Minister Leitão Gives an Update on the Federal-Provincial-Territorial Finance Ministers Meeting

Québec, December 21, 2015 – Minister of Finance Carlos Leitão said he was satisfied with the federal-provincial-territorial finance ministers meeting held in Ottawa today. “Several topics important to the Québec economy were touched on and the discussions were constructive. While some topics require further discussion, I want to emphasize the spirit of cooperation at the meeting,” the Minister stated.

Economic and budgetary situation
The finance ministers began their meeting with a discussion with Bank of Canada Governor Stephen S. Poloz on the economic outlook for Canada and the global economic outlook.

With respect to the economy, Mr. Leitão said that economic growth is continuing in Québec, driven mainly by household consumption and strong export performance. In fact, the economic outlook in the November 2015 update of the Québec Economic Plan anticipates 1.5% real GDP growth in 2015, the same as in 2014, and a slight acceleration in 2016, with real GDP growth reaching 1.7%.

“Next year, the strengthening U.S. economy and the favourable exchange rate will help increase our exports. In addition, household consumption will continue to be sustained by job creation. Moreover, non-residential business investment is expected to make a greater contribution to economic expansion,” the Minister indicated.

With respect to budgetary matters, the Minister of Finance emphasized that the 2015 fall update confirmed a balanced budget in 2015-2016, as planned, in accordance with the government’s commitments. “Our economic plan will give new momentum to the Québec economy, which will benefit all sectors,” Mr. Leitão added.

Infrastructure investment
Investment in public infrastructure development is key to economic growth. Accordingly, over the next ten years, Québec plans to invest $88.4 billion under its Québec Infrastructure Plan (QIP), despite the considerable effort required to control spending in order to maintain a balanced budget.
“Infrastructure investment constitutes an important lever for economic growth. In fact, at the previous meeting, Ontario and Québec had made a joint request for a bigger contribution by the federal government. Québec therefore welcomes the planned $60-billion increase in federal investments announced during the election campaign. I hope that the new funds and the payments will soon be forthcoming, that they will be in keeping with Québec’s demographic weight and that they will contribute to the development of all infrastructure projects considered priorities for Québec,” Mr. Leitão emphasized.

**Canada Health Transfer**
The Minister of Finance also welcomed the federal commitment to invest more in health, mentioning in the same breath the substantial shortfall stemming from the Canada Health Transfer (CHT) changes announced as of 2016-2017 by the previous federal government. “The federal health announcement is a step in the right direction. However, for the federal contribution to the provinces’ health expenditures to be fairer, the federal government must gradually increase its funding to a share representing 25% of provincial health spending, a share comparable to 1977-1978 levels,” Mr. Leitão explained. “It is a matter of paramount importance to Québec and we will continue to closely monitor the work of our colleagues, the health ministers, who will spearhead this file. The new federal government’s desire for consultation and collaboration should enable Québec to put forward its position in the file,” the Minister concluded.

The Minister reiterated Québec’s request that the CHT take into account the demographic weight of persons age 65 and over, since it has been shown that it costs five to six times more to provide care to that age group than to persons under the age of 65.

**Enhancement of the Canada Pension Plan and the Québec Pension Plan**
Québec believes it is important to examine the options available for improving the existing system, so that everyone has an adequate standard of living on retirement. That is the spirit in which Québec will continue to work with the federal government, and in close cooperation with the other provinces and territories, in order to evaluate the possibility of a modest, gradual and fully capitalized enhancement of the Canada Pension Plan and the Québec Pension Plan. The enhancement must specifically address the needs of people faced with not having enough income on retirement.

“However, our work must take into account demographic change in Québec, where the population is aging faster than elsewhere in Canada, the less favourable financial situation of the Québec Pension Plan and the impact of any enhancement on the economy,” the Minister of Finance was quick to point out.

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