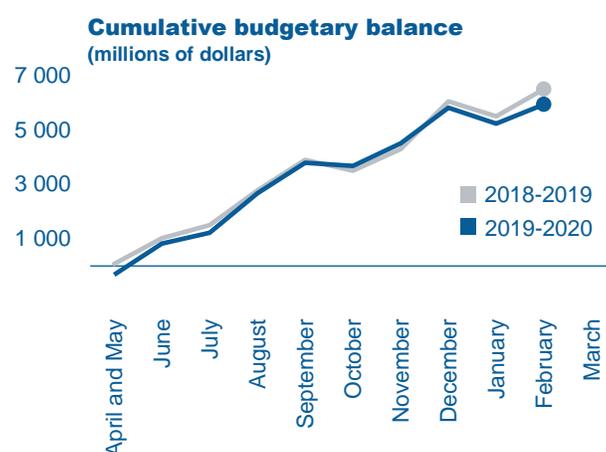
At February 29, 2020, that is, for the first eleven months of 2019-2020, the budgetary balance within the meaning of the *Balanced Budget Act* showed a surplus of \$5.9 billion. This is a decrease of \$306 million compared to the previous year at the same date.

This result is due to:

- revenues of \$107.0 billion;
- expenditures of \$98.7 billion;
- deposits of \$2.3 billion in the Generations Fund.

According to the data presented in the *Québec Budget Plan – March 2020*, a budgetary balance of \$1.9 billion is expected for the year as a whole.

- This surplus will vary according to the impact of the COVID-19 pandemic on Québec's budgetary situation and the support measures put in place by the government to deal with it.



## SUMMARY OF CONSOLIDATED RESULTS

(unaudited data, millions of dollars)

|  | February      |               |             | April to February |                |               |            |
|--|---------------|---------------|-------------|-------------------|----------------|---------------|------------|
|  | 2019          | 2020          | Change      | 2018-2019         | 2019-2020      | Change        | Change (%) |
| Own-source revenue                                     | 8 129         | 7 904         | -225        | 83 126            | 84 744         | 1 618         | 1.9        |
| Federal transfers                                      | 1 899         | 2 153         | 254         | 20 438            | 22 215         | 1 777         | 8.7        |
| <b>Consolidated revenue</b>                            | <b>10 028</b> | <b>10 057</b> | <b>29</b>   | <b>103 564</b>    | <b>106 959</b> | <b>3 395</b>  | <b>3.3</b> |
| Portfolio expenditures                                 | -8 119        | -8 532        | -413        | -86 512           | -91 752        | -5 240        | 6.1        |
| Debt service   | -679          | -607          | 72          | -7 982            | -6 934         | 1 048         | -13.1      |
| <b>Consolidated expenditure</b>                        | <b>-8 798</b> | <b>-9 139</b> | <b>-341</b> | <b>-94 494</b>    | <b>-98 686</b> | <b>-4 192</b> | <b>4.4</b> |
| <b>SURPLUS (DEFICIT)<sup>(2)</sup></b>                 | <b>1 230</b>  | <b>918</b>    | <b>-312</b> | <b>9 070</b>      | <b>8 273</b>   | <b>-797</b>   | <b>—</b>   |
| <b>BALANCED BUDGET ACT</b>                             |               |               |             |                   |                |               |            |
| Deposits of dedicated revenues in the Generations Fund | -245          | -212          | 33          | -2 825            | -2 334         | 491           | —          |
| <b>BUDGETARY BALANCE<sup>(3)</sup></b>                 | <b>985</b>    | <b>706</b>    | <b>-279</b> | <b>6 245</b>      | <b>5 939</b>   | <b>-306</b>   | <b>—</b>   |

## CONSOLIDATED REVENUE

### Own-source revenue

At February 29, 2020, that is, for the first eleven months of 2019-2020, own-source revenue amounted to \$84.7 billion. This represents an increase of \$1.6 billion (1.9%) compared to the same period last year.

