

LIST OF PRESS RELEASES

The Québec Economic Plan

March 28, 2017

Press Release No. 1

A Solid Economy and Concrete Measures to Improve the Quality of Life for All Quebecers

Press Release No. 2

An Unprecedented Plan with \$3.4 Billion for Educational Success and Measures to Satisfy Labour Market Needs

Press Release No. 3

A Permanent Tax Reduction of Over \$1 Billion per Year and Measures to Help Those in Need

Press Release No. 4

A Long-Term Vision of Public Transit and Concrete Action to Develop Sustainable Mobility

Press Release No. 5

A Forward-Looking Economy for All Regions of Québec

The Québec Economic Plan – March 2017

A Solid Economy and Concrete Measures to Improve the Quality of Life for All Quebecers

Québec, March, 28, 2017. – The Minister of Finance Carlos J. Leitão tabled in the National Assembly today the March 2017 Québec Economic Plan, a third consecutive balanced budget, confirming Québec's good economic and financial health and providing the government with leeway to invest more in public services, particularly in the educational success of our young people, in health and in public transit. The government is also taking steps to continue reducing the tax burden on Quebecers.

The government's budget framework remains cautious and focused on Quebecers' priorities and on improving their level and quality of life. It provides for the maintenance of a balanced budget over the next five years. This restored stability places job creation and economic growth on a solid and durable footing.

The growth of Québec's economy is accelerating

Québec stood out in 2016 with sustained economic growth and job creation resulting in a considerable 4.5% increase in household disposable income.

For 2016, Québec's economy grew at 1.7%, a performance superior to that of Canada (1.4%) and the United States (1.6%). This favourable climate will continue in the coming years, so that GDP growth, supported, in particular, by higher household consumption and faster export growth, is projected at 1.7% in 2017 and 1.6% in 2018.

Thanks to the strength of its economy, Québec stands out as the leader in job creation among the Canadian provinces, with 90 800 jobs added in 2016, or 40% of all jobs created in Canada. In 2016, Québec's average unemployment rate fell to a historic low and currently stands at 6.4%.

The debt is declining

The debt burden on the economy is declining and is projected to gradually drop from 53.4% at March 31, 2016 to 52% in March 2018. Achieving the goal of reducing the debt burden to 45% in 2025-2026 means that the projected deposits in the Generations Fund must continue.

\$3.4 billion for educational success and the future of young people

It is crucial to invest in the educational success of our young people. Thus, \$1.8 billion will be invested in implementing the initial educational success policy in follow-up to the consultations held last fall. In addition, nearly \$1.5 billion will be invested in higher education to better prepare young people for their future.

Quality health care accessible to all Quebecers

The government is also continuing investments launched last fall to improve access to quality health care for all Quebecers. Nearly \$3 billion in total additional investments over two years will add resources where the needs are the greatest and better meet the needs of the population.

These new investments boost average annual growth in the health budget to 4%. They will make it possible to:

- reduce wait times in hospitals;
- facilitate access to surgeries and diagnostic tests;
- train more specialized nurse practitioners;
- add more caregiving staff in CHSLDs and for home care;
- support persons with an autism spectrum disorder;
- foster healthy lifestyles at school, at work and at home;
- implement a suicide prevention strategy.

Tax relief and measures to help those in need

Thanks to its sound management of public finances, the government has leeway to further reduce the tax burden on individuals. Overall, elimination of the health tax together with a general tax reduction this year makes it possible to permanently put more than \$1 billion back in taxpayers' pockets annually.

The set of tax relief measures announced since 2015 represents a reduction in the tax burden on Quebecers of nearly \$7 billion over six years.

At the same time, the Québec Economic Plan provides for investments of nearly \$590 million to help those in need by targeting, in particular, the fight against poverty and social exclusion, support for Aboriginal communities, and elder abuse.

Confirmed support for three major public transit projects

The March 2017 Québec Economic Plan reflects the importance the government attaches to public transit and sustainable mobility, demonstrated by its commitment to three major public transit projects Greater Montréal and the Capitale-Nationale region:

- the Réseau électrique métropolitain (REM);
- the extension of the Montréal métro blue line;
- Québec-Lévis bus rapid transit (BRT).

In addition, the government will invest nearly \$1.5 billion more over the next five years in public transit project in all regions of Québec. Furthermore, investments are planned to increase the fleet of electric vehicles.

