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2009-2010 Public Accounts

The deficit is \$1.1 billion less than forecast, 25% below what was announced

Québec City, December 2, 2010 – “The deficit for the year ended March 31, 2010 is \$1 083 million less than what we anticipated,” Minister of Finance, Minister of Revenue and Minister responsible for the Montréal region Raymond Bachand announced today in conjunction with the publication of the government’s financial statements for the 2009-2010 fiscal year. This marks a reduction of over 25% of the deficit in relation to what was forecast.

“The economic recovery at the end of 2009-2010 was more robust than expected, which put us at an advantage and enabled us to improve our results,” the Minister said.

When the 2010-2011 Budget was tabled, it was estimated that the 2009-2010 budgetary balance, within the meaning of the Balanced Budget Act, would stand at \$4 257 million according to the preliminary data then available. The final results reduce this balance to \$3 174 million.

“At 1% of our gross domestic product (GDP), the Québec deficit compares favourably with that of other jurisdictions. Ontario, for example, recorded a \$19.3-billion deficit for the same period, equivalent to 3.3 % of its GDP. The federal government had a \$55.6-billion deficit, i.e. 3.6% of Canada’s GDP,” the Minister added.

Measures that are producing results

“This means that our government made the right decisions at the right time to face the economic recession. The massive additional investments that we made in public infrastructure, the implementation of the tax credit for home renovation, the granting of additional cash resources to businesses, not to mention the Commitment for Employment, have enabled us to mitigate the impact of the slowdown and ensure economic recovery. The crisis did not spare Québec but it is emerging better than anticipated and we should all be proud,” Mr. Bachand emphasized.

Spending control that ranks among the leaders in Canada

Between 2003-2004 and 2009-2010, Québec recorded average annual growth in spending 2.1 percentage points below that in the other Canadian provinces. “During this period, Québec’s spending growth stood at 5.0%, against 7.1%, on average, in the other provinces. Québec is thus, along with British Columbia, the province that best controlled its spending,” Minister Bachand stressed.

Growth in program spending in 2009-2010 was higher than announced in the March 2010 Budget Speech. This increase in spending, on the order of \$810 million, stems essentially from two specific factors:

- the \$402-million increase in accounting provisions for the losses of Revenu Québec, in particular those related to the intensification of tax recovery operations and more difficult economic conditions last year;
- the \$406-million increase in the expenditure of institutions in the health network.

“We might be tempted to blame ourselves for these over-runs. I wish to remind you that we decided not to reduce spending for 2009-2010 to avoid hampering efforts to revive the economy and protect public services,” the Minister said.

Rigour, credibility and transparency

The Minister emphasized that, for the fourth consecutive year, the financial statements were not subject to any reservation or any comment by the Québec Auditor General. The latter thus acknowledges that the 2009-2010 financial statements presented in the Public Accounts fully comply with the generally accepted accounting principles (GAAP) applicable to the public sector, as formulated by the Canadian Institute of Chartered Accountants (CICA).

“All things considered, the upward adjustment of the government’s own-source revenue, the results of consolidated entities and the fact that the \$300-million contingency allowance did not have to be used enabled us to significantly reduce the budgetary deficit despite higher-than-anticipated spending,” Minister Bachand concluded.

The Québec government’s financial statements are available on the Ministère des Finances Website (www.finances.gouv.qc.ca).

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RESULTS FOR 2009-2010

YEAR ENDED MARCH 31, 2010

(millions of dollars)

	Forecast		Real Public Accounts 2009-2010	Discrepancy in relation to the Budget			
	2009-2010 Budget March 19, 2009	2010-2011 Budget March 30, 2010		2009-2010 Budget March 19, 2009		2010-2011 Budget March 30, 2010	
				Millions of \$	% dis- crepancy	Millions of \$	% dis- crepancy
BUDGETARY REVENUE							
Own-source revenue excluding enterprises	42 612	42 819	43 116	504	1.2	297	0.7
Government enterprises	4 759	4 602	4 878	119	2.5	276	6.0
Federal transfers	14 841	15 229	15 161	320	2.2	(68)	(0.4)
Total revenue	62 212	62 650	63 155	943	1.5	505	0.8
BUDGETARY EXPENDITURE							
Program spending	59 989	60 769	61 579	1 590	2.7	810	1.3
Debt service	6 104	6 154	6 117	13	0.2	(37)	(0.6)
Total expenditure	66 093	66 923	67 696	1 603	2.4	773	1.2
NET RESULTS OF CONSOLIDATED ENTITIES¹							
	355	598	1 601	1 246		1 003	
Contingency allowance	—	(300)	—	—		300	
ANNUAL SURPLUS (DEFICIT)	(3 526)	(3 975)	(2 940)	586		1 035 ²	
BALANCED BUDGET ACT							
Generations Fund ³	(715)	(715)	(725)	(10)		(10)	
BUDGETARY BALANCE BEFORE RESERVE	(4 241)	(4 690)	(3 665)	576		1 025	
Stabilization reserve	295	433	433	138		—	
Accounting changes ⁴	—	—	58	58		58	
BUDGETARY BALANCE WITHIN THE MEANING OF THE BALANCED BUDGET ACT	(3 946)	(4 257)	(3 174)	772		1 083	

1 Includes the net results of organizations other than budgetary organizations, special funds, the health and social services and education networks and the Generations Fund.

2 Equivalent to a 1.7% adjustment of program spending.

3 The budgetary balance within the meaning of the Balanced Budget Act excludes the results of the Generations Fund.

4 Adjustment effected in accordance with the Balanced Budget Act in order to take into account primarily the impact of the adoption of new accounting standards (IRFS) by Hydro-Québec.