

March 2019

BUDGET

**2019
2020**

YOUR PRIORITIES YOUR BUDGET

BUDGET

SPEECH

Delivered before the National Assembly by Eric Girard,
Minister of Finance, on March 21, 2019.



Budget 2019-2020
Budget Speech

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INVESTING NOW TO TAKE CHARGE OF OUR FUTURE

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INTRODUCTION

Mr. President,

I am proud to present the first budget of a Coalition Avenir Québec government, a budget thanks to which we are investing now to take charge of our future.

☐ **A great honour and a commitment**

Mr. President, allow me to begin by addressing my Premier.

Mr. Premier, I want to thank you for entrusting me with the important finance portfolio within the government you lead. Your show of confidence allows me the honour of serving Quebecers in particularly strategic functions as a member of the government team.

You have at the same time entrusted me with a heavy responsibility, one I share with the incredible team at the Ministère des Finances. I took on this responsibility with the desire to put my skills and my efforts to work for all Quebecers. We are governing for everyone and, under your leadership, we are guided first and foremost by the best interest of Québec.

Last October, we found sound public finances. We will continue to improve them. With your support, Mr. Premier, I firmly intend to make sure that our economic and financial situation progresses, that Québec achieves its ambitions and that all Quebecers reap the benefits.

☐ **Your budget**

I now want to address all Quebecers and tell them this: the budget we are presenting today is your budget.

Over the past few months, my colleagues and I have listened to the population. Throughout this process, we were guided by a fundamental principle: the money that we have the privilege and responsibility of managing belongs to Quebecers.

The public finances that we administer are not the finances of the department I head nor of the other departments. Nor are they the finances of the numerous interest groups concerned by government decisions.

This is an obvious but often forgotten point that I would like to stress: the public finances reported on in the budget we are presenting today are the public finances of all Quebecers.

- They are the public finances of our families, our children and our seniors.
- They are the public finances of Quebecers in big cities as well as in villages, in Greater Montréal and Québec as well as in the regions.
- They are the public finances of our entrepreneurs and our workers.
- They are the public finances handed down by our predecessors and that we hold in trust for future generations.

❑ Your priorities

I also want to say this to all Quebecers: your budget was built on your priorities, the very ones laid out in the Premier's inaugural address.

Your budget gives priority to your needs relating to education, health and the economy. It improves your purchasing power by reducing the tax burden.

With this budget, we are addressing the immediate concerns of Quebecers and preparing for the future.

- We are putting more money back in the pockets of Quebecers.
- We are prioritizing the success of our children.
- We are making every effort to ensure that seniors are treated in a stellar manner and that Quebecers have rapid access to health care.
- We are taking action on investments and labour supply in order to increase our wealth and achieve our ambitions.
- We are taking strong action for the environment.
- We are supporting our culture, a culture that is vibrant and strong.
- We are focusing on responsible management of public finances.

❑ **A balanced budget**

This responsible management began last fall.

I am proud to announce that we are ending 2018-2019 with a surplus of \$2.5 billion.

I am even prouder to announce that the government projects another balanced budget for fiscal year 2019-2020 and the subsequent four years, and this will be achieved without using the stabilization reserve.

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Today, I am tabling the budgetary policy for fiscal year 2019-2020.

I am asking for the National Assembly's consent to table the following documents:

- the tables presenting the preliminary results of the consolidated budgetary transactions for 2018-2019;
- the forecasts for the 2019-2020 financial framework.

I am also tabling the March 2019 Budget Plan and the companion documents, which are an integral part of the budget.

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1. MORE MONEY IN THE POCKETS OF QUEBECERS

The tax burden ranks high among the population's immediate concerns, which is understandable. Keeping our government and our society functioning requires a particularly high contribution from Quebecers.

They are heavily taxed. Putting money back in the pockets of Quebecers is a priority. And the government began doing that as soon as it took power.

☐ A new family allowance

In the fall, we introduced the new family allowance in order to make the allowances paid to families simpler, more coherent and more generous.

Effective January 2019, the government increased the amount granted for the second and third children by \$500. This measure will benefit 423 000 families. All told, it will represent, over a full year, \$250 million in assistance and will put nearly \$1.4 billion back in families' pockets over six years.

This was just the first step. The government commits to equalizing the maximum and minimum amounts of the family allowance paid for each child by the end of its first mandate.

☐ A new tax credit for seniors

Last fall, we also introduced a new refundable tax credit for seniors, representing annual assistance of over \$100 million starting in 2018-2019 and benefiting more than 570 000 seniors.

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MORE MONEY FOR FAMILIES

With its first budget, the government is going even further.

□ Gradual elimination of the “family tax”

I am extremely glad to begin gradually eliminating the so-called “family tax” as of today.

I am announcing that, as of 2019, over 40 000 families will no longer have to pay the additional contribution for childcare and 100 000 families will pay a lower additional contribution.

The budget provides that, in 2022, the additional contribution for childcare will be eliminated for all families. This will represent an average reduction of \$1 200 per year in the financial burden.

The return to a single, universal rate will put nearly \$185 million back in the pockets of families when fully implemented. Elimination of the “family tax” thus represents nearly \$700 million in tax relief over the next five years.

