

2000-2001
BUDGET

Budget

Speech

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Introduction

Mr. President:

In recent months, Québec has experienced remarkable economic, financial and social success. I am therefore in a position to submit a Budget characterized by hope and pride, a budget clearly geared to the future.

- Following decades of chronic deficit, public finances are at last in order.
- Economic growth is strong and the unemployment rate has been brought down to a level that has not been matched in 25 years.
- Our fight against poverty has also shown appreciable results if we look at the number of households that have given up their dependence on social assistance to rediscover the dignity of work.
- Three weeks ago, Québec's young people participated in a Summit that gave rise, in several areas, to a consensus that will inspire a number of our collective undertakings.

Quebecers in general have regained their confidence in the future and have begun to believe that they can build on their success. Obviously, contrary to the legends, the uncertainty that, unfortunately, still looms over our national status has in no way affected our excellent economic performance. On the contrary, it is clear that, if we had full control over our own affairs, we would do better yet.

It cannot be repeated enough: Quebecers from every walk of life have contributed to this recovery and our renewed growth—our top-notch labour force, our enterprising business community and all the other vital elements of our society. We doubtless benefited from the robust continental economy, but our national government, which has updated the model inherited from the Quiet Revolution, has made a tangible contribution to an almost unheard-of wave of prosperity. Never, in all my life, have I known such a strong economy in Québec, whether judged in terms of its results or its structure. We made no mistake when we chose our strategies for building a modern Québec and undertaking a technology conversion: we have reason to be pleased even if we are not fully satisfied.

The Budget I am presenting before this Assembly proposes that we go yet further down the road to progress and prosperity. The overriding theme of this Budget is growth, but growth characterized by justice and fairness for all.

It focuses on four main areas: taxation, health, young people and the economy, particularly the regional economy. In the first three areas, it is redistributing, in all fairness, the surpluses generated by prosperity, a plus for all our fellow citizens who have helped create them. The fourth component of this Budget comprises the measures required if the economy is to continue to grow and to bring in yet greater rewards.

- First, after having consulted extensively on how best to proceed, we must reduce income taxes more rapidly and more extensively than planned. Our fellow citizens are the main artisans of our newly regained prosperity; they deserve to be the first to profit from it. Accordingly, I am announcing today that we will reduce personal income taxes by \$4.5 billion over the next three years.

We will begin this year with a \$1-billion reduction. Québec taxpayers will benefit from the impact of this tax cut on income earned as of January 1, 2000. In the past, income taxes have been raised retroactively but I am going to do the opposite and reduce income taxes retroactively.

This downward trend will continue, reaching \$1.5 billion in 2001-2002 and \$2 billion in 2002-2003.

- The second component of this Budget targets the health sector. I am announcing that we will add substantial amounts of new money for this crucial area. We will invest \$2.7 billion— two thousand seven hundred million new dollars — in 1999-2000 and 2000-2001.
- Third, this Budget will provide the money required to more than satisfy the commitment we made at the Québec Youth Summit to invest \$1 billion to develop education in the next three years. We all surely remember, in passing, the flair with which our Premier played his role as a unifying force. It's surprising he doesn't want another summit in the near future.
- Fourth, we are injecting \$675 million into economic development spending initiatives that have been proven profitable in order to foster greater growth and create more jobs, particularly in those regions that, for a variety of reasons, have prospered less than others.

I. Outstanding economic and financial results

(a) An economy resolutely turned toward the 21st century

I have often spoken of the Québec paradox: we have everything we need to do as well as and even better than anyone else, yet our performance has not always lived up to our expectations. Today, I have the clear impression that this paradox is unravelling and that the recent growth in our economy is leading us farther and farther away from the paradoxical toward the simply normal.

In fact, Québec, which recorded strong growth in 1997 and 1998 experienced even more impressive growth in 1999.

- At 3.7%, economic growth outstripped the most optimistic forecasts.
- 76 000 jobs were created in 1999. For the second consecutive year, we achieved a level unsurpassed since 1987.
- Last December, the unemployment rate dropped to 8.1%, its lowest level since the 1976 Olympic Games.
- This growth was particularly good for young people. In 1999, 28 000 jobs were created for young people between the ages of 15 and 24, an achievement not seen since 1973. Young people obtained 37% of all jobs created, although they represent only 16% of the population. These young people who envied us the golden days of our own youth, those thirty glorious post-war years, now have a window on something better in the guise of the global economy and, for many of them, the knowledge-based economy.
- This economic growth provided solid underpinning for our fight against poverty; in twelve months, the number of persons depending on income security benefits dropped by 40 000; the total decrease since 1996 actually amounts to 200 000 people. The best basis for our fight against exclusion is prosperity: the rest is up to our tradition of solidarity. The market economy alone is not enough. That is why initiatives such as the Fonds de lutte contre la pauvreté are so important.

- The Montréal metropolitan region is more buoyant than ever. At the end of 1999, the unemployment rate was not only lower than the Québec average, but also lower than the Canadian average for the first time since 1984. Ten years ago, the unemployment rate was 4% in Toronto and 9.6% in Montréal. At the end of 1999, it had risen to 5.3% in Toronto and dropped to 6.7% in Montréal. The gap was four times smaller than it had been. And it is still shrinking.

The outlook for the year 2000 is promising in the United States, in Europe and in Asia, which is recovering from the 1997-1998 crisis. Unless all the experts are wrong, the expansion of the world economy will support our continued growth again this year. We therefore expect our gross domestic product to increase by 3.3%, which is comparable with last year's results and twice as high as the average for the past ten years.

Once again, job creation should be vigorous: in fact, we expect 70 000 new jobs, which should reduce the year's average unemployment rate by another 1%.

This highly favourable economic outlook makes it possible to table a Budget today that includes measures that reflect the priorities of our fellow citizens and that will certainly be greeted with immense satisfaction.

(b) Putting budgetary surpluses to work for Quebecers

On the financial front, our success is clear and acknowledged by all.

We balanced the books a year ahead of time, in 1998-1999. And we have done it again: a balanced budget twice in a row.

The remarkable performance of the economy in 1999, which I was hoping for with all my heart but which it would have been imprudent to incorporate fully in my forecasts, has resulted in budgetary spin-offs that now truly resemble the green valleys I once invoked. Recently, I received confirmation that a \$2-billion surplus became available during fiscal 1999-2000.

The economic growth forecast for 2000 should also give rise to substantial budgetary surpluses. The budget plan I am proposing to this Assembly consists in reinvesting these surpluses in accordance with the wishes of our people. Our surpluses, then, will not be earmarked for debt reduction but for rapid tax cuts, for health care, for education, for young people and for the economy. Note that, even with a flourishing economy, what I am proposing today would not have been possible in the financial and administrative mess of the past. Remember: we had an annual deficit of \$6 billion, whereas we have a substantial surplus today. Which goes to show you how far we have come.

These billions being returned today to meet the needs of the people will not prevent our government from continuing with the financial rigor agreed upon at the Québec Summit of 1996 and strictly adhered to ever since. Accordingly, I am announcing for 2000-2001 the third balanced budget in Québec's recent history.

