

March 2016

THE QUÉBEC **ECONOMIC PLAN**

**BUDGET
SPEECH
2016-2017**

Delivered before the National Assembly
by Carlos Leitão, Minister of Finance,
on March 17, 2016.



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FOR A MODERN, PROSPEROUS QUÉBEC

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INTRODUCTION

Mr. President,

Today, our government is tabling its third budget, and this budget marks a major milestone in delivering on our commitments regarding public finance management and economic development.

We have gotten our fiscal house in order.

We have laid a solid foundation on which to build our prosperity.

With this budget, we are giving ourselves the means to navigate a changing society and economy alongside all Quebecers and build a modern, prosperous Québec.

I am proud to confirm today that Québec returned to a balanced budget in fiscal 2015-2016.

And I am especially proud to announce that the Québec government is tabling a balanced budget for the second year in a row, that is, for fiscal 2016-2017.

For the first time since March 2008, a Québec government will have tabled two consecutive balanced budgets.

■ **The set objective has been achieved**

The objective we set ourselves has been achieved thanks to healthy revenues and spending control.

Achieving these results was a collective effort. I want to underscore the role played by all Quebecers in getting government finances in order. Now, all Quebecers will reap the rewards.

I also wish to thank all of our government colleagues, in particular the Chair of the Conseil du trésor. My thanks also go to the Ministère des Finances team and the staff in my office for the work they have accomplished over the last two years. This budget, like the previous ones, is not the fruit of one man's work, but rather the product of an entire team whose efforts and commitment I wish to highlight here.

■ Continuing and stepping up the Economic Plan

Returning to sound, balanced public finances was vital to having a solid foundation on which to build our prosperity. With this crucial condition in place, we can continue and step up the Economic Plan rolled out in the last budget.

Our economic plan is clear.

We must:

- improve training;
- innovate;
- capitalize on the transition to a low-carbon economy;
- attract, develop and retain the best talent.

Québec's economy is changing and becoming more modern.

It must also move toward a low-carbon economy. The purpose of the Economic Plan is to assist all Quebecers and businesses through the changing economy by supporting, as a priority, education, innovation and productivity and by stimulating private investment. We are acting on the structural determinants that are slowing Québec's economic growth.

■ Regaining the freedom to make our own choices and relying on the talents of Quebecers

We have regained the freedom to make our own choices.

- We are increasing our investment in infrastructure, in particular education infrastructure.
- We are strengthening the funding of public services, beginning with funding for education and healthcare services.
- We are stepping up our efforts to reduce the tax burden on individuals, support families and encourage labour market participation.
- And lastly, we are navigating the changing economy by fostering private investment through a range of initiatives targeting, in particular, the manufacturing sector, innovation, knowledge and clean technologies. These initiatives will benefit all of Québec's regions.

First and foremost, we are relying on the talent of Quebecers. Indeed, we are confident in Quebecers' ability to adapt to and take full advantage of the changes taking place.

I am tabling today the budgetary policy for fiscal 2016-2017.

I am asking for the National Assembly's consent to table the following documents:

- the tables presenting the preliminary results of the consolidated budgetary transactions for 2015-2016;
- the forecasts for the 2016-2017 financial framework.

I am also tabling the Québec Economic Plan and the accompanying documents, which are an integral part of the budget.

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THE HOUSE IS IN ORDER AGAIN

Budget 2016-2017 is the budget that confirms a return to fiscal balance and it is a sustainable balance. To use one of the Premier's favourite images, our ship successfully sailed through rough seas and we are now entering calmer waters.

■ **A demanding plan to restore order to public finances**

In June 2014, a few weeks after Quebecers put their trust in us and brought us to power, we presented a demanding plan for putting our public finances on solid ground and accelerating economic development.

At the time, we estimated that \$7.6 billion in efforts would be needed to return to a balanced budget.

Returning to a balanced budget is not purely an accounting exercise. It was an essential step, because of the growing debt burden and because of the demographic changes that were already affecting us. We addressed the root causes of the Québec government's persistent fiscal imbalance.

■ **Exemplary spending control**

A few figures illustrate the results achieved.

Spending control was exemplary. Program spending growth had reached 3.3% in 2013-2014. We succeeded in reducing it to 1.6% in 2014-2015 and then holding it at 1.7% in 2015-2016.

This is a remarkable achievement considering the hard-to-sustain increases seen in the past.

At the same time, public finances were helped by healthy revenues.

Our fiscal house is now in order. Every Quebecer contributed to the effort that needed to be made. Now they can benefit from sounder public finances on firmer footing. The budget was balanced at exactly the right time.

■ **An enviable position**

We are in an enviable financial position.

Québec is the only Canadian jurisdiction, apart from British Columbia, to have a balanced budget in 2015-2016.

■ **Maintaining sound public finances**

We must keep our public finances sound so that we have a strong foundation for future government action. All of the fiscal targets presented today provide for budget balance for the next five fiscal years, that is, until 2020-2021.

The foundation is especially strong given that agreements in principle on the renewal of collective agreements have been reached with over 90% of public sector employees, that is, nearly 500 000 people working, in particular, in the health and education sectors. The negotiated agreements are for five years and guarantee employees reasonable wage growth while remaining within taxpayers' ability to pay. It is a framework that provides stability and favours economic growth.

We have also signed a partnership agreement with municipalities that guarantees stable, foreseeable municipal revenue and promotes municipal autonomy.

■ **Continuing the fight against tax evasion**

Furthermore, keeping our public finances sound entails continuing to fight tax evasion and aggressive tax planning.

I am announcing the government will be investing \$50 million in 2016-2017 to step up the fight against tax evasion in sectors where tax losses are still high.

In addition, Budget 2016-2017 contains a series of measures to stop certain aggressive tax planning schemes relating to duties on transfers of immovables that impact municipalities.

■ Reducing the debt burden

While maintaining fiscal balance, we will, as promised, continue reducing the debt burden by continuing to make deposits in the Generations Fund.

Quebecers need to understand that servicing the debt costs \$30 million a day.

It has been exactly ten years since a Liberal government created the Generations Fund. The fund has enabled the government to set aside a portion of its yearly revenues for the purpose of paying down the debt for the benefit of future generations.

In fact, the Generations Fund is the most powerful instrument of intergenerational equity ever adopted by a government. Every deposit in the Generations Fund is made with young Quebecers foremost in mind.

The results speak for themselves. The Generations Fund plays a vital role in the efforts to reduce the debt burden. As of this year, the ratio of gross debt to GDP will start to decline. As at March 31, 2016, it will be 55% of GDP.

In keeping with the objectives set in the legislation, the gross debt must not exceed 45% of GDP in 2026. Investors and credit rating agencies alike acknowledge that Québec is on the right track.