- The cumulative change in own-source revenue slowed down in February, due in particular to lower revenue from corporate taxes, partially offset by an increase in revenue from personal income tax.

**Tax revenue** increased by \$1.9 billion (3.0%) to \$66.0 billion, due to:

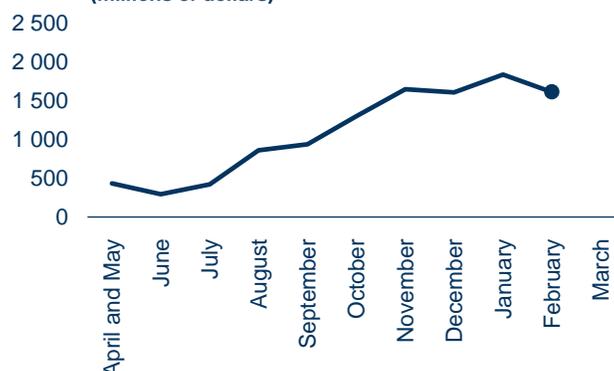
- a \$1.7-billion increase (5.9%) in **personal income tax**, driven in particular by growth in wages and salaries;
- a \$65-million increase (1.1%) in **contributions for health services**, resulting in particular from growth in wages and salaries, offset by the reduction in the contribution rate to the Health Services Fund for all Québec SMBs;
- a \$549-million decrease (6.8%) in revenue from **corporate taxes**, due in particular to exceptional and one-time cash inflows observed in February 2019, as well as the impact of the depreciation measures announced these last few years;
- a \$300-million decrease (17.4%) in **school property taxes**, due to the school tax system reform, which aims to reduce school tax rates in Québec;
- a \$1.0-billion increase (5.3%) in **consumption taxes**, due in particular to growth in household consumption and residential construction.

**Other own-source revenue** increased by \$199 million (1.4%) to \$14.4 billion, due to:

- a \$141-million increase (3.5%) in **duties and permits**, mainly due to increased revenue from Québec's greenhouse gas emissions cap-and-trade system;
- a \$58-million increase (0.6%) in **miscellaneous revenue**.

**Revenue from government enterprises** decreased by \$523 million (10.8%) to \$4.3 billion. This decrease is mainly attributable to Hydro-Québec's results. In June 2018, Hydro-Québec realized an extraordinary gain tied to the partial disposal of the TM4 subsidiary. In addition, the value of net electricity exports decreased from last year.

**Cumulative change in own-source revenue**  
(millions of dollars)



### OWN-SOURCE REVENUE

(unaudited data, millions of dollars)

|   | February     |              |             | April to February |               |              |            |
|---|--------------|--------------|-------------|-------------------|---------------|--------------|------------|
|   | 2019         | 2020         | Change      | 2018-2019         | 2019-2020     | Change       | Change (%) |
| Income and property taxes   |              |              |             |                   |               |              |            |
| Personal income tax   | 2 576        | 2 871        | 295         | 29 032            | 30 735        | 1 703        | 5.9        |
| Contributions for health services   | 549          | 566          | 17          | 5 975             | 6 040         | 65           | 1.1        |
| Corporate taxes   | 1 410        | 981          | -429        | 8 084             | 7 535         | -549         | -6.8       |
| School property tax   | 141          | 124          | -17         | 1 721             | 1 421         | -300         | -17.4      |
| Consumption taxes   | 1 318        | 1 401        | 83          | 19 287            | 20 310        | 1 023        | 5.3        |
| <b>Tax revenue</b>  | <b>5 994</b> | <b>5 943</b> | <b>-51</b>  | <b>64 099</b>     | <b>66 041</b> | <b>1 942</b> | <b>3.0</b> |
| Duties and permits  | 540          | 549          | 9           | 3 977             | 4 118         | 141          | 3.5        |
| Miscellaneous revenue   | 867          | 819          | -48         | 10 221            | 10 279        | 58           | 0.6        |
| <b>Other own-source revenue</b>   | <b>1 407</b> | <b>1 368</b> | <b>-39</b>  | <b>14 198</b>     | <b>14 397</b> | <b>199</b>   | <b>1.4</b> |
| <b>Total own-source revenue excluding revenue from government enterprises</b> | <b>7 401</b> | <b>7 311</b> | <b>-90</b>  | <b>78 297</b>     | <b>80 438</b> | <b>2 141</b> | <b>2.7</b> |
| Revenue from government enterprises   | 728          | 593          | -135        | 4 829             | 4 306         | -523         | -10.8      |
| <b>TOTAL</b>  | <b>8 129</b> | <b>7 904</b> | <b>-225</b> | <b>83 126</b>     | <b>84 744</b> | <b>1 618</b> | <b>1.9</b> |

