

March 2017

**BUDGET
SPEECH
2017-2018**

THE QUÉBEC
**ECONOMIC
PLAN**

Delivered before the National
Assembly by Carlos Leitão,
Minister of Finance,
on March 28, 2017.



Budget 2017-2018
Budget Speech 2017-2018

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A BUDGET FOR TODAY AND TOMORROW:

IMMEDIATE BENEFITS FOR ALL AND INVESTMENT IN OUR FUTURE

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INTRODUCTION

Mr. President,

Today, I have the honour of tabling Budget 2017-2018, our government's fourth budget.

We have come a long way since April 2014. We have gotten our fiscal house in order. We have put economic growth and job creation back on a solid, sustainable footing.

Québec is in much better economic and fiscal health. We have put Québec back on the road to prosperity, as this budget concretely shows.

■ **A budget of hope regained and prudence**

The budget I am tabling today symbolizes renewed hope.

Hope, first for our children and grandchildren, to whom we want to give back the ability to make choices.

The international environment remains uncertain and there are numerous challenges to be met. Therefore, this budget is also based on prudence.

We are making responsible use of the room to manoeuvre restored through economic growth and our disciplined management of public finances.

■ **A budget for today and tomorrow**

This budget places priority on investing in public services and, especially, in our young people's educational success from early childhood through to higher education. We are leveraging the means required to prepare for the future.

Our room to manoeuvre enables us to relieve the fiscal pressure. We are in a position to enable every Quebecer to immediately reap the benefits of our sound management of public finances.

The budget that I am tabling is a budget for today and tomorrow.

It is a good-news budget that allows us to invest in our future.

To all Quebecers, I say that this fiscal room belongs to you and its benefits are yours to reap.

■ **A balanced budget**

The first good news is the confirmation of order having been restored to Québec's public finances.

We are ending 2016-2017 in fiscal balance. I am announcing that Budget 2017-2018 is our third balanced budget in a row.

■ **Reduction in the debt burden**

More good news is the reduction in the debt burden.

I am very proud to announce that we are reducing the debt burden and are on course to meet the objectives set for 2025-2026.

The value of the Generations Fund, created in 2006, reached \$10.6 billion in 2016-2017.

In 2017-2018, the dedicated revenues deposited in the Generations Fund will total \$1.9 billion and the fund is expected to have investment income of \$626 million.

As I said in last year's budget speech, the Generations Fund is the most powerful instrument of intergenerational equity ever adopted by a government.

■ **Sound, healthy public finances**

Major changes have occurred since April 2014.

Three years ago, the state of public finances was very poor. We were facing a potential deficit of \$7 billion.

Through our actions, we are delivering on our commitments. Today, Québec has solid public finances.

■ Immediate benefits for everyone, investments in our future

Thanks to our solid financial footing and the Québec Economic Plan, which we have been implementing since the beginning of our mandate, we are offering Quebecers a budget that focuses on improving public services, a budget that invests in our future while offering immediate benefits to all.

- This budget bears good news on the economy, led by an acceleration of growth and job creation.
- We are using the fiscal room we were able to create to invest more in educational success, health care, economic growth and transportation, giving priority to sustainable mobility.
- We are preparing for the future by leveraging more means to support young people in their schooling as well as stimulate business investment and innovation and workforce development.
- We are investing in all of Québec's regions.
- We are working to promote the visibility of Québec culture and Québec's place in the world.
- We are sharing the benefits of our sound economic and fiscal position with all Quebecers by continuing to ease their tax burden and providing better support to the most vulnerable in society.

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I am pleased to be tabling the budgetary policy for fiscal 2017-2018.

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

- the tables presenting the preliminary results of the consolidated budgetary transactions for 2016-2017;
- the forecasts for the 2017-2018 financial framework.

I am also tabling the Québec Economic Plan and the accompanying documents, which are an integral part of the budget.

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1. QUÉBEC'S ECONOMY IS GROWING AND CREATING JOBS

Sound management of public finances was a crucial condition for restoring confidence, ensuring economic growth and creating jobs. We got our public finances in order and now we are reaping the rewards.

□ Growth is accelerating

Economic growth is consolidating and accelerating.

In 2016, the economy grew by 1.7%. That is the highest economic growth rate since 2011. It is also higher than the growth rate seen in Canada and the United States, where GDP rose by 1.4% and 1.6%, respectively.

In a world that is more competitive and open than ever before, our economy is performing better than that of many developed countries.

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□ 90 800 jobs created in 2016

Québec's economy is healthy and is creating jobs.

From January to December 2016, 90 800 jobs were added in Québec, for the strongest job creation in Canada, ahead of Ontario and British Columbia.

More good news is that most of the jobs created are full-time. Over the same period, the Québec economy added 83 800 full-time jobs, with Québec leading the table across all Canadian provinces. Most of the jobs created went to women, whose participation in the labour market has risen substantially over the last few years.

In 2016, the average unemployment rate in Québec fell to a historic low. It is currently 6.4%.

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❑ **150 500 jobs created since May 2014**

Our economic plan is designed to stimulate development and create jobs. We are seeing the results.

We are on track to achieve our objective of creating 250 000 jobs over five years. Québec has created more than 150 000 jobs since May 2014, including 141 000 in the private sector and 134 000 full-time jobs.

That means that many families obtained good jobs and saw their situation improve considerably.

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❑ **Consumer and business confidence is improving**

The faster pace of economic growth and job creation is attributable primarily to greater confidence among consumers and businesses.

In 2016, household consumption rose by 2.4% in real terms, outstripping GDP growth. In particular, the value of retail sales rose by 4.3% in 2016, the biggest increase since 2010.