The fiscal and other measures announced today are not being paid for with money borrowed in New York, London or anywhere else. Québec's taxpayers will have the honour of paying for everything, including the investments, with their own money. For our young people, this will offset a part of the debt of the past, since we are now paying the depreciation of durable assets in cash.

SUMMARY OF CONSOLIDATED FINANCIAL TRANSACTIONS¹

(in millions of dollars)

	1998-1999	1999-2000	
	Actual results	Budget Speech 1999-03-09	Preliminary results
Budgetary transactions			
Own-source revenue	38 560	38 264	40 677
Government of Canada transfers	8 090	6 908	6 284
Total revenue	46 650	45 172	46 961
Operating expenditure	- 39 332	- 37 573	- 39 573
Debt service	- 7 187	- 7 599	- 7 388
Total expenditure	- 46 519	- 45 172	- 46 961
Budgetary surplus (deficit)	131	0	0
Non-budgetary transactions			
Investments, loans and advances	- 1 402	- 1 258	- 1 755
Capital expenditures	- 217	- 300	- 372
Retirement plans	1 020	1 440	1 629
Other accounts	991	358	958
Non-budgetary surplus	392	240	460
Net financial surpluses (requirements)	523	240	460
Financing transactions			
Change in cash position ²	- 1 983	2 627	2 182
Change in direct debt ²	2 490	- 1 740	184
Retirement plans sinking fund	- 1 030	- 1 127	- 2 826
Total financing of transactions	- 523	- 240	- 460

N.B.: A negative entry indicates a financial requirement and a positive entry, a source of financing. For the change in cash position, a negative entry indicates an increase and a positive entry, a decrease.

1 According to the budgetary structure in effect in 2000-2001.

2 Preliminary results for 1999-2000 take into consideration advance borrowings of \$758 million made in 1999-2000.

GOUVERNEMENT DU QUÉBEC¹
SUMMARY OF CONSOLIDATED FINANCIAL TRANSACTIONS
2000-2001 FORECASTS
(in millions of dollars)

Budgetary transactions	
Revenue	48 253
Expenditure	- 48 253
Budgetary surplus (deficit)	0
Non-budgetary transactions	
Investments, loans and advances	- 871
Capital expenditures	- 435
Retirement plans	1 726
Other accounts	- 894
Non-budgetary surplus	- 474
Net financial surpluses (requirements)	
- Consolidated Revenue Fund	0
- Consolidated organizations	- 474
	- 474
Financing transactions	
Change in cash position	1 160
Change in direct debt	1 191
Retirement plans sinking fund	- 1 877
Total financing of transactions	474

N.B.: A negative entry indicates a financial requirement and a positive entry, a source of financing. For the change in cash position, a negative entry indicates an increase and a positive entry, a decrease.

1 According to the budgetary structure in effect in 2000-2001.

II. A \$4.5-billion personal income tax reduction

(a) An immediate reduction of \$1 billion

We are using the benefits we have reaped first of all to reduce substantially the personal tax burden. Québec taxpayers bear a heavy load. Relief is long overdue.

The government will therefore cut personal income tax by \$1 billion for fiscal 2000-2001, by \$1.5 billion for 2001-2002 and by \$2 billion for 2002-2003. This reduction will actually be retroactive, as I mentioned earlier, to January 2000.

I wanted this reduction to appear on taxpayers' paycheques as soon as possible. As early as May, Quebecers will see a substantial drop in income tax. I know that, when they look at their cheque and reflect on Québec's sound finances, our reinvestments in health care, education and the economy, our fellow citizens will realize that they are well governed and that the results were worth the effort.

(b) A fully indexed tax system

Our government has also decided to protect taxpayers' purchasing power from inflation. Beginning today, this protection is more than ensured for 2000, 2001 and 2002, thanks to tax cuts many times higher than the impact of price increases. Beginning in the 2003 taxation year, full automatic indexation will be implemented.

The reduction in personal taxation we are implementing will result in a total tax cut of \$4.5 billion over the next three fiscal years. This is not only an improvement on our electoral promise to cut personal income tax by \$3.2 billion by the end of our mandate, but also an improvement on the Official Opposition's request for tax cuts of \$5 billion over five years. We are far ahead of this timetable and I am sure the Official Opposition will congratulate us warmly for it!

(c) Details of the personal income tax reduction

Now for the details of the tax reduction:

- First of all, we will bring in a new tax table. By January 1, 2002, the three tax rates, now at 20%, 23% and 26%, will be progressively reduced to 17%, 22% and 24%.
- Secondly, I am announcing an improvement in the assistance measure for families, incorporated into the Québec taxation system.

- Thirdly, as I have already said, the government will protect taxpayers' purchasing power permanently through the combined effects of the tax reduction and the automatic indexation to come into effect beginning in 2003.

In addition to these three main changes, I am announcing an improvement in the tax credit for child care expenses available to families who cannot take advantage of \$5 day care. This improvement will be of particular benefit to families earning between \$27 000 and \$75 000. It represents an additional tax reduction of \$29 million. This measure serves to enhance yet further our excellent family policy, the envy of many a country—and coveted by the federal government.

To this we add \$29 million in tax reductions to improve the tax system for self-employed workers who are becoming increasingly numerous in Québec. They must be given fair treatment under our tax system.

(d) A reduction geared to families and the middle class

Because of the criteria adopted, the tax relief will benefit all taxpayers whatever their income or personal situation. Everyone wins under this tax reform. Nobody loses. And, besides being immediate, it will have lasting effects, thanks to indexation.

On average, these measures will reduce income tax by 13%. The 2.4 million Québec households that pay income tax will see their tax burden drop significantly. Moreover, 130 000 additional households will no longer pay any income tax at all. From a social point of view, our taxation system will remain an exemplary one of which we can well be proud.

One particular message was repeated with insistence during the parliamentary committee last fall: special attention must be paid to families and the middle class. The message did not fall on deaf ears: all taxpayers will be winners, but middle-class taxpayers and families will be bigger winners than anyone else.

Let me illustrate the final impact of what I am announcing with a few examples.

- A technician with two children and one employment income of \$45 000 will benefit from both the new tax table and the improved tax reduction for families. Her income tax will be reduced by 27% or \$1 133.

Remember, too, that, until now, only families with an income below \$51 000 have benefited from the tax reduction for families. From now on, all families with an income of less than \$76 000 will be entitled to the tax reduction.

- An office employee married to, say, a cashier, with two children and a family income of \$50 000 will benefit from a total tax reduction of \$1 733, or 34%. In short, our tax cuts will be particularly advantageous for double-income families, which account for about 80% of Québec families.
- A family consisting of an engineer, her husband and two children, with a total income of \$100 000 will have a tax cut of 11% or \$1 803. The reduction measures therefore apply as well to higher incomes, but the decrease is proportionally less for the more affluent families.
- A dental hygienist living alone, with an income of \$30 000 will enjoy a tax reduction of 16% or \$673.