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## Federal transfers

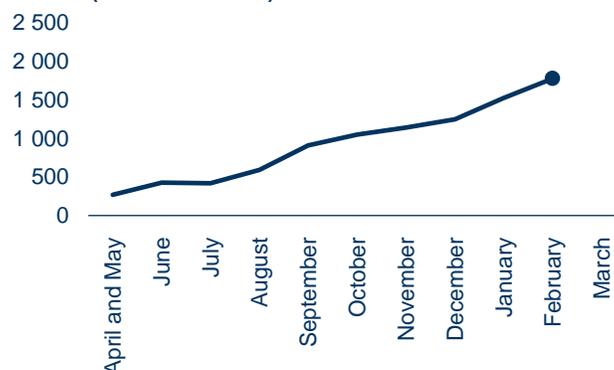
At February 29, 2020, that is, for the first eleven months of 2019-2020, federal transfers amounted to \$22.2 billion. This represents an increase of \$1.8 billion (8.7%) compared to the same period last year.

- The cumulative change in federal transfers rose in February, mainly due to equalization revenue and other programs.

**Equalization** revenue increased by \$1.3 billion (11.9%) to \$12.0 billion. This increase is partly due to the growth in Canada's nominal GDP, which determines the pace of growth in the equalization envelope.

Revenues from **other programs** rose by \$412 million (16.9%) to \$2.9 billion, due in particular to the agreement concluded with the federal government concerning the reimbursement of expenses related to asylum seekers.

**Cumulative change in federal transfers**  
(millions of dollars)



## FEDERAL TRANSFERS

(unaudited data, millions of dollars)

|  | February     |              |            | April to February |               |              |            |
|--|--------------|--------------|------------|-------------------|---------------|--------------|------------|
|  | 2019         | 2020         | Change     | 2018-2019         | 2019-2020     | Change       | Change (%) |
| Equalization   | 977          | 1 094        | 117        | 10 754            | 12 031        | 1 277        | 11.9       |
| Health transfers   | 525          | 539          | 14         | 5 782             | 5 936         | 154          | 2.7        |
| Transfers for post-secondary education and other social programs | 133          | 127          | -6         | 1 463             | 1 397         | -66          | -4.5       |
| Other programs   | 264          | 393          | 129        | 2 439             | 2 851         | 412          | 16.9       |
| <b>TOTAL</b>   | <b>1 899</b> | <b>2 153</b> | <b>254</b> | <b>20 438</b>     | <b>22 215</b> | <b>1 777</b> | <b>8.7</b> |

## CONSOLIDATED EXPENDITURE

At February 29, 2020, that is, for the first eleven months of 2019-2020, consolidated expenditure totalled \$98.7 billion. This represents an increase of \$4.2 billion (4.4%) compared to the same period last year.

- The cumulative change in expenditure increased in February, owing in particular to higher expenditures in the Santé et Services sociaux and Éducation et Enseignement supérieur portfolios.

Expenditure in the **Éducation et Enseignement supérieur** portfolio increased by \$926 million (4.4%) to \$21.8 billion, mainly due to:

- a \$647-million increase in school boards expenses, due in particular to the increase in the number of teachers, which resulted from an increase in the number of students, and the indexation of salary scales.

