



# QUÉBEC'S ECONOMY AND PUBLIC FINANCES

## BUDGET 2025-2026

NEW YORK  
APRIL 29, 2025

# QUÉBEC'S COMPETITIVE ADVANTAGES

- Highest employment rate among 15- to 64-year-olds in 2024
- Strong, diversified and resilient economy, population of 9.1 million and GDP per capita of 54 300 USD
- Low-cost, clean energy
- Competitive operating costs
- Caisse de dépôt et placement du Québec and Investissement Québec
- Skilled labour pool
- Free trade agreements with 1.5 billion consumers in 51 countries

# QUÉBEC'S STRATEGIC SECTORS



- Aluminium production
- Artificial intelligence
- Life science
- Aerospace
- EV battery production

## HYDRO-QUÉBEC



- Hydro-Québec operates one of the major systems in Canada for the generation, transmission and distribution of clean electric power (capacity of 38,026 MW as of December 31, 2024).
- It provides more than eight million Quebecers with 99% renewable electricity.
- In 2025, the Government received a dividend of \$1.997 billion from Hydro-Québec.
- In the next decade, with its Action Plan 2035, Hydro-Québec will generate an additional 8,500 MW of clean energy with investments of more than \$150 billion.

## Churchill Falls

- In addition to the generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW).
- In December 2024, Québec and Newfoundland and Labrador announced to have settled on a new agreement in principle that will replace the previous Churchill Falls deal until 2075.

## HYDRO-QUÉBEC (CONT.)

### New York

- In September 2021, the 1,250 MW Champlain Hudson Power Express (“CHPE”) transmission line was selected to bring 10.4 TWh of Hydro-Québec’s renewable energy to New York for 25 years, starting in 2026.

### Maine

- In February 2018, the 1,200 MW New England Clean Energy Connect (“NECEC”) transmission line was selected to bring 9.45 TWh of Hydro-Québec’s renewable energy to Maine for 20 years, starting in the fourth quarter of 2025.

# QUEBECERS' STANDARD OF LIVING IS IMPROVING

Québec's strong economic performance since 2018 has narrowed the gap in living standards with Ontario

## Change in the gap in living standards between Québec and Ontario

(real GDP per capita, gap in percentage points)

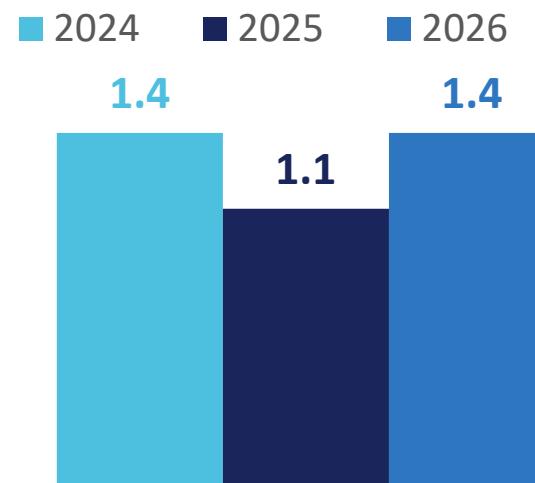


# THE ECONOMIC SITUATION

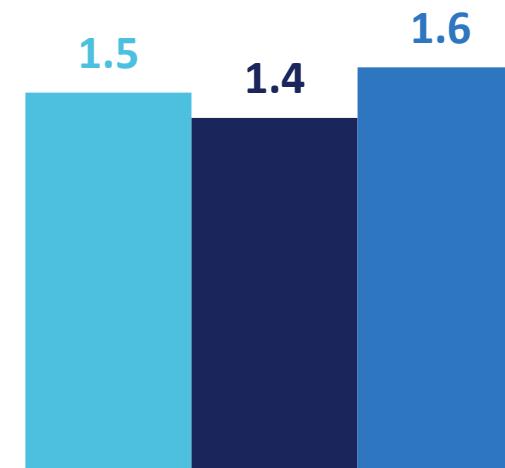
The trade dispute triggered by the United States and the climate of uncertainty are already weakening the economic outlook