I am tabling an information document explaining the terms and conditions, and the impact, of these tax cuts, as well as the additional information on the budgetary measures, which are an integral part of the Budget Speech.

(e) Greater reductions than offered by the federal government

A few weeks ago, the federal Minister of Finance announced his own tax cuts. I had occasion to point out that I thought them rather skimpy, completely out of proportion to Ottawa's enormous leeway. I would like to add today that the federal cuts are much smaller than the ones I am announcing now.

Over the next three fiscal years, Ottawa's tax reductions will result in a \$2.7-billion decrease in taxes in Québec. Our Budget is cutting taxes by \$4.5 billion over the same period—almost double.

Let me now return to the examples I gave earlier. In 2002:

- Our technician, who is married and has two children, will pay \$1 133 less in taxes to Québec and \$440 less to Ottawa;
- For our office employee, who is married to a cashier and has two children, the discrepancy is much greater; they will be paying \$1 733 less to Québec but only \$134 less to Ottawa;
- The engineer and her working husband, who have two children, will pay \$1 803 less in taxes to Québec and \$981 less to Ottawa;
- And the dental hygienist will pay \$673 less to Québec and a bare \$163 less to Ottawa.

In all these cases, our tax cuts are much greater and apply much more rapidly. The large gaps observed in certain situations clearly demonstrate the priority we have given to average income earners and families. For example, following the tax reductions announced by Québec and Ottawa, a couple with two children and two employment incomes will start paying tax at an income of \$14 948 for the federal government and only as of \$34 846 for Québec. The difference in philosophy is obvious.

In a context where the real financial and fiscal leeway is in Ottawa, these results speak volumes. Above all, they must bring us to reflect on what our national government could do if it had complete control over all taxes. Our former premier, Daniel Johnson Sr., called for such control with insistence, demanding, it will be remembered, that 100% be brought home to Québec: 100, 100, 100, as he said.

III. Major increase in health care resources

The rewards of our sound economic and financial management are thus being used according to the wishes of the people, one of which, and an important one, is a substantial increase in the monies earmarked for health care. We did it last year and we will do it again this year in order to maintain universal access without compromising the excellent quality of the services provided.

This means that we must heed the priorities created by demographic change and that we take into consideration improvements in medical technology and methods of treatment. We must also ensure that our health care dollars are spent as efficiently as possible.

(a) Injection of \$2.7 billion in the health and social services sector

I am announcing today a major increase in resources devoted to health care and important measures to increase the system's efficiency. We are injecting an additional \$2.7 billion immediately and, at the same time, implementing a series of measures to reinforce the workings of the health and social services network in the short and the medium term.

My colleague, the Minister of State for Health and Social Services, who will have greater resources to support the energy and talent she brings to the overwhelming responsibilities of her position, will announce the details of these measures over the next few days.

Greater funding for the network

An amount of \$862 million is earmarked for network institutions to ensure adequate financing and enable them to balance their budgets.

A further \$877 million is being allocated to finance the increases in salaries and other operating expenses that are required to maintain existing services. These services are now and will remain among the best and most complete in the world.

Increase and develop services

Today, we are going yet a little further in improving public services. We are providing an additional \$747 million to increase public services and to develop new ones. In particular, we are financing the increased cost of the prescription drug plan and developing the services of Héma-Québec and services to identify and indemnify hepatitis C victims. We must also cut back on waiting lists, increase accessibility and improve network services.

Of this total, \$21 million will be devoted to youth services alone. The Minister for Health, Social Services and Youth Protection, who is himself one of Québec's greatest experts on the matter, will use these funds to improve services for young people, particularly for foster families, youth centres and community organizations working to prevent suicide and substance abuse.

Acquisition of new equipment

In recent years, advances in technology have given rise to substantially improved methods of providing services. It is therefore important to invest in new equipment, especially in areas where the equipment has a direct impact on the accessibility of services. Today's Budget includes an additional \$200 million for purchasing equipment in the health and social services sector.

This major investment program for medical equipment will make it possible to treat a greater number of patients in radio-oncology and hemodynamics for instance, and to improve the quality of care through the use of more modern equipment.

(b) A more efficient network to meet the needs of the people

All serious-minded people agree that money alone will not solve the problems of our health system. Not only must we make a substantial increase in the resources devoted to health care, we must also see that those resources are managed more efficiently and more rigorously.

My colleague will unveil the measures to be taken to improve the performance of the health care network in the near future.

(c) Dissipating the confusion surrounding the federal trust account

While on the subject of health, I would like to dissipate the confusion surrounding the \$841 million deposited by Ottawa in a Toronto-based trust account.

It has become a Kafkaesque story, where reality and fantasy are intertwined, one feeding on the other. Allow me, as Minister of Finance, to remain in the realm of reality. Three points have been brought up.

- First, the matter of transparency. I would like to point out that it was not Québec who decided to put the money in trust, but Ottawa. And there was no secret about it. It was clearly indicated in last year's federal Budget. It was also Ottawa which entrusted the management of this money to a subsidiary of the Toronto-Dominion Bank.

At the express and immediate request of my department, the money was invested in Québec, in Hydro-Québec and Québec government securities. It is absolutely false to claim that the money is lying dormant in Toronto. As for the yield, it is about 5%, the going market rate for short-term investments.

It was also Ottawa that suggested withdrawals of \$482 million in 1999-2000, \$240 million in 2000-2001 and \$119 million in 2001-2002. I hastened to incorporate these amounts in full into my Budget last year. Both Ottawa's and Québec's budgets were therefore transparent in this respect. You will all recall that Québec immediately denounced Ottawa's unfair treatment of Québec. I even gave the press, in the days following the federal Budget, a document in which the supposedly hidden funds were clearly indicated, in black and white. So everything was transparent.

- So why didn't we withdraw the \$482 million as per the timetable suggested by Ottawa?

The answer is clear in today's Budget. Tax revenues were much higher than expected in 1999-2000. As a result, we were able to inject \$782 million into the health care system immediately. This was much more than the \$482 million in the federal trust account. So the health sector did not receive less money because of our decision, it received more. Had I acted differently, our accounting rules would have obliged us to put the money toward our debt rather than into the health sector, which was not what we wanted to do.

It will be remembered that all the experts approved this prudent policy. Now that the Budget information is available and accessible to the man in the street, I am sure everyone will better understand the choices we made, which were based on logic and good management.

Since the federal government seems to have taken a liking to making payments into trust accounts — it has just announced that it will make more this year — I am going to try to persuade my federal colleague at least to deposit the money in a financial institution chosen by Québec rather than in Toronto. I hope he will agree.

We would then withdraw the money in keeping with the interests of the people of Québec. There is now \$1.4 billion in the trust account. I am announcing in advance that this money will be spent, and it will be spent in good time. Withdrawals will be made as follows: \$420 million this year, \$765 million next year, and \$256 million the year after that. To withdraw all at once money that is supposed to cover three years, as some people have suggested, would be highly irresponsible and would contradict the most elementary principles of prudence. For that matter, almost all the provinces, Ontario and British Columbia first and foremost, are following this same line of conduct, dictated by simple common sense, and have not been criticized in the least for doing so.

