

FOR IMMEDIATE RELEASE

Estimated budgetary results at March 31, 2021

Québec, June 23, 2021. – The government of Québec periodically publishes an overview of its budgetary results during the year. It also makes available an updated estimate of the annual budgetary balance when it obtains new relevant information during the year.

The exceptional context related to the COVID-19 pandemic requires some caution in establishing a reliable picture of the budgetary results at March 31, 2021. Several pieces of information have yet to be assessed for proper accounting and others will become available later this year due to the government's pandemic initiatives. In addition, the expenditure associated with the pandemic requires further analysis, particularly in Health and Education. Moreover, the flexibility measure allowing citizens to postpone filing their income tax return until May 31 has impacted the time required to process returns and, consequently, the tax revenues recorded for the fiscal year.

It is in this context that the Ministère des Finances is presenting today an estimate of the Québec government's budgetary results for the 2020-2021 fiscal year. A budgetary deficit of \$10.0 billion for the fiscal year is expected, which represents an improvement of \$2.0 billion over the \$12.0 billion deficit that was forecast in the May 28 update to the *Monthly Report on Financial Transactions at February 28, 2021*.

The estimates published today are preliminary. The final budgetary balance will be presented in the fall of this year in *Public Accounts 2020-2021*.

Improvement of \$2.0 billion expected for 2020-2021 results

Based on information available at June 23, 2021, a downward revision of the deficit by \$2.0 billion is expected, bringing it down to \$10.0 billion.

These results are driven in part by the economic recovery, which was stronger than expected in Québec. Indeed, thanks to economic support and recovery measures that preserved household purchasing power and helped businesses cope with the pandemic, stronger-than-expected growth has been observed in some sectors of the economy. In the first quarter of 2021, Québec's real GDP at market prices increased by 1.4% from the previous quarter (+5.9% at an annualized rate); a decline of 2.1% was expected when the March 2021 budget was published.

The performance of economic activity contributed to an improvement of \$967 million in own-source revenues. Higher-than-expected cash receipts were seen in corporate income taxes due in part to emergency government assistance, which has supported corporate profits. In addition, strong growth in retail sales and housing starts in the first quarter of 2021 reflected favourably on consumption tax revenues. Government enterprise results were also better than expected.

The government acted swiftly during this exceptional year by providing the necessary financial support to citizens and businesses and by ensuring that the programs of government departments and agencies continued to operate. During the year, the government implemented initiatives totalling \$13.4 billion to support the economy, the health system and Quebecers in the context of the pandemic and public health emergency.

However, the most recent estimates indicate a decrease of \$1.8 billion in portfolio expenditure, mainly due to lower than expected needs.

The *Update on Québec's Economic and Financial Situation* to be presented in the fall of 2021 will be an opportunity to take stock of the management of the public health crisis and to pursue actions to strengthen economic recovery and meet the needs of Quebecers.

Quotation:

“To ensure transparency, we are presenting today an estimate of the budgetary results for the 2020-2021 financial year, which has been marked by historic challenges.

Results are better than expected, with a deficit now estimated at \$10.0 billion. This improvement reflects the strength of the economic recovery supported by our economic stimulus measures and by our support measures for businesses and Quebecers.

Québec is therefore well on its way to regaining its full economic vitality. We will continue our actions to strengthen the recovery, support the safe resumption of activities and meet the needs of Quebecers.”

Eric Girard, Minister of Finance of Québec

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Appendix

– Estimated budgetary results for 2020-2021

This appendix presents an estimate, as of June 23, of the Québec government's budgetary results for the 2020-2021 fiscal year.

CONSOLIDATED RESULTS EXPECTED IN 2020-2021

(millions of dollars)

	Estimate of May 28, 2021			Adjustments	Estimate of June 23, 2021	
	2019-2020	2020-2021	Change (%)		2020-2021	Change (%)
Own-source revenue	91 747	91 365	-0.4	967	92 332	0.6
Federal transfers	25 228	30 687	21.6	-432	30 255	19.9
Consolidated revenue	116 975	122 052	4.3	535	122 587	4.8
Portfolio expenditures ⁽¹⁾	-107 216	-123 373	15.1	1 780	-121 593	13.4
Debt service	-7 676	-7 665	-0.1	-16	-7 681	0.1
Consolidated expenditure	-114 892	-131 038	14.1	1 764	-129 274	12.5
Provision for economic risks and other support and recovery measures	—	—	—	—	—	—
SURPLUS (DEFICIT)⁽²⁾	2 083	-8 986	—	2 299	-6 687	—
BALANCED BUDGET ACT						
Deposits of dedicated revenues in the Generations Fund	-2 606	-3 014	—	-299	-3 313	—
BUDGETARY BALANCE⁽³⁾	-523	-12 000	—	2 000	-10 000	—

(1) Portfolio expenditure includes the impact of the change in application of the accounting standard respecting transfer payments.

(2) Balance as defined in the Public Accounts.

(3) Budgetary balance within the meaning of the *Balanced Budget Act*, before use of the stabilization reserve.

ADJUSTMENTS TO THE BUDGETARY BALANCE SINCE THE MARCH 2021 BUDGET

(millions of dollars)

BUDGETARY BALANCE⁽¹⁾ – MARCH 2021 BUDGET	-15 000
Adjustments	
Improvement in revenue	2 285
Adjustment in expenditure	1 764
Elimination of the provision for economic risks and other support and recovery measures	1 250
Generations Fund	-299
Total adjustments	5 000
BUDGETARY BALANCE⁽¹⁾ – ESTIMATE FOR JUNE 23, 2021	-10 000

(1) Budgetary balance within the meaning of the *Balanced Budget Act*, before use of the stabilization reserve.