

THE QUÉBEC
ECONOMIC PLAN

March 2018

Culture

BUDGET 2018-2019

An Ongoing Commitment to Supporting Québec Culture



Budget 2018-2019
Culture: An Ongoing Commitment to Supporting Québec Culture

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HIGHLIGHTS

Culture holds a special place in the life of people and communities. Acting as a vector of identity, it defines both the society and the people who constitute it. As such, culture is a pillar of Québec society.

In addition to its social contribution, culture also contributes significantly to Québec's economy. In 2016, the contribution of this industry to the economy reached \$12.8 billion, or 4% of Québec's GDP.

The government has reaffirmed its commitment to Québec's culture many times. By financing cultural institutions across Québec, the government ensures that Québec's culture continues to flourish on the world stage.

❑ Substantial investments starting in 2018-2019

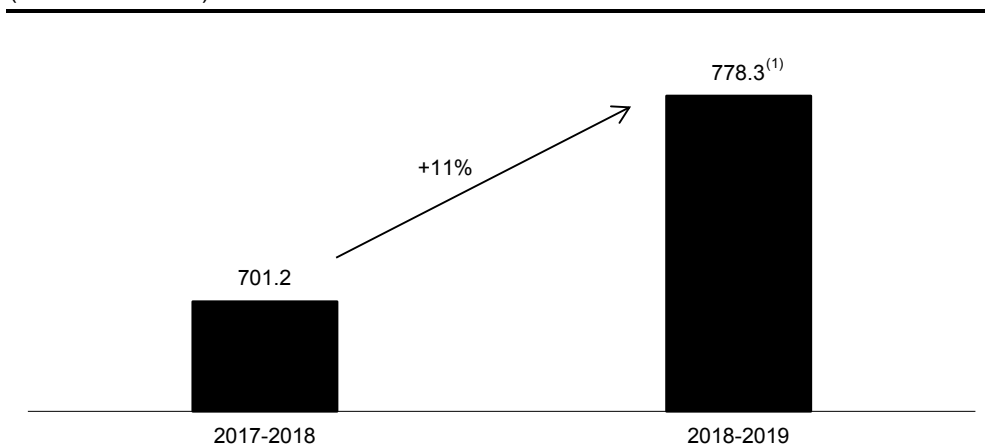
In light of the fundamental importance of culture for Québec society, the government will reinforce its support of the cultural sector in the years to come.

— Program spending by the Ministère de la Culture et des Communications will reach \$778.3 million in 2018-2019, an increase of 11% compared with last year, which represents the largest annual increase in twenty years.

Including the expenditures of organizations and special funds, as well as tax-funded expenditures, government financing of the cultural sector will climb to \$1.2 billion in 2018-2019.

CHART 1

Program spending – Culture et Communications (millions of dollars)



(1) This amount includes a withdrawal from the Contingency Fund of \$52.1 million.

❑ **\$509 million to implement the cultural policy**

The importance placed on culture by Québec became tangible with the adoption in 1992 of Québec's cultural policy. This policy proved to be a guide both in government action in the cultural arena and an expression of the intrinsic value placed on it.

Another step forward will be taken with the upcoming tabling of a new Québec cultural policy. This new policy, built on the successes achieved over the past 25 years, will foster cultural development while taking into account current challenges.

The March 2018 Québec Economic Plan devotes \$509 million by 2022-2023 to implement the new cultural policy. An additional \$30 million will be made available to the Société de développement des entreprises culturelles (SODEC) to provide financial assistance to cultural enterprises.

The first part of the document details the measures provided in the March 2018 Québec Economic Plan for the cultural sector. The second part reiterates the guidelines of the new Québec cultural policy project soon to be tabled by the Minister of Culture and Communications.

1. QUÉBEC ECONOMIC PLAN: \$509 MILLION TO IMPLEMENT THE CULTURAL POLICY

The government's commitment to Québec culture and its artisans constitutes one of the levers that make it possible for Québec to recognize its current cultural dynamism. The government intends to continue its action to increase promotion of the dynamism of Québec's cultural sector.

To this end, the March 2018 Québec Economic Plan provides additional funds amounting to nearly \$509 million in the coming years. These investments will make it possible for the government to pursue the objectives set for its actions in the cultural sector, with the following sums:

- \$113.0 million to bring culture closer to youth and community;
- \$168.9 million to nurture creation and excellence;
- \$110.7 million to support culture and heritage in all regions of Québec;
- \$116.3 million to deploy Québec culture in the digital environment.

Details of measures and their terms of implementation will be announced soon by the Minister of Culture and Communications.

TABLE 1

Financial impact of measures to implement the cultural policy⁽¹⁾ (millions of dollars)

	2017- 2018 ⁽²⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Bring culture closer to youth and community	-35.0	-15.4	-15.5	-15.5	-15.5	-16.1	-113.0
Nurture creation and excellence	-42.4 ⁽³⁾	-21.2	-23.7	-25.3	-26.9	-29.4	-168.9
Support culture and heritage in all regions of Québec	-24.6	-13.3	-14.2	-14.2	-14.2	-30.2	-110.7
Deploy Québec culture in the digital environment	—	-8.5	-17.8	-26.4	-30.9	-32.7	-116.3
TOTAL	-102.0	-58.4	-71.2	-81.4	-87.5	-108.4	-508.9

(1) Between 2018-2019 and 2022-2023, the measures will be financed through additional estimates of \$288.6 million to the Ministère de la Culture et des Communications, with \$52.1 million in 2018-2019, \$56.3 million in 2019-2020, \$57.6 million in 2020-2021, \$59.5 million in 2021-2022 and \$63.1 million in 2022-2023. For 2018-2019, the estimates provided will be drawn from the Contingency Fund. Furthermore, tax expenditures of \$82.8 million and an additional injection of \$35.5 million from the specific tax on tobacco products are planned over five years.