Household spending was thus the main driver of growth.

The increased confidence stems from an improvement in Quebecers' standard of living and purchasing power. In 2016, household disposable income climbed by 4.5% in Québec. This is a sharp increase and is attributable to wage growth and tax relief.

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❑ **Forecasts**

Thanks to our actions, economic growth is consolidating.

While exercising prudence, we prepared our forecasts taking this favourable momentum into account.

The different factors that fuelled growth in 2016 will continue to have a positive impact on economic activity. The Economic Plan therefore builds on the projected 1.7% growth in Québec real GDP in 2017 and 1.6% growth in 2018.

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☐ **Delivering on our commitments**

We have our public finances under control. The economy is growing. Québec is in better economic and fiscal health.

Now we can invest more in public services.

We are delivering on our commitments. We are doing what we said we would do.

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2. THE GOVERNMENT IS INVESTING MORE IN EDUCATION, HEALTH AND PUBLIC TRANSIT

Today, all Quebecers are benefiting from the acceleration of economic growth and job creation.

All Quebecers are also going to benefit from better services to address their needs. The restoration of sound public finances gives us the fiscal room to manoeuvre to invest in education, health and public transit.

EDUCATIONAL SUCCESS AND FAMILIES

Educational success is a priority for our government because it is the key lever for Québec's social and economic development.

With this budget, we are investing \$3.4 billion more over the next five years to ensure educational success from childhood through to higher education.

□ Over \$1.8 billion to support our children's educational success

First, I am announcing that the government will be allocating an additional \$1.8 billion to education over the next five years.

■ More services for educational success

We are increasing spending on education by 4.5% in 2017-2018. The considerable additional resources will make it possible to deliver more services geared directly to our children's educational success.

In fall 2016, my colleague the Minister of Education, Recreation and Sports and Minister of Families held a wide-ranging consultation on educational success. The additional appropriations allocated to education will be earmarked for implementing the educational success policy that my colleague will be releasing soon.

The policy will support parents in order to prevent learning disabilities. It will enable young people to get off to a good start in preschool and first grade. We are going to give a boost to elementary schools to facilitate the implementation of education plans for students experiencing difficulties.

The policy will enhance support for students in high school, occupational training and adult education programs. It will support initiatives designed to boost literacy and francization, as well as the promotion of workforce development.

■ 1 500 additional staff starting in September 2017

Starting in September 2017, nearly 1 500 additional staff who provide direct services to students will support them in their learning path and the number will gradually rise to 7 200 within five years.

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□ Early childhood and families

I am also announcing additional investments totalling \$130 million over five years to improve the quality of early childhood and family services.

Educational success is shaped and built starting from a very young age. The new resources we are providing will enable Québec children to get off to a good start and those experiencing difficulties will receive special support.

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□ Investments in infrastructure

We are also going to improve the quality of schools and equipment by increasing investment in public infrastructure.

Additional amounts are set aside under the 2017-2027 Québec Infrastructure Plan to add space for schools and offer young people modern, safe educational facilities.

These additional investments will make it possible to accommodate new students while renovating and improving educational institutions throughout Québec.

Forty expansion and construction projects are set to begin in the coming months. An amount of \$400 million over three years will be earmarked for the overall improvement of the building inventory.

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THE HEALTH AND SOCIAL SERVICES SECTOR

Health care is by far the largest single expenditure item in the Québec government's budget. For the well-being of all Quebecers, it is crucial that health and social services be properly funded despite the pressure exerted by, in particular, population aging.

Thanks to our efforts, considerable progress has already been made in the provision of services. Today, over 500 000 more people have access to a family physician. Super-clinics are opening. Funding enables more attendants to be hired to provide better care to seniors in residential and long-term care centres (CHSLDs). We are going to do even more for Quebecers' health.

Last fall, I announced that we were raising the growth rate of health and social services program spending from 2.4% to 3.0% for 2016-2017.

❑ \$742-million increase starting in 2017-2018

I am announcing that program spending for this sector will grow by 4.2% in 2017-2018.

The two increases represent \$742 million more for health care and services than the increase initially forecast. In 2018-2019, spending growth will stand at nearly \$1.2 billion.

The increase in the health and social services budget will make it possible to allocate additional resources to:

- CHSLDs to improve residential standards and the quality of care;
- waiting list reduction;
- home care, particularly for the elderly;
- mental health;
- the creation of specialized nurse practitioner positions;
- support for people with an autism spectrum disorder.

Concretely, the additional resources will make it possible to better meet the needs of Quebecers. Stable funding enables us to provide better access to the health care system and more quality services.

My colleague the Minister of Health and Social Services will soon announce the details of the new initiatives he will be implementing.

■ **New initiatives for health prevention**

Last October, the government released its health prevention policy. The policy gave the government a framework for acting upstream on key determinants of health.

I am announcing that, starting in 2017-2018, \$20 million annually will be allocated to fund new initiatives under the government health prevention policy.

The additional funding will be used to implement a project to distribute fruit and vegetable snacks in schools in disadvantaged areas and to develop a digital suicide prevention strategy.

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□ **Medical compensation**

Successive agreements with the medical federations appear to have closed the gap between how much Québec physicians earn and how much physicians earn in other provinces.

The government is hoping to renegotiate the payment provisions of the most recent compensation agreement.

The additional investments I have just announced will enable health institutions to provide better access and more services.

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❑ **Agreement with the federal government**

The budget I am tabling today takes into account the health funding agreement we just reached with the federal government.

The agreement will enable Québec to receive its fair share of the funding announced by the federal government on December 19, 2016, that is, \$2.5 billion over ten years.