Expenditure in the **Santé et Services sociaux** portfolio increased by \$2.4 billion (6.1%) to \$40.9 billion, mainly due to:

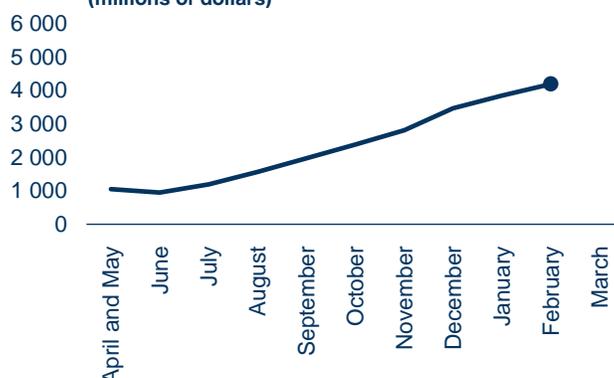
- a \$1.6-billion increase in spending by health and social services institutions, due in particular to an increase in the hours devoted to services to the population, drug costs, as well as to the indexation of salary scales and salary relativity for employed individuals as at April 1, 2019;
- a \$484-million increase in expenditures by the Régie de l'assurance maladie du Québec, particularly for medical, pharmaceutical, optometric and dental services.

Expenditure in **other portfolios** increased by \$2.0 billion (7.2%) to \$29.0 billion, due in particular to:

- a \$605-million increase in expenditure in the Famille portfolio, including \$343 million for the increase in family allowance amounts, which mainly results from the increased assistance provided for second and third children, and \$186 million due to the elimination, retroactive to January 1, 2019, of the additional contribution for childcare services;
- a \$348-million increase in expenditure in the Transports portfolio, resulting in particular from the \$260-million subsidy granted under the compensation program for holders of taxi owner's permits and the \$85-million contributions for the Réseau express métropolitain;
- a \$318-million increase in expenditure in the Sécurité publique portfolio resulting in particular from financial assistance following the spring 2019 floods.

**Debt service** expenditure decreased by \$1.0 billion (13.1%) to \$6.9 billion, due in particular to accelerated debt repayment from the Generations Fund, lower interest rates and increased revenue from the Retirement Plans Sinking Fund, which are recorded as a deduction from debt service.

**Cumulative change in consolidated expenditure**  
(millions of dollars)



## CONSOLIDATED EXPENDITURES BY PORTFOLIO<sup>(4)</sup>

(unaudited data, millions of dollars)

|                                     | February            |              |            | April to February        |               |               |              |
|-------------------------------------|---------------------|--------------|------------|--------------------------|---------------|---------------|--------------|
|                                     | 2019 <sup>(5)</sup> | 2020         | Change     | 2018-2019 <sup>(5)</sup> | 2019-2020     | Change        | Change (%)   |
| Éducation et Enseignement supérieur | 2 018               | 2 165        | 147        | 20 918                   | 21 844        | 926           | 4.4          |
| Santé et Services sociaux           | 3 516               | 3 740        | 224        | 38 524                   | 40 886        | 2 362         | 6.1          |
| Other portfolios <sup>(6)</sup>     | 2 585               | 2 627        | 42         | 27 070                   | 29 022        | 1 952         | 7.2          |
| <b>Portfolio expenditures</b>       | <b>8 119</b>        | <b>8 532</b> | <b>413</b> | <b>86 512</b>            | <b>91 752</b> | <b>5 240</b>  | <b>6.1</b>   |
| <b>Debt service</b>                 | <b>679</b>          | <b>607</b>   | <b>-72</b> | <b>7 982</b>             | <b>6 934</b>  | <b>-1 048</b> | <b>-13.1</b> |
| <b>TOTAL</b>                        | <b>8 798</b>        | <b>9 139</b> | <b>341</b> | <b>94 494</b>            | <b>98 686</b> | <b>4 192</b>  | <b>4.4</b>   |

## NET FINANCIAL SURPLUSES OR REQUIREMENTS

### Composition of net financial surpluses or requirements

The government's revenues and expenditures are established on an accrual basis of accounting. Revenues are recognized when earned and expenses when incurred, regardless of when receipts and disbursements occur.

