



BUDGET 2013-2014 Press Release No. 1

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A Government Close to Families

Québec, November 20, 2012 – “The government will make life easier for families. This budget will enable tax justice, essential to the proper functioning of our society, to be restored. Middle-class families who struggle to make ends meet will see their financial burden eased. Conversely, the State will require the more affluent among us to do more. In addition, the government will work within its means to help parents of young children—the families that build the future of the Québec nation on a daily basis,” the Minister of Finance and the Economy, Nicolas Marceau, said in tabling the Québec government’s 2013-2014 budget.

Reduction in the tax burden of millions of Quebecers

The Minister announced that the flat health tax is being eliminated and replaced by a progressive health contribution as of 2013.

“We have chosen to improve the situation of as many people as possible. Overall, 4.4 million Quebecers—over two-thirds of taxpayers—will pay less or be fully exempt in 2013. In addition, the new progressive health contribution will be based on individual income. From now on, each person will pay the health contribution according to his or her financial capacity,” the Minister explained.

To offset the decrease in government revenue following the changes to the health contribution and further improve the sharing of the effort, the Minister announced that the tax rate on income over \$100 000 will be increased by 1.75 percentage points.

“All revenue from the new health contribution and the increase in the tax rate on income over \$100 000 will be deposited in the Fund to Finance Health and Social Services Institutions.”

Cancellation of the increase in the price of heritage electricity

“Continuing in the vein of help for families, we are giving them relief from a substantial increase in electricity rates announced by the previous government. At term, the planned increase of 1 ¢/kWh over five years would have resulted in a 20% increase, or \$408 a year, in the electricity bill for an average-sized house. This increase is being abolished,” the Minister announced.

“Like many government rates, the price of heritage electricity will be tagged to inflation. After five years, this will represent savings of \$288 a year for an average-sized house,” the Minister explained.

Development of Québec children

The Minister pointed out that many Québec families do not have the financial resources necessary for their children to be able to take part in physical, artistic or cultural activities, activities through which young people stay healthy, discover their talents and develop.

He announced that the government will introduce, as of 2013, a refundable tax credit for physical, artistic and cultural activities for children and young people aged 5 to 16. The tax credit will reimburse 20% of eligible expenses, up to \$500, for a maximum of \$100 per child. It will be available to families with an income of up to \$130 000.

The tax credit will be implemented gradually over five years, as of the 2013 taxation year. The sum of \$35 million will be invested in this measure in 2017 and subsequent years.

“As of 2014, the cumulative effects of these three measures will enable a couple with two children and one income of \$70 000 to save \$334 a year. A couple with two children and one income of \$35 000 will save \$534. At term, these families will have saved \$688 and \$888, respectively,” the Minister said.

One child, one space

“Many families still have problems finding daycare spaces for their children. Nearly 222 000 spaces have been created, but needs are estimated at 250 000 spaces. I am announcing that we will fund 28 000 new spaces at \$7, which will fulfil these needs. We will finally be able to say with pride: one child, one space,” the Minister proudly declared.

Opportunity for all

Many low-income families have trouble finding housing. The government will help these families by building 3 000 new affordable housing units.

An accessible university system

“Cancelling the increase in tuition fees enacted by the previous government and repealing the unacceptable provisions of Law 12 were the first two decisions made by our government,” the Minister reminded everyone.

He mentioned that Premier Pauline Marois and her colleague the Minister of Higher Education, Research, Science and Technology, Pierre Duchesne, have invited all partners to a brainstorming session and summit, to be held in February 2013, on the issues surrounding universities.

Focusing on our culture

“Our government attaches great importance to Québec culture. I am especially pleased to announce that the budget of the Ministère de la Culture et des

Communications will be raised by 2.1%. The culture budget will account for 1% of government program spending.”

Retirement plans

In recent years, a number of retired workers went through tough times when their retirement plans were affected by the financial crisis. The crisis continues to put strong financial pressure on retirement plans. “The issue of retirement plans is being carefully studied by the panel of experts chaired by Alban D’Amours. As soon as we receive the committee’s recommendations, we will take action—with all of the players concerned,” the Minister stated.

He also mentioned that the government continues to consider improvements it could make to the basic public retirement plans.

The government will offer workers who do not have access to a retirement plan an additional means of saving for retirement, which will be voluntary. In the coming months, it will table a bill to establish voluntary retirement savings plans.

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“These are actions that give Québec families a break and meet their needs, within our means. These are the first steps in laying the groundwork for strengthening solidarity, an important value of the Québec nation,” the Minister concluded.

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