Strengthening the development of Québec's economy

The March 2017 Québec Economic Plan also provides for measures to strengthen the development of Québec's economy in all sectors of activity and in all regions. The government thereby wishes to create a favourable environment for the pursuit of strong and sustainable growth.

Major investments are planned, in particular to stimulate research and innovation (\$830 million), encourage business investment (\$165 million), promote entrepreneurship and support growing businesses (\$440 million).

In addition, the government is stepping up its efforts in favour of the regions by investing more than \$1.2 billion to support them in taking charge of their economic development and to assist sectors of activity present throughout Québec.

Quotations:

“The March 2017 Québec Economic Plan confirms Québec’s good economic and financial health. It shows that the Plan we began putting in place in 2014 is working and is benefiting all Quebecers. We are doing what we said we would do.”

“We are going to continue implementing our plan to improve the quality of life of all Quebecers. With this budget, we are investing more in public services, in better access to the health network and for more quality services. We are also developing our public transit network. Lastly, we are continuing to reduce the tax burden on taxpayers.”

“We are delivering on our commitments by investing in your priorities. This is a budget for today, but also a budget to build a better future for our children.”

Carlos Leitão, Minister of Finance of Québec

Highlights:

- \$3.4 billion for the future of young people, which will make it possible, in particular, to add 1 500 more persons to current staff by September 2017, and 7 200 over the next five years, for student services;
- \$3 billion in health over two years to improve access to quality care for all Quebecers;
- a recurring decrease in the tax burden of over \$1 billion per year for taxpayers;
- a commitment to three major projects in Greater Montréal and the Capitale-Nationale region (REM, Montréal métro blue line and Québec-Lévis BRT) and increased funding for public transit throughout Québec;
- \$830 million to stimulate research and innovation and \$12 billion to foster economic development in the regions.

Related links:

The March 2017 Québec Economic Plan:

http://www.budget.finances.gouv.qc.ca/budget/2017-2018/en/documents/EconomicPlan_March2017.pdf

The Economic Plan in Brief:

http://www.budget.finances.gouv.qc.ca/budget/2017-2018/en/documents/EconomicPlanInBrief_March2017.pdf

– 30 –

Source:

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The Québec Economic Plan – March 2017

An Unprecedented Plan with \$3.4 Billion for Educational Success and Measures to Satisfy Labour Market Needs

Québec, March 28, 2017. – Québec must invest in its young people by supporting them from early childhood through higher education so that they can fulfill their potential in a constantly changing world. The March 2017 Québec Economic Plan is fully attuned to this outlook by advancing numerous initiatives to ensure their educational success, offer them quality training and develop a workforce that satisfies labour market needs.

An initial educational success policy for our young people

The March 2017 Québec Economic Plan provides for a total of \$3.4 billion in additional investments over the next five years. In follow-up to the consultations held in fall 2016 aimed at developing an initial educational success policy for Québec, the government is implementing measures that will make it possible to work with young people, more specifically those with difficulties. Briefly, the planned investments will total:

- \$130 million to encourage educational success starting in early childhood;
- \$1.8 billion to enhance support for students throughout their school path;
- 1,5 billion for higher education to enhance the quality of training, increase the higher education graduation rate and better financially support students.

Thanks to these additional sums, the budgets devoted to young people from early childhood through higher education will total \$20 billion in 2017-2018.

\$130 million devoted to early childhood

The \$130 million in investments devoted to early childhood will make it possible to:

- enhance educational intervention aimed at young children;
- facilitate children's transition to school;
- support community organizations that offer activities to families;
- develop services adapted to the needs of children with disabilities.

\$1.8 billion to guide young people toward success

More than \$1.8 billion will be invested in schools to guide young people toward success. The initiatives planned are designed to:

- allow youngsters to get off to a good start in kindergarten and Grade 1;
- provide help to elementary schools for more effective implementation of individual education plans for students with difficulties;
- support parents in order to prevent learning disabilities;
- enhance support for students in high school, vocational training and adult education programs;
- support initiatives designed to boost literacy and francization.

\$1.5 billion to better prepare young people for their future

To offer young people quality higher education, \$1.5 billion in investments are planned in order to:

- improve the graduation rate and success by, among other things, hiring more professors in universities;
- offer appropriate support to students with special needs;
- promote the attraction of international students;
- promote partnerships and collaboration between institutions and enhance their regional presence.