■ **Additional funding, principle of asymmetry**

The agreement is an improvement on Ottawa's initial proposals in several regards. Québec obtained additional funding that will be paid as of 2017-2018. The funding will be used to train specialized nurse practitioners.

The agreement is based on a new recognition and strengthening of the principle of asymmetry concluded in 2004 by then premier Jean Charest. The Québec government will be able to use a portion of the federal social infrastructure funds to finance its own priorities.

■ **Pressure on spending growth**

Despite the significant gains that were made, the federal government's contribution remains insufficient. The federal government is reducing its participation in health funding.

Ottawa must consider the pressures exerted by rising health expenditures. We are experiencing these pressures directly more than ever before and our government intends to continue making its requests to the federal government.

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PUBLIC TRANSIT AND SUSTAINABLE MOBILITY

Public transit is an essential service for society at large.

Our government invests heavily in sustainable mobility.

☐ Three major public transit projects

Our government has thus decided to invest in three major public transit projects.

■ Réseau électrique métropolitain

I am announcing that the government is investing \$1.3 billion in the Réseau électrique métropolitain (REM) project of the Caisse de dépôt et placement du Québec.

The REM is a 67-km network that includes 27 stations. It will meet users' expectations and be an exceptional showcase for Québec know-how with respect to public transit and management of large-scale infrastructure projects. The project will cost an estimated \$6 billion.

The Caisse hopes to begin construction on the REM in 2017.

■ Extension of the métro blue line

I am also announcing that the government is investing in the project to extend the Montréal métro blue line. Amounts have been set aside in the 2017-2027 Québec Infrastructure Plan.

Extension of the blue line is no longer at the review stage. Ville de Montréal would like the work to begin in 2021, so that the extension can be commissioned in 2025.

■ Québec-Lévis bus rapid transit

Lastly, I am announcing that the government has set aside the amounts needed to carry out the Québec-Lévis bus rapid transit (BRT) project in the 2017-2027 Québec Infrastructure Plan.

In addition, I am announcing that \$56 million is being allocated immediately to prepare the plans and specifications.

BRT was the option favoured by the cities of Québec and Lévis to improve commuting and traffic conditions in the region. Ville de Québec would like to begin the work in 2019, so that the first phase can be commissioned in 2022.

■ Investments in infrastructure

To meet Québec's significant public infrastructure needs, the government will be maintaining the high level of public capital investment.

The government is increasing the investments planned in the Québec Infrastructure Plan by \$2.4 billion, thereby raising the total investment for the 2017-2027 period to \$91.1 billion, including \$40 billion over the next four years.

■ Contribution of the federal government

For each of the three projects I have just announced, we expect to receive an adequate contribution from the federal government under the infrastructure program announced on March 22 of this year.

Concretely, we expect that the federal government will rapidly find new opportunities to send a clear signal as to its participation in the funding of these promising projects for Québec.

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❑ **Over \$800 million for public transit financing**

In addition to investing in those three major projects, the government is allocating substantial additional resources to public transit financing.

I am announcing that the government will be investing \$808 million in public transit over the next five years.

The significant increase in funding for public transit will benefit all regions of Québec.

■ **\$475 million for the Autorité régionale de transport métropolitain**

I am announcing an injection of \$475 million over the next five years to financially support the Autorité régionale de transport métropolitain.

The additional funding will enable the Autorité régionale de transport métropolitain to cover its capital expenditures, maintain preferential fares and offset the structural deficit of the old Agence métropolitaine de transport.

These funds will also allow the Autorité régionale de transport métropolitain to play its rightful role in the Réseau électrique métropolitain project.

The government is making sure that the new Autorité régionale de transport métropolitain starts out on a solid footing. Through its financial support, the government is ensuring that the share of municipal contributions to public transit expenditure remains stable, that is, at 2016-2017 levels.

Once again, I want to reassure all citizens of the Montréal metropolitan area that no new tax will be introduced to commission the Réseau électrique métropolitain.

■ **\$333 million for all the regions**

The government is investing in public transit in every region of Québec by setting aside \$333 million over the next five years for that purpose.

I am announcing a \$308-million increase in financial support over five years for public transit bodies in all of Québec's regions.

I am also announcing another \$25 million over the next five years to support regional paratransit and public transit.

Thus, the government is substantially increasing its contribution to the operating costs of public transit in all regions of Québec.

The increase will benefit the nine transit authorities of the metropolitan areas, that is, the transit authorities of Gatineau, Laval, Lévis, Longueuil, Montréal, Québec, Saguenay, Sherbrooke and Trois-Rivières.

The increased assistance will also benefit municipal and intermunicipal transit bodies in 14 urban agglomerations, regional public transit services in 71 regional county municipalities and 100 or so bodies responsible for municipal paratransit services.

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❑ **\$85 million for greener vehicles**

Still in the transportation sector, our government is investing more in electric vehicles.

I am announcing additional investments totalling \$70 million in the Roulez vert program to encourage people to purchase electric vehicles.

The program will run until 2020. The rebates offered under the program have been retargeted to vehicles costing less than \$75 000 so that a greater number of households can take advantage of the program.

The enhancement will also make it possible to finance a pilot project promoting the acquisition of fully electric used vehicles.

■ **A new cluster of electric and intelligent vehicles**

New investments will be allocated to the creation of the new cluster of electric and intelligent vehicles announced by my colleague the Minister of Economy, Science and Innovation. The cluster will enable the Québec economy to take full advantage of a booming sector of activity.

I am also announcing an enhancement and extension of the Écocamionnage program.

These measures will help strengthen Québec's position in the areas of renewable energy, energy efficiency and innovation.