Financial surpluses (requirements), on the other hand, consist of the difference between receipts and disbursements resulting from government activities. To meet its net financial requirements, the government uses a variety of financing sources, including cash and borrowings.

The various items for net financial requirements represent net receipts and disbursements generated by the government's loans, interests in its enterprises, fixed assets and other investments, as well as by retirement plans and other employee future benefits and by other accounts. This last item includes the payment of accounts payable and the collection of accounts receivable.

For the period April 2019 to February 2020, net financial surpluses amount to \$6.6 billion and are due to:

- the \$8.3-billion surplus resulting from the difference between government revenues and expenditures;
- the \$4.1-billion financial requirements for investments, loans and advances, including growth in the equity basis of government enterprises,<sup>(7)</sup> the increase in investments made through the Economic Development Fund and a \$283-million investment in preferred shares of REM inc.;
- the \$3.0-billion financial requirements for government capital investments resulting from \$6.8 billion in investments, including \$3.3 billion by health and social services and educational institutions, in particular to expand, build and redevelop infrastructure, and \$2.2 billion by the Land Transportation Network Fund, principally to replace road infrastructure. These investments are partially offset by amortization expenses of \$3.8 billion;<sup>(7)</sup>
- the \$3.0-billion financial surplus related to retirement plans and other employee future benefits liabilities, resulting from an increase in these liabilities of \$8.7 billion, less the payment of government employees benefits of \$5.8 billion;
- the \$2.3-billion financial surplus for other accounts.<sup>(8)</sup>

### NET FINANCIAL SURPLUSES OR REQUIREMENTS

(unaudited data, millions of dollars)

|   | April to February |               |
|---|-------------------|---------------|
|   | 2018-2019         | 2019-2020     |
| <b>SURPLUS (DEFICIT)<sup>(2)</sup></b>              | <b>9 070</b>      | <b>8 273</b>  |
| <b>Non-budgetary transactions</b>                   |                   |               |
| Investments, loans and advances                     | -3 193            | -4 070        |
| Capital investments                                 | -2 127            | -2 995        |
| Retirement plans and other employee future benefits | 2 464             | 3 034         |
| Other accounts <sup>(8)</sup>                       | 1 685             | 2 348         |
| <b>Total non-budgetary transactions</b>             | <b>-1 171</b>     | <b>-1 683</b> |
| <b>NET FINANCIAL SURPLUSES (REQUIREMENTS)</b>       | <b>7 899</b>      | <b>6 590</b>  |

## ➤ CHANGE IN THE BUDGETARY BALANCE IN 2019-2020

Results at February 29, 2020 showed a budgetary surplus of \$5.9 billion for the first eleven months of the year.

According to the data presented in the *Québec Budget Plan – March 2020*, a budgetary balance of \$1.9 billion is expected for 2019-2020. The decrease in the budgetary balance over the last month of the fiscal year is due to:

- an anticipated slowdown in the growth of own-source revenue which, coupled with an anticipated acceleration in the growth of portfolio expenditures and the estimated losses on the CSeries investment, will contribute to reducing the surplus by \$2.8 billion in March 2020;
- the initiatives announced in the fall 2019 *Update on Québec's Economic and Financial Situation*, for which a balance of \$252 million remains to be recorded;
- the targeted initiatives announced in the *Québec Budget Plan – March 2020*, which total \$947 million in 2019-2020.

This surplus will vary according to the impact of the COVID-19 pandemic on Québec's budgetary situation and the support measures put in place by the government to deal with it.

- Preliminary results for 2019-2020 will be presented in June 2020, when the government publishes the *Supplementary Budget Statement*.