\$290 million to satisfy labour market needs

Québec must develop a workforce that satisfies labour market needs. The Rendez-vous national sur la main-d'œuvre in February 2017 helped to clearly delineate the main challenges facing Québec in order to ensure a dynamic, balanced and efficient labour market. For this purpose, the Québec Economic Plan provides for measures totalling nearly \$290 million over five years and designed to:

- promote trades that are in demand and encourage young people to shift toward those trades;
- support labour market integration for immigrants;
- support continuing education and the development of worker skills;
- support businesses in the management of their labour force.

Quotations:

“Educational success is our priority, because it is the key lever for Québec’s social and economic development. Thanks to the implementation of the educational success policy, our young people will get off to a good start as of kindergarten and parents will have the necessary support to prevent learning difficulties.”

“Furthermore, the sums reserved for higher education will guarantee better access for young people to education so as to better prepare for their future. In this way, we will support them throughout their school path so that they can develop and fulfill their potential.”

“Finally, with the demographic challenge more pressing than ever, we must mobilize the necessary means to face up to it. This is what we are doing by responding quickly to the main recommendations stemming from the Rendez-vous de la main d'œuvre.”

Carlos Leitão, Minister of Finance of Québec

Highlights:

- nearly \$130 million in investments over the next five years to encourage educational success starting in early childhood, which will be used, in particular, to improve interventions for children in underprivileged neighbourhoods and enhance measures aimed at the integration of children with disabilities into childcare services;
- beginning September 2017, nearly 1 500 additional staff to provide direct services to students and support them in their learning path. This number will gradually rise to 7 200 within five years;
- in high school, vocational training and adult education programs, additional resources, including psychoeducators, will be added to assist teachers and support students in their schooling;

Highlights (cont.):

- in higher education, beginning September 2017, the reinvestment will provide CEGEPs and universities with sufficient resources to hire some 500 persons to provide training and support for students;
- nearly \$290 million in investments to enable Québec to develop a workforce that satisfies labour market needs.

Related links:

Budget paper: *Education and Higher Education – A Plan for Success: A Lifelong Process from Early Childhood*:

http://www.budget.finances.gouv.qc.ca/budget/2017-2018/en/documents/Budget1718_Education.pdf

Budget paper: *Young People – Supporting Québec Young People on Their Path to Success*:

http://www.budget.finances.gouv.qc.ca/budget/2017-2018/en/documents/Budget1718_YoungPeople.pdf

– 30 –

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The Québec Economic Plan – March 2017

A Permanent Tax Reduction of Over \$1 Billion per Year and Measures to Help Those in Need

Québec, March 28, 2017. – Sound public finances and the good results of our economic plan are making it possible to grant taxpayers new tax reductions which, in addition to the elimination of the health contribution, will represent a recurring decrease in the tax burden of over \$1 billion per year. At the same time, in keeping with our values of solidarity and social justice, the government will invest close to \$590 million over the next five years to support people and communities, by targeting, in particular, the fight against poverty and social exclusion.

Tax relief of over \$1 billion per year

Added to the complete elimination of the health contribution, on January 1, 2017, is a refund of the contribution paid in 2016 for nearly \$4.3 million taxpayers. Furthermore, as of this year, all taxpayers will be entitled to a general tax reduction owing to the increase in the amount of income exempt from tax to \$14 890.

With the new measures being announced, a couple with two equal work incomes of \$45 000 will benefit from an annual tax reduction of \$510 as of 2017.

In total, the elimination of the health tax, coupled with the general tax reduction as of this year, will permanently return more than \$1 billion to taxpayers every year. As a whole, the relief measures announced since 2015 represent a reduction in the tax burden on Quebecers of nearly \$7 billion over six years.

Measures to help those in need

Support for communities and especially the most vulnerable people is essential. Therefore, the Québec Economic Plan provides for investments of nearly \$590 million in order to:

- combat poverty and social exclusion by building, in particular, 3 000 new social housing units, encouraging the social involvement of vulnerable youth and taking action against homelessness;
- help Aboriginal communities by supporting their economic, social and community development and implementing the government's Aboriginal Social Development Action Plan;
- combat elder abuse by hiring community workers, enhancing the services offered by the Aide Abus Aînés helpline and promoting friendship visits to seniors.

