

TARGETING SUSTAINABLE ECONOMIC DEVELOPMENT

• \$925 million over four years for the forest industry

- \$425-million loan envelope to support and accelerate the modernization of businesses
- \$210 million for silvicultural work and for reducing the cost of operations
- \$44 million in support intended specifically for forest workers
- Tripling of the rate of the capital tax credit on investments, to 15%
- New refundable tax credit for the construction of access roads in forest areas

• Assistance for farmers

- \$77 million for the construction of new animal disease laboratories
- 30% tax credit for the acquisition of hog manure treatment facilities
- \$3 million for local products and small-scale alcoholic beverage production
- Nearly \$2 million for protecting reared birds against infections

• Public transit and the reduction of greenhouse gases

- \$1.5 billion more over three years for public transit infrastructure and equipment
 - Renovation of Montréal's metro stations and replacement of the metro cars
 - Development of a new commuter train service in northeastern Montréal
 - Creation of maintenance facilities for the Réseau de transport de la Capitale
- Refund of up to \$1 000 of the QST paid on the purchase of hybrid vehicles
- Full refund of the fuel tax to public transit authorities
- Tax incentive for businesses that defray the cost of their employees' transit passes

ENHANCING THE COMPETITIVENESS OF THE ECONOMY

• \$362-million income tax reduction for taxpayers

- Increase in the deduction for workers from \$500 to \$1 000, with 3.2 million people being eligible to claim the deduction
- Enhancement of the tax credit for home support for elderly persons

• Reduction of the tax rate of SMEs to 8.0%

• \$75 million over three years for innovation and R&D

- Efforts devoted to capitalizing on university research
- Improved R&D incentives for SMEs
- Funding for organizations dedicated to research

For our municipalities

- Modernization of Québec City's airport infrastructures
- \$112.5 million over five years to increase the government's contribution to the cost of Sûreté du Québec services to 50% between now and 2010
- Full payment by the government of all property taxes in respect of museums, the Grande Bibliothèque and the Grand Théâtre de Québec
- New financial partnership with municipalities

For our regions

- \$30 million in additional funding for the FIER-Régions
- \$15 million annual increase in the budget of local investment funds (FLIs) for the next three years
- \$8 million more per year for the regional conferences of elected officers (CREs)
- Increase from \$100 million to \$150 million in the annual amount that Capital régional et coopératif Desjardins is authorized to raise and subsequently invest in cooperatives and the resource regions
- Relocation of the head office of the Société québécoise d'exploration minière (SOQUEM) to Val-d'Or
- \$12.5 million allocated for the development of new businesses in the niches of excellence identified in the various regions
- \$12.5 million more per year for the Tourism Partnership Fund to promote tourism in all regions of Québec

www.fondsdesgenerations.com

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Québec



2006-2007 Budget Highlights

Shaping the Québec of tomorrow today

Québec



ASSUMING OUR RESPONSIBILITIES

The budget being tabled today is a responsible budget built on four main objectives:

- improving our health system and our education system
- creating wealth in a context of sustainable development
- developing and modernizing our infrastructure
- reducing the debt load

It is our commitment to creating a better Québec: a responsible Québec on the road to greater prosperity.

With the implementation of the Generations Fund, the government has taken another step in restoring order to public finances and improving equity toward future generations.

THE GENERATIONS FUND

- Objective: reduce the debt to less than 25% of GDP by 2025
- Capitalizing on our most important, collective renewable resource: **water**
 - Payment into the Generations Fund of water-power royalties collected from Hydro-Québec
 - Payment of water-power royalties already collected from private hydro-electricity producers
 - Payment of a portion of the profits from the sale of surplus electricity on foreign markets
 - Introduction of a royalty on harnessed water
- Revenues of over \$600 million as of 2008-2009
- By 2025, \$30 billion devoted to repaying the debt

INVESTING IN OUR FUTURE

Health: always our top priority

- A budget of \$22.1 billion in 2006-2007
 - Increase of \$1.3 billion (increase of \$4.2 billion over the past three years)
 - Growth of 6.3% in 2006-2007
 - Improvement of access to surgery and emergency room protocol
 - More efforts devoted to the fight against cancer
 - Better support for young people in difficulty
- Additional capital investments of \$485 million
 - Leading-edge medical equipment such as radiation oncology and cardiology facilities
 - Addition of new beds in long-term care centres
 - Assistance for seniors who are losing their autonomy
- \$159 million to enable seniors to stay at home: an increase of \$54 million
 - Enhancement of the tax credit
 - An additional 180 000 seniors eligible for the tax credit
 - Eligibility for nursing services

Education: the future of our children

- A budget of \$13 billion in 2006-2007
 - Increase of \$660 million (increase of \$1.6 billion over the past three years)
 - Growth of 5.4% in 2006-2007
 - \$100 million more for students with social maladjustments or learning disabilities
 - An extra one and a half hours of teaching time a week at the elementary level
 - Instruction of English as of Grade 1
- \$300 million for upgrading schools and equipment

For our young people

- \$110 million over three years for a new youth strategy
- \$25 million per year in tax credits for on-the-job training periods
- \$500 million in investments over five years generated by the creation of the Fonds pour le développement du sport et de l'activité physique
 - Construction of pools and soccer or football fields, gymnasiums, athletic tracks and sports centres

Developing our culture and heritage

- \$200 million in investments over five years for creating the Fonds culturel du patrimoine québécois
- \$58 million for capital investment projects
 - Development of municipal libraries
 - Enhancement of religious heritage
 - Doubling of the budget for music and dance schools

Facilitating work-family balance

- \$12 million over three years for school child-care services during spring break
- \$3 million for community drop-in daycare centres
- 30 000 new day care spaces added over the past three years
- Child Assistance measure: \$500 million every three months for 850 000 families
- Introduction of the Québec parental insurance plan

In the name of equity and generosity

- \$158 million for the construction and renovation of social housing
 - Construction of 1400 more social housing units; 20 000 units added in the past four years
 - \$45 million over three years for the renovation of existing social housing
 - \$29 million more to offset the increase in construction costs
- Contribution to a \$58-million investment fund for collectively owned enterprises
- \$1.5 million more for victims of crime
- Increase in the tax credit for donations and gifts

BUDGETARY DISCIPLINE

- Zero deficit maintained
- Since 2003, growth in spending limited to 3.7%
- Spending growth limited to 3.1% in 2007-2008
- \$4.7 billion in capital investments
- Improvement of budgetary transparency, particularly through the monthly publication of financial results