



FOR IMMEDIATE RELEASE

The Québec Economic Plan – November 2017 Update

Enabling Quebecers to Reap the Benefits of Growth

Québec, November 21, 2017. – The soundness of public finances, the positive effects of the Québec Economic Plan and the robustness of the economy enable the government to announce new measures to improve the quality of life of families. Through these new measures, it will be possible to continue easing Quebecers' tax burden, reduce poverty, further invest in educational success and health, and support the economy in all regions.

Minister of Finance Carlos J. Leitão confirmed today that the sound management of public finances and the economy's strong performance since the beginning of the year had resulted in a budgetary surplus of \$2.4 billion at the end of fiscal 2016-2017. He immediately confirmed that 50% of surpluses would be used to lower Quebecers' income tax.

Three years ago, the government was given the mandate to put public finances back in order. The results, confirmed by the credit rating agencies, show that we have taken the right actions at the right time. Consumer and business confidence is at an all-time high, businesses have begun investing again and wages are on the rise. We can now step up our plan's implementation with the money we have.

The economy's vitality is reflected in the labour market. Since May 2014, 201 800 jobs have been created, the majority of them being full time and in the private sector. After falling to a historic one-year low of 7.1% in 2016, Québec's unemployment rate is expected to continue to drop, reaching 6.1% in 2017, a level below that forecast for Canada. Trending in pace with economic developments, Québec employees' wages have risen more than those of their counterparts in Canada as a whole. Today, Québec has one of the best-performing economies in the country.

A responsible reduction in the tax burden of families

The favourable economic conditions allow for additional initiatives to be taken to improve the standard of living of families, by easing the tax burden on individuals. The government is lowering the applicable tax rate for the first dollars of earned income, from 16% to 15%, retroactively to January 1, 2017. With this measure, combined with the elimination of the health contribution and the increase in the basic personal amount, Quebecers' tax burden will be permanently reduced by \$2.3 billion per year as of 2017.

Assistance for families for the purchase of school supplies

To help families with expenses relating to the purchase of back-to-school supplies, the government will allocate a \$100 supplement per school-aged child to families each year, in July. For 2017, the government will allocate \$100 per child in January 2018.

Thus, a family with two school-aged children, where each spouse earns an income of \$44 050, will see an annual reduction in its tax burden of \$1 200 as of 2017.

A far-reaching plan to reduce poverty

To complement the tax relief presented, and to also provide support for people who are more vulnerable, the government is announcing the implementation of the third Plan to Combat Poverty and Social Exclusion. This plan, the details of which will be announced by the Minister of Employment and Social Solidarity, will focus on two areas:

- increasing the disposable income of persons living in poverty, while maintaining an incentive to enter the labour market;
- fostering social participation, and inclusion.

The plan will pay special attention to the situation of people with a severely limited capacity for employment. Certain measures announced address the directions proposed by the Expert Committee on Guaranteed Minimum Income, which recommends that, in the case of people who do not have a severely limited capacity for employment, emphasis be placed on measures to encourage entry into the labour market. Overall, the planned measures will lead to investments totalling almost \$2.6 billion over six years, which will help lift more than 100 000 people out of poverty.

Encouraging educational success

In keeping with the Policy on Educational Success launched in June 2017, the government is announcing a \$337-million increase over six years in the amounts that will be allocated to the Strategy on Educational Services for Children Between the Ages of 0 and 8. The objectives of this increase include promoting equality of opportunity for all, and bolstering and supporting the quality of education in childcare services. Concretely, among other things, this will enable 500 additional professionals, speech therapists and ortho-pedagogists to be hired for elementary school students as of September 2018.

Additional amounts totalling \$107 million will also be invested in the coming years in higher education to hire 120 additional resources to train and educate students.

These amounts are in addition to the investment of \$3.4 billion over six years announced in the budget of March 2017, which will enable 5 000 people to be hired to provide direct services to students, including 1 500 who have been working in our schools since the start of the current school year.

Overall, spending on education and higher education will rise by 5.4% in 2017-2018.

Investing more in health

The government is continuing its plan to improve access to, and the quality of, health care services. The economic update provides for further investments of \$630 million—\$105 million per year—as of this year, to improve residential care services for seniors and services for vulnerable clientele, and to prevent addiction, such as cannabis addiction.

Health program spending will therefore grow by 4.2% for fiscal 2017-2018.

Support for the economy in all regions

Since 2014, the government has taken action on several fronts to stimulate economic growth in all regions of Québec, by creating an environment conducive to business development, new economic initiatives and job creation. Québec is now recognized as one of the best-performing economies in Canada.

This update provides for additional investments of \$667 million in new initiatives that will have an impact throughout Québec. In particular, the government will inject \$367 million into the existing program to step up deployment of high-performance digital infrastructure in all regions of Québec. This will provide over 90% of Quebecers with ultra-high-speed Internet within five years.

Reducing the debt burden remains a priority

The burden of Québec's gross debt on the economy continues to decrease. At March 31, 2017, it stood at 51.9% of GDP, whereas, a year earlier, the ratio was 53.4%. The objective, set forth in the *Act to reduce the debt and establish the Generations Fund*, is still to reduce the gross debt to 45% of GDP by 2025-2026.

Quote:

"Since 2014, we have done exactly what we said we would do. We have taken significant measures to put the house in order. We have taken the right actions at the right time to restore public finances, rebuild consumer and business confidence, and give new impetus to our economy, in order to improve public services, especially health and education.

Thus, thanks to our actions, the favourable conditions now enable us to step up the implementation of our plan to ease Quebecers' tax burden, while controlling our debt to ensure intergenerational fairness.

This update is an extension of previous budgets and confirms our determination to concretely improve the quality of life and standard of living of Québec families.

All Québec families must be able to reap, and will be able to further reap in the years to come, the benefits of growth. We are going to pursue the implementation of our plan. A structured, balanced and realistic plan that benefits Québec families."

Carlos J. Leitão, Minister of Finance of Québec

Highlights:

- With the strongest economic growth in the past 15 years, the lowest unemployment rate in its history and wages that are rising faster than in the rest of Canada, Québec is now recognized as one of the best-performing economies in the country.
- Thanks to the decrease in the bottom tax rate, the increase in the basic personal amount and the elimination of the health contribution, the tax burden on approximately 4.7 million taxpayers will be permanently reduced by \$2.3 billion per year as of 2017.
- A supplement of \$100 per child for school supplies brings the decrease in the tax burden to \$1 200 for a family with two school-aged children.
- The government is meeting its commitment to devote 50% of surpluses to the reduction of Québec families' income tax.
- The third Plan to Combat Poverty and Social Exclusion provides for additional investments of \$2.6 billion, which will lift more than 100 000 people out of poverty.
- The update also provides for additional investments of \$630 million dollars in health and \$444 million in education, to improve access to, and the quality of health care, and for educational success.
- In addition, it allocates \$667 for regional economic development, including \$367 million to deploy digital infrastructure that will provide 90% of Quebecers with ultra-high-speed Internet.

Related link:

Details of the November 2017 update of the Québec Economic Plan:

<http://www.finances.gouv.qc.ca/en/Department323.asp>

Source:

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