It is only in a few weeks then, on April 3, 2000, the first working day of the new fiscal year, that we will withdraw the first \$420 million, which will go into the health-care sector rather than toward paying off the debt. I believe, in my heart and in my soul, that that is what the common good and sound management require and I hope that my decision will be understood and approved.

- Finally, is it right to criticize Ottawa's health-care funding policy as all the provincial premiers do, Québec's first and foremost?

Here is another self-evident fact. Not only is there no guarantee that Ottawa's latest injections of funds into health care and social programs will recur, but also these funds represent only a drop in an ocean of needs and are dispensed with an eyedropper. All the premiers have been wearing themselves out decrying this situation for years.

We need to put into perspective the \$1.4 billion Ottawa spends and the \$159 billion Québec spends for the same period. In fact, the recent federal injection of funds would cover three days of operation in Québec's health and social services system.

We must keep our sense of proportion when assessing the central government's contributions and constantly bear in mind that the recurrent cutbacks by the federal government deprive us of \$5 billion a year, every year. Québec alone spends seven times more than it receives from Ottawa. We are far from the siren song of the sixties that drew in our governments of the time with alluring promises of 50-50 cost-sharing.

The late-lamented Gérard D. Levesque, well known for his good nature, nevertheless had hard words for Ottawa and its withdrawal from the health sector. What he said then was true. It is even more so today.

IV. Investing more in young people and in education

Let me repeat that this is a Budget that looks to the future, a Budget of hope, success and solidarity. It is a Budget that concentrates on the brighter things in life. In February, the Québec Youth Summit drew up some excellent courses of positive action for the future.

At the end of the Summit, the government promised to invest \$1 billion of new money into the education networks sector over the next three years. Agreement was also reached on creating a Youth Fund and continuing with the Fonds de lutte contre la pauvreté set up in 1996.

(a) Promoting quality education

This Budget puts into immediate action our promise to invest in education. The education networks will receive large sums for development, namely \$200 million in 2000-2001, \$300 million the following year and \$500 million in every subsequent year.

As my colleague the Minister of Education has said, the universities will be refinanced with the following objectives in mind: accessibility, performance and satisfying the needs of society. A balance will be kept between an essential presence in the regions and the development of major centres of excellence. We are counting on the crucial support of faculty members to make a success of these endeavours.

This Budget goes beyond the commitments made at the Summit, introducing new initiatives involving substantial additional funds. We will begin with \$150 million, \$100 million of which will go to the universities, \$40 million to the school boards and \$10 million to the Cegeps, to help them remain financially healthy.

On a more microeconomic scale, we have earmarked \$24 million for the modernisation of the hospital run by the Faculty of Veterinary Medicine in Saint-Hyacinthe, whose accreditation would otherwise be at risk.

(b) Promoting excellence

We also want to encourage young people studying at the master's, the doctoral or the post-doctoral level. To this end, we will put aside \$24 million over the next three years to increase the amount of bursaries available to them by 40%.

Along the same lines, but working within the taxation system, we will support the development of a new generation of university researchers. At present, students lose part of their bursaries to income tax. I am announcing today two new measures to protect them from this loss. First of all, we are raising the non-taxable portion of bursaries from \$500 to \$3 000. Secondly, we are making scholarships granted to university students entirely tax-free.

Young people who invest in high-performance sports are true role models for all young Quebecers. We intend to support their efforts financially. I wish them all the same kind of success as the Mélanie Turgeon's, Nathalie Lambert's, Mélanie Marois', Pierre Harvey's and Dominic Laroche's have known. I am thus announcing today the creation of a tax credit for Québec's 2 000 high-performance athletes. This credit will vary between \$1 000 and \$4 000 depending on whether the athlete is involved in an individual or a team sport and on whether he or she is classed in the Excellence, the Élite or the Relève level of that sport.

I am also announcing an additional \$10 million a year that the Minister for Health will use to encourage involvement in amateur sports.

This Budget also encourages excellence in research and development. It will increase the funds available to Valorisation-Recherche Québec, giving it \$120 million to support Québec researchers competing for other grants. My colleagues the Minister of Health and Social Services and the Minister of Education will also make funds available for this purpose.

Furthermore, over the next three years, an additional \$40 million will be provided to support research teams through financing funds. Lastly, the Minister of Research, Science and Technology is preparing to table a new science policy later this year, which will be accompanied by the resources required for Québec to remain on the cutting edge of new technology and knowledge.

(c) Promoting initiative

The most immediate need expressed by our young people was, obviously, access to jobs. Fortunately, they were the first to benefit from our strong economic recovery. As a result, they will also be the first to benefit from the budgetary measures supporting job creation. However, we want to help them in a more specific manner.

The most remarkable outcome of the Summit was without a doubt the creation of a \$240-million Youth Fund. I would like to express my gratitude to Québec's business community, which will be contributing one half of this amount to the Fund. The government will be paying its half into the Fund this very year. What a wonderful example of Québec solidarity and what a wonderful way to use our budgetary surpluses!

This Budget also sets aside \$95 million for other measures to help young people. These measures will be revealed shortly by the Minister of State for Education and Youth whom I congratulate, by the way, for his energy, the thoroughness of his work and his excellent performance at the Summit.

I would like to remind you that, true to our tradition of solidarity, we agreed to maintain the Fonds de lutte contre la pauvreté, which was created at the Summit on the Economy and Employment in the fall of 1996. The Fund will receive \$160 million over the next three years.

Two years ago, I announced the creation of a Fonds étudiant solidarité travail du Québec, in cooperation with the FTQ and its Fonds de solidarité. The annual revenues of this fund made it possible to offer close to 400 paid internships to students in 1999 and to help them enter the labour market. With our partners, we have agreed to invest \$10 million each to create more student internships.

If this Budget were to be graced with a dedication, it would read, "To Québec's young people". Not only have we stopped burdening our young people with our debts, we are putting powerful resources at their disposal so that they can achieve their life goals more easily than those who went before them. I imagine this is what is called intergenerational solidarity.

V. Supporting economic transformation to create yet more jobs

(a) Considerable progress so far

During the century just past, Québec's economy underwent phenomenal change.

Barely 50 years ago, it was a quasi-colonial economy and we were relentlessly condemned, to quote Félix Leclerc, to the status of "hewers of wood and drawers of water in our own land".

The Quiet Revolution swept away those bad memories. Our people rose up to take control of its own destiny. Today we are reaping the benefits. One of today's most eminent economists, Professor Pierre Fortin of UQAM, has clearly demonstrated that all our vital economic indicators have improved since 1960 and that the Quiet Revolution was an enormous economic and social success.

After investing several billion dollars in education and economic development, after making immense individual and collective efforts, Québec now stands among the most advanced nations of the world.

