



# QUÉBEC'S ECONOMY AND PUBLIC FINANCES

## BUDGET 2025-2026

Europe  
May 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).
- 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 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 (5,428 MW).

## Expansion to New York and Maine

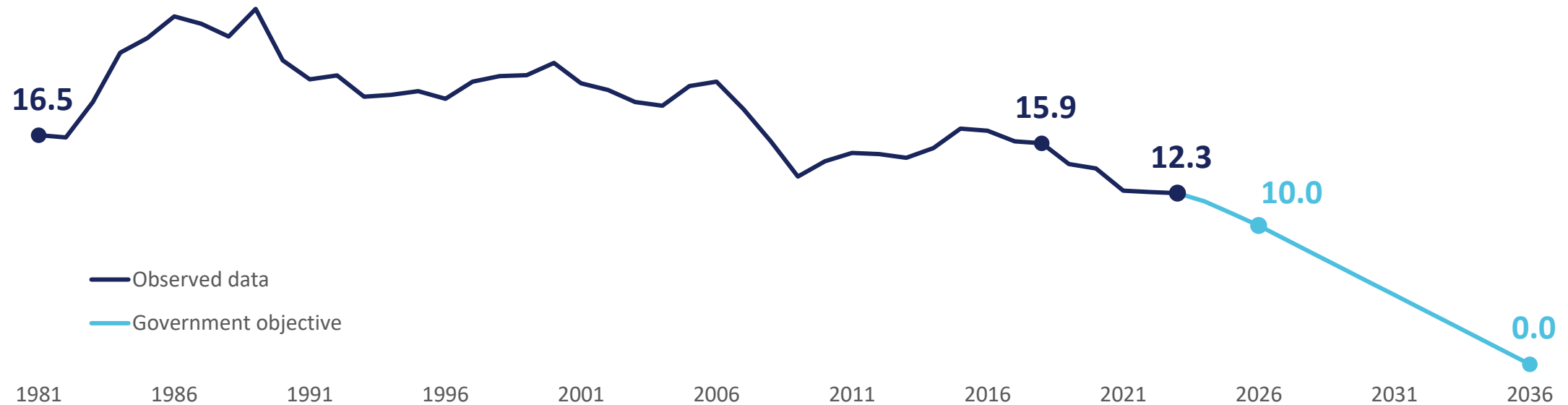
- In September 2021, the 1,250 MW Champlain Hudson Power Express (“CHPE”) transmission line was selected to bring 10.4 TWh of energy to New York for 25 years, starting in 2026.
- In February 2018, the 1,200 MW New England Clean Energy Connect (“NECEC”) transmission line was selected to bring 9.45 TWh of 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)

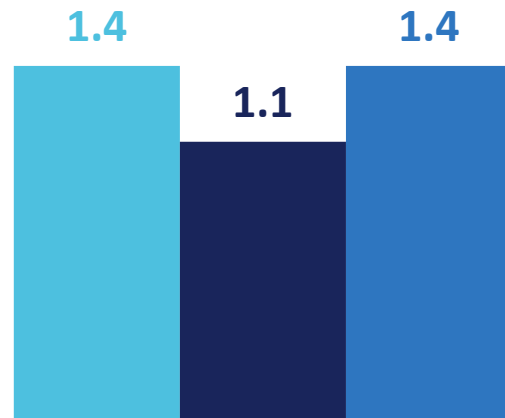


# THE ECONOMIC SITUATION

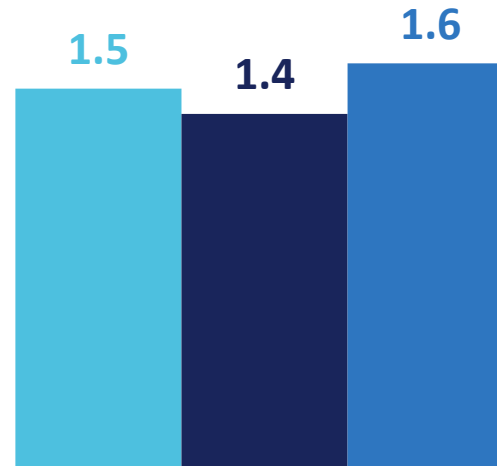
The trade dispute triggered by the United States and the climate of uncertainty are already weakening the economic outlook

