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## **2008-2009 Public Accounts**

### **Results Consistent with Forecasts**

**Québec, October 20, 2009** – The Minister of Finance and Minister responsible for the Montréal region, Raymond Bachand, today released the government's financial statements for fiscal year 2008-2009. They are available on the website of the ministère des Finances ([www.finances.gouv.qc.ca](http://www.finances.gouv.qc.ca)).

#### **Rigor, credibility and transparency**

For the third year in a row, the financial statements have been certified with neither restriction nor commentary by the Auditor General of Québec. Accordingly, he acknowledges that the 2008-2009 financial statements shown in the Public Accounts fully satisfy generally accepted accounting principles (GAAP) applicable to the public sector, as formulated by the Canadian Institute of Chartered Accountants (CICA).

#### **Results consistent with forecasts**

When the 2009-2010 budget was tabled, the then Minister of Finance indicated that the annual deficit for 2008-2009, before drawing from the stabilization reserve, would be roughly \$1 305 million based on the available preliminary data. Final figures show expenditure exceeding revenue by \$1 258 million, an improvement of \$47 million compared with what was estimated. By way of comparison, Ontario's deficit rose by \$2.5 billion between the preliminary results shown in the budget and the final figures given in its public accounts.

"Despite the deterioration of the economic situation at the end of 2008-2009, our results are consistent with the last budget's forecasts. They are off by less than one tenth of one percent compared to our budget. This result once again confirms the conclusions reached by the C.D. Howe institute year after year that Québec is one of the provinces with the most accurate revenue and spending forecasts," Minister Bachand noted.

#### **Balanced budget for the purposes of the Act in 2008-2009**

The government has balanced its books in 2008-2009 for the purposes of the Balanced Budget Act. By drawing from the stabilization reserve, the deficit was reduced from \$1 258 million to zero for the purposes of the Act. As at March 31 2009, the budgetary balance of the budgetary reserve is \$433 million and it will be used in 2009-2010 in order to reduce the anticipated deficit.

#### **Spending growth among the best controlled in Canada**

Since 2003-2004 Québec has kept the average annual growth of its spending almost 2.4 percentage point below the average of the other Canadian provinces. "Spending growth in Québec amounts to 4.9% compared to the average of the Canadian provinces of 7.3% for the period 2003-2004 to 2008-2009. Québec, along with British Columbia, is the province that has done the best job of controlling its spending," the Minister of Finance observed.

The 6.8% growth in programs spending for 2008-2009, is higher than what was expected in the spring 2009 Budget speech and stems mainly from a number of exceptional factors:

- \$542 millions: The rise in accounting provisions for losses including the provision for financial initiatives to support the economy and the provision for Revenu Québec accounts receivable.
- \$95 million: The impact resulting from the harmonization of accounting policies of the health and education networks with those of the government.
- \$265 million: The payment to fund the trust to keep the Université du Québec à Montréal (UQAM) protected from the financial consequences of the Îlot Voyageur once the project is restructured to the government's satisfaction and the payment of the conditional subsidies pertaining to previous years.

The difference for other expenditures amounts to \$248 million on total expenditures of \$58 550 million, equivalent to roughly half a percentage point.

Despite higher expenditure than forecast in 2008-2009 and the decline in own-source revenue excluding government corporations, the budget was balanced as expected in the budget because of lower debt service costs and better-than-expected results from consolidated entities and the use of the budgetary reserve.

#### **Measures that produce results**

"The results announced today confirm that the decisions our government has taken to deal with the economic crisis were the right ones. Our massive investments in public infrastructure, the implementation of home renovation tax credit, the provision of additional tax resources for businesses and the Employment Pact have helped limit the effects of the slowdown observed around the world. Though Québec has not escaped the crisis, it has fared better than its neighbours and we should take pride in that," the Minister of Finance said.

Lastly, the Minister noted that the tabling of the 2008-2009 Public Accounts was made possible by the adoption of Bill 40 and that all efforts were now focused on preparing the economic update. "The work will be completed in the next few days and I will be able to present the annual economic and financial update next week," he pointed out.

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**2008-2009 RESULTS**  
**FISCAL YEAR ENDED MARCH 31, 2009**  
(millions of dollars)

	Forecast		Real	Difference compared to the budget			
	2008-2009 Budget (March 13, 2008)	2009-2010 Budget (March 19, 2009)	2008-2009 Public Accounts	2008-2009 Budget (March 13, 2008)		2009-2010 Budget (March 19, 2009)	
				\$ million	% difference	\$ million	% difference
<b>PUBLIC ACCOUNTS</b>							
<b>BUDGETARY REVENUE</b>							
Own-source revenue excluding enterprises	44 292	43 821	43 880	(412)	– 0.9	59	0.1
Government enterprises	4 625	4 734	5 013	388	7.7	279	5.6
Federal transfers	14 063	13 924	14 023	(40)	– 0.3	99	0.7
<b>Total revenue</b>	<b>62 980</b>	<b>62 479</b>	<b>62 916</b>	<b>(64)</b>	<b>– 0.1</b>	<b>437</b>	<b>0.7</b>
<b>BUDGETARY EXPENDITURE</b>							
Program spending <sup>1</sup>	57 148	57 400	58 550	1 402	2.4	1 150	2.0
Debt service	6 907	6 589	6 504	(403)	– 6.2	(85)	– 1.3
<b>Total expenditure</b>	<b>64 055</b>	<b>63 989</b>	<b>65 054</b>	<b>999</b>	<b>1.5</b>	<b>1 065</b>	<b>1.6</b>
<b>NET RESULTS OF CONSOLIDATED ENTITIES<sup>2</sup></b>							
	447	205	880	433		675	
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(628)</b>	<b>(1 305)</b>	<b>(1 258)</b>	<b>(630)</b>		<b>47<sup>(4)</sup></b>	
<b>BALANCED BUDGET ACT</b>							
Generations Fund <sup>3</sup>	(742)	(569)	(587)	155		(18)	
<b>BUDGETARY BALANCE BEFORE RESERVE</b>	<b>(1 370)</b>	<b>(1 874)<sup>(5)</sup></b>	<b>(1 845)<sup>(5)</sup></b>	<b>(475)</b>		<b>29</b>	
Stabilization reserve	1 370	1 874	1 845	475		(29)	
<b>BUDGETARY BALANCE FOR THE PURPOSES OF THE BALANCED BUDGET ACT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	

1 Includes the \$200-million contingency allowance.

2 Includes the net results of non-budget-funded bodies, special funds, the health and social services and the education networks, and the Generations Fund.

3 The budgetary balance for the purposes of the Balanced Budget Act excludes the results of the Generations Fund.

4 Equivalent to an adjustment of 0.1% as a percentage of program spending.

5 Excluding an amount of \$132 million paid into the Generations Fund further to the sale of fixed assets by the Société immobilière du Québec.