I am announcing that we are maintaining our debt reduction policy and, to that end, we are continuing to make deposits in the Generations Fund.

Thus, we are delivering on our commitment to use some of the fiscal room available to reduce the debt.

We are giving ourselves the capacity to increase our investment in the development and maintenance of our infrastructure.

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ASSISTING ALL QUEBECERS AND BUSINESSES THROUGH THE CHANGING ECONOMY

In March 2015, the government released the Québec Economic Plan as an integral part of Budget 2015-2016.

We are continuing to implement this bold plan, building on our good financial results to further boost economic growth and job creation.

In the last budget, the government announced investments of \$3.4 billion in economic support for the 2015-2020 period, including \$2.5 billion in tax relief for individuals and corporations.

I am announcing today that, as part of the Québec Economic Plan and taking into account the measures already announced last year, the government expects to inject \$7 billion into the economy during the 2016-2021 period, including \$3.7 billion in tax relief for individuals and corporations.

■ Québec must capitalize on the current conditions

Let it be clear: the global economy is marked by uncertainty. In spite of that, the economic climate in Québec remains favourable.

Québec benefits directly from the drop in oil prices, as it has a positive impact on our businesses and consumers. Thanks to the drop in price, the cost of our crude oil imports in 2015 decreased by \$4.7 billion over 2014.

Depreciation of the Canadian dollar and growth in the U.S. economy also have a positive impact on our economy. Québec businesses are more competitive in the expanding U.S. market. International exports reached a historic high.

Québec's economy is growing. It is growing at a moderate, but steady, pace. Real GDP growth is expected to rise from 1.1% in 2015 to 1.5% in 2016. From 2007 to 2015, real GDP per capita increased by 2.7% in Québec, compared to 2.1% in Ontario.

■ Employment level

The Québec economy's good performance is reflected in the level of employment. The Québec job market has done a complete turnaround since 2014.

From January to April 2014, the Québec economy lost 32 500 jobs. The trend reversed starting in May 2014. From May 2014 to February 2016, the Québec economy created 70 600 jobs, all full-time, and the job creation was essentially in the private sector.

■ **Addressing the structural challenges in a changing economy**

We are headed in the right direction, but we want to go further. Québec is doing better, but we are going to do even better still.

The pace of economic change is accelerating. The economy of the future is an innovative, clean and digital economy, a globalized economy where knowledge plays a key role. It will be a low-carbon economy, with fossil-fuel energies gradually being replaced by renewable energies.

Québec must participate fully in this new economy, and capitalize on the opportunities it offers.

For that to happen, we need to address the structural determinants that are slowing our economic growth.

■ **Investing in education, innovation and productivity**

That is what we are doing in the Québec Economic Plan, by making investment in education and training a priority in order to foster innovation and support productivity in businesses. At the same time, we are supporting the transition to a low-carbon economy. The Québec Economic Plan also helps us achieve our objectives of reducing greenhouse gases and fighting climate change.

We are getting the necessary levers in place to navigate the changing economy alongside workers, all Quebecers and businesses.

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1. INVESTING IN INFRASTRUCTURE AND STRENGTHENING THE FUNDING OF PUBLIC SERVICES

Mr. President, the Economic Plan we are continuing to implement includes, firstly, initiatives relating to government expenditure, namely, infrastructure funding and program spending.

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\$700 MILLION IN EDUCATION INFRASTRUCTURE, INCLUDING \$300 MILLION IN ADDITIONAL FUNDING

I am announcing an investment of \$700 million in education infrastructure.

Of that amount:

- \$300 million comes from enhancement of the Québec Infrastructure Plan;
- \$400 million comes from existing budgetary envelopes that had not yet been earmarked, and we are allocating them now to education.

The Québec Infrastructure Plan is being enhanced as of this year.

These additional investments will serve to both improve the overall condition of teaching facilities, primarily for primary and secondary education, and provide schools with new sports and recreational facilities. The educational facilities available to young Quebecers must be in good condition and must motivate students to excel.

Of these investments, \$50 million will be set aside for municipal and school sport and recreational infrastructure, such as arenas and pools.

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□ A direct impact on growth and employment

All told, the government will invest nearly \$90 billion in infrastructure over the next ten years, which will have a direct impact on economic growth and job creation in all regions of Québec. That is nearly \$9 billion a year the government will be investing to upgrade and modernize infrastructure.

I want to stress the size of these investments. As a ratio of its GDP, Québec invests nearly four times more than the federal government does relative to Canada's GDP. The Québec Infrastructure Plan provides for substantial investment in the road network, local roadways, public transit, education and health infrastructure. In fact, the planned investments will be made in every sectors of activity. And they will benefit every region of Québec.

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❑ Funding promised by the federal government

These substantial investments by the Québec government will be enhanced by funding promised by the new federal government. The Québec government is pleased about that additional funding, as it will enable us to make further progress in upgrading and modernizing Québec infrastructure.

The projects we will be promoting to the federal government reflect the great importance our government attaches to the needs of municipalities.

I am able to announce that in the infrastructure funding discussions between the two governments, Québec wants to give priority to two public transit infrastructure projects that are critical to sustainable mobility, namely extension of the blue metro line in Montréal and rapid transit buses in the greater Québec City area.

A number of infrastructure investments to be supported by both governments will be tied to events celebrating the 375th anniversary of Montréal and the 150th anniversary of Canada. For example, this is the case for investments in Saint-Joseph's Oratory and the Musée d'art contemporain in Montréal, and the Institut nordique du Québec in Québec City.

■ Respecting Québec's jurisdiction

The new federal government has promised to respect the Québec government's jurisdiction. That means that the additional funding received from the federal government must be in keeping with our priorities.

In addition, the federal funding must actually be available within an acceptable time frame. For that to happen, it is important that the federal transfer arrangements be made much simpler and faster.

In order for the two levels of government to work together in a manner that benefits everyone, it is crucial that Québec's jurisdictions be respected.

The Québec government expects the same approach of mutual respect and collaboration to underpin the discussions on health funding.

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STRENGTHENING THE FUNDING OF PUBLIC SERVICES

With Budget 2016-2017, the government is also announcing that the funding of public services will be strengthened.

□ Increase in the rate of program spending growth

Thanks to our responsible management of public finances, we are in a position to increase program spending growth from that presented in March 2015.

I am announcing that the rate of growth in program spending for 2016-2017 will be 2.7%, compared to 1.7% in 2015-2016. As of 2017-2018, program spending will grow at an annual rate of 2.8%.

The increase will make it possible to address Quebecers' needs and priorities.

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□ Priority for education

Strengthening the funding of public services will begin with education. In a changing society, education is the cornerstone of our economic and social development.