### CHANGE IN THE BUDGETARY BALANCE FOR 2019-2020

(millions of dollars)

|  | <b>2019-2020</b> |
|--|------------------|
| <b>MONTHLY REPORT ON FINANCIAL TRANSACTIONS AT FEBRUARY 29, 2020<sup>(3)</sup></b> | <b>5 939</b>     |
| <b>UPCOMING RESULTS IN MARCH 2020</b>  |                  |
| <b>Results excluding initiatives</b>   |                  |
| – Consolidated revenue   | 10 984           |
| – Consolidated expenditure   | –12 922          |
| – Deposits of dedicated revenues in the Generations Fund                           | –299             |
| – Estimated losses on the CSeries investment                                       | –603             |
| <b>Subtotal</b>  | <b>–2 840</b>    |
| <b>Balance of the fall 2019 update's initiatives to be completed</b>               | <b>–252</b>      |
| <b>Initiatives in the <i>Québec Budget Plan – March 2020</i></b>                   | <b>–947</b>      |
| <b>TOTAL</b>   | <b>–4 039</b>    |
| <b>PROJECTED BUDGETARY BALANCE<sup>(3)</sup> – BUDGET 2020-2021</b>                | <b>1 900</b>     |

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## APPENDIX 1: BUDGET FORECASTS – CHANGE SINCE THE MARCH 2019 BUDGET

### BUDGET FORECASTS FOR 2019-2020

(millions of dollars)

|   | March 2019<br>Budget | Adjustments  | March 2020<br>Budget <sup>(9)</sup> | Change (%) <sup>(10)</sup> |
|---|----------------------|--------------|-------------------------------------|----------------------------|
| <b>CONSOLIDATED REVENUE</b>   |                      |              |                                     |                            |
| Income and property taxes   |                      |              |                                     |                            |
| Personal income tax   | 32 498               | 1 004        | 33 502                              | 5.4                        |
| Contributions for health services   | 6 596                | -3           | 6 593                               | 3.7                        |
| Corporate taxes   | 8 516                | 196          | 8 712                               | -5.1                       |
| School property tax   | 1 553                | 3            | 1 556                               | -16.0                      |
| Consumption taxes   | 21 864               | 254          | 22 118                              | 5.3                        |
| <b>Tax revenue</b>  | <b>71 027</b>        | <b>1 454</b> | <b>72 481</b>                       | <b>3.3</b>                 |
| Duties and permits  | 4 229                | 283          | 4 512                               | 3.5                        |
| Miscellaneous revenue   | 10 680               | 480          | 11 160                              | -3.4                       |
| <b>Other own-source revenue</b>   | <b>14 909</b>        | <b>763</b>   | <b>15 672</b>                       | <b>-1.5</b>                |
| <b>Total own-source revenue excluding revenue from government enterprises</b> | <b>85 936</b>        | <b>2 217</b> | <b>88 153</b>                       | <b>2.4</b>                 |
| Revenue from government enterprises   | 4 778                | -85          | 4 693                               | -15.4                      |
| <b>Total own-source revenue</b>   | <b>90 714</b>        | <b>2 132</b> | <b>92 846</b>                       | <b>1.3</b>                 |
| Federal transfers   | 24 924               | 173          | 25 097                              | 8.6                        |
| <b>Total consolidated revenue</b>   | <b>115 638</b>       | <b>2 305</b> | <b>117 943</b>                      | <b>2.8</b>                 |
| <b>CONSOLIDATED EXPENDITURE</b>   |                      |              |                                     |                            |
| Éducation et Enseignement supérieur   | -24 436              | -191         | -24 627                             | 6.7                        |
| Santé et Services sociaux   | -45 433              | 56           | -45 377                             | 6.6                        |
| Other portfolios <sup>(6)</sup>   | -34 169              | -789         | -34 958                             | 8.9                        |
| <b>Portfolio expenditures</b>   | <b>-104 038</b>      | <b>-924</b>  | <b>-104 962</b>                     | <b>7.4</b>                 |
| Debt service  | -8 996               | 1 151        | -7 845                              | -10.1                      |
| <b>Total consolidated expenditure</b>   | <b>-113 034</b>      | <b>227</b>   | <b>-112 807</b>                     | <b>6.0</b>                 |
| Contingency reserve   | -100                 | 100          | —                                   | —                          |
| Estimated losses on the CSeries investment                                    | —                    | -603         | -603                                | —                          |
| <b>SURPLUS (DEFICIT)<sup>(2)</sup></b>  | <b>2 504</b>         | <b>2 029</b> | <b>4 533</b>                        | <b>—</b>                   |
| <b>BALANCED BUDGET ACT</b>  |                      |              |                                     |                            |
| Deposits of dedicated revenues in the Generations Fund                        | -2 504               | -129         | -2 633                              | —                          |
| <b>BUDGETARY BALANCE<sup>(3)</sup></b>  | <b>—</b>             | <b>1 900</b> | <b>1 900</b>                        | <b>—</b>                   |