- Our highly qualified labour force is proof of the wisdom of the huge investment we made in education. More university degrees are earned per capita in Québec than in the United States, France or Japan. Montréal vies with Boston for the title of university capital of the continent, that is, the number of university students as a proportion of the total population.
- We have first-class scientific and technological resources. Québec has taken huge leaps forward in terms of innovation: its rate of investment in R&D now surpasses that of Canada and the average of the European countries.
- Québec is well established in hi-tech industries such as aerospace, pharmaceutical, biotechnology, multimedia and information and communication technology and advanced consulting engineer firms.
- We have the linguistic and cultural assets required to conquer world markets: there are 80 different languages spoken in Québec. In Montréal, 50% of the labour force is bilingual and 20% speaks a third language.

This does not prevent us from honouring our common, official, national language and continuing, as always, to defend it and bring it honour. This Budget earmarks an additional \$2 million for this purpose. We must intensify our action in two areas vital for the future of our language: assistance to small and medium-sized enterprises developing francization programs, and language classes for immigrants in the workplace, the ideal milieu for integrating newcomers into the French-speaking community.

- Québec made the right choice when it opted to become open to the world. The proportion of the GDP it exports has risen from 44% about ten years ago to 60% today. Québec made the right choice when it rallied massively behind free trade, while Canada's current leaders, who sing its praises today, fought it with as much passion as lack of vision. Since that time, our exports to the United States have tripled while exports to the rest of Canada have grown by barely 28%.

We must not forget that this spectacular entrance into the modern world was achieved at a time when we were emphasizing our control over our economic space. The "Masters in our own House" slogan of the Liberals of better times has become a striking economic reality. Québec-owned businesses have become by-words for excellence and success: Québecor, the world's leading printer, Alcan, the world's second largest aluminum producer, Bombardier, third among aircraft manufacturers, CGI, fifth in North America among information technology firms, not to mention the many other companies making their mark around the world.

I want to stress in passing that the efforts we made to gain control of and modernize our economy received little if any support from the central government. Still today, as always, Québec, with 25% of Canada's total population, receives only 13.8% of R&D expenditure by federal laboratories, 16.7% of federal subsidies for companies, 18.6% of federal capital expenditures. These chronic injustices have and continue to cost us, on a cumulative basis, hundreds of thousands of jobs. It is not because a complaint is an old one that it is not a valid one. And it is not because an injustice persists that it is less unjust or that those denouncing it are less justified in doing so.

(b) Challenges to take up at the dawn of the 21st century

At the dawn of the 21st century, we must continue with enthusiasm the changes well under way.

Let us recall, in a few words, the philosophy of our government on economic and social modernity.

While globalization is an invaluable source of growth for the entire world, it is essential that its impact on the public be regulated. We saw recently, in Seattle and in Davos, that globalization is creating growing apprehension, some of which is perfectly justified.

For our government, the debate over protectionism is ended and trying to stop globalization by setting up barriers to trade would be reactionary and dangerous, especially for poor countries. On the other hand, we must learn to control, regulate and humanize the new reality rather than try to turn the clock back. A better kind of state intervention is required, nationally, internationally and supranationally. In this context, the concept of nation acquires greater relevance, given the danger of homogenization for languages, cultures, identities and lifestyles. The nation, more than ever, is an indispensable counterweight for the preservation of human diversity.

Our government believes that social justice must arouse the same passion as the creation of wealth, its necessary prerequisite. We once again provided proof of this at the Québec Youth Summit when we earmarked \$246 million over the next three years for the indexation of social aid benefits received by people who are fit to work and to increase benefits for people sharing housing facilities.

Yes, we believe in the famous invisible hand of Adam Smith — a Scottish economist. But we also believe in the clearly visible and supportive hand of collective action advocated by progressive governments. Tony Blair, the socialist Prime Minister of Great Britain, recently stated that, if socialists were wrong in trying to bring success down to a common denominator, they were certainly right to try to put success within everyone's reach. We are of the same belief.

(c) Increasing private investments

Since 1994, great strides forward have been made in achieving fruitful investments in Québec's private sector. These investments have increased by at least 60% compared with less than 50% in Ontario and Canada. The rate of growth of these investments is comparable to that of the United States, which is much higher than Canada's.

Despite this outstanding performance, we must step up the pace to better meet the competition. This Budget introduces a number of important measures to enable us to keep up the momentum.

Our corporate tax system is, in general, very competitive. But there are a number of countries and states with which it still cannot compete when it comes to attracting new companies. We would do well to follow in the footsteps of the Republic of Ireland, for instance, a small country of 3.7 million people that has experienced phenomenal growth recently. One of the factors that contributed to this success is an aggressive taxation philosophy with a 10% tax rate on corporate earnings, which translated into a direct increase in both investments and government revenues.

Having not yet judiciously opted for national sovereignty, as Ireland did long ago, we cannot imitate it completely, for we do not control all our taxes. We can nevertheless do our bit and hope that the federal government will follow suit, which it seldom does, unfortunately — except to create overlapping and duplicate structures that are as costly as they are useless.

I am announcing two measures today whose objective is to reduce corporate taxes and create jobs, as Ireland has done.

- First of all, a full tax holiday for ten years for all major investment projects. This exemption will cover income tax, tax on capital and the contribution to the Health Services Fund.
- I am also extending two temporary measures that were to end on March 31: the accelerated depreciation of 125% and the two-year capital tax holiday for manufacturing investments and computer equipment will continue until March 31, 2005.

The first of these two measures alone should create investments of \$5 billion over the next five years, resulting in 16 000 new jobs. Even if we do not control all our taxes, we are moving toward the Irish model. That should please a large number of our fellow citizens who trace their origins back to Erin's fair isle and to whom I would like to take this opportunity to wish a Happy St. Patrick's Day.

Since the Angus yards in Montréal closed, the community's vital forces have reacted and decided to breathe new life into the area. They plan to create a "Technopôle" to attract SMEs in the manufacturing or environmental sectors. This admirable project should create 2 000 jobs for young people in this recovering neighbourhood over the next 10 years. In order to give a helping hand, I am announcing the creation of a tax credit equal to 40% of the salaries of new employees during the first year on the job.

This Budget contains several other measures to support investment in Québec. Here are the most important.

- We are improving the budget package for PIJCPF, a job creation fund that has exceeded its objectives: its goal was to create and support 28 000 in five years. It has already created 27 000 jobs in only 21 months: obviously, it must be allowed to continue.
- We are improving the Garantie-PME program, which is also doing well.
- The immigrant investor program is being reviewed in order to increase the financial benefits available to SMEs and make the most of the economic spin-offs for Québec.
- We are providing financial support to restructure the subcontracting sector, particularly in the aerospace industry.
- Finally, we will clarify the *Act respecting municipal taxation* so that industrial anti-pollution equipment will be exempt from property tax in all municipalities in Québec. We will compensate the municipalities, of course, for any loss they incur as a result of this measure.

(d) E-commerce, a promising sector

As everyone knows, communication is undergoing an astonishing transformation, affecting all aspects of our economy and our society. Based on a concept that was originally developed for military communication but that had fantastic potential for the exchange of all kinds of information among people, the Internet has experienced phenomenal growth. Today, 250 million people surf the Net around the world and their numbers are growing by several million every month.

This revolution is now affecting the market economy. On-line purchases already amount to \$100 billion globally and this figure doubles every year.