Last fall, I announced an initial recurring increase of \$80 million in program spending for education.

Today, I am announcing a second recurring increase of just over \$80 million in program spending for education as of 2016-2017, raising the increase in spending on education resources to more than \$160 million a year.

■ Plan for success in education and higher education

These new resources will make it possible to finance the implementation of a plan for success in education and higher education that includes a range of concrete initiatives in favour of young Quebecers.

The plan provides for the hiring of specialized personnel, which will allow us to give individualized support to nearly 12 000 students in 150 Québec schools. This will in turn allow us to more effectively address the school dropout issue. We will do this with regional partners working to increase student retention.

We will provide better access to facilities and equipment for physical activity in school and promote the organization of extracurricular activities related to culture.

We are reinforcing linkages between colleges and universities and between businesses, particularly in the regions.

■ Spending increase of 3.0% in 2016-2017

Last fall, the annual rate of growth in education spending was set at 0.9% for 2015-2016. The growth rate will be increased to 3.0% for 2016-2017. The same holds for 2017-2018 and 2018-2019.

By increasing education funding for young people, these new resources will contribute directly to Québec's prosperity. They will be used to improve academic success, particularly through initiatives to foster students' desire to succeed, encourage them to stay in school, and give every student a chance to succeed.

These sums will also make it possible to provide young Quebecers with a stimulating and innovative learning environment thanks to the addition of specialized staff and adapted teaching practices. We are confirming the vital importance of education in developing Québec society.

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☐ Sustainability of childcare services

To ensure that all of the conditions for succeeding are in place at the earliest age, we are adding more resources to ensure quality, sustainable childcare services.

As my colleague the Minister of Families announced on February 23, childcare and subsidized daycare centres will receive a lump-sum allowance of \$60 million in 2015-2016 to facilitate the transition to the new funding model and improve direct services to children.

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☐ **More resources for health**

Strengthening the funding of public services will also include health funding.

I am announcing that the annual rate of growth in program spending for health is being increased to 2.4% for fiscal 2016-2017.

As my colleague the Minister of Health and Social Services announced, this increase in resources will be accompanied by an overhaul of their allocation formula through the establishment of a patient-based funding model with the goal of addressing the structural and demographic challenges directly affecting the healthcare sector.

The overhaul of the funding formula is the third component of the health reform initiated by our government, after improving the organization and governance of the network and solving problems of access to family medicine and specialized medicine services.

The health sector will benefit from \$88 million in additional, recurring resources starting in 2016-2017.

These sums will essentially be used for three purposes:

- We are improving home-support services for people losing their autonomy.
- We are increasing the support for people with an autism spectrum disorder.
- We are making further efforts to prevent health problems and promote a healthy lifestyle.

Furthermore, we will continue strengthening front-line services thanks to nurse practitioners, specialized medical clinics and family medicine groups.

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Our government is therefore improving the funding of education, childcare centres, subsidized daycare centres and health, while maintaining balanced public finances and remaining within taxpayers' ability to pay.

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2. REDUCING THE TAX BURDEN ON INDIVIDUALS, SUPPORTING FAMILIES AND ENCOURAGING LABOUR MARKET PARTICIPATION

Mr. President, the second thrust of the Québec Economic Plan is to assist Quebecers through the current and future changes by reducing the tax burden on individuals, by supporting families and by encouraging labour market participation.

Budget 2015-2016 announced several tax relief measures that were to take effect in 2016-2017, once the budget was balanced.

Our sound fiscal management allows us to do more by enhancing the announced measures ahead of schedule. Several of these measures responded to the recommendations in the report of the Québec Taxation Review Committee, chaired by Luc Godbout.

As promised, we are using some of the leeway we have now to ease the tax burden. As I just mentioned, another portion of this leeway enables us to reduce the debt, and we are doing all this while strengthening the funding of public services.

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IMMEDIATE REDUCTION IN THE HEALTH CONTRIBUTION

In March 2015, I announced that the health contribution would be eliminated over three years as of January 1, 2017.

I am announcing today that we are stepping up our plan and implementing it as of now.

The first step in the elimination of the health contribution will apply retroactively to January 1, 2016. The health contribution will be phased out over a two-year period ending on December 31, 2017. With this announcement, the government is honouring its commitment to eliminate the health contribution.

As of the end of next year, the 4.5 million Québec taxpayers subject to the health contribution will be fully exempt, representing an easing of the tax burden of \$759 million a year when fully implemented.

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SUPPORT FOR FAMILIES

The immediate decrease in the health contribution will directly benefit families.

Still with a view to supporting families, I am announcing that the additional childcare fee in respect of the second child is being cut in half retroactively to April 22, 2015.

Accordingly, childcare rate paid by a family with an income of \$100 000 will be reduced from \$11.41 to \$9.36 a day.

As the reduction applies retroactively, those entitled to the reduction will receive refunds as early as this spring.

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LABOUR MARKET PARTICIPATION AND A BETTER MATCH BETWEEN TRAINING AND JOBS

We need to address the structural challenges slowing our economic growth by creating an incentive to work and improving training.

To that end, we are introducing three tax measures.

☐ Enhancement of the work premium

Our tax system provides for the payment of work premiums to low-income workers, which especially benefits families. The purpose of the work premium is to promote work effort and encourage people to get off last resort financial assistance and join the labour market.

First, I am announcing that the work premium will be enhanced for people living alone and childless couples.

The additional payments will reach nearly \$42 million annually as of 2016-2017, representing \$210 million for the 2016-2021 period.

Enhancement of the work premium strengthens the social safety net defined and financed by the Québec government, thereby confirming Québec's position as a leader in North America in this regard.

This new initiative will enhance existing socio-fiscal benefits. All of these benefits will underpin the reflection process my colleague the Minister of Employment and Social Solidarity will be undertaking during the work that is starting on the matter of guaranteed minimum income.

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❑ Enhancement of the tax shield

Second, I am announcing that we are going to enhance the tax shield announced in March 2015.

The purpose of the tax shield is to protect Quebecers against too big of a decrease in the work premium and the refundable tax credit for childcare expenses further to an increase in work income.

To provide a greater incentive to work, the maximum eligible work income is being raised from \$2 500 to \$3 000 per spouse.

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❑ Enhancement of the tax credit for experienced workers

Third, I am announcing an enhancement of the tax credit for experienced workers, that is, the eligibility age is being lowered to 62.

This enhancement will further ease the tax burden by \$13.2 million.

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❑ New resources for workplace integration

In addition to those three tax measures, new resources are being added to improve the financing of workplace integration programs and create a better match between training and jobs.

Among these new resources, I am announcing support for Montréal International's project for the retention of foreign students.

We are improving the conditions for participation in the Objectif emploi program as well as the coaching of young people by integration companies.