## APPENDIX 2: EXPENDITURES BY MISSION

Government expenditures are broken down into five missions that focus on public services. This breakdown of government expenditure in its main areas of activity is a stable indicator over time, as it is generally not influenced by ministerial changes. Moreover, since this breakdown is also used in the Public Accounts, its presentation in the monthly report on financial transactions allows for a better monitoring of actual results over the course of the year.

The missions dedicated to public services are:

- **Health and Social Services**, which consists primarily of the activities of the health and social services network and the programs administered by the Régie de l'assurance maladie du Québec;
- **Education and Culture**, which consists primarily of the activities of the education networks, student financial assistance, programs in the culture sector and immigration-related programs;
- **Economy and Environment**, which primarily includes programs related to economic development, employment assistance measures, international relations, the environment and infrastructure support;
- **Support for Individuals and Families**, which includes, in particular, last resort financial assistance, assistance measures for families and seniors, and certain legal aid measures;
- **Administration and Justice**, which consists of the activities of the legislature, central bodies and public security, as well as administrative programs.

### CONSOLIDATED EXPENDITURES BY MISSION EXCLUDING DEBT SERVICE

(unaudited data, millions of dollars)

|                                      | February            |              | April to February        |               |
|--------------------------------------|---------------------|--------------|--------------------------|---------------|
|                                      | 2019 <sup>(5)</sup> | 2020         | 2018-2019 <sup>(5)</sup> | 2019-2020     |
| Health and Social Services           | 3 415               | 3 647        | 37 620                   | 39 960        |
| Education and Culture                | 2 076               | 2 226        | 21 603                   | 22 567        |
| Economy and Environment              | 1 257               | 1 256        | 11 364                   | 11 978        |
| Support for Individuals and Families | 737                 | 773          | 9 368                    | 10 055        |
| Administration and Justice           | 634                 | 630          | 6 557                    | 7 192         |
| <b>TOTAL</b>                         | <b>8 119</b>        | <b>8 532</b> | <b>86 512</b>            | <b>91 752</b> |

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## APPENDIX 3: MONTHLY APPLICATION OF ACCOUNTING POLICIES

Since April 1, 2019, the government has included in the monthly report on financial transactions three accounting policies used in the development of the government's consolidated financial statements. These changes have no impact on the government's consolidated financial statements.

### Monthly financial information of bodies in the health and social services and education networks

The monthly financial information of network bodies is now consolidated on a line-by-line basis using a methodology which allows the government to take into account or estimate the actual financial information of network bodies. They were previously recognized using the modified equity method of accounting based on provisional information that was distributed on a straight-line basis and adjusted at the end of the financial year.

### Personal income tax revenues and health care contributions

The government estimates revenues from personal income tax and contributions for health services withheld at source by employers and payers (agents) that have not been collected by the government by the end of the month. The new method of estimating these amounts considers the remuneration earned by taxpayers instead of the remuneration paid to them during the month.

### Monthly application of the accounting standard on transfer payments

The government has reviewed its monthly application of the standard on transfer payments. Henceforth, transfer payments are recognized when they are authorized by the transferring entity and the eligibility criteria are met by the recipient entity. These transfers were previously recognized on a straight-line basis or on a disbursement basis, depending on the entity. This accounting change affects the government's results only when transfer payments are made outside the government's reporting entity.