## Change in the economic outlook

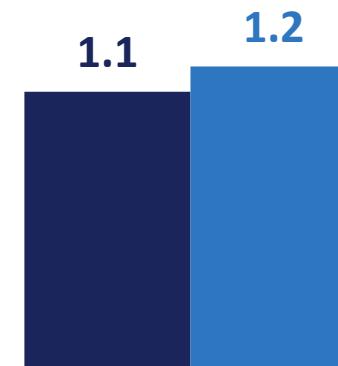
(real GDP, percentage change)



Québec



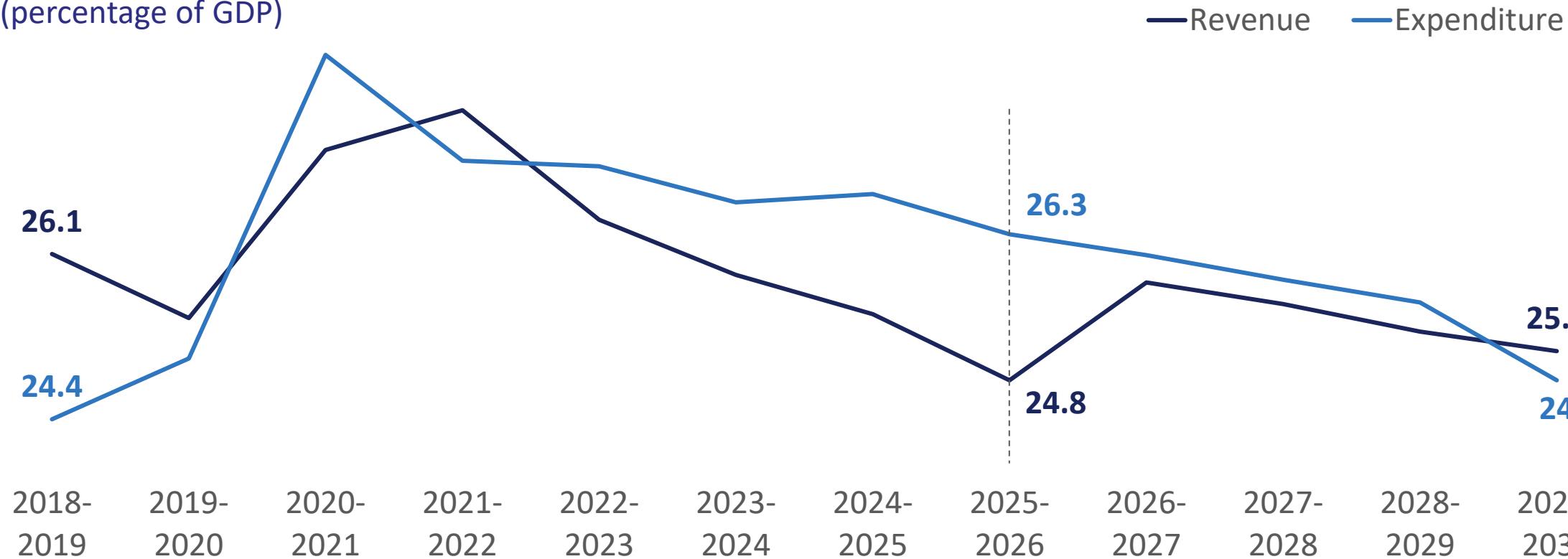
Canada



Private sector forecast for Québec  
(March 7)

