

March 2021

BUDGET

2021
2022

QUÉBEC IS RESILIENT AND CONFIDENT

BUDGET

SPEECH



Budget 2021-2022
Budget Speech

Legal deposit – March 25, 2021
Bibliothèque et Archives nationales du Québec
ISBN 978-2-550-88882-6 (Print)
ISBN 978-2-550-88883-3 (PDF)

© Gouvernement du Québec, 2021

QUÉBEC IS RESILIENT AND CONFIDENT

Introduction.....	3
1. Strengthening the health care system.....	9
Beating the pandemic	10
Building a more efficient and effective health care system.....	12
Obtaining additional federal funding	15
2. Helping young people stay in school and succeed.....	17
Making up for lost ground and ensuring educational success.....	18
Promoting retention and graduation of students.....	19
Facilitating the social and professional integration of youth	21
Promoting recreation and sports.....	22
3. Returning to full employment, accelerating growth and stimulating the transition to the new economy.....	23
Increasing productivity and spurring investment	24
Creating wealth through innovation	27
Supporting the requalification of workers and getting them back into the labour market	28
Supporting regional economic development	29
Relaunching and promoting the cultural sector	31
Conclusion	32

INTRODUCTION

Mr. President,

I have the honour today of tabling the Québec budget, this government's third budget, which was produced under circumstances unlike any we have ever experienced.

☐ **An exceptional crisis**

2020 was marked by an exceptional public health crisis, which struck the entire planet. It has left a considerable number of victims in its wake and has brought major sectors of the economy to a halt across the globe.

Québec has not been spared, either in terms of deaths or the pandemic's social and economic impacts. It has taken a major toll on a number of sectors, resulting in massive job losses and putting enormous financial pressure on many businesses and Quebecers.

☐ **Helping Quebecers**

In response to this large-scale public health and economic crisis, we have been there for Quebecers to help them overcome the difficulties and challenges it has created.

Since the start of this battle we have been fighting for a year, the Québec government has mobilized considerable resources to care for those affected by the pandemic and to support health care workers, who are on the front lines fighting this disease.

We have helped the entire education sector. We have helped workers who have lost their jobs. We have supported business owners who have been hard hit by restriction measures. We have implemented significant measures to support artists and the cultural sector.

We have done this in partnership with the federal government and municipalities.

☐ **Light at the end of the tunnel**

As we speak, the fight continues.

Yet, there is hope on the horizon. As the Premier announced on March 16, all Quebecers who wish to be vaccinated should have received at least a first dose by June 24, our national holiday.

This gives us confidence in the future, and it is with this confidence that we have prepared this budget.

❑ **A resistant economy**

After the brutal shock last spring, Québec's economy proved to be remarkably resilient.

For 2020, Québec's economy held up better than the Canadian economy, with production declining 5.2% in Québec compared to 5.4% in Canada.

Many businesses have had to adapt and find ways to maintain and, in some cases, step up their pace of production. I applaud Québec business owners for their impressive ability to adapt.

■ **A major challenge**

Despite this resilience, we should not underestimate the major challenge before us. We just experienced a historic shock, which will have long-term effects on the economy and public finances.

❑ **Public finances**

The public health crisis has had a direct impact on our public finances.

To weather this storm and support the economy, the government has increased its expenditures by several billion dollars, while revenues have dropped. Suddenly, the Québec budget showed substantial deficits.

The deficits will reach \$15 billion in 2020-2021 and \$12.3 billion in 2021-2022.

■ **Inevitable deficits**

Given the circumstances, these deficits were inevitable.

The government was forced to urgently mobilize its resources to protect health and education services, support Quebecers and assist businesses. The resulting expenditures were necessary.

The government was able to take swift action immediately because even before the onset of the public health crisis, Québec's public finances were sound. The budget was balanced, the debt was going down and we had reached our target gross debt-to-GDP ratio sooner than anticipated. Rating agencies had also recognized the quality of our budget management.

■ Cause for reassurance

Faced with our current deficits, a few factors are reassuring.

- The deficits that we anticipate today are less significant, in relative terms, than those of other governments.
- For 2020-2021 and 2021-2022, the announced deficits include sound management of public funds, with a provision for risk and a continuation of deposits in the Generations Fund.

■ Acting responsibly

However, we cannot deny reality.

The repercussions of this shock on public finances will be felt for several years to come. Vaccination will allow us to resume near-normal life, but the deficits will not go away as quickly as the pandemic.

We firmly intend to restore public finances that were impacted by the public health crisis. We will accomplish this by acting responsibly.

We will restore fiscal balance, but we will not begin the process until after we have beaten the pandemic, returned to full employment and resumed economic growth.

■ Seven years to restore fiscal balance

I am announcing that the government has set an objective of restoring fiscal balance within seven years, that is, by 2027-2028.

Québec must do things in the right order.

The government will table amendments to the *Balanced Budget Act* to temporarily suspend it so that it does not trigger any obligations that could hinder sustainable economic growth or the quality of services.

■ The path to restoring fiscal balance

The path to restoring fiscal balance is guided by several commitments.

- First, we will focus on creating wealth and high-paying jobs. Growth in GDP will help boost government revenue.

Québec should return to full employment in two years and resume its pre-pandemic level of economic activity by the end of 2021. We are forecasting economic growth of 4.2% in 2021, then of 4.0% in 2022, and we are maintaining our objective of achieving economic growth of over 2% thereafter.

