

Budget 2024-2025

The government is putting health and education first

Québec city, March 12, 2024 — The Minister of Finance, Eric Girard, presented today the *Québec Budget Plan – March 2024*, which confirms the government's commitment to meet Quebecers' priorities and to provide them with quality public services, primarily in health and education. Investments totalling more than \$8.8 billion are planned over the next five years, including:

- \$4.9 billion for funding health and social services, education and higher education;
- \$2.0 billion for supporting Quebecers and communities;
- \$1.9 billion for acting on economic priorities.

In addition, the government is announcing steps to optimize its action, which will generate additional revenue of \$2.9 billion over the next five years. A review of all its tax and budgetary expenditures will also be initiated in spring 2024.

\$4.9 billion for funding health and social services, education and higher education

The government is continuing the work begun in recent years to maintain the quality and ensure the accessibility of public services in its priority missions. Thus, Budget 2024-2025 provides additional investments of \$4.9 billion over the next six years to fund services in health and social services, education and higher education.

Of this amount, nearly \$3.7 billion will support a humane and effective organization of health care and social services by, among other things, improving access to care and services and hospital fluidity, maintaining the quality of care and services for seniors, and consolidating social services for youth and vulnerable individuals.

The government's objectives notably include accelerating the digital shift in the health care system, developing alternatives to hospitalization, adding beds to meet growing needs, enhancing home-support services and the housing offering for seniors, meeting the growing needs in youth protection and bolstering mental health services.

Fostering the educational success of young people

In addition to providing significant wage increases to school staff and increasing spending to ensure the continuity of education services, the government is providing an additional amount of nearly \$819 million over six years to foster the educational success of young people. This investment will support student success, attract and retain school staff, support partner organizations in education, as well as accelerate maintenance of the school building inventory.

A number of measures will better support students having difficulties, consolidate students' educational activities, make part-time positions more attractive, retain experienced workers in the education network, and support important partners such as the Breakfast Club, La Cantine pour tous and AgrÉcoles.

Promoting success in higher education

The government is also taking action to promote success in higher education with an amount of close to \$421 million over five years to promote the success and retention of university students, support training in priority fields and digital transformation, increase the number of student housing units and maintain the building inventory.

Toward a sustainable economic recovery in 2024

The economy stagnated in 2023, but the labour market remained resilient and Québec's unemployment rate remained well below that of Canada as a whole and the lowest among the provinces. As such, real GDP growth will remain modest in 2024 (+0.6%) before accelerating in 2025 (+1.6%).

The good performance of the labour market, which translated into strong salary and wage growth, and the tax reduction granted to citizens by the government supported growth in household disposable income and strengthened Quebecers' financial position. As a result, Québec's economy is well positioned to begin a sustainable recovery in the second half of 2024, synchronized with the gradual decline in interest rates and lower inflation.

Moreover, the government is maintaining its objective of reducing the gap in real GDP per capita with Ontario to less than 10% by 2026 and eliminating it by 2036. The gap is expected to narrow to 11.9% in 2024, from 15.9% in 2018.

A gradual approach to restoring fiscal balance

A number of factors are affecting the government's budgetary outlook and leaving a structural deficit of close to \$4 billion over the period covered by the financial framework, namely stagnant economic activity, low runoff in Hydro-Québec's basins, major investment in public services, particularly to improve working conditions for public and parapublic sector employees, stronger-than-expected demographic growth and the pace of infrastructure investments.

After deposits of dedicated revenues in the Generations Fund, the budgetary balance within the meaning of the *Balanced Budget Act* shows a deficit of \$11.0 billion in 2024-2025.

The government is maintaining its commitment to restore fiscal balance. Given the uncertain economic context, it is banking on a gradual approach and will table a plan to restore this balance by 2029-2030 at the latest when the next budget is released.

A prudent and responsible financial framework

The financial framework presents a fair and transparent portrait of the state of public finances and remains prudent and responsible. It provides the funding needed to deliver services in the government's main missions and a contingency reserve of \$7.5 billion over five years that could be used, in particular, to offset the effects of more moderate economic growth than anticipated, should this occur.

The government is maintaining its objective of reducing the debt burden

The net debt burden will stand at 39.0% of GDP as at March 31, 2024, a lower level than before the pandemic.

The government is staying the course on its objective to reduce the net debt burden to 30% of GDP by 2037-2038. This target will be achieved by restoring fiscal balance, continuing deposits in the Generations Fund and implementing initiatives to accelerate economic growth.

Quotation:

"The budget I am tabling today reflects our commitment to focus our actions on Quebecers' priorities of health and education. We are also investing significant amounts to support Quebecers and communities and develop our economy in order to continue creating wealth. We are maintaining our objective of returning to a balanced budget as quickly as possible, and will table a plan to achieve this in the next budget."

Eric Girard, Minister of Finance and Minister Responsible for Relations with English-Speaking Quebecers

Related link:

All the details on Budget 2024-2025: <https://www.Québec.ca/en-budget>.

Source:

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