Over the next five years, we will be allocating a total of \$85 million to sustainable mobility in the transportation sector.

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3. THE GOVERNMENT IS PREPARING FOR THE FUTURE BY SUPPORTING TRAINING FOR YOUNG PEOPLE AND INVESTMENTS IN BUSINESS INNOVATION

We are mobilizing the necessary means to prepare for the future.

Meeting the challenges of the future is also why we are supporting training for young people, investment and business innovation.

□ Meeting the demographic challenge

The demographic challenge is more pressing than ever. It is the principal impediment to our economic growth.

■ Participation in the labour market

We must support our young people by providing them with training and by investing in higher education.

We must also continue the efforts under way and boost productivity by action in such areas as innovation and workforce skills.

■ Support for business

Our businesses are highly successful, in an economy that has never been more open and competitive.

We must further stimulate business investment and innovation.

With this budget, we are mobilizing new resources to accelerate their growth.

■ Two priorities for action

To build the future, our government is taking action.

— We are investing in our young people by supporting and improving their access to education at all levels, including CEGEP and university.

— We are supporting business investment, particularly in innovation, and we are developing the workforce.

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YOUNG PEOPLE, QUÉBEC'S ECONOMIC FUTURE

The government is investing in the future of young people by providing new means to improve their access to education at all levels, including CEGEP and university.

□ **Nearly \$1.5 billion for higher education**

As I just mentioned, we are investing an additional \$3.4 billion over the next five years in educational success. Of this total, nearly \$1.5 billion will be reserved for higher education.

Québec has a very high-quality CEGEP and university network that provides access to higher education in all the regions.

Over time, Québec universities have established a reputation for excellence. They attract students from around the world and recruit outstanding researchers. Certain universities rank among the best in the world.

■ **\$1.1 billion for CEGEPs and universities**

Our government intends to further support the activities and the development of CEGEPs and universities.

I am announcing additional investments of \$1.1 billion over the next five years to strengthen funding for higher education.

These resources will make it possible to:

- improve the quality of teaching in the CEGEP and university networks;
- increase accessibility to education in the regions and support special-needs target groups;
- foster student mobility between institutions;
- offer better support for vocational and technical training.

My colleague the Minister responsible for Higher Education will soon provide further details concerning the measures thereby funded.

■ **\$363 million in financial aid for students**

I am also announcing \$363 million in enhanced financial aid to better support students over the next five years.

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❑ **Young people are the future**

Young people are Québec's economic future.

To enable them to develop their full potential and to contribute to Québec's development, the Premier announced on March 30, 2016 a new policy: *The 2030 Québec Youth Policy – Working Together for Present and Future Generations*.

To enable young people to develop their strengths, I am announcing that \$7.5 million will be allocated over the next five years to promote student commitment under the aegis of Force AVENIR.

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BUSINESS INVESTMENT AND WORKFORCE DEVELOPMENT

To ensure the future, the government is also taking action by supporting business innovation and investment and developing the workforce.

To prepare for the future, the government is continuing and increasing its assistance for business investment by focusing first of all on research and innovation.

❑ \$834 million in additional resources

I am announcing that over the next five years, the government will invest \$834 million in additional resources in research and innovation.

Overall, the government will thus allocate nearly \$2.5 billion in research and innovation over the next five years.

These are considerable sums, reflecting the importance our government attaches to investment in research and innovation in a world where everything is changing rapidly and where more than ever Québec must capitalize on its know-how and its creativity.

■ Two government strategies

In a few weeks, my colleague the Minister of Economy, Science and Innovation will unveil Québec's research and innovation strategy and life sciences strategy.

The two strategies will announce a series of measures aimed at developing skills and supporting the upcoming generation, increasing investments in research and innovation, and accelerating the transfer and commercialization of innovations.

I am announcing that over the next five years, the government will allocate an additional \$118 million to the life sciences strategy, bringing the total funding for implementing this strategy to more than \$150 million.

■ **An artificial intelligence super-cluster**

The new resources for innovation will, in particular, allow enhanced funding for Québec Research Funds and permit the creation of an artificial intelligence super-cluster.

A boom is currently underway in the artificial intelligence sector. Major technology companies are investing considerable sums to develop applications in various sectors of activity such as health, energy and transportation.

Thanks to the presence of numerous researchers and specialized research centres, Québec is internationally recognized for its artificial intelligence know-how. This is why leading companies such as Google and Microsoft have opted to open facilities devoted to artificial intelligence in Montréal.

I am announcing that the government will invest \$100 million over the next five years in the creation of a scientific and industrial super-cluster devoted to artificial intelligence.

■ **The Maritime Strategy and the forest sector**

I am also announcing that additional resources will be allocated to innovation as part of the Maritime Strategy and in the forest sector.

Over the next five years, \$22 million in resources will be allocated to maritime research through, in particular, the Odyssée Saint-Laurent project.

In the forest sector, the government is announcing an additional \$46 million to stimulate innovation, particularly in engineered wood products. These funds will be used, in particular, to enhance the Programme Innovation Bois, thereby encouraging applied research and the creation of innovative products and processes for the forest products industry.

■ **Innovative manufacturing and the mining sector**

Finally, I am announcing an additional \$55 million over the next five years to develop innovative manufacturing projects and for research in the mining sector.

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❑ **Entrepreneurship and financing for businesses**

Taking action for the workforce and for investment also means promoting entrepreneurship and financing for businesses.

The government has set aside more than \$442 million to promote entrepreneurship in Québec.

■ **The government action plan on entrepreneurship**

In a few weeks, my colleague Deputy Premier and Minister responsible for Small and Medium Enterprises, Regulatory Streamlining and Regional Economic Development will unveil the government action plan on entrepreneurship.