- We will align spending growth with revenue growth in order to respect taxpayers' ability to pay. That is why we are focusing our new budget initiatives on the next two years. We would like to restart the economy and obtain quick results while exercising caution for the future.
- We will not increase the tax burden of Quebecers. They already pay high enough taxes.
- We will in no way cut back on funding for public services. As we committed to do at the beginning of our term, we will maintain stable funding for health care, education and higher education.
- Lastly, we would like the federal government to significantly readjust its health care funding. The COVID-19 pandemic has highlighted the needs of the health care system, and the federal government must provide its fair share of funding for it.

■ Reducing the debt

It is with this same sense of responsibility and caution that we will resume the trajectory we began regarding reducing the debt.

As at March 31, 2021, the gross debt will stand at \$219 billion, or 49.5% of GDP.

Our plan consists in stabilizing this ratio, and then reducing it as of 2025-2026.

Québec will therefore resume its trajectory of reducing its debt-to-GDP ratio, but it will take a few more years to do so.

We will accomplish this because we owe it to the next generations.

❑ Resilience and confidence in the future

Mr. President, this budget reflects our resilience and confidence in the future.

It reflects our resilience as we are mobilizing the necessary means to beat the virus and help Quebecers deal with its consequences.

It reflects our confidence in the future as we are investing in the future while resuming and continuing on the trajectory begun with the first two budgets, with objectives that are just as ambitious.

■ A budget focused on health care, education and the economy

This budget is focused on the government's three chief missions: health care, education and the economy.

- First, we will reinforce the health care system, particularly for seniors and youth in difficulty.

We will continue to implement the measures introduced to protect Quebecers from the virus. At the same time, we will invest in innovative and efficient services, particularly with regard to care for seniors and access to frontline services.

- Second, in the area of education, we will encourage young people to stay in school and succeed.

We will help students and young people get through the crisis. At the same time, we will mobilize additional means to offer Quebecers a more equitable and better performing education and higher education system, which is more focused on the challenges of the future.

- Third, on the economic front, we will do our utmost to return to full employment, accelerate growth and stimulate the transition to the new economy.

We will continue to support businesses and sectors that have been impacted by the crisis. We will help workers who have lost their jobs requalify and quickly find work again. We will accomplish this by spurring investment and productivity to ensure that Québec returns to full employment and begins to grow at its full potential again, while focusing on developing the new economy.

Beyond these three key missions, we will bolster support for our citizens who need it the most and make our tax measures fairer.

■ A message for Quebecers

With this budget, the government is sending a message of hope to all Quebecers.

We are overcoming a crisis like no other we have ever experienced. We can now resume a demanding and stimulating trajectory that will enable Québec to embark on a new stage of its development.

* * *

In keeping with parliamentary tradition, today, I am tabling the budgetary policy for fiscal 2021-2022.

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 2020-2021;
- the forecasts for the 2021-2022 financial framework.

I am also tabling the March 2021 Budget Plan and the companion documents, which are an integral part of the budget.

☞ • ☞

1. STRENGTHENING THE HEALTH CARE SYSTEM

First this budget contains measures to strengthen the health care system.

Since the beginning of its term, the government has made a considerable effort to improve its health care services by increasing the health budget by 5.0% in 2019-2020, and then by 5.7% in 2020-2021, before the onset of the pandemic.

☐ **An additional \$10.3 billion, for a total of \$15.2 billion by 2025-2026**

This effort had to be intensified this year due to the public health crisis.

With this budget, we are continuing to invest in health care. Additional resources allocated to health care will reach \$10.3 billion, for a total of \$15.2 billion between now and 2025-2026.

- The public health crisis is not yet over. We are providing funding to protect Quebecers from the pandemic and help them overcome it.
- We are going further, by focusing on solutions that were adopted during the crisis to build a more efficient and better performing system that can meet everyone's needs, particularly those of seniors.

* * *

BEATING THE PANDEMIC

In the health sector, the government intends to first and foremost beat the virus and ensure the continuity of certain measures introduced in response to the crisis.

❑ **Nearly \$12 billion to fight the pandemic and its consequences**

All told, the government will have allocated close to \$12 billion to fighting the pandemic.

❑ **\$8.9 billion over two years**

For the two-year period starting in March 2020, we anticipate that the COVID-19 pandemic will have generated costs of just over \$8.9 billion.

- The health care system has been mobilized to meet the needs of patients with COVID-19.
- The additional allocated resources have enabled us to acknowledge the efforts of health care workers, purchase the supplies and personal protective equipment (PPE) needed to tackle the crisis, carry out screening tests and vaccinations, improve the mental health service offer and increase our capacity for intervention with seniors.

❑ **\$3 billion to ensure the continuity of measures in place**

The government is allocating \$3 billion to ensure the continuity of certain measures introduced in 2020-2021 and 2021-2022 in order to permanently increase the capacity for intervention with seniors.

■ **A hiring blitz launched by the Premier**

The past year has been marked by tragedies, such as those seen in CHSLDs.

To avoid having to relive these painful episodes, the Premier launched a blitz last spring aimed at filling patient-care attendant positions before the second wave of the pandemic.

■ **Permanently increasing the capacity for intervention with seniors**

These individuals who are caring for our seniors are here to stay. Outdated CHSLDs will be gradually replaced with seniors' homes. Québec is taking the necessary means to treat its most vulnerable seniors with all the dignity they deserve.