(2) The subsidies granted in 2017-2018 support the funding of new initiatives.

(3) Of this amount, \$12.1 million is granted to government bodies.

1.1 Bring culture closer to youth and community

The awakening of culture is a determining factor in the development of young people. Culture also plays an important role as a social integrator for all of the people of Québec.

The March 2018 Québec Economic Plan provides \$113 million over the next five years to bring culture closer to youth and community across Québec. In particular, \$35 million is provided to offer cultural outings to students in school daycare services. In this way, the government seeks to ensure that culture echoes in the life of one and all.

TABLE 2

Financial impact of measures to bring culture closer to youth and community (millions of dollars)

	2017- 2018 ⁽¹⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Cultural outings for students in school daycare services	—	-7.0	-7.0	-7.0	-7.0	-7.0	-35.0
Other measures of the cultural policy ⁽²⁾	—	-8.4	-8.5	-8.5	-8.5	-9.1	-43.0
Support for the social and educational action of cultural institutions	-35.0	—	—	—	—	—	-35.0
TOTAL	-35.0	-15.4	-15.5	-15.5	-15.5	-16.1	-113.0

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Measures will be announced at a later date by the Minister of Culture and Communications.

☐ Cultural outings for students in school daycare services

Access to cultural activities yields far-reaching benefits when it comes to child development. For this reason, school education includes a component to introduce students to various forms of artistic expression, particularly music and the arts.

School outings are an essential complement to the cultural education students receive, since they make it possible for them to draw closer to culture while learning.

The government is providing an additional \$35 million over five years to finance cultural outings for students in school daycare services.

☐ Other measures of the cultural policy

Other measures for a total of \$43 million over five years will be further detailed later on within the framework of the new Québec cultural policy.

❑ Support for the social and educational action of cultural institutions

Major cultural institutions help showcase Québec abroad and are vectors of excellence in culture. They also offer Quebecers preferred access to varied cultural products of exceptional quality.

Québec has the good fortune to claim some of Canada’s top cultural institutions. Several of these institutions play a role at the social and educational levels, in particular by offering young people activities they can participate in as they awaken to culture and by providing access to culture for the less fortunate, which nurtures their integration into the community. For example:

- the Musée des beaux-arts de Montréal offers art awareness activities to young children, is involved in art therapy projects for autistic children and individuals who suffer from mental illness, and offers free visits for people with lower incomes;
- the Orchestre symphonique de Québec offers workshops and concerts in schools, concerts for families and music camps, and has also implemented the Galerie symphonique, to give students and newcomers an online introduction to the world of symphony music;
- the Orchestre Métropolitain offers modestly priced concerts in the boroughs of Montréal as well as master classes and teaching tools in schools.

To enable cultural institutions to fully achieve their mission and reinforce their efforts with young people and the community in the years to come, the government has increased their financing by \$35 million.

TABLE 3

Support for the social and educational action of cultural institutions
(millions of dollars)

	2017-2018 ⁽¹⁾
Musée McCord Stewart	11.0
Musée des beaux-arts de Montréal	10.0
Orchestre symphonique de Montréal	7.5
Orchestre symphonique de Québec	3.0
Orchestre Métropolitain	2.5
École nationale de cirque	1.0
TOTAL	35.0

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

1.2 Nurture creation and excellence

To bolster Québec's cultural offer, the government will increase the budgets allocated to the creation and production of Québec cultural works. In addition, it plans to continue its support of excellence in Québec culture by contributing to its development both within Québec and on the international stage.

The March 2018 Québec Economic Plan provides for \$168.9 million over the next five years to foster the creation and excellence of Québec culture, \$100 million of which will be for the programs of the Conseil des arts et des lettres du Québec (CALQ) and the Société de développement des entreprises culturelles (SODEC). Through these measures, the government continues to support the Québec cultural and artistic community.

TABLE 4

Financial impact of measures to nurture creation and excellence (millions of dollars)

	2017- 2018 ⁽¹⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Increase budgets for creation, production and dissemination (CALQ and SODEC)	—	-17.4	-18.6	-19.9	-21.3	-22.8	-100.0
Other measures of the cultural policy ⁽²⁾	—	-3.0	-4.0	-4.0	-4.0	-5.0	-20.0
Improvement of tax credit for film dubbing	—	-0.2	-0.5	-0.7	-0.8	-0.8	-3.0
Extension of the tax credit for a first major cultural gift	—	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
Improvement of the tax credit for the production of multimedia events or environments presented outside Québec	—	-0.1	-0.1	-0.2	-0.3	-0.3	-1.0
Support for the development of cultural institutions	-42.4 ⁽³⁾	—	—	—	—	—	-42.4
TOTAL	-42.4	-21.2	-23.7	-25.3	-26.9	-29.4	-168.9

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) The measures will be announced at a later date by the Minister of Culture and Communications.

