

FINANCIAL FRAMEWORK

2014

This financial framework introduces the fiscal measures which will enable the implementation of Québec Solidaire's economic and social vision in the course of the next mandate. Preceding governments have all taken the same outdated approach: locking Quebec into the vicious circle of fiscal restraint, economic stagnation, and rising public utility costs.

The result was easily predictable: an anemic economic recovery paired with a reduction of the accessibility and quality of public services, increased inequalities, and a growing support of public authorities towards the old 20th-century, even 19th-century economy. Quebec is facing choices, and keeping the status quo is the worst of options.

For the love of a green, free, and fair Quebec, Québec Solidaire proposes an economic development plan centered on two main objectives: ending our dependence on oil and jump-starting public service development. This financial framework aims to ensure that government finance is geared towards creating jobs in growth areas and undertaking a decisive shift towards a much greener economy in Quebec. These proposals will enable us to meet the greatest challenge of the current century: the urgent fight against climate change.

HIGHLIGHTS

Budget Horizon

This fiscal framework will be implemented over a 5-year period and provides for over 10 billion dollars in new investments in the Quebec economy. A government led by Québec Solidaire will gradually implement ambitious yet realistic reforms: they cannot all be done in the first year. This framework is based on economic and revenue growth forecasts published by the ministry of Finance the day before the elections were called. It is thus based on the most recently available data. However, to sustain the projected level of expenditure beyond these five years, it also provides for an increased rate of growth in own-source revenues in the course of the first mandate resulting from the investments set out in this framework.

Revenues

Québec Solidaire is the only party to target new revenue sources to fund State initiatives. The goal of this financial framework is to reintroduce greater fairness in the tax system, rebalancing the tax burden between individuals and businesses, including financial institutions.

Expenditures

Minister Marceau's budgets have squeezed public services. Under the guise of "controlling public spending," the PQ government has actually made cuts that are even more damaging than those made by its predecessors. Yet some kinds of waste, such as the cost of prescription drugs, were not addressed, let alone reduced, by the Marceau budget.

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The growth rate of spending promised by Minister Marceau is barely 2%, and budget cuts close to 1% are planned in a range of programs. Québec Solidaire proposes instead a 4% average increase to take into account the natural increase in the cost of these programs. Taken as a whole, the new measures

add to this 4% growth in public expenditure and will enhance working conditions for state employees.

Budgetary Balance

Québec Solidaire rejects the logic of zero deficit at all costs in the nearest possible future. For the last 18 months, the population of Quebec has been able to see that the eagerness to cut the deficit to zero has led to unfortunate decisions with disastrous consequences, including cuts to social assistance.

This financial framework intends to turn the "Generations Fund" into a "Fund for the Stabilisation of Public Finances." At first, Québec Solidaire reduce the sums paid into the fund by 1 billion dollars per year. These amounts will instead be geared towards covering deficits during times of crisis. The Fund will thus remain, but will be capped at 10 billion dollars, and surpluses will be used to reduce Quebec's debt to ensure stability in the long run.

EXPENDITURES

Fiscal Position

(millions of \$)

4% Expenditure Growth	3,577
Deficit Currently Forecasted	1,500
TOTAL	5,077

New Projects

(millions of \$)

	Operations (yearly average)	Capital Expenditures (total over 5 years)
Guaranteed Minimum Income	1,700	
Plan to End Dependence on Fossil Fuels	1,081	23,000
Health Care	980	600
Higher Education	900	
Primary and Secondary Education	650	500
Eliminating the Health Tax	630	
Creating 50,000 Social Housing Units	500	3,320
Community Organizations	360	
\$7 Daycare	125	
Culture	60	
Agriculture	60	75
Constituent Assembly	50	
Regions	40	200
Ensuring Compliance with Bill 101	15	
Improving Equal Access to Employment	10	
TOTAL	7,161	27,695
Additional Debt Service	1,150	
Amortizations		1,468
TOTAL	8,311	29,163

Total Average Annual Expenditures: **13,388**

REVENUES

Fiscal Position

(millions of \$)