□ Standardization of the school tax

I am also very happy to undertake the standardization of school tax rates. Upon full implementation, a single school tax rate, equal to the lowest rate in 2018-2019, will apply in all regions of Québec. The single rate will eliminate the regional disparities that currently exist.

I am announcing that, as of 2019-2020, the government is putting \$200 million back in the pockets of Quebecers by undertaking the standardization of school tax rates.

Furthermore, I am reiterating the government’s goal of completing the standardization process during its first mandate.

We will thus honour our commitment by taking the first step this year.

❑ **Support for recipients of child support**

The government is improving the support provided to people who receive support payments, particularly single-parent families.

I am announcing that, starting in 2019-2020, the amount of income from child support payments that can be exempted from the calculation of government financial assistance will be raised, per child, from:

- \$100 to \$350 per month for the social assistance programs;
- \$1 200 to \$4 200 per year for the student financial assistance program;
- \$0 to \$4 200 per year for the legal aid program and the housing assistance programs.

Starting in 2019-2020, this substantial increase in the child support payment exemption will put \$28 million back in the pockets of families who greatly need it. In subsequent years, recipients of child support payments will receive \$36 million a year more in assistance.

This measure will enable thousands of parents, especially women, to keep a large share of the benefits they receive without being penalized.

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NEARLY \$1 BILLION IN QUEBECERS' POCKETS IN 2019-2020, \$5 BILLION WITHIN FIVE YEARS

This budget unequivocally affirms the government's commitment to ease Quebecers' tax burden.

In the fall 2018 update, the government announced measures that would put nearly \$360 million back in people's pockets in 2019-2020.

Combined with other budget measures directly intended for individuals, the measures announced today will put another \$531 million in Quebecers' pockets in 2019-2020.

All told, and as of 2019-2020, the government will have effectively put nearly \$1 billion back in the pockets of Quebecers since taking power.

Within five years, \$5 billion will have been put back in peoples' pockets thanks to these measures.

☐ A beginning

Mr. President, I am very proud of this first result and I can assure you that it is just the beginning.

We have heard Quebecers.

We are determined to create the fiscal room needed to continue reducing the tax burden and put even more money back in the pockets of Quebecers.

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2. PRIORITIZING OUR CHILDREN'S SUCCESS

Mr. President, the Premier was clear in his inaugural address: the government's priority is education. It is the government's most important mission.

With this budget, we are prioritizing our children's success. If anyone still doubted the sincerity of this commitment by our government team, the budget speaks for itself.

Today, I am announcing a 5.1% increase in the education and higher education budget for 2019-2020, as well as an average annual increase of 3.8% for the subsequent two years.

Over the next five years, we will be adding \$2.4 billion more to the resources allocated to education and higher education.

The increase in education resources starting in 2019-2020 is one of the biggest increases in recent decades.

The government will protect education funding for subsequent years, as promised by the Premier in the inaugural address. Regardless of the economic situation in future, the education budget will continue to grow.

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GIVING EVERY CHILD THE MEANS TO REACH HIS OR HER FULL POTENTIAL

The increase in education resources will first and foremost give every child the means to reach his or her full potential.

□ 4-year-old kindergarten

The government pledged to roll out a kindergarten network for 4 year-olds. Kindergarten for 4 year-olds will be free, universal and non-compulsory. It will strengthen our ability to intervene early so as to help children succeed in school.

Since schools in some underprivileged neighbourhoods already offer kindergarten for 4 year-olds, the criteria defining such neighbourhoods will be relaxed so as to give a greater number of children access to the new network. Universal kindergarten for 4 year-olds will be rolled out taking into account the school system's current resources.

■ 250 new classes as of September 2019

In the first stage, the government intends to add 250 new classes in 4-year-old kindergarten starting in September 2019. The teachers will be supported by an educator or a special education technician.

To complete the network, Budget 2019-2020 provides funding ranging from \$36 million in 2019-2020 to \$436 million in 2023-2024, for a total of just over \$1 billion over the next five years.

□ Early screening for learning disabilities

The earlier and more quickly intervention takes place, the more effective it is for a child's overall development and learning ability.

This is why the government has set a goal of screening all children for learning disabilities before the age of 5, in keeping with the mobilizing project proposed by my colleague the Minister for Health and Social Services.

To that end, I am announcing a total investment of \$48 million in 2019-2020. Investments under this measure will gradually rise to \$88 million per year by 2023-2024 and will be allocated by the Ministère de la Santé et des Services sociaux.

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BEAUTIFUL SCHOOLS

Québec children and teachers need nice schools. A pleasant and stimulating learning environment will contribute to student success.

The 2019-2029 Québec Infrastructure Plan provides investments of \$20.3 billion for the education and higher education networks. The sums will go toward school renovations and construction, building maintenance and additional class space.

Approximately 80% of the planned investments, or just over \$16 billion, will be earmarked for existing infrastructure. An amount of \$4 billion will go toward enlarging or building schools, including new classrooms for 4-year-old kindergarten.

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BETTER SERVICES FOR STUDENTS

These nice schools will provide better services to students.

☐ Better professional and technical services

The government will ensure a minimum level of professional and technical services for preschool, elementary and secondary students, as well as adult education and vocational training.

As of 2019-2020, \$47 million in annual resources will make it possible to better meet the needs of students and provide better support to teaching staff.

