

2008-2009 BUDGET PRESS RELEASE No. 1

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PRUDENCE AND DISCIPLINE

Québec, March 13, 2008 – The 2008-2009 Budget, tabled today before the National Assembly by Minister of Finance, Minister of Government Services, Minister responsible for Government Administration and Chair of the Conseil du trésor Monique Jérôme-Forget, is in line with the government's plan to create a new economic space for Québec in order to enhance the well-being of all Quebecers.

This budget, prepared in the context of an economic slowdown, is marked by prudence and discipline. It is a balanced budget that does not provide for any tax increases. It is a five-part budget.

Rewarding investment to stimulate productivity

The opening up of new markets in Asia, Europe and the Americas is aimed at creating new business opportunities for our companies. To seize opportunities that arise, companies must invest in their modernization and increase their productivity. This budget encourages companies to accelerate investment by:

- completely eliminating, as of immediately, the tax on capital for all Québec firms in the manufacturing sector;
- introducing a new investment tax credit available to all Québec regions;
- introducing a new tax credit to support the information technologies industry, available throughout Québec.

Developing the talent and skills of Quebecers

As workers become scarcer, Québec needs all of its talent. This budget proposes to invest in education, technical and vocational training, and labour market integration of newcomers. It provides for:

- an additional investment of 250 million dollars over five years in our universities;
- the launch of the Employment Pact that will enable as many Quebecers as possible to integrate the labour market;
- a 20% increase in the funding for immigration, in particular for the integration and francization of newcomers.

Supporting our families

Economic development has meaning only if it contributes to social progress. We are doing more to support families, children and seniors. This budget provides for:

- the creation of 20 000 new daycare spaces over five years, to facilitate work-family balance;
- a substantial improvement to the tax credit for child care expenses;
- the simplification and improvement of the tax credit for home support and the development of home support services;
- an increase from \$1 500 to \$2 000 over two years in the maximum amount of the tax credit for retirement income;
- a new 30% tax credit for informal caregivers to cover part of the expenses incurred to obtain replacement help;
- the creation, in partnership with the Chagnon family, of two funds—one to stimulate the development of children from underprivileged backgrounds, and the other to improve and develop respite services and assist informal caregivers.

Staying the course towards sustainable development

Sustainable development, because it fosters innovation, also fosters wealth creation. To enable Québec to remain a North American leader in environment protection, this budget provides for:

- 12 million dollars over four years to support innovation under a new green technology strategy;
- 106 million dollars over five years to increase the protection and enhancement of our collective heritage;
- 15 million dollars over five years to set up the Bureau québécois de connaissances de l'eau, which will be mandated to increase our expertise regarding this resource;
- a new environmentally responsible government policy to incorporate sustainable development principles into public sector procurement practices.

Meeting the public finance challenge

Much order has been restored to Québec's public finances since 2003. The credit rating upgrades received from rating agencies bear witness to the work accomplished. This budget continues on that path. To that end, this budget provides for:

- limiting spending growth to 4.2% in 2008-2009;
- making the government's main missions—health, education and support for families—the investment priority;
- increasing from 50% to 75% the share of Hydro-Québec's profits paid as dividends to the government, which will avoid the addition of \$11 billion to the government debt by 2025.

For the sake of transparency, this budget has a five-year financial framework to demonstrate that a balanced budget is maintained over this period.

Lastly, this budget was prepared in accordance with the new accounting rules adopted in the wake of the recommendations of the Task Force on Government Accounting made up of representatives from the ministère des Finances and the Auditor General's office.

"It is a rallying budget that carries our ambition for a more prosperous society in which all citizens, regardless of their origin and age, can fully contribute to our shared success. I am proud of this 2008-2009 Budget, as I am proud to be a part of this government, which has the competence to ensure Québec's growth", stated Minister Jérôme-Forget.

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Source: Catherine Poulin
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