

Thursday June 12, 2003

- The new Québec government tabled its Budget for fiscal 2003-2004 today.

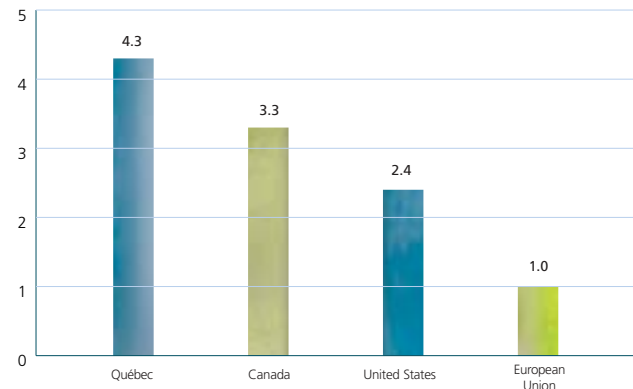
QUÉBEC ECONOMY: RECENT DEVELOPMENTS AND OUTLOOK

- The Québec economy thrived in 2002, growing by 4.3%:
 - this performance is due in particular to an increase in public sector investments, housing starts and retail sales and the impact of certain tax cuts;
 - this growth exceeds that of the major world economies.
- Economic growth of 2.5% is expected in 2003.

REORGANIZATION OF PUBLIC FINANCES

- The Budget tabled by the government maintains a balanced budget without any tax increase:
 - a zero deficit will be maintained in 2003-2004 and subsequent years;
 - the government plans to cut taxes as of the next Budget.
- Major tightening measures announced:
 - spending tightened by \$1.5 billion compared to the figure announced last March;
 - tax expenditures cut by \$800 million;
 - increased performance objectives for government corporations of \$700 million.
- The government is giving priority to health and education:
 - health spending will increase by 7.2%;
 - funding for education will be raised by 3.6%;
 - overall, the budgets of the other departments will be maintained at the 2002-2003 level;
 - program spending as a percentage of GDP will continue its downward trend, settling at 17.9%.
- The government plans to change the role of the State in order to restructure it around its essential missions and better target its intervention in the economy.
- The government is concerned about the increase in debt despite balanced budgets:
 - an action plan establishing debt-control guidelines will be prepared.

REAL GROSS DOMESTIC PRODUCT 2002 (CHANGE IN PERCENTAGE)



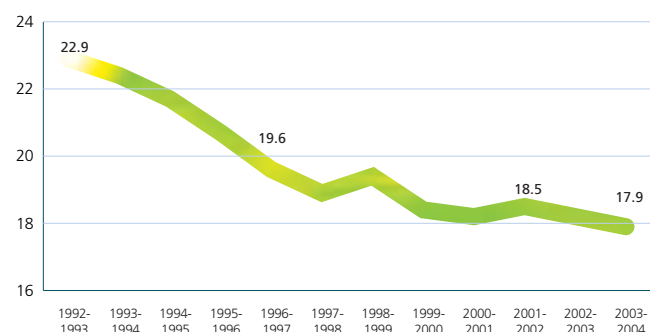
Sources: International Monetary Fund and Statistics Canada.

SUMMARY OF CONSOLIDATED FINANCIAL TRANSACTIONS (IN MILLIONS OF DOLLARS)

	2002-2003*	2003-2004
Budgetary transactions		
Own-source revenue	43 403	45 365
Federal transfers	9 303	9 584
Total revenue	52 706	54 949
Operating expenditure	-45 570	-47 437
Debt service	-7 136	-7 512
Total expenditure	-52 706	-54 949
Budgetary surplus	0	0
Non-budgetary transactions	-1 585	-1 823
Net financial requirements		
Consolidated Revenue Fund	-322	-300
Consolidated organizations	-1 263	-1 523
Total	-1 585	-1 823

P: Preliminary results.

PROGRAM SPENDING (AS A PERCENTAGE OF GDP)



FINANCING PROGRAMS

GOVERNMENT AND FINANCING FUND

- Borrowings of the government and the Financing Fund for 2002-2003 totalled \$10.7 billion:
 - this amount includes \$3.9 billion in pre-financing carried out to cover part of the requirements for 2003-2004.
- The financing program of the government and the Financing Fund for 2003-2004 amounts to \$5.1 billion.
- As at June 12, 22% of the financing program, or a little over \$1 billion, had already been carried out:
 - this financing was conducted on the domestic market on a private basis.

GOVERNMENT AND FINANCING FUND

FINANCING PROGRAM (IN MILLIONS OF DOLLARS)

	2002-2003 ^P	2003-2004
Consolidated Revenue Fund		
Net financial requirements ¹	322	300
Repayment of borrowings	3 943	3 900
Change in cash position	-1 154	-3 945
Retirement Plans Sinking Fund ²	1 641	2 353
Pre-financing	3 945	—
	8 697	2 608
Financing Fund³	2 002	2 500
Total	10 699	5 108

P: Preliminary results.

¹ Excluding consolidated organizations.

² Deposits to the Retirement Plans Sinking Fund are optional.

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

FINANCEMENT-QUÉBEC

- Financement-Québec contracted borrowings of \$2.2 billion in 2002-2003:
 - this year marked the entry of this government corporation on the US financial market with an issue of US\$500 million in October 2002.
- Financement-Québec's requirements for 2003-2004 amount to \$1.5 billion.
- As at June 12, no financing had been carried out for Financement-Québec.

FINANCEMENT-QUÉBEC

FINANCING PROGRAM (IN MILLIONS OF DOLLARS)

	2002-2003 ^P	2003-2004
Financial requirements	2 244	1 500

P: Preliminary results.

THE FINANCIAL PROFILE

today

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