Now is the time to prepare the way for the emergence of the major companies of tomorrow by promoting the creation of new businesses and supporting their growth. The government's support for entrepreneurship is aimed at fostering future successes.

I am announcing that the government action plan on entrepreneurship will receive \$70 million in additional support over the next five years.

In addition, the government is allocating \$35 million over the next five years for other measures fostering entrepreneurship, in particular developing entrepreneurship among young people, providing support for co-operative buyouts of businesses and increasing assistance for social-economy hubs.

■ **The Plan to Strengthen the Québec Economy as an Executive-Driven Economy: \$337 million**

Our action in favour of entrepreneurship and financing for businesses was manifested in still another form a few weeks ago with the publication of the Plan to Strengthen the Québec Economy as an Executive-Driven Economy.

The government has implemented tax measures to promote transfers of family businesses.

The government has also implemented other funding, tax or regulatory measures to encourage the presence of head offices, support Québec control of businesses and induce business executives to relocate to Québec.

Overall, the measures announced will cost \$337 million over the next five years.

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We want to help businesses to prosper in a competitive and open environment. We will continue helping them and supporting them.

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❑ Workforce development

For the government, workforce development is a priority.

The Rendez-vous national sur la main-d'œuvre in February was a success. It helped to clearly delineate the main challenges facing Québec in regard to employment, training, quality of life in the workplace and meeting the needs of businesses.

The government has responded quickly to the main recommendations stemming from the Rendez-vous national de la main-d'œuvre by providing the necessary resources for implementing them.

I am announcing that over the next five years, the government will allocate \$289 million in additional resources to implement the measures aimed at workforce development.

These measures will be focused in four areas:

- promoting trades that are in demand;
- helping businesses with the management of their labour force;
- supporting ongoing training;
- francizing and integrating immigrants.

For Québec, immigrants represent a labour pool that is critical to addressing demographic changes and sustaining economic growth. We are going to devote special efforts to attracting top-quality foreign candidates and rapidly integrating them into the labour market.

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4. THE GOVERNMENT IS INVESTING IN ALL THE REGIONS

Québec's future and prosperity also depend on the economic development of all the regions.

In the budget I am tabling today, we are again confirming that the government is investing in all the regions by providing them with the necessary resources and by supporting sectors of activity present throughout Québec.

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SUPPORT FOR DEVELOPMENT OF THE REGIONS

When the Québec Economic Plan was updated in October 2016, I announced that \$400 million in resources would be allocated to the regions over the next four years to support them in taking charge of their own economic development.

☐ A boost for all the regions: \$522 million

Today, I am able to provide further details concerning this substantial support, now totalling \$522 million.

The government will create the Fonds d'appui au rayonnement des régions. Some \$310 million will be allocated to this fund over the next five years.

In addition, the government has set aside \$212 million for implementing agreements aimed at recognizing Québec's national capital status and Montréal's metropolis status, that is, \$62 million and \$150 million, respectively.

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☐ Supporting investment: two tax measures

In addition to this general support for the regions, the government is enhancing two tax measures that will support business investment throughout Québec.

I am announcing a three-year extension of the tax holiday eligibility period for large investment projects. Businesses carrying out an eligible project will be able to submit an application by December 31, 2020 at the latest.

This measure has attracted and continues to attract major investment projects in all regions of Québec.

I am announcing the introduction of an additional capital cost allowance to support business modernization and productivity.

This new allowance, which represents tax relief totalling \$165 million over five years, will apply both to investments in manufacturing and processing equipment and to investments in computer equipment.

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SUPPORT FOR ACTIVITIES IN ALL REGIONS

☐ Nearly \$160 million for agriculture

Agriculture makes a crucial contribution to the vitality of the regions, their economic strength and occupation of the territory. In fall 2017, the Sommet sur l'alimentation will bring together the main stakeholder in the food sector, to prepare the way for the government's future biofood policy.

In the meantime, I am announcing that \$159 million will be allocated to agriculture to support investment and improve the competitiveness of agricultural businesses.

The agricultural investment support program, with a \$95-million envelope over five years, will support agricultural investment aimed, in particular, at improving energy efficiency and animal welfare.

An envelope of \$64 million will be allocated over the next five year for innovative agriculture, food processing and reduced pesticide use.

I am announcing that these sums will be used, in particular, to fund a new electricity rebate program to promote greenhouse development.

I am announcing that a part of this envelope will be set aside to broaden the support program for draining and liming farmland so that an additional 34 regional county municipalities can take advantage of it.

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❑ **\$123 million for tourism**

Tourism is another sector of economic activity that contributes directly to the prosperity of all the regions.

I am announcing that an additional \$123 million will be allocated to this sector over the next five years.

The government is directly supporting tourism by enhancing the assistance for festivals and events. We are contributing to major tourism projects under the Program Supporting the Development of Tourist Attractions.

The government's financial support will enable the Société des établissements de plein air du Québec to make new investments totalling \$100 million over the next five years. The government's assistance will help Sépaq complete some 100 new projects over the next five years, involving all of Québec's regions and focusing on such varied themes as heritage development, nature and adventure tourism, winter tourism and environmental management.

The government is also investing \$15 million over five years in the Québec salmon fishing and sport fishing development plan.

■ **\$47 million for wildlife and for Québec's biodiversity**

In addition to the funding for tourism, the government is stepping up its support for wildlife protection.

Over the next five years, the government will allocate \$47 million for protecting our wildlife resources and for Québec's biodiversity, in particular by adding 40 wildlife protection officers to current staff. These resources will be devoted to the establishment of protected areas on private land and to managing and protecting caribou populations.