## Change in the economic outlook (real GDP, percentage change)

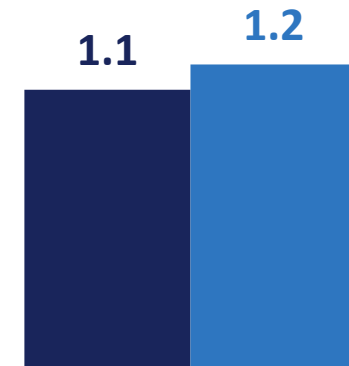
■ 2024 ■ 2025 ■ 2026



Québec



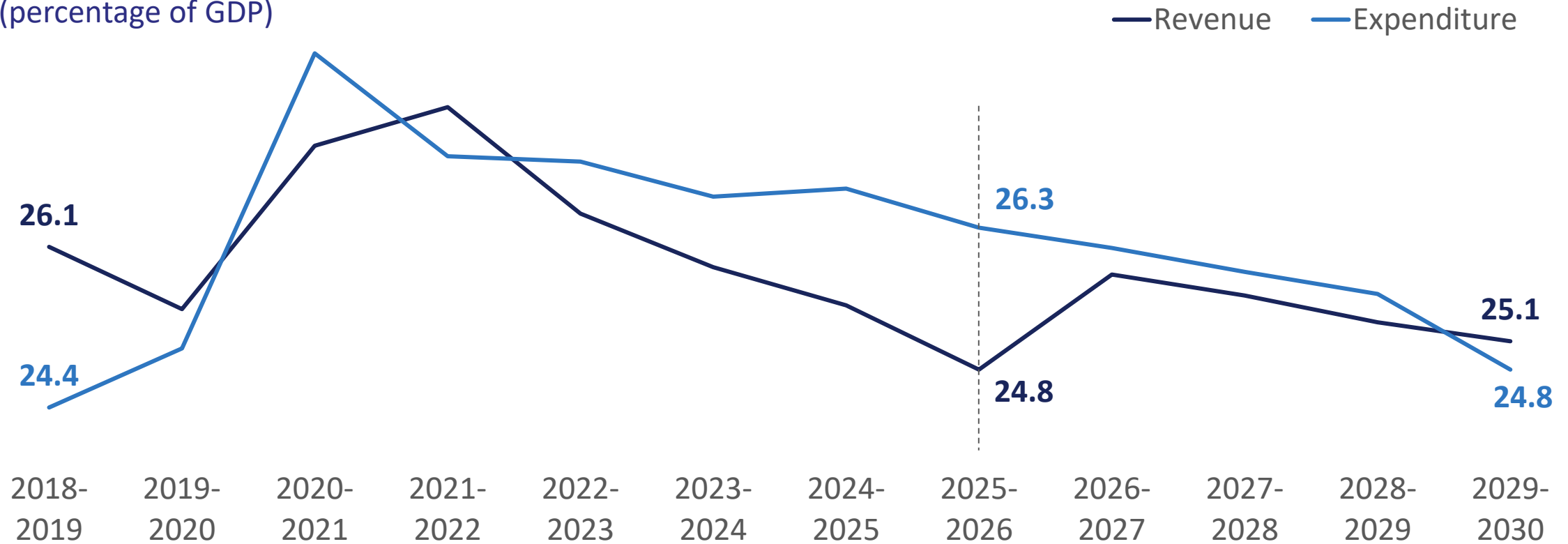
Canada



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)