(3) Of this amount, \$12.1 million is granted to government organizations.

❑ Increase budgets for creation, production and dissemination

To enable Québec artists and cultural businesses to offer quality works, the creative and production processes require conditions that encourage them to reach their full potential. However, for a number of years, Québec creators, artisans and producers have worked within a context where production costs are rising, and they face strong international competition.

With the aim of reinforcing the Québec cultural offer and supporting excellence and innovation, the government is increasing the budgets allocated to the creation, production and dissemination of Québec cultural works by \$100 million, by providing greater support to the programs offered in this area by CALQ and SODEC.

These amounts will make it possible to better support artists by assisting them during the creation of their cultural works, especially with development costs, as well as by giving artists the means to disseminate and showcase their works.

CALQ and SODEC: two levers for financing culture
<p>The mission of CALQ is to support creation, experimentation and production, as well as to promote cultural works within Québec's borders, throughout Canada and abroad. It also aims to support artists' professional development.</p> <ul style="list-style-type: none">- To do this, CALQ offers program grants to non-profit organizations and a scholarship program to professional artists and writers. CALQ also holds competitions to award prizes for artistic excellence. <p>SODEC is mandated to promote and support, in all regions of Québec, the launch and development of cultural enterprises, and to increase the quality of products and services as well as their competitiveness in Québec, Canada and abroad.</p> <ul style="list-style-type: none">- To fulfill this mandate, SODEC offers financial aid programs, which can take the form of grants, loans, loan guarantees and investments. On the government's behalf, SODEC also administers the tax credit programs for the production of cultural works.

❑ Other measures of the cultural policy

Other measures for a total of \$20 million over five years will be further detailed later on within the framework of the new Québec cultural policy.

❑ Improvement of the tax credit for film dubbing

The refundable tax credit for film dubbing was implemented in 1997 to support dubbing activities and encourage consolidation of the Québec industry, and thereby offer Quebecers quality dubbed products in their language.

This industry also makes it possible for many actors and artists to make a good living from their art, either by working in this field exclusively or by obtaining income to supplement their other activities.

The Québec industry is evolving in an increasingly competitive international market due to the boom in television channels and distribution platforms. This competition in the offer of French services comes from numerous countries, including France, Spain and Belgium.

To continue to stimulate this industry and make it more competitive, the March 2018 Québec Economic Plan plans to eliminate the ceiling on eligible labour costs that corresponds to 45% of the value of a dubbing contract.

This improvement of the tax credit for film dubbing will mean an additional support of \$3 million over five years.

TABLE 5

Main parameters of the tax credit for film dubbing – After the March 2018 Québec Economic Plan

Eligible production	– Production that belongs to an eligible category of films, ⁽¹⁾ that is not specifically excluded ⁽¹⁾ and in which at least three quarters of the people who provided acting and on-set direction resided in Québec
Eligible expenses	– Labour expenses associated with certain services inherent in the dubbing process
Rate of assistance	– 35% of eligible labour expenses

(1) *Act respecting the sectoral parameters of certain fiscal measures* (CQLR, chapter P-5.1), appendix H, s. 4.5 and 4.6.

❑ Extend the tax credit for a first major cultural gift

In July 2013, the government announced the implementation of a tax credit applicable to a first major cultural gift in order to encourage the emergence of a new generation of philanthropists in the cultural field.

Since it came into force, the measure has made it possible to obtain donations totalling \$6.6 million for organizations in the cultural sector. The annual amount of donations made, which was \$522 000 in 2013, grew to over \$2 million in 2015.

The eligibility period for donations under this tax credit lapsed on December 31, 2017. The March 2018 Québec Economic Plan announces a five-year extension to this credit. Donations made between January 1, 2018 and December 31, 2022 will be eligible for the tax credit.

The extension of the tax credit will provide additional aid of \$2.5 million over five years to encourage cultural donations.

Tax credit for a first major cultural gift
<p>This measure grants an individual who makes a first cultural gift of at least \$5 000 and at most \$25 000 a non-refundable tax credit equal to 25% of the amount of the donation.¹</p> <p>This tax credit applies to a threshold donation in cash made during the period July 4, 2013 to December 31, 2017, inclusive, to an organization duly recognized as operating in the cultural domain.</p> <p>It is in addition to the usual tax credit on donations, namely the tax credit for charitable donations and other gifts.</p>

1 The eligible portion of the amount donated that cannot be claimed in the year the donation is made can be deferred and claimed over the next four years following the donation.

❑ Improvement of the tax credit for the production of multimedia events or environments presented outside Québec

The refundable tax credit for the production of multimedia events or environments presented outside Québec was implemented in 2012 to help Québec artists and creators disseminate their multimedia works abroad as well as to generate more economic benefits within Québec from these activities.

With the development of technologies and the growing appetite for multimedia projects, production budgets have climbed over the years.

To better support producers of multimedia events or environments in their major projects, the March 2018 Québec Economic Plan eliminates the \$350 000 ceiling on tax aid per eligible production.

