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A determined effort to pay down the debt

Québec, May 24, 2007 – Minister of Finance and Chair of the Conseil du trésor Monique Jérôme-Forget announced today in the 2007-2008 Budget Speech the government's determination to take drastic action against Québec's public debt, which stood at \$122 billion on March 31, 2007. "We are resolutely tackling our debt, by banking on our 'blue gold' (the water of our water courses, source of energy) in order to leave our children sound public finances," she declared.

The budget provides for a significant reduction of the debt load through additional contributions to the Generations Fund. As a result of Hydro-Québec's exceptional performance, another \$200 million will be contributed to the fund as of this year, over and above the \$500 million already announced in February.

From 2010 to 2025, an average of \$400 million a year in revenue from Hydro-Québec's electricity exports will be invested in the Generations Fund, in addition to the annual water-power royalties already provided for. Thus, as of 2010, contributions will reach \$1 billion a year.

As at March 31, 2026, close to \$42 billion will have been accumulated to pay down the debt. Through this reserve and disciplined management of public finances, Québec's debt will be reduced to 25% of GDP in 2025-2026.

The Generations Fund is managed by the Caisse de dépôt et de placement du Québec.

"Thanks to this wonderful resource—our 'blue gold'—we will create wealth by taking determined action against the debt, while contributing to improved environmental quality. Thus, Québec will make a major contribution to the fight against climate change," the Minister concluded.

To achieve that objective, the Québec government is formally mandating Hydro-Québec as of today to step up the development of export markets.

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