Ministère des Finances Québec

Press Release

PRESS RELEASE NO. 1

<u>Québec Economic Plan – March 2016</u>

A Clear Economic Plan for Building a Modern, Prosperous Québec

Québec, March 17, 2016 – Minister of Finance Carlos Leitão tabled in the National Assembly today a second consecutive balanced budget and an economic plan containing measures that will enable Québec to rise to the challenges of tomorrow by addressing the structural issues that are slowing its economic growth.

"We have gotten our fiscal house in order and laid a solid foundation on which to build our prosperity. We are giving ourselves the means to navigate a changing society and economy alongside all Quebecers," the Minister said.

The Economic Plan that will guide the actions taken by the government is based on four main thrusts:

- improve training;
- innovate;
- capitalize on the transition to a low-carbon economy;
- attract, develop and retain the best talent.

A balanced budget for several years to come

The return to sound, balanced public finances coupled with the measures implemented under the Québec Economic Plan has enabled the government to achieve its objective of balancing the budget in 2015-2016 and keeping it balanced for the next five years.

In 2016-2017, the government's consolidated revenue will stand at $102.6 billion, an increase of 3.2%. As for consolidated expenditure, it will stand at $100.1 billion in 2016-2017, an increase of 2.5%.

"We will maintain fiscal balance while continuing to made deposits in the Generations Fund, amounting to over $2 billion in 2016-2017. This fund is the most powerful instrument of intergenerational equity ever adopted by a government. As we make each deposit, our thoughts go to our children and grandchildren, who will be able to develop Québec according to their own aspirations," Mr. Leitão said.

Reducing the debt burden

As at March 31, 2016, the debt burden will be 55% of GDP, which represents a 0.1-percentage-point decrease relative to the previous fiscal year. This decrease will accelerate over the coming years. In 2016-2017, consolidated debt service is expected to stand at $10.4 billion.

TOGETHER let's move Québec forward

“Reducing the debt is a priority and the government is maintaining its objective of bringing this ratio to 45% of GDP in 2026. Our plan makes sense and investors and credit rating agencies alike acknowledge that we are on the right track,” the Minister explained.

Acceleration of economic growth
The effects of lower energy prices and a weaker Canadian dollar should be more pronounced over the next two years. Driven mainly by international exports, household consumption and business investment, economic growth is expected to reach 1.5% in 2016 and 1.6% in 2017.

“This strengthening of our economy will have a positive impact on job creation. Indeed, I would like to point out that Québec has created 70 600 jobs since May 2014,” Mr. Leitão indicated.

A changing economy
The Economic Plan will enable Québec to seize opportunities related to the transformation of society into a more open, more innovative, lower-carbon knowledge-based economy. The new initiatives presented today represent support that will total over $3.6 billion in the coming years.

These measures will make it possible to:

- invest in infrastructure and strengthen the funding of public services;
- reduce the tax burden on individuals, support families and communities and encourage labour market participation;
- navigate a changing economy by fostering private investment.

Education: the best investment for Québec
The government is reaffirming the importance of education and higher education for the economic and social development of Québec. The plan for success in education and higher education provides for additional investments of more than $1.2 billion over three years to improve the overall performance of education and higher education by making students the top priority, and to renovate and upgrade our educational institutions.

“Education, training and participation of all Quebecers in the labour market constitutes the main lever of our economic and social development. Québec must be able to rely on all of it talents,” Mr. Leitão said in closing.

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