☐ Special education classes

Over the next five years, the government will earmark \$20 million per year to add special education classes offering lower teacher/student ratios and tailored support to students with special needs. These classes will provide special-needs students with schooling that better matches their needs.

☐ An extra hour of extracurricular activities a day

The government pledged to add an extra hour of extracurricular activities per day in secondary schools so as to offer more sports, more cultural activities and more help with homework.

For this purpose, the budget provides \$21 million in 2019-2020, \$62 million in 2020-2021 and \$124 million per year in the subsequent three years.

❑ **Two cultural outings, more books**

At least two cultural outings a year will be offered to all students at the preschool, elementary and secondary levels. As of the next school year, school libraries will be upgraded and schools will buy more books.

For that purpose, the budget provides \$15 million in 2019-2020 and \$30 million each year thereafter, to be allocated to the Ministère de la Culture et des Communications.

❑ **See better to succeed**

Good vision helps to succeed in school.

As promised by the government, I am announcing that, as of September of this year, a portion of the cost of glasses and contact lenses will be reimbursed for children aged 17 and under.

Costs will be reimbursed, up to \$250 per 24-month period, by the Régie de l'assurance maladie du Québec.

The measure represents \$36 million more per year.

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SUPPORT FOR HIGHER EDUCATION INSTITUTIONS

Québec has top-quality higher education institutions that meet the diverse needs of the people and communities they serve. These institutions are well established across the province.

The government is consolidating these achievements by increasing its financial support by \$54 million as of 2019-2020, for a total of \$269 million over the next five years.

This support will increase CEGEP funding and ensure a better match between training and labour market needs. The government's financial support will also extend to regional universities to enable them to, in particular, fully play their role as regional hubs for socioeconomic development.

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3. STELLAR TREATMENT OF SENIORS, RAPID ACCESS TO HEALTH CARE

In health as in education, the government intends to address the immediate concerns of the population and establish a long-term vision.

To that purpose, today I am announcing a 5.4% increase in the health and social services budget for 2019-2020 and an average annual increase of 4.1% for the two years thereafter.

In 2019-2020, the government is thus providing \$801 million in new resources for health and social services. Within the next five years, the government will set aside \$4.9 billion in additional resources for health and social services.

This is a substantial increase. It is vital to ensuring that our seniors receive stellar treatment, now as well as in the future.

The increase is also necessary if we are to make up the ground lost in recent years and guarantee rapid access to health care.

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TAKING CARING OF OUR SENIORS

Quebecers have major concerns in the area of health. Despite the dedication of the people working in the networks, seniors receive insufficient care. Senior care is also a challenge for the future due to population aging.

Serious action is needed to improve support for seniors and those who care for them. The government will take the necessary action.

This budget addresses the most pressing concerns by:

- immediately making substantial investments in home care and support services;
- providing greater support to informal caregivers;
- adding more beds and spaces in residential and long-term care centres.

This budget also prepares for the future with a major project to establish seniors' homes.

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❑ **Helping seniors remain in their home**

Priority will be given to helping seniors remain in their home.

Most of the time, seniors' first choice is to remain in their home. The professional resources available to help them do so will be increased.

To meet that objective, I am announcing additional funding in the amount of \$280 million per year starting in 2019-2020, for a total of \$1.5 billion within five years.

❑ **Support for informal caregivers**

There are over 1.6 million informal caregivers providing services to seniors in Québec.

Over the years, informal caregivers have seen their caregiving conditions deteriorate. In the coming year, my colleague the Minister Responsible for Seniors and Informal Caregivers will unveil a Québec policy on informal caregivers.

The budget provides \$21 million more to support informal caregivers starting in 2019-2020. The government has undertaken to improve the living conditions of informal caregivers, in particular by offering them respite services.

❑ **More residential beds**

At the same time as it announces additional resources for home care, the budget is addressing the concerns of seniors who are no longer able to remain in their home.

This budget commits substantial sums to add more residential beds.

A great many seniors experiencing a loss of autonomy are waiting for a place in a residential and long-term care centre so that they can receive the proper care.

The budget provides additional investments in the amount of \$70 million per year as of 2019-2020 for the purpose of adding 900 more residential beds and places in residential and long-term care centres.

❑ **Seniors' homes**

Over the longer term, this budget provides substantial funding for the project to establish seniors' homes.

The government set itself the ambitious goal of replacing residential and long-term care centres with seniors' homes providing older persons with a quality living environment resembling as much as possible that of a private home.

■ **A more humane and better suited vision**

The government favours a more humane vision that is better suited to the reality of seniors and caregiving staff. Seniors' homes will provide personal hygiene care adapted to the changing needs of each person, in more spacious, air-conditioned units.

The government expects to build 30 seniors' homes over the next few years. For that purpose, the budget provides \$245 million a year starting in 2022-2023. In addition, \$1 billion in investments have been announced in the 2019-2029 Québec Infrastructure Plan.

For seniors' who continue to live in residential and long-term care centres, major renovations will be carried out to upgrade outdated buildings.

□ **A total of \$2.5 billion for seniors**

Over the next five years, the government will invest more than \$2.5 billion in improving care for seniors.

This budget therefore includes substantial resources to ensure that our seniors receive stellar treatment.