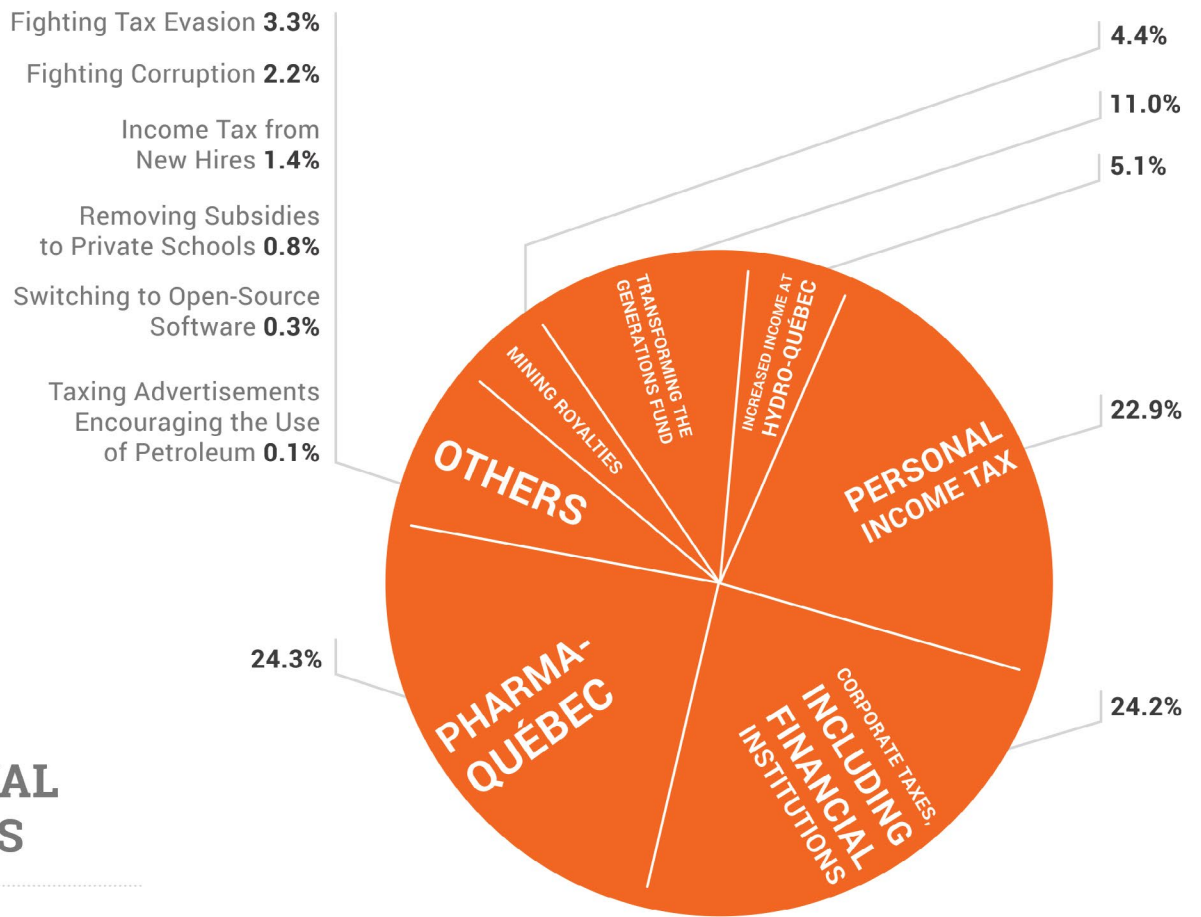
Normal Increase in Own-Source Revenue	3,149
Fund for the Stabilization of Public Finances	1,183
TOTAL	4,332