It is important to our government that we support labour market participation by as many Quebecers as possible. Québec needs all strengths and talents.

To that end, we must get more newcomers into the labour market, which is the goal of the new policy on immigration, participation and inclusion unveiled on March 7 by my colleague the Minister of Immigration, Diversity and Inclusiveness. Newcomers make a vital contribution to Québec today and into the future.

Our society needs all of its talents, which is why we are also providing additional support for workplace accommodation.

All told, we are investing an additional \$18.4 million over the 2016-2021 period to support programs that foster workplace integration and a better match between training and jobs.

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☐ Youth policy

Our investments in education and training will directly benefit Québec's youth.

In a few weeks, the Premier and Minister responsible for Youth Issues and his parliamentary assistant will be unveiling the new youth policy.

The goal of the policy will be to provide young people with stimulating, healthy, safe and open living environments. The new youth policy will support young people in their learning processes, initiatives and life projects. The first youth action strategy implementing the policy will benefit from \$181 million for the 2016-2021 period.

I am announcing that, as of this budget, we are initiating a pilot project to support student mobility between Québec CEGEPs. This initiative aims to make colleges and study programs in the regions more vibrant.

In fact, our entire economic plan will benefit young Quebecers by building a prosperous Québec that creates jobs and has a smaller debt burden.

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SUPPORT FOR INDIVIDUALS

Enhancement of the work premium will benefit some of the most vulnerable persons in our society while helping them re-enter the labour market.

With Budget 2016-2017, the government is introducing additional measures to support individuals.

The Deputy Premier and Minister responsible for the Status of Women will soon unveil two new government strategies: the strategy to prevent and counter sexual violence and the strategy for the equality of women and men. These two measures represent a further injection of \$4.9 million in 2016-2017.

Our government will continue to fund the construction of social housing by adding 1 500 units to the AccèsLogis Québec program. This additional funding strengthens the support measures announced in last year's budget, in particular enhancement of the Rent Supplement program to provide housing assistance to 5 800 families. Already this year, 2 200 families can benefit.

Our government is enhancing the measures in favour of food banks. In March 2015, we raised the eligible amount of a donation of agricultural products to food banks by 50%. With Budget 2016-2017, we are broadening this tax benefit to include donations made by certain food processors.

Furthermore, I am announcing an increase of \$12 million in resources to meet specific Aboriginal needs.



3. ASSISTING A CHANGING ECONOMY BY FOSTERING PRIVATE INVESTMENT

Mr. President, I emphasized at the beginning of this budget speech that Québec's economy is changing, the same as around the world, and we are committed to assisting all Quebecers and businesses through the changes.

☐ Private investment: the key to growth and job creation

Assisting businesses is crucial to supporting private investment.

Private investment is the key to future growth and job creation. Private investment fuels the productivity growth and innovation that will allow the Québec economy to create wealth and quality jobs. Effective private investment will help drive the transition to a cleaner, lower-carbon economy.

It is therefore of paramount importance that we assist and support businesses so that they are encouraged to invest more and thus show their trust in Québec's economy.

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☐ A clear signal to private businesses

This budget sends a clear, strong signal to private businesses to invest more in the Québec economy, in its promising changes and in the talents of Quebecers.

The ground has never been better prepared. Public finances are sound. Economic stability is secured. Stimulating investment opportunities abound.

We want Budget 2016-2017 to be a catalyst for renewed business confidence and investment.

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❑ Major initiatives

At the same time as it acts on expenditure and reduction of the tax burden on individuals, the Québec Economic Plan acts on a third lever through major initiatives to leverage private investment.

- We are incentivizing businesses to invest by establishing a new electricity rate discount for businesses in the manufacturing and natural resource processing sectors and by improving the support provided to SMBs.
- We are giving Québec new means to become a true knowledge-based society, an innovative, cleaner and lower-carbon society.
- We are reinforcing our support in key sectors driving development in all regions of Québec, whose pillars include the Maritime Strategy and the Plan Nord.

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NEW ELECTRICITY RATE DISCOUNT AND STRONGER SUPPORT FOR SMBs

To boost private investment, I am announcing the implementation of a new electricity rate discount for businesses in the manufacturing and resource sectors.

□ New electricity rate discount

Thanks to the visionary management of Adélar Godbout, Jean Lesage, René Lévesque and Robert Bourassa, Québec enjoys an enormous volume of clean, reliable electrical resources. This provides Québec with a strategic lever for developing its economy and supporting new investment in all of its regions.

Our government intends to capitalize fully on this heritage and strategic lever by introducing a new electricity rate discount for businesses benefiting from Rate L.

The new rate discount will be offered to businesses initiating major investment projects in the manufacturing and resource sectors. Manufacturers of transportation equipment, machinery and paper, among other businesses, will be able to benefit from the rate discount.

■ Support equal to 40% of investment

The government support provided through the new rate discount will represent 40% of investments made, and could be 50% for investments that reduce greenhouse gas emissions.

The new rate discount will not affect the electricity rates paid by individuals or other businesses.

■ \$2.6 billion in private investment

The government expects this measure to trigger \$2.6 billion in private investment during the 2016-2020 period, including \$350 million in 2016-2017. A portion of these investments will also help move our economy toward a lower-carbon one, which will reduce our greenhouse gas emissions.

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In the coming weeks, my colleague the Minister of Energy and Natural Resources will unveil Québec's new energy policy. The policy will include measures to support the development of clean technologies and the production of renewable energy.

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❑ **SMBs with the means to invest**

SMBs will play a strategic role in this innovative, lower-carbon society to assist the Québec economy in meeting the challenge of change. SMBs must have the necessary means to invest in the current and future changes.

■ **Reduction in payroll taxes**

To that end, the government is confirming and enhancing the support provided to SMBs by making the taxation system more competitive for them by reducing their payroll taxes.

I am announcing further reduction in the Health Services Fund contribution for Québec SMBs, in addition to the reduction announced in the Economic Plan.

All told, Québec SMBs in the service and construction sectors will pay 25% less in payroll taxes. The decrease will be nearly 50% for SMBs in the primary and manufacturing sectors.

In 2016-2017, SMBs will receive payroll tax relief amounting to \$94 million. In 2020-2021, the relief will amount to \$385 million, which is \$101.5 million more than previously announced.

■ **Support for exporting SMBs**

SMBs must also increase their exports.

I am announcing additional support for innovative, exporting SMBs.

Increased financing will foster the marketing of innovative Québec products outside Québec. We are increasing the sums allocated to assisting SMBs in expanding their presence in foreign markets.

■ **Regulatory streamlining**

SMBs especially benefit from the government's successful regulatory streamlining process. We are on the verge of achieving our objective of reducing administrative costs by 20%.

