


**MONTHLY REPORT ON FINANCIAL TRANSACTIONS**

Volume 1, number 7

December 21, 2006

**AS AT OCTOBER 31, 2006**
**October 2006 highlights**

- ❑ The budgetary balance for October 2006 indicates that revenue is running \$358 million behind expenditure. Nonetheless, this is an improvement of \$67 million compared to the results for the same period last year.
- ❑ Budgetary revenue amounts to \$4.4 billion, an increase of \$235 million (5.6%) compared to last year.
- ❑ Program spending is up by \$198 million (4.9%) compared to the same period last year, and stands at \$4.2 billion.
- ❑ Debt service amounts to \$585 million, down \$51 million compared to October 2005.

**SUMMARY OF CONSOLIDATED BUDGETARY TRANSACTIONS**

(millions of dollars)

(Unaudited data)

	October		April to October		Update on Québec's Economic and Financial Situation	
	2005 <sup>1</sup>	2006	2005-2006 <sup>1</sup>	2006-2007	2006-2007	Growth <sup>2</sup> %
<b>Budgetary transactions of the Consolidated Revenue Fund</b>						
Own-source revenue	3 374	3 517	25 076	26 971	47 450	3.7
Federal transfers	822	914	5 665	6 356	10 913	9.5
<b>Budgetary revenue</b>	<b>4 196</b>	<b>4 431</b>	<b>30 741</b>	<b>33 327</b>	<b>58 363</b>	<b>4.8</b>
Program spending	- 4 038	- 4 236	- 28 992	- 30 320	- 51 174	3.9
Debt service	- 636	- 585	- 4 007	- 3 987	- 7 205	4.8
<b>Budgetary expenditure</b>	<b>- 4 674</b>	<b>- 4 821</b>	<b>- 32 999</b>	<b>- 34 307</b>	<b>- 58 379</b>	<b>4.1</b>
<b>Net results of consolidated organizations</b>	<b>53</b>	<b>32</b>	<b>329</b>	<b>146</b>	<b>37</b>	<b>—</b>
<b>Consolidated budgetary balance for the purposes of the Balanced Budget Act</b>	<b>- 425</b>	<b>- 358</b>	<b>- 1 929</b>	<b>- 834</b>	<b>21</b>	<b>—</b>
<b>Net results of the Generations Fund<sup>3</sup></b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>579</b>	<b>—</b>
<b>Consolidated budgetary balance</b>	<b>- 425</b>	<b>- 358</b>	<b>- 1 929</b>	<b>- 834</b>	<b>600</b>	<b>—</b>

1 Monthly allocation of financial transactions based on best available data and estimates.

2 According to the Update on Québec's Economic and Financial Situation tabled on October 24, 2006.

3 The Generations Fund will go into operation on January 1, 2007.

### Cumulative results as at October 31, 2006

#### Budgetary balance

- ❑ For the period from April to October 2006, consistent with the historical trend, revenue is running \$834 million behind expenditure.
  - This shortfall will be made up by the end of fiscal year 2006-2007.
- ❑ Nonetheless, the budgetary balance has improved by \$1.1 billion compared to the results for the same period last year. This improvement is attributable chiefly to an exceptional gain in June 2006 from Hydro-Québec's sale of its interest in Transelec Chile.
  - It is important to note that the government announced in the Update on Québec's Economic and Financial Situation that it will deposit \$500 million into the Generations Fund from the profits Hydro-Québec earned from the sale of its interest in Transelec Chile.

#### Budgetary revenue

- ❑ Since the beginning of the year, budgetary revenue amounts to \$33.3 billion, an increase of \$2.6 billion (8.4%) compared to last year.
- ❑ Own-source revenue stands at \$27.0 billion, up \$1.9 billion (7.6%). Apart from Hydro-Québec's exceptional gain, this improvement results from increased revenue from personal income tax (\$816 million) attributable, in particular, to the good performance of the labour market and the introduction of the Child Assistance measure.
- ❑ Federal transfers amount to \$6.4 billion for the first seven months of the current fiscal year, an increase of 12.2% over the same period in 2005.

#### Budgetary expenditure

- ❑ As at October 31, 2006, budgetary expenditure totals \$34.3 billion.
- ❑ Program spending is up by \$1.3 billion (4.6%) compared to the same period last year. The most significant changes are in the health and education sectors (\$711 million and \$357 million respectively).
- ❑ Debt service amounts to \$4.0 billion, comparable to last year's amount.

