



# Update in Brief

FALL 2024

# Québec is making headway

Québec's economic recovery begins in 2024. Since 2018, the strong performance of our economy has made it possible to narrow the gap in living standards with Ontario. This catch-up is supported by our government's action to protect Quebecers' purchasing power and support the growth of our strategic sectors.

As part of the fall 2024 *Update on Québec's Economic and Financial Situation*, we are responding to Quebecers' priority issues. We are investing to support the forestry sector as it recovers from the forest fires that hit Québec in the summer of 2023, continuing our work to promote access to housing, and presenting our financing plan to support public transit bodies. We are also working to improve public safety throughout Québec.

We remain committed to returning to a balanced budget in a responsible and gradual manner. For the period 2023-2024 to 2025-2026, we are dealing with a temporary deterioration of public finances due in particular to the synchronized slowdown in the global economy combined with certain cyclical factors specific to Québec.

Through our review of tax expenditures, we are already forecasting a \$700-million improvement in the budgetary balance over the long term, which will bring the structural deficit to \$3.2 billion in 2028-2029, or 0.5% of GDP.

Québec is making progress through the responsible actions we are taking. Our work continues!

## **Eric Girard**

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

## The fall 2024 Update on Québec's Economic and Financial Situation provides for:

**Additional investments of nearly \$2.1B  
over the next five years for responding to  
priority issues**



Increasing support for the forestry sector  
**\$252M**



Consolidating support for Quebecers  
**\$218M**



Fostering community development  
**\$1.2B**



Ensuring the safety of communities  
**\$433M**

# **\$2.1B for responding to priority issues**

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## **\$252M for increasing support for the forestry sector**

- Supporting the wood processing sector
- Investing in reforestation efforts



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## **\$218M for consolidating support for Quebecers**

### **Promoting access to housing**

- Accelerating the construction of new housing units
- Allocating 500 additional units of the Rent Supplement Program to young people in difficulty
- Enhancing the intervention capacity of the Administrative Housing Tribunal



### **Increasing employment income supplements for social assistance recipients**

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## **\$1.2B for fostering community development**

- Supporting the transition of public transit bodies
- Contributing to the vitality of Montréal and the Capitale-Nationale



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## **\$433M for ensuring the safety of communities**

### **Responding to the impact of floods**

- Supporting victims of post-tropical storm Debby and rebuilding damaged infrastructure

### **Deploying 18 new cell sites**

- Bas-Saint-Laurent, Mauricie and Saguenay–Lac-Saint-Jean

### **Honouring police coverage obligations in Nunavik**



# Optimizing and updating the tax system

## Indexing the tax system for the benefit of all Quebecers (2.85% as of January 1, 2025)

**Tax relief of \$5.2B over five years to support households**

- \$1.1B per year relating to the personal income tax system
- \$93M per year from increasing social assistance benefits

## Reducing tax expenditures by \$3.4B over the next five years

**Optimizing the tax credit for career extension (\$887M)**

- Making it more appealing for workers aged 65 and over and better targeting low-income workers
- Increasing to 65 the eligibility age

**Harmonizing capital gains taxation with the federal tax system (\$2.5B)**

- Increase affecting 0.1% of all taxpayers every year
- Mitigation measures implemented to foster investment



# Québec's economic situation

The economic environment is conducive to sustainable growth as inflation returns to a low, predictable level and interest rates gradually decline

## Economic growth in Québec

(real GDP, percentage change)



Sources: Institut de la statistique du Québec, Statistics Canada and Ministère des Finances du Québec.

## Standard of living continues to catch up

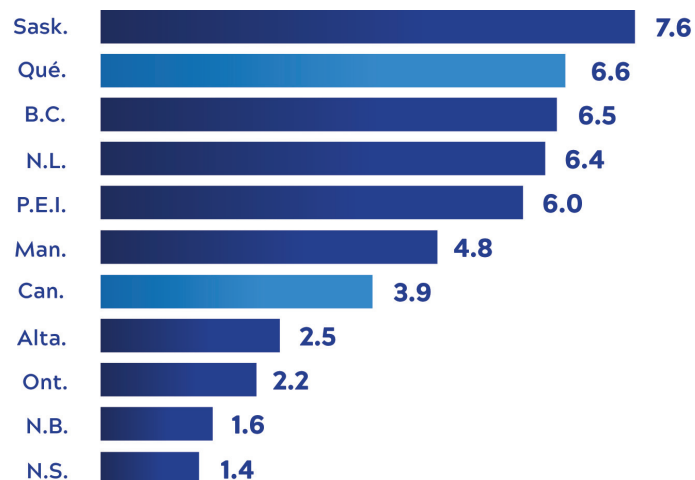
Significant reduction in the wealth gap with Ontario



Note: as measured by GDP/capita

## Growth in disposable income per capita between 2018 and 2023

(percentage change, in real terms)



Sources: Institut de la statistique du Québec, Statistics Canada and Ministère des Finances du Québec.

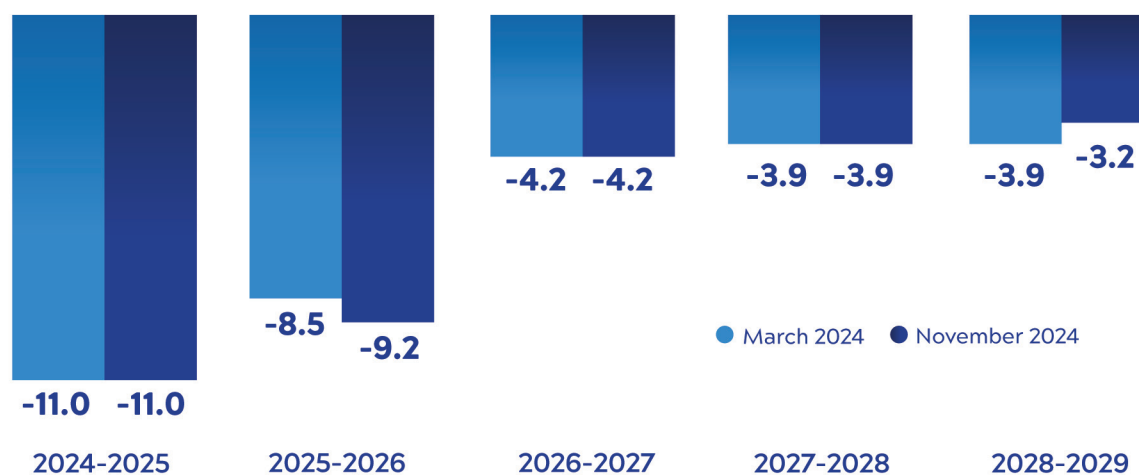
# Québec's financial situation

**A reduction in the structural deficit to \$3.2B in 2028-2029 (0.5% of GDP), an improvement of close to \$700M compared with March 2024**

**The government remains committed to returning to a balanced budget by 2029-2030, after deposits in the Generations Fund, and will table the plan to achieve this when Budget 2025-2026 is released**



**Changes to the budgetary deficit according to the *Balanced Budget Act* (billions of dollars)**



Source: Ministère des Finances du Québec.

**Reducing the debt burden, an objective which contributes to intergenerational fairness, remains a priority**

**As at March 31, 2025, net debt burden will stand at 39% of GDP**

- This is a lower level than before the pandemic
- The objective of reducing it to 30% by 2037-2038 is maintained





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