# SHARE OF REVENUE AND EXPENDITURE IN THE ECONOMY

**Change in the share of government revenue and expenditure in the economy**  
(percentage of GDP)



# BUDGET 2025-2026: \$9.3B

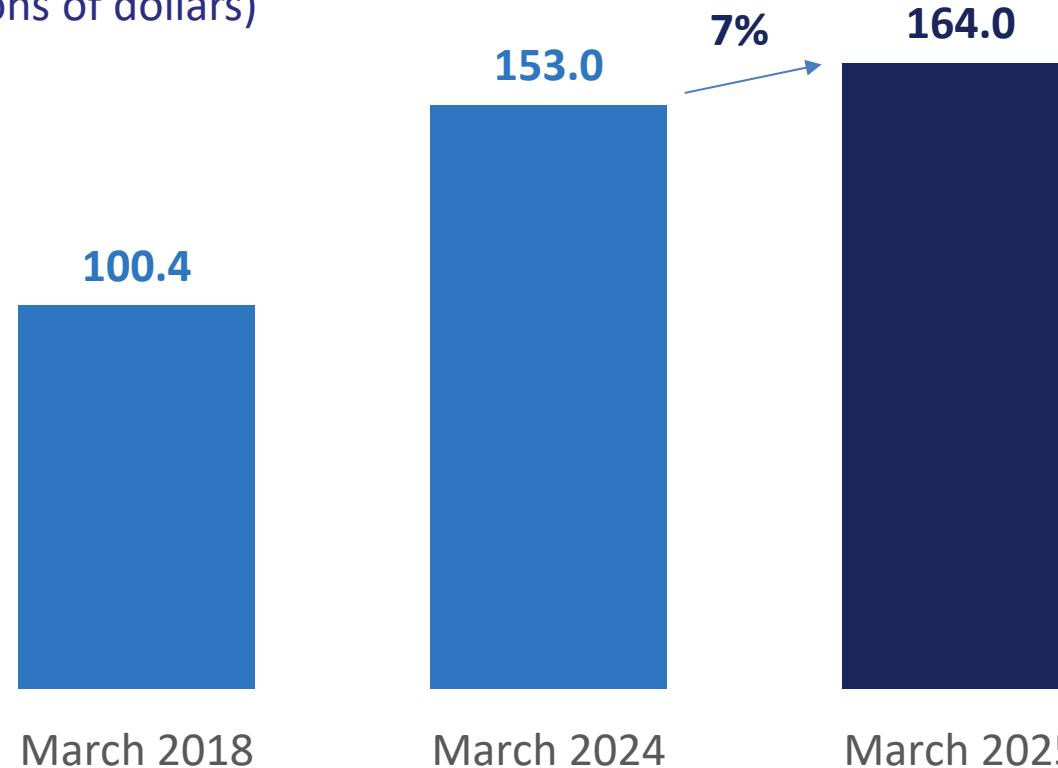
## Financial impact of the measures of Budget 2025-2026 (millions of dollars)

	<b>Total over 6 years</b>
Stimulating wealth creation	-5 429
Supporting Quebecers	-6 849
<b>Subtotal</b>	<b>-12 278</b>
Improving the tax system	2 974
<b>TOTAL</b>	<b>-9 304</b>

# INCREASING INFRASTRUCTURE INVESTMENTS

## Change in the Québec Infrastructure Plan

(billions of dollars)



*An increase of \$11B over three years*

*Asset maintenance (65%) and infrastructure improvement in health care, education, higher education and transportation (35%)*