This improvement of the tax credit will support the growth of projects that constitute a prime means of showcasing Québec creations abroad. It will entail a financial impact of \$1 million over five years.

TABLE 6

Main parameters of the tax credit for the production of multimedia events or environments presented outside Québec – After the March 2018 Québec Economic Plan

Eligible production	<ul style="list-style-type: none">– Multimedia events or environments that have received an eligibility certificate from SODEC recognizing that they:<ul style="list-style-type: none">▪ propose an educational or cultural experience designed to entertain and meant to be presented to audiences outside Québec;▪ meet certain criteria regarding Québec content.
Eligible labour expenses	<ul style="list-style-type: none">– Processing or salaries of the creative staff who carry out eligible production work, including the salary portion of subcontracts.<ul style="list-style-type: none">▪ Eligible salaries cannot exceed 50% of total production costs.▪ For multimedia events, production costs cannot exceed 75% of the value of the contract.
Rate	<ul style="list-style-type: none">– 35% of eligible expenses.

❑ Support for the development of cultural institutions

The government places importance on the performance and promotion of the cultural institutions it supports. In this respect, the quality of infrastructures is a determining factor in the performance of cultural institutions. For this reason, the government supports cultural infrastructure development projects throughout Québec.

Government support of cultural institutions makes it possible to advance their development and their influence even more and, consequently, their contribution to the cultural vitality throughout the Québec territory. In this area, the government grants additional financial support of \$42.4 million to cultural institutions.

TABLE 7

Support for the development of cultural institutions (millions of dollars)

	2017-2018 ⁽¹⁾
Cultural organizations – Mécénat Placement Culture	13.8
TV5	10.5
Le Capitole	3.0
Scientific museums	3.0
Government bodies	
– Musée d'art contemporain de Montréal	3.0
– Bibliothèque et Archives nationales du Québec	2.8
– Musée de la Civilisation	1.5
– Musée national des beaux-arts du Québec	1.5
– Société du Grand Théâtre de Québec	1.2
– Société de télédiffusion du Québec	1.2
– Conservatoire de musique et d'art dramatique	0.9
Subtotal – Government bodies	12.1
TOTAL	42.4

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

1.3 Support culture and heritage in all regions of Québec

Culture helps define a society, both nationally and locally. To express the full vitality of Québec culture, it must be able to resonate throughout the territory. Furthermore, cultural heritage represents both past and future cultural wealth.

The March 2018 Québec Economic Plan provides \$110.7 million over the next five years to support culture and heritage throughout the regions of Québec, including \$35.5 million to improve the Québec Cultural Heritage Fund and \$5 million to offer free museum visits. The government thereby hopes to foster access to culture for all citizens in every region and to maintain Québec's cultural heritage.

TABLE 8

Impact of financial measures to support culture and heritage in all regions of Québec (millions of dollars)

	2017- 2018 ⁽¹⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Improve the Québec Cultural Heritage Fund	—	-4.0	-4.0	-4.0	-4.0	-19.5	-35.5
Offer free museum visits one Sunday per month	—	-0.6	-1.1	-1.1	-1.1	-1.1	-5.0
Other measures of the cultural policy ⁽²⁾	—	-8.7	-9.1	-9.1	-9.1	-9.6	-45.6
\$30 million for the SODEC investment bank in all regions of Québec	—	—	—	—	—	—	—
Support organizations and events across Québec	-19.6	—	—	—	—	—	-19.6
Extension of the Fund for major events	-5.0	—	—	—	—	—	-5.0
TOTAL	-24.6	-13.3	-14.2	-14.2	-14.2	-30.2	-110.7

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Measures will be announced at a later date by the Minister of Culture and Communications.

❑ Enhance the funding for the Québec Cultural Heritage Fund

Set up in 2006, the Québec Cultural Heritage Fund provides financial support for measures fostering the knowledge, protection, showcasing and transmission of Québec's cultural heritage. It is funded by annual transfers from the revenues generated by the specific tax on tobacco products.

Since the fund's creation, more than \$150 million has been invested to preserve and enhance Québec's cultural heritage. The fund's spending has generated \$148 million of investments by the government's partners, who are the owners of the heritage assets, municipalities and non-profit organizations dedicated to enhancing Québec's heritage. Thus, the government's commitment has served as leverage for total investments of more than \$298 million for Québec's cultural heritage.

In light of the exceptional results obtained, the government is increasing to \$19.5 million per year the amount transferred to the Québec Cultural Heritage Fund from the revenues generated by the specific tax on tobacco products and is extending these payments until 2022-2023. Over five years, the fund will receive an additional \$35.5 million. The additional money will be used to preserve important heritage assets across Québec.

❑ Free museum visits one Sunday per month

Found in every region of Québec, museums are places of conservation, production and dissemination of knowledge, as well as research in various fields. Museums are also important for education and cultural transmission, specifically in the fields of history, heritage and art. These institutions foster access, participation and a contribution by all to culture.

To promote the cultural richness of museums, the government is providing \$5 million over five years for museums supported by the Ministère de la Culture et des Communications to offer free visits one Sunday per month (see list of museums in Appendix 2).

❑ Other measures of the cultural policy

Other measures for a total of \$45.6 million over five years will be further detailed later on within the framework of the new Québec cultural policy.

