



2002 › 2003 BUDGET

Now, because now is the time for

ACTION

// Since September 11, the world
economic environment has been in
upheaval. We must take action today
to ensure the social and economic
security of Quebecers. //

Pauline Marois

Deputy Prime Minister and Minister of State
for the Economy and Finance, in the Québec
National Assembly, November 1, 2001

With the 2002-2003 Budget, the Québec government is introducing an action plan to support employment and growth and provide assistance to consumers and people with low incomes. This plan will allow for the acceleration of investments promoting the creation or maintenance of some 16 000 jobs, beginning this year. In addition, this Budget maintains a zero deficit, a beacon of hope for the next generation.

MAINTAINING A ZERO DEFICIT

The Québec government has decided to act now by using all the economic tools at its disposal to support the economy and bolster consumer confidence, while maintaining a zero deficit. This is the surest message of trust and hope that the government wishes to convey to all Quebecers.

ENHANCEMENT OF PUBLIC SECURITY \$43 MILLION

"Terrorism has brought home to the whole world the inestimable value of security as an essential component of our quality of life."

- › Reinforcement of police activities to combat terrorism.
- › Creation of emergency response teams to counter chemical and biological threats.
- › Reinforcement of the animal health warning and information system.
- › Necessity for Québec and Canada to participate in a North American security perimeter.

ADDITIONAL SUPPORT FOR CONSUMERS \$400 MILLION

The government is adopting three support measures for consumers that will have rapid repercussions on the economy.

A rapid injection of \$250 million to bolster consumption

- › An additional \$100 per adult (\$200 per couple) for the 2.5 million recipients of the QST credit in December 2001.

Full indexation of the personal income tax system

An additional \$77 million for taxpayers: increase in the rate of indexation from 1.8% to 2.7% on January 1, 2002

In keeping with the commitments made in the last Budget, the personal income tax system will be fully indexed beginning January 1, 2002. Furthermore, the rate of indexation will be increased, a measure that will benefit over three million taxpayers.

\$75 million more for social assistance recipients: indexation of social assistance benefits beginning January 1, 2002

BUILDING OR RENOVATION OF 40 000 HOUSING UNITS: INVESTMENTS OF CLOSE TO \$500 MILLION

"Having decent accommodation is more than having a roof over one's head; it is regaining a measure of dignity."

To improve the situation of households that have difficulty finding adequate, affordable housing, close to \$500 million will be invested to build and renovate over 40 000 housing units.

- › \$362 million to build 13 000 low-cost and affordable housing units.
- › \$111 million for the renovation of over 27 000 housing units, mainly occupied by low-income households.

ACCELERATION OF PUBLIC-SECTOR INVESTMENT \$3 BILLION

To support the economy and bolster employment, the Budget provides for investments of \$3 billion that meet the needs of our population and enhance the competitiveness of the Québec economy.

Meet the needs of our population

- › Close to \$500 million allocated to housing.
- › An additional \$500 million for health and social services:
 - › construction and renovation of residential and long-term care centres;
 - › refurbishment of several emergency wards;
 - › purchase of new equipment and upgrading of information processing and interchange systems.
- › An additional \$400 million for education:
 - › improvement of the quality of instructional premises and construction of schools and university buildings;
 - › construction of new facilities for vocational and technical education;
 - › creation of the *Villages branchés du Québec* program (connection of public institutions through a telecommunications network).
- › An additional \$50 million for the construction of early childhood centres.

Enhance the competitiveness of the Québec economy

- › An additional \$400 million for repairs to the road network.
- › An additional \$350 million for work on municipal infrastructures: drinking water treatment and supply, including wastewater treatment and projects with economic, urban and regional repercussions.
- › An additional \$100 million for research, science and technology infrastructures.
- › An additional \$100 million for cultural facilities, notably the construction or renovation of libraries, museums and performance halls.
- › An additional \$500 million worth of investments made by government corporations.

SUPPORT FOR BUSINESSES IN ALL REGIONS OF QUÉBEC

To accelerate private-sector investment projects and help businesses through this difficult period, the Québec government is improving certain assistance programs and creating a new corporation devoted to financing SMEs, La Financière du Québec. Improvements have also been made to the economic development strategy for the resource regions.

Specific support measures for SMEs

- › SMEs may defer payment of their tax instalments for the entire 4th quarter of 2001. A total of \$525 million in additional liquidity will thus be available to SMEs.
- › For businesses whose monthly withholdings do not exceed \$1 000, deductions at source may be remitted on a quarterly basis as of January 1, 2002. This measure will eliminate the filing of 800 000 forms.

Creation of La Financière du Québec, a corporation devoted to the financing of SMEs

- › Provision of loans to businesses, in addition to loan guarantees.
- › Innovative financing formulas established on a business basis to meet the needs of SMEs.
- › \$140 million for working capital assistance to businesses, and for start-up businesses, small cooperatives and social economy businesses.

Intensification of efforts in favour of the resource regions

- › Zero tax for ten years on income, capital and payroll for businesses whose paid-up capital is less than \$30 million, instead of \$15 million as initially provided for.
- › Changes made to the refundable tax credit for processing activities to promote the maintenance of existing jobs.
- › Granting of a \$12-million envelope to SOQUEM for the carrying out of mining exploration with its partners.

THREE INITIATIVES TO ACT ON THE INVESTMENT DECISIONS MADE TODAY

1. Enhancement of the FAIRE* program

- › \$150 million more for the current fiscal year and \$200 million more for 2002-2003.
- › Increase in investment projects thanks to the lowering of the eligibility threshold from \$10 million to \$5 million, and of the job creation threshold from 100 to 50.
- › Renewal of the program until 2004-2005.

* Private Investment and Job Creation Promotion Fund.

2. 50% reduction of tax on capital

- › 60% of all businesses, i.e. over 160 000 SMEs, will no longer pay tax on capital as of January 2003.
- › Between now and 2007, tax on capital will be cut by more than 50%.

3. Measures targeting the new economy

- › Renewal of various existing programs until December 31, 2013.
- › Broadening of fiscal support measures to cover e-commerce businesses established on the territory surrounding E-Commerce Place.

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