## ADJUSTMENTS TO THE FINANCIAL FRAMEWORK SINCE MARCH 2024

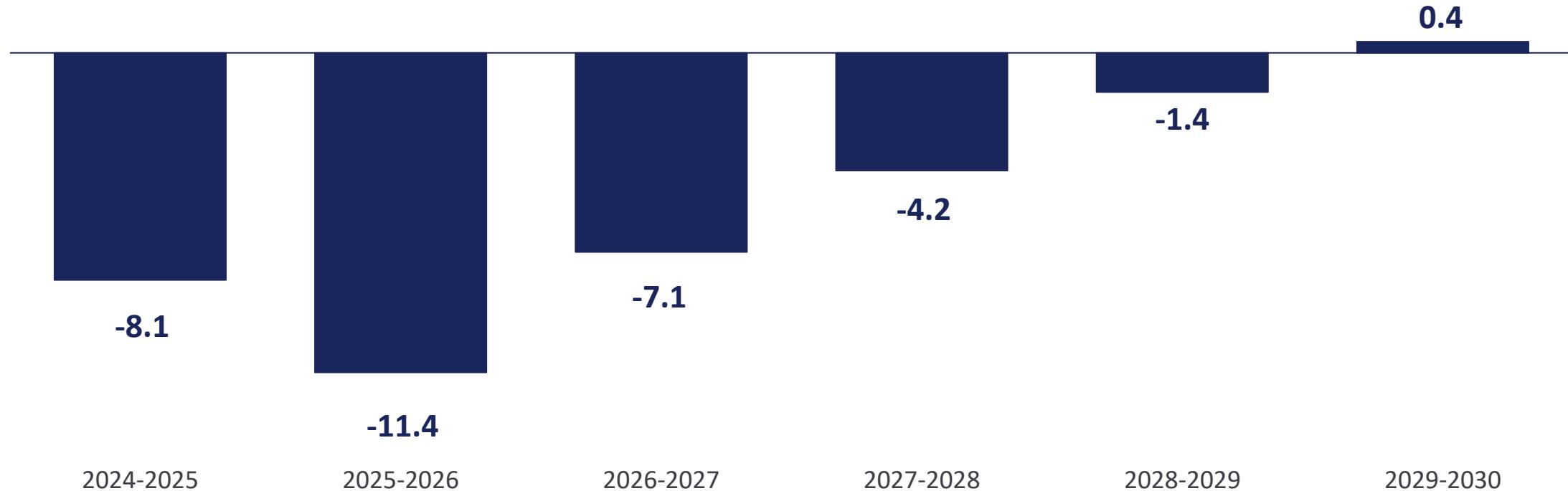
(millions of dollars, unless otherwise indicated)

	2024-2025	2025-2026	2026-2027
<b>ACCOUNTING SURPLUS (DEFICIT)<sup>(1)</sup> – MARCH 2024</b>	<b>-8 776</b>	<b>-7 017</b>	<b>-3 290</b>
<i>% of GDP</i>	<i>1.4</i>	<i>1.1</i>	<i>0.5</i>
<b>ECONOMIC AND FINANCIAL SITUATION</b>			
Revenue	4 144	-218	1 275
Current expenditures	-5 096	-1 091	-1 416
Expenditures related to infrastructure	-213	-489	-1 567
<b>TOTAL ADJUSTMENTS TO THE ECONOMIC AND FINANCIAL SITUATION</b>	<b>-1 164</b>	<b>-1 798</b>	<b>-1 708</b>
<b>TOTAL INITIATIVES</b>	<b>598</b>	<b>-2 407</b>	<b>-3 166</b>
Postponement of the increase in capital gains tax	-236	-356	—
Efforts to improve the tax system and review of budgetary expenditures	—	648	1 539
Contingency reserve	1 500	-500	-500
<b>ACCOUNTING SURPLUS (DEFICIT) – MARCH 2025</b>	<b>-8 078</b>	<b>-11 430</b>	<b>-7 126</b>
<i>% of GDP</i>	<i>1.3</i>	<i>1.8</i>	<i>1.1</i>

(1) The accounting surplus (deficit) has been adjusted to exclude the March 2024 gap to be bridged of \$750 million in 2025-2026 and \$1 500 million in 2026-2027.

# RESTORING FISCAL BALANCE

## Changes to the accounting balance (billions of dollars)



# INITIATIVES TO RESTORE FISCAL BALANCE

## Initiatives to restore fiscal balance

(millions of dollars)

	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	Total 6 years
Results of the review to improve the tax system	835	532	850	1 915	2 370	2 594	9 096
Efforts by government enterprises	—	100	200	300	400	400	1 400
Review of budgetary expenditures	—	616	1 268	1 800	2 400	3 000	9 084
<b>IDENTIFIED INITIATIVES</b>	<b>835</b>	<b>1 248</b>	<b>2 318</b>	<b>4 015</b>	<b>5 170</b>	<b>5 994</b>	<b>19 580</b>