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IMPROVING ACCESS TO FRONTLINE CARE AND SERVICES

A great source of frustration for Quebecers is not having rapid access to frontline health services. In fact, instead of frustration, I ought to say exasperation! Quebecers are fed up with waiting for basic care.

I would therefore like to salute my colleague the Minister of Health and Social Services, who has reached an agreement with physicians to entrust specialized nurse practitioners with greater responsibilities. This is a common-sense solution.

❑ \$574 million over the next five years

Again with the aim of improving access to frontline care and services, the budget is announcing additional investments of \$574 million over the next five years.

These resources will be used to, among other things, bring the level of services in line with the needs of the population. Local community service centres, hospitals and residential and long-term care centres will get more resources. The additional resources will also serve to establish winter clinics and enhance the Support Program for Community Organizations.

❑ Improving caregiving staff's professional conditions

The government has pledged to improve the professional conditions of caregiving staff in residential and long-term care centres and hospitals. I want to applaud these workers, particularly nurses, for their dedication.

In 2019-2020, additional resources will be allocated to recruit more nurses, patient-care attendants and health care professionals. For that purpose, the government is setting aside \$215 million in 2019-2020 and \$1.1 billion over the next five years.

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STRENGTHENING HEALTH INFRASTRUCTURE

The significant increase in resources for health and social services is coupled with a major effort in infrastructure investments.

The 2019-2029 Québec Infrastructure Plan provides \$20.2 billion in investments for the health and social services sector, including \$1 billion for phased construction of seniors' homes.

This funding will make it possible to build new infrastructure and renovate or replace old infrastructure.

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HELPING LOW-INCOME INDIVIDUALS

Our society must be attentive to those in need of assistance. The government is here to support low-income individuals and vulnerable persons.

☐ Social housing and home renovation

The government is also investing in social housing and home renovation.

I am announcing that between now and 2024-2025, the government will invest \$260 million more to finish building some 10 000 housing units. Of this sum, \$73 million will be immediately set aside for the Ville de Montréal.

I am also announcing:

- a \$60-million investment in home adaptations for people with disabilities;
- a \$50-million investment to help municipalities renovate dwellings in rundown residential areas.

The budget provides other support so that Québec households can live in affordable, suitable housing that meets their needs.

In all, the government is setting aside \$458 million in assistance for housing and home renovation over the next five years.

☐ Protection of vulnerable persons

The government is strengthening its commitment to protecting vulnerable persons.

The budget provides investments of nearly \$90 million over five years to support victims of sexual violence, prevent crime and better protect vulnerable persons.

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4. INCREASING OUR LEVEL OF WEALTH TO ACHIEVE OUR AMBITIONS

Mr. President, the government is proposing an ambitious economic project.

□ An ambitious economic project

This economic project was presented and explained by the Premier in his inaugural address.

The government wants to narrow and eventually close the current economic gap between Québec and its main partners and neighbours.

Our desire to increase Québec's wealth is, first and foremost, so that we have the means to achieve our ambitions in education, in health, in culture and in all public services.

Creating more wealth will also enable us to reduce the tax burden on Quebecers. We want to improve every person's purchasing power.

Creating more wealth means that we are setting out on a new path to development and growth that will ultimately give us greater financial autonomy within Canada.

■ A concrete example

Today I would like to quantify this ambitious economic project.

Last summer, I, along with other Quebecers, saw the pre-election report on the state of public finances and the economic outlook. Imagine my disappointment when I saw in the report that the projected long-term growth rate for the Québec economy is 1.3% annually.

Is that really Québec's economic potential? I am deeply convinced that Québec can do more and can do better.

Mr. President, we firmly intend to prove this forecast wrong. We will make every effort needed to significantly increase the potential of the Québec economy. We are going to increase our collective wealth at a faster pace than currently projected.

The stakes are high. Over a 25-year period, a 0.5% increase in the annual GDP growth rate relative to the current forecast would raise our collective wealth by approximately 13%.

❑ **A winning formula**

The budget lays the groundwork for this ambitious project.

We will make sure all Quebecers reap the benefits of a winning formula.

The budget I am presenting today means more education, more private investment, more workers, and less debt, resulting in a higher GDP per capita.

We are putting this winning formula to work.

We are using all the ingredients at our disposal to increase the economy's growth potential in order to increase our wealth.

- We are stimulating private investment.
- We are taking the necessary steps to increase workforce availability.
- We are supporting the development of all of Québec's regions.

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STIMULATING PRIVATE INVESTMENT

Private investment is the key to future growth and a higher standard of living for Quebecers.

Business investment means productivity growth, which means higher real wages for everyone.

Private investment plays a crucial role in spreading innovation, enhancing competitiveness and boosting exports.

☐ Major measures announced in the fall

In last fall's update, I announced a series of very important measures to encourage businesses to invest more, in particular, to improve their productivity.

Improvements were made to the capital cost allowance in order to lower the cost of investments. The improvements represent \$1.6 billion in tax relief for businesses over the next five years.

I am very proud of these strategic measures aimed at boosting business investment. Each year, 90 000 businesses in Québec will benefit from these new initiatives, resulting in a further increase of over \$6 billion in business investment by 2024.

☐ Investissement Québec

Investissement Québec is the main tool available to the government to stimulate private investment. Full use will be made of this tool.