This veritable e-commerce explosion may be attributed to the revolutionary characteristics of the new transactions: less time, no spatial constraints and the complete decompartmentalization of world trade.

Québec must become part of this rapidly changing environment as quickly and as fully as possible. All of our businesses must adapt in order to preserve and increase their markets in a more competitive context.

We want to support Québec businesses so that they can draw every possible advantage from this new world.

- I am therefore announcing the creation of a tax credit equal to 40% of the expenses incurred by SMEs to develop a transactional web site on the Internet. The objective is to have 10 000 SMEs take advantage of this program. A sum of \$126 million will be available for this purpose for the next three years.

- Québec must also have a leading-edge telecommunications network throughout its territory. That is why I am announcing accelerated depreciation of 125% for investments in fibre optics in regions that have been poorly served to date. It will cost \$15 million for all regions of Québec to be on an equal footing in the on-going information revolution.

Any Quebecer who wants to must also be able to participate fully in this huge new cultural movement. This is not merely a business question.

So far, probably for cultural and linguistic reasons, a smaller proportion of households in Québec are connected to the Internet than in the rest of Canada. The difference is even greater among low-income families where the question of financial resources comes into play. Too many young people are deprived of a tool that is almost indispensable for to the development of their full learning potential.

That is why I am announcing an Internet connection program for families with incomes that make them eligible for family allowances. All those that hook up to the Internet as of next May 1 will be entitled to this assistance. If they hook up before April 1, 2001, they can benefit, for two years, from assistance of up to 75% of the cost of Internet access and the necessary hardware.

We are earmarking \$120 million for this measure, which will have both a social and an educational impact. It could benefit close to 200 000 families. It will help many young people become part of modern society, no matter what their financial resources.

Other projects on e-commerce in general are being studied, and will be announced in due course, at strategic moments.

(e) Modernization of infrastructures

The Québec government is proud of the impact municipal infrastructure programs have had since 1994. They have made it possible to give municipalities high-quality infrastructure and to create over 25 000 jobs. But infrastructure requirements remain high, as seen in the report of the Coalition pour le renouvellement des infrastructures du Québec. This is why, in cooperation with its municipal partners, and in the wake of the federal intentions announced in this area, the Québec government will do everything to negotiate a new tripartite program for the modernization of infrastructures.

The Québec government intends to go ahead with its plans immediately, however. I am announcing the creation of a made-in-Québec infrastructure program for which we will earmark \$290 million. This will serve to cover part of the costs for the construction and repair involved in a great many capital works.

Of this amount, \$175 million will be set aside for municipal projects, and \$25 million for environmental projects. In addition, \$90 million will be earmarked for strategic projects in the transportation sector.

The Minister of Transport will also receive \$5 million to relieve traffic congestion on Montréal's south shore. Because of the work being carried out on the Victoria Bridge in particular, the town of Mont-Saint-Hilaire will be linked to Montréal by a commuter train within the next few months.

Furthermore, Québec households sometimes suffer considerable damage to their property because of natural catastrophes and other accidents. Pyrite has caused just such a calamity, placing many households in an extremely precarious financial position.

We intend to help them. It is a question of standing together in the face of misfortune. We are setting up a program to help the victims of pyrite damage, particularly the less wealthy households. The government will shoulder 75% of the cost of repairs, up to \$30 000. However, this 75% rate will decrease in inverse proportion to the value of the property.

VI. \$310 million for regional development

This Budget provides \$310 million to support economic development throughout the regions of Québec, and stresses certain particular cases.

Help for certain specific regions

While the upswing in the economy since 1994 has benefited Québec as a whole, certain regions are doing much better than average, especially Chaudière-Appalaches, the Outaouais, Montérégie, Laval, Laurentides, Estrie, Lanaudière and Québec. I hope that the introduction of some 50 new economy centres—CNEs—will accelerate this growth and help it spread throughout Québec.

Some regions, however, are still struggling with under-employment. We have a moral obligation to stand together and deal with this problem.

This is true, above all, for the Gaspésie and Îles-de-la-Madeleine region. Last November 19, the Québec government announced that \$23 million would be made available to stimulate job creation and economic recovery in the region. This Budget increases that amount to \$49 million, adding \$9 million for road works, \$12 million for tourism infrastructures and \$5 million for job creation in the forestry industry.

Moreover, we will improve our maritime policy, while deploring the fact that the federal government still refuses to follow our example in doing something that is so effective and so highly appreciated by the industry. Thus, we are reducing by half the minimum size of ships entitled to the Québec tax credit. This will be particularly beneficial for shipyards in the Gaspésie and Îles-de-la-Madeleine region.

Our government also wishes to provide specific assistance for Québec's mining regions, to ensure continued growth in that industry. Additional funding of \$5 million will go this year to set up a program to support distressed junior exploration companies. Additional one-year funding of \$5 million will also be used to add a component to the mining exploration assistance program targeting the Abitibi-Témiscamingue region.

The Sorel-Tracy urban centre, which had a brilliant industrial past, is now experiencing economic and social difficulties. During the last two decades, several firms have closed their doors and the Tioxide plant has just announced that it will be shutting down as well. Other companies have restructured and many jobs have been lost.

Despite these difficulties, Sorel and Tracy, two municipalities in the process of merging, refuse to be beaten and several of their representatives — particularly their valiant MNA — have developed a multi-faceted action plan to boost and diversify the local economy.

The government is not indifferent to their desire to regain control of their destiny. This Budget is therefore allocating \$21 million over three years to be used to promote a number of projects developed locally.

Québec produces 10% of the world's aluminum. The Saguenay—Lac-Saint-Jean region, which contributes more than any other to this output, still has too few plants processing this light metal, although this industrial niche has a promising future. This Budget supports the development of the “Aluminum Valley” as a world centre of excellence for processing this extraordinary resource. I am announcing the introduction of a tax credit for firms that locate in this region in order to manufacture finished or semi-finished aluminum products or specialized equipment for aluminum processing plants. This credit will be equal to 40% of the salaries of employees engaged in production and marketing during the year after which they are hired.

Assistance for the forestry industry

Most pulp and paper mills in Québec are already well into the necessary conversion of their production processes and have invested several billion dollars in the project. However, a certain number of firms failed to renew their equipment, which is no longer very productive and is ill adapted to compete on the world market. A number of these mills form the hub around which the economic activity of a region or a city revolves.

I am announcing today a grant of \$100 million for INNO-PAP in order to support the development of the pulp and paper industry. With these funds, INNO-PAP will be able to:

- modernize Québec's less competitive mills; and
- maintain jobs in the regions.

These measures should result in the modernization of a number of mills, investments of \$700 million and the preservation of 2 500 jobs, most of them in the regions, obviously.

Assistance for rural areas

We all know how important rural areas are for the Québec economy. You will remember that, in his inaugural address of March 3, 1999, the Premier announced the government's firm intention of adopting, in the year 2000, a Québec policy on rural life. My colleague, the Minister of Regions, will unveil this policy in June, along with the measures required to implement it. Meanwhile, it is important to provide funds for the three measures introduced in the past, which have proven their worth. I am therefore announcing the renewal, for five years, of the program for rural officers, the program to support traditional farm products and the program to finance Solidarité rurale. An amount of \$3 million a year has been reserved for this purpose.