❑ **\$30 million for the SODEC investment bank in all regions of Québec**

Equipped with a financial tool called an “investment bank”, SODEC is a preferred business partner that plays a key role in the various stages of growth of companies in all regions of Québec thanks to financing provided mainly in the form of loans and loan guarantees.

— The investment bank’s portfolio has grown significantly in recent years, reaching more than \$52 million in January 2018.

In order to further develop and provide the investment bank with sufficient financial flexibility to meet the financing needs of existing and new customers, the March 2018 Québec Economic Plan provides:

- for an extension of SODEC’s lending scheme until May 31, 2023 and a funding increase from \$30 million to \$60 million;
- an increase from \$2 million to \$4 million of the financing limit authorized for conventional transactions or business development.

These adjustments will enable SODEC to increase its commitment to the development of cultural enterprises.

TABLE 9

Changes to the SODEC investment bank to continue and increase its support of Québec cultural enterprises (millions of dollars, unless otherwise indicated)

	Current situation	After the March 2018 Québec Economic Plan
Maximum support per business	2.0	4.0
Capital available to the SODEC investment bank		
– Assets	19.5	19.5
– Lending scheme	30.0	60.0
▪ Expiry date	May 31, 2018	May 31, 2023
– Total available	49.5	79.5

❑ **Support organizations and events across Québec**

Québec has excellent cultural organizations and events all across the province. At a local level, these organizations contribute to diversifying the cultural activities available to the population and making culture accessible in all regions of Québec.

To organize their activities, these organizations must be able to rely on predictable funding. The government is therefore increasing funding for festivals and events by \$14.6 million in 2017-2018 and providing an additional \$5 million for museums in 2017-2018 supported by the operational assistance program for museums so they can prepare their 2018-2019 season.

❑ **Extension of the Fund for major events**

The national capital is known worldwide for its large-scale events such as the Festival d'été de Québec and the Carnaval de Québec. These events increase Québec City's allure on an international level and generate significant economic spinoffs.

The government recognizes the importance of cultural and sporting events in stimulating tourism and economic development.

In this regard, the March 2018 Québec Economic Plan provides for \$5 million in 2017-2018 to support Québec City in its efforts to diversify and enhance its offering of large-scale events.

1.4 Deploy Québec culture in the digital environment

The digital technology revolution is affecting the entire cultural sector. New digital practices have changed the way cultural products are created, produced, distributed and consumed.

Actions to facilitate the use of digital technologies during each of the steps leading to the consumption of cultural content must continue to be implemented to ensure the preservation and advancement of Québec culture.

The March 2018 Québec Economic Plan provides for \$116.3 million over the next five years to deploy Québec culture in the digital environment. The government's goal in this regard is to promote and raise the profile of Québec culture abroad.

TABLE 10

Financial impact of measures to deploy Québec culture in the digital environment (millions of dollars)

	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Support cultural enterprises with the digital shift ⁽¹⁾	—	–7.0	–8.0	–8.0	–8.5	–8.5	–40.0
Institute a tax credit to support the digital transformation of print media companies	—	–1.0	–7.9	–15.5	–19.3	–21.0	–64.7
Include digital platforms in the tax credit for Québec film or television production	—	–0.5	–1.9	–2.9	–3.1	–3.2	–11.6
TOTAL	—	–8.5	–17.8	–26.4	–30.9	–32.7	–116.3

(1) The measures will be announced at a later date by the Minister of Culture and Communications.

❑ Support cultural enterprises with the digital shift

The progress of advanced technologies and the advent of digital networks are transforming the business models of companies in all sectors of activity but especially those of cultural enterprises, which are very sensitive to this phenomenon.

To allow Québec artists and creators to integrate this new digital environment, the government will launch various initiatives to increase the support already provided, particularly through the digital cultural plan.

Thus, the March 2018 Québec Economic Plan provides for additional funding of \$40 million over the next five years to enable cultural enterprises to obtain the tools they need to create modern cultural works and to have the technological means to disseminate them.

QST collection by foreign suppliers

The increase in the number of online transactions in recent years presents a major challenge to all jurisdictions that levy a value-added tax. In addition to the loss of revenue for governments, the issue is one of fairness for the domestic enterprises that are obliged to collect and remit the tax.

Currently, foreign suppliers that do not have a physical or significant presence in Québec are not required to register, collect and remit Québec sales tax (QST), even if their goods and services are taxable.

In the context of the digital economy, the March 2018 Québec Economic Plan plans to make the collection and remittance of QST obligatory for foreign suppliers.

- As of January 1, 2019, foreign suppliers whose business income from providing taxable supplies, intangibles and services in Québec including online provision of digital content (music or film, for example) to Québec consumers exceeds \$30,000 per year will be obliged to register for the QST system and will be required to collect QST and remit it to Revenu Québec.

With the new measures announced under the March 2018 Québec Economic Plan, the government is acting on OECD recommendations.¹ These new measures are comparable to rules which are implemented in several jurisdictions. The Québec government is the first government in Canada to tackle this challenge.

¹ The OECD recommends that foreign suppliers be required to register for the VAT regime and that they collect and remit the tax to the jurisdiction of destination of the goods or services. The OECD also recommends setting up a distinct registration system for these suppliers.