The additional resources set aside to ensure the continuity of measures introduced during the crisis will enable us to:

- provide remuneration for 10 000 new patient-care attendants;
- convert current part-time patient-care attendant positions to full-time positions;
- remunerate managers hired in each CHSLD;
- provide additional resources to protect the public and implement preventive measures.

* * *

BUILDING A MORE EFFICIENT AND EFFECTIVE HEALTH CARE SYSTEM

We will go further by capitalizing on all of the changes made during the crisis to build a more efficient and better performing health care system that meets everyone's needs, particularly those of seniors.

❑ \$3.3 billion by 2025-2026

The government will provide a total of \$3.3 billion between now and 2025-2026 for:

- improving medical services, particularly frontline services;
- strengthening care and services for seniors, while focusing on home care.

❑ More accessible health services

Of this total, the government is dedicating \$1.3 billion to make services more accessible to Quebecers.

■ \$527 million to improve access to frontline services

To respond to the public health crisis, the health and social services network developed innovative and efficient solutions. Work was organized differently, a number of professional practices were decompartmentalized and the use of digital technology became much more widespread.

To build on this progress, the government will allocate \$527 million over the next five years to improving access to frontline medical services. We will add access points to quickly take charge of patients who do not have a family doctor.

■ \$795 million in funding for services for youth in difficulty and vulnerable persons, and for mental health services

The public health crisis has highlighted the public's immense needs with regard to youth protection, mental health and assistance for vulnerable persons. The isolation, fear of being infected and upheaval of their day-to-day routines have taken a toll on many Quebecers.

Over the next five years, the government will be setting aside \$795 million to meet these various needs.

- **Ensuring the safety and well-being of youth in difficulty**

Between now and 2026, the government will allocate \$252 million to ensuring the safety and well-being of youth in difficulty.

In particular, this funding will help improve wait times to access local services and increase the rate of cases handled. Between now and 2025-2026, \$150 million will be invested in services provided as part of the Jeunes en difficulté service program.

- **Psychosocial and mental health services**

The government also plans to improve psychosocial and mental health services. Over the next year, a new action plan on mental health will be unveiled. Overall, the government is setting aside \$288 million between now and 2026 for mental health.

- **Meeting the needs of vulnerable persons**

Additional resources of \$255 million will be provided to meet the needs of vulnerable persons.

A portion of these resources will be used to implement the next action plan on homelessness and improve services available to women who are victims of domestic violence.

❑ **Improving services for seniors**

Care and services for seniors are a priority for the government and my colleague, the Minister Responsible for Seniors and Informal Caregivers.

By 2026, the government has earmarked nearly \$2 billion in additional appropriations to improve them.

■ **\$1.5 billion for home-support services and improvements to home care**

Of this amount, \$1.5 billion will be earmarked for home-support services and improvements to home care. For the government, it is essential for seniors and people with disabilities to preserve their autonomy and stay in their homes for as long as possible.

■ **Additional hours for home care and services**

Resources of \$750 million will allow for additional hours for home care and services to be offered. In 2019-2020, approximately 370 000 people had access to 22.7 million hours of home care, and the pandemic has increased the desire of seniors to remain in their homes for as long as possible.

■ **Enhancing the tax credit for home-support services for seniors**

I am announcing a gradual increase in the refundable tax credit for home-support services for seniors from 35% to 40% and an increase in financial assistance for seniors living in an apartment building, which represents a cost of \$394 million over five years.

This enhancement will be more beneficial to low-income seniors and those with more diminished autonomy.

■ **Services in private seniors' residences**

\$388 million in additional resources will be allocated to services offered in private seniors' residences.

The government will gradually reduce subsidies to private seniors' residences for their care staff, and ensure that these residences continue to offer their services. The government will support renovations in facilities and help residences obtain insurance coverage, in order to prevent many of them from closing and to avoid brutal cost increases for seniors.

In particular, the measures adopted will support small seniors' residences, the majority of which are located in the regions.

■ **\$429 million for senior housing**

In addition, the government is allocating \$429 million by 2026 to strengthening care and services in senior housing, as well as to improving the quality of life of informal caregivers.

OBTAINING ADDITIONAL FEDERAL FUNDING

The public health crisis has demonstrated the extent of the health care system's needs and the urgency of ensuring stable and adequate funding for it. Population growth and aging will have a major impact on health care costs.

☐ **Increasing the federal portion from 22% to 35%, without conditions**

However, we will also need the federal government to do its fair share by increasing health transfers to the provinces and territories.

We would like the federal government to significantly readjust its share of funding for provincial and territorial health care spending from 22% to 35%, without conditions.

☐ **A unanimous request by the provinces and territories**

The request was unanimously made to the federal government by the provinces and territories in September 2020 and on several occasions since then.

The federal government must be a genuine financial partner in terms of health care, as pressure on costs continues to rise.

As for the Québec government, it will take on its responsibilities, because health care needs are essential.

However, without a readjustment of federal funding, there will be a growing imbalance in Canada's public finances between the federal government and the provinces and territories.



2. HELPING YOUNG PEOPLE STAY IN SCHOOL AND SUCCEED

The second strategic priority of this budget is education. We will help young people stay in school and succeed.

As soon as the government took power, it made education a collective priority. It has invested in it heavily, increasing the education and higher education budget by 5.7% in 2019-2020, and then by 5.9% in 2020-2021.

This budget includes additional investments, both to help young people get through the crisis and to ensure their success through a modernized education and higher education system that meets their needs.