At the Québec Agriculture and Agri-food Conference held in Saint-Hyacinthe in March 1998, the government and its partners in the agricultural community agreed on the need to modernize the financial vehicles devoted to agriculture and turn them into powerful levers for development. To enable this long awaited reform to get under way without further delay, I am announcing today a long-term government commitment of \$300 million a year to fund financial vehicles specific to the farming sector.

Other regional investments

To varying degrees, a number of Québec regions need to diversify their economy to create more jobs. Our government fully intends to support them in their efforts, and is giving them today \$50 million to that end. The areas targeted are the Bas-Saint-Laurent, the Saguenay—Lac-Saint-Jean, Mauricie, Estrie, Abitibi-Témiscamingue, Côte-Nord, Nord-du-Québec, Chaudière-Appalaches, Lanaudière, Laurentides, Montérégie and Centre-du-Québec regions.

There is no doubt but that the availability of natural gas at a competitive price contributes to the economic growth of a region. Nevertheless, there are regions that continue to do without. A number of strategic businesses thus find themselves at a competitive disadvantage. This is true of certain farm producers, particularly hog producers, poultry farmers and farmers engaged in drying grain.

This Budget is therefore providing \$25 million to finance the government's contribution to the extension of the gas network in order to service industrial parks in the Québec City, Abitibi, Montérégie, Estrie, Saguenay—Lac-Saint-Jean, Mauricie and Laurentides regions. This should give rise to \$150 million in investments and 2 400 new jobs.

There is a missing link in our business financing package. We know that several regions of Québec depend on the creation of micro businesses to ensure their economic development.

I am therefore announcing today the creation of a loan guarantee program for small business start-ups. The government will guarantee 80% of the losses shouldered by the lender up to \$100 000. This new instrument will enable these businesses to obtain more easily the capital they need to finance their equipment and operations.

In addition, we are granting the Société des établissements de plein air du Québec the money required to invest \$30 million over the next three years in improvements to infrastructures providing accommodation, services and access to sites and land throughout the regions of Québec.

VII. Enhanced support for culture

Promoting Québec culture remains a basic preoccupation for our government. A great Quebecer who passed away this year, Rosaire Morin, wrote, "A people that defends its culture, defends much more: it defends its dignity, its liberty and (even) its prosperity".

Québec's culture is alive and well and its influence is felt far beyond its borders despite our relatively small population. The people of Québec are proud of this and support their creative artists with love, admiration and pocketbook.

The Québec government is in complete accord with the public in its commitment to culture. Even in the darkest hours of our struggle with the deficit, resources for culture were preserved and even increased. Accordingly, the budget for the ministère de la Culture et des Communications, which was \$392 million in 1997-1998, will exceed \$430 million in 2000-2001, not counting the various tax measures in support of culture I have announced on a regular basis.

This Budget espouses the same philosophy, introducing a new form of tax support for culture. Because of the small scope of the Québec market for books, our publishers cannot easily publish all the Québec authors who deserve to have their works in print.

That is why I am announcing today the introduction of a tax credit for book publishing that will cover up to 40% of the labour costs of preparing a book and 30% of the labour costs of printing it. This tax credit fulfills a commitment made by the Premier at the Sommet sur la lecture et le livre and will come into force immediately.

The affirmation of our national culture relies on institutions and museums able to inspire a renewal in creation by refreshing their collections and showcasing Québec's creative genius in major artistic events. These institutions also count on the financial support of the government.

I am therefore pleased to announce today the allocation of \$29.5 million to enable the Minister of Culture and Communication to support a variety of initiatives in these two areas. This money will make it possible, in particular, to increase support for major artistic institutions such as Les Grands Ballets de Montréal and the national capital's Orchestre symphonique. The Musée national du Québec will be able to create a Jean-Paul Riopelle Hall where his masterpiece "Hommage à Rosa Luxemburg" will be exposed, among other works.

Now that our public finances are in order, it is time to begin reinvesting in the development of cultural facilities. I am therefore announcing today investments of \$30 million in programs to support cultural facilities and restore cultural property. We will thus be able to carry out the most pressing work to maintain existing properties in good condition and bring up to standard various facilities required for the dissemination of culture, for the performing arts and for museum works.

The TV5 television station is the flagship of multilateral cooperation in the French-speaking world, broadcasting continuously in 120 countries programs produced in various member countries of La Francophonie. It thus burnishes the image Québec projects to the world, and creates jobs in Montréal, its second strategic centre. At the most recent Sommet de la francophonie, Québec promised to intensify its support for the development of this station. Today I am announcing additional funding of \$8 million for that purpose.

The preservation of the architectural heritage, one of our national treasures, calls for essential and substantial financial resources.

The government must set the example. Indifference to the state of buildings that it owns is difficult to justify. The Séminaire de Nicolet building, for instance, one of the most beautiful examples of Québec's educational architectural heritage, which belongs to what is soon to become the École nationale de police, has for years been a desolate monument of blackened ruins. I am therefore announcing the allocation of \$43 million to be invested in this jewel to adapt it to its new mission and restore its elegance of Québec's yesteryear.

The same goes for the Institut de tourisme et d'hôtellerie building on rue Saint-Denis in Montréal. This building has not been burnt but its legendary aesthetic shortcomings appear to detract from a cultural and historical neighbourhood that deserves better. We will therefore invest \$18 million in this project.

We are continuing to help various groups working to preserve Québec's religious heritage. Five years ago, we set up a program for this purpose and since then we have injected \$80 million into it. I am pleased to announce today an additional \$20 million for this program.

VIII. \$430 million for the municipalities

Our government's sound economic and financial management has generated other dividends today that will compensate for much of the sacrifice of the past. It will enable us to return \$430 million net to our municipal partners over the next three fiscal years.

Problems to be solved

In 1997, we asked the municipalities to help us balance our budget. They agreed to contribute and we signed a fiscal pact with them that was renewable in the year 2000. When the time came to renew the agreement, we had to explain that, if we wanted to keep our books balanced, we would continue to need their \$356 million contribution, cutely christened "the bill". They pointed out that this might force them to increase property taxes, particularly since they had had to postpone many infrastructure projects.

At the same time, major obstacles loomed on the horizon for the tax on telecommunications, natural gas and electricity (TGE) businesses which the government collects and remits to the municipalities. The tax has failed to keep up with developments in telecommunications. As a result, we were obliged, in 1997, to exclude cell phone activity from the tax field. Though justified, the adaptations to be made to the tax may well cut into municipal revenue and so become an additional irritant.

A solution

Together with our municipal partners, we will encounter major challenges over the coming years. Consequently, it is important to smooth away any rough edges hampering our relations.

First of all, as I announced earlier, we have earmarked \$175 million for the municipalities, to be used for their infrastructures.