These changes were applied retroactively with restatement of prior periods and resulted in changes to the government's surplus and budgetary balance for the period April 2018 to February 2019, as illustrated in the table below.

### CHANGES IN THE CONSOLIDATED RESULTS OF 2018-2019

(unaudited data, millions of dollars)

|  | April 2018 to February 2019             |  |                               | Total         |
|--|---|--|-------------------------------|---------------|
|  | Financial information of network bodies | Method of estimating tax revenues received by agents | Standard on transfer payments |               |
| <b>PREVIOUSLY REPORTED SURPLUS<sup>(2)</sup></b>       |   |  |                               | <b>9 110</b>  |
| <b>Revenue</b>   |   |  |                               |               |
| Own-source revenue                                     | 3 890                                   | 772  | —                             | 4 662         |
| Federal transfers                                      | 271                                     | —  | -29                           | 242           |
| <b>Total revenue</b>                                   | <b>4 161</b>                            | <b>772</b>   | <b>-29</b>                    | <b>4 904</b>  |
| <b>Expenditure</b>                                     |   |  |                               |               |
| Portfolio expenditures                                 | -4 664                                  | —  | -90                           | -4 754        |
| Debt service   | -190                                    | —  | —                             | -190          |
| <b>Total expenditure</b>                               | <b>-4 854</b>                           | <b>—</b>   | <b>-90</b>                    | <b>-4 944</b> |
| <b>TOTAL ADJUSTMENTS</b>                               | <b>-693</b>                             | <b>772</b>   | <b>-119</b>                   | <b>-40</b>    |
| <b>RESTATED SURPLUS<sup>(2)</sup></b>                  |   |  |                               | <b>9 070</b>  |
| Deposits of dedicated revenues in the Generations Fund |   |  |                               | -2 825        |
| <b>RESTATED BUDGETARY BALANCE<sup>(3)</sup></b>        |   |  |                               | <b>6 245</b>  |

In addition, certain figures for April 2018 to February 2019 have been reclassified to reflect the presentation adopted for 2019-2020. These reclassifications have no impact on the government's surplus or budgetary balance.

## Consolidated financial information

Consolidated results include the results of all entities that are part of the government's reporting entity, i.e., that are under its control. To determine consolidated results, the government eliminates transactions carried out between entities in the reporting entity. Additional information on the government's financial organization and the financing of public services can be found on pages 13 to 18 of the document titled "[Budgetary Process and Documents: Public Financial Accountability](#)" (in French only).

## Notes

- (1) The government's accounting policies can be found on pages 91 to 102 of the [Public Accounts 2018-2019](#).
- (2) Balance as defined in the Public Accounts.
- (3) Budgetary balance within the meaning of the *Balanced Budget Act*.
- (4) Consolidated expenditures by mission are presented in Appendix 2.
- (5) Certain expenditures were reclassified between portfolios and between missions to consider the transition to the 2019-2020 budgetary structure.
- (6) Other portfolios include inter-portfolio eliminations resulting from the elimination of reciprocal transactions between entities in different portfolios.
- (7) These items, which are included in the government's budgetary surplus (deficit), are eliminated in non-budgetary transactions because they have no effect on cash flow.
- (8) The surpluses or financial requirements pertaining to other accounts can vary significantly from one month to the next, in particular according to the time when the government collects or disburses funds related to its activities. For example, when the last day of the month is not a business day, QST remittances are collected at the beginning of the following month, such that the equivalent of two months' remittances can be collected in a given month.
- (9) The presentation of the budgetary information in this monthly report is consistent with that of the consolidated financial framework as published on page A.21 of the [Québec Budget Plan – March 2020](#).
- (10) This is the annual change compared to actual results in 2018-2019.

For more information, contact the Direction des communications of the Ministère des Finances at 418 528-7382.

The report is also available on the Ministère des Finances website: [www.finances.gouv.qc.ca](http://www.finances.gouv.qc.ca).