□ A vision for the future

The government wants to provide Québec with a more equitable and better performing education system, which helps shape responsible, skilled, creative and engaged citizens. The government is aiming for a higher education system that is innovative, works closely with students and is focused on building their knowledge.

The government would like to support all young people and help them integrate into professional life and society.

□ \$1.5 billion to help young people stay in school and succeed

Between now and 2025-2026, the government will allocate \$1.5 billion to helping young people stay in school and succeed.

- In the education system, we will help students catch up after the public health crisis and invest in their educational success.
- In the higher education system, we will support the retention of students during the crisis and encourage them to graduate to make it easier for them to get jobs.
- We will take action so that all our young people can fully participate in society and in the labour market.
- And we will encourage them to realize their full potential through art, recreation and sports.

* * *

MAKING UP FOR LOST GROUND AND ENSURING EDUCATIONAL SUCCESS

Over the next five years, we will allocate \$574 million to helping students make up for lost ground and succeed by supporting the education system.

Since the beginning of the public health crisis, the education sector has faced huge challenges. In the spring of 2020, students, teaching staff and professional resources working in the school system were confronted with the suspension of educational services. Everyone played a role in providing distance learning in order to adhere to public health measures.

❑ \$170 million to make up for lost ground, including tutoring

Over the course of the year, elementary and secondary school students have gone through major upheavals in their learning and, unfortunately, a number of them have fallen behind.

The government is mobilizing the necessary means to help students make up for lost ground and to reinforce their learning. Over the next two years, \$170 million will be allocated to providing additional support for elementary and secondary school students.

To that end, my colleague, the Minister of Education, will focus on help with homework and tutoring, as well as hiring liaison officers to facilitate communication between schools and families.

❑ \$404 million to support educational success

We are also investing in the future by allocating \$404 million to educational success over the next five years, in order to modernize the system and mobilize and encourage innovation.

Additional resources are being allocated to promoting the teaching profession as well as supporting students in teacher education.

Over the next five years, \$93 million will be allocated to adding new specialized courses for gifted students and students experiencing difficulties.

Amounts have also been set aside for hiring special education technicians to improve school childcare services and for promoting the educational success of Aboriginal students.

Educational success is greatly influenced by the environment in which students learn on a daily basis. The government will provide funding of \$80 million over two years, including \$45 million in 2021-2022, to improve general building conditions of schools, as well as to improve their appearance and safety.

* * *

PROMOTING RETENTION AND GRADUATION OF STUDENTS

The government is also adding considerable resources to higher education, with investments of \$669 million between now and 2025-2026. This funding is aimed at promoting the retention and graduation of students.

□ **Helping students get through the crisis**

Students have spent the past year online, which has disrupted their learning and education. The public health crisis has been a formidable challenge for students, increasing their financial burden, jeopardizing their access to education and, at times, putting stress on their mental health.

Last October, the government announced measures to support students totalling \$540 million over three years.

■ **\$300 million to promote retention**

Over the next five years, the government will allocate nearly \$300 million in additional resources to help students.

■ **\$100 per term and an interest moratorium on loans**

For a year, students have been unable to learn in optimal conditions or have discussions among themselves. We would like to lessen their financial burden in order to help them deal with the consequences of the public health and economic crisis. Measures have been implemented since the onset of the crisis to financially support students. In Budget 2021-2022, we are going even further.

I am announcing that full-time college and university students will receive a lump sum of \$100 per term for the fall of 2020 and winter of 2021.

I am also announcing that interest on student loans will be eliminated for one year, from April 1, 2021 to March 31, 2022, in order to reduce student debt.

These two measures represent additional support of \$155 million in 2021-2022.

■ **Consolidating new practices and ensuring mental health**

As an additional measure to help students weather the public health crisis, the government is providing an additional \$145 million to help them stay in school.

Faced with the public health crisis, higher education institutions have had to quickly adapt and offer students quality modes of distance learning. Universities will be supported in consolidating new practices and improving on them.

Additional resources will also be allocated to improving the health and well-being of students and staff, particularly with regard to mental health.

❑ **Building the future by promoting graduation**

We are investing in the future by promoting graduation and better results. Between now and 2025-2026, the government will provide \$369 million for this purpose.

■ **An action plan**

My colleague, the Minister of Higher Education, will table an action plan on success in higher education, which will include funding of \$150 million.

This action plan will primarily focus on developing practices that are tailored to the needs of students, diversifying the programs offered and developing knowledge.

■ **Prioritizing health and IT**

The health and IT sectors have considerable labour needs. For the government, training and graduation in these fields are a priority. This budget provides \$178 million for this purpose. These resources will be used to train more nurses, among other things.

The government is also setting aside additional resources to reinforce the presence of higher education institutions in the regions while promoting coordination between the various levels of education.

FACILITATING THE SOCIAL AND PROFESSIONAL INTEGRATION OF YOUTH

We will also help young people integrate into the labour market and society.

Among the population, young people have been the hardest hit by job losses and loss of income due to the pandemic. For many, the public and economic health crisis has compromised their integration into the labour market.

Between now and 2026, the government will invest \$107 million to prepare youth to integrate into the job market and address issues that affect them personally.

❑ Stable funding for youth employment centres

Youth employment centres are firmly rooted in their communities. They help young people integrate into society by assisting them in finding a job, going back to school or creating a business.

We will promote the professional integration of youth by providing stable and more flexible funding to youth employment centres.

❑ 200 000 young people needing integration assistance

We will support young people who are neither in school nor employed in integrating into the labour market.

