



BUDGET 2012-2013
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Public Finances Under Control: Staying the Course Towards a Balanced Budget in 2012-2013

Québec, Marc 20, 2012 – “The budget affirms our firm intention to restore fiscal balance in 2013-2014 and maintain the funding of public services. The deficit is once again lower than forecast, spending growth is under control and we are staying the course towards a balanced budget,” declared Minister of Finance Raymond Bachand today in tabling the Québec government’s Budget 2012-2013.

He reiterated that sound public finances are essential to Québec’s economic development and the maintenance of public services “A balance between revenue and expenditure is the only sustainable path in the long term,” the Minister reiterated.

Deficit adjusted downward by \$500 million in 2011-2012

“For the third year in a row, we are adjusting the deficit downward. The projected deficit for 2011-2012 is \$3.3 billion, or \$500 million less than forecast in the last budget. In 2009-2010 and 2010-2011, the deficit was \$3.2 billion, or \$1.1 billion less than anticipated in each case. Next year, in 2012-2013, we estimate that the deficit will be reduced to \$1.5 billion. We will restore fiscal balance in 2013-2014,” the Minister announced.

Spending reduction objective met for the second year in a row

Government efforts to offset the difference between revenue and expenditure are continuing to bear fruit. “Although we had forecast, under the plan to restore fiscal balance, that the effort supplied by the government to reduce spending and fight tax evasion would amount to \$3.1 billion for 2011-2012, it was, in fact, \$3.5 billion. We have achieved and even surpassed our objectives,” the Minister said.

Spending growth of 2.0% in 2012-2013

He also stressed that the government has met its budgetary deficit reduction targets particularly by slowing growth in its spending. While program spending growth was 5.3% in 2009-2010, it was rolled back gradually to 3.0% in 2010-2011 and then 2.0% in 2011-2012. Spending growth should remain at 2.0% in 2012-2013 and fall to 1.8% in 2013-2014. As for consolidated expenditure, which represents all of the public expenditure included in the government’s reporting entity, apart from debt service, it is

not expected to grow by more than 2.0% in 2012-2013. "Government spending is under control," affirmed Mr. Bachand.

However, he pointed out that despite the need to slow spending growth, the government has been able to maintain the funding of services, particularly in health, education and child care.

Health funding

The Minister reiterated that, in recent years, the government has taken steps to ensure the sustainability of funding for health spending, particularly by keeping average annual growth in such spending at 5.0%.

While underscoring the fact that the government will allocate approximately \$100 million to health per day within the next five years, he said that the quality of health care is not dependent solely on the amounts allocated to it. "The funding method also has an impact on the quality of services and the efficiency of the system. As is increasingly the case elsewhere the world, we must move toward activity-based funding methods in order to boost not only service quality but also efficiency and transparency, while distributing resources in a fairer, more optimal manner."

"We are setting up an expert panel to study these funding methods and make recommendations on the implementation of this type of funding," the Minister announced.

Increased deposits in the Generations Fund

"Even with a deficit, we have paid \$2.3 billion into the Generations Fund since 2009. When we achieve a balanced budget as of 2013-2014, we will increase the amounts allocated to the Generations Fund to repay the debt: \$1 billion in 2013-2014, \$1.6 billion the following year, up to \$2.5 billion in 2016-2017," the Minister concluded.

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Source: Office of the Minister of Finance, Minister of Revenue
and Minister responsible for the Montréal Region
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