❑ **Instituting a tax credit to support the digital transformation of print media companies**

The print media market is being sapped by the sharp decline in advertising and subscription revenue in recent years due to the upheaval caused by new technologies in the information industry.

— Newspapers have lost 65% of their annual advertising revenues. These revenues have migrated towards digital formats and are now mostly reaped by U.S. online giants like Facebook and Google.

For some newspapers, the situation is so dire that it is threatening their survival. However, the fact is that print media play a key role in disseminating quality information in different areas of public interest, including politics, economics and culture. Print media also offers different points of view.

■ **Encouraging digital innovation in the business models of print media enterprises**

In order to support the digital adaptation projects of print media enterprises, the March 2018 Québec Economic Plan provides for the introduction of a five-year refundable tax credit to help them make the digital shift.

This initiative, which will be transformational for the print media industry, will encourage the integration of digital technologies in their business models, through the development of digital platforms and tools to help gather company data for analysis purposes with a view to furthering decision-making (business intelligence) in particular. Thus, the digital transformation of the media will contribute to increasing their marketing capacity, which will generate new subscription and advertising revenue.

More specifically, the tax credit will be available to print media enterprises that produce, in Québec, original, written informational content of general interest. The tax assistance will be 35% and apply to expenses related to the development of digital technologies that will allow them to adapt the digital offering, including:

- employee salaries and fees of consultants involved in the design and development of the digital offering and business intelligence;
- the cost of acquiring or leasing digital equipment and technologies for the development of the digital media offering and business intelligence.

The implementation of this tax credit for print media companies will provide \$64.7 million of financial assistance over five years, thus offering the necessary support for their digital transformation projects.

TABLE 11

Main parameters of the tax credit to support the digital transformation of print media companies

Parameters	Description
Eligible business	<ul style="list-style-type: none"> – The business must have an establishment in Québec and hold an eligibility certificate from Investissement Québec regarding the operation of a print or digital medium containing original written informational content.⁽¹⁾ An eligible print media enterprise: <ul style="list-style-type: none"> ▪ produces and distributes daily or periodically,⁽²⁾ by way of a print publication, an informational website or mobile application, original written informational content of general interest⁽³⁾ aimed specifically at the Québec public; ▪ has its own writing team in Québec composed of journalists responsible for producing original written news of general interest; ▪ has been producing and disseminating news for at least 12 months.
Eligible activities	<ul style="list-style-type: none"> – Activities related to the development or integration of digital technologies or tools for the adaptation of the eligible digital media offering and related to, among other things, business intelligence. <ul style="list-style-type: none"> ▪ Activities related to the maintenance or evolution of these digital technologies or tools will also be eligible provided they are related to the development or integration of activities.
Eligible expenses	<ul style="list-style-type: none"> – Salaries paid to full-time employees who spend 75% of their time doing or directly supervising work related to the performance of an eligible activity; – 80% of the cost of a contract for: <ul style="list-style-type: none"> ▪ the recruitment of a consultant to provide services consisting of eligible activities; ▪ the acquisition or lease of equipment and technologies (licenses, for example) required for the performance of an eligible activity.
Assistance level	<ul style="list-style-type: none"> – 35% of eligible expenses, up to \$7 million per company annually, with eligible expenses capped at \$20 million. <ul style="list-style-type: none"> ▪ This cap is subject to sharing within a group of associated companies if, during a taxation year, an eligible company is associated with one or more other companies.
Duration	– Eligible expenses incurred after the day of the Budget Speech 2018-2019 and before January 1, 2023. ⁽⁴⁾

(1) The written informational content can be news stories, profiles, interviews, analyses, columns, investigative reporting or editorials. For greater clarity, content whose source is a news agency or other medium is not considered original written content.

(2) A periodical must produce and disseminate content at least 10 times a year to qualify.

(3) Informational content of general interest means information that covers at least three of the following current event themes: politics, municipal news, international news, business and economy, culture, local news and general news. For greater clarity, advertising, promotional or thematic content (e.g. sports, cooking, decor and science) or specialized content on a type of personal, recreational or professional activity aimed at a specific group, association or category of individuals, among others, is not eligible.

(4) However, where an eligible asset is concerned, it must be acquired before January 1, 2022.

❑ Include digital platforms in the tax credit for Québec film or television production

The audiovisual production sector is changing rapidly, transforming broadcasting methods and the consumption of cultural works with the switch to digital platforms. Production and programming formats for audiovisual content must adapt to online viewing habits. These challenges represent new opportunities to be seized by the entire Québec film and television production industry for the development of Québec expertise in digital markets.

In order to adapt the tax credit for Québec film or television production to new digital environments, the March 2018 Québec Economic Plan plans to make appropriate changes to make productions intended solely for dissemination on digital platforms eligible.

— Currently, the productions accessible on these digital platforms may already be eligible for the tax credit, but only when they are also broadcast on television or screened in a movie theatre.

Extending the tax credit is an update required for the new reality of the audiovisual market that will better support Québec artists and creators. This initiative will entail additional financial support of \$11.6 million over five years.