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☐ Nearly \$231 for sustainable development in all the regions

Sustainable development concerns all of Québec's regions. Over the next five years, the government will allocate an additional \$231 million for protecting the environment and renewable resources throughout Québec.

I am announcing \$70 million for promoting environmentally responsible behaviour, in particular by introducing a refundable tax credit for bringing residential waste water systems up to standard, applicable to both principal and secondary residences.

For residents of coastal municipalities in Québec, I am announcing \$45 million for preventing risks associated with shoreline erosion.

I am announcing that \$46 million will be allocated for the future Québec water strategy to improve water management and quality.

Finally, I am announcing that the government will invest \$24 million over the next five years in government fish farms, forest sapling production and the fight against the spruce budworm in private forests.

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Furthermore, I am announcing the renewal, for another year, of the RénoVert program, which will promote eco-friendly renovation.

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❑ **The Maritime Strategy**

The Maritime Strategy is in the deployment phase. It has already generated \$1.2 billion in investments and created or maintained 5 000 jobs, as calculated by the Institut de la statistique du Québec.

I am announcing \$36 million in additional investments over the next five years, in particular to establish a Centre d'expertise en gestion des risques d'incidents maritimes in the Îles-de-la-Madeleine and to preserve Lac Saint-Pierre.

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❑ **The Îles-de-la-Madeleine**

The government is reaffirming concrete application of the recognition of the insular character of the Îles-de-la-Madeleine.

I am announcing additional support for its economy with greater tax assistance for its inhabitants and enhancement of the additional deduction for the transportation costs of manufacturing SMEs.

These two measures represent more than \$18 million in support for the development of the Îles-de-la-Madeleine over the next five years.

* * *

❑ **The Plan Nord**

We have relaunched Plan Nord. It provides benefits everywhere in Québec. The government is continuing its implementation, in particular with the rollout of activities at the port of Sept-Îles.

Over the next five years, \$45 million will be allocated for new initiatives under the Plan Nord, including construction of the Institut nordique du Québec and improvement of the telecommunications network in the Basse-Côte-Nord region.

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5. THE GOVERNMENT IS WORKING TO PROMOTE THE VISIBILITY OF QUÉBEC CULTURE AND QUÉBEC'S PLACE IN THE WORLD

The government is working to promote the visibility of Québec culture and Québec's place in the world.

❑ \$113 million for culture

Investing in Québec's future means investing in our society and our people by working to promote the visibility of Québec culture.

With this budget, the government is providing major support to print media, film and television production, museums and heritage protection.

Overall, the government is projecting an additional \$113 million over the next five years for Québec culture.

■ Print media

The existence of a lively, diversified and high-quality print media sector is crucial for the vitality of our culture, but also for the health of our democratic way of life throughout Québec, and particularly in the regions.

I am announcing \$36 million in support over the next five years for local and community print media, in particular to help the sector succeed in its digital transformation.

■ Film and television

The film and television sector makes a remarkable contribution to increasing Québec's visibility around the world. The quality and the creativity of our productions demonstrate Québec's know-how and illustrate our excellence.

I am announcing \$31 million in support over the next five years, in particular, to enhance the tax credit for Québec film and television production and to support Télé-Québec.

■ Museums and heritage protection

Finally, I am announcing \$37 million over the next five years for museums and cultural heritage, and \$5 million for the music sector.

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❑ **\$100 million for Québec's international action**

My colleague the Minister of International Relations and La Francophonie will soon unveil the Québec international relations policy.

In the current global context, it is more important than ever to support Québec's international action and increase its funding.

I am announcing \$100 million in additional support over the next five years to strengthen Québec's international action.

These funds will be used, in particular, to increase Québec's presence and visibility abroad, implement the government's key international priorities and strengthen Québec's diplomatic efforts.

They will make it possible to improve bilateral and multilateral cooperation and enhance Québec's contribution to international collaboration and solidarity.

■ **Affirming our values and our excellence**

Faced with the protectionist tendencies and global uncertainties of today, Québec has opted to open up even further to the world. Our commitment in favour of exchanges with other nations is both an economic choice and an affirmation of our deepest values.

In its forthcoming policy, Québec will reaffirm its commitment to an open economy, greater mobility on the part of its citizens and development of a more just and prosperous world in which we will be able to affirm our values as well as our niches of excellence.

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6. THE GOVERNMENT IS REDUCING INCOME TAXES AND ENHANCING SUPPORT FOR THE MOST VULNERABLE

Thanks to the restoration of economic and financial health, we can invest in services and better prepare for the future.

We can also take concrete initiatives that directly benefit all Quebecers by reducing their income taxes and by improving support for the most vulnerable.

MORE THAN \$2.1 BILLION RETURNED TO CITIZENS

The government is reducing the tax burden on citizens by an additional \$2.1 billion over the next five years.

□ A general tax reduction

First, the government is planning a general tax reduction that will benefit all taxpayers, that is, 4.3 million Quebecers.

I am announcing that the first income tax bracket exempt from tax will be raised to \$14 890 as of January 1, 2017.

The government is therefore raising the basic personal amount from \$11 635 to \$14 890, which will then be converted at the rate of 16%.

This means that for all Quebecers, the first \$14 890 of income will not be taxed. This measure is based on the report of the Québec Taxation Review Committee, chaired by Luc Godbout.

The government is thus reducing the tax burden by nearly \$295 million in 2017-2018, that is, a little more than \$1.4 billion over five years.