In 2018-2019, an estimated 200 000 young Quebecers found themselves in this situation. Québec needs them.

My colleague, the Minister of Labour, Employment and Social Solidarity will soon launch a call for projects to meet their needs.

❑ Tax credit for an on-the-job training period

The public health crisis has been extremely disruptive to youth entering the job market. On-the-job training is an advantageous way to complement their education and find a job.

I am announcing a 25% increase to the base rates for the refundable tax credit for an on-the-job training period for a one-year period.

❑ Youth action plan

To help young people integrate into society, we will also provide funding for the new youth action plan, which will be made public in the spring.

* * *

PROMOTING RECREATION AND SPORTS

The government intends to provide additional support to promote recreation and sports.

The need to isolate due to the pandemic has deprived young people of sports and recreational activities at a time in their lives when the need to expend energy and socialize is the greatest.

The government firmly believes that student retention and educational success hinge on recreation and sports. Physical activities and sports are beneficial to everyone.

Investing in sports infrastructure in schools

Between now and 2026, the government will provide funding of \$113 million to encourage regular physical activities, sports and recreational activities.

This funding will be used to invest in sports infrastructure in schools and the development of parks, paths and outdoor skating rinks.



3. RETURNING TO FULL EMPLOYMENT, ACCELERATING GROWTH AND STIMULATING THE TRANSITION TO THE NEW ECONOMY

This budget is based on a third strategic priority: the economy. The government is mobilizing all necessary means to return to full employment, accelerate growth and stimulate the transition to the new economy.

We have given ourselves two years to ensure that all the jobs lost since the onset of the pandemic are recovered and that Québec's economy resumes its full potential. And it is our responsibility to accelerate growth and the transition to the new economy.

❑ Ambitious objectives

Our objectives are ambitious.

We believe we can make up for the growth lost during the public health crisis in order to resume the trajectory Québec was on when it tabled last year's budget.

We will build an increasingly green economy, which will create greater wealth and more high-paying jobs for Quebecers. We will boost Quebecers' disposable income by taking action in private investment, productivity and labour. We will focus on strategic sectors.

We want to close the wealth gap between Québec and Ontario and Canada with an economy running at full steam, which will enable us to take our place in Canada and the world.

❑ \$4 billion and initiatives at five levels

With this budget, the government is allocating just over \$4 billion to economic initiatives, while focusing on five strategic priorities.

- We will take strong action to promote productivity and investment.
- We will create wealth through innovation.
- We will support the requalification of workers and getting them back into the labour market.
- We will promote economic development in the regions.
- We will relaunch and promote the cultural sector, the foundation of Québec's identity.

* * *

INCREASING PRODUCTIVITY AND SPURRING INVESTMENT

The government is taking strong action to promote business investment by allocating nearly \$2.2 billion over six years.

☐ Making high-speed Internet accessible to all

In order to learn from the crisis and prepare for the future, we are giving ourselves two years to make high-speed Internet accessible to all.

In recent years, high-speed Internet access has become an essential service for individuals and businesses. That is why we have committed to providing it to all Quebecers. By ushering in teleworking and remote learning, the public health crisis has shown the urgency of delivering on this commitment.

Like previous Québec governments and other provincial governments, we have encountered obstacles in the last few years. We were told that connecting everyone by the end of 2022 would be impossible.

The Premier refused to accept this.

■ \$1.255 billion over two years to cover all of Québec

With significant will, determination and means, the government has freed up the necessary resources to ensure that high-speed Internet is accessible throughout Québec by the end of 2022. This would be a first in Canada.

I am announcing that the government will invest \$1.255 billion over the next two years to make high-speed Internet accessible across Québec.

This will enable everyone to benefit from modern services, such as telemedicine, distance learning, online sales and teleworking.

By making high-speed Internet accessible to all by the end of 2022, the government will ensure that all Quebecers in every region will be equipped with what has become an essential condition for socio-economic development.

❑ Investing in infrastructure

As it extends access to high-speed Internet across Québec, the government will also be once again increasing its investments in infrastructure.

Investing in infrastructure will help spur economic activity in the short term, while modernizing equipment and creating and supporting high-paying jobs.

■ Increasing and accelerating government investments

In order to restart the economy, create wealth and ensure a rapid return to full employment, the government will increase and accelerate its investments as part of the Québec Infrastructure Plan, or QIP.

- Investments under the 2021-2031 QIP will total \$135 billion, an increase of \$4.5 billion compared to the previous QIP.
- In addition, carrying out the QIP will be accelerated, such that nearly 60% of its investments will be made by 2025-2026.

With a more ambitious QIP than ever before, the government is laying the groundwork for robust long-term growth and ensuring that Quebecers have modern infrastructure in the future.

❑ **Three tax measures to encourage businesses to adopt new technologies**

Between now and 2026, the government will invest an additional \$753 million to encourage businesses to adopt new technologies, and thereby increase their productivity, by implementing three tax measures.

First, I am announcing that until December 31, 2022, we will double the investment and innovation tax credit, or the C3i.

This temporary increase will encourage more than 10 000 businesses in all sectors of activity to accelerate their plans for purchasing new technologies.

We feel that the time has come to invest in order to increase the productivity of businesses and help them stand out when the crisis is over.

Second, I am announcing a reduction of the income tax rate for SMBs from 4% to 3.2%, starting on April 1, 2021.

By applying this reduction, we will bring the income tax rate for Québec SMBs down to the rate in effect in Ontario.