Second, the government will keep the proceeds of the TGE tax. In return, we will abolish the famous bill, since the two amounts practically cancel each other out. The municipalities will come out ahead, however, since we will be taking over the programs to support municipalities, which had been funded by the TGE tax, that is, equalization, assistance to RCMs and assistance to central cities, for a total of \$50 million a year. In addition, we will make \$155 million available to ease the transition to the new system and to implement the action plan to strengthen urban areas and RCMs announced by the Minister of State for Municipal Affairs and Greater Montréal on March 3. The bill will become nothing more than an unpleasant memory of a necessary sacrifice.

The municipalities have been asking for new sources of income for a few years now, to better reflect their contribution to economic development. We are ready to begin discussions on this point, keeping in mind, of course, that we too have financing requirements.

If we add together the \$175 million provided for infrastructures, the \$155 million in general assistance and, two times, the \$50 million for programs taken over by the government, this Budget gives the municipalities \$430 million in 2000, 2001 and 2002. With these additional funds, our municipalities will be in a better position to continue offering high-quality services to their residents.

Conclusion

In the epilogue of René Lévesque's book *An option for Québec*, the great film-maker Pierre Perreault, who died earlier this year wrote, "Québec is a growing word". That is the impression given more and more by our recent success. In a context of renewed growth and sound public finances, all our national realities and values, both tangible and intangible, are expanding.

Allow me in ending to leave the material considerations typical of a budget aside and broach a few issues that are crucial to our life in Québec. It is becoming increasingly clear to everyone that the Canadian political system is impossible to reform. It has reached the point where our existence as a nation has actually been denied. A federal minister, in a letter published in *Le Monde*, wrote recently that we were "only one minority among others". The system has hardened to the point where an anti-democratic law, that is a slur on Canada's honour at home and abroad, has been tabled in Parliament.

Yet we are far from a unanimous solution to the national issue, either among the people of Québec or in this Assembly.

Fortunately, we can identify, while we wait, a kind of common vision. Following the publication of the work of numerous intellectuals in *Le Devoir* last summer, a broad consensus was reached on Québec's existential reality. *La Presse* recently concurred with an increasingly self-evident truth: Québec is a nation, just like Ireland, Scotland, Slovenia, Israel and the Czech Republic. Our nation is actually one of the 20 leading economic powers in the world, ranking above all the nations I just named.

Mr. President, at this period in our history, I think the greater public interest demands that our land be proclaimed the nation it is — in this Assembly and throughout the world — and that its freedom to choose its destiny be constantly restated.

As the majority in this government, and with all due respect for divergent opinions, the way of the future is clear and perfectly adapted to our times: we wish to found a new Canada-Québec union, like the European Union, and build it along the same principles that guide that great assembly of sovereign countries: free movement of goods, services, capital and persons and the creation of supranational institutions that ensure harmonious relations between participating nations. Such a formula would finally and rapidly settle the painful question of Québec-Canada relations.

For our part, this quest for nationhood continues without a break, unfaltering and constant. As Gaston Miron said in *l'Homme rapaillé*: "I have never travelled toward another country but you, my country."

For us, the word country is the only one that can describe our land. We find it in a sentence full of hope written by the great writer Anne Hébert, who was born in Sainte-Catherine-de-la-Jacques-Cartier and returned this

year to end her days there. She wrote, "Let it snow, our country is only a few days old". The time of snow is almost over, Mr. President, spring is at our door. I hope this Budget will be acclaimed as a celebration of a new season in our land.

Thank you, Mr. President.

GOVERNEMENT DU QUÉBEC
BUDGETARY REVENUE
2000-2001 FORECASTS
(in millions of dollars)

Own-source revenue	
Income and property taxes	
Personal income tax	15 705
Contributions to Health Services Fund	4 198
Corporate taxes ¹	4 121
	24 024
Consumption taxes	
Sales	7 092
Fuel	1 600
Tobacco	510
	9 202
Duties and permits	
Motor vehicles	684
Alcoholic beverages	139
Natural resources ²	298
Other	170
	1 291
Miscellaneous	
Sales of goods and services	514
Interest	320
Fines, forfeitures and recoveries	298
	1 132
Revenue from government enterprises ³	
Société des alcools du Québec	477
Loto-Québec	1 193
Hydro-Québec	939
Other	819
	3 428
Consolidated organizations	1 870
Total own-source revenue	40 947
Government of Canada transfers	
Programs:	
Equalization	4 686
Canada Health and Social Transfer	1 777
EPF and other programs related to fiscal arrangements	11
Other programs	576
Consolidated organizations	256
Total Government of Canada transfers	7 306
Total budgetary revenue	48 253

1 Includes tax on corporate profits, tax on capital and tax on premiums in lieu of corporate taxes for insurance companies.

2 Includes forest, mining and hydraulic resources.

3 Includes the dividends declared and the change in surpluses or deficits accumulated by government enterprises, which are consolidated with a corresponding reevaluation of the investment held by government.

GOUVERNEMENT DU QUÉBEC
BUDGETARY EXPENDITURE
2000-2001 FORECASTS
(in millions of dollars)

Operating expenditure

Program spending	- 39 460
Consolidated organizations	- 1 368

Total operating expenditure - 40 828

Debt service

Consolidated Revenue Fund	- 6 750
Consolidated organizations	- 675

Total debt service - 7 425

Budgetary expenditure - 48 253

GOVERNEMENT DU QUÉBEC
NON-BUDGETARY TRANSACTIONS
2000-2001 FORECASTS
(in millions of dollars)

Investments, loans and advances	
<input type="checkbox"/> Consolidated Revenue Fund	- 883
<input type="checkbox"/> Consolidated organizations	12
Total investments, loans and advances	- 871
Capital expenditures	
<input type="checkbox"/> Consolidated Revenue Fund	
Net investments	- 159
Amortization	343
	184
<input type="checkbox"/> Consolidated organizations	- 619
Total capital expenditures	- 435
Retirement plans	
Employer and employee contributions	4 184
Benefits and other payments	- 2 458
Total retirement plans	1 726
Other accounts	
<input type="checkbox"/> Consolidated Revenue Fund	- 944
<input type="checkbox"/> Consolidated organizations	50
Total other accounts	- 894
Total non-budgetary transactions	- 474

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

GOVERNEMENT DU QUÉBEC
FINANCING TRANSACTIONS
2000-2001 FORECASTS
(in millions of dollars)

Change in cash position	
<input type="checkbox"/> Consolidated Revenue Fund	758
<input type="checkbox"/> Consolidated organizations	402
Total change in cash position	1 160
Change in direct debt	
<input type="checkbox"/> Consolidated Revenue Fund	
New borrowings	5 270
Repayment of borrowings	- 4 151
	<u>1 119</u>
<input type="checkbox"/> Consolidated organizations	
New borrowings	955
Repayment of borrowings	- 883
	<u>72</u>
Total change in direct debt	1 191
Retirement plans sinking fund	- 1 877
Total financing of transactions	474

N.B.: A negative entry indicates a financial requirement and a positive entry, a source of financing. For the change in cash position, a negative entry indicates an increase and a positive entry, a decrease.