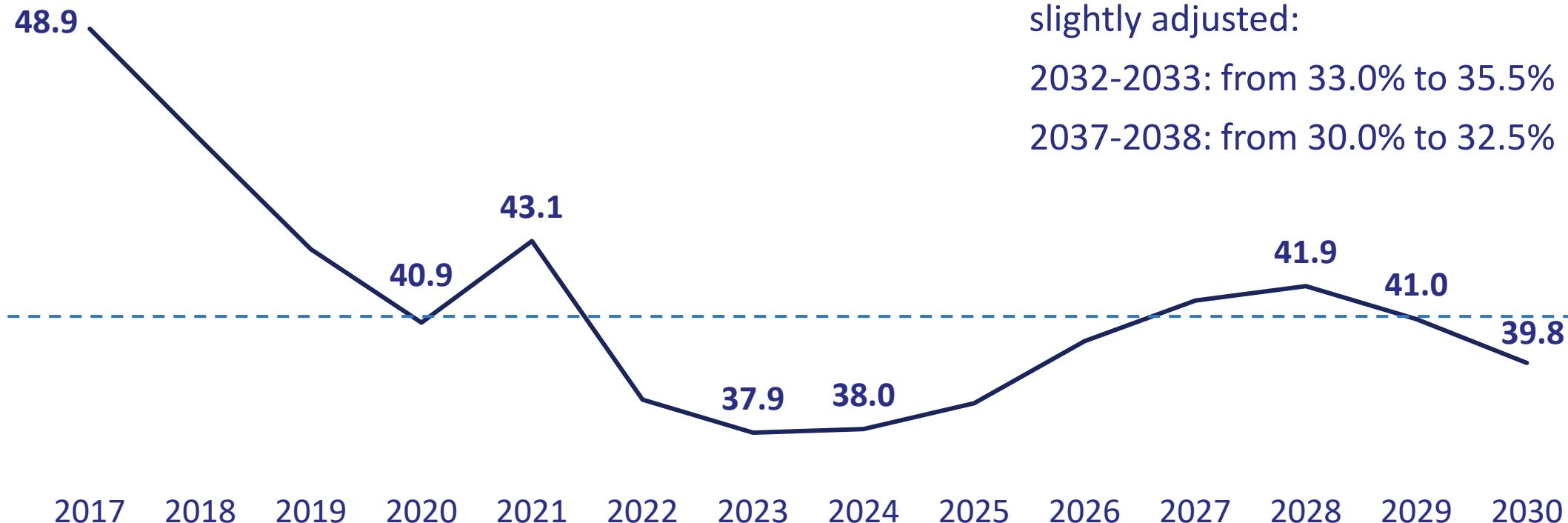
# ONGOING STRICT AND DISCIPLINED EXECUTION OF THE EXPENDITURE BUDGET

- Ongoing hiring freeze;
- Ensuring compliance with allocated envelopes by taking corrective action in the event of any deviation;
- Capping rates and removing independent workers in the health and social services network;
- Optimizing space and rents/building disposal;
- Updating/abolishing programs (e.g., Perspective Québec scholarship program);
- Consolidating purchases, centralizing management of human resources and technological assets, developing intelligent call centres.

# THE DEBT BURDEN WILL RESUME A DOWNWARD TRAJECTORY AS OF 2028-2029

## Net debt as at March 31

(percentage of GDP)



Debt reduction targets have been slightly adjusted:

