

The Québec Economic Plan

A Balanced Budget and an Economic Plan That Will Give Québec New Momentum

Québec, March 26, 2015 – The Minister of Finance, Carlos Leitão, confirmed in his Budget Speech today that fiscal balance will be restored in 2015-2016, following six consecutive years of deficit that have added almost \$16 billion to the debt. He also presented The Québec Economic Plan, which will guide the actions taken by the government in the coming years to give new momentum to Québec.

“This budget confirms that the efforts made to put public finances in order and control spending have paid off. We honoured our commitment and now we are entering a new phase focused on economic and employment growth for the benefit of all Quebecers,” the Minister stated.

A balanced budget

The measures put forward in last June’s budget and December’s Economic Update have enabled the government to lower the deficit to \$2.35 billion for fiscal 2014-2015, as forecast. The measures in the Economic Plan, coupled with the favourable economic growth outlook, will make it possible to balance the budget in 2015-2016 and keep it balanced thereafter.

In 2015-2016, the government’s consolidated revenue will be just over \$100 billion. Own-source revenue will continue to grow, increasing from a rate of 3.5% in 2014-2015 to 4.4% in 2015-2016 and then rising by 3.3% in 2016-2017.

Growth in consolidated expenditure excluding debt service was reduced to 2.9% in 2014-2015, compared to a rate of 4.7% the previous year. Consolidated expenditure excluding debt service will stand at \$88.1 billion in 2015-2016, an increase of 1.5%.

“We will achieve our budgetary objectives while maintaining our deposits in the Generations Fund, which will total \$1.6 billion in 2015-2016. In addition, spending will be controlled to reduce the weight of the government’s missions in the economy to 21.5% by 2020, a sustainable level that is equivalent to the level before the 2009 recession,” Mr. Leitão underlined.

Reduction in the debt burden

In 2015-2016, the debt-to-GDP ratio will start to decline, after rising steadily since 2009. At March 31, 2016, the ratio will be 54.0%, a decrease of 0.9 percentage point. In 2015-2016, consolidated debt service is expected to stand at \$10.5 billion.

“Our government is therefore maintaining its debt reduction objectives, as well as its deposits in the Generations Fund, so as to bring the gross debt down to only 45% of GDP in 2026,” Mr. Leitão said.

The Québec Economic Plan

Budget 2015-2016 presents an economic plan designed to ensure Québec’s growth and development over the short and medium terms. The actions included in the plan will total \$3.4 billion over the next five years, including \$2.5 billion in tax relief. They will result in \$13 billion in investments in the Québec economy.

More specifically, the Québec Economic Plan includes measures to:

- lower the tax burden on individuals and businesses with a view to encouraging work and investment;
- stimulate investment and foster economic development in all regions of Québec;
- encourage greater labour market participation by ensuring a better alignment between training and employment.

“This plan constitutes an initial response to the recommendations of the Québec Taxation Review Committee, in particular by providing for significant tax relief for individuals and corporations. In addition, we are moving forward with major initiatives to foster economic expansion and meet the challenges Québec will face in the coming years, in particular that of population aging,” the Minister noted.

Economic growth is accelerating

Driven in particular by international exports, which jumped 10.9% during the past year, the Québec economy has entered a clear recovery period. After growing by 1% in 2013, GDP rose by 1.5% in 2014 and is expected to increase by 2% in 2015 and 2016.

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