I am announcing that the budget provides for an increase in Investissement Québec's share capital from \$4 billion to \$5 billion. Thanks to this infusion of capital, Investissement Québec will be able to use its own equity to increase its transactions with businesses, particularly in the form of loans and equity investments.

The government has also committed to providing greater support for business growth and safeguarding the presence of head offices.

I am announcing that the government is creating an envelope of up to \$1 billion to support the development of strategic Québec businesses and safeguard the presence of head offices in Québec.

❑ **Developing entrepreneurship and youth participation**

Growth in business investment will also build on the development of entrepreneurship and increased participation by young people in the development of Québec's economy.

As frequently pointed out by our colleague the MNA for Beauce-Sud and Parliamentary Assistant to the Premier (youth), "Youth is a serious business."

I am very happy to announce that nearly \$75 million over six years will be earmarked to support entrepreneurship and encourage the next generation of entrepreneurs.

These sums will make it possible to, in particular, provide entrepreneurship training for young people. The government will support the establishment of four new campuses of the École des entrepreneurs du Québec. The budget also provides funding for two programs of the École d'entrepreneurship de Beauce to increase the number of participants.

❑ **Encouraging innovative projects**

Stimulating private investment means encouraging innovative projects. It's through innovation that we can create the jobs of tomorrow: well-paying, high-value-added jobs.

The government has committed to helping bring together research, innovation and entrepreneurial activities in a single attractive environment. We are beginning the process immediately with the development of strategic land identified by certain municipalities as sites for innovative and promising projects.

The budget provides \$320 million in funding for such purposes as site decontamination and construction of public infrastructure, as well as the purchase and upgrading of strategically located sites with proven economic development potential in various municipalities.

Of this total amount, the budget confirms:

- \$100 million for the east end of the island of Montréal;
- \$50 million for the Ville de Québec;
- a further \$70 million for Gatineau, Laval, Longueuil, Lévis, Sherbrooke, Trois-Rivières and Saguenay.

❑ **Artificial intelligence**

Still on the subject of innovation, Québec has succeeded in carving out an enviable position in all research and development activity related to artificial intelligence.

Our current successes must be supported and amplified. Because there are numerous and continual breakthroughs in this promising field, Québec must ensure that it has world-class equipment and that it can make this equipment more accessible. In addition, Québec must have a qualified workforce capable of meeting the needs of businesses wishing to adopt solutions based on artificial intelligence.

The government is providing more than \$329 million over six years to speed up the development and adoption of artificial intelligence by businesses.

❑ **Economic research**

In addition, I am announcing the provision of additional resources to support economic research.

In order to define good economic policies, we need to have good data, perform good analyses and develop good projects. Good research is critical to good economic policies. The budget therefore allocates additional resources to the Institut de la statistique du Québec to facilitate access to data for researchers associated with public bodies.

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INCREASING WORKFORCE AVAILABILITY

The action to promote private investment must be accompanied by a major effort to increase workforce availability.

In numerous sectors and regions, the Québec economy is faced with a shortage of available workers.

During the consultations for this budget, I received a unanimous message from civil society representatives: workforce availability is a priority challenge that must be met if we want to ensure the growth and development of Québec's economy.

☐ **“Kickstarting” workforce availability**

To meet businesses' labour requirements, my colleague the Minister of Labour, Employment and Social Solidarity launched a “kickstart” initiative in January of this year to improve workforce availability.

In cooperation with all of the labour market players, employees from the Ministère's business support services began contacting businesses across Québec to offer support in finding solutions to the labour shortage.

This concrete effort to offer a “leg-up” to businesses could be supported by the major initiatives taken in this budget.

☐ **Encouraging experienced workers to remain in the labour market**

Currently, experienced workers are often dissuaded from continuing to work at the pace they would like to by a tax system that acts as a disincentive.

The government is introducing two major tax measures for individuals and businesses to correct this situation and retain workers who would like nothing better than to continue working.

I am announcing an enhancement of the tax credit for experienced workers and the lowering of the age of eligibility for the tax credit to 60. The tax credit will henceforth be called the tax credit for career extension to better reflect the objective of this tax measure. Nearly 158 000 workers will benefit from this measure as of 2019.

I am also announcing a reduction in payroll taxes in respect of wages paid to workers aged 60 and over. This reduction will benefit 34 000 SMBs in all sectors of activity.

These two measures represent \$109 million in tax relief in 2019-2020 and nearly \$900 million in tax relief over the next five years.

Thanks to these measures, experienced workers will have a greater incentive to remain in or re-enter the labour market, full-time or part-time, after retirement.

■ 90 000 workers to close the gap

Our objective is simple. We want to close the existing employment gap between Ontario and Québec for persons aged 60 and over.

In 2018, the employment rate of the population aged 60 and over in Québec was more than 4 percentage points below that of Ontario.

If the employment rate of this cohort of experienced workers in Québec were brought level with the rate in Ontario, Québec would have 90 000 more workers to help create wealth and boost growth.

□ Québec is open to immigrants

The government is also taking steps to increase the labour market participation of immigrants.

A great many people from around the world want to join us and contribute to enriching our economy and our society. Open to investments, Québec is also open to people who want to work here: Quebec is open to immigrants.

However, the people who come here must be able to meet the existing labour needs in all regions of Québec. We must be able to integrate newcomers into Québec society, and the best road to better integration is the labour market.