* * *

□ Acceleration of the elimination of the health contribution for most taxpayers

Second, and as I announced when the Québec Economic Plan was updated in October 2016, the health contribution is eliminated for all Quebecers as of January 1, 2017.

I am now announcing that all taxpayers earning less than \$134 000 will pay no health contribution for 2016.

This retroactive measure will benefit 4.3 million taxpayers. A refund will be made in a few weeks by Revenu Québec when it processes the income tax returns.

For taxpayers, the measure represents a gain of \$440 million in 2016-2017 and of \$32 million in 2017-2018.

* * *

❑ **Substantial tax relief**

Taking into account the elimination of the health contribution, taxpayers will benefit from a substantial reduction in income taxes.

- For example, for a person living alone with work income of \$45 000, the tax burden is reduced by \$200 for 2016 and \$255 for 2017.
- In the case of a couple with two work incomes of \$45 000, the tax burden is reduced by \$400 for 2016 and \$510 for 2017.

Thanks to the measures applied gradually since 2016, the government will thus have reduced income taxes by a little more than \$1 billion per year.

There are also other targeted tax relief measures: the tax shield, increased work premiums and an increase in the tax credit for experienced workers. Altogether, these measures represent an annual reduction of nearly \$200 million in income taxes.

■ **A \$7-billion reduction in the tax burden on individuals over six years**

Altogether, these measures represent a permanent reduction in the tax burden on individuals of up to \$1.2 billion per year as of 2017-2018, that is, nearly \$7 billion over six years.

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SUPPORT FOR THE MOST VULNERABLE

In addition to these income tax decreases, the government is introducing measures to support the most vulnerable.

❑ The plan to fight poverty

The third government action plan to fight poverty and social exclusion will be unveiled in a few months by my colleague the Minister of Employment and Social Solidarity.

For the first time, this plan will be aimed at lifting over 100 000 persons out of poverty, particularly single persons and couples without children

Increasing available income will be the focus of the approach taken. To make a still bigger dent in poverty, the government will rely on a good economic climate to promote strong job creation to the benefit of all Quebecers.

In addition, several other structuring initiatives will also be considered:

- increasing the available income of social assistance recipients who make an effort to work;
- provisions to ease the way for social assistance program recipients as an inducement to enter the labour market;
- assistance in seeking employment;
- measures to foster participation by individuals and families in community life.

In preparing the action plan, the government will evaluate the recommendations to be made in the coming months by the expert committee on the guaranteed minimum income. This committee, chaired by Dorothée Boccanfuso, was established in 2016 by the government to examine ways to improve the current income support system.

We are a society imbued with solidarity. We have now provided ourselves with the means to do even more to support the most vulnerable among us.

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❑ **Social housing, community action and the fight against homelessness**

While awaiting the plan to fight poverty and social exclusion, the government is immediately announcing measures to support social housing, community action and the fight against homelessness.

We duly recognize and appreciate the major role played by community groups in providing support for the most vulnerable.

■ **3 000 new social housing units**

As for social housing, I am announcing the construction of 3 000 new social, community or affordable housing units representing \$255 million in investments over the coming years to assist households in need.

I am also announcing investments of \$73 million to continue adapting and renovating private homes under the Residential Adaptation Assistance Program for persons with disabilities, the RénoRégion program and the Rénovation Québec program.

Over the coming years, the government will thus invest \$328 million more in the construction and renovation of housing units for vulnerable persons.

Over the next five years, I am announcing that an additional \$8-million envelope will make it possible to improve building accessibility for people with disabilities.

Thanks to this funding, a new program will financially support small businesses wishing to improve their accessibility for persons with a mobility impairment.

■ **\$107 million over five years to support community action**

The government will allocate an additional \$107 million over the next five years to support community action.

I am announcing an \$80-million increase over the next five years in funding for the Support Program for Community Organizations.

These sums will make it possible to fund a certain number of organizations that have already joined the program. They will also make it possible to increase the services offered to those among the most vulnerable in our society.

Also as support for community action, I am announcing that the government will allocate \$22 million over five years for social initiatives to fight poverty and \$5 million, also over five years, to foster social involvement by vulnerable young people.

■ **The fight against homelessness**

I am also announcing a new envelope of \$7 million by 2021 to reduce chronic and cyclical homelessness, mainly in Montréal.

This measure will make it possible to remove 150 homeless persons from the streets by offering them the necessary guidance, financial assistance for housing and support for reintegrating them into society.

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❑ **Support for individuals and communities: \$279 million**

Along with these additional measures to assist the most vulnerable, the government is providing new support to individuals and communities, representing \$279 million in additional investments over the next five years.

■ **Aboriginal communities**

Following the events that occurred in the Val-d'Or region, the government established a commission of inquiry concerning relations between Aboriginal people and certain public services.

Aboriginal communities face specific economic development and social challenges.

I am announcing a series of measures for Aboriginal communities, representing investments of \$195 million over the next five years.

These measures include, in particular, the endowment of the Aboriginal Initiatives Fund and new allocations for the government's Aboriginal Social Development Action Plan.

■ **Crime victims**

I am announcing \$54 million over five years to improve access for crime victims to the justice system and compensation.

■ **Elder abuse and bullying**

Finally, I am announcing that an additional \$33 million will be granted over the next five years to fund the Government Action Plan to Counter Elder Abuse, to fight bullying and to fund the Government Action Plan to Fight Homophobia and Transphobia.

■ **Gender equality**

Furthermore, I am announcing an additional \$30 million over the next five years to fund the Government Strategy for Gender Equality.

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CONCLUSION

The budget I am tabling today is the budget of hope regained.

We are delivering on our commitments by investing more in our priorities.

