

FOR IMMEDIATE RELEASE

**Update on Québec's Economic and Financial Situation**

**Québec's new government is putting \$1.7 billion  
back in the pockets of families and seniors**

**Québec, December 3, 2018.** – The Premier of Québec François Legault and the Minister of Finance Eric Girard have taken the opportunity provided by the fall economic update to announce concrete actions for putting money back in the pockets of Québec families and seniors. The government is also taking steps to encourage acceleration of business investment and continue efforts to fight climate change.

In addition, owing to the economic situation, Québec has seen greater-than-anticipated growth in its tax revenue. As a result, the most recent forecasts point to a surplus of \$1.7 billion for 2018-2019. This leeway is enabling the government to put money back in the pockets of Quebecers immediately and spur business investment, while keeping the budget balanced in the coming years.

**Further support for families and seniors**

In response to its commitment to improve financial support for families and seniors, the new government is implementing measures that will give them back \$1.7 billion over the next five years:

- introduction of a family allowance, a measure that is more generous than the former child assistance payment for families with more than one child;
  - This will raise the maximum amount for the second and third children by \$500 a year as of January 2019.
- freeze on the additional contribution for subsidized childcare starting in 2019 to give families even more breathing room until this additional contribution is completely eliminated in the next budget;
- introduction, in 2018, of an amount to support low-income seniors aged 70 or over.

**Acceleration of business investment**

Actions totalling \$1.6 billion over five years are also being announced to encourage acceleration of business investment so as to help businesses boost their productivity, in line with federal government actions:

- increase to 100%, as of the first year, in the depreciation rate applicable in respect of computer hardware, manufacturing and processing equipment, clean energy generation equipment and intellectual property;
- introduction of an enhanced depreciation in respect of all other types of investment.

To make Québec *the best* place to invest in Canada, the government has also taken the following steps:

- introduction of a permanent additional capital cost allowance of 30% for certain types of investments;
- extension of electricity discount programs for major industrial customers and for greenhouses, and broadening these programs to include large businesses served by off-grid systems.

### **Continuing efforts to fight climate change**

In addition, the government is reiterating its commitment to continue the fight against climate change by encouraging the acquisition of green vehicles and funding rebate programs for the purchase or leasing of new or used electric vehicles until March 31, 2019. At the same time, the government is announcing that it will study the means that should be taken to optimize this measure.

### **Acceleration of debt repayment**

Through the Update on Québec's Economic and Financial Situation, the government intends to use, by spring 2019, an unprecedented amount of \$8 billion from the Generations Fund to repay borrowings on financial markets. This sum is in addition to the \$2 billion already paid at the beginning of fiscal 2018-2019. This is a very important step toward ensuring intergenerational equity, an issue of major concern to the new government.

This acceleration of debt repayment will generate interest savings of \$332 million over five years. In total, over the same period, debt repayment will free up \$1.4 billion that can be used to fund public services.

The government is also confirming that the debt reduction objective set forth in the *Act to reduce the debt and establish the Generations Fund* is being met. This objective, which is to reduce the gross debt burden to 45% of GDP by 2025-2026, will be achieved as of 2020-2021, or five years earlier than planned.

### **Quotations:**

"Today, we are starting to deliver on our promises to families and seniors. My government is not going to disregard Quebecers' financial means. The new government is going to strike a balance between services and Quebecers' financial means, particularly those of families and seniors. This economic update contains measures to spur business investment and create well-paid jobs, but our first steps, our first financial decisions, are aimed at helping families and seniors."

*François Legault, Premier of Québec*

"This fall update is providing the government with an opportunity to take its first actions. We had promised to move quickly to put money back in the pockets of families and seniors in Québec and we're doing so today through a number of concrete actions. In the coming months and years, we will continue to ensure that the Québec economy is one of the top-performing economies in Canada and North America and to offer Quebecers top-quality public services. The measures announced today for businesses will allow them to boost their investments and improve their productivity so that they can rise to the constant challenge of remaining competitive."

*Eric Girard, Minister of Finance of Québec*

### **Highlights:**

- Nearly \$3.3 billion over five years will be allocated to achieving a higher standard of living for Quebecers and to supporting the economy.
- Through the family allowance, over 423 000 Québec families will receive, as of January 2019, additional tax assistance of up to \$500 a year in the case of families with two children and \$1 000 a year in the case of families with three children.
- The freeze on the additional contribution for childcare in 2019, which will benefit 140 000 families, is the first step toward eliminating this contribution, which is to be done gradually as of the next budget, like the Premier promised during the election campaign.
- The introduction of the new tax credit for senior assistance will provide more than 570 000 people aged 70 or over with annual assistance totalling up to \$200 for single individuals and \$400 for couples starting in 2018.

**Related link:**

*Update on Québec's Economic and Financial Situation:* <http://www.finances.gouv.qc.ca/update>

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