The March 2017 Economic Plan also provides for additional funding to take action on gender equality, fight bullying and provide crime victims with better access to justice and compensation.

Quotations:

“Thanks to the restoration of economic and financial health, we can take concrete initiatives that directly benefit all Quebecers by reducing their income taxes and by improving support for the most vulnerable. »

“Today, more than four million Quebecers will see a difference when they fill out their income tax returns. I am proud of our actions since 2015, which total nearly \$7 billion in tax relief.”

“Lastly, increasing available income will be the focus of the approach taken in the third government action plan to fight poverty and social exclusion. We have given ourselves back the means to do even more to support the most vulnerable among us.”

Carlos Leitão, Minister of Finance of Québec

Highlights:

- a recurring decrease in the tax burden of over \$1 billion per year for taxpayers;
- investments of nearly \$590 million to support communities, by targeting, in particular, the fight against poverty and social exclusion.

Related links:

March 2017 Québec Economic Plan:

http://www.budget.finances.gouv.qc.ca/budget/2017-2018/en/documents/EconomicPlan_March2017.pdf

– 30 –

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The Québec Economic Plan – March 2017

A Long-Term Vision of Public Transit and Concrete Action to Develop Sustainable Mobility

Québec, March 28, 2017. – The March 2017 Québec Economic Plan confirms the government's decision to invest in three major public transit projects. In addition, it provides for initiatives totalling nearly \$1.5 billion to encourage sustainable mobility by developing public transit services in all regions of Québec. Lastly, provision is also being made for investments to foster an increase the number of electric vehicles in Québec.

Confirmed support for three major public transit projects

The government is following through on its commitments by supporting the development of three major projects in Greater Montréal and the Capitale-Nationale region:

- Réseau électrique métropolitain (REM);
- extension of the Montréal métro blue line;
- Québec-Lévis bus rapid transit (BRT).

The Québec Economic Plan also provides for assistance of \$475 million over five years for the Autorité régionale de transport métropolitain in order to help it shoulder its increasing responsibilities and play its rightful role in the Réseau électrique métropolitain project.

Investments of \$333 million over the same period will also make it possible to support funding, increase public transit services and improve support for paratransit in all regions of Québec.

In the same vein, the government will unveil a sustainable mobility policy next year that covers all means of transportation, that is, public transit and active transportation, as well as air, rail and sea transportation, to complement projects in the road system.

The government is investing more in electric vehicles

In order to support the transition to a low-carbon economy and the achievement of the government's objectives in the area of transportation electrification, the Québec Economic Plan provides for total investments of \$82 million in order to:

- provide a rebate of up to \$8 000 on the purchase of an electric vehicle under the Roulez vert program;
- allow the acquisition of an additional 10 000 new electric vehicles by June 30, 2018;
- implement a pilot project promoting the acquisition of fully electric used vehicles.

Quotations:

- "Public transit is an essential service for society at large and it is good for the economy. I am proud to confirm our support today for three major promising projects for Québec in the area of sustainable mobility: the REM, the BRT and the extension of the blue line."
- "Thanks to the financial support announced today for the ARTM, we are making sure that municipal contributions will remain at the same level."

“In addition, we are fostering the development of transportation systems in all regions of Québec by improving support for public transit bodies in the regions and providing assistance for paratransit.”

Carlos Leitão, Minister of Finance of Québec

Highlights:

- commitment to three major projects in Greater Montréal and the Capitale-Nationale region, namely, the REM, the extension of the Montréal métro blue line and the Québec-Lévis BRT;
- investments of nearly \$1.5 billion in public transit for the creation of the Autorité régionale de transport métropolitain (ARTM) and for greater support of public transit bodies in all of Québec's regions;
- additional support of \$82 million for transportation electrification, making it possible to obtain a rebate of up to \$8 000 on the purchase of an electric vehicle under the Roulez vert program.

Related link

Budget paper: *Public Transit – Major Initiatives to Foster Sustainable Mobility*:
http://www.budget.finances.gouv.qc.ca/budget/2017-2018/en/documents/Budget1718_PublicTransit.pdf

– 30 –

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– 30 –

The Québec Economic Plan – March 2017

A Forward-Looking Economy for All Regions of Québec

Québec, March 28, 2017. – The March 2017 Québec Economic Plan will stimulate the economy in all spheres of activity and in all regions through, in particular, business innovation and investment. The new initiatives announced today will help to position Québec as one of the most innovative and enterprising economies, open to foreign markets and able to attract the best talent.