- We are devoting greater means to the educational success of our young people.
- We are funding more health services to improve access to quality care.
- We are making major investments in the service of citizens for public transit.
- We are preparing for the future by supporting young people and assisting them in their training, by stimulating business investment, particularly in innovation, and by developing the workforce.
- We are investing in all of Québec's regions to ensure their economic development and their vitality.
- We are working to increase the visibility of Québec culture and to affirm Québec's place in the world.
- We are reducing income taxes to improve the quality of life and we are improving support for the most vulnerable.

All this we are able to do by maintaining sound public finances and by reducing the debt burden.

We are doing what we said we would do.

* * *

In conclusion, Mr. President, I would like to continue a tradition that I inaugurated in this chamber by quoting a proverb from my country of birth, to highlight what is, to my mind, the principal lesson to be drawn from the choices and initiatives I have just announced.

In Portugal, we say that *educação é educar o pensar para promover as ações*, which means that "education is training the mind to be a springboard for actions." This budget is a budget of actions, actions for the present and for the future, so as to share with all Quebecers our prosperity regained and prepare for the future.

Mr. President,

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

Thank you.

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TABLE 1

Québec government
Summary of consolidated budgetary transactions
Preliminary results for 2016-2017
(millions of dollars)

	2016-2017
CONSOLIDATED REVENUE	
Own-source revenue	81 968
Federal transfers	20 498
Total	102 466
CONSOLIDATED EXPENDITURE	
Expenditure	-90 387
Debt service	-9 687
Total	-100 074
Contingency reserve	-100
SURPLUS	2 292
Deposits of dedicated revenues in the Generations Fund	-2 042
BUDGETARY BALANCE⁽¹⁾	250

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

TABLE 2

Québec government
Summary of consolidated budgetary transactions
Forecasts for 2017-2018
(millions of dollars)

	2017-2018
CONSOLIDATED REVENUE	
Own-source revenue	84 279
Federal transfers	22 029
Total	106 308
CONSOLIDATED EXPENDITURE	
Expenditure	-93 852
Debt service	-9 868
Total	-103 720
Contingency reserve	-100
SURPLUS	2 488
Deposits of dedicated revenues in the Generations Fund	-2 488
BUDGETARY BALANCE ⁽¹⁾	—

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

TABLE 3

**Québec government
Consolidated revenue
Forecasts for 2017-2018**
(millions of dollars)

	2017-2018
OWN-SOURCE REVENUE	
Income and property taxes	
Personal income tax	30 569
Contributions for health services	6 036
Corporate taxes	7 227
School property tax	2 257
	46 089
Consumption taxes	
Sales taxes	15 757
Fuel	2 286
Tobacco products	1 003
Alcoholic beverages	635
	19 681
Revenue from government enterprises	
Hydro-Québec	2 150
Loto-Québec	1 142
Société des alcools du Québec	1 089
Other	99
	4 480
Duties and permits	3 710
Miscellaneous revenue	10 319
TOTAL OWN-SOURCE REVENUE	84 279
FEDERAL TRANSFERS	
Equalization	11 081
Health transfers	6 110
Transfers for post-secondary education and other social programs	1 640
Other programs	3 198
TOTAL FEDERAL TRANSFERS	22 029
TOTAL CONSOLIDATED REVENUE	106 308

TABLE 4

Québec government
Consolidated expenditure
Forecasts for 2017-2018
(millions of dollars)

	2017-2018
MISSION EXPENDITURES	
Program spending of the General Fund ⁽¹⁾	-72 591
Other consolidated expenditure ⁽²⁾	-21 261
Total	-93 852
DEBT SERVICE	
General Fund	-7 776
Other sectors ⁽²⁾	-2 092
Total	-9 868
CONSOLIDATED EXPENDITURE	-103 720

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

(2) Includes, in particular, consolidation adjustments.

TABLE 5

Québec government
Expenditure of the General Fund
Forecasts for 2017-2018
(millions of dollars)

	2017-2018
PROGRAM SPENDING OF THE GENERAL FUND	
Assemblée nationale	137.5
Persons appointed by the National Assembly	103.0
Affaires municipales et Occupation du territoire	1 880.2
Agriculture, Pêcheries et Alimentation	876.7
Conseil du trésor et Administration gouvernementale	1 593.5
Conseil exécutif	425.2
Culture et Communications	689.8
Développement durable, Environnement et Lutte contre les changements climatiques	152.8
Économie, Science et Innovation	916.2
Éducation et Enseignement supérieur	17 881.7
Énergie et Ressources naturelles	72.1
Famille	2 546.0
Finances (excluding debt service)	200.6
Forêts, Faune et Parcs	465.4
Immigration, Diversité et Inclusion	305.5
Justice	933.6
Relations internationales et Francophonie	106.3
Santé et Services sociaux	36 763.5
Sécurité publique	1 436.8
Tourisme	147.7
Transports, Mobilité durable et Électrification des transports	673.1
Travail, Emploi et Solidarité sociale	4 284.2
Total	72 591.4
DEBT SERVICE	7 776.0
TOTAL EXPENDITURE OF THE GENERAL FUND	80 367.4

TABLEAU 6

Québec government
Non-budgetary transactions
Forecasts for 2017-2018
(millions of dollars)

	2017-2018
INVESTMENTS, LOANS AND ADVANCES	-2 047
CAPITAL EXPENDITURES	
Investments	-7 643
Amortization	3 866
Less: PPP investments	98
Total	-3 679
RETIREMENT PLANS AND EMPLOYEE FUTURE BENEFITS	3 165
OTHER ACCOUNTS	-480
TOTAL FINANCING TRANSACTIONS	-3 041

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