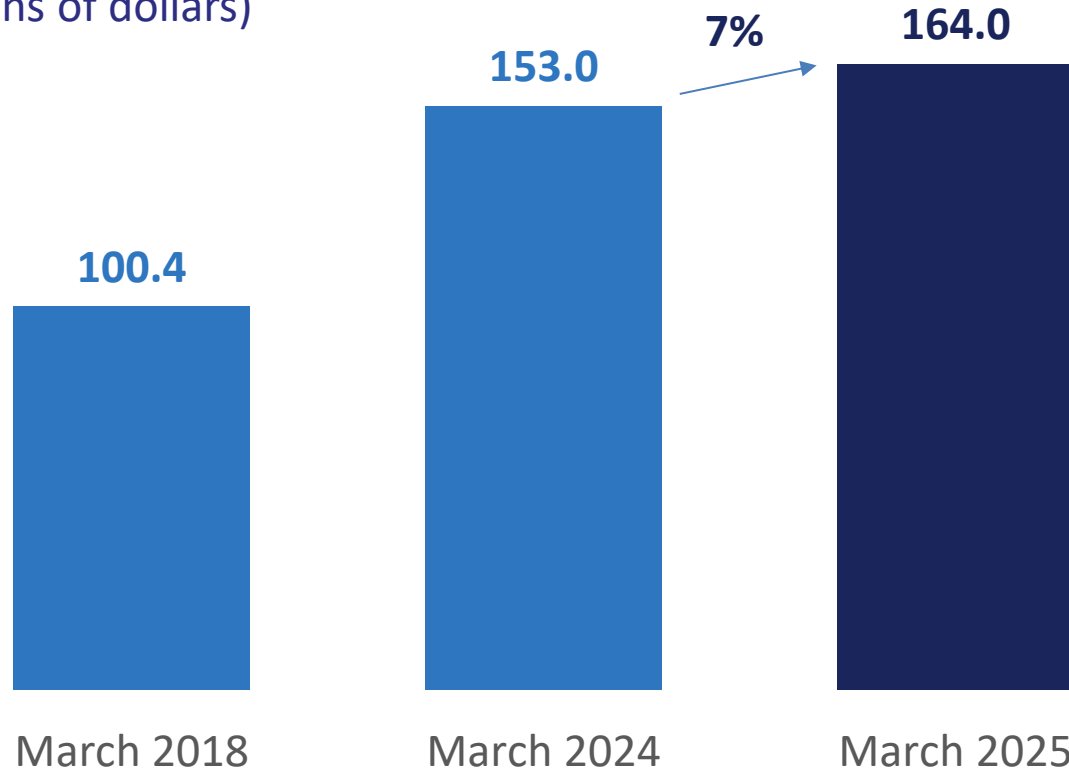
	Total over 6 years
Stimulating wealth creation	–5 429
Supporting Quebecers	–6 849
<b>Subtotal</b>	<b>–12 278</b>
Improving the tax system	2 974
<b>TOTAL</b>	<b>–9 304</b>