Small and medium-sized business play a key role in the economic fabric of all of Québec's regions. The government would like to see local small businesses become medium-sized businesses and local medium-sized businesses become large businesses. We are lending businesses a helping hand in this regard.

Third, I am announcing an enhancement of the tax holiday for large-scale investment projects, particularly by making any digital transformation project eligible for the tax holiday until December 31, 2024.

We are therefore supporting Québec businesses in boosting their productivity.

❑ **\$167 million for strategic sectors**

As an additional way to boost productivity and support investment, the government will allocate \$167 million to renewing strategies for aerospace and aluminum. These resources will also help to develop the battery sector and critical and strategic minerals.

Efforts related to the battery industry and critical and strategic minerals are in keeping with the 2030 Plan for a Green Economy, which was released by the government in November 2020.

■ **The 2030 Plan for a Green Economy**

Under the 2030 Plan for a Green Economy, the government committed to a major transformation in order to reduce greenhouse gas emissions by electrifying the economy while creating wealth.

The 2021-2026 implementation plan of the Plan for a Green Economy is the most ambitious to date, with a financial framework providing for expenditures of \$6.7 billion over five years.

This framework is in addition to massive investments in infrastructure, the government's efforts to reduce its own greenhouse gas emissions, and actions by Hydro-Québec, Investissement Québec and other government bodies.

This budget includes additional funding to support the rollout of Québec's first strategy on green hydrogen and bioenergy.

* * *

CREATING WEALTH THROUGH INNOVATION

The government will invest \$218 million in innovation between now and 2026.

To create wealth through innovation, the government will support innovative projects, invest in infrastructure and research centres, and support innovation in the forest industry, the tourism industry and cybersecurity.

This funding will also be used to continue to roll out innovation zones.

SUPPORTING THE REQUALIFICATION OF WORKERS AND GETTING THEM BACK INTO THE LABOUR MARKET

The government is making additional efforts to promote the requalification of the workforce and the integration of immigrants. The more we help workers quickly find jobs again, the stronger our economy will be.

Since the onset of the pandemic, the government has mobilized considerable means to help Quebecers working in sectors that have been directly impacted by the public health and economic crisis. In November 2020, the government allocated \$459 million over two years to helping Quebecers return to the labour market.

▣ Additional resources of \$404 million

The government will provide an additional \$404 million between now and 2026 to strengthen efforts to requalify the workforce and encourage the integration of immigrants into the labour market.

■ Helping workers transition to other sectors

Efforts to requalify the workforce are aimed at helping workers transition to sectors with particularly pressing needs.

The additional resources allocated by the government will help support training for workers wishing to transition to IT, childcare services, community organizations and the construction industry, in particular.

■ Integrating immigrants into the labour market

The government will earmark \$246 million to promote the integration of immigrants into the labour market.

Barriers to the integration of immigrants persist, particularly the recognition of their skills and their knowledge of French.

These additional resources will help improve the recognition of immigrants' skills, foster immigration in the regions, enhance available support for learning French, and promote efforts to attract and retain foreign students.

* * *

SUPPORTING REGIONAL ECONOMIC DEVELOPMENT

☐ More than \$523 million in additional resources

To return to full employment and resume growth, the government will rely on the regions' economies and will provide them with funding of \$523 million between now and 2026, in addition to ensuring widespread high-speed Internet access by 2022.

☐ Regional air transportation and intercity bus transportation

These resources will first be used to help the regions deal with certain repercussions of the pandemic.

■ Air transportation

The public health crisis has had a direct impact on transportation methods serving Québec regions. The revenues of regional airlines and airports have plummeted, jeopardizing future air access to the regions.

As part of this budget, the government is allocating \$18 million to regional air transportation, in addition to the \$60 million allocated since March 2020.

■ Intercity bus transportation

The public health crisis has also compromised the financial viability of intercity bus carriers.

With this budget, the government is offering \$20 million in assistance to compensate for operating deficits, in addition to the \$18 million already allocated for this purpose.

☐ Preparing for the future: a government strategy on regional development

The government is also preparing for the return to normal and future development. Over the next two years, \$40 million will be set aside to implement the local and regional economic development strategy.

❑ **\$204 million to support and relaunch tourism**

Tourism is a strategic sector for every region of Québec. It has also been among the hardest hit by public health restrictions, particularly border closures and travel restrictions.

Between now and 2026, the government will provide an additional \$204 million to support and relaunch the tourism sector.

- From now until 2023, we will help tourism businesses modernize accommodation establishments.
- We will promote Québec tourist destinations, particularly by supporting the revitalization of downtown areas.
- We are setting aside funds to support nature and adventure tourism. In particular, we are allocating \$25 million to the development of outfitters.

❑ **\$93 million for the forestry sector**

The harvesting and processing of forest resources is one of the main drivers of regional economies. Between now and 2026, the government will invest over \$93 million in the forestry sector.

❑ **Agri-food sector and regional infrastructure**

We will invest \$92 million in modernizing regional infrastructure, particularly to improve the supply of natural gas and liquefied natural gas in the regions. In addition, we will give farmers the option of replacing fossil fuels with electricity by extending the three-phase electricity system.

We will also support the agri-food sector.

* * *

RELAUNCHING AND PROMOTING THE CULTURAL SECTOR

Mr. President, culture is the foundation of Québec's identity.

Culture directly contributes to economic development.

❑ **Additional funding of nearly \$400 million for the cultural industry**

This budget confirms the major significance of culture in our priorities. To protect and promote Québec culture, the government will provide an additional \$392 million by 2025-2026 to meet the challenges posed by the pandemic.

