



## 2011-2012 BUDGET PRESS RELEASE NO. 1

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#### **Looking to the Future: A Plan for Québec**

**Québec, March 17, 2011** – “To control its choices and destiny, a people must control its public finances. That is my responsibility towards present and future Quebecers,” the Minister of Finance, Raymond Bachand, said today in tabling the Québec government’s 2011-2012 Budget.

#### **Economic growth continues to advance**

The Minister said that the Québec economy continues to expand. Despite the severity of the 2009 global recession, economic activity in Québec contracted less than in other advanced economies. It recovered quickly and grew at a steady pace, resulting in 3.0% growth in real GDP in 2010.

After a bigger rebound than expected in 2010, growth in Québec’s real GDP should fall closer to the historical rate, at 2.0% in 2011 and 2.2% in 2012. For the years 2010 to 2012, the average economic growth rate is equivalent to that forecast in the 2010-2011 Budget.

#### **On the path to a balanced budget**

“Last year, we charted a strict course toward reducing the deficit each year in order to restore fiscal balance in 2013-2014, while preserving the integrity, quality and solidarity of our public services. Last year’s scenario forecast a deficit of \$4.5 billion for 2010-2011. The deficit for 2010-2011 will be \$4.2 billion, \$300 million less than forecast.”

“We are going to stay the course,” the Minister added. “We are forecasting today a deficit of \$3.8 billion in 2011-2012 and \$1.5 billion in 2012-2013. The Québec government’s budget will be balanced as planned in 2013-2014.”

“I am more than ever convinced that this objective is a sound one. Our strategy is underpinned by the solid performance of our economy, which was not as hard hit by the recession as that of our neighbours. Rigorous management, our trademark, is more necessary than ever, given our debt level and population aging.”

At 1.3% of GDP in 2010-2011, Québec’s budget deficit compares favourably with that of our neighbours. Ontario’s deficit forecast is 3.1% of GDP and the federal

government's, 2.8% of Canadian GDP. "Our government's tight management is paying off," Mr. Bachand said.

A year ago, the government undertook to assume 62% of the total effort required to restore fiscal balance—a contribution of \$6.9 billion over four years. The most recent data confirm that it will deliver on that commitment.

For 2010-2011, the spending efforts achieved by the government and its public bodies, when combined with the measures to combat tax evasion, will total almost \$1.4 billion. "That is in line with our forecast from last year. Thus, Québec continues to rank among the governments doing the best job of controlling their spending," the Minister observed.

"My colleague, the Chair of the Conseil du trésor, confirms today that the government's spending reduction targets for the year drawing to a close have been met."

### **Creating future wealth for all Quebecers**

"With the plan to restore fiscal balance, the 2011-2012 Budget allows us to retain control over our choices," the Minister said.

The government is looking to the future and:

- developing the territory of Québec and taking advantage of its resources by setting up a financial framework for deploying the Northern Plan and optimizing the return on natural resources;
- investing in the potential of Quebecers with the aim of making Québec one of the most educated societies in the world, in particular by introducing a Québec university funding plan;
- banking on the participation of everyone by encouraging experienced workers to remain in the labour market;
- ensuring that all Quebecers have an adequate level of retirement income;
- seizing opportunities by developing and diversifying export markets and by encouraging entrepreneurship and succession;
- consolidating its solidarity tools by supporting families and seniors, continuing the fight against poverty and choosing sustainable development;
- seeking fairness for taxpayers, investors and the provinces;
- celebrating Québec culture so it can take its place on the world stage and in the digital world.

“Despite the budgetary constraints imposed in the short term by the return to budgetary balance, this budget contains measures that will increase Quebecers’ ability to seize, here and elsewhere, the opportunities offered to them,” Minister Bachand concluded.

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