

2005-2006

Highlights

Budget

A budget of disciplined, responsible
management for economic prosperity
and social justice

STAYING THE COURSE OF OUR PRIORITIES OUR OBJECTIVE: CONTINUE TO INVEST

HEALTH FIRST

- A budget of \$20.9 billion in 2005-2006.
- An increase of nearly \$3 billion in the last 3 years.
- \$826 million more in direct services in 2005-2006.
- Free medication for the most disadvantaged seniors.
- \$43 million in additional support for 80 000 natural caregivers and persons with disabilities.

EDUCATION TO PREPARE FOR THE FUTURE

- A budget of \$12.3 billion in 2005-2006.
- In the past three years, \$1 billion more invested in academic achievement.
- \$321 million more in 2005-2006.
- Homework assistance: increase from \$10 million to \$20 million.
- Plan to encourage reading and introduction of English second language instruction beginning in the first grade.
- An extra \$380 million to universities in the past 3 years.

PROMOTING ARTS AND CULTURE

- Total support of \$663 million in 2005-2006.
- Placements Culture: \$5 million to stimulate private investment in culture.
- \$5 million for museums.

GREATER SOCIAL JUSTICE FOR ALL

- Investment in social housing:
 - \$145 million for 2 600 new housing units, for a total of 18 600 new units;
 - \$15 million to renovate existing social housing.
- This is in addition to the \$2.5 billion under the plan to combat poverty.

FAMILIES: ALWAYS AT THE HEART OF OUR ACTIONS

- Over \$1 billion returned to families in the last 2 years.
- Establishment of the Québec parental insurance plan.

CONTINUING TO EASE THE TAX BURDEN OF INDIVIDUALS

- Reduction of \$372 million over a full year.
- New \$500 deduction for workers.
- Gap between Québec and the Canadian average cut by nearly half since April 2003.
- Indexation of the tax system: \$250 million to taxpayers in 2005-2006.

ENCOURAGE WEALTH CREATION OUR OBJECTIVE: INCREASE PROSPERITY

INCREASING PRIVATE INVESTMENT FOR GREATER PRODUCTIVITY

- **Reform of corporate taxation:**
 - tax on capital cut by more than 50%;
 - 5% tax on capital credit for new investments in machinery and equipment;
 - taxation rate of SMEs reduced to 8.5%.
- **Assistance for business financing:**
 - additional funding of \$78 million for FIER, doubling the government's initial capital outlay;
 - SME Growth Stock Plan: a new tax incentive for individuals investing on the public market;
 - Relève PME: to facilitate the transfer of businesses;
 - tax credit for major projects in the information technology sector.
- **Support for R&D, innovation and exports:**
 - increase in the refundable R&D tax credit from 35% to 37.5% of wages for SMEs;
 - extension of the design tax credit;
 - \$15 million in specialized consulting services to support productivity and exports.

BUILDING ON REGIONAL INITIATIVE

- **Accelerating the economic diversification of our regions:**
 - \$240 million over 3 years to implement the forest management recommendations of the Coulombe Commission;
 - \$57 million in 2005-2006;
 - \$5 million to support structuring activities in the regions;
 - \$22 million for Québec national parks;
 - \$9 million for protected areas.
- **Supporting the agricultural sector:**
 - a budget of \$656 million in 2005-2006;
 - \$305 million for Financière agricole du Québec to fund its income security and development support programs;
 - \$5 million to promote local products and small-scale alcoholic beverage production;
 - creation of a business incubator in the biofood sector.

**Close to \$900 million over three years to foster
wealth creation and the prosperity of our regions**

DISCIPLINED, RESPONSIBLE MANAGEMENT
OUR OBJECTIVE: MAINTAIN QUALITY PUBLIC SERVICES

MODERNIZING OUR INFRASTRUCTURES

- **Record investment in infrastructure:**
 - \$4.1 billion in 2004-2005; \$4.9 billion in 2005-2006.
 - road infrastructures and public transit:
average investment of \$1.3 billion a year until 2007-2008;
 - health and education network:
nearly \$2 billion in the next year alone;
 - maintenance of assets: \$1 billion more over 3 years.
 - municipal infrastructure: Société de financement des infrastructures locales (SOFIL) will ultimately enable municipalities to invest \$1 billion in infrastructures annually.
- **Building on our energy resources:**
 - Annual investment of over \$3 billion by Hydro-Québec in hydroelectricity and wind power;
 - refundable tax credit for the production and marketing of ethanol;
 - the fuel tax paid on biodiesel purchased by public carriers will be fully refunded.

MAINTAINING A BALANCED BUDGET

- 2004-2005:
 - spending target met;
 - zero deficit achieved.
- 2005-2006: maintenance of a balanced budget:
 - program spending objective raised to 3.6%, in part to take into account collective agreements and pay equity;
 - continued efforts to modernize government;
 - renewal of measures to fight tax evasion;
 - continued efforts to correct the fiscal imbalance.
- 2006-2007:
 - program spending objective maintained at 3.6%, in part to take into account collective agreements and pay equity;
 - reduction of debt load from 44% of GDP to below 40% within 5 years by maintaining a balanced budget.