In the coming months, my colleague the Deputy Premier and Minister responsible for Small and Medium Enterprises, Regulatory Streamlining and Regional Economic Development will release the streamlining plan for 2016-2018, which flows directly from consultations with the business community.

■ **Facilitating the transfer of family businesses**

The government is establishing new rules to foster the transfer of family businesses and thereby facilitate the transfer of ownership and responsibilities between generations.

In Budget Speech 2015-2016, the government announced the easing of the tax provisions applicable to the transfer of family businesses in the primary and manufacturing sectors, thereby fulfilling a campaign promise.

It was a matter of addressing the challenge of encouraging business succession with respect to small family businesses, especially in the agricultural sector. This issue was examined by the Québec Taxation Review Committee. The planned changes were supposed to enter into force on January 1, 2017.

I am pleased to announce that the date has been moved up and that the new rules to foster the transfer of family businesses in the primary and manufacturing sectors will apply immediately after the day of the Budget Speech.

Our government hopes that the federal government will take part in this initiative and help foster the transfer of family businesses.

■ **Facilitating investment financing**

In addition, we are mobilizing new resources to facilitate the financing of SMB investment.

The government, in partnership with other investors, will invest up to \$8 million to create a new fund to support female entrepreneurship.

Budget 2016-2017 also confirms the extension of loans to local investment funds, to December 31, 2019.

■ **Increasing the contribution of tax-advantaged funds to the Québec economy**

The government is implementing measures so that tax-advantaged funds make a greater contribution to the Québec economy. The funds concerned are the Fonds de solidarité FTQ, Fondation and Capital régional et coopératif Desjardins.

The government is happy about the announcement of renewed federal government support. Our government has always believed in the strategic role of tax-advantaged funds, particularly their impact in the regions.

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AN INNOVATIVE, CLEANER SOCIETY

The government is implementing new means so that Québec advances as a knowledge-based, innovative and cleaner society.

☐ Tax reduction for innovative corporations

I am announcing the introduction of a new tax measure, the deduction for innovative corporations, which represents a tax reduction for these corporations.

Québec is very active in research and development, but improving the marketing of developed products is vital, in particular by obtaining patents and starting up new businesses that capitalize on research and development results.

Through the deduction for innovative corporations, we will incentivize businesses entitled to tax credits for research and development to market their innovations in Québec. The income generated by the use of a patent obtained in Québec will be taxed at a reduced rate of 4%.

This deduction means that Québec will have the lowest tax rate in Canada for income derived from the marketing of research. This measure will foster the start-up and retention of innovative businesses in Québec. It will support investment and the creation of quality jobs.

This is a major tax measure that will bring \$135.2 million in relief during the 2016-2021 period for the type of investments we want to attract.

* * *

❑ The Québec digital strategy

Development of the digital economy in Québec will be supported by a new government strategy, the Québec digital strategy. The very rapid development of the digital economy poses a challenge for Québec businesses, while also offering them an opportunity to enhance their productivity, innovate and create jobs. Québec businesses must adapt to the digital economy and take full advantage of it.

■ \$162 million for 2016-2021

The government is therefore announcing the implementation of the Québec digital strategy, with funding of \$162 million for the 2016-2021 period. The various components of the strategy will soon be unveiled by the Minister of Economy, Science and Innovation.

As a part of this strategy, the government is announcing immediately:

- enhancement of the tax credit for the integration of information technologies in SMBs to make this measure accessible to more businesses;
- a new tax credit for major digital transformation projects;
- its intention to participate in building a data transmission network in the Québec-Ontario corridor adapted to next-generation technologies, such as 5G;
- support for accelerators and technology incubators, including the Passerelle Québec-Bordeaux project, a collaboration between LE CAMP in Québec City and Héméra in Bordeaux.

This partnership is part of a broader collaboration between Québec and France relating to the digital economy. These joint projects are the direct result of discussions held by the Premier promoting development of the digital economy during his March 2015 visit to France in the context of the alternating meetings between the Québec Premier and the French Prime Minister, as well as the Premier's visit to Bordeaux in the course of that same mission.

- relaunching the Communautés rurales branchées program, which will henceforth be called the Québec branché program. This program will support digital access for all regions of Québec and will apply to Gaspésie–Îles-de-la-Madeleine in particular.

* * *

□ **A cleaner economy**

The government is implementing several measures to support the development of a cleaner economy.

■ **A new tax credit: RénoVert**

We are going to help individuals improve the environmental performance of their residence, and this assistance will at the same time benefit the entire renovation sector.

I am announcing the introduction of a new refundable tax credit for green home renovation, RénoVert, applicable for one year, until March 31, 2017. This tax credit is inspired by the remarkable success of LogiRénov, introduced in April 2014 by our government.

The value of the tax credit will correspond to 20% of eligible expenses, including expenses for replacing septic tanks, up to a maximum credit of \$10 000.

The tax credit should benefit nearly 100 000 households. This measure thus represents total tax relief of nearly \$175 million.

This tax credit will have a direct and very positive impact on the manufacturing sector associated with home renovation, while contributing to reducing our greenhouse gas emissions.

Other environmentally friendly renovation initiatives could be developed, for farm buildings for example, as part of an agri-food strategy.

■ **Support for the Valorisation Carbone Québec consortium**

Reduction of greenhouse gas emissions requires developing and implementing concrete carbon dioxide capture and reuse solutions for applications that are promising for Québec's economy.

The research and development work undertaken for this purpose by Université Laval and the Québec firm CO₂Solutions have produced conclusive results, showing that the project is ready for commercialization.

I am announcing an envelope of \$15 million over three years for the creation of the Valorisation Carbone Québec consortium, made up of Université Laval along with businesses and public and private organizations. This consortium will develop carbon capture and reuse technologies.

■ **Environmentally responsible educational institutions**

The renovation efforts for educational institutions announced as part of the Québec Infrastructure Plan will include a decarbonisation component.

I am announcing the introduction of a program for energy conversion of schools and other educational institutions integrating environmental principles, such as the use of geothermal energy.

■ **Reclaiming contaminated land**

Here also, to render our economy cleaner, we are going to help the municipalities reclaim their contaminated land.

I am announcing the continuation and enhancement of government support for reclaiming contaminated land as part of the ClimatSol-Plus program.

The ClimatSol-Plus program is designed to integrate best practices in urban land-use planning, such as sustainable mobility or creating areas of vegetation to combat heat islands. The program will apply, in particular, to the planned Cité de la logistique in East-End Montréal and the Pointe-aux-Lièvres ecodistrict near Vieux-Québec and the Vieux-Port.

For the 2016-2021 period, we are earmarking \$55 million to extend the ClimatSol-Plus program and fund a second component to this program, for lands with a high economic development potential.