# 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

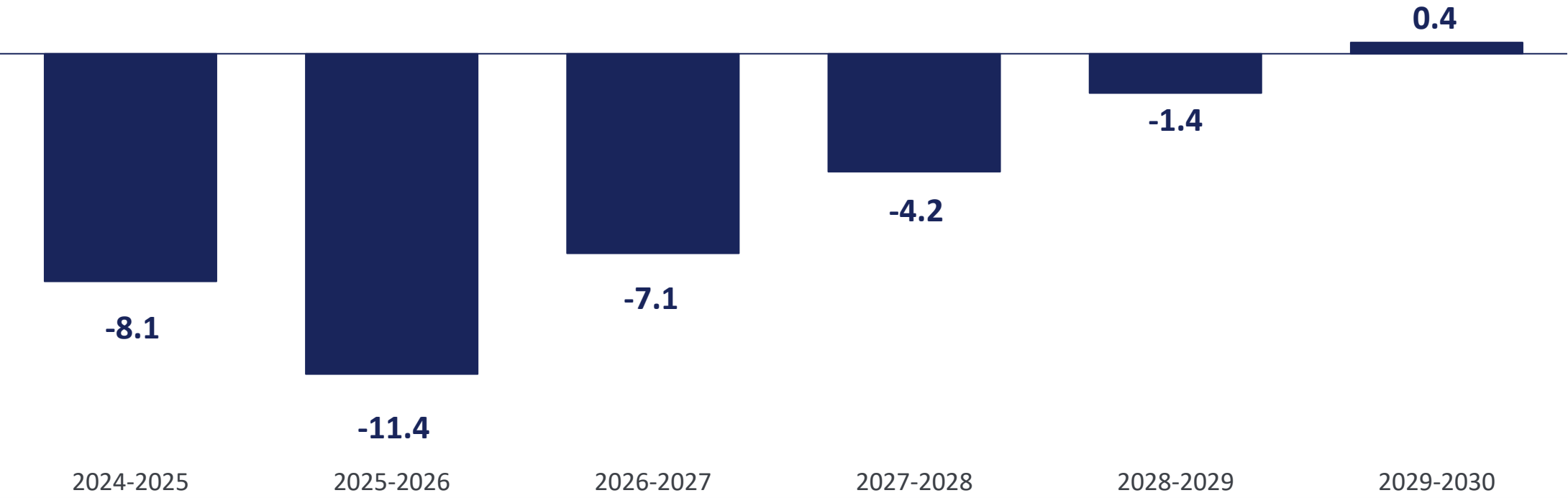
(millions of dollars, unless otherwise indicated)

	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

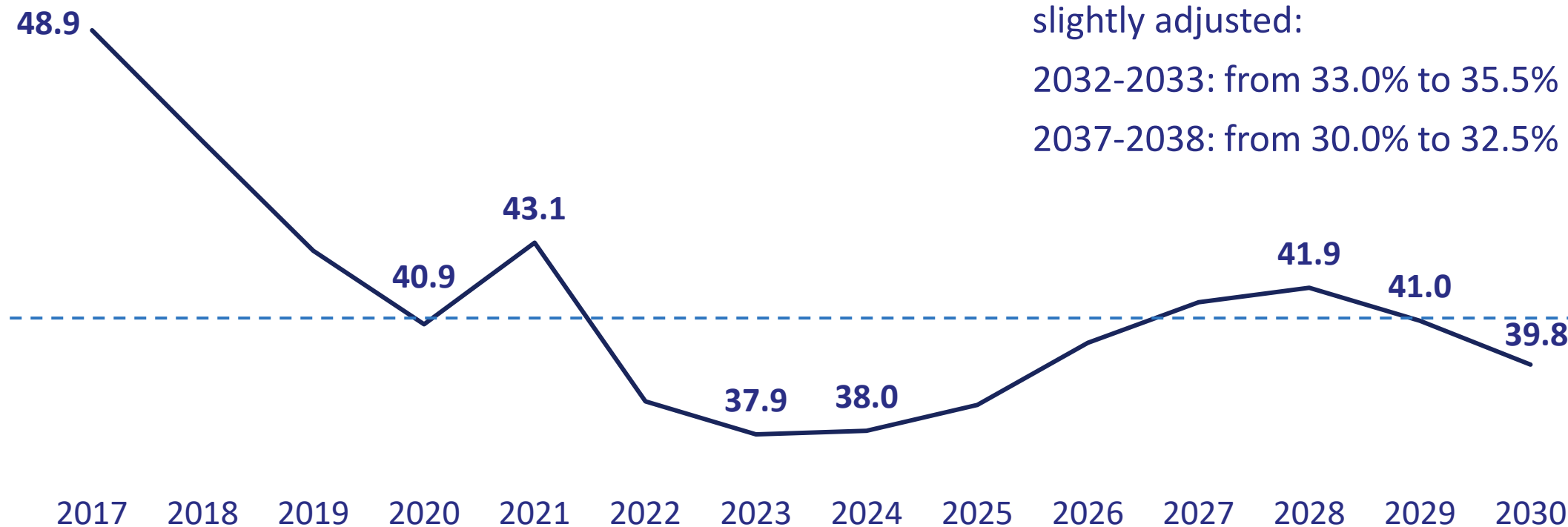
## Net debt as at March 31

(percentage of GDP)