■ Substantial means for a bold reform

My colleague the Minister of Immigration, Diversity and Inclusiveness has launched a bold reform to achieve this goal. The budget gives him substantial means to implement the reform.

I am announcing that additional resources of \$146 million will be allocated each year, starting in 2019-2020, to the Ministère de l'Immigration, de la Diversité et de l'Inclusion so as to provide immigrants with a personalized pathway to labour market integration. These resources will also serve to strengthen services for the francization of immigrants.

□ Integration of people with disabilities

The budget also includes resources for the purpose of employment integration and retention of people with disabilities.

I am announcing that another \$65 million in funding over the next five years will be allocated to the National Strategy for Labour Market Integration and Maintenance of Handicapped Persons. These additional resources will encourage greater labour market participation of people with disabilities who are capable of working, in addition to fostering their social integration.

All told, the budget provides \$269 million as of 2019-2020 for measures aimed at increasing workforce availability.

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DEVELOPING ALL THE REGIONS

Québec's development and prosperity demands the development of all the regions.

❑ High-speed Internet in all the regions

We are experiencing a digital revolution and access to high-speed Internet has taken on strategic importance for all regions of Québec.

A high-speed Internet connection for all residents and businesses in a given region is critical to economic, cultural and social development and vitality.

I am announcing that the government will invest \$400 million in the coming years to make high-speed Internet available in all the regions and wireless mobile service available to as many people as possible.

❑ Investing more in large-scale projects

We must invest more in the regions, and particularly in large-scale projects.

I am announcing an enhancement of the tax holiday for large-scale investment projects. The capital investment threshold for a large-scale project carried out in the regions will be reduced from \$75 million to \$50 million.

This enhancement will foster projects totalling \$800 million in the coming years.

❑ \$90 million for infrastructure

The existence of adapted infrastructure is vital if Québec's regions are to be able to reach their full development potential.

The budget sets aside \$90 million over six years for infrastructure projects, such as extending the natural gas distribution network, implementing transportation logistics for liquefied natural gas on the Côte-Nord, supporting studies related to the QcRail project and building multi-user infrastructure in northern communities.

❑ **Agriculture, tourism, forests**

The budget also contains measures to support investments related to activities that ensure the prosperity of the various regions.

I am announcing \$50 million in annual funding to improve the productivity of agricultural and agri-food businesses.

Over the next five years, additional resources in the amount of \$35 million will be set aside for investments in the tourism offering.

The budget provides a \$50-million increase over five years in the envelope for the Innovation Bois program to support innovation in the forest products industry.

❑ **Supporting municipalities**

In every region of Québec, municipalities have a vital role to play in the provision of services to citizens.

To support municipalities in their responsibilities, the budget provides investments of nearly \$243 million over five years.

These resources will be used, among other things, to further reduce the financial burden on municipalities related to Sûreté du Québec services and to fund municipalities that want to improve their community, cultural and recreational infrastructure.



5. STRONG ACTION FOR THE ENVIRONMENT

Mr. President, Quebecers are voicing their environmental concerns.

I am telling them today that their Premier, their Minister of the Environment and the Fight Against Climate Change, their Minister of Finance and their government have heard them. This budget is an illustration, as it makes the necessary investments.

SIGNIFICANT MEANS TO FIGHT CLIMATE CHANGE

We are devoting considerable resources to the fight against climate change.

❑ Two observations

Above all, two important observations need to be made with regard to the fight against climate change.

- First, Québec is one of the lowest emitters of greenhouse gas emissions per capita in North America.
- Second, it is clear that if we are going to reduce our greenhouse gas emissions further, we need an enhanced approach.

❑ Enhanced approach

An enhanced approach is currently being developed under the leadership of the Premier and my colleague the Minister of the Environment and the Fight Against Climate Change.

The enhanced approach will reflect the reality of Québec and will define the most effective means for both fighting and adapting to climate change.

The approach chosen by the government will make it possible to seize economic development and technological innovation opportunities that will increase Québec's ability to combat climate change.

The government also wants to address the current governance structure for the fight against climate change, which is cumbersome. This structure needs to be improved so that projects can be implemented faster. The government wants to use the significant revenues in the Green Fund to rapidly address climate change.

❑ A clear objective

The objective is clear: Québec will address the climate emergency and it will do so while ensuring that Quebecers are not penalized.

Quite the opposite, meeting the climate change challenge will be seen as an opportunity to attract investments, foster development, use and export Québec's green technologies and create wealth.

❑ **Nearly \$1 billion over the next two years**

Pending the new approach for fighting climate change, the government is allocating significantly more resources for the transition toward a greener, more sustainable economy.

Over the next two years, the government will be allocating nearly \$1 billion more to the fight against climate change.

■ **Supporting communities and businesses**

Of that amount, \$585 million is being set aside to support communities and businesses in their energy transition process, to adapt to climate change and to implement other measures to tackle climate change.

These funds will enable the following initiatives, among others.

- As of 2019-2020, major enhancements are being made to the Technoclimat, ÉcoPerformance and Biomasse forestière résiduelle programs.
- Better support will be provided to large industrial businesses.
- The government will help municipalities adapt to climate change.
- The forest sector will receive special support, particularly for tree planting.

■ **Transportation electrification**

Addressing climate change is an opportunity to electrify transportation and that is exactly what we are going to do.

