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**The Minister of Finance Comments on the Issues  
on the Agenda of the Prince Edward Island Meeting**

**Québec, June 11, 2010** – A few days before the federal-provincial conference of Finance Ministers in Prince Edward Island, the Minister of Finance, Raymond Bachand, commented on the main issues on the agenda. The Minister of Employment and Social Solidarity and Minister of Labour, Sam Hamad, is also participating at the meeting where pension plans, among other topics, will be discussed.

**Economic and fiscal outlook**

Finance Ministers will first discuss the Canadian and international economic outlook with the Governor of the Bank of Canada, Mark Carney.

In this regard, Minister Bachand will highlight that the economic recovery is well underway in Québec and that economic activity is even stronger than anticipated. “However, we must remain cautious when the economic situation in Europe and the U.S. still shows signs of difficulties. In this context, it is important to complete the economic stimulus measures announced for 2009-2010 and 2010-2011,” Mr. Bachand said.

The Minister noted that Québec has recovered all the jobs lost since the recession and that the budget forecasts that Québec’s real GDP should rise 2.3% in 2010 and 2.6% in 2011. “This good performance is attributable to our government’s strategy of supporting the economy first, and then returning to balanced budgets by 2013-2014,” the Minister of Finance indicated.

“To achieve this, the collective effort will be \$12.3 billion, of which 62% will come from the government through tight spending control and measures to fight tax evasion and tax avoidance. The government will also bolster its debt reduction strategy by increasing, beginning in 2014, deposits to the Generations Fund through a gradual increase in the price of heritage pool electricity,” Minister Bachand noted.

### **2014 renewal of federal transfers**

The major federal transfers, namely equalization, the Canada Health Transfer and the Canada Social Transfer, expire March 31, 2014 and the federal parliament must pass new legislation by then. For the provinces to be able to assess the changes that could affect their financial framework as of 2014-2015, Minister Bachand is of the view that the broad outline of the next renewal of these transfers must be known at least one year before they expire, that is, in the winter of 2013.

“In this context, Finance Ministers must begin working now in a spirit of cooperation on the 2014 renewal of federal transfers. The objective we should adopt is for the next renewal to be based on facts and deal with problems that have been clearly identified and thoroughly considered,” the Minister of Finance said.

“Thus, as has been the case for decades in our country’s history, I will propose to my colleagues that committees composed of officials from the federal and provincial finance departments be mandated to begin this work by developing a work plan that will be submitted for discussion and approval at the next conference of Finance Ministers, by the end of the year,” Mr. Bachand said.

### **Pension plans**

In Whitehorse, in December 2009, Finance Ministers agreed to continue their work on the adequacy of retirement income systems in Canada.

The research and public consultations carried out since then have revealed that the retirement income system works well, although some specific issues were noted. Based on this observation, Minister Hamad is of the view that the analysis of reform options should continue in order to identify measures that deal with the specific issues raised, in particular regarding the people who do not save enough for their retirement, and that, while limiting the impact on public finances and businesses so as not to compromise economic recovery.

“In Québec, the main issues are to encourage savings, ensure that existing pension plans are in good financial shape and ensure that pension plans encourage workers to remain on the labour market as long as possible. In this context, the Québec government has set up a national commission with the primary mandate of proposing changes to existing policies and possibly to institutions to increase labour market participation, in particular among those aged 55 or over,” Minister Bachand pointed out.

## **Securities**

Concerning securities, the Minister of Finance will reaffirm Québec's opposition to the federal government's plans to legislate in this field that is within provincial jurisdiction. "The current system, administered by the provinces and territories, is acknowledged as one of the best in the world," Minister Bachand stated.

"Since the case is now before the Québec Court of Appeal, the Alberta Court of Appeal and the Supreme Court, out of respect for the courts and to avoid further complicating the situation, I believe the federal government should suspend the work of the Canadian Securities Regulation Regime Transition Office until the courts have released their opinion on the Parliament of Canada's authority to pass securities legislation," the Minister of Finance concluded.

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