New Projects

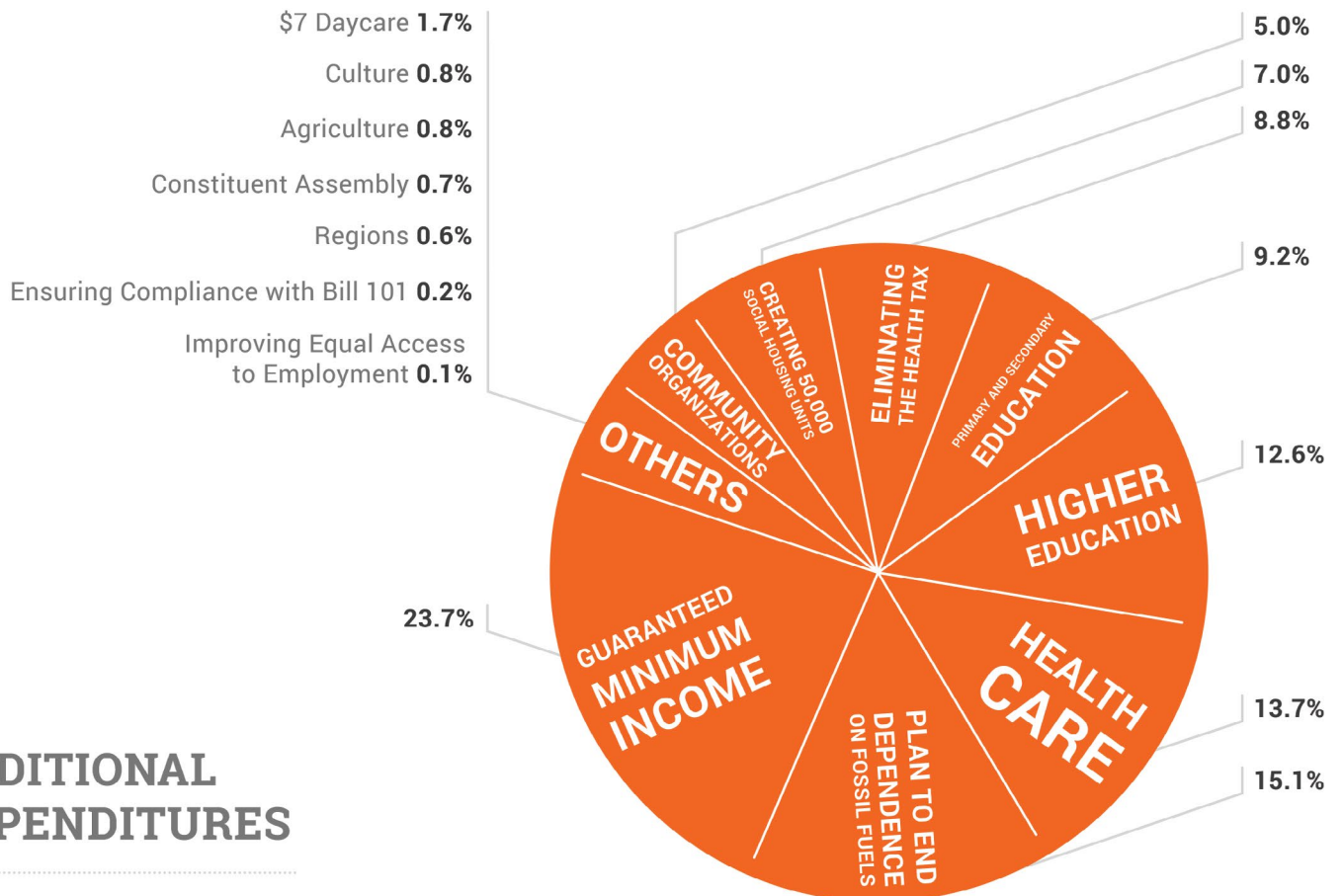
(millions of \$)

	Operations (yearly average)
Pharma-Québec and Drug Insurance Plan	2,200
Corporate Taxes, including financial institutions	2,190
Personal Income Tax	2,070
Transforming the Generations Fund	1,000
Increased Income at Hydro-Québec	460
Mining Royalties	400
Fighting Tax Evasion	300
Fighting Corruption	200
Income Tax from New Hires	128
Removing Subsidies to Private Schools	70
Switching to Open-Source Software	25
Taxing Advertisements Encouraging the Use of Petroleum	13
TOTAL	9,056

Total Average Annual Revenues: **13,388**



ADDITIONAL REVENUES



ADDITIONAL EXPENDITURES

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