■ **Reclaiming mining sites**

This reclamation effort will also affect mining sites located in several regions of Québec, particularly Abitibi-Témiscamingue, Côte-Nord and Northern Québec.

Over the next five years, we will invest \$620 million in reclaiming mining sites. These investments will create numerous activities and jobs in several regions of Québec, while reclaiming environmental conditions at the sites targeted.

* * *

□ **A knowledge-based society**

The government is supporting the transformation of Québec's economy into a knowledge-based economy.

■ **A science complex in Outremont**

In this knowledge-based society, universities have a strategic role to play. As a locus of experimentation and discovery, universities are the training ground par excellence for future researchers.

For the knowledge-based society to flourish, it must be able to rely on business investment and maintain close, fruitful contacts between businesses and universities.

As an illustration of this convergence, I am announcing the forthcoming construction of the Complexe des sciences Outremont, piloted by the Université de Montréal.

The Complexe des sciences Outremont will be financed by public and private funding.

Located on the site of the Outremont rail yards, the new complex will be built in the heart of one of the most creative neighbourhoods in Montréal. The Complexe des sciences Outremont will draw inspiration from practices in creative and innovative neighbourhoods and campuses around the world. When completed, it will help strengthen ties between the University, businesses and society, and stimulate the innovative capacity of Montréal and the whole of Québec.

■ **Start-up and growth of innovative businesses**

Budget 2016-2017 also includes a series of measures designed to foster the start-up and growth of innovative businesses.

I am announcing that \$65 million in resources is earmarked for the 2016-2021 period to recapitalize or fund three funds specialized in innovative business start-ups, the Fonds Amorchem, the Fonds InnovExport and a clean technology seed fund. They will have a global capitalization of \$125 million.

I am also announcing a \$96-million increase in the capitalization of Fonds Teralys Capital Innovation, the largest fund of funds in Canada, whose role is strategic in funding the knowledge-based economy.

Also, the government is granting its support to the Innovation, Partenariats, Entrepreneuriat strategy of the Université de Sherbrooke.

■ College technology transfer centres

College technology transfer centres allow the development, transfer and marketing of innovations developed in Québec's CEGEPs and colleges, in partnership with businesses.

I am announcing \$4 million in support in 2016-2017 and \$16 million for the 2016-2019 period for projects involving various regions of Québec.

■ Aerospace industry

In Québec, the knowledge-based society manifests itself concretely in two especially strategic sectors of activity, the aerospace and life sciences sectors.

Québec's aerospace industry is one of the key drivers of Québec's economy. In 2015, Québec's aerospace sector represented nearly 40 000 jobs in more than 200 businesses. This sector realized sales of nearly \$15.5 billion, 80% of that figure abroad.

Québec's aerospace industry is an efficient and integrated complex made up of businesses of all sizes, including four main contractors that by themselves produce nearly three-quarters of all sales in the sector, some ten first-tier suppliers that include world leaders in their respective fields, and approximately 180 SMBs acting primarily as subcontractors.

The growth and the dynamism of the aerospace industry are of crucial importance for our economy as a whole and thus constitute a priority for our government.

■ Support for Bombardier's C Series

The support provided by the Québec government for Bombardier's C Series illustrates this priority. This major project has passed through crucial stages. The CS 100 has been approved and the CS 300 is in the approval process.

It goes without saying that the Québec government would provide its support for investments illustrating Québec's know-how and on which the future of Québec's aerospace sector depends in large measure. Our government's support for these investments took the form of a US\$1-billion equity participation in the project. Our government took the right step and did so at the right time. Furthermore, our initiative was supported by several partners in the sector. The federal government must follow suit and join us in supporting the development of the C Series.

■ **The Québec aerospace strategy**

In a few weeks, the Minister of Economy, Science and Innovation will unveil the Québec aerospace strategy 2016-2021.

To fund this new strategy, the government is setting aside an envelope of \$70 million in new budgetary appropriations for the 2016-2021 period.

The Québec aerospace strategy will include a series of initiatives designed to support the industry's growth, diversify the industrial sector, encourage SMB growth and focus on innovation as the engine of growth.

■ **The life sciences sector**

As part of Budget 2015-2016, the government set up a life sciences task force to identify the most promising avenues for development.

Further to the first recommendations presented by the task force, I am announcing that the government is allocating \$100 million for the marketing of Québec discoveries in the life sciences sector.

I am also announcing that the government is allocating \$8 million for early clinical research and for the Institut de recherches cliniques de Montréal.

■ **Modernizing the financial sector's framework**

The dynamism of the economy depends in large measure on the quality of the legislative and regulatory framework governing the financial sector.

The government will soon table a bill aimed at modernizing this framework and supporting the financial sector.

I take this opportunity to note that we are all eagerly awaiting the return of our colleague, the Minister for Finance, and we extend to him our best wishes for a swift recovery.

■ **Oversight of securities**

Here also, in the financial sector, our government wishes to stress the importance it accords to the oversight framework for securities.

I noted at the beginning of this speech that respect for Québec's jurisdictions constituted the very foundation for a fruitful collaboration between the Québec government and the federal government.

The Québec government expects that this approach based on respect and collaboration should prevail regarding the issue of securities oversight. Such oversight is a strategic question for Québec's economy and for business development.

In 2011, the Supreme Court of Canada clearly confirmed that this matter is a provincial jurisdiction. Our government is asking the federal government to draw the necessary conclusions and to abandon, once and for all, projects that threaten our institutions and regulatory framework.

* * *

❑ **A culture-based society**

We are providing support for the transformation of Québec's economy to that of a veritable knowledge-based society. This knowledge-based society must, now more than ever, fulfil its potential as a culture-based society.

With Budget 2016-2017, the government is enhancing its support for Québec culture with an additional \$10 million as of this year.

- The government is directly supporting cultural organizations, artists and creators by increasing the budget allocated annually to the Conseil des arts et des lettres du Québec by \$5 million. Out of this budget, funds will be set aside to build up the artistic offerings aimed at children age 4 to 11 years.
- The government is allocating an additional \$2 million to consolidation of museums, including the Montreal Museum of Fine Arts.
- The Strategy to enhance the status of French and encourage its use will receive additional appropriations of \$3 million in 2016-2017.

The government is simplifying the tax credit for Québec film and television productions to reflect the new realities of television production.

Also, we are freeing up \$4 million in 2016-2017 for francization initiatives for newcomers. These resources will be used, in particular, for francization of the refugees we receive.

The Québec of the 21st century is an inclusive Québec, open to the world. The message we are sending is clear. Here there is room for everyone and for all talents. We are marshalling the necessary means to integrate those who have chosen to make their life here with us.

