

FOR IMMEDIATE RELEASE

## The Minister of Finance releases the first pre-election report in Québec history

**Québec, August 20, 2018** – Today, the Minister of Finance released the first pre-election report on the state of public finances in Québec's history. Analyzed by the Auditor General of Québec, the report is based on transparency, discipline and prudence, painting a complete picture of Québec's financial situation so as to inform citizens ahead of the October 1st election.

Five key conclusions can be drawn from the *Pre-Election Report on the State of Québec's Public Finances – August 2018*:

- The financial framework is well balanced, providing for improvements of \$950 million annually for the next five years compared with the March 2018 Québec Economic Plan;
- Revenue growth is based on realistic forecasts reflecting changes in Québec's economy;
- Expenditure growth is consistent with the cost of public services announced, and the financial framework does provide for the funding required to deliver these services;
- Debt reduction objectives are met and debt repayment has begun;
- Provisions and a reserve are provided to manage risks and uncertainties.

### **A plausible financial framework according to Québec's Auditor General**

Pursuant to the *Auditor General Act*, the Auditor General of Québec had to prepare a report in which she states her opinion on the plausibility of the forecasts and assumptions presented in the pre-election report. Following her review, the Auditor confirmed that the budget estimates and assumptions pertaining to the financial framework and debt set out in the report for the next three years (2018-2019, 2019-2020 and 2020-2021) are all plausible.

### **A balanced five-year financial framework**

The financial framework presented in the pre-election report confirms that public finances as announced in the March 2018 Québec Economic Plan are balanced, with revenue being sufficient to fund both the announced cost of expenditure and deposits in the Generations Fund. Consolidated revenue should grow by an estimated average of 2.9% over the next five years, while consolidated expenditures should grow by 3.0%.

### **Improvements to the financial framework of \$950 million annually**

The solid economic growth of recent months and sound management of public finances are generating improvements to the financial framework of \$950 million annually from 2018-2019 to 2020-2021 compared with the March 2018 Québec Economic Plan. These improvements are primarily driven by positive adjustments to own-source revenue owing to the recurrence of higher-than-expected results in 2017-2018 as a result of the economy's strong performance.

### **Changes in expenditure covering the increase in the cost of services announced**

The financial framework includes a forecast for changes in government expenditures taking into account the cost of the services announced, which is based on the increase in the costs of renewing existing programs and commitments made in the last budget regarding enhancing services and economic support measures announced on August 15th.

### **Debt reduction and repayment objectives are met**

For several years now, Québec has undertaken to reduce the weight of its debt in relation to its GDP, in particular through the establishment of and deposits to the Generations Fund. The government recently undertook a new phase, which involves using a portion of the amounts accrued in the fund to repay maturing loans each year.

This strategy allows the government keep deposits to the Generations Fund within its financial framework, provide some budget leeway to improve financing for services, and ensure that the debt reduction targets set out in the *Act to reduce the debt and establish the Generations Fund* are reached.

### **Margins for prudence to manage risk and uncertainty**

The forecast fiscal balance between revenues and expenditures could be jeopardized by external shocks, such as a deterioration in economic conditions or similar factors. To deal with such risks and uncertainties, the government established provisions within its financial framework, along with a stabilization reserve, which would make it possible to handle such situations while protecting services and the debt level.

### **A transparent, disciplined and prudent exercise**

The *Pre-Election Report on the State of Québec's Public Finances – August 2018* illustrates the actions the government has taken in recent years to define a budgetary process that responds to the needs and expectations of the public and legislators. The goal is to make drawing up the budget a transparent, disciplined and prudent exercise.

It is essential for citizens to have all of the information required to evaluate and judge the government's management of public finances and its budgetary orientations.

In April 2015, the National Assembly adopted legislative provisions that mandated the Minister of Finance to publish a report on the state of the public finances prior to fixed-date general elections. This report must undergo an independent review by the Auditor General of Québec, who must issue an opinion on the budget estimates preparation process.

### **Quotation:**

“On the eve of the election campaign, we are presenting the public with a clear, transparent picture of the state of Québec's public finances. The information provided confirms that Québec is in good economic and fiscal health, and demonstrates the improvements made since 2014. In a context of uncertainty, the forecasts for a five-year financial framework are prudent, realistic and consider the various risks we will be exposed to in the coming years. This is the first pre-election report in Québec's history. It will allow all the parties to go into the campaign on the same transparent, factual footing, without any surprises. This is a great thing, since it will allow for a sound, respectful debate over our public finances.”

*Carlos J. Leitão, Minister of Finance*

## Highlights

- The pre-election report was based on the financial framework presented in the March 2018 Québec Economic Plan. The necessary changes were made to take into account the financial information available as at July 10, 2018.
- The Auditor General confirmed that the budget estimates and assumptions pertaining to the financial framework and debt set out in the pre-election report for the next three years are all plausible.
- The financial framework presented in the pre-election report confirms the balanced public finances announced in the March 2018 Québec Economic Plan.
- The strong economy and sound management of public finances are generating improvements to the financial framework of \$950 million annually from 2018-2019 to 2020-2021 compared with the March 2018 Québec Economic Plan.
- The financial framework meets the debt reduction objectives set out in the *Act to reduce the debt and establish the Generations Fund*.

## Related link:

For more information on the *Pre-Election Report on the State of Québec's Public Finances – August 2018*: [www.rapportpreelectoral.gouv.qc.ca](http://www.rapportpreelectoral.gouv.qc.ca)

– 30 –

## Source:

Audrey Cloutier  
Director of Communications and  
Press Relations Officer  
Office of the Minister of Finance  
Phone: 418 643-5270