Debt reduction targets have been slightly adjusted:

2032-2033: from 33.0% to 35.5%

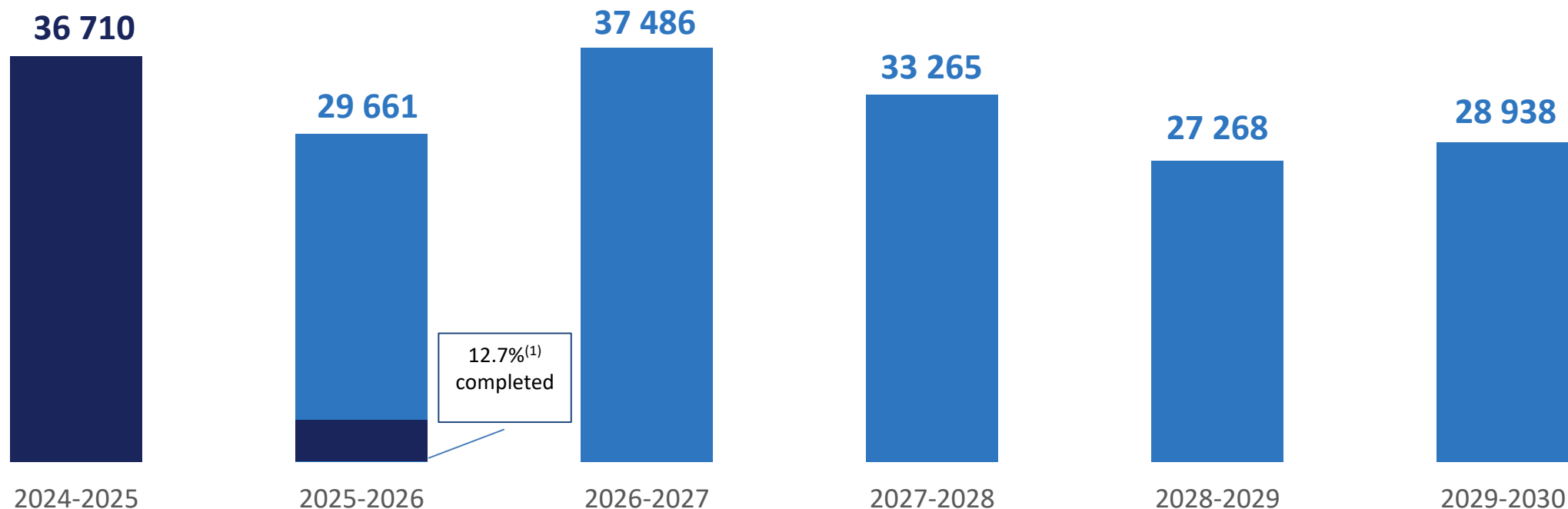
2037-2038: from 30.0% to 32.5%



# FINANCING PROGRAMS

## Government's financing program

(millions of dollars)



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

(1) As at May 8, 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
<b>2024-2025</b>	2.00B – September 2024 (10Y)	1.25B – July 2024 (15Y)
	3.75B – April 2024 (5Y)	
<b>2023-2024</b>	1.50B – September 2023 (10Y)	2.25B – March 2024 (10Y)
	3.50B – April 2023 (5Y)	
<b>2022-2023</b>		2.25B – January 2023 (10Y)
<b>2021-2022</b>	1.00B – April 2021 (10Y)	2.25B – January 2022 (10Y)
		2.50B – May 2021 (10Y)
<b>2020-2021</b>	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 May 8, 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.