

**The Québec Economic Plan – October 2016 Update**

**“Québec’s fiscal integrity has been restored,”  
Minister Leitão declared**

**Québec, October 25, 2016.** – Minister of Finance Carlos Leitão made this announcement today in conjunction with the presentation of the update of the Québec Economic Plan. The update confirms the significant improvement in Québec’s economic and financial situation and enables the government to announce additional investments of \$2.2 billion to strengthen the funding of public services and infrastructure. The government is also moving up complete elimination of the health contribution to January 1, 2017.

“We are meeting our commitments. Balance has been achieved, the Québec economy is doing well, the job market is growing rapidly and our debt is declining. Our economic plan is working and has enabled Québec’s fiscal integrity to be restored. We have restored confidence and stability. We have given back to Québec the means to make choices in order to meet the needs and priorities of Quebecers. Québec has regained the means to fulfil its ambitions,” the minister said.

**A budgetary surplus for fiscal 2015-1016**

*Public Accounts 2015-2016*, tabled today, confirms that a balanced budget has been achieved. Fiscal 2015-2016 saw an improvement of \$2.2 billion. This strong performance was achieved through higher-than-expected revenues flowing from the strong performance of the economy and through one-off, non-recurring savings.

**Additional investments in health, education and regional development**

Considering the soundness of public finances sustained by a more robust economy, immediate investments reaching \$510 million over a full year are announced to strengthen the funding of the state’s priority missions:

- \$300 million per year, as of 2017-2018, in health and social services, and \$100 million as of this year, to prioritize, in particular, home care and residential care for persons suffering from a loss of functional independence;
- \$110 million per year, as of 2017-2018, in education and higher education, and \$35 million as of this year, to increase student success;
- \$100 million per year, as of this year, to boost the economy in all regions of Québec.

Overall, these investments total nearly \$1.8 billion over three years.

### **An additional \$400 million for the Québec Infrastructure Plan**

To meet Québec's significant needs for quality public infrastructure, the government will maintain a high level of public capital investment under the Québec Infrastructure Plan (QIP). Accordingly, an additional investment of \$400 million is announced for the 2017-2027 QIP, which will total \$89.1 billion.

"In 2017-2018, infrastructure investments will reach \$10 billion and will be earmarked first and foremost for the replacement of outdated infrastructure, economic development projects and sports infrastructure in the regions. These investments will be a powerful driver of job creation in all regions of Québec," Mr. Leitão explained.

### **Elimination of the health contribution as of 2017**

As part of the update of the Québec Economic Plan, the finance minister also announced the complete elimination of the health contribution as of January 1, 2017—two years ahead of schedule. This measure, which will benefit 4.5 million taxpayers, represents an annual reduction of the tax burden of almost \$760 million. Over a five-year period, \$3.2 billion will be put back in Quebecers' pockets and, of that amount, nearly 85% will go to low- and middle-income households. This measure raises the tax relief already announced for individuals to close to \$4 billion over five years. When fully implemented, these measures represent tax relief of almost \$1 billion a year.

### **Debt reduction**

At March 31, 2016, Québec's gross debt had fallen by \$610 million. This strong performance resulted in a decrease in the debt burden on the economy to 53.8% of GDP, a decline of 1.3% compared to March 2015.

"For the first time since the end of the 1950s, Québec's gross debt is in decline. It is an important turning point, and we will continue to take vigorous action on this front, in particular through the Generations Fund. We are maintaining our objective, enshrined in law, to reduce the gross debt burden to 45% of GDP. We have better control over our debt; this was and continues to be a commitment of ours to the security and equity of young people and future generations," the minister declared.

### **Acceleration in economic growth**

Sustained primarily by robust growth in household consumption and an upturn in business investment, economic growth will accelerate in Québec to reach 1.4% in 2016 and 1.5% in 2017. This stronger economic activity fosters an improved standard of living for Quebecers.

"Several indicators point to stronger consumer and investor confidence in the Québec economy. This confidence is reflected in the growth of the labour market, which contributes to buoying consumer spending," the minister emphasized.

**Continued job creation**

Employment in Québec is on a marked upswing, a sign of a growing economy and renewed business confidence. Since May 2014, 127 800 jobs have been created in Québec, including 125 200 full-time jobs and 97 600 jobs in the private sector. Québec alone has created close to 50% of private sector jobs in Canada.

In the same vein, Québec's unemployment rate is at its lowest level since 2008 and is expected to continue falling. The rate was 7.6% in 2015 and is expected to decrease to 7.2% in 2016 and 6.9% in 2017.

"In light of the update presented today, we can affirm that our actions have been successful. As a result of the significant improvement in our economic and financial situation, we are able to invest more in public services, in particular health and education, while continuing to stimulate investment and innovation by our businesses in all regions. We have good reasons to be confident, and we will continue our efforts to enable Québec to develop to its full potential and in keeping with its talents," Mr. Leitão concluded.

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Source: Audrey Cloutier  
Press Relations Officer  
Office of the Minister of Finance  
Phone: 418 643-5270