❑ **Helping the cultural sector weather the public health crisis**

The public health crisis has taken a major toll on Québec's cultural ecosystem, leading to the closure of performance venues and the suspension of most activities. In the spring and fall of 2020, the government freed up \$483 million to support the sector.

I am announcing that the government will be providing an additional \$147 million over two years to enhance and extend the cultural sector economic recovery plan.

In this budget, the government provides an additional \$214 million by 2025-2026 to help the cultural industry overcome the public health crisis and its effects.

My colleague, the Minister of Culture and Communications, will soon be announcing the details of the government's initiatives.

❑ **Strengthening our cultural heritage**

This budget also includes a measure specifically aimed at strengthening our cultural heritage. Between now and 2024, the government will provide \$74 million to preserve and promote heritage buildings, in particular by supporting the municipal sector in this respect.

❑ **Protecting the French language**

Also in the cultural realm, the government will be working hard to protect the French language.

My colleague, the Minister of Justice and Minister Responsible for the French Language, will soon be tabling before the National Assembly a plan to reform the Charter of the French Language. The government is setting aside \$104 million for its implementation over the next five years.



CONCLUSION

Mr. President, economic development and the return to growth will benefit all Quebecers.

I would like to remind you that after our first two budgets, we gave back more than \$2.3 billion per year to Quebecers. This amount includes the school tax cut that we completed last June and the increase in the refundable tax credit for home-support services for seniors that we are announcing in this budget.

□ An additional \$1 billion to support Quebecers

Beyond the areas of health care, education and the economy, the government is responsible for supporting those among us who need it the most. That is what we are doing in this budget, which provides nearly \$1 billion over the next five years to support Québecers.

■ More affordable housing

An additional \$408 million is being allocated between now and 2026 to improving the affordable housing offer.

Resources have been set aside to speed up the completion of 5 000 social housing units not yet delivered and the construction of 500 new housing units.

■ Supporting families

Families are key to our social fabric. Over the next five years, the government will be setting aside \$116 million to support them.

The government's priority is to make up for the shortage of childcare educators.

These additional resources will be used to spur the creation of new subsidized childcare spaces in home daycares, fund new initiatives to offer childcare spaces for people on non-standard work schedules and enhance the activities offered by community drop-in daycares.

■ Protecting people in vulnerable situations

The government will invest \$370 million in additional resources to protect people in vulnerable situations.

In particular, these resources will be used to strengthen efforts to improve the status of women and fund access to the services of community organizations.

The government is setting aside resources to fund reforms to the compensation of crime victims and to contribute to the fonds de lutte contre les dépendances.

■ \$150 million to combat the sexual exploitation of minors

Of this total, \$150 million will be used to respond to the recommendations made by the Select Committee on the Sexual Exploitation of Minors.

Changes in technology and the arrival of social media have increased the extent of this exploitation. The government intends to fight this scourge in an appropriate manner.

I am announcing that the distribution of content that includes explicit sex scenes will no longer benefit from tax incentives. Restrictions to that end will be added to tax legislation.

■ Improving the justice system

Lastly, the government is setting aside \$83 million by 2026 to improve the justice system.

These resources will allow for judicial and police practices to be adapted to today's reality, in particular by facilitating access to new technologies.

They will enable us to respond to the recommendations by the Groupe d'action contre le racisme in several ways.

□ Ensuring tax fairness

Mr. President, this budget also includes new initiatives aimed at ensuring tax fairness.

We will ensure the collection of the QST in the context of the digital economy.

We want to ensure that all goods and services purchased by Quebecers for consumption in Québec are taxed in the same way, regardless of where they come from. It's a matter of being fair to Québec merchants.

* * *

❑ **A trying year**

Mr. President, the past year has been extremely trying.

My thoughts go out to those who left us too soon and to their loved ones.

Behind the figures are people who lost their lives. Although the government has implemented somewhat strict measures, it has done so in the hopes of keeping the number of COVID-19 victims to an absolute minimum.

❑ **Acknowledgements**

I would like to take the time to once again thank and applaud all those who have worked to help us endure these last few months.

- Health care workers have been directly impacted by the battle against this virus.
- Our teachers have helped our children get back to school quickly, sooner than in many other parts of the world.
- Essential workers in grocery stores and drugstores and delivery persons have allowed us to continuously buy goods.
- Our police officers have had the thankless job of enforcing measures to fight the pandemic. I would like to commend them for the quality and efficiency of their work.
- I would also like to thank government employees, without whom we would be unable to carry on this battle. Their dedication to the public service and the well-being of Quebecers deserves recognition.

All of these people working behind the scenes have made a huge difference in the past year.

Thank you all!

❑ **Beating the pandemic and building the future**

This has been a difficult year and, as I mentioned at the beginning of the speech, the battle isn't over.

With the arrival of vaccines, we can now look to the future with cautious optimism. Our public finances will remain under control, and our economy has proven to be strong and resilient.

With this budget, we are mobilizing the necessary means to overcome the pandemic and its consequences.

■ **A Québec that is resilient and confident in its future**

This budget reflects our confidence in the future. When it comes to health care, education and the economy, we are investing in the future while capitalizing on the changes resulting from our response to the crisis.

We are determined to resume the trajectory that will enable Québec to take its rightful place and Canada and the world.

I am confident in Quebecers and in our ability to adapt, rise to the challenge and excel.