Over \$830 million to stimulate research and innovation

To stimulate research and innovation in several cutting-edge activity sectors, the government is announcing additional initiatives totalling over \$830 million by 2021-2022, in particular:

- \$305 million to encourage innovation and the next generation of scientists;
- \$180 million to encourage research and innovation in higher education institutions;
- \$118 million to implement the life sciences strategy;
- \$100 million to create an artificial intelligence super-cluster;
- \$46 million to stimulate innovation in the forest sector.

\$165 million to encourage business investment

The Québec Economic plan also proposes measures to encourage businesses to invest in modernizing their operations, in order to boost their productivity and develop new production capacities and thus increase their presence on international markets. Additional measures totalling \$165 million over five years will make it possible to:

- introduce an additional capital cost allowance of 35% to support investment and thus improve business productivity;
- extend the tax holiday for large investment projects until December 31, 2020.

These initiatives are in addition to important measures already in place to encourage business investment, including a rebate on electricity to foster investment in manufacturing and natural resource processing and a reduction in the tax burden on corporations.

\$1.2 billion to foster economic development in all regions of Québec

To further stimulate the development of all regions, the government is stepping up its efforts by investing close to \$1.2 billion to develop all of its talents and strengths. Therefore, provision is being made to invest:

- \$522 million to support the regions in taking charge of their own economic development;
- \$231 million to protect the environment, wildlife, and our natural resources;
- \$168 million to support growth in the agri-food and alcoholic beverages sectors;
- \$123 million to bolster the role of tourism as a vector of economic development;
- \$100 million to support new initiatives under the Maritime Strategy and the Plan Nord.

Extension of the RénoVert program to March 31, 2018

To encourage Québec homeowners to renovate their homes in an eco-friendly way, the government is extending the RénoVert tax credit for one year. Individuals will thus have until March 31, 2018, to enter into an agreement with a recognized contractor and must pay all renovation expenses before January 1, 2019.

Tax assistance to protect the environment

In addition, the March 2017 Québec Economic Plan provides for a refundable tax credit over five years to bring residential waste water systems (septic tanks) up to standard. Taxpayers will be entitled to assistance corresponding to 20% of eligible expenses that exceed \$2 500, up to a maximum of \$5 500 for principal and secondary residences.

An additional \$18 million to support the economy of the Îles-de-la-Madeleine

The economic development of the Îles-de-la-Madeleine is particularly challenging due to the region's distance from major urban centres and the accessibility problems stemming from its insular character. In light of this, the government has recognized the special status of the Îles-de-la-Madeleine and has pledged to gear its actions to the islands' particular characteristics and needs, in keeping with the measures already taken, particularly through the Maritime Strategy.

To pursue its efforts to diversify and energize the economy of the Îles-de-la-Madeleine, the Québec Economic Plan provides for:

- greater tax assistance for inhabitants of the Îles-de-la-Madeleine;
- enhancement of the additional deduction for transportation costs and extension of this deduction to all manufacturing SMEs of the Îles-de-la-Madeleine and certain other remote regions.

Quotations:

"It is essential to support research and innovation and foster investment in order to support our businesses in their development and continue our economic growth."

"A boom is currently underway in the artificial intelligence sector. We confirm Québec's place in this cutting-edge sector and we salute the international recognition of its know-how."

"Québec's future also depends on the economic development of all our regions. Thanks to the clarifications made today with regard to the Fonds d'appui au rayonnement des régions, we confirm our support for the economic development of the regions."

Carlos Leitão, Minister of Finance of Québec

Highlights:

- investments of more than \$830 million over five years to stimulate research and innovation;
- investments of \$165 million to encourage business investment;
- investments of \$1.2 billion to foster economic development in all regions of Québec;
- creation of the Fonds d'appui au rayonnement des régions, with an envelope of \$310 million over five years;
- recognition of Québec's national capital status and Montréal's metropolis status.

Related link:

March 2017 Québec Economic Plan:

http://www.budget.finances.gouv.qc.ca/budget/2017-2018/en/documents/EconomicPlan_March2017.pdf

– 30 –

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