#### Net financial requirements

- ❑ Net financial requirements are down by \$88 million compared to the same period last year. This improvement is less than that of the budgetary balance (\$1.1 billion) since, in particular, the profits distributed as dividends by Hydro-Québec are not paid to the government until the end of the fiscal year.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS

(millions of dollars)

(Unaudited data)

	October			April to October		
	2005 <sup>1</sup>	2006	Changes	2005-2006 <sup>1</sup>	2006-2007	Changes
<b>Budgetary transactions of the Consolidated Revenue Fund</b>						
Own-source revenue	3 374	3 517	143	25 076	26 971	1 895
Federal transfers	822	914	92	5 665	6 356	691
<b>Budgetary revenue</b>	<b>4 196</b>	<b>4 431</b>	<b>235</b>	<b>30 741</b>	<b>33 327</b>	<b>2 586</b>
Program spending	- 4 038	- 4 236	- 198	- 28 992	- 30 320	- 1 328
Debt service	- 636	- 585	51	- 4 007	- 3 987	20
<b>Budgetary expenditure</b>	<b>- 4 674</b>	<b>- 4 821</b>	<b>- 147</b>	<b>- 32 999</b>	<b>- 34 307</b>	<b>- 1 308</b>
<b>Net results of consolidated organizations</b>	<b>53</b>	<b>32</b>	<b>- 21</b>	<b>329</b>	<b>146</b>	<b>- 183</b>
<b>Consolidated budgetary balance</b>	<b>- 425</b>	<b>- 358</b>	<b>67</b>	<b>- 1 929</b>	<b>- 834</b>	<b>1 095</b>
Consolidated non-budgetary surplus (requirements)	178	713	535	- 1 219	- 2 226	- 1 007
<b>Consolidated net financial surplus (requirements)</b>	<b>- 247</b>	<b>355</b>	<b>602</b>	<b>- 3 148</b>	<b>- 3 060</b>	<b>88</b>

<sup>1</sup> Monthly allocation of financial transactions based on best available data and estimates.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## CONSOLIDATED REVENUE FUND REVENUE

(millions of dollars)

(Unaudited data)

Revenue by source	October			April to October		
	2005	2006	Changes %	2005-2006	2006-2007	Changes %
<b>Own-source revenue excluding government enterprises</b>						
Income and property taxes						
Personal income tax	1 223	1 123	- 8.2	8 904	9 720	9.2
Contributions to Health Services Fund	427	388	- 9.1	2 960	2 985	0.8
Corporate taxes	286	409	43.0	2 294	2 257	- 1.6
Consumption taxes	945	1 086	14.9	7 348	7 430	1.1
Other sources	188	185	- 1.6	1 378	1 362	- 1.2
<b>Total own-source revenue excluding government enterprises</b>	<b>3 069</b>	<b>3 191</b>	<b>4.0</b>	<b>22 884</b>	<b>23 754</b>	<b>3.8</b>
<b>Revenue from government enterprises</b>	<b>305</b>	<b>326</b>	<b>6.9</b>	<b>2 192</b>	<b>3 217</b>	<b>46.8</b>
<b>Total own-source revenue</b>	<b>3 374</b>	<b>3 517</b>	<b>4.2</b>	<b>25 076</b>	<b>26 971</b>	<b>7.6</b>
<b>Federal transfers</b>						
Equalization	400	467	16.8	2 799	3 206	14.5
Health transfers	259	297	14.7	1 807	2 099	16.2
Transfers for post-secondary education and other social programs	82	85	3.7	573	606	5.8
Other programs	81	65	- 19.8	486	445	- 8.4
<b>Total federal transfers</b>	<b>822</b>	<b>914</b>	<b>11.2</b>	<b>5 665</b>	<b>6 356</b>	<b>12.2</b>
<b>Budgetary revenue</b>	<b>4 196</b>	<b>4 431</b>	<b>5.6</b>	<b>30 741</b>	<b>33 327</b>	<b>8.4</b>

## CONSOLIDATED REVENUE FUND EXPENDITURE

(millions of dollars)

(Unaudited data)

Expenditures by mission	October			April to October		
	2005	2006	Changes %	2005-2006	2006-2007	Changes %
Health and Social Services	1 678	1 761	4.9	12 215	12 926	5.8
Education and Culture	1 055	1 117	5.9	7 845	8 202	4.6
Economy and Environment	432	460	6.5	3 406	3 516	3.2
Support for Individuals and Families	420	414	- 1.4	2 990	3 006	0.5
Administration and Justice <sup>1</sup>	453	484	6.8	2 536	2 670	5.3
<b>Total program spending</b>	<b>4 038</b>	<b>4 236</b>	<b>4.9</b>	<b>28 992</b>	<b>30 320</b>	<b>4.6</b>
<b>Debt service</b>	<b>636</b>	<b>585</b>	<b>- 8.0</b>	<b>4 007</b>	<b>3 987</b>	<b>- 0.5</b>
<b>Budgetary expenditure</b>	<b>4 674</b>	<b>4 821</b>	<b>3.1</b>	<b>32 999</b>	<b>34 307</b>	<b>4.0</b>

<sup>1</sup> The amounts set aside for pay equity were reclassified to the respective missions.

For technical information concerning this monthly report, please contact Mario Albert at (418) 691-2225. This publication is also available on the web at: [www.finances.gouv.qc.ca](http://www.finances.gouv.qc.ca).