* * *

KEY SECTORS FOR THE DEVELOPMENT OF ALL REGIONS

The government is bolstering its support for key sectors of Québec's economy playing an essential role in creating jobs for the benefit of every region of Québec.

□ The forest sector

The first of these key sectors is the forest sector, which supports activities and jobs in every region of Québec. The forest sector represents 60 000 direct jobs and 2% of Québec's GDP throughout the province.

Québec's forest sector must remain competitive over the long term, and we are acting to preserve our competitive edge. The government is continuing its support for businesses in this sector, working to speed up modernization of the industry and foster its transformation.

I am announcing a series of measures concerning the forest industry and its development.

The government is establishing a program for refunding the cost of multi-user forest access roads.

We are going to offer more support to the forest industry by protecting the forests, by fostering innovation, by enhancing the acquisition of forest data and by promoting better quality in the timber harvested.

These measures will provide the forest sector with a better business environment. In the short term, this series of measures should stimulate investments and thus contribute to building a forward-looking forest industry.

We are also acting to help the forest sector by encouraging private forest owners to adopt better resource management practices.

Globally, these measures total \$45.1 million in 2016-2017 and \$229.5 million for the 2016-2021 period.

* * *

❑ **Agriculture and food processing**

The agriculture and food processing industry represents about 3.4% of Québec's GDP. This sector supports 120 000 direct jobs throughout Québec. Two-thirds of Québec's agricultural output is directed toward biofood processing, which makes the agri-food sector Québec's largest manufacturing employer.

Over the coming months, our government will begin developing an agri-food strategy to support progress in this major sector of our economy and our society. In-depth discussions will be launched with stakeholders.

■ **The government is investing in agriculture**

For its part, our government intends to continue investing in agriculture and food processing in Québec.

- We are going to help fund a precompetitive food processing research consortium in partnership with McGill University.
- We are bolstering our support for Groupe Export to help local farming business in exporting their output.

I am also announcing broadening of the support program for draining and liming farmland.

These various measures represent \$15 million in assistance for the 2016-2021 period.

■ **The alcoholic beverage sector**

As for alcoholic beverages, our government is continuing and bolstering its support for this fast-developing sector.

To this end, and for the 2016-2021 period, \$30 million in additional resources will be allocated for support to wine-growers and for oversight of Québec's alcoholic beverage industry.

* * *

□ **The tourism industry**

The tourism industry contributes substantially to Québec's economy. It is a major lever for spurring investments and creating jobs, particularly in the regions. The tourism industry includes 32 000 businesses in every region of Québec and supports 350 000 jobs. A weaker Canadian dollar provides us an opportunity to increase the volume of foreign visitors, an opportunity we must seize.

In October 2015, the government released its 2016-2020 action plan to support development of the tourism industry.

I am announcing the allocation of \$35 million to implement strategies concerning winter tourism, nature and adventure tourism, and cultural tourism.

I am also announcing \$6.5 million in additional resources for developing the facilities of the Société des établissements de plein air du Québec, or Sépaq.

Globally, the government will allocate an additional \$66.5 million to the development of the tourism industry for the 2016-2021 period, including \$7 million in 2016-2017.

■ **Improving and maintaining the Route verte**

We are also acting on behalf of the Route verte.

I am announcing major investments on behalf of this magnificent cycling network extending 5 300 km.

We are going to improve safety on the Route verte. The goal is to widen and improve the paved shoulders, prioritizing sections of the Route verte bikeway situated along high-speed roads.

We are also investing in maintenance of the Route verte so as to keep this cycling network, the longest in North America, in good condition.

Our government will thus devote \$27.5 million to improving the Route verte over the 2015-2021 period, including \$2.5 million in 2016-2017.

* * *

❑ The Maritime Strategy

The government is continuing the initiatives undertaken as part of the Maritime Strategy and the Plan Nord, two pillars of the Québec Economic Plan.

The government released the Québec Maritime Strategy on June 29, 2015, thereby putting in place one of the components of its effort on behalf of economic development. A budget envelope of over \$1.5 billion was earmarked for the implementation of the first action plan, covering the 2015-2020 period.

Government action is in the deployment phase, and the government is increasing the resources allocated.

Beginning 2016-2017, resources will be allocated to fighting invasive aquatic species, installing a temporary boardwalk in Percé and upgrading the Coriolis II oceanographic research vessel.

The government is making new investments of \$15 million to develop rail and port infrastructures in Sept-Îles on the Côte-Nord. These investments are the next phase in improving land and sea access to the Sept-Îles port, after the government assumed an equity stake in the Société ferroviaire et portuaire de Pointe-Noire.

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❑ The Plan Nord

As for the Plan Nord, and over the next five years, the Société du Plan Nord will invest more than \$450 million, including nearly \$175 million in 2016-2017, to implement the policy directions and priorities defined in the 2015-2020 Action Plan, released on April 8, 2015.

As part of Budget 2016-2017, the government is announcing several additional initiatives focusing primarily on improving infrastructures so that Québec will be ready when worldwide mining demand recovers.

Over the next ten years, the government plans to invest more than \$1.7 billion in infrastructures under the Plan Nord.

The government is continuing reconstruction of the James Bay Road, a strategic infrastructure for the Plan Nord territory. This project represents a major investment.

Studies for extending Route 138 from Kegaska to Tête-à-la-Baleine and La Tabatière are under way. For the development and execution of the Plan Nord, 70 new social housing units will be built in Nunavik.

We are undertaking a feasibility study with a view to deploying a permanent telecommunication network in Nunavik.

I am further announcing enhancement of the tax credit for resources in the Plan Nord territory.

■ Mine remediation: jobs in mining regions

In addition, and as I have already noted, we are going to invest \$620 million in mine remediation.

At a time when worldwide mining activity is diminishing, these sums will ensure a high level of ongoing activity and maintain employment for a substantial number of workers in the mining sector.

Mine remediation will generate substantial economic spinoff, while improving environmental conditions at the sites targeted.

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We also salute the federal government's commitment to supporting projects for eliminating the use of diesel in Aboriginal, remote or northern communities and replacing it by clean and renewable energy.

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CONCLUSION

Mr. President,

In conclusion, this budget marks a major milestone in delivering on our commitments.

Thanks to sound management of public finances, we can confirm that we have achieved a balanced budget. Our government has laid a firm foundation to meet future challenges.

Our economic plan is clear.

We must:

- improve training;
- innovate;
- capitalize on the transition to a low-carbon economy;
- attract, develop and retain the best talent.

The economy is changing rapidly and it is our task to remain in step with all Quebecers and businesses as we face these challenges together.

The government is meeting these challenges by making investment in education and training a priority in order to support innovation and productivity.

Fulfilling our commitments

This budget marks the fulfilment of several major commitments.

