

PRESS RELEASE No. 5

The Québec Economic Plan – March 2018

Increasing Everyone's Standard of Living Through a Strong, Sustainable Economy in All Regions

Québec, March 27, 2018. – Maintaining a strong economy is the cornerstone for improving Quebecers' quality of life. The Québec Economic Plan enables the government to continue its efforts to create a business environment conducive to innovation and business growth in all sectors of activity and in all regions.

In the coming years, the increase in Quebecers' standard of living will depend in large part on Québec's ability to adapt to the needs of both workers and employers. To meet this challenge, the government will soon release the national workforce strategy, which will rely, in particular, on additional investments of more than \$800 million within five years. The measures under the strategy will aim particularly to:

- improve completion rates and on-the-job training;
- facilitate the integration of immigrants into the labour market;
- facilitate lifelong learning.

Maintaining SMB competitiveness

SMBs play a frontline role in Québec's economy and that of its regions. To stimulate their growth and maintain their competitiveness, the government will ease their tax burden by close to \$2.2 billion over the next five years by:

- reducing the contribution to the Health Services Fund;
- gradually reducing the income tax of SMBs in the service and construction sectors from 8% to 4%.

Supporting the marketing of innovations by businesses

Québec has the potential to be a leader in applied technologies and innovations in many promising new fields such as artificial intelligence. The Québec Economic Plan therefore provides for assistance totalling \$172 million within five years to support appropriation and marketing of innovations by businesses, including \$120 million within two years to support two initiatives to foster mobilizing projects that are strategic for Québec's economy:

- projects for supply chains optimized by artificial intelligence in Québec piloted by the SCALE.AI supercluster;
- the launch of a call for mobilizing projects in other sectors that are strategic for Québec.

Continuing the rollout of the Québec Digital Strategy

The government is continuing the rollout of the Québec Digital Strategy, in order to enable businesses in all regions of Québec to seize the opportunities of the digital transformation. Additional investments of \$1 billion raise the funding of the strategy to \$1.9 billion. The additional funding will make it possible to, among other things, implement the digital action plan in education and higher education and support the digital shift in the justice, culture, construction and tourism sectors.

Accelerating business investment

To remain competitive on international markets and carve out a place for themselves on highly competitive markets, Québec businesses must invest in integrating the latest innovations. To accelerate private investment in all regions of Québec, the government is providing for initiatives of over \$270 million within five years:

- increasing and extending the additional capital cost allowance to support acquisition of cutting-edge technologies;
- broadening the tax holiday for large investment projects to include development of digital platforms;
- better electricity discounts for major projects;
- additional investments for carrying out large tourism projects.

Supporting key sectors of the economy

Québec benefits from a diverse economy that relies on a number of key traditional and technological sectors. The government intends to leverage Québec's strengths in these key sectors to ensure the development of all of its regions, promote its international standing and spur the growth of its economy. In this context, to support key sectors of the economy, the government will invest more than \$617 million within five years to:

- implement a new biofood policy;
- spur growth in the clean technologies sector;
- support the digital transition in the construction sector;
- continue Québec's Maritime Strategy;
- support Québec's financial, life sciences, aluminum and alcoholic beverage sectors.

Fostering economic development in all regions

The initiatives implemented under the Québec Economic Plan to support the economy of the regions have helped to put Québec on the path to growth. To continue on this path and take advantage of the full potential of the regions, the March 2018 Québec Economic Plan provides for new initiatives totalling more than \$417 million to promote the economic development of all regions by:

- relying on regional economic diversification;
- strengthening Québec's forestry sector;
- ensuring the conservation and development of wildlife and wildlife habitats;
- financially supporting projects to extend the natural gas distribution network in the regions;
- developing the mining sector;
- developing Northern Québec.

Mitigating the impact of the increase in the value of agricultural land

The value of agricultural land has increased in recent years, raising the property tax paid by agricultural producers. The government is therefore providing for \$20 million in short-term compensation to mitigate the impact of this increase on farming businesses and to enable the property tax technical committee to continue its work.

Making a success of the energy transition and protecting the environment

The 2030 Energy Policy sets a series of targets for completing the energy transition undertaken by Québec, particularly with respect to reducing greenhouse gas (GHG) emissions and petroleum product consumption. Additional investments of more than \$260 million are therefore provided within five years for initiatives to:

- promote the acquisition and use of electric vehicles;
- support innovation in energy efficiency and the reduction of GHG emissions;
- develop the use of residual forest biomass;
- develop the hydrogen sector in Québec;
- encourage the development of biofuels in Québec.

Additional investments will also be made within five years to protect ecosystems and ensure sustainable land development (\$176 millions), improve water management and mitigate risks related to flooding (\$226 million).

Quotations:

"We have made the choice to assist our SMBs in all regions and in all sectors of activity to help them be more innovative and raise their level of performance, and to give them the desire and the ability to invest more in their development. The excellent performance of the Québec economy shows that our plan is working, and we will continue on this path by relying in particular on tax relief for SMBs and concrete measures to increase investment by large businesses."

"The biofood sector plays a major role in our economy. It is present in all regions of Québec and contributes greatly to the occupancy and vitality of territories. The future biofood policy will therefore promote healthier, more local food of Québec. I am especially proud to announce that we will support the promotion and development of Québec terroir products."

"More and more Québec is positioning itself as a leader in clean energy production and sustainable development. We must take advantage of the favourable economic and fiscal situation to pick up the pace by relying on the strength and advantages of our hydroelectricity while exploring and developing promising niches, such as the hydrogen and biofuel sectors."

Carlos J. Leitão, Minister of Finance

Highlights

- Tax relief for Québec SMBs totalling \$2.2 billion over five years.
- \$617 million over five years to support key sectors of the economy, such as biofood.
- \$120 million within two years to support initiatives fostering the carrying out of mobilizing projects that are strategic for the Québec economy, particularly in the artificial intelligence sector.
- More than \$417 million over five years to foster economic development in all regions.
- More than \$260 million within five years for initiatives that will contribute to the energy transition and the fight against climate change.

Related links:

The budget paper *Employment: Meeting Labour Market Challenges*:

http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/Employment_1819.pdf

The budget paper *Biofood: An Economic Priority and Opportunity to Improve Quebecers' Health*:

http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/Biofood_1819.pdf

The budget paper *Climate Change: Actions to Reduce GHGs*:

http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/ClimateChange_1819.pdf

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