Mr. President, I hope this budget will signal a strong first step toward a Québec that is more confident than ever.

A Québec that is resilient and confident in its future.

* * *

Mr. President,

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

Thank you.

80 • 03

TABLE 1

Québec government
Summary of budgetary transactions
Preliminary results for 2020-2021
(millions of dollars)

	2020-2021
REVENUE	
Own-source revenue	90 028
Federal transfers	30 274
Total	120 302
EXPENDITURE	
Portfolio expenditures ⁽¹⁾	-110 821
Debt service	-7 665
Total	-118 486
COVID-19 support and recovery measures	-11 920
Change in application of the accounting standard respecting transfer payments	-632
Provision for economic risks and other support measures	-1 250
SURPLUS (DEFICIT)	-11 986
BALANCED BUDGET ACT	
Deposits of dedicated revenues in the Generations Fund	-3 014
BUDGETARY BALANCE BEFORE USE OF THE STABILIZATION RESERVE	-15 000
Use of the stabilization reserve	8 760
BUDGETARY BALANCE⁽²⁾	-6 240

(1) COVID-19 support and recovery measures and the change in application of the accounting standard respecting transfer payments are not included in the portfolio expenditures.

(2) Budgetary balance within the meaning of the *Balanced Budget Act* after use of the stabilization reserve.

TABLE 2

Québec government
Summary of budgetary transactions
Forecasts for 2021-2022
(millions of dollars)

	2021-2022
REVENUE	
Own-source revenue	95 668
Federal transfers	26 899
Total	122 567
EXPENDITURE	
Portfolio expenditures ⁽¹⁾	-116 858
Debt service	-8 613
Total	-125 471
COVID-19 support and recovery measures	-4 284
Change in application of the accounting standard respecting transfer payments	-732
Provision for economic risks and other support measures	-1 250
SURPLUS (DEFICIT)	-9 170
BALANCED BUDGET ACT	
Deposits of dedicated revenues in the Generations Fund	-3 080
BUDGETARY BALANCE⁽²⁾	-12 250

(1) COVID-19 support and recovery measures and the change in application of the accounting standard respecting transfer payments are not included in the portfolio expenditures.

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

TABLE 3

**Québec government
Revenue
Forecasts for 2021-2022**
(millions of dollars)

	2021-2022
OWN-SOURCE REVENUE	
Income and property taxes	
Personal income tax	35 921
Contributions for health services	6 796
Corporate taxes	8 013
School property tax	1 113
	51 843
Consumption taxes	
Sales taxes ^{(1),(2)}	19 442
Fuel	2 218
Tobacco products	947
Alcoholic beverages ⁽³⁾	642
Cannabis ⁽⁴⁾	76
	23 325
Revenue from government enterprises	
Hydro-Québec	2 125
Loto-Québec	1 061
Société des alcools du Québec	1 282
Investissement Québec	92
Société québécoise du cannabis	88
Other	10
	4 658
Duties and permits	4 853
Miscellaneous revenue	10 989
TOTAL OWN-SOURCE REVENUE	95 668
FEDERAL TRANSFERS	
Equalization	13 119
Health transfers	7 025
Transfers for post-secondary education and other social programs	1 632
Other programs	5 123
TOTAL FEDERAL TRANSFERS	26 899
TOTAL REVENUE	122 567

(1) Sales taxes, within the meaning of the Public Accounts, include, in particular, the QST, the tax on insurance premiums, the tax on lodging and the specific duty on new tires.

(2) For presentation purposes, revenue from pari-mutuel is included in sales taxes.

(3) Revenue from the specific tax on alcoholic beverages includes the annual amount of \$500 million dedicated to the Generations Fund.

(4) Québec's component of the excise duty on cannabis sales.

TABLE 4

**Québec government
Expenditure
Forecasts for 2021-2022**
(millions of dollars)

	2021-2022
PORTFOLIO EXPENDITURES	
Portfolio expenditures before exceptional items	116 858
COVID-19 support and recovery measures	4 284
Change in application of the accounting standard respecting transfer payments	732
TOTAL PORTFOLIO EXPENDITURES	121 874
DEBT SERVICE	8 613
TOTAL EXPENDITURE	130 487

TABLE 5

Québec government
Expenditure by portfolio
Forecasts for 2021-2022
(millions of dollars)

	2021-2022
PORTFOLIO EXPENDITURES	
Affaires municipales et Habitation	3 582
Agriculture, Pêcheries et Alimentation	1 274
National Assembly	143
Conseil du trésor et Administration gouvernementale ⁽¹⁾	5 236
Conseil exécutif	1 273
Culture et Communications	1 527
Économie et Innovation	3 302
Education	18 312
Énergie et Ressources naturelles	768
Enseignement supérieur	9 491
Environnement et Lutte contre les changements climatiques	1 955
Famille	7 104
Finances	3 824
Forêts, Faune et Parcs	1 140
Immigration, Francisation et Intégration	612
Justice	1 414
Persons Appointed by the National Assembly	121
Relations internationales et Francophonie	135
Santé et Services sociaux	52 358
Sécurité publique	2 214
Tourisme	416
Transports	5 817
Travail, Emploi et Solidarité sociale	5 458
Inter-portfolio eliminations ⁽²⁾	-5 604
TOTAL	121 874
DEBT SERVICE	8 613
TOTAL EXPENDITURE	130 487

Note: Totals may not add due to rounding.

(1) The impact of the change in application of the accounting standard respecting transfer payments is considered in the Contingency Fund.

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