TABLE 12

Main parameters of the tax credit for Québec film or television production

Base	Rate ⁽¹⁾
Eligible production	Basic rate
– Film or television production certified as a “Québec film” by SODEC	– French-language feature film and single documentary or giant-screen format film:
Eligible expenses	▪ 36% of eligible expenses (40% if production not adapted from a foreign format)
– Labour expenses directly attributable to the production	– Other production:
Maximum eligible expenses	▪ 28% of eligible expenses (32% if production not adapted from a foreign format)
– 50% of production costs	Enhancements
	– Regional: 10% or 20% (based on production category)
	– Computer-aided special effects and animation: 10% (based on production category)
	– According to the level of public financial funding: 16%

(1) The tax credit for Québec film or television production allows a corporation to claim a tax credit that can vary from 28% to 66% depending on the type of production.

2. A NEW CULTURAL POLICY TO MEET CURRENT AND FUTURE CHALLENGES

Adopted by the government in 1992, Québec's "Our culture, our future" cultural policy establishes the objectives that guide the government's initiatives in the area of culture. This policy was developed based on three main areas: cultural identity, creation and the arts, and the participation of citizens in cultural life.

The benefits of the cultural policy are many. First, this policy demonstrated the importance of culture in government action. It also enabled an improvement in the living conditions of artists, who drive Québec culture, and professionalization of the field. Lastly, the policy encouraged the development of partnerships with municipalities, in addition to showcasing Québec culture abroad.

❑ The need to renew the cultural policy

As with any government policy, Québec's cultural policy has evolved. When it was adopted, its objective was to reflect society's values, by rallying the various players around a joint vision. More than 25 years later, globalization, technological evolution, demographic changes and migration patterns have led to major changes in society and its relationship with culture. The advent of digital technology in particular has wrought in-depth changes to the way in which culture is accessed, by young people, for example.

Considering Québec's ever-increasing openness to the world, living together now offers inspiring cultural challenges. In particular, the rich and vibrant First Nations and Inuit cultures must be preserved and echo across Québec. The contribution of new Quebecers to the shared culture must also be showcased. Lastly, culture must bring all Quebecers together, especially the most disadvantaged.

❑ Cultural policy renewal project

In 2016, the government launched a cultural policy renewal project in order to take into account the new socioeconomic realities. This approach addresses the public as well as artistic circles and local governments.

Since the beginning of the work, the review of the cultural policy has been based on a participative approach designed to rally all stakeholders around a unifying project that will foster cultural development throughout Québec. Public consultations were carried out in the 17 Québec regions when the renewal of the policy was announced. A second consultation step also took place on the new cultural policy project, which was presented by the government in June 2017.

The Minister of Culture and Communications will soon be tabling the new Québec cultural policy.

APPENDIX 1: MARCH 2018 QUÉBEC ECONOMIC PLAN MEASURES – CULTURE

TABLE 13

Financial impact of measures to implement the cultural policy (millions of dollars)

	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Bring culture closer to youth and community							
Cultural outings for students in school daycare services	—	-7.0	-7.0	-7.0	-7.0	-7.0	-35.0
Other measures of the cultural policy	—	-8.4	-8.5	-8.5	-8.5	-9.1	-43.0
Support for the social and educational action of cultural institutions	-35.0	—	—	—	—	—	-35.0
Subtotal	-35.0	-15.4	-15.5	-15.5	-15.5	-16.1	-113.0
Nurture creation and excellence							
Increase budgets for creation, production and dissemination (CALQ and SODEC)	—	-17.4	-18.6	-19.9	-21.3	-22.8	-100.0
Other measures of the cultural policy	—	-3.0	-4.0	-4.0	-4.0	-5.0	-20.0
Improvement of the tax credit for film dubbing	—	-0.2	-0.5	-0.7	-0.8	-0.8	-3.0
Extension of the tax credit for a first major cultural gift	—	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
Improvement of the tax credit for the production of multimedia events or environments presented outside Québec	—	-0.1	-0.1	-0.2	-0.3	-0.3	-1.0
Support for the development of cultural institutions	-42.4	—	—	—	—	—	-42.4
Subtotal	-42.4	-21.2	-23.7	-25.3	-26.9	-29.4	-168.9

TABLE 13

Financial impact of measures to implement the cultural policy (cont.)
(millions of dollars)

	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Support culture and heritage in all regions of Québec							
Enhance the funding for the Québec Cultural Heritage Fund	—	-4.0	-4.0	-4.0	-4.0	-19.5	-35.5
Offer free museum visits one Sunday per month	—	-0.6	-1.1	-1.1	-1.1	-1.1	-5.0
Other measures of the cultural policy	—	-8.7	-9.1	-9.1	-9.1	-9.6	-45.6
\$30 million for the SODEC investment bank in all regions of Québec	—	—	—	—	—	—	—
Support organizations and events across Québec	-19.6	—	—	—	—	—	-19.6
Extension of the Fund for major events	-5.0	—	—	—	—	—	-5.0
Subtotal	-24.6	-13.3	-14.2	-14.2	-14.2	-30.2	-110.7
Deploy Québec culture in cyberspace							
Support cultural enterprises with the digital shift	—	-7.0	-8.0	-8.0	-8.5	-8.5	-40.0
Institute a tax credit to support the digital transformation of print media companies	—	-1.0	-7.9	-15.5	-19.3	-21.0	-64.7
Include digital platforms in the tax credit for Québec film or television production	—	-0.5	-1.9	-2.9	-3.1	-3.2	-11.6
Subtotal	—	-8.5	-17.8	-26.4	-30.9	-32.7	-116.3
TOTAL	-102.0	-58.4	-71.2	-81.4	-87.5	-108.4	-508.9

