

The Québec Economic Plan – March 2018

A Strong Economy to Improve the Quality of Life and Mobility of All Quebecers

Québec, March 27, 2018. – The March 2018 Québec Economic Plan, tabled today by Minister of Finance Carlos J. Leitão, marks a historic turning point that positions Québec as a leader of sustainable growth in North America.

Underpinned by a financial framework that provides for the maintenance of a balanced budget over the next five years, the Québec Economic Plan relies on additional investments of \$16 billion within five years to:

- improve Quebecers' quality of life by ensuring quality services, primarily in education and health;
- provide quality time by investing in mobility and better supporting all citizens;
- increase everyone's standard of living through a strong, sustainable economy in all regions du Québec.

Thanks to strong economic growth and sound public finances, Québec is able to continue making major investments in public services and infrastructure while reducing its debt burden, out of a concern for improving the quality of life of all Quebecers.

The strongest economic growth in nearly 20 years

Québec's economy is going full throttle. GDP growth rose from 1.4% in 2016 to 3.0% in 2017, a level unparalleled in nearly 20 years. This performance was driven by consumer and business confidence and by households' good financial situation.

Québec is a hub of job creation in Canada

Québec's robust economy is one of the drivers of employment growth. In the past four years, 222 600 jobs have been created in Québec. At that pace, the government is on track to achieve its commitment to create 250 000 jobs in five years one year ahead of schedule. Similarly, the unemployment rate hit a record low of 6.1% in 2017, a level below that for Canada (6.3%).

Québec is tackling the repayment of its debt

The gross debt burden has decreased for the third consecutive year, and is expected to stand at 49.6% of GDP as at March 31, 2018.

The favourable economic and fiscal context means the government can now tackle the repayment of the debt by paying \$2 billion per year over the next five years through the Generations Fund. These repayments will generate debt service savings of over \$1 billion over the next five years. The government will continue to make the deposits provided for in the Act establishing the fund.

The Generations Fund, which was created in 2006 following a recommendation by the Liberal Party of Québec's Youth Commission, is the most powerful instrument of intergenerational equity ever adopted by a government. This fund, as provided for in the Act establishing it, is dedicated exclusively to repaying Québec's gross debt.

This winning strategy will allow the objective of reducing the debt burden to 45% of GDP to be achieved three years ahead of schedule, in 2023.

A tax fairness action plan

In a context in which the retail industry is changing and digital technologies are becoming increasingly prevalent, the Québec government is taking action to ensure fairness between Québec retailers and retailers outside Québec. After tabling the Tax Fairness Action Plan in November 2017, and to follow through on the plan, the government, through the Québec Economic Plan, is providing for the implementation of measures making the collection of the Québec sales tax mandatory on digital services and incorporeal property sold from outside Québec.

Quotations:

“In recent years, we have assumed our responsibilities by putting our fiscal house back in order and creating a favourable economic and fiscal environment that has enabled Québec to post its strongest economic growth in nearly 20 years.”

“Quebecers are the first to benefit from the improvement in Québec’s economic and fiscal situation. The reduction in the tax burden on individuals totalling nearly \$3 billion a year and the more than \$8 billion in investments a year to improve health and education services are actions we have taken to enhance families’ quality of life.”

“Intergenerational fairness has always been at the heart of our concerns, and it why we are taking responsible action by tackling the repayment of the debt as of this year. It is a historic turning point and an unequivocal message for our children and grandchildren that we want to leave them a Québec in sound economic and fiscal health that they will be able to develop according to their own aspirations.”

Carlos J. Leitão, Minister of Finance

Highlights

- In 2017, Québec posted its strongest economic growth in nearly 20 years.
- Québec has become an engine of economic growth in Canada.
- The March 2018 Québec Economic Plan provides for measures totalling over \$16 billion within five years, which represents more than \$38 billion in economic support.
- Additional investments of \$1.2 billion in education and \$3.6 billion in health are planned over the next five years.
- The improvement in Québec’s fiscal position allows for an increase in public investment to satisfy infrastructure needs, in particular in the education and health and social services sectors, the road network and public transit. Thus, investments under the 2018-2028 Québec Infrastructure Plan will reach \$100.4 billion—\$9.3 billion more than those provided for in the 2017-2027 Québec Infrastructure Plan.
- Québec will begin repaying its debt at \$2 billion per year over the next five years.

Related links:

The March 2018 Québec Economic Plan:

http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/EconomicPlan_1819.pdf

The Economic Plan in Brief:

http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/InBrief_18-19.pdf

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