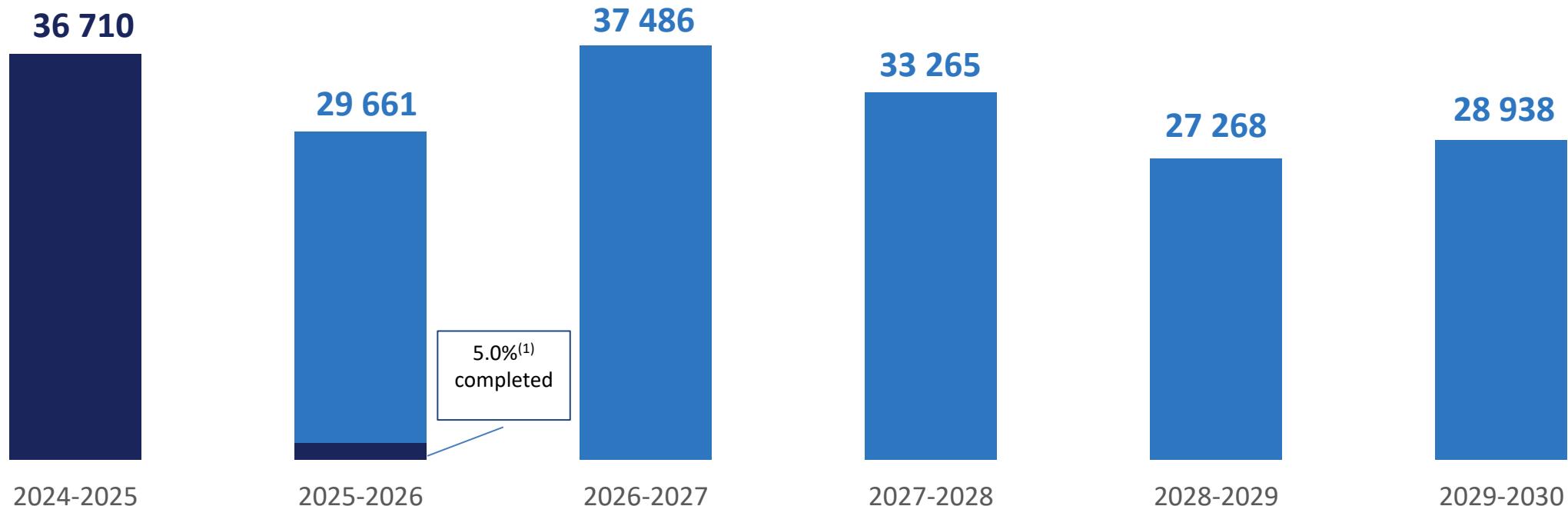
2032-2033: from 33.0% to 35.5%

2037-2038: from 30.0% to 32.5%

2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

# FINANCING PROGRAMS

## Government's financing program (millions of dollars)



Note: Fiscal year starts on April 1<sup>st</sup>.

(1) As at April 24, 2025.

*In 2024-2025, 34% of the financing has been carried out on the international markets.*

# QUÉBEC IS A FREQUENT ISSUER ON THE INTERNATIONAL MARKETS

47 benchmarks in US dollars and euros since 2001

	US\$	EUROS
2024-2025	2.00B – September 2024 (10Y)	1.25B – July 2024 (15Y)
	3.75B – April 2024 (5Y)	
2023-2024	1.50B – September 2023 (10Y)	2.25B – March 2024 (10Y)
	3.50B – April 2023 (5Y)	
2022-2023		2.25B – January 2023 (10Y)
2021-2022	1.00B – April 2021 (10Y)	2.25B – January 2022 (10Y)
		2.50B – May 2021 (10Y)
2020-2021	3.25B – July 2020 (5Y)	2.25B – October 2020 (10Y)
	1.50B – May 2020 (10Y)	1.60B – April 2020 (5Y)

*Québec is committed to offering liquid benchmarks on the international markets.*

*The USD and the euro together represent 23% of Québec's outstanding debt.*

# QUÉBEC'S CREDIT RATINGS

Agency	Credit rating	Outlook
Moody's	Aa2	Stable
Fitch Ratings	AA-	Stable
Standard & Poor's (S&P)	A+	Stable
Morningstar DBRS	AA (low)	Stable
Japan Credit Rating Agency (JCR)	AAA	Stable

Note: As at April 24, 2025.

## QUÉBEC'S FINANCIAL AND INSTITUTIONAL FRAMEWORK IS STRONG

- Large and diversified economy which is outperforming Canada on per capita basis;
- A credible financial framework relying on two laws: the *Balanced Budget Act* and the *Act to reduce the debt and establish the Generations Fund*;
- A realistic plan to restore fiscal balance by 2029-2030 with revenue and expenditure measures implemented;
- Long-term debt reduction targets and the Generations Fund;
- Significant liquidity (prudential liquidity will increase to \$15 billion);
- Diversified access to financial markets and professional debt management team.