

The Financial Profile *Today*

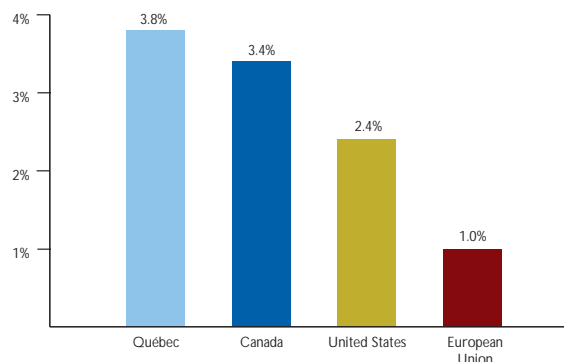
Tuesday March 11, 2003

- The Québec government tabled its 2003-2004 Budget today.

Solid performance of the Québec economy

- Québec's economy grew by 3.8% in 2002, better than the performance achieved in Canada, the United States and the European Union.
- 118 000 jobs were created in 2002, more than at any time since 1973.
- Economic growth in 2003 is forecast at 3.5% in Québec, a level comparable to the forecasts of private-sector economists (3.3%).

Real gross domestic product - 2002 (change in percentage, constant 1997 dollars)



Sources: International Monetary Fund and ministère des Finances, de l'Économie et de la Recherche.

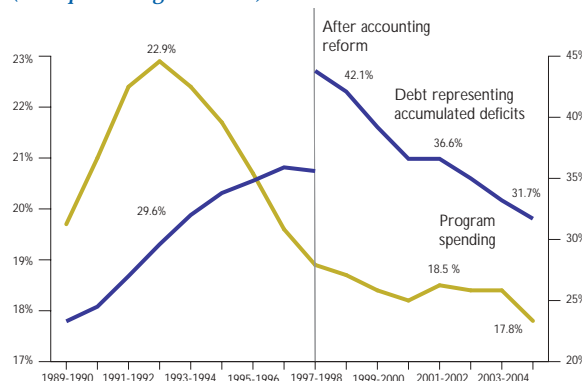
The 2003-2004 Budget is one of continuity

- The government intends to maintain rigorous management of public finances:
 - the budget will be balanced for the sixth consecutive year;
 - on-going decline in the debt representing accumulated deficits, as a percentage of GDP. From 42.1% in 1998-1999, it will fall to 31.7% in 2004-2005, a reduction of nearly 25% in six years;
 - spending is growing more slowly than GDP:
 - spending in the health sector will rise by \$1.7 billion, including an injection of \$838 million generated by additional transfers from the federal government;
 - furthermore, the \$400 million in new measures announced in this budget will be funded by budgetary reallocations.
- The government also intends to set aside \$809 million in the budgetary reserve in 2003-2004 to fund health spending in subsequent years.

Summary of consolidated financial transactions (in millions of dollars)

	2002-2003	2003-2004	2004-2005
Budgetary transactions			
Own-source revenue	43 712	46 084	47 949
Federal Transfers	9 108	10 566	8 538
Total revenue	52 820	56 650	56 487
Operating expenditure	-45 540	-48 160	-48 748
Debt service	-7 280	-7 681	-8 242
Total expenditure	-52 820	-55 841	-56 990
Budgetary reserve			
Funds allocated to reserve	—	-809	—
Use of funds allocated to reserve to finance health care	—	—	503
Budgetary surplus	0	0	0
Non-budgetary requirements	-1 927	-1 074	-1 422
Net financial requirements	-1 927	-1 074	-1 422

Debt representing accumulated deficits and program spending¹ (as a percentage of GDP)



¹ Excluding extraordinary expenditures of \$1 377 million in 1998-1999.

Financing programs

Government and Financing Fund

- The financing programs of the government and the Financing Fund amounted to \$10.6 billion in 2002-2003:
 - pre-financing amounted to just over \$4 billion.
- The sizeable amount of pre-financing:
 - will be used to meet part of the financial requirements of the next fiscal year;
 - reflects favourable borrowing conditions on financial markets early in 2003, i.e. low interest rates and strong demand for Québec securities;
 - provides leeway in the current context of market volatility.
- A number of benchmark issues were floated:
 - an issue of US\$750 million in July 2002, maturing in 2009;
 - an issue of €1 billion in February 2003, maturing in 2013.
- For 2003-2004, the Consolidated Revenue Fund's program is \$1.7 billion while the Financing Fund's program is \$3 billion.

Gouvernement and Financing Fund Financing programs (in millions of dollars)

	2002-2003	2003-2004
Consolidated Revenue Fund		
Net financial requirements ¹	300	-500
Repayment of borrowings	3 757	3 850
Change in cash position	-1 154	-4 053
Retirement Plans Sinking Fund ²	1 658	2 385
Pre-financing	4 053	—
	8 614	1 682
Financing Fund³	2 002	3 000
Total	10 616	4 682

¹ Excluding consolidated organizations.

² Deposits to the Retirement Plan Sinking Fund are optional.

³ Borrowings are made out of the Financing Fund to certain consolidated organizations and government corporations.

Financement-Québec

- Financement-Québec's borrowing program closed out 2002-2003 at \$2.2 billion.
- Financement-Québec floated two issues on foreign markets during the past year:
 - a €300-million issue in July 2002, maturing in 2008;
 - a first issue on the American market of US\$500 million in October 2002, maturing in 2012.
- Financement-Québec's financing program for 2003-2004 amounts to \$2 billion.

Financement-Québec 2003-2004 Financing program (in millions of dollars)

	2002-2003	2003-2004
Financing program	2 244	2 000

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