- We are increasing funding for public services, particularly in education.
- We are enhancing investments in infrastructures.
- We are reducing income tax for individuals and businesses.
- We are improving support to families and to vulnerable individuals.
- We are supporting private investment and job creation so that our economy will be more innovative, cleaner and more prosperous.

We are accomplishing all this while reducing the debt burden and maintaining a balanced budget for the future.

I am proud to note that our government is thereby fulfilling its commitments concerning the personal income tax system, funding for public services and the debt, and we are doing so thanks to the bold initiatives we have brought to fruition in order to restore order to public finances.

* * *

❑ Relying on talent, for a modern and prosperous society

Above all, our government is relying on the talent of Quebecers, on their ability to master the jobs of tomorrow, and on their aptitude to take the fullest advantage of new technologies.

Our government is deeply convinced of the importance and the role of education as the pillar of a modern and prosperous society. For this reason, we are supporting the transformations under way by investing in education at all levels, from kindergarten to postsecondary.

We are investing in dynamic CEGEPs in every region and in vigorous and attractive university hubs. We are supporting efforts to achieve a better match between training and jobs. We are creating the necessary means to rapidly integrate immigrants into the labour market and Québec society.

* * *

❑ The budget of modernity and prosperity

Thanks to the sound financial situation we have restored, this budget is the budget of modernity and prosperity.

Two years ago, when our first budget was tabled, I quoted a proverb from my country of birth that translates as “hope always comes through an open door.”

Please allow me today to quote another Portuguese proverb that applies very well to Budget 2016-2017. In Portugal, we often say *quem tem esperança sempre alcança*, which means “hold on to hope and you will always achieve success.”

This budget is the budget of ambition and success.

This budget is the budget of a conviction, the conviction that we have at our disposal everything it takes to meet the challenges of tomorrow, the conviction that we can build a modern and prosperous Québec for future generations.

Mr. President, I am proposing that the National Assembly approve the government's budgetary policy.

Thank you.

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TABLE 1

Québec government
Summary of consolidated budgetary revenue
Preliminary results for 2015-2016
(millions of dollars)

	2015-2016
CONSOLIDATED REVENUE	
Own-source revenue	80 331
Federal transfers	19 089
Total	99 420
CONSOLIDATED EXPENDITURE	
Expenditure	-87 634
Debt service	-10 055
Total	-97 689
Contingency reserve	-300
SURPLUS	1 431
Deposits of dedicated revenues in the Generations Fund	-1 431
BUDGETARY BALANCE⁽¹⁾	—

(1) Budgetary balance within the meaning of the *Balanced Budget Act*.

TABLE 2

Québec government
Summary of consolidated budgetary transactions
Forecasts for 2016-2017
(millions of dollars)

	2016-2017
CONSOLIDATED REVENUE	
Own-source revenue	82 386
Federal transfers	20 180
Total	102 566
CONSOLIDATED EXPENDITURE	
Expenditure	-89 720
Debt service	-10 418
Total	-100 138
Contingency reserve	-400
SURPLUS	2 028
Deposits of dedicated revenues in the Generations Fund	-2 028
BUDGETARY BALANCE⁽¹⁾	—

(1) Budgetary balance within the meaning of the *Balanced Budget Act*.

TABLE 3

**Québec government
Consolidated revenue
Forecasts for 2016-2017**
(millions of dollars)

	2016-2017
OWN-SOURCE REVENUE	
Income and property taxes	
Personal income tax	29 639
Contributions for health services	6 463
Corporate taxes	6 565
School property tax	2 135
	44 802
Consumption taxes	
Sales taxes	14 896
Fuel	2 355
Tobacco products	1 027
Alcoholic beverages	628
	18 906
Revenue from government enterprises	
Hydro-Québec	2 600
Loto-Québec	1 147
Société des alcools du Québec	1 070
Other	33
	4 850
Duties and permits	3 763
Miscellaneous revenue	10 065
TOTAL OWN-SOURCE REVENUE	82 386
FEDERAL TRANSFERS	
Equalization	10 030
Health transfers	5 944
Transfers for post-secondary education and other social programs	1 629
Other programs	2 577
TOTAL FEDERAL TRANSFERS	20 180
TOTAL CONSOLIDATED REVENUE	102 566

TABLE 4

**Québec government
Consolidated expenditure
Forecast for 2016-2017**
(millions of dollars)

	2016-2017
Expenditure excluding debt service	
Program spending of the general fund ⁽¹⁾	68 238
Other consolidated expenditures ⁽²⁾	21 482
Total	89 720
Debt service	
General fund	8 318
Other budgetary sectors ⁽²⁾	2 100
Total	10 418
CONSOLIDATED EXPENDITURE	100 138

(1) Program spending includes transfers intended for consolidated entities.

(2) Includes, in particular, consolidation adjustments.

TABLE 5

Québec government
Expenditure of the general fund
Forecasts for 2016-2017
(millions of dollars)

	2016-2017
PROGRAM SPENDING OF THE GENERAL FUND	
Assemblée nationale	134.6
Persons Appointed by the National Assembly	91.7
Affaires municipales et Occupation du territoire	1 785.9
Agriculture, Pêcheries et Alimentation	861.3
Conseil du trésor et Administration gouvernementale	1 484.1
Conseil exécutif	417.5
Culture et Communications	680.5
Développement durable, Environnement et Lutte contre les changements climatiques	147.1
Économie, Science et Innovation	819.2
Éducation et Enseignement supérieur	17 245.1
Énergie et Ressources naturelles	72.1
Famille	2 533.8
Finances (excluding debt service)	158.0
Forêts, Faune et Parcs	457.1
Immigration, Diversité et Inclusion	291.9
Justice	868.3
Relations internationales et Francophonie	93.8
Santé et Services sociaux	33 739.1
Sécurité publique	1 350.6
Tourisme	138.0
Transports, Mobilité durable et Électrification des transports	654.5
Travail, Emploi et Solidarité sociale	4 214.2
Total	68 238.4
DEBT SERVICE	8 318.0
TOTAL EXPENDITURE OF THE GENERAL FUND	76 556.4

TABLE 6

Québec government
Non-budgetary transactions
Forecasts for 2016-2017
(millions of dollars)

	2016-2017
INVESTMENTS, LOANS AND ADVANCES	-3 281
CAPITAL EXPENDITURES	
Investments	-7 311
Amortization	3 817
Less: PPP investments	164
Total	-3 330
RETIREMENT PLANS AND EMPLOYEE FUTURE BENEFITS	3 382
OTHER ACCOUNTS	-589
TOTAL FINANCING TRANSACTIONS	-3 818

Note: A negative entry indicates a financial requirement and a positive entry, a source of financing.