I am announcing that the Drive Green program is being extended to encourage people to purchase an electric vehicle. The government is injecting \$434 million over the next two years into this program.

These sums will go directly into the pockets of Quebecers who decide to take the step and buy an electric vehicle.

The budget also includes targeted measures to promote alternative forms of transportation, giving preference to transportation electrification.

Moreover, I am affirming that the government is making major investments to develop electric public transit.

- Construction of Réseau express métropolitain is continuing as planned and will be completed.
- The 2019-2029 Québec Infrastructure Plan specifies the amount of government support that will be given to the Ville de Québec's project to build a structuring public transit network, including an electric tramway and trambus.

* * *

IMPROVING RESIDUAL MATERIALS MANAGEMENT

The government is investing in increasing our wealth in a sustainable manner not only by reducing greenhouse gas emissions, but also by improving residual materials management. The goal is to move toward a zero-waste economy in Québec.

To achieve that goal, we need to consume more responsibly, divert more material from landfill, improve sorting, and reuse and identify outlets for recyclable material.

\$100 million over the next five years

Over the next five years, the government will be setting aside an additional \$100 million for residual materials management.

These funds will also be used to modernize recycling material sorting centres, develop technological innovations and outlets and encourage environmentally responsible behaviour.

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6. A STRONG AND VIBRANT CULTURE

To take charge of our nation's future, we must also invest in ourselves, in what we are, in what we represent, and in what helps to embellish our lives. I am referring of course to culture.

☐ **More than 1% of the budget goes to culture**

In Québec, culture is both a source of pride and a major economic driver. This budget confirms the government's support for a strong and vibrant culture.

I am very proud to announce, as I promised to do, that the resources allocated to culture this year will represent at least 1% of the Québec government's total budget. In 2019-2020, the Culture et Communications portfolio will reach \$1.3 billion, or 1.3% of total spending.

A substantial amount that will thus be earmarked for the promotion of Québec's culture and its development, and in support of all those who contribute to its vitality.

In all, the budget provides additional resources of \$296 million over six years.

☐ **Instilling a taste for culture in the younger generations**

This budget confirms the responsibility we have to instil a taste for culture in the younger generations.

As I have already mentioned, \$135 million will be set aside over the next five years for cultural outings from the preschool to secondary levels and for school libraries.

☐ **Cultural and religious heritage, cultural creativity**

This budget invests \$49 million over the next five years to promote our cultural and religious heritage.

Over this same period, the government will also invest \$74 million to encourage cultural creativity. These funds will be used particularly to stimulate cultural entrepreneurship, support the music industry in the digital age and upgrade artists' studios.



7. RESPONSIBLE MANAGEMENT OF PUBLIC FINANCES

With this first budget, the government is investing to take charge of our future.

Taking charge of our future means proposing projects for the future. It also means being prudent in managing public finances.

Today, I affirm to all Quebecers: we will ensure that public finances are managed responsibly. The financial health of the Québec nation is of the highest importance.

These past few years have been good for the global economy, and Québec has reaped the benefits. Our government intends to stay on course toward balanced public finances and reduction of the debt burden.

* * *

MAINTAINING A BALANCED BUDGET

Exercising responsible management means maintaining a balanced budget.

Mr. President, as I announced at the beginning of this speech, I am proud to say that the government foresees a balanced budget for the period 2019-2020 to 2023-2024.

* * *

REDUCING OUR DEBT

We are also continuing to reduce our debt.

Allow me today to put aside the usual political partisanship to pay tribute to Lucien Bouchard.

In 1996, this great premier had the courage to alter Québec's budgetary trajectory. With the unfailing support of Mario Dumont's ADQ and the successive finance ministers from all parties, Québec embarked on a virtuous circle of balanced budgets and reduction of the public debt burden.

I am happy to confirm that we will achieve the objective of reducing the gross debt to 45% of GDP in 2020-2021, five years earlier than stipulated by law.

The objective of reducing the debt representing accumulated deficits to 17% of GDP will also be achieved as stipulated by law.

■ The lowest debt burden in 20 years

As at March 31, 2019, Québec's gross debt will be 46% of GDP. The gross debt burden in the economy is the lowest it's been in 20 years.

The reduction of the debt burden is excellent news for all Quebecers.

The reduction ensures stable funding for the government's chief missions. It enables us to cope with the costs associated with population aging, invest in public infrastructure and counter a possible economic slowdown. By reducing the debt burden, we free up the fiscal room needed to reduce the tax burden on Quebecers and are able to increase our financial autonomy within Canada.

With this budget, we will continue to reduce the weight of our debt. The day is not far off when Québec will be less indebted than Ontario.

On that day, we will all be very proud of the road travelled and the results obtained.



CONCLUSION

Mr. President, there is still much to do to improve management of the Québec government, provide more effective services and better serve our citizens.

And we must not accept as inevitable that Quebecers should be the most heavily taxed in North America.

☐ **Taking charge of our financial future**

We can reduce our tax burden, just as we have collectively succeeded in restoring fiscal balance and reducing the debt burden.

We can boost our potential for wealth creation, with more education, more private investment, more workers and less debt.

A wealthier economy, balanced public finances, a less onerous tax system and a lower debt level: this is the recipe that will give us the means to achieve our ambitions while investing in the government's chief missions.

This is the road to financial autonomy within Canada.

This is the road to renewed pride.

* * *

Mr. President,

I propose that the National Assembly approve the government's budgetary policy.

Thank you.

☪ • ☪

TABLE 1

Québec government
Summary of consolidated budgetary transactions
Preliminary results for 2018-2019
(millions of dollars)

	2018-2019
CONSOLIDATED REVENUE	
Own-source revenue	90 146
Federal transfers	23 411
Total	113 557
CONSOLIDATED EXPENDITURE	
Portfolio expenditures	-99 052
Debt service	-8 899
Total	-107 951
Contingency reserve	—
SURPLUS	5 606
BALANCED BUDGET ACT	
Deposits of dedicated revenues in the Generations Fund	-3 106
BUDGETARY BALANCE⁽¹⁾	2 500

(1) Budgetary balance within the meaning of the *Balanced Budget Act*.

TABLE 2

Québec government
Summary of consolidated budgetary transactions
Forecasts for 2019-2020
(millions of dollars)

	2019-2020
CONSOLIDATED REVENUE	
Own-source revenue	90 714
Federal transfers	24 924
Total	115 638
CONSOLIDATED EXPENDITURE	
Portfolio expenditures	-104 038
Debt service	-8 996
Total	-113 034
Contingency reserve	-100
SURPLUS	2 504
BALANCED BUDGET ACT	
Deposits of dedicated revenues in the Generations Fund	-2 504
BUDGETARY BALANCE ⁽¹⁾	—

(1) Balance within the meaning of the *Balanced Budget Act*.

TABLE 3

**Québec government
Consolidated revenue
Forecasts for 2019-2020**
(millions of dollars)

	2019-2020
OWN-SOURCE REVENUE	
Income and property taxes	
Personal income tax	32 498
Contributions for health services	6 596
Corporate taxes	8 516
School property tax	1 553
	49 163
Consumption taxes	
Sales taxes	17 933
Fuel	2 283
Tobacco products	973
Alcoholic beverages	646
Cannabis ⁽¹⁾	29
	21 864
Revenue from government enterprises	
Hydro-Québec	2 425
Loto-Québec	1 271
Société des alcools du Québec	1 159
Investissement Québec	139
Société québécoise du cannabis	20
Other	-236
	4 778
Duties and permits	4 229
Miscellaneous revenue	10 680
TOTAL OWN-SOURCE REVENUE	90 714
FEDERAL TRANSFERS	
Equalization	13 124
Health transfers	6 628
Transfers for post-secondary education and other social programs	1 620
Other programs	3 552
TOTAL FEDERAL TRANSFERS	24 924
TOTAL CONSOLIDATED REVENUE	115 638

(1) This is Québec's component of the excise duty on cannabis sales.

TABLE 4

Québec government
Consolidated expenditure
Forecasts for 2019-2020
(millions of dollars)

	2019-2020
PORTFOLIO EXPENDITURES	
Program spending of the General Fund ⁽¹⁾	81 351
Other consolidated expenditure ⁽²⁾	22 687
Total	104 038
DEBT SERVICE	
General Fund	6 589
Other sectors ⁽²⁾	2 407
Total	8 996
TOTAL CONSOLIDATED EXPENDITURE	113 034

(1) Program spending includes transfers intended for consolidated entities.

(2) The other consolidated expenditure and the debt service of other sectors include consolidation adjustments.

TABLE 5

Québec government
Consolidated expenditure
Forecasts for 2019-2020
(millions of dollars)

	2019-2020
PORTFOLIO EXPENDITURES	
Assemblée nationale	137
Personnes désignées par l'Assemblée nationale	106
Affaires municipales et Habitation	2 969
Agriculture, Pêcheries et Alimentation	1 130
Conseil du trésor et Administration gouvernementale	2 588
Conseil exécutif	480
Culture et Communications	1 320
Économie et Innovation	2 680
Éducation et Enseignement supérieur	24 436
Énergie et Ressources naturelles	629
Environnement et Lutte contre les changements climatiques	1 605
Famille	6 202
Finances	2 950
Forêts, Faune et Parcs	1 007
Immigration, Diversité et Inclusion	485
Justice	1 237
Relations internationales et Francophonie	120
Santé et Services sociaux	45 433
Sécurité publique	2 142
Tourisme	341
Transports	4 950
Travail, Emploi et Solidarité sociale	5 243
Inter-portfolio eliminations ⁽¹⁾	-4 152
TOTAL	104 038
DEBT SERVICE	8 996
TOTAL CONSOLIDATED EXPENDITURE	113 034

(1) Inter-portfolio eliminations result mainly from the elimination of reciprocal transactions between entities in different portfolios.

TABLE 6

Québec government
Non-budgetary transactions
Forecasts for 2019-2020
(millions of dollars)

	2019-2020
INVESTMENTS, LOANS AND ADVANCES	-3 212
CAPITAL EXPENDITURES	
Investments	-7 411
Amortization	4 303
Less: PPP investments	111
Total	-2 997
RETIREMENT PLANS AND OTHER EMPLOYEE FUTURE BENEFITS	3 227
OTHER ACCOUNTS	410
TOTAL NON-BUDGETARY TRANSACTIONS	-2 572

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing.