APPENDIX 2: MUSEUMS OPEN FREE OF CHARGE ONE SUNDAY PER MONTH

TABLE 14

List of museums open free of charge one Sunday per month

Bas-Saint-Laurent

Association patrimoniale de Saint-Denis-de-la-Bouteillerie
Corporation de développement faunique touristique et culturel, "FAUCUS"
La Corporation du Musée régional de Rimouski inc.
Musée du Bas-Saint-Laurent
Musée François-Pilote
Société d'histoire et d'archéologie du Témiscouata inc.
Société rimouskoise du patrimoine
Les Amis des Jardins de Métis inc.

Saguenay-Lac-Saint-Jean

Centre d'histoire et d'archéologie de la Métabetchouane
Corporation de la vieille fromagerie Perron de Saint-Prime
Corporation du Moulin des pionniers de La Doré inc.
Corporation du Parc régional de Val-Jalbert
La Corporation du Musée du Saguenay-Lac-Saint-Jean et du site de la Pulperie
Musée du Fjord
Musée Louis-Hémon inc.
Société d'histoire du Lac-Saint-Jean inc.
Société d'histoire et d'archéologie de Mashteuiatsh

Capitale-Nationale

Corporation de la Vieille Forge Cauchon
Monastère des Augustines : lieu de mémoire habité
Centre d'interprétation de la Côte-de-Beaupré
Corporation des lieux historiques de Pont-Rouge (lieu d'interprétation)
Corporation du Moulin des Jésuites
Fondation du Parc maritime de Saint-Laurent-de-l'Île-d'Orléans
La Maison Léon-Provancher
Les Moulins de L'Isle-aux-Coudres
L'Îlot des Palais
Maison de Nos Aïeux
Maison Drouin

Capitale-Nationale (cont.)

Musée d'art contemporain de Baie-Saint-Paul
Musée de Charlevoix
Musée de la civilisation
Musée maritime de Charlevoix
Musée national des beaux-arts du Québec
Province du Québec de l'Union canadienne des moniales de l'ordre de Sainte-Ursule
Société d'art et d'histoire de Beauport inc.

Mauricie

Boréal
Moulin seigneurial de Pointe-du-Lac inc.
Musée Pierre-Boucher
Musée québécois de culture populaire
Vieux presbytère de Batiscan

Estrie

Corporation du Vieux moulin d'Ulverton inc.
La Société d'histoire de Sherbrooke
Musée Beaulne inc.
Musée Colby-Curtis
Musée de la nature et des sciences inc.
Musée des beaux-arts de Sherbrooke inc.

Montréal

Centre Canadien d'Architecture
Écomusée de la maison du fier monde
Le Centre commémoratif de l'Holocauste à Montréal
Le Musée des maîtres et artisans du Québec
Maison Saint-Gabriel
Musée de la mode
Musée du Château Ramezay
Musée McCord Stewart
Musée Marguerite-Bourgeoys
Société du Château Dufresne inc.
Musée des beaux-arts de Montréal
Musée d'art contemporain de Montréal

Source: Ministère de la Culture et des Communications.

TABLE 14

List of museums open free of charge one Sunday per month (cont.)

Abitibi-Témiscamingue	Lanaudière
Centre d'exposition de Rouyn-Noranda inc.	Corporation du patrimoine de Berthier inc.
Comité du patrimoine de l'École du rang II d'Authier	Musée d'art de Joliette
Corporation de La maison Dumulon	Société de développement culturel de Terrebonne
Maison du Frère-Moffet	
Musée minéralogique de Malartic	Laurentides
Société historique P.E. Gendreau	Musée d'art contemporain des Laurentides
Côte-Nord	Montérégie
Chapelle de Tadoussac	L'Association canadienne d'histoire ferroviaire
Corporation de diffusion de l'archéologie de la Côte-Nord	Maison nationale des Patriotes
Corporation de promotion et de développement du site du phare historique de Pointe-des-Monts	Musée des beaux-arts de Mont-St-Hilaire
Musée régional de la Côte-Nord inc.	Musée du Haut-Richelieu
	Musée régional de Vaudreuil-Soulanges
Gaspésie-Îles-de-la-Madeleine	Pointe-du-Buisson, Musée québécois d'archéologie
Musée de la Gaspésie	Société d'histoire de Missisquoi
Corporation du Bourg de Pabos inc.	Centre-du-Québec
Le Centre socio-culturel Manoir LeBoutillier	Maison Rodolphe-Duguay de Nicolet-Sud
Musée acadien du Québec	Musée d'histoire, d'ethnographie et d'art religieux de Nicolet
Musée de la Mer inc.	Société des amis du moulin Michel inc.
Site historique du Banc-de-Paspébiac inc.	Société historique d'Odanak
Chaudière-Appalaches	
Fondation du Domaine Joly-De Lotbinière	
La Corporation touristique de la Seigneurie des Aulnaies	
Le Musée maritime du Québec inc.	
Musée Marius-Barbeau	
Musée minéralogique et minier de Thetford